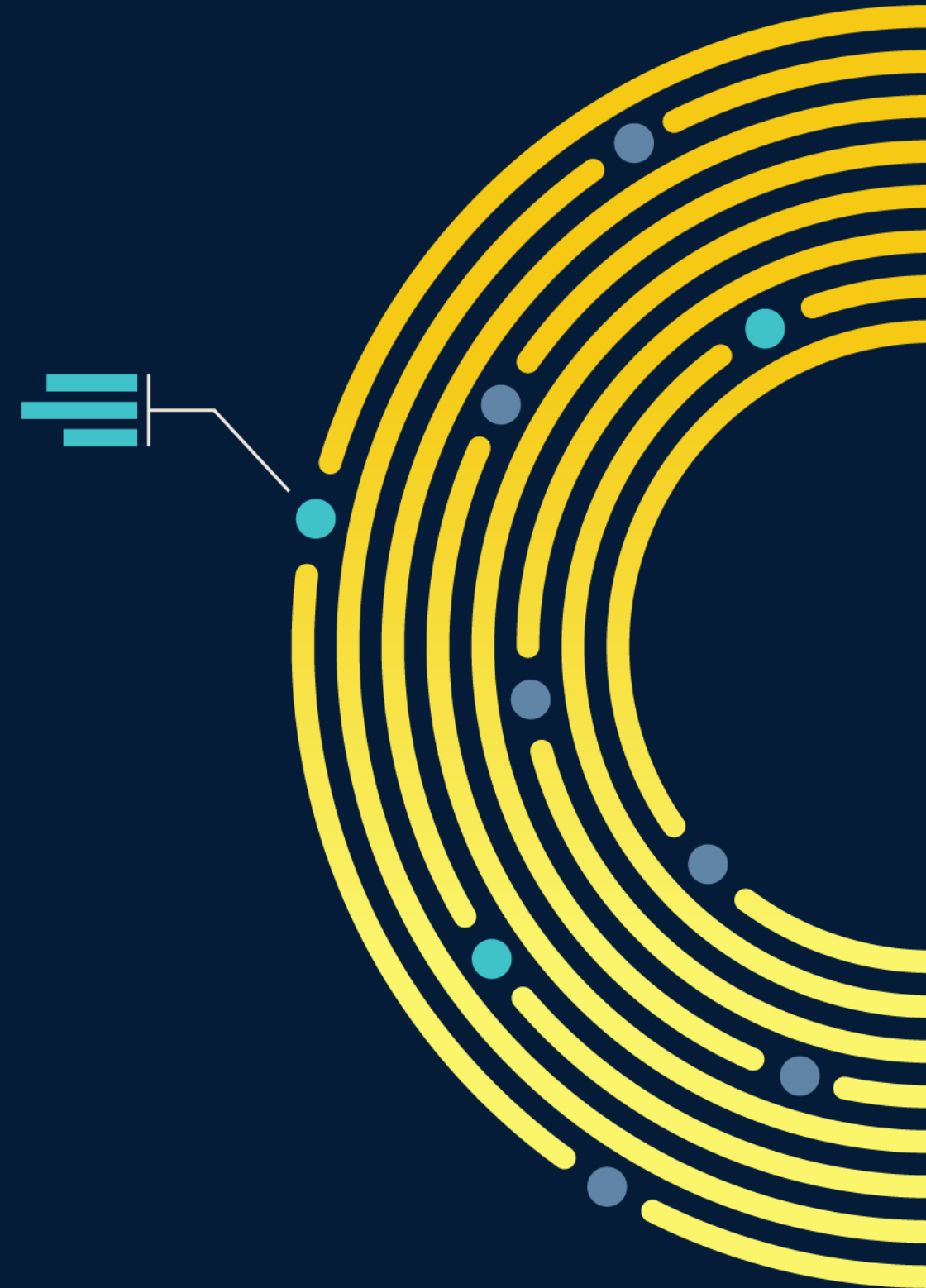


 GLOBAL

VC Emerging Opportunities

Early-stage investment attractiveness
across technology verticals

2025





Introduction

In the dynamic VC investment landscape, trends in emerging technology verticals can shift quickly. This report can help investors stay on top of those trends by providing them with a quantitative approach to vertical analysis that blends bottom-up and top-down perspectives. The ultimate goal is to provide investors with an objective way to compare risks and opportunities in early-stage startup investments (seed, Series A, and Series B) across and within verticals, thereby enabling well-informed portfolio allocation decisions.

At the core of this analysis lies the [PitchBook VC Exit Predictor](#), a machine learning (ML) model that predicts the probability that a startup will be acquired, go public, or not exit. This tool serves as the foundation for our bottom-up analysis by allowing us to aggregate individual company predictions into a vertical-level assessment, which provides valuable insights into the potential risks and return opportunities associated with each vertical.

Our top-down analysis complements the insights provided by the VC Exit Predictor by tracking and synthesizing important macroeconomic-level trends across verticals. Indicators in this analysis include deal activity, valuations, published patent activity, top-ranked investor participation, and employee growth.

Note: Throughout this report, “early-stage” refers to companies raising seed, Series A, and Series B rounds. It does not follow our [traditional definition of “early-stage VC.”](#) Additionally, the company counts for each vertical will differ from those in our Emerging Technology reports because we filtered for companies with a minimum of two VC deals, aligning with our Exit Predictor methodology.

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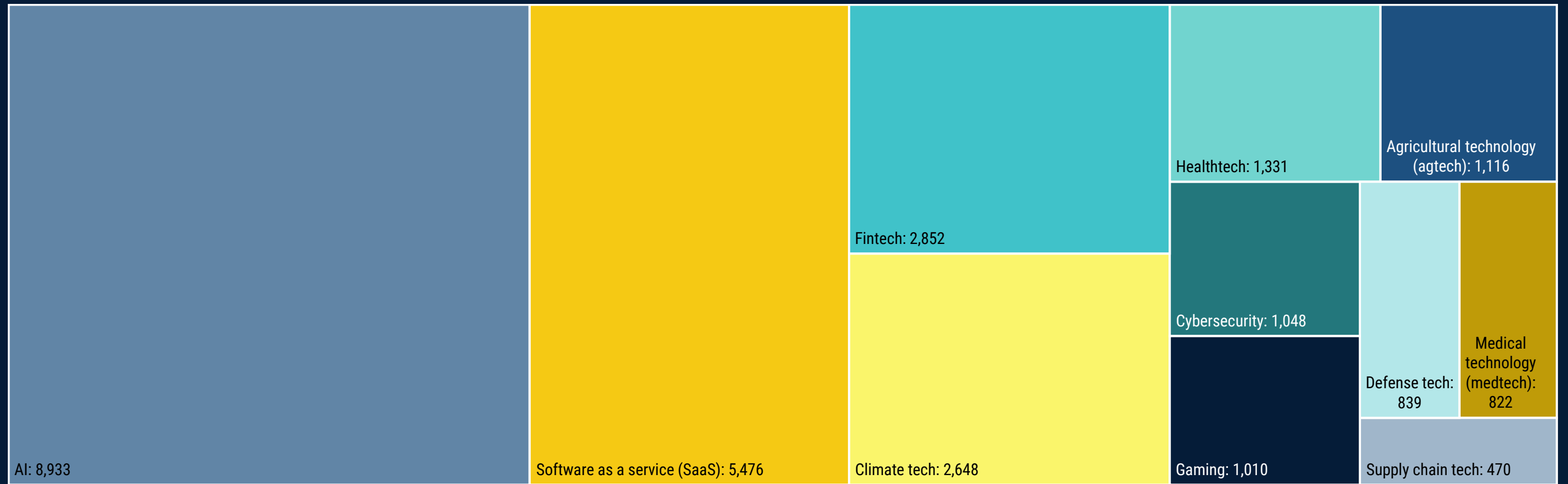


The opportunity set



The emerging tech opportunity set across 11 select verticals covered by our analyst team

Figure 1 ▶ Early-stage company count by vertical



Source: PitchBook • Geography: Global • As of December 31, 2025

Note: Data includes only early-stage companies that have had at least two rounds of VC funding; vertical membership is manually curated by PitchBook analysts.



Deal value trends

Figure 2 ▶ Trailing 12-month (TTM) early-stage deal value (\$B) by quarter

	2023				2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Agtech	\$6.2	\$5.7	\$5.1	\$4.6	\$4.4	\$4.4	\$4.6	\$4.6	\$4.3	\$4.2	\$3.9	\$4.2
AI	\$48.5	\$42.9	\$41.2	\$39.8	\$40.4	\$41.8	\$44.4	\$45.6	\$48.1	\$51.0	\$55.5	\$64.4
Climate tech	\$19.9	\$19.9	\$19.5	\$19.5	\$19.0	\$18.1	\$18.1	\$17.9	\$17.1	\$17.5	\$17.5	\$17.8
Cybersecurity	\$7.1	\$6.2	\$5.8	\$5.9	\$5.6	\$5.7	\$5.6	\$5.3	\$5.4	\$5.7	\$5.8	\$5.9
Defense tech	\$9.2	\$7.8	\$7.0	\$6.9	\$6.4	\$6.9	\$7.9	\$8.0	\$8.6	\$9.5	\$9.3	\$9.8
Fintech	\$17.4	\$15.1	\$13.5	\$11.7	\$11.6	\$11.5	\$11.5	\$11.6	\$12.5	\$13.3	\$14.9	\$17.3
Gaming	\$6.7	\$5.2	\$4.3	\$4.0	\$4.2	\$4.5	\$4.7	\$4.5	\$4.2	\$3.8	\$3.8	\$4.0
Healthtech	\$7.1	\$6.4	\$6.1	\$5.8	\$5.7	\$5.3	\$5.3	\$5.6	\$5.9	\$6.5	\$6.7	\$7.3
Medtech	\$6.7	\$6.7	\$6.6	\$6.2	\$6.2	\$5.8	\$5.7	\$5.6	\$5.7	\$6.0	\$6.2	\$6.4
SaaS	\$48.0	\$41.4	\$37.1	\$34.0	\$32.9	\$32.7	\$33.5	\$35.0	\$37.3	\$39.3	\$42.5	\$47.3
Supply chain tech	\$3.8	\$3.4	\$3.1	\$2.7	\$2.4	\$2.1	\$2.0	\$1.9	\$2.0	\$2.2	\$2.2	\$2.1

Source: PitchBook • Geography: Global • As of December 31, 2025

Note: Data estimations are applied to the most recent 12 months to account for lagged data collection. Conditional formatting is applied across verticals each quarter.



Pre-money valuations

Figure 3 ▶ Median TTM early-stage pre-money valuation (\$M) by quarter

	2023				2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Agtech	\$21.4	\$21.1	\$20.9	\$19.1	\$18.4	\$16.9	\$20.4	\$21.2	\$21.9	\$24.8	\$22.5	\$25.0
AI	\$28.1	\$27.9	\$28.1	\$26.7	\$28.2	\$30.1	\$32.7	\$37.0	\$38.5	\$41.4	\$46.1	\$52.1
Climate tech	\$28.3	\$29.8	\$30.3	\$29.9	\$28.0	\$27.7	\$29.0	\$29.7	\$31.6	\$35.0	\$37.1	\$41.2
Cybersecurity	\$33.2	\$29.6	\$29.2	\$29.8	\$30.7	\$36.3	\$38.7	\$40.3	\$47.3	\$48.4	\$56.1	\$62.3
Defense tech	\$60.2	\$55.0	\$53.0	\$63.7	\$63.0	\$68.6	\$69.3	\$61.4	\$68.7	\$75.4	\$86.6	\$101.3
Fintech	\$27.0	\$27.4	\$26.7	\$26.8	\$29.2	\$29.6	\$32.5	\$37.9	\$39.1	\$42.5	\$48.4	\$49.8
Gaming	\$33.3	\$30.6	\$32.4	\$35.1	\$33.8	\$37.6	\$43.1	\$42.5	\$39.5	\$38.2	\$38.0	\$56.4
Healthtech	\$24.2	\$26.8	\$28.1	\$29.1	\$30.9	\$30.3	\$30.4	\$36.1	\$35.4	\$38.3	\$41.8	\$41.7
Medtech	\$31.7	\$36.0	\$36.8	\$33.7	\$34.6	\$32.2	\$32.7	\$35.7	\$37.5	\$39.7	\$43.0	\$46.0
SaaS	\$45.6	\$44.2	\$42.6	\$42.1	\$42.8	\$44.9	\$48.9	\$53.0	\$56.9	\$61.2	\$64.3	\$71.1
Supply chain tech	\$48.8	\$45.2	\$38.6	\$35.5	\$36.6	\$26.3	\$33.3	\$32.2	\$35.2	\$41.1	\$42.0	\$48.1

Source: PitchBook • Geography: Global • As of December 31, 2025

Note: Due to lower valuation disclosures in recent quarters amid an increase in down rounds, the medians may be biased to the upside. Conditional formatting is applied across verticals each quarter.



Select vertical highlights

SaaS

- From the bottom-up analysis that looks at expected exit rates and returns, SaaS—across both enterprise and infrastructure segments—continues to be a clear positive standout. Early-stage SaaS companies are expected to successfully exit at a 72.1% rate—a net 5.7 percentage points higher than the second-ranked vertical.
- In terms of the expected successful exit rate, SaaS companies have been the top-ranked vertical for at least the past eight years.
- The early-stage SaaS investment opportunity set is relatively large, with nearly 5,476 companies currently eligible for a VC exit prediction. This is second only to AI.
- SaaS also continues to attract strong investor engagement. Top-ranked investor participation increased 2.7% on a TTM basis, tied for second among verticals. However, innovation signals remain more muted. The share of published patents attributed to SaaS was 12.9%, with no significant YoY change, indicating relatively flat patent momentum compared with other verticals.

AI

- Despite persistent commentary around AI exuberance, AI continues to demonstrate durable momentum across key early-stage indicators. TTM early-stage deal value increased 41.2%, well above the 17.5% cross-vertical average, while first-time financings rose 0.4% compared with a 19% decline at the cross-vertical level. Although the increase in first-time financings was modest, AI was one of only a few verticals to post positive growth, alongside healthcare and fintech.
- From an innovation standpoint, AI continues to dominate. The vertical accounted for 37.2% of total published patents across all verticals—by far the largest share in the dataset.
- On a bottom-up basis, expected exit rates and returns place AI in the upper tier, though with meaningful uncertainty around early-stage durability. Returns remain heavily influenced by a narrow group of scaled platform leaders.
- Although AI attracted outsized capital at the top end of the market, median early-stage pre-money valuations rose roughly in line with the 28.8% cross-vertical average.

Defense tech

- Defense tech was one of the strongest-performing verticals on a TTM early-stage basis, with deal value growth ranking above the 17.5% cross-vertical average.
- Valuation momentum was particularly notable. Median early-stage pre-money valuations increased 7.7% relative to the cross-vertical average of 28.8%, placing defense tech among the leaders in valuation expansion.
- Employee growth ranked first across verticals at 10.6%—well above the 6.7% cross-vertical average—as deployment translates into operational scaling.
- From a bottom-up perspective, defense tech recorded the second-largest YoY improvement in expected returns, trailing only SaaS, with aggregate expected returns of 24%.
- Top-ranked investor participation remained the highest among verticals, at approximately 20%, despite a modest YoY decline relative to the cross-vertical average.



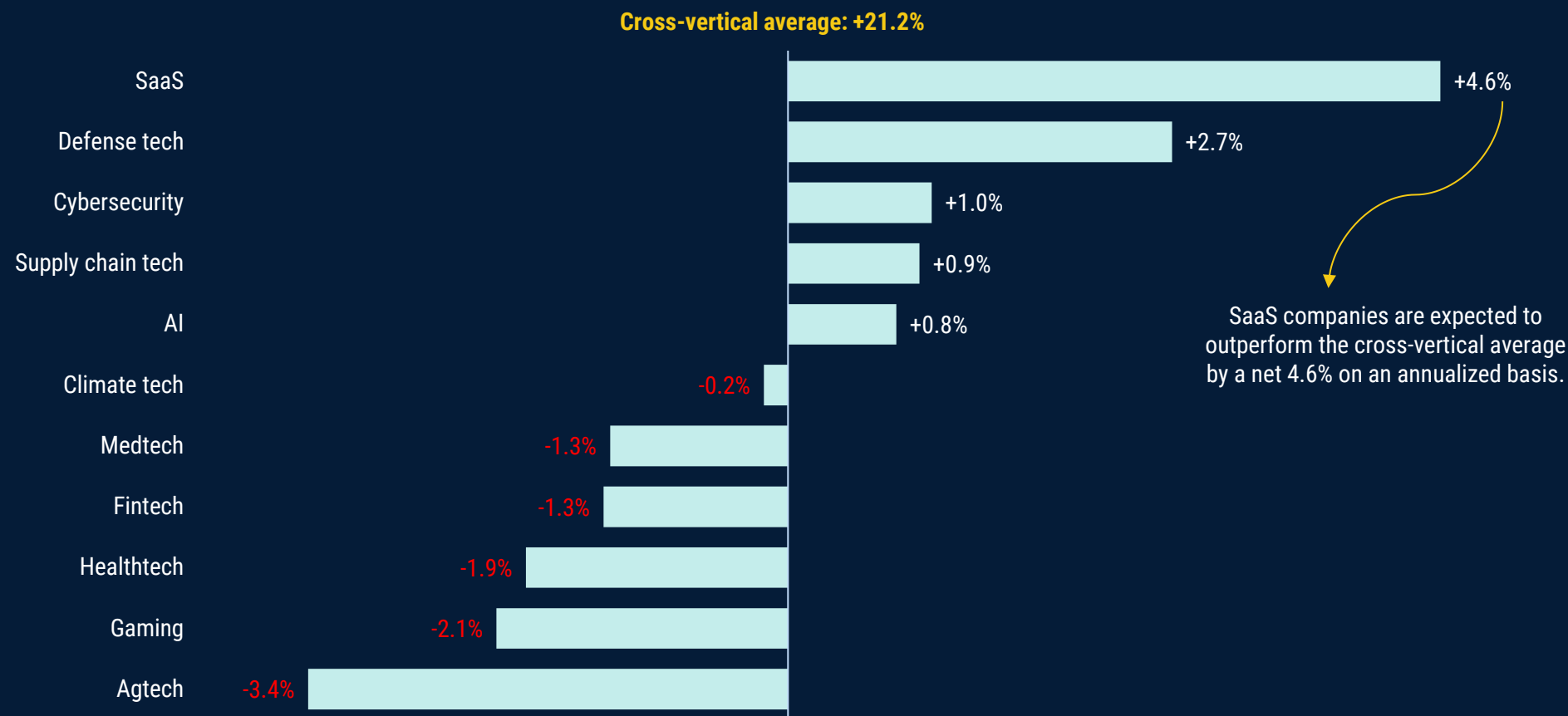
Bottom-up analysis

In this section, we analyze expected exit outcomes and relative returns across verticals based on a bottom-up aggregation of exit predictions for individual companies.



Our analysis suggests that early-stage SaaS companies are likely to materially outperform the average vertical...

Figure 4 ► Annualized expected returns relative to the cross-vertical average



Source: PitchBook • Geography: Global • As of December 31, 2025



Expected returns

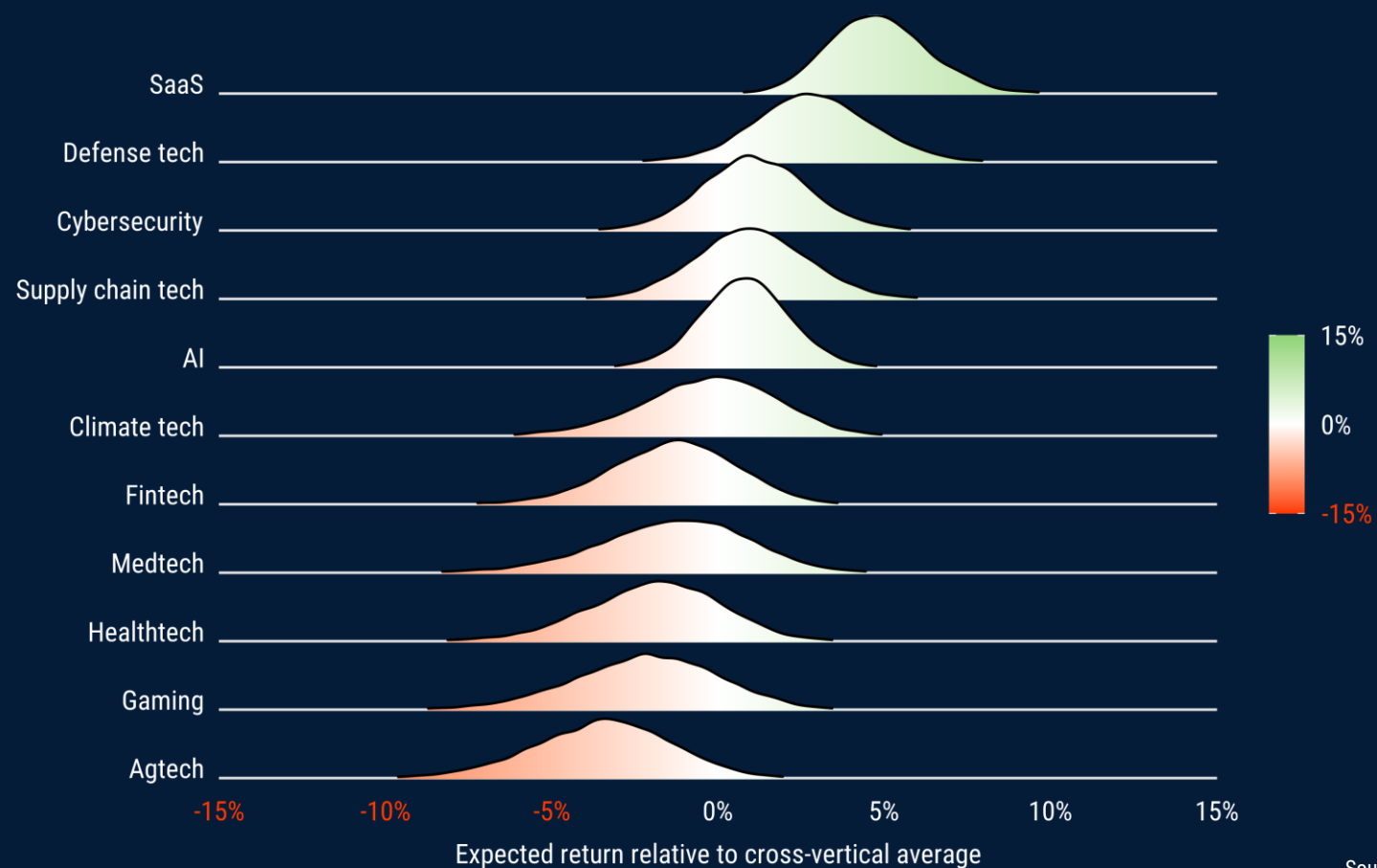
Expected returns for each vertical are based on an aggregation of the expected returns for the underlying companies. Company-level returns are determined from the exit type predictions and historical returns by series. For more information, please see [page 15](#) and the VC Exit Predictor methodology located in the [PitchBook Help Center](#).

It is important to note that the cross-vertical average return of 21.2% is provided as a historical baseline value and should not be relied on as a forecast. This baseline value is derived from the average of deal-level return data from 2000 to 2021 and can vary significantly based on the environment at any given time. The relative returns for each vertical, however, are a more robust forward-looking measure because they are unaffected by factors that impact the entire VC ecosystem, such as interest rates, available funding, and economic growth.



...while the agtech, gaming, and healthtech verticals are likely to underperform.

Figure 5 ▶ Distributions of relative annualized expected returns based on Monte Carlo simulations



Source: PitchBook • Geography: Global • As of December 31, 2025



Monte Carlo simulations

To assess the uncertainty of the relative expected returns shown on the prior page, we ran 10,000 Monte Carlo simulations that randomly generated exit outcomes for each company based on the exit probabilities from the VC Exit Predictor. At each iteration, we then used the random exit outcomes to calculate the return for each vertical. We assumed that exit outcomes between pairs of companies were positively correlated—the degree to which was based on a single common factor, as well as factors for each vertical.

This analysis suggests that there are three tiers of verticals based on expected performance. SaaS is expected to outperform with high confidence, while agtech, gaming, healthtech, and medtech are expected to underperform. Meanwhile, the remaining verticals form a middle tier wherein the relative performance outcomes are much less certain.



SaaS remains the top vertical based on relative expected returns and saw the largest YoY improvement, followed by defense tech with the second-largest gain.

Figure 6 ► Annualized expected returns for early-stage companies relative to the cross-vertical average

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Agtech	-2.1%	-2.6%	-2.8%	-3.0%	-3.0%	-3.1%	-3.0%	-2.9%	-3.4%
AI	+0.5%	+0.8%	+0.8%	+0.5%	+0.1%	+0.2%	+0.2%	+0.5%	+0.8%
Climate tech	-2.4%	-2.3%	-2.8%	-2.2%	-1.7%	-1.6%	-1.0%	-0.4%	-0.2%
Cybersecurity	+0.0%	+0.2%	+0.5%	+0.4%	-0.1%	+0.2%	+0.6%	+0.5%	+1.0%
Defense tech	+2.5%	+2.6%	+2.8%	+3.0%	+2.0%	+1.9%	+1.7%	+1.6%	+2.7%
Fintech	+0.1%	+0.0%	+0.3%	-0.4%	+0.1%	+0.0%	-0.3%	-0.5%	-1.3%
Gaming	-0.1%	-0.4%	-0.8%	-1.2%	-0.4%	+0.4%	+0.1%	-0.3%	-2.1%
Healthtech	-0.6%	-0.6%	-0.7%	-0.5%	-0.3%	-0.7%	-1.5%	-1.7%	-1.9%
Medtech	-2.4%	-2.2%	-2.5%	-2.2%	-2.2%	-3.4%	-2.4%	-2.3%	-1.3%
SaaS	+2.2%	+2.3%	+2.9%	+3.1%	+3.5%	+4.1%	+4.1%	+4.2%	+4.6%
Supply chain tech	+2.4%	+2.3%	+2.4%	+2.4%	+2.0%	+1.9%	+1.5%	+1.2%	+0.9%

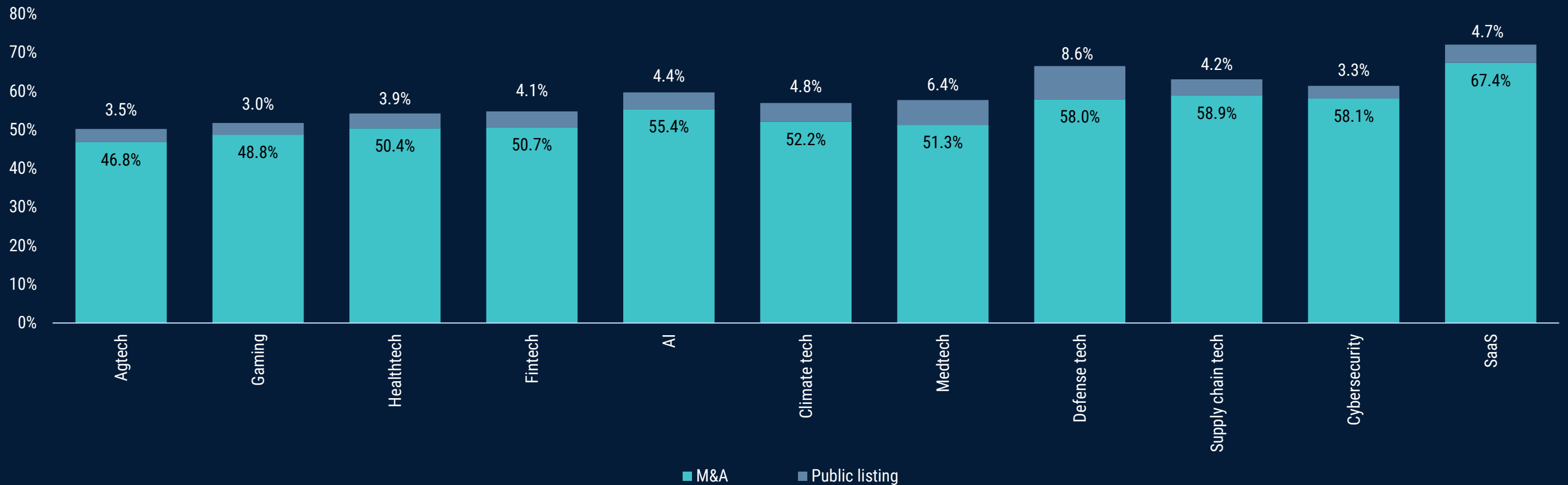
Source: PitchBook • Geography: Global • As of December 31, 2025

Note: Historical predictions are derived from models trained only on prior data relative to the year-end prediction date. Conditional formatting is applied across verticals each year.



The key driver of relative return expectations across verticals is the difference in expected exit type, which is based on individual company predictions from the VC Exit Predictor.

Figure 7 ▶ Expected share of exits for early-stage companies by successful exit type



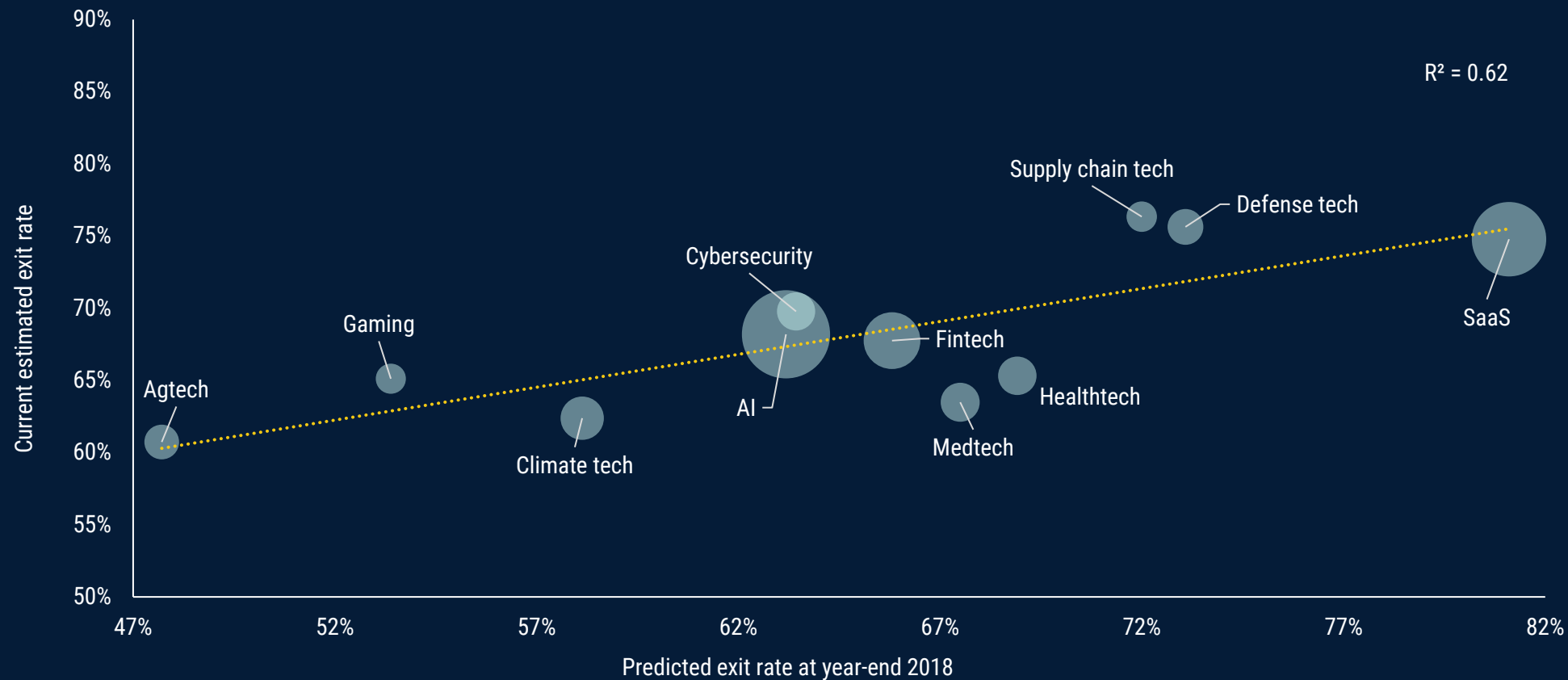
Source: PitchBook • Geography: Global • As of December 31, 2025

Note: Data includes only early-stage companies and is based on individual company predictions from the [PitchBook VC Exit Predictor](#).



These predictions have historically done a good job of forecasting differences in exit rates across verticals.

Figure 8 ► Predicted exit rate for eligible early-stage companies from 2018 versus current estimated exit rate



Source: PitchBook • Geography: Global • As of December 31, 2025
 Note: The current estimated exit rate is based on both companies that have exited and current exit predictions for those that are still VC backed.
 Bubble size reflects the number of companies in each vertical.



Model evaluation

To get a sense of how well the VC Exit Predictor does at estimating differences in exit outcomes across verticals, we looked at results from a back-test conducted for eligible companies at the end of 2018. A model was trained using only known exit outcomes at the time, and then predictions were made for each company. The predicted success rate for each vertical was calculated as the average predicted success rate of the underlying individual companies.

Fast-forward seven years, and we can evaluate the quality of these predictions, as shown in the accompanying chart. Because using only companies that have exited would create a biased sample, as successful exits take longer to materialize than failures, we also included companies that are still VC backed using updated exit predictions with current information.



Vertical return expectations are derived from forward-looking individual company exit predictions and historical return assumptions.

Figure 9 ▶ Hypothetical example of a vertical's return expectations

	Latest financing stage	Predicted M&A probability	Predicted IPO probability	Historical average M&A return	Historical average IPO return	Historical M&A holding period (years)	Historical IPO holding period (years)	Expected payout given M&A exit	Expected payout given IPO exit	Expected total payout
Company A	Seed	15.0%	3.0%	35.9%	45.3%	5.2	5.9	\$4.90	\$9.10	\$1.00
Company B	Series A	60.0%	6.0%	30.5%	34.5%	4.6	4.4	\$3.40	\$3.70	\$2.30
Company C	Series B	45.0%	13.0%	28.6%	30.7%	4.3	3.7	\$2.90	\$2.70	\$1.70

Expected total payout = (15% × \$4.90) + (3% × \$9.10) = \$1.00

Total payouts conservatively assume that no exits are a total loss.

Historical average returns are calculated for each financing stage (seed, Series A, and Series B).

Average expected holding period

Expected payout = $(1 + 28.6\%)^{4.3} = \$2.90$

Annualized expected vertical return = $\left(\frac{\$1.00 + \$2.30 + \$1.70}{\$3.00}\right)^{(1/4.7)} - 1 = 11.5\%$

Companies are equally weighted.

Source: PitchBook
 Note: The historical returns consider ownership dilution for each series; expected payouts are expressed per \$1 of the initial investment.



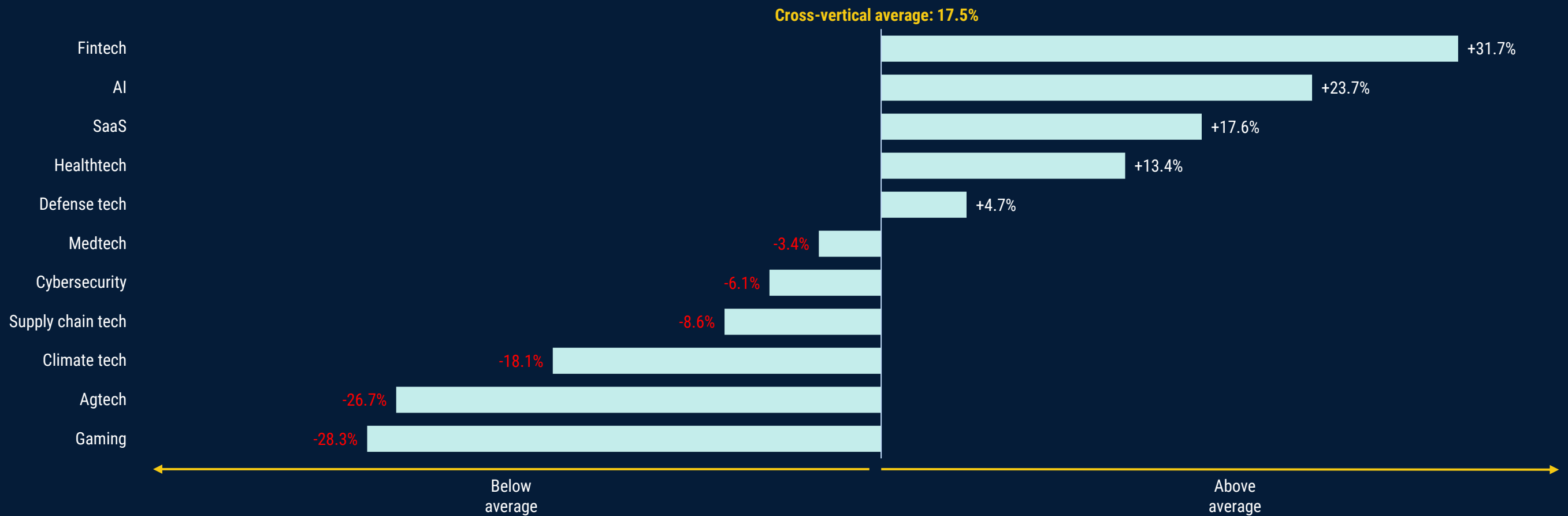
Top-down analysis

In this section, we analyze short-term cross-vertical trends in key areas to complement the previous bottom-up company-level analysis.



Early-stage deal value improved in 2025, but the dispersion between verticals widened. Gaming and agtech were hit hardest, trailing the cross-vertical average by more than 20%.

Figure 10 ▶ TTM change in early-stage deal value relative to the cross-vertical average

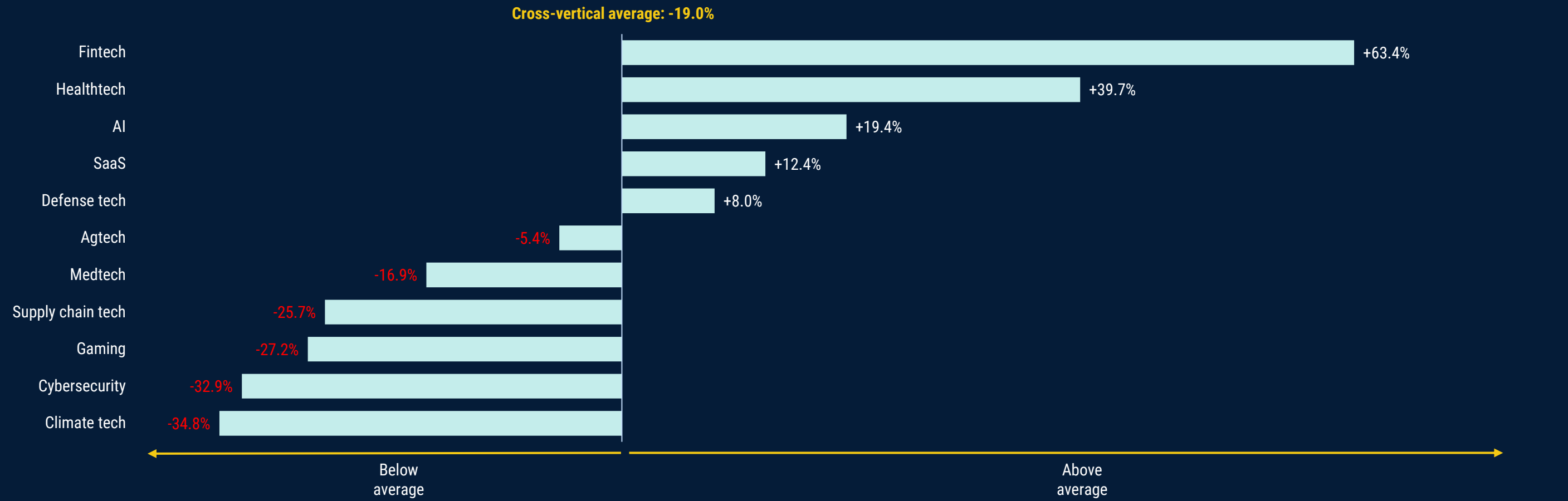


Source: PitchBook • Geography: Global • As of December 31, 2025
Note: Data estimates are applied to the most recent 12 months to account for lagged data collection.



First-time financing increased throughout 2025, led by fintech, healthtech, and AI—each posting gains from the prior year. In contrast, cybersecurity and climate tech saw the steepest relative declines, with activity more than 30% below the cross-vertical average.

Figure 11 ▶ TTM change in first-time VC financing count relative to the cross-vertical average

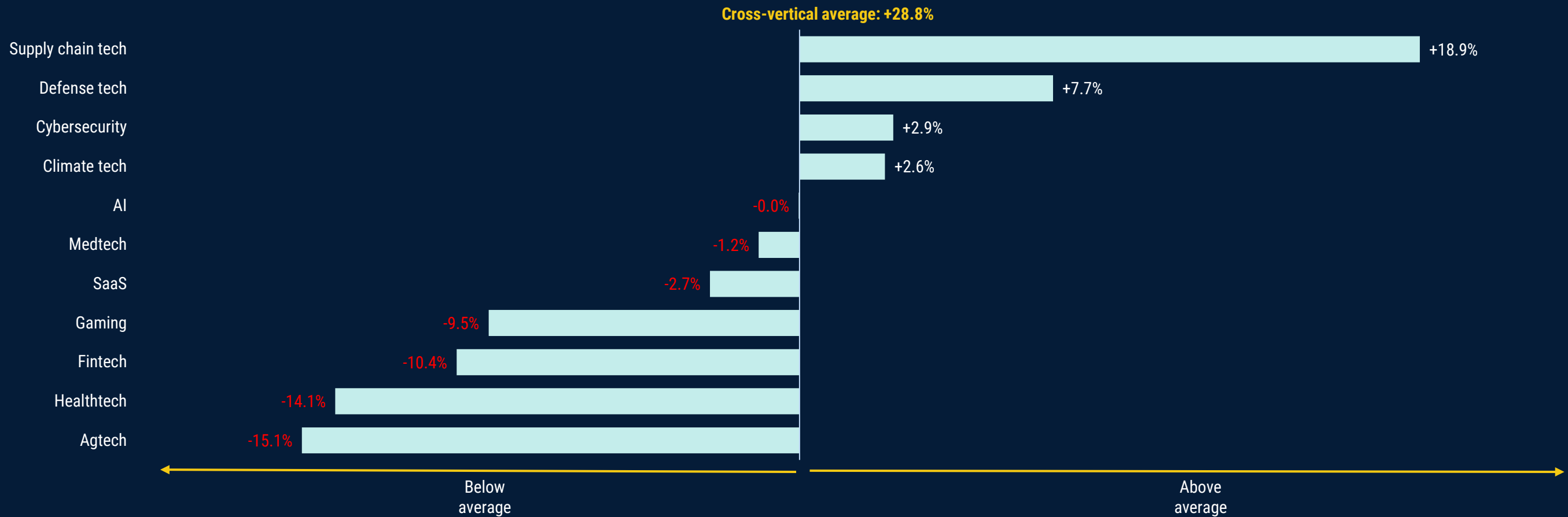


Source: PitchBook • Geography: Global • As of December 31, 2025
Note: Data estimates are applied to the most recent 12 months to account for lagged data collection. Because there can be delays in tagging newly financed companies to verticals, the vertical average is likely biased to the downside.



Pre-money valuations increased across all verticals in 2025, led by supply chain tech and defense tech.

Figure 12 ▶ TTM change in median early-stage pre-money valuation relative to the cross-vertical average



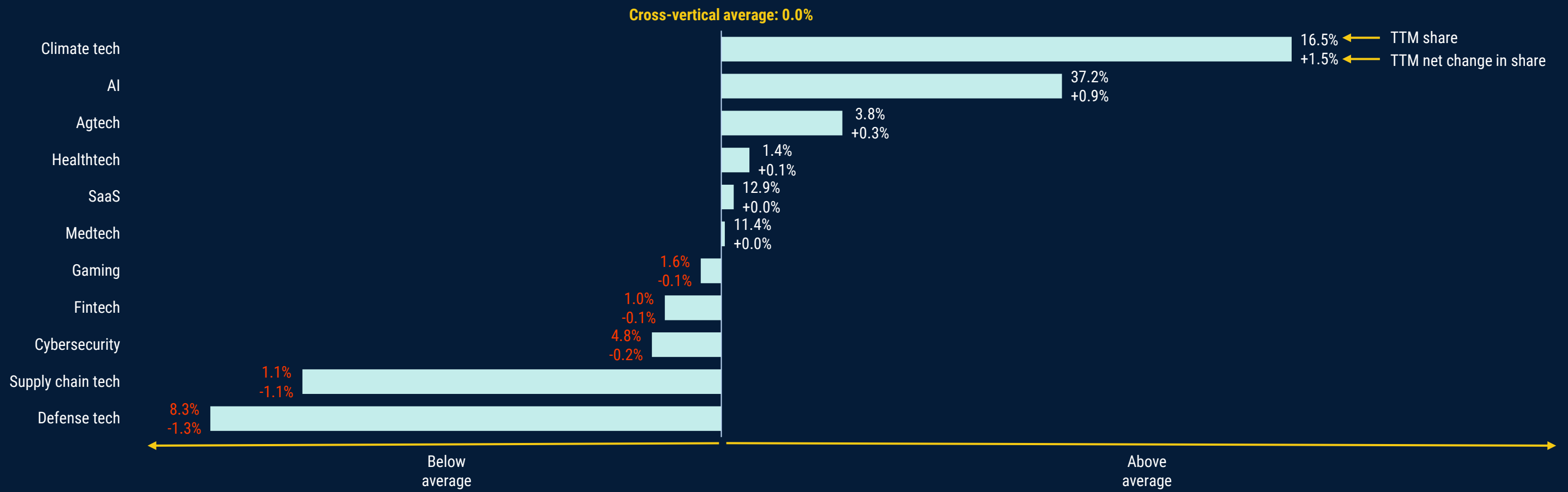
Source: PitchBook • Geography: Global • As of December 31, 2025

Note: Percentage changes in seed, Series A, and Series B valuations are calculated separately and then aggregated using a weighted average.



AI dominated patent activity, accounting for 37.2% of total filings across verticals, while climate tech posted the strongest growth from 2024.

Figure 13 ▶ TTM share of published patents and net change in share relative to the cross-vertical average

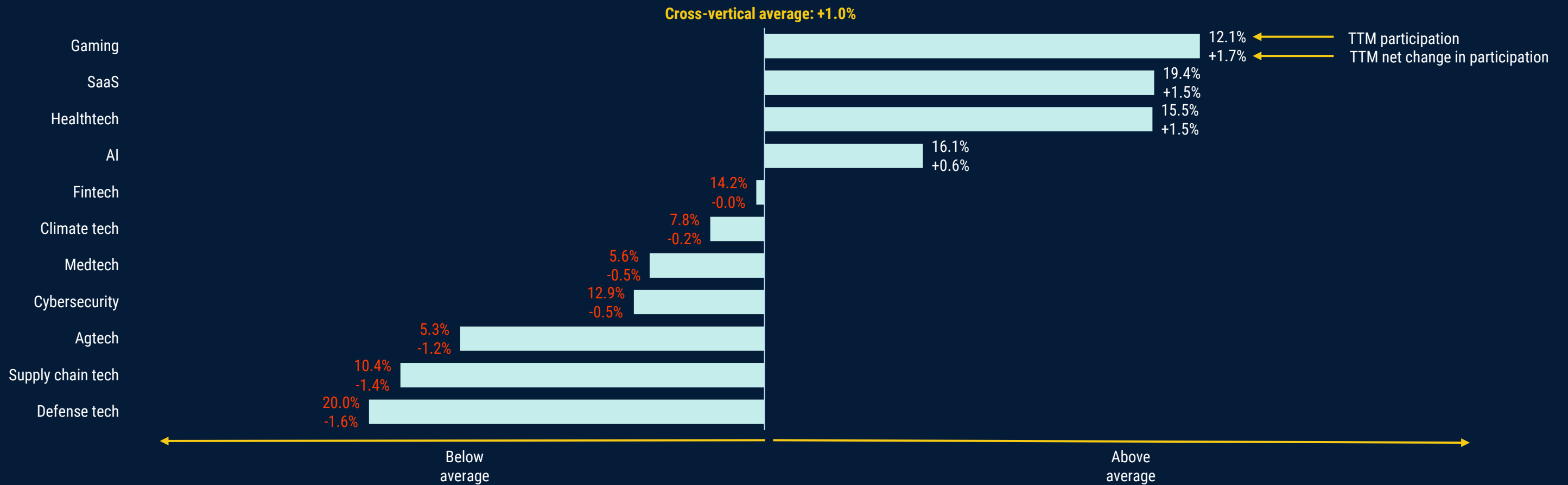


Source: PitchBook • Geography: Global • As of December 31, 2025



Gaming saw the largest increase in top-ranked investor participation as the broader industry stabilizes, evidenced by increasing early-stage investment activity, valuations, and patent filings.

Figure 14 ▶ TTM top-ranked investor participation and net change in participation relative to the cross-vertical average



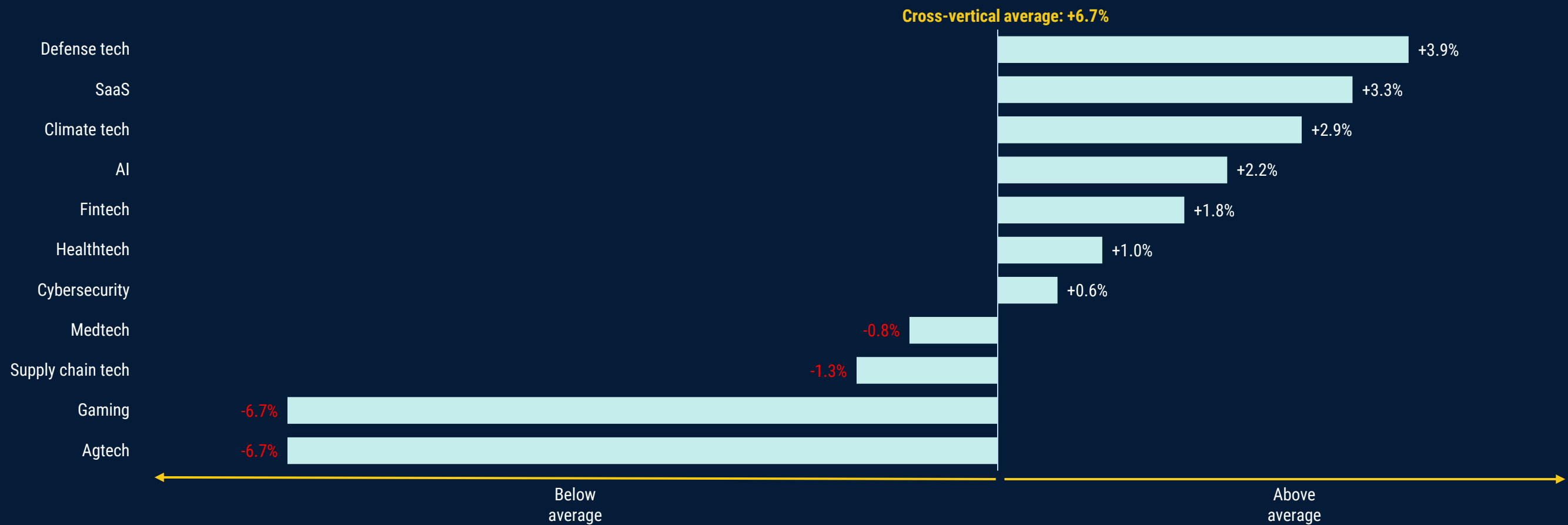
Source: PitchBook • Geography: Global • As of December 31, 2025

Note: Top-ranked investors are those that are in the top decile based on the investor network score that is used as an input to the VC Exit Predictor. For more details, please see the [methodology document](#). "Participation" is defined as the share of total deals in the trailing 12 months in which a top-ranked investor was involved.



Defense tech experienced the most employee growth, partly driven by leading gains in pre-money valuations and supported by continued momentum in deal activity and first-financings.

Figure 15 ▶ Median TTM employee growth relative to the cross-vertical average



Source: PitchBook • Geography: Global • As of December 31, 2025

Note: Employee growth is calculated at the company level by comparing the latest data point from the current year with the latest data point from the prior year.



Cross-vertical summary



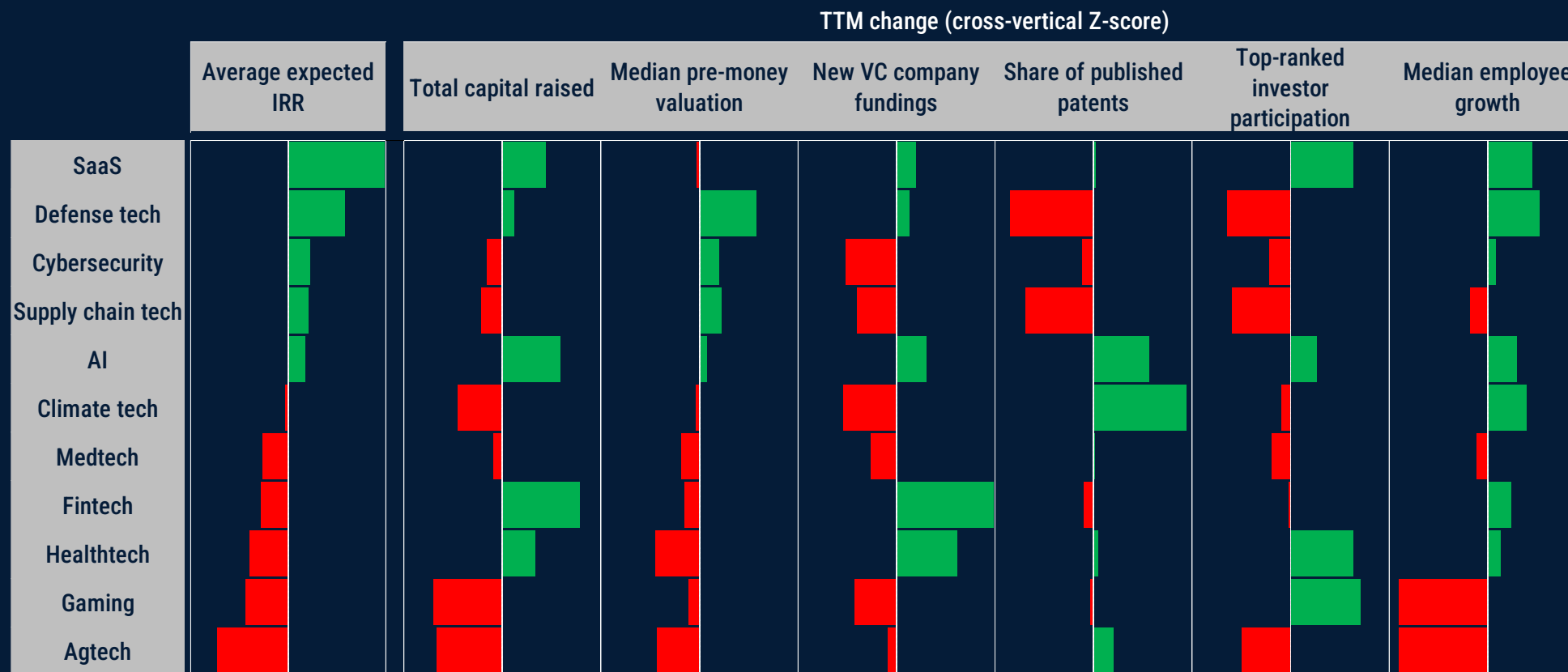
Summary of bottom-up and top-down analyses



Summing it up

This table summarizes the annual 2025 values for each of the previously covered metrics and is sorted by the average expected return. The length of each bar represents the cross-vertical Z-score, wherein the maximum and minimum lengths are +/- two standard deviations, respectively. The center of each column is zero.

Figure 16 ▶ Cross-vertical Z-scores for bottom-up and top-down metrics



Source: PitchBook • Geography: Global • As of December 31, 2025



Individual vertical analyses



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Agtech

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EMERGING TECH RESEARCH

Agtech VC Trends

Q4 2025





Introduction

Agtech is the use of modern tools, data, and innovations to improve the efficiency, sustainability, and profitability of farming and food production systems.

- Pre-COVID-19 (2014 to 2019), agtech VC funding rose steadily from about \$1.4 billion to \$6 billion as both capital and deal volumes expanded. During the COVID-19 era (2020 to 2021), funding surged sharply to a peak of \$14.5 billion in 2021 before falling to \$13.3 billion in 2022 as markets normalized. In the post-COVID-19 period, funding has declined further from \$8.4 billion in 2023 to roughly \$6.6 billion in 2025, with deal counts also dropping, indicating a clear cooling in activity over the past 12 to 24 months.
- Over the past 12 to 36 months, agtech funding has been shaped by sector-specific pressures, such as farmer margin compression and volatile input costs, which favor technologies that clearly cut costs or stabilize yield—for example, precision input management or risk analytics—and disadvantage more experimental concepts. Climate-driven regulation and corporate sustainability targets are pushing capital toward solutions that measurably reduce emissions, water use, and waste, leading to a reset away from hype areas like overbuilt indoor farming and toward proven climate-resilience tools and sustainable inputs. Investors are also reacting to several high-profile agtech failures by demanding robust unit economics, real on-farm adoption, and demonstrated return on investment (ROI), which has tightened follow-on capital for capital-intensive or unproven models even as interest remains strong in scalable, data- and biology-driven platforms.

Segment outlook

We are cautiously optimistic on agtech. The past few years have clearly been a capital drought, but the fundamental drivers—food security, climate resilience, labor shortages, and the rise of AI-powered and biological solutions—are only getting stronger. Funding is likely to remain selective and favor later-stage, ROI-proven platforms in precision ag, automation, and sustainable inputs rather than a broad-based rebound across all agtech subsectors.

Agrifinance & e-commerce (neutral):

- **Agribusiness marketplaces (neutral):** Marketplaces solve real frictions in fragmented input and commodity markets, but winner-take-most dynamics, thin take rates, and tough unit economics limit upside outside a few scaled platforms.
- **Agricultural credits (neutral):** Demand for climate-smart agriculture and corporate net-zero goals is strong, yet credit quality, MRV costs, and volatile carbon prices make revenues uncertain and dependent on evolving standards and regulations
- **Finance & insurance (bullish):** Climate volatility, underinsurance, and chronic credit gaps are pushing growers, retailers, and lenders toward agri-fintech tools such as parametric insurance, embedded lending, and digital payments that better match farm risk and cash-flow cycles, creating a large and growing addressable market with strong policy support. At the same time, data-rich platforms like Growers Edge show that blending agronomic data with financial products can unlock adoption of new technologies and climate-smart practices while building scalable, defensible fintech businesses in agriculture.

Animal ag (bullish):

- **Animal biotech (bullish):** Genetics, vaccines, and novel feeds that improve productivity and lower methane have clear ROI for producers and align closely with regulatory and retailer efforts to decarbonize animal protein.
- **Aquaculture (bullish):** Rising seafood demand and limited wild catch, combined with environmental and disease pressures, create strong pull for productivity and health tools in fish and seaweed farming.
- **Insect farming (bearish):** Insects offer compelling feed and waste upcycling potential, but many players remain highly capital-intensive and have not yet achieved economically viable large-scale production.



Introduction (continued)

- **Livestock & land animal technology (bullish):** Sensing, automation, and decision tools that enhance herd health and labor productivity can be sold into large existing workflows with relatively fast payback for commercial producers.

Crop inputs & enhancement (bullish):

- **Biocontrol (bullish):** Biological crop protection is benefiting from tighter chemical regulations and resistance issues and can price against existing chemistries while offering residue and ESG advantages.
- **Bionutrients (bullish):** Biological fertilizers and biostimulants that reduce synthetic nitrogen use and improve soil health align closely with regulatory goals, farmer profitability, and climate targets, and are seeing strong demand across both row and specialty crops.
- **Chemical inputs (neutral):** Core demand for crop protection and fertilizers is durable, but regulatory risk, resistance, and public scrutiny weigh on new chemistry unless it is clearly safer or more targeted.
- **Crop genetics (bullish):** Breeding and gene-editing platforms that deliver higher yield, stress tolerance, or input efficiency can capture value at the seed level and are central to long-term food security and climate adaptation strategies.

Farm automation & equipment (bullish):

- **Drones (neutral):** Drones are now proven for spraying and scouting, but commoditizing hardware and regulatory constraints mean value is shifting toward integrated service and analytics models rather than standalone platforms.
- **Robotics & smart field equipment (bullish):** Acute labor shortages and pressure for precision input use support strong demand for autonomous and semi-autonomous machinery, and customers can justify premium pricing with clear savings.

Precision ag (neutral):

- **Farm management software (neutral):** Software is essential for data integration and compliance, yet many products overlap, churn is high, and farmers show limited willingness to pay for yet another dashboard without very specific ROI.
- **Field Internet of Things (IoT) (neutral):** Sensors are critical for water, climate, and input decisions, but hardware costs, maintenance, and fragmented platforms have slowed scaling; the upside is strongest when bundled into outcome-based solutions.
- **Imagery analytics (neutral):** Aerial and satellite analytics generate valuable insights, but differentiation is narrowing, and many customers treat imagery as a feature inside broader agronomy or equipment stacks rather than a standalone product.
- **Plant data & analysis (bullish):** Deep plant phenotype/genotype/microbiome data underpins next-gen traits, inputs, and diagnostics, creating IP-rich businesses that can monetize via partnerships across the ag value chain.

Indoor farming (bearish):

- **Indoor farming components (neutral):** High efficiency lighting, controls, and software will keep seeing demand where indoor systems remain competitive, but growth is constrained by the broader shakeout in vertical farming economics.
- **Indoor farming systems (bearish):** Fully integrated systems vendors face long sales cycles and customers scarred by prior failures, while also competing directly with low-margin commodity production outdoors.
- **Indoor growers (bearish):** Many large vertical farms have gone bankrupt or restructured as energy, capital expenditure, and distribution costs outstripped assumed price premiums, leaving investors wary of asset-heavy models.



Introduction (continued)

Post-harvest & supply chain (bullish):

- **Biomaterials (bullish):** Regulations and corporate commitments targeting plastic waste and fossil-based materials are driving sustained demand for bio-based packaging, textiles, and construction inputs with clear sustainability value props.
- **Post-harvest monitoring & tracing (bullish):** Food safety, export rules, and retailer traceability demands make monitoring and provenance “must have” capabilities, and solutions that cut shrink and claims can justify sticky SaaS or service fees.
- **Processing & storage technology (bullish):** Reducing post-harvest loss is one of the most capital-efficient ways to increase usable food supply, and AI-enabled storage and processing tools often show fast, measurable ROI for grain, produce, and protein chains.
- **Supply chain intelligence (bullish):** Climate shocks, geopolitical disruptions, and retailer ESG commitments are driving agri-food companies to invest in better forecasting, inventory, and traceability systems—creating sustained demand for enterprise software with solid economic fundamentals.

Agtech overview

Figure 17 ▶ Early-stage agtech company count by segment

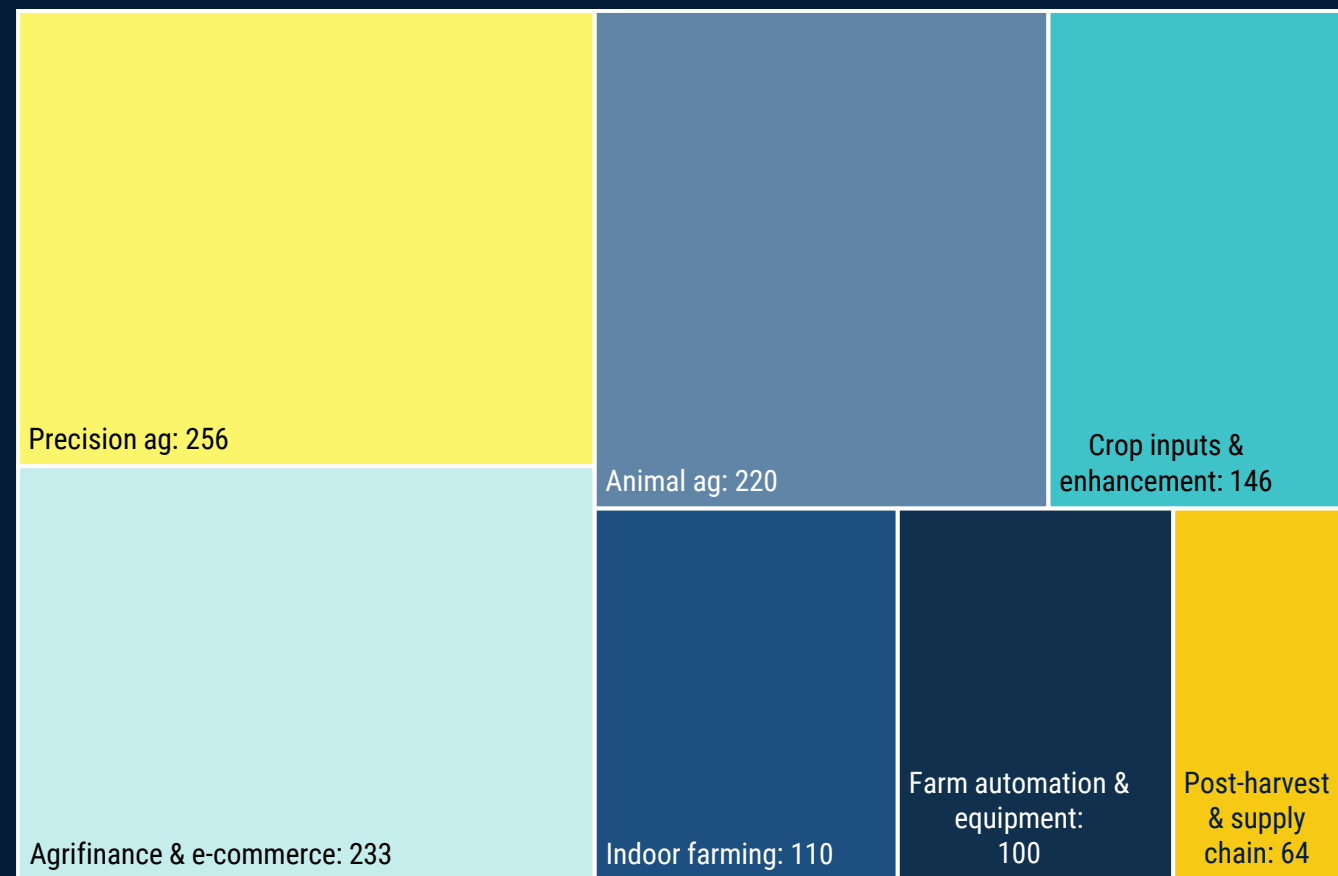


Figure 18 ▶ Agtech metric summary

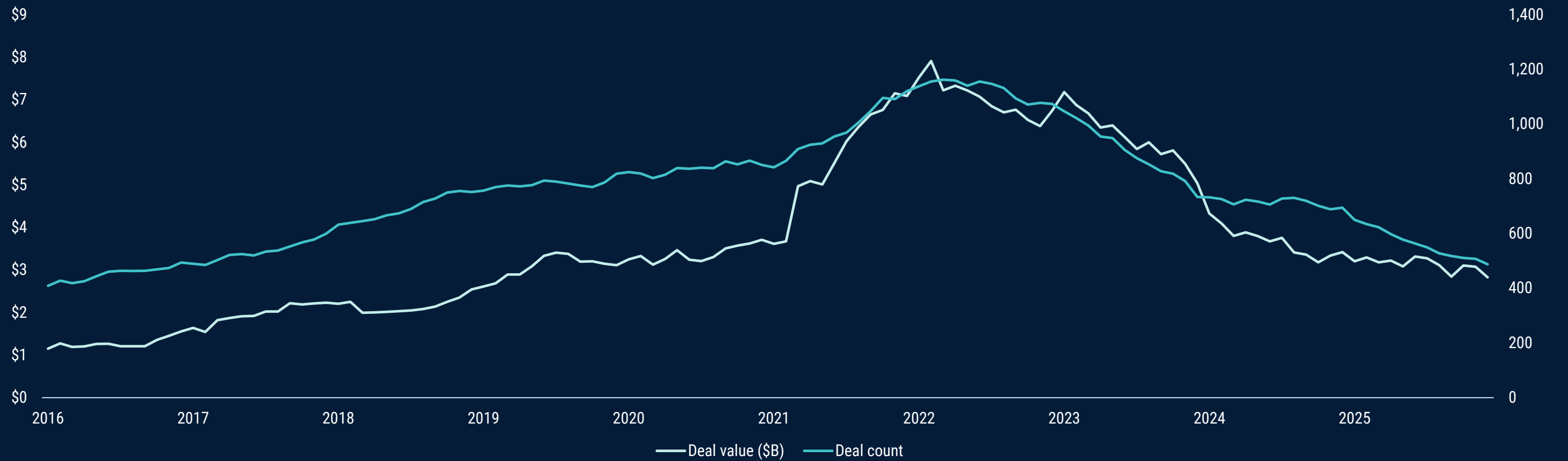
	Value	TTM change	Relative score
Annualized expected return*	17.8%	-1.6%	
Total capital raised	\$4.2B	-9.2%	
New VC company fundings	213	-24.4%	
Median pre-money valuation	\$25.0M	+15.3%	
Share of published patents	3.8%	+0.3%	
Top-ranked investor participation	5.3%	-0.2%	
Median employee growth	0.0%	-6.2%	

Source: PitchBook • Geography: Global • As of December 31, 2025

*Expected returns are derived from historical return assumptions and company-level exit predictions. See [page 15](#) for more details.

Note: The length of the relative score bars is based on cross-vertical Z-scores of the TTM change (except expected IRR and median employee growth), wherein the maximum and minimum lengths are +/- 2, respectively. The center of the column is zero.

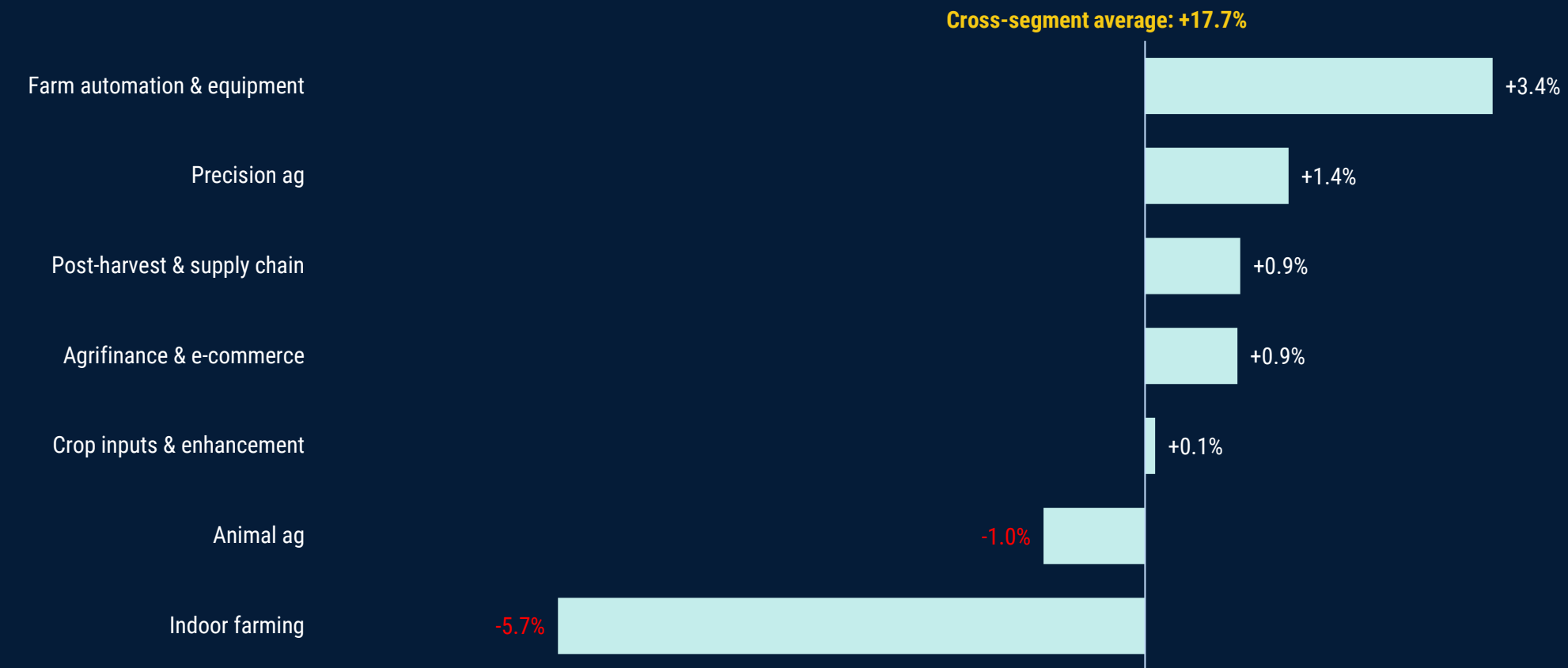
Figure 19 ▶ TTM early-stage agtech VC deal activity



Source: PitchBook • Geography: Global • As of December 31, 2025

Investment attractiveness of early-stage agtech companies by segment

Figure 20 ► Annualized expected returns relative to the cross-segment average



Source: PitchBook • Geography: Global • As of December 31, 2025



Expected returns

Expected returns for each segment are based on an aggregation of the expected returns for the underlying companies. Company-level returns are determined from the exit type predictions and historical returns by series. For more information, please see [page 15](#) and the VC Exit Predictor methodology located in the [PitchBook Help Center](#).

It is important to note that the cross-segment average return of 17.7% is provided as a historical baseline value and should not be relied on as a forecast. This baseline value is derived from the average of deal-level return data from 2000 to 2021 and can vary significantly based on the environment at any given time. The relative returns for each segment, however, are a more robust forward-looking measure because they are unaffected by factors that impact the entire VC ecosystem, such as interest rates, available funding, and economic growth.

Individual company highlights: North America

Figure 21 ► North America early-stage agtech companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
FarmQA	Post-harvest & supply chain	89%	3%	97	+95
Summer Robotics	Farm automation & equipment	80%	1%	83	+74
TRIC Robotics	Farm automation & equipment	95%	1%	98	+73
FREDSense Technologies	Animal ag	88%	2%	93	+66
Verdi	Precision ag	78%	4%	88	+50
Maia Farms	Animal ag	69%	9%	86	+45
Maalex	Agrifinance & e-commerce	83%	1%	86	+44
NuCicer	Crop inputs & enhancement	92%	1%	97	+43
Precision Livestock Technologies	Animal ag	57%	1%	50	+43
Agwa	Indoor farming	61%	1%	55	+43

Please use this [saved search](#) for a complete, dynamic list of agtech companies.

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.

Individual company highlights: Europe

Figure 22 ► Europe early-stage agtech companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
AgreenCulture	Farm automation & equipment	75%	9%	93	+93
IBI-Ag	Crop inputs & enhancement	80%	2%	86	+75
Farmforce	Indoor farming	87%	1%	91	+70
Gårdsfisk	Animal ag	84%	1%	88	+65
Meiogenix	Crop inputs & enhancement	62%	4%	62	+55
Fytekko	Crop inputs & enhancement	71%	6%	53	+40
Messium	Post-harvest & supply chain	80%	1%	83	+35
Finapp	Precision ag	75%	1%	75	+35
Fermata	Precision ag	89%	1%	93	+34
Ficosterra	Crop inputs & enhancement	74%	1%	72	+33

Please use this [saved search](#) for a complete, dynamic list of agtech companies.

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



AI

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EMERGING TECH RESEARCH

AI VC Trends

Q4 2025





Introduction

The AI sector covers firms specializing in the advancement, research, and deployment of AI at the hardware and software level, broken down into horizontal platforms, vertical applications, semiconductors, and autonomous machines.

- AI demonstrated resilient performance across key early-stage indicators, with TTM early-stage deal value increasing 23.7%, exceeding the cross-vertical average of 17.5%, while first-time VC financings rose 19.4% compared with a 19% decline at the cross-vertical level. Median early-stage pre-money valuations were flat on a TTM basis, indicating a pause in valuation expansion rather than further multiple inflation, despite sustained investor interest. Patent activity surged and continued to dominate overall filings, with AI accounting for 37.2% of total patents across all verticals, underscoring the scale of ongoing technical development.
- Total funding over the past 12 to 36 months has been driven primarily by capital concentration in horizontal AI platforms, particularly leading frontier foundation model providers, such as OpenAI, xAI, and Anthropic. Investors have favored these platforms as foundational infrastructure for future vertical applications, reflecting stronger conviction in the durability of the model layer than in individual application-level outcomes. This capital allocation reflects both a long-term platform thesis and a defensive positioning amid uncertainty at the vertical layer, reinforced by competitive capital deployment dynamics among LPs and GPs that have supported elevated entry valuations.

Segment outlook

We remain optimistic on AI over the long term, as the technology is being embedded across workflows, products, and entire industries, supporting durable demand and broad-based value creation. Structural tailwinds such as sovereign AI investment and rising infrastructure spend reinforce this trajectory. In the near term, however, we are more cautious, as capital is concentrating in a small number of scaled platforms and frontier labs, narrowing pathways to scale for early-stage companies; meanwhile, headline M&A activity appears to be increasingly driven by acqui-hire transactions rather than broad-based exit strength.

Horizontal platforms (bullish):

- **AI automation platforms (neutral):** AI automation platforms address clear enterprise efficiency needs, but value creation is uneven and highly dependent on successful deployment within existing systems. Many products struggle to scale beyond pilots, limiting broad-based upside despite continued interest in automation.
- **AI core (bullish selectively):** The AI core subsegment is shaped by extreme capital concentration, with a small number of frontier model providers absorbing the majority of funding and attention. While this dynamic enables outsized outcomes, it materially narrows the opportunity set for smaller platforms, making selectivity critical and average outcomes less compelling.
- **AI transformation platforms (bullish):** AI transformation platforms are benefiting from a structural push by enterprises to modernize operations, reduce labor intensity, and embed AI into core workflows. As agentic systems and copilots move into production, platforms that demonstrate measurable cost reduction and operational gains are positioned for expanding budgets and sustained growth.
- **Natural language processing (neutral):** Natural language platforms continue to see strong demand across enterprise use cases, but widespread access to high-quality language models has intensified competition and compressed differentiation. Durable value is accruing primarily to domain-specific systems with proprietary data or regulatory requirements, limiting category-wide upside.
- **Computer vision (bullish):** Computer vision is increasingly embedded in operational environments, such as safety, inspection, access control, and automation, where spending is tied to existing budgets rather than discretionary experimentation. Improvements in edge inference and real-time performance are strengthening deployment economics, supporting durable adoption for platforms that can execute at scale.



Introduction (continued)

Vertical applications (neutral to bearish):

- **AI in IT (bullish):** AI adoption in IT is being pulled directly into core workflows, such as security, software development, and productivity, where ROI is measurable and budgets already exist. Early-stage companies that embed into systems of record or developer workflows are seeing faster paths to scale and consolidation-driven exit interest.
- **AI in healthcare (neutral):** Healthcare offers large upside, particularly in administration and drug discovery, but adoption remains uneven due to regulatory risk, integration complexity, and long validation cycles. Strong winners exist, yet category-level outcomes are highly dispersed, supporting a neutral stance.
- **AI in financial services (neutral to bearish):** AI is delivering real value in areas such as fraud prevention, compliance, and underwriting, where accuracy and risk reduction justify spend. However, regulatory constraints, conservative buyers, and incumbent control of distribution limit the number of early-stage companies that can scale quickly, resulting in uneven outcomes rather than broad-based upside.
- **Consumer AI (bearish):** Consumer AI products benefit from rapid adoption but face weak defensibility, high churn, and platform dependence. Value capture is increasingly concentrated in distribution owners, limiting the likelihood of durable early-stage outcomes across the segment.
- **Industrial AI (bullish):** Industrial AI is tied to operational budgets in manufacturing, energy, logistics, and agriculture, where performance gains translate directly into cost savings and throughput. These use cases favor defensible deployments and support repeatable revenue at early stages.

- **AI in transportation (neutral):** Transportation-related AI benefits from long-term automation trends, but commercialization is constrained by capital intensity, regulatory approval, and long deployment timelines. Early-stage upside exists, though outcomes remain timing-sensitive and uneven.

Semiconductors (bearish):

- **Chips (bearish):** Expected returns are the lowest in the vertical, at -0.8%, reflecting a market dominated by NVIDIA and a small number of scaled incumbents with deeply entrenched ecosystems. For early-stage companies, extreme capital intensity, long development cycles, and high customer switching costs compress the base rate of success, meaning only rare, highly differentiated architectures can overcome the structural disadvantages.
- **Edge AI (bullish—selective):** Edge AI sits outside the core GPU arms race, benefiting from demand for low-latency, low-power inference where general-purpose accelerators are inefficient. Early-stage upside exists where hardware-software co-design delivers clear performance or cost advantages in production edge environments.
- **Intelligent sensors & devices (neutral):** Intelligent sensors address real demand across IoT and industrial markets, but returns are constrained by hardware margins, manufacturing scale, and customer concentration. Outcomes are execution-driven rather than category-driven, supporting a neutral stance.



Introduction (continued)

Autonomous machines (bullish):

At the segment level, autonomous machines remain one of the most attractive areas for early-stage capital, as advances in perception, control, and embodied AI are unlocking new deployment-ready use cases. Unlike core semiconductors, competitive dynamics still favor startups, with moats driven by real-world deployment, system integration, and operational learning rather than scale alone.

- **Autonomous vehicles (neutral):** Autonomous vehicle software and design continue to see steady progress, but commercialization remains constrained by regulatory complexity, capital intensity, and long deployment timelines. While niche applications such as delivery and logistics can work, outcomes are uneven and timing-sensitive at early stages.
- **Intelligent robotics (bullish):** Intelligent robotics benefits from clear demand across drones, industrial automation, and robotics platforms, where autonomy directly translates into labor savings, safety gains, and productivity improvements. Early-stage winners tend to pair strong autonomy stacks with deployment at scale, creating operational moats that are difficult for incumbents to replicate quickly.

AI overview

Figure 23 ▶ Early-stage AI company count by segment

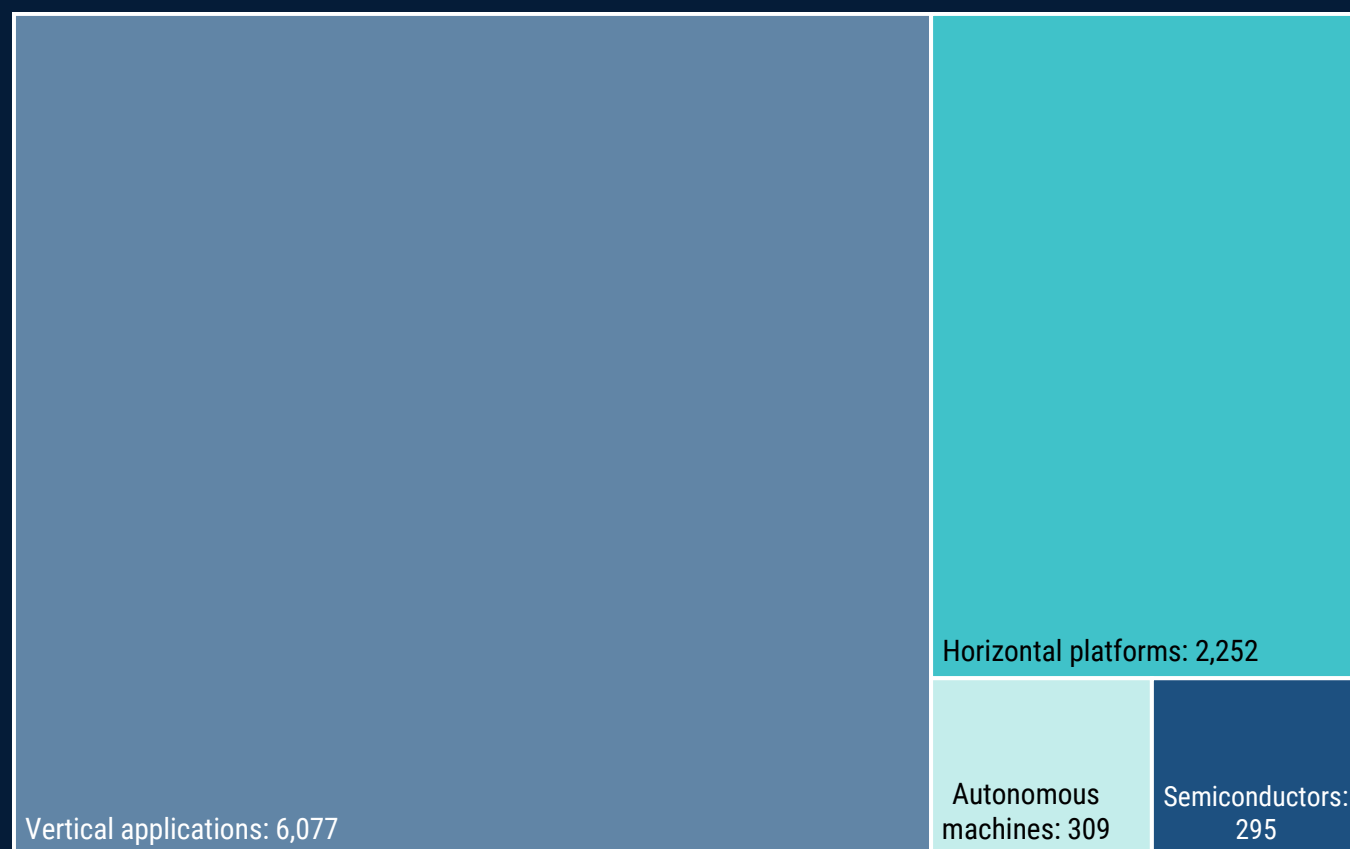
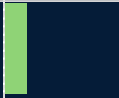








Figure 24 ▶ AI metric summary

	Value	TTM change	Relative score
Annualized expected return*	22.0%	-0.7%	
Total capital raised	\$64.4B	+41.2%	
New VC company fundings	2112	+0.5%	
Median pre-money valuation	\$52.1M	+30.3%	
Share of published patents	37.2%	+0.9%	
Top-ranked investor participation	16.1%	+1.7%	
Median employee growth	8.8%	+0.5%	

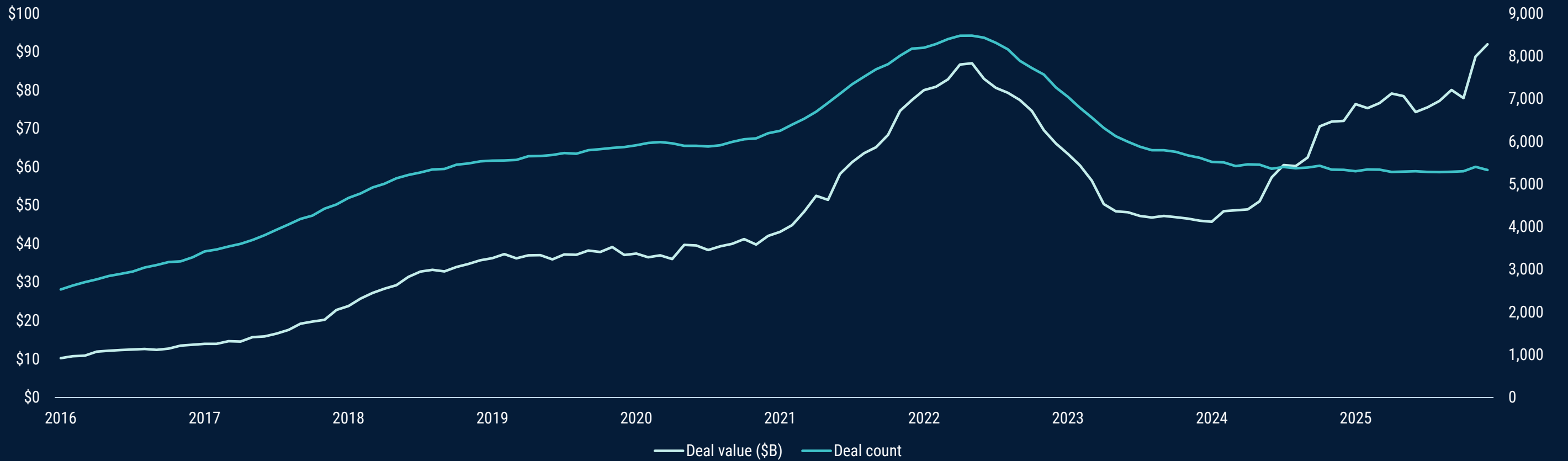
Source: PitchBook • Geography: Global • As of December 31, 2025

*Expected returns are derived from historical return assumptions and company-level exit predictions. See [page 15](#) for more details.

Note: The length of the relative score bars is based on cross-vertical Z-scores of the TTM change (except expected IRR and median employee growth), wherein the maximum and minimum lengths are +/- 2, respectively. The center of the column is zero.



Figure 25 ▶ TTM early-stage AI VC deal activity



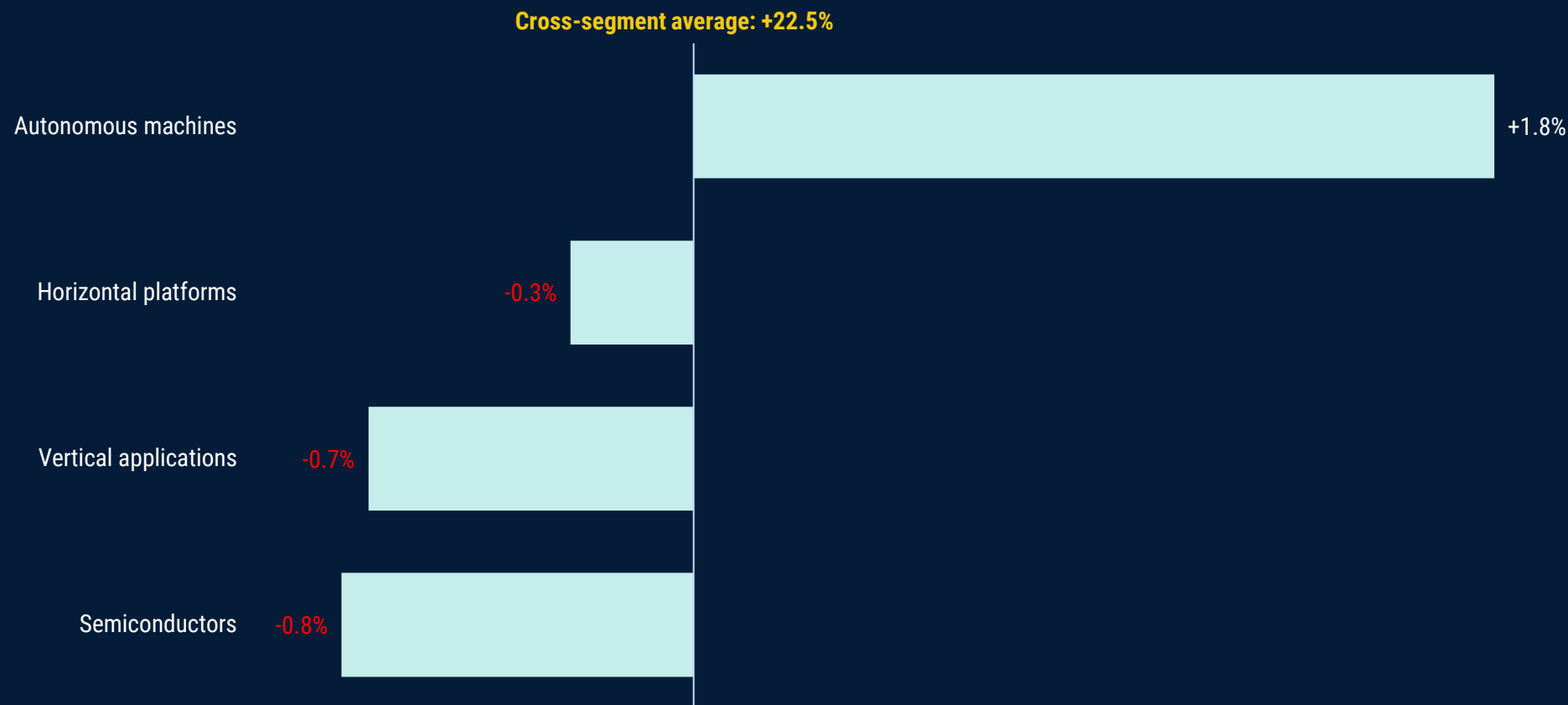
Source: PitchBook • Geography: Global • As of December 31, 2025



AI

Investment attractiveness of early-stage AI companies by segment

Figure 26 ▶ Annualized expected returns relative to the cross-segment average



Source: PitchBook • Geography: Global • As of December 31, 2025



Expected returns

Expected returns for each segment are based on an aggregation of the expected returns for the underlying companies. Company-level returns are determined from the exit type predictions and historical returns by series. For more information, please see [page 15](#) and the VC Exit Predictor methodology located in the [PitchBook Help Center](#).

It is important to note that the cross-segment average return of 22.5% is provided as a historical baseline value and should not be relied on as a forecast. This baseline value is derived from the average of deal-level return data from 2000 to 2021 and can vary significantly based on the environment at any given time. The relative returns for each segment, however, are a more robust forward-looking measure because they are unaffected by factors that impact the entire VC ecosystem, such as interest rates, available funding, and economic growth.



Individual company highlights: North America

Figure 27 ▶ North America early-stage AI companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Fluency (Business/Productivity Software)	Vertical applications	89%	3%	96	+95
Zippia	Vertical applications	89%	1%	93	+92
Locate	Vertical applications	90%	1%	94	+92
Pendulum (Software)	Vertical applications	86%	1%	90	+83
Infracost	Horizontal platforms	92%	2%	97	+83
Trustifi	Vertical applications	82%	4%	92	+82
GenXys	Vertical applications	81%	4%	90	+82
GEn1E Lifesciences	Vertical applications	77%	13%	99	+82
Juicebox	Vertical applications	78%	6%	90	+81
NLM Photonics	Semiconductors	89%	2%	96	+81

Please use this [saved search](#) for a complete, dynamic list of AI companies.

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



Individual company highlights: Europe

Figure 28 ► Europe early-stage AI companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Reelevant	Vertical applications	92%	1%	96	+96
PIE VAT	Vertical applications	90%	2%	96	+92
Pepticom	Vertical applications	29%	35%	87	+85
Hi Auto	Horizontal platforms	81%	7%	96	+83
Vocal Image	Vertical applications	83%	1%	86	+78
Bigabid	Vertical applications	79%	6%	92	+77
Adaptiv Bio	Vertical applications	79%	15%	99	+77
Motor Ai	Autonomous machines	61%	19%	94	+75
Alpine Eagle	Autonomous machines	85%	3%	92	+74
Billy Grace	Vertical applications	84%	1%	87	+73

Please use this [saved search](#) for a complete, dynamic list of AI companies.

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



Climate tech

For the latest in-depth climate tech research, click [here](#).

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Introduction

Climate tech covers a broad range of technologies for climate change mitigation, adaptation to climate change, and related environmental protection processes.

- VC funding for climate tech increased steadily from \$10.1 billion in 2017 to \$28.4 billion in 2020, before experiencing sharp growth to its peak of \$59 billion in 2021. Since 2021, VC deal value has declined gradually, reaching \$42.2 billion in 2025, though deal value was essentially flat from 2024 to 2025.
- The climate tech space has been heavily influenced by regulation and policy, and in recent years, we have seen the ecosystem for climate tech in the US shift to be more challenging for startups. The US administration change in January 2025 brought uncertainty around Biden-era incentives and support for climate tech adoption, which then clarified to a generally more challenging state than pre-2024—with a few areas, however, retaining strong federal support. US tariff uncertainty also impacted global deal activity in climate tech, highlighting potential supply chain concerns, and deal value climbed quarter to quarter throughout 2025.

Segment outlook

The climate tech space is broad, and while we are somewhat optimistic on the vertical, we also expect continued shifts in deal value within climate tech. This continues a change in focus across the space, away from pure decarbonization technologies and toward those with additional benefits, such as energy/cost savings, alternative supply chains, reduced fuel price risk, power network resilience, and energy independence.

- **Built environment (bullish):** In both the consumer and commercial & industrial spaces, emphasis on technologies to reduce energy and heating expenses is driving interest in built environment energy efficiency tech, and falling costs for adjacent tech like solar panels and battery energy storage systems are enhancing the value of built environment tech.
- **Carbon tech (bearish):** Though some areas in the space are seeing strong activity—driven by factors such as AI adoption in areas like carbon accounting or verification for carbon projects—core elements of the space, like carbon capture technologies, have limited benefits outside of emissions reduction.

- **Clean fuels (bearish):** Challenges around green premia, coupled with US reductions in supportive policies, are particularly acute in the hydrogen space, though areas like waste-to-fuel technologies are in a better position, typically focusing on sustainable aviation fuels.
- **Dispatchable energy sources (bullish):** A combination of datacenter growth and industrial electrification is providing strong demand for stable energy sources like geothermal and nuclear fission, many of which are also approaching commercialization between now and 2030.
- **Grid infrastructure (bullish):** Technologies like energy storage have seen falling costs and can provide highly desirable grid resilience, while increasing renewable energy penetration is driving interest and investment in energy management technologies.
- **Intermittent renewable energy (neutral):** Technologies such as wind and solar are seeing rapid adoption at scale, driven by falling hardware costs and increasing efficiency. But many of the technology developers in this space fall outside of the VC-backed ecosystem, and federal incentives, particularly in the US, are not as strong as they were prior to 2025.
- **Industry (bullish):** Interest in cost savings via energy management, plus industrial climate technologies that offer alternative supply chains—such as green mining and waste-to-chemical technologies—are well-suited to the shift toward commercial benefits that we are seeing in the space.
- **Land use (neutral):** This segment includes a range of technologies—some are highly focused on either decarbonization or ecosystem protection—and face challenging conditions. Others are focused on adaptation to climate change and asset valuation and protection, which are increasingly seen as necessary as climate events and changes are realized.
- **Low-carbon mobility (neutral):** Similar to the intermittent renewable space, the low-carbon mobility space is relatively mature. Though electric vehicle (EV) adoption continues to grow, the environment for low-carbon mobility developers in the US is more challenging than it was pre-2025.
- **Sustainable food (bearish):** Much of the overall deal value into the sustainable food space is now focused outside of the VC ecosystem, and investor skepticism is high for unproven technologies.



Climate tech overview

Figure 29 ▶ Early-stage climate tech company count by segment

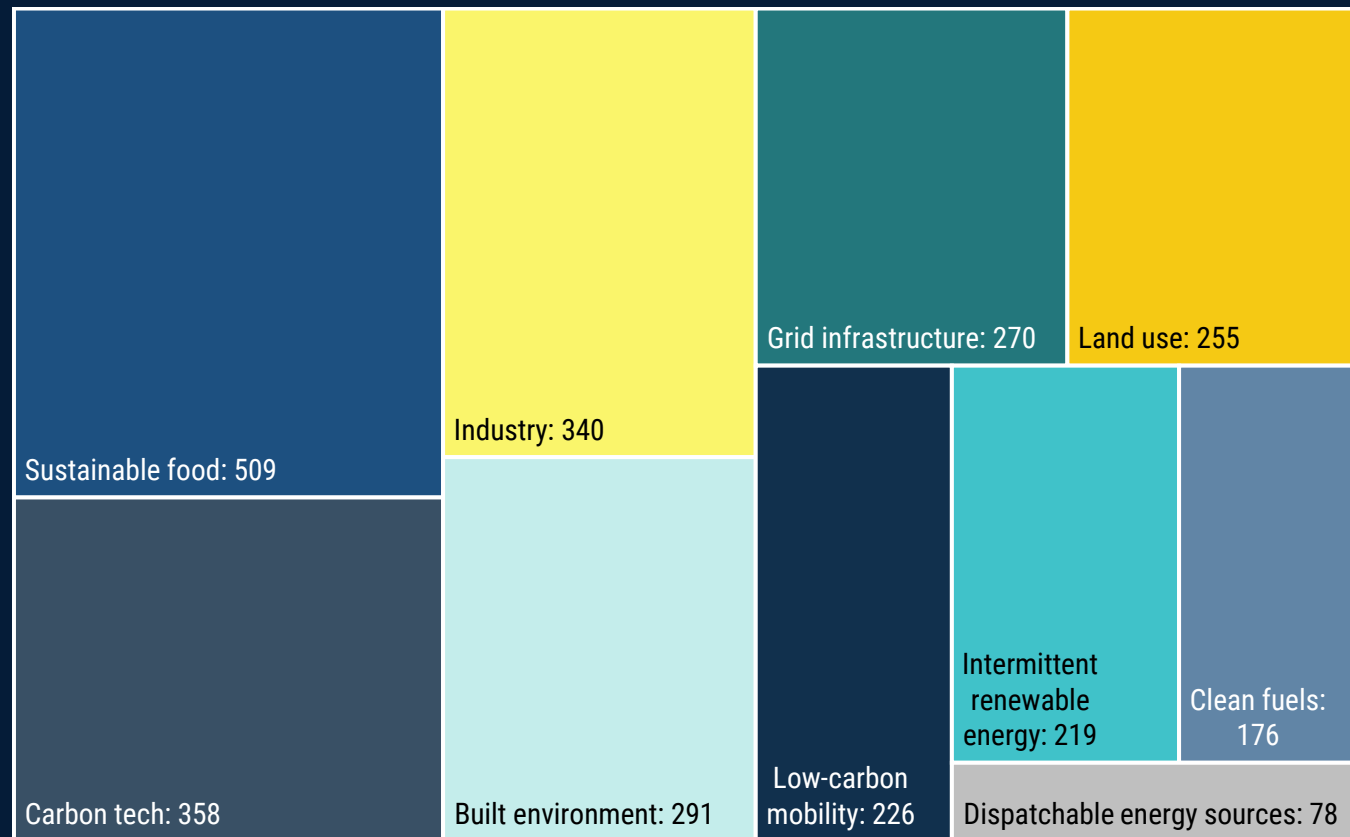


Figure 30 ▶ Climate tech metric summary

	Value	TTM change	Relative score
Annualized expected return*	21.1%	-0.4%	
Total capital raised	\$17.8B	-0.6%	
New VC company fundings	355	-53.8%	
Median pre-money valuation	\$41.2M	+33.4%	
Share of published patents	16.5%	+1.5%	
Top-ranked investor participation	7.8%	+0.8%	
Median employee growth	9.5%	-4.8%	

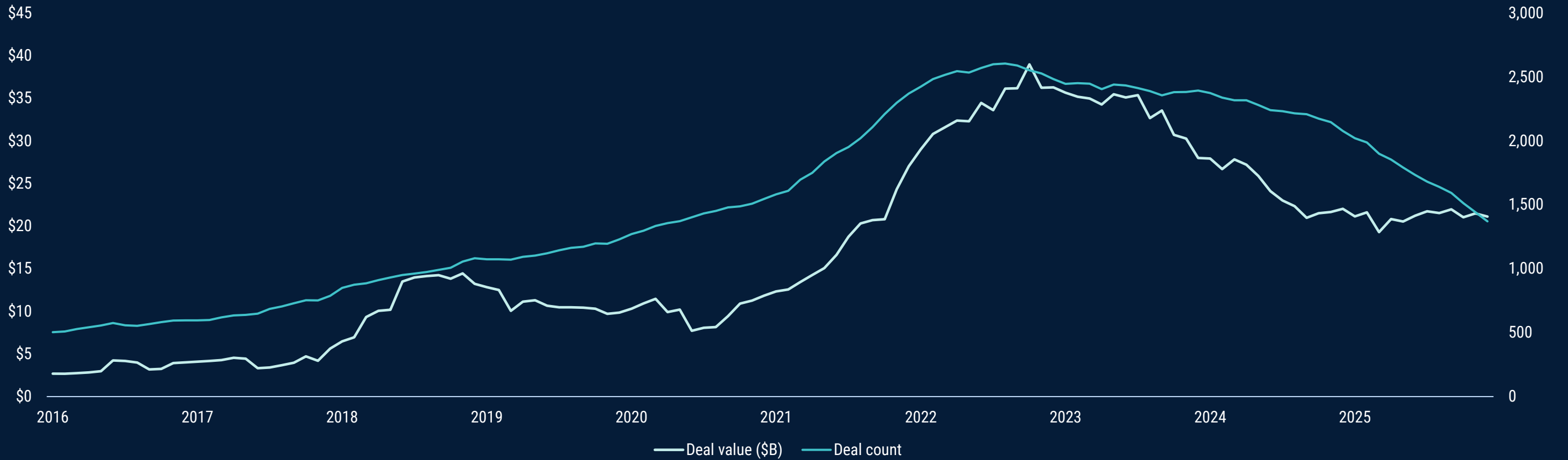
Source: PitchBook • Geography: Global • As of December 31, 2025

*Expected returns are derived from historical return assumptions and company-level exit predictions. See page 15 for more details.

Note: The length of the relative score bars is based on cross-vertical Z-scores of the TTM change (except expected IRR and median employee growth), wherein the maximum and minimum lengths are +/- 2, respectively. The center of the column is zero.



Figure 31 ▶ TTM early-stage climate tech VC deal activity

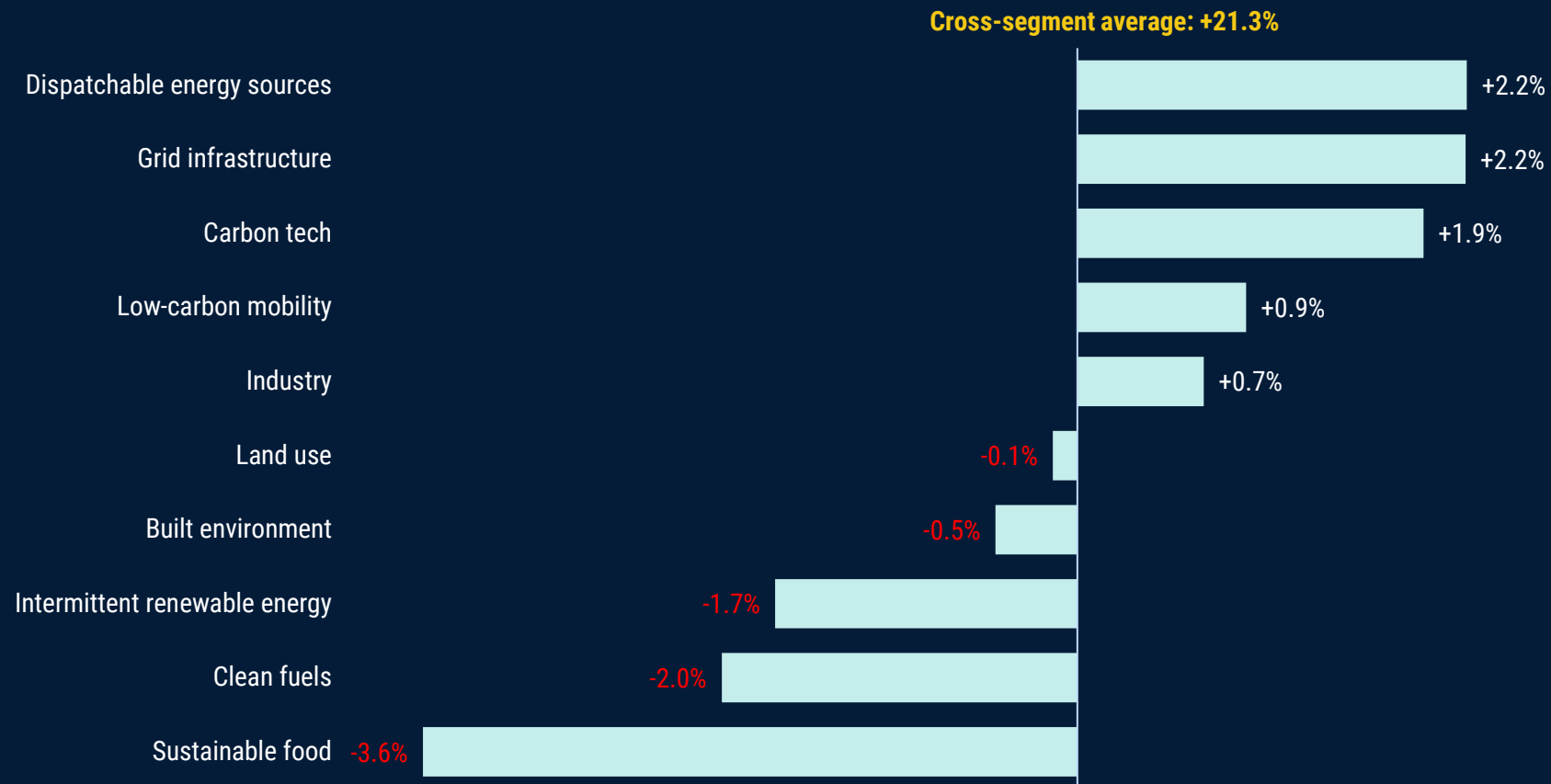


Source: PitchBook • Geography: Global • As of December 31, 2025



Investment attractiveness of early-stage climate tech companies by segment

Figure 32 ► Annualized expected returns relative to the cross-segment average



Source: PitchBook • Geography: Global • As of December 31, 2025



Expected returns

Expected returns for each segment are based on an aggregation of the expected returns for the underlying companies. Company-level returns are determined from the exit type predictions and historical returns by series. For more information, please see [page 15](#) and the VC Exit Predictor methodology located in the [PitchBook Help Center](#).

It is important to note that the cross-segment average return of 21.3% is provided as a historical baseline value and should not be relied on as a forecast. This baseline value is derived from the average of deal-level return data from 2000 to 2021 and can vary significantly based on the environment at any given time. The relative returns for each segment, however, are a more robust forward-looking measure because they are unaffected by factors that impact the entire VC ecosystem, such as interest rates, available funding, and economic growth.



Individual company highlights: North America

Figure 33 ► North America early-stage climate tech companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Janta Power	Intermittent renewable energy	77%	1%	79	+70
Replenish	Industry	82%	1%	85	+68
GDI	Industry	83%	6%	95	+67
Ecolution Power	Grid infrastructure	56%	23%	96	+65
Simple Homes	Built environment	73%	3%	77	+63
Novocycle Technologies	Industry	80%	3%	88	+61
Ionada	Carbon tech	69%	2%	67	+57
Bitzero Blockchain	Carbon tech	64%	5%	66	+57
Copper	Built environment	75%	7%	89	+57
Exterra Carbon Solutions	Carbon tech	70%	2%	69	+56

Please use this [saved search](#) for a complete, dynamic list of climate tech companies.

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



Individual company highlights: Europe

Figure 34 ► Europe early-stage climate tech companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Renewco Power	Grid infrastructure	30%	42%	98	+86
Aqualung	Carbon tech	70%	12%	93	+70
Ren-Gas	Clean fuels	77%	2%	81	+68
Gridio	Grid infrastructure	73%	3%	76	+57
UFraction8	Sustainable food	80%	2%	85	+54
Protium (Environmental Services (B2B))	Clean fuels	76%	10%	66	+53
Revcoo	Carbon tech	73%	2%	75	+53
Ecop	Industry	83%	1%	62	+51
The Protein Brewery	Sustainable food	47%	32%	60	+49
NOMOO	Sustainable food	67%	1%	62	+48

Please use this [saved search](#) for a complete, dynamic list of climate tech companies.

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Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



Cybersecurity

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**Cybersecurity
VC Trends**

Q3 2025





Introduction

Cybersecurity refers to technology and services that protect enterprises from digital threats to business operations.

- Cybersecurity funding rose steadily pre-COVID-19 and accelerated sharply during the pandemic, peaking in 2022 amid accommodative fiscal and monetary conditions before entering a sustained pullback. Over the past 12 to 24 months, early-stage deal value declined 6.1% on a TTM basis versus a 17.5% increase at the cross-vertical level; meanwhile, first-time VC financings fell 32.9%, signaling retrenchment in new company formation. At the same time, median early-stage pre-money valuations increased 2.9%, indicating capital concentration into fewer deals, even as cybersecurity's share of patent activity declined 4.8% and expected returns remained well below the cross-vertical average at 1% versus 21.2%.
- Over the past 12 to 36 months, Series A/B funding activity has reflected a tighter underwriting environment and higher cost of capital, which constrained the number of funded companies and drove a sustained decline in deal counts. Capital increasingly concentrated into fewer, larger rounds for startups demonstrating clear product-market fit, strategic relevance to enterprise AI adoption, and alignment with incumbent acquisition roadmaps amid accelerating platform consolidation. This dynamic lifted average check sizes and contributed to a recovery in deal value despite continued pressure on overall activity levels.

Segment outlook

We remain cautiously bullish on the cybersecurity sector, with an important caveat: Upside increasingly accrues to AI-native entrants. PitchBook data shows a consistent AI premium across key financial metrics, with AI-first cybersecurity startups outperforming non-AI-native peers on valuations, deal sizes, and capital efficiency. Cyber remains operationally essential, but early-stage investing has become more selective, more concentrated, and less forgiving.

Identity & access management (neutral):

- **Identity governance & administration (neutral):** Compliance and audit requirements continue to support baseline demand for access reviews and entitlement governance. However, negative expected returns and declining early-stage capital formation indicate that new value creation is increasingly concentrated among established platforms rather than broadly distributed across new entrants.
- **Access management (neutral):** Access management remains a core security function, but bundling by large identity and security suites continues to compress differentiation for standalone vendors. Early-stage activity favors narrowly defined use cases over general-purpose platforms.
- **Fraud prevention (neutral to bullish):** Rising account takeovers and digital fraud activity continue to underpin demand for real-time detection and prevention. Early-stage upside appears selective, with capital favoring platforms that demonstrate measurable loss reduction and clear scalability.

Network security (bearish):

- **Cloud security (neutral):** Cloud security remains necessary as workloads persist in public and hybrid clouds, but early-stage capital formation has slowed, and competition is dominated by platformized vendors. New investment is increasingly selective, favoring differentiated approaches rather than broad CSPM or CNAPP platforms.
- **Network detection & response (NDR) (bearish):** NDR addresses well-understood visibility gaps, but adoption is uneven and typically additive to existing security stacks rather than a primary control plane. Early-stage outcomes are constrained by bundling, slower net-new formation, and weak expected returns.
- **Secure networking (neutral):** Secure networking reflects an established shift toward software-defined and SASE architectures, but much of the early-stage upside has already been captured by scaled vendors. At Series A/B, opportunity is limited to narrow deployment niches rather than category-wide momentum.



Introduction (continued)

Application security (neutral to bullish):

- **Development operations (DevOps) security platforms (bullish—selective):** DevOps security has one of the clearest early-stage wedges in cyber, because tools embedded in developer workflows can become sticky once adopted. In the current funding environment, the bar is higher, and winners are more likely to be platforms with clear integration depth and repeatable expansion rather than point tools.
- **Web3 security (bearish):** Web3 security demand remains closely tied to crypto market cycles, which has limited investor appetite amid regulatory uncertainty and reduced deal formation. In the current environment, weak capital inflows and declining innovation signals outweigh the underlying need for specialized security tooling.
- **Cloud workload protection platforms (CWPP) (neutral):** CWPP addresses persistent cloud-native security needs, but differentiation for new entrants is narrow as buyers increasingly prefer consolidated platforms. In a retrenching cyber funding market, early-stage upside is more likely in clearly differentiated capabilities than in broad workload protection suites.
- **Web application protection (neutral):** Web application protection remains foundational, but value capture is pressured by bundling into broader cloud and edge delivery stacks. Early-stage opportunities skew toward specific threat vectors or deployment niches rather than category-wide platform plays.

Data security (neutral):

- **Database monitoring & loss prevention (neutral):** Database monitoring and data loss prevention address persistent risks around data exfiltration and misuse, but adoption is often incremental and tightly coupled to broader security stacks. Early-stage outcomes depend on clear differentiation or deployment depth, as bundling and overlap with platform vendors compress standalone opportunity.
- **Data protection & encryption (neutral to bearish):** Encryption and backup technologies are foundational, but the space is mature and increasingly dominated by incumbents and platform providers. For early-stage companies, differentiation is difficult to sustain, and capital intensity combined with modest expected returns weighs on the risk-reward profile.

- **Data privacy & compliance (neutral):** Privacy and compliance tools benefit from ongoing regulatory requirements, which support baseline demand. However, buying behavior is compliance-driven rather than expansion-led, resulting in uneven scaling and limited upside for new entrants in the current funding environment.

Security operations (neutral):

- **Managed security services (neutral):** Managed services benefit from persistent staffing constraints and the shift toward outsourced detection and response. Outcomes are more execution-dependent than pure software, which tends to increase dispersion across early-stage vendors.
- **Security risk assessment & management (neutral):** Risk assessment platforms address third-party exposure and quantification needs, but growth is often procurement-driven and integration-heavy. Early-stage winners are more likely to be those that tie into underwriting, compliance, or continuous monitoring workflows rather than standalone scoring.
- **Log ingestion & Security Information and Event Management (SIEM) (bearish):** SIEM demand is supported by the need to reduce alert burden and automate response workflows amid staffing constraints. Early-stage upside is most defensible in narrowly scoped, high-frequency automations that prove measurable time savings inside existing SOC stacks.

Endpoint security (neutral):

- **Endpoint protection, detection & response (neutral to bearish):** This subsegment is operationally critical, but platform consolidation and suite-based purchasing limit the opportunity for standalone early-stage vendors. New entrants face a high bar to displace incumbent platforms, making differentiation and narrowly defined deployment wedges essential.



Introduction (continued)

- **IoT/operational technology (OT) security (neutral):** IoT/OT security benefits from a structurally expanding attack surface as industrial and edge-connected assets proliferate, but scaling is constrained by long sales cycles, fragmented standards, and customer-specific deployments. Early-stage outcomes skew toward companies that can anchor on a narrow asset class or operational environment rather than those pursuing broad horizontal coverage.
- **Antiphishing platforms (neutral):** Phishing remains a durable attack vector, but buyer behavior increasingly favors consolidated email and identity platforms over standalone tools. At early stages, only products that materially reduce successful compromise rates or address new social-engineering modalities can escape feature-level commoditization.

Cybersecurity overview

Figure 35 ▶ Early-stage cybersecurity company count by segment

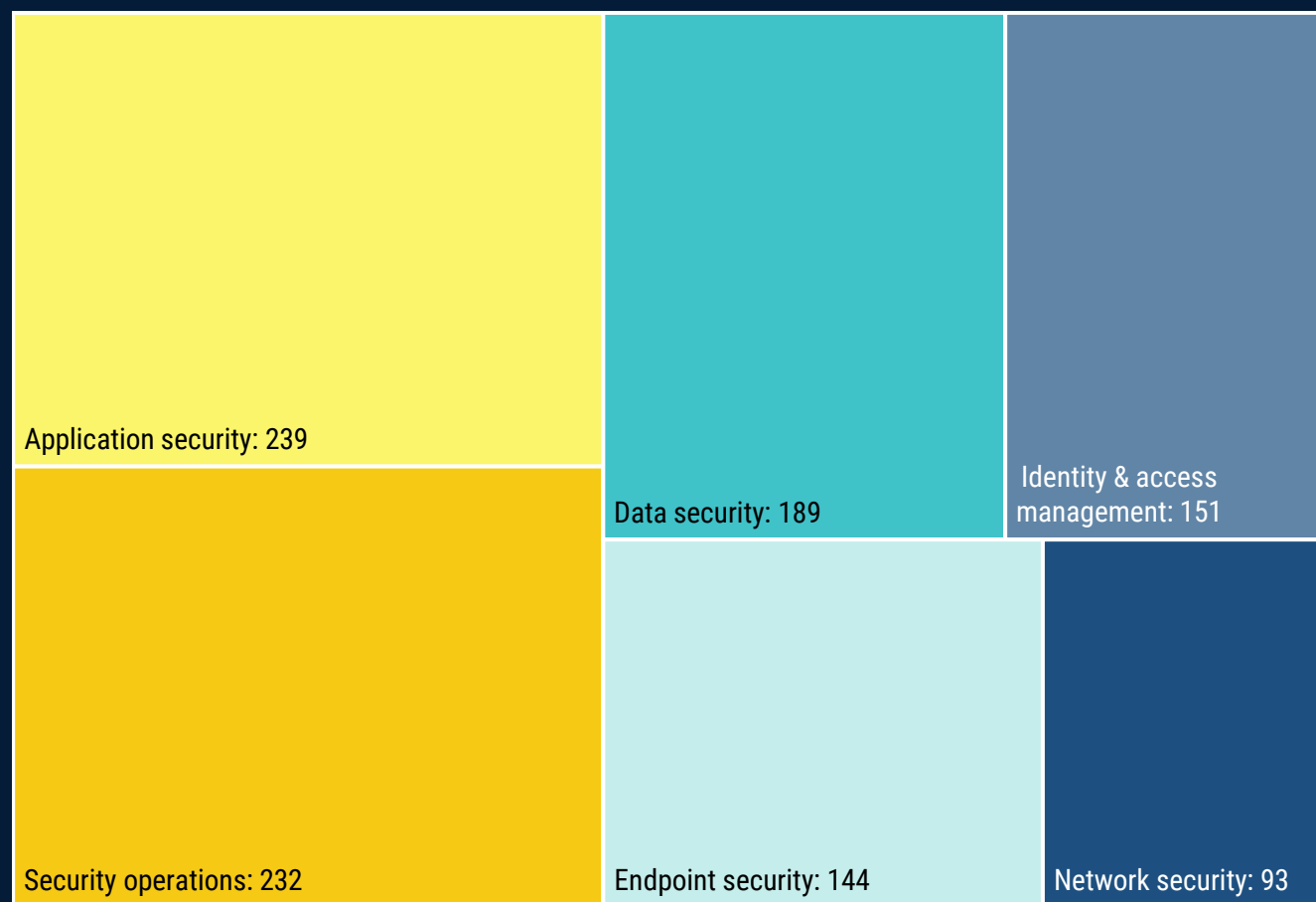









Figure 36 ▶ Cybersecurity metric summary

	Value	TTM change	Relative score
Annualized expected return*	22.3%	-0.8%	
Total capital raised	\$5.9B	+11.3%	
New VC company fundings	119	-51.8%	
Median pre-money valuation	\$62.3M	+33.5%	
Share of published patents	4.8%	-0.2%	
Top-ranked investor participation	12.9%	+0.5%	
Median employee growth	7.2%	+1.6%	

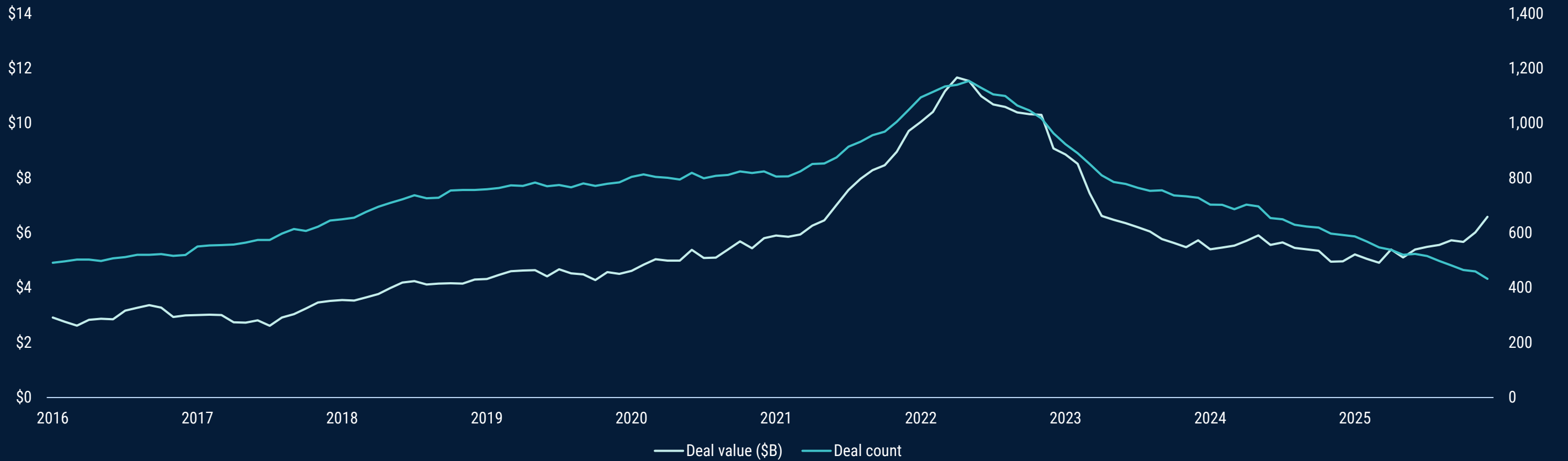
Source: PitchBook • Geography: Global • As of December 31, 2025

*Expected returns are derived from historical return assumptions and company-level exit predictions. See [page 15](#) for more details.

Note: The length of the relative score bars is based on cross-vertical Z-scores of the TTM change (except expected IRR and median employee growth), wherein the maximum and minimum lengths are +/- 2, respectively. The center of the column is zero.



Figure 37 ▶ TTM early-stage cybersecurity VC deal activity

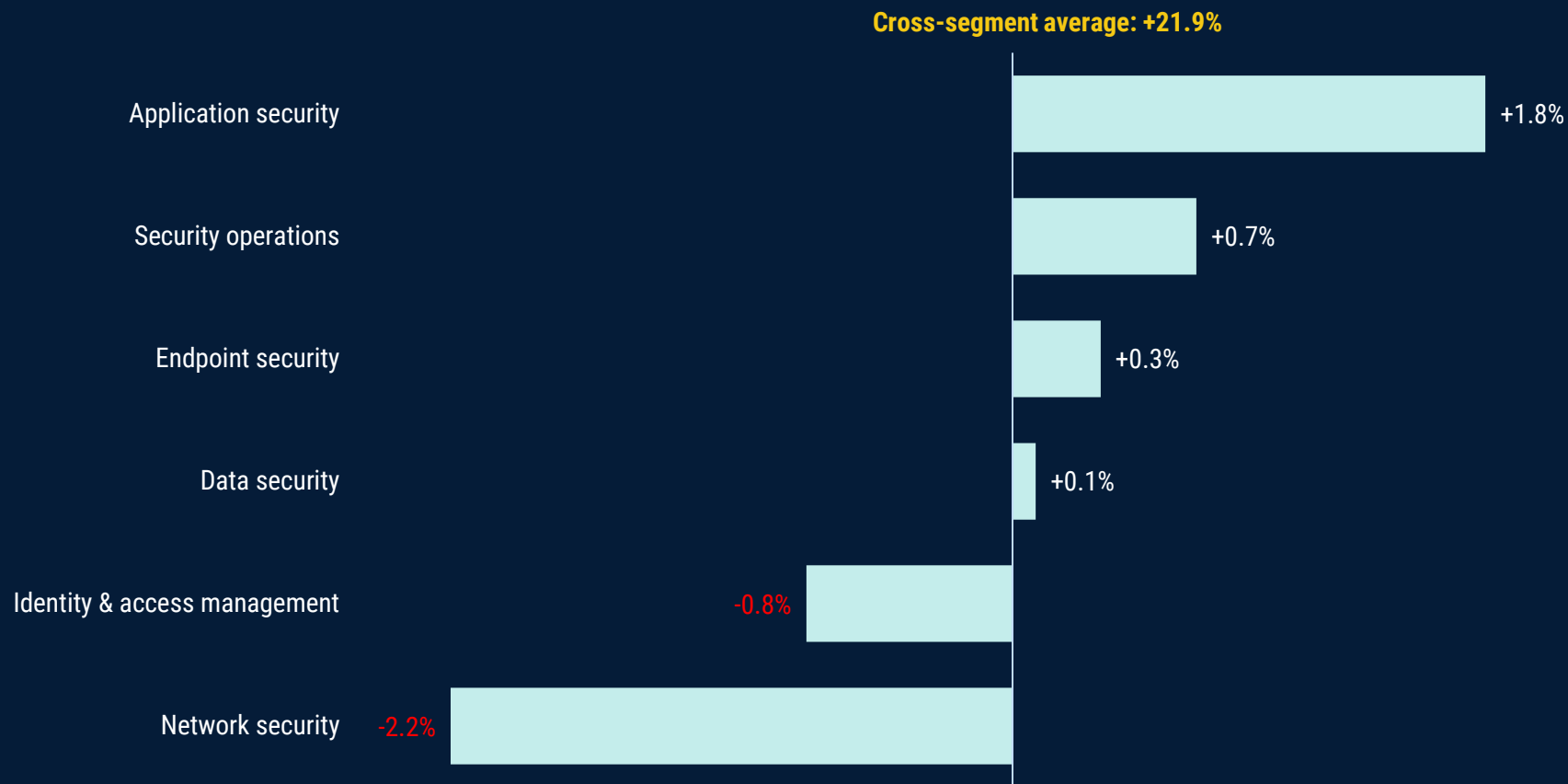


Source: PitchBook • Geography: Global • As of December 31, 2025



Investment attractiveness of early-stage cybersecurity companies by segment

Figure 38 ► Annualized expected returns relative to the cross-segment average



Source: PitchBook • Geography: Global • As of December 31, 2025



Expected returns

Expected returns for each segment are based on an aggregation of the expected returns for the underlying companies. Company-level returns are determined from the exit type predictions and historical returns by series. For more information, please see [page 15](#) and the VC Exit Predictor methodology located in the [PitchBook Help Center](#).

It is important to note that the cross-segment average return of 21.9% is provided as a historical baseline value and should not be relied on as a forecast. This baseline value is derived from the average of deal-level return data from 2000 to 2021 and can vary significantly based on the environment at any given time. The relative returns for each segment, however, are a more robust forward-looking measure because they are unaffected by factors that impact the entire VC ecosystem, such as interest rates, available funding, and economic growth.



Individual company highlights: North America

Figure 39 ► North America early-stage cybersecurity companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Crash Override	Application security	86%	3%	94	+65
Dispersive	Network security	77%	4%	86	+57
Prelude (Network Management Software)	Security operations	89%	4%	97	+53
Galvanick	Endpoint security	87%	1%	91	+52
Cosmic Wire	Application security	72%	2%	73	+50
Nooks	Security operations	79%	6%	92	+45
ThreatMate	Security operations	62%	1%	56	+41
SecureG	Network security	50%	1%	42	+37
Agency	Security operations	55%	1%	48	+36
Mondoo	Application security	87%	2%	92	+36

Please use this [saved search](#) for a complete, dynamic list of cybersecurity companies.

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



Individual company highlights: Europe

Figure 40 ► Europe early-stage cybersecurity companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Drivesec	Endpoint security	71%	1%	67	+57
Astran (Network Management Software)	Data security	83%	1%	86	+56
Oligo	Application security	67%	20%	69	+49
Cybaverse	Security operations	87%	4%	96	+41
Naq	Data security	84%	1%	89	+29
Legapass	Data security	70%	1%	65	+28
Cassava Technologies	Network security	34%	48%	100	+24
Valarian Technologies	Data security	74%	2%	76	+24
Intigriti	Security operations	84%	2%	64	+21
Hicomply	Data security	61%	1%	54	+19

Please use this [saved search](#) for a complete, dynamic list of cybersecurity companies.

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



Defense tech

For the latest in-depth defense tech research, [click here](#).

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EMERGING TECH RESEARCH

Defense Tech VC Trends

Q4 2025





Introduction

Defense tech is the set of venture-backed companies building technologies and systems that improve military effectiveness and national security outcomes—spanning autonomous systems, sensing/communications, and advanced computing & software—and enable industrial inputs (materials, semiconductors, and power). In this dataset, defense tech is segmented across multiple technology segments (not only defense-specific categories), reflecting dual-use and defense-adjacent innovation pathways. While the charts track activity back to the mid-2010s, defense tech as we currently understand it did not function as a major standalone VC sector prior to Russia’s invasion of Ukraine, and the post-2022 environment materially changed investor and customer behavior.

- Early-stage defense tech ramped up through the late 2010s, hit a clear 2021-2022 peak, then reset from 2023 to 2024, before stabilizing and improving into 2025 on a TTM basis.
- Capital re-accelerated in 2025 to \$49.9 billion across 966 deals—versus \$27.3 billion across 859 deals in 2024—back near the 2021 value peak even with fewer deals. Q4 2025 stayed active, at 225 deals and \$11.9 billion, but not euphoric, which reads like concentration rather than a broad-based melt-up.
- The center of gravity is clear: Trailing activity is led by autonomous systems (\$12.1 billion and 176 deals), followed by sensing, connectivity & security (\$8.4 billion and 158 deals), and advanced computing & software (\$6.2 billion and 136 deals); in Q4, autonomous systems still led by value at \$3.2 billion, while sensing, connectivity & security led by deal count at 36.
- Early-stage pricing firmed as the bar went up: Median early-stage deal size moved up from \$13.9 million to \$16 million, and median pre-money is now roughly \$100 million—up from more than \$70 million—which is consistent with selective risk-on in seed to Series B rounds. At the same time, NewCo formation cooled (159 new VC company fundings, -10.9% TTM), even though the early-stage company base is deepest in sensing, connectivity & security (145), advanced computing & software (133), and autonomous systems (119), with real depth in biotech (108) and space (89).

- Subsegment momentum is uneven but leaning toward “hard capability” buckets—directed energy, hypersonics, post-quantum, advanced sensors, and space launch—while the innovation/scale read-through is mixed. Patent share at 8.3% (-1.3% TTM) and top-investor participation at 20% (-0.5% TTM) softened, employee growth held at 10.5%, and expected returns are basically stable overall (24% and -0.2% TTM) but diverge by segment.

Segment outlook

Early-stage defense tech capital and valuations strengthened in 2025, but the data shows weaker new-company formation (new VC fundings are down TTM) and flat employee-growth momentum, suggesting the cycle is improving primarily through concentration into higher-conviction companies and segments, not a broad-based expansion.

- **Sensing, connectivity & security (bullish):** This is the largest early-stage segment by company count, with 145 companies, and it is also one of the highest-activity lanes both over the TTMs and in the most recent quarter. Over the TTMs, the segment saw about \$8.4 billion deployed across 158 deals. In the fourth quarter alone, it logged roughly 36 deals, totaling approximately \$1.6 billion. Expected returns are modestly above the cross-segment average, at around 0.4%. Strength within the advanced sensors subsegment reinforces the view that intelligence, surveillance, and reconnaissance, perception, and networked sensing remain priority spending areas.
- **Advanced computing & software (bullish):** This shows real early-stage depth, with 133 companies, and it has sustained deal momentum over the TTMs and into the most recent quarter. Over the TTMs, it attracted about \$6.2 billion across 136 deals, and in the fourth quarter alone, it saw roughly \$2.3 billion in investment. Expected returns are above the cross-segment average, at around 0.4%. In a year when early-stage pricing strengthened, the data supports continued appetite for software-defined capability and defense-relevant compute stacks, especially in cases where the deployment and procurement pathway is credible.



Introduction (continued)

- **Autonomous systems (bullish—high selectivity):** Autonomous systems is the clear center of gravity in the data: It is the largest segment by trailing value and count at about \$12.1 billion and 176 TTM; it also led Q4 by value at around \$3.2 billion, which signals durable investor focus. At the same time, expected returns are slightly below average (-0.4%) and the segment has a large early-stage company base (119), which reads like heavier competition and wider dispersion in outcomes. Overall, it is still a leading lane, but underwriting needs to be ruthless on differentiation, production credibility, and pull-through.
- **Semiconductors & microelectronics (bullish):** This is a “strategic scarcity” bucket: fewer deals (around 30 TTM) but meaningful dollars (about \$3.7 billion TTM) and strong momentum in the subsegment heatmap. The setup supports high-conviction bets where the technical edge is defensible and the path to scaled manufacturing is real.
- **Space technology (neutral):** Activity looks solid, with roughly \$4.6 billion across 119 deals on a TTM basis, and about \$1.6 billion in Q4 alone. The heatmap also shows momentum building in space launch, but expected returns appear broadly in line with the cross-segment average (around +0.0%). The bigger risk is that outcomes stay skewed toward a handful of scaled leaders and episodic mega-rounds, rather than reflecting durable, distributed strength. In that context, breadth of support from seed through Series B matters more than the headline prints.
- **Advanced materials & manufacturing (bullish—selective, execution-driven):** Even with a smaller early-stage base (76), this segment is structurally levered to the broader push toward production capacity, supply chain resilience, and defense-industrial scaling. The data reads like an execution market: The upside accrues to teams that can translate technical advantage into repeatable throughput and clear adoption pathways, rather than “science projects” without procurement pull-through.
- **Renewable energy generation & storage (neutral to bearish—selective):** The segment shows meaningful trailing value (about \$6.3 billion) but mixed subsegment momentum and below-average expected returns (-1.5%), which argues for selectivity. The opportunity is narrower and tends to work best in specific defense-relevant niches rather than broad enthusiasm across the category.
- **Defense-specific (neutral—high variance):** Quarterly activity is smaller at around \$157 million and roughly eight deals, but the heatmap shows explosive growth in certain categories off low bases, which is why it reads as high-variance. Attractive upside exists, but the timing, program risk, and procurement pathway are likely to drive dispersion.
- **Biotechnology (neutral—selective, better risk/reward signal):** There is meaningful early-stage depth (108) and the strongest expected returns signal in the dataset (+2%), but subsegment momentum is mixed—for example, synthetic biology is up while biodefense is down. This looks like a selective opportunity set rather than a broad upcycle across the bucket.
- **Quantum sciences (neutral):** There is moderate scale at around \$1.6 billion and roughly 28 TTM, with standout subsegment momentum in post-quantum cryptography, but it is still not a primary volume driver relative to autonomous systems and sensing, connectivity & security. The setup supports targeted bets with clear near-term adoption lanes rather than broad category exposure.
- **Human-machine interfaces (neutral to bearish—spiky):** Low breadth (small deal counts) paired with big percentage moves suggests base effects and uneven underwriting. Until volume and repeatable seed to Series B scaling are clearer, this reads more like opportunistic pockets than a durable funding lane.



Defense tech overview

Figure 41 ▶ Early-stage defense tech company count by segment

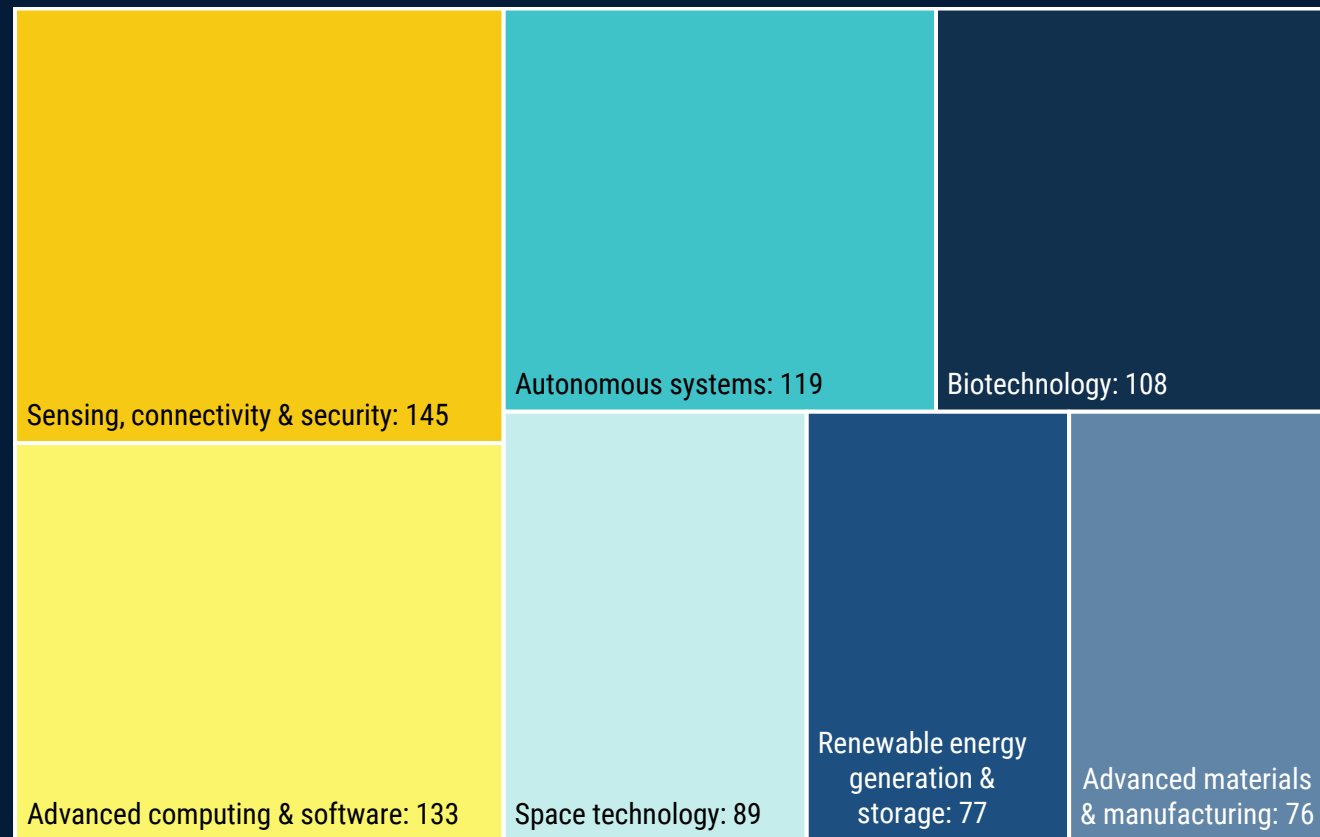


Figure 42 ▶ Defense tech metric summary

	Value	TTM change	Relative score
Annualized expected return*	24.0%	-0.2%	Green bar
Total capital raised	\$9.8B	+22.2%	Green bar
New VC company fundings	159	-10.9%	Green bar
Median pre-money valuation	\$101.3M	+38.4%	Green bar
Share of published patents	8.3%	-1.3%	Red bar
Top-ranked investor participation	20.0%	-0.5%	Red bar
Median employee growth	10.5%	+0.0%	Green bar

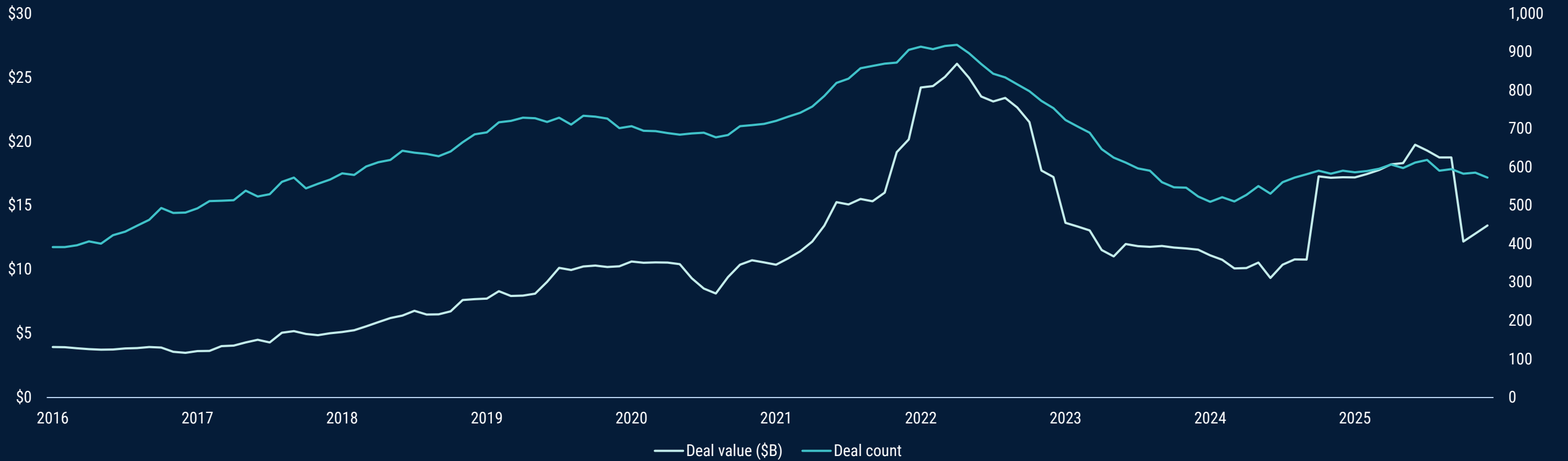
Source: PitchBook • Geography: Global • As of December 31, 2025

*Expected returns are derived from historical return assumptions and company-level exit predictions. See [page 15](#) for more details.

Note: The length of the relative score bars is based on cross-vertical Z-scores of the TTM change (except expected IRR and median employee growth), wherein the maximum and minimum lengths are +/- 2, respectively. The center of the column is zero.



Figure 43 ▶ TTM early-stage defense tech VC deal activity

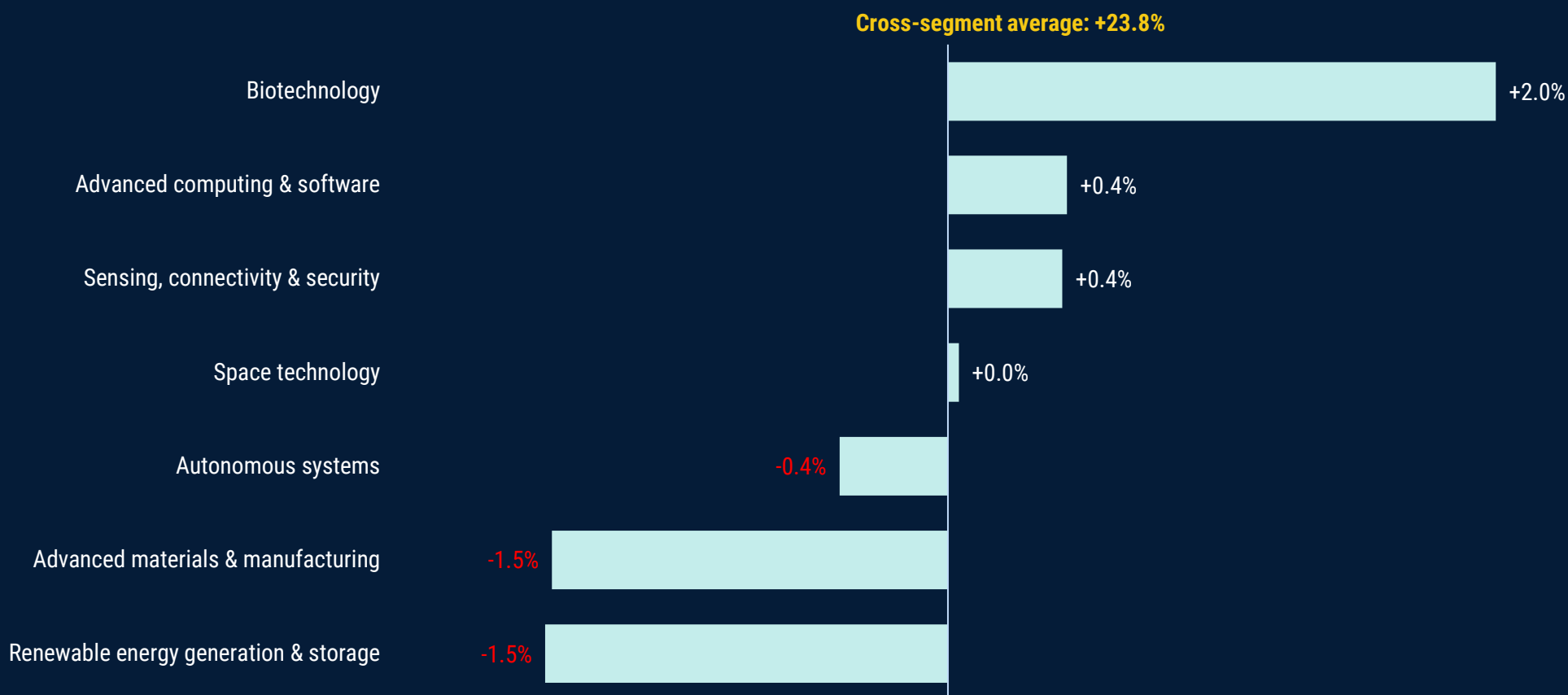


Source: PitchBook • Geography: Global • As of December 31, 2025



Investment attractiveness of early-stage defense tech companies by segment

Figure 44 ► Annualized expected returns relative to the cross-segment average



Source: PitchBook • Geography: Global • As of December 31, 2025



Expected returns

Expected returns for each segment are based on an aggregation of the expected returns for the underlying companies. Company-level returns are determined from the exit type predictions and historical returns by series. For more information, please see [page 15](#) and the VC Exit Predictor methodology located in the [PitchBook Help Center](#).

It is important to note that the cross-segment average return of 23.8% is provided as a historical baseline value and should not be relied on as a forecast. This baseline value is derived from the average of deal-level return data from 2000 to 2021 and can vary significantly based on the environment at any given time. The relative returns for each segment, however, are a more robust forward-looking measure because they are unaffected by factors that impact the entire VC ecosystem, such as interest rates, available funding, and economic growth.



Individual company highlights: North America

Figure 45 ► North America early-stage defense tech companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Amplicore	Biotechnology	56%	22%	95	+88
Cayuga Biotech	Biotechnology	91%	2%	97	+76
Portal Space Systems	Space technology	68%	2%	66	+61
Apogee Semiconductor	Semiconductors & microelectronics	79%	6%	93	+59
Seasats	Autonomous systems	82%	3%	90	+56
Vatn Systems	Autonomous systems	84%	8%	98	+56
Akash Systems	Sensing, connectivity & security	72%	24%	84	+55
Cognitive3D	Human-machine interfaces	79%	1%	81	+51
64x Bio	Biotechnology	16%	61%	100	+47
3DEO (Industrial Supplies and Parts)	Advanced materials & manufacturing	75%	10%	65	+44

Please use this [saved search](#) for a complete, dynamic list of defense tech companies.

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



Individual company highlights: Europe

Figure 46 ► Europe early-stage defense tech companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Helix Geospace	Sensing, connectivity & security	60%	1%	53	+47
NewOrbit Space	Space technology	64%	1%	59	+39
ODIN Space	Space technology	52%	1%	44	+35
Q5D Technologies	Advanced materials & manufacturing	84%	5%	94	+28
Aquark Technologies	Quantum sciences	68%	1%	63	+22
Extend Robotics	Autonomous systems	48%	1%	40	+13
Scintam Engineering	Advanced materials & manufacturing	46%	1%	38	+13
Ably (Software Development Applications)	Sensing, connectivity & security	70%	5%	33	+11
iCOMAT	Advanced materials & manufacturing	77%	1%	77	+9
Space Forge	Space technology	38%	45%	100	+7

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Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



Fintech

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Introduction

The fintech vertical spans products and services that support how businesses and consumers move, manage, and access capital, and it is underpinned by advances in software, payment rails, financial infrastructure, and AI.

- Fintech VC funding reached \$43 billion in 2025, in line with pre-pandemic levels but down from 2021's high of \$98.5 billion. 58% of VC deal value is currently captured by B2B startups, with the CFO stack, payments, and wealthtech sectors attracting the highest deal volumes.
- Due to the accelerating advancements of AI, new solutions have emerged in banking, payments, and financial software, driving significant capital toward earlier-stage companies. This has led to an AI premium across valuations and deal sizes, most visible at the seed, Series A, and Series B stages in fintech.

Segment outlook

We remain optimistic on fintech over the long term, as the sector has consistently produced high-value solutions addressing large and durable markets. The next phase of growth is being driven by AI and a structural shift in infrastructure that brings real-world assets and money movement onto blockchains. In the near term, however, we remain cautious, as AI-native fintech startups must still prove sustainable unit economics, while investor capital continues to rotate toward the highest-performing AI sectors outside of financial services.

- **Alternative lending (neutral):** Alternative lenders continue to address large, persistent gaps in consumer and small and medium-size businesses credit, with better data, underwriting, and embedded distribution supporting long-term relevance. Still, near-term caution stems from uneven credit performance, record US household debt, and regulatory risk (including President Donald Trump's proposed credit card rate caps), making this a "prove it" phase, where investors should favor platforms with strong risk discipline, diversified funding, and durable unit economics.

- **Capital markets (bullish):** Capital markets fintech is benefiting from tangible AI-driven efficiency gains across trading, risk, compliance, and post-trade operations, creating clear ROI for incumbents and accelerating adoption. At the same time, RWA tokenization and on-chain settlement are moving from experimentation to early production use cases, positioning the sector for structural growth as capital markets infrastructure becomes more software- and blockchain-native.
- **CFO stack (bullish):** The CFO stack is emerging as a primary beneficiary of AI adoption, as finance teams deploy automation and intelligence across accounting, financial planning and analysis, treasury, and spend management to reduce manual work and improve decision-making. AI-native workflows are expanding product scope and ROI, increasing platform stickiness and supporting durable growth and strong unit economics for leading vendors.
- **Commercial finance (bearish):** B2B neobanks and nondilutive financing platforms face pressure from higher funding costs, tighter credit conditions, and weak monetization among deposit-gathering neobanks without scaled lending or fee-based revenue streams. In digital banking, only a small set of proven platforms has demonstrated durable revenue and profitability at scale.
- **Consumer payments (neutral):** Consumer payments remains a large and highly engaged market, with continued usage growth across debit, peer-to-peer remittances, and super apps, supported by real-time rails and growing stablecoin adoption. However, intense saturation, pricing pressure, and limited differentiation make it difficult to compete in this space and displace larger, established winners.



Introduction (continued)

- **Credit & banking (neutral):** B2C neobanks and consumer credit platforms continue to see strong user adoption and engagement, supported by product breadth, hyper-personalized offerings, and embedded credit solutions like buy now, pay later (BNPL). While record US household debt suggests the system is still absorbing credit, investors should remain cautious around credit normalization and ongoing regulatory scrutiny—particularly related to BNPL and credit card interchange fees.
- **Financial services infrastructure (bullish):** Banks and fintech companies are accelerating cloud-native core modernizations and investing heavily in embedded-finance stacks and AI infrastructure, creating solid demand for mission-critical platforms that support real-time processing, compliance, and intelligent automation. High switching costs, long implementation cycles, and recurring revenue models continue to favor scaled infrastructure providers as financial services stacks are rebuilt for a software- and AI-native era.
- **Payments (bullish):** B2B payments are entering a new infrastructure build-out phase as stablecoins, tokenized settlement, and agentic payments reduce friction in cross-border, treasury, and invoice-based workflows. As adoption scales, platforms that control workflow integration and settlement orchestration stand to capture a meaningful share of the massive B2B payments total addressable market.
- **Regtech (bearish):** Regtech has benefited strongly from AI-driven automation, particularly in fraud detection and compliance workflows that remain highly manual. However, the subsector continues to capture just 2% of total fintech VC deal value, while crowded vendor landscapes with limited differentiation and long bank procurement cycles constrain scaled outcomes.
- **Wealthtech (bullish):** Wealthtech is benefiting from multiple structural tailwinds, including AI-driven personalization and automation across advice and portfolio management, improving both client outcomes and operating efficiency. At the same time, the \$85 trillion generational wealth transfer, rise of prediction markets, and convergence of public and private markets—supported by RWA tokenization—are expanding the addressable universe of investable assets and reinforcing demand for modern, digital-first wealth platforms.

Fintech overview

Figure 47 ▶ Early-stage fintech company count by segment

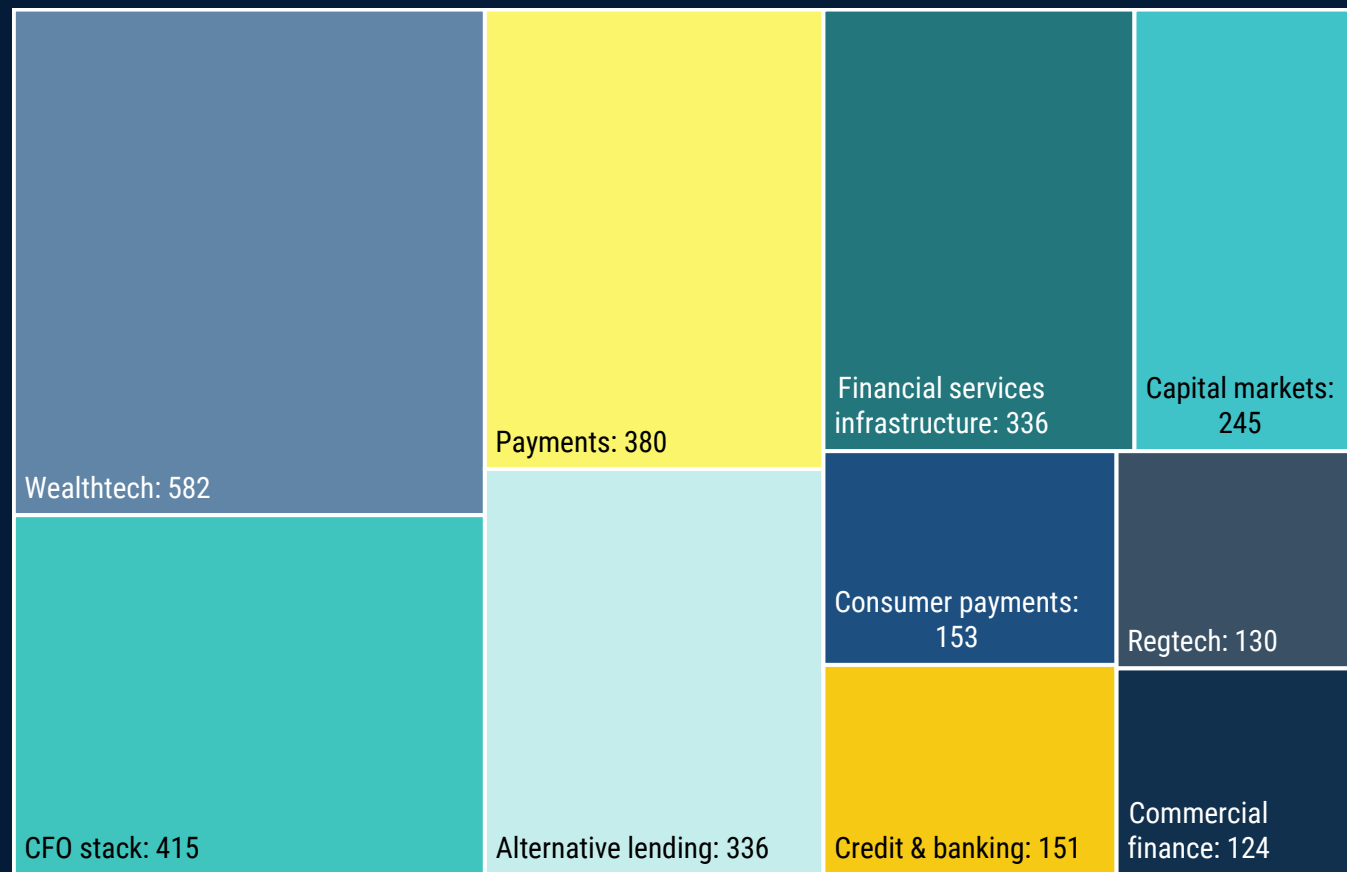









Figure 48 ▶ Fintech metric summary

	Value	TTM change	Relative score
Annualized expected return*	19.9%	-2.2%	
Total capital raised	\$17.3B	+49.2%	
New VC company fundings	715	+44.4%	
Median pre-money valuation	\$49.8M	+20.1%	
Share of published patents	1.0%	-0.1%	
Top-ranked investor participation	14.2%	+1.0%	
Median employee growth	8.4%	+1.1%	

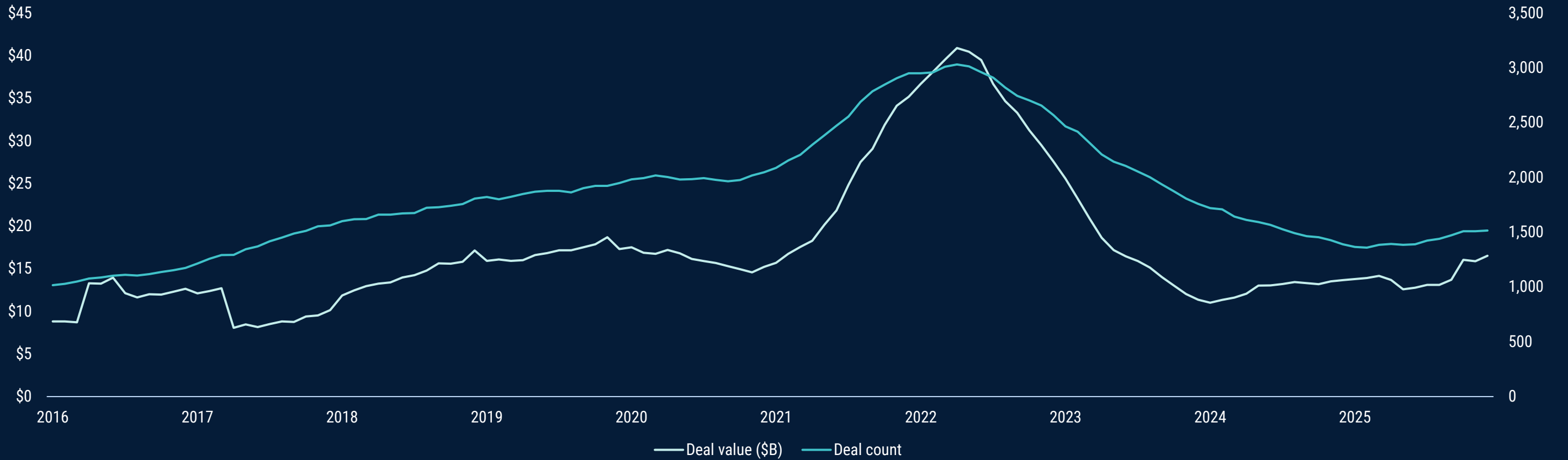
Source: PitchBook • Geography: Global • As of December 31, 2025

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Note: The length of the relative score bars is based on cross-vertical Z-scores of the TTM change (except expected IRR and median employee growth), wherein the maximum and minimum lengths are +/- 2, respectively. The center of the column is zero.



Figure 49 ▶ TTM early-stage fintech VC deal activity

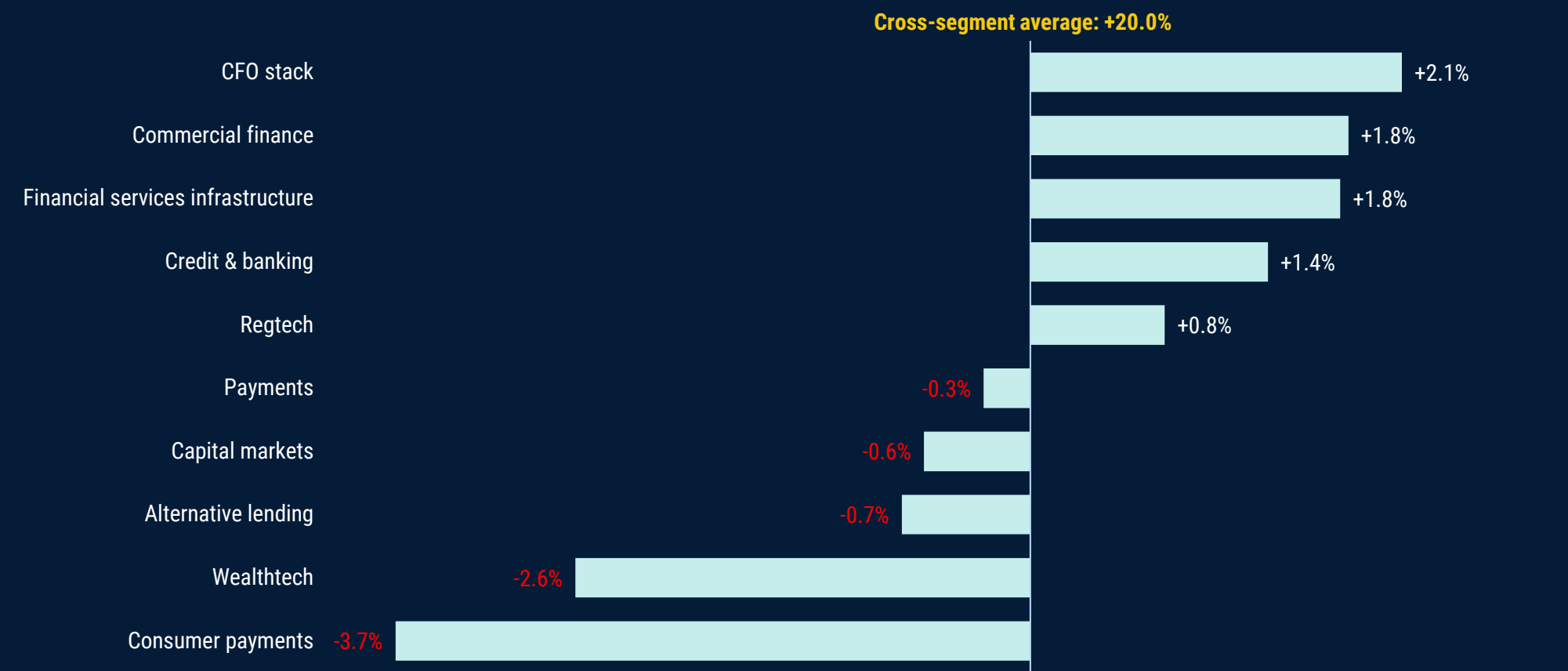


Source: PitchBook • Geography: Global • As of December 31, 2025



Investment attractiveness of early-stage fintech companies by segment

Figure 50 ► Annualized expected returns relative to the cross-segment average



Source: PitchBook • Geography: Global • As of December 31, 2025



Expected returns

Expected returns for each segment are based on an aggregation of the expected returns for the underlying companies. Company-level returns are determined from the exit type predictions and historical returns by series. For more information, please see [page 15](#) and the VC Exit Predictor methodology located in the [PitchBook Help Center](#).

It is important to note that the cross-segment average return of 20.0% is provided as a historical baseline value and should not be relied on as a forecast. This baseline value is derived from the average of deal-level return data from 2000 to 2021 and can vary significantly based on the environment at any given time. The relative returns for each segment, however, are a more robust forward-looking measure because they are unaffected by factors that impact the entire VC ecosystem, such as interest rates, available funding, and economic growth.



Individual company highlights: North America

Figure 51 ► North America early-stage fintech companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Griffin	Wealthtech	86%	3%	94	+87
Capital Engine	Capital markets	73%	2%	74	+55
Sunbound	CFO stack	80%	4%	89	+55
Signal Advisors	Wealthtech	88%	3%	72	+52
Visible.vc	Capital markets	60%	1%	53	+52
BondCliQ	Capital markets	85%	1%	89	+52
Cache (Brokerage)	Wealthtech	70%	10%	89	+51
Debbie	Consumer payments	67%	1%	62	+50
Turbine	Capital markets	66%	14%	91	+50
Pledge	Capital markets	79%	3%	86	+49

Please use this [saved search](#) for a complete, dynamic list of fintech companies.

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



Individual company highlights: Europe

Figure 52 ► Europe early-stage fintech companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
GetGround	Alternative lending	69%	16%	97	+76
Northmill Bank	Credit & banking	58%	24%	98	+72
Cino	Consumer payments	79%	1%	82	+59
Quant Insight	Capital markets	86%	4%	95	+56
Houstable	Alternative lending	70%	1%	65	+55
Penzilla	Wealthtech	89%	1%	93	+50
Flow48	Commercial finance	58%	17%	88	+48
Fundeen	Wealthtech	59%	2%	54	+48
NoFriction	Financial services infrastructure	71%	1%	67	+45
Bits Technology	Financial services infrastructure	60%	5%	61	+45

Please use this [saved search](#) for a complete, dynamic list of fintech companies.

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



Gaming

For the latest in-depth gaming research, click [here](#).

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PitchBook

EMERGING TECH RESEARCH

Gaming VC Trends

Q3 2025





Introduction

The gaming startup ecosystem spans the totality of the game development lifecycle, encompassing content creation, tooling and development infrastructure, player access and distribution platforms, and operational services supporting live games and monetization. Early-stage venture activity is concentrated in companies enabling production efficiency, monetization, and player engagement, though content development remains the sector's primary long-term value creation engine.

- Early-stage venture activity remains subdued relative to the COVID-19-era peak, when limited entertainment alternatives and adjacent hype cycles amplified investor interest. TTM deal value and deal count peaked in 2022 before contracting sharply in 2023, with a modest recovery in 2024. By year-end 2025, deal value stabilized near mid-cycle levels, while deal count remained well below historical highs, signaling investor selectivity rather than a rebound. New company VC funding declined materially over the past year (down 46.1% TTM), underscoring persistent pressure on first financings. Investor caution reflects tepid industry-wide growth and a lack of breakout outcomes from the prior cycle, with a growing number of studios founded since 2019 shuttering amid funding scarcity and limited publisher appetite.
- The median pre-money valuation for early-stage gaming companies rose 20.9% TTM to \$56.4 million, driven in part by selective exposure to generative AI workflows and tooling. At the same time, total capital raised declined 10.8% TTM, again indicative of selectivity rather than increased risk appetite. Participation from top-ranked investors increased modestly (+2.8% TTM), indicating continued engagement from leading funds within a narrower opportunity set. Median employee growth remained flat, reflecting sustained emphasis on capital efficiency, while layoffs have remained a defining characteristic among incumbents since 2022.

Segment outlook

Expected returns are uneven across subsectors. Development- and operations-oriented startups screen above the cross-segment average, supported by investor preference for tooling, infrastructure, and monetization models. Conversely, content, access, and experience segments underperform, with experience-layer companies trailing by more than three percentage points. These segments face greater exposure to distribution constraints, rising user acquisition costs, and platform concentration.

- **Development (neutral):** Development-focused gametech startups benefit from investor comfort with SaaS-like models, rising production costs, and generative AI tailwinds, but addressable markets remain constrained, with gaming often serving as a beachhead rather than a terminal end market.
- **Operations (neutral):** Heightened scrutiny of distribution and monetization has supported interest in services like direct-to-consumer (DTC) payments and merchant-of-record storefronts.
- **Access (bearish):** Access and distribution platforms face structural headwinds from entrenched incumbents, platform policy risk, and competitive saturation, capping early-stage upside.
- **Content (bullish):** Developers remain challenged by hit risk, rising production costs, and ossified play patterns, with strong network effects favoring incumbents despite the enduring value of differentiated IP.
- **Experience (bearish):** Experience-layer companies are exposed to engagement volatility and shifting consumer preferences, with limited defensibility absent platform-level distribution.



Gaming overview

Figure 53 ▶ Early-stage gaming company count by segment

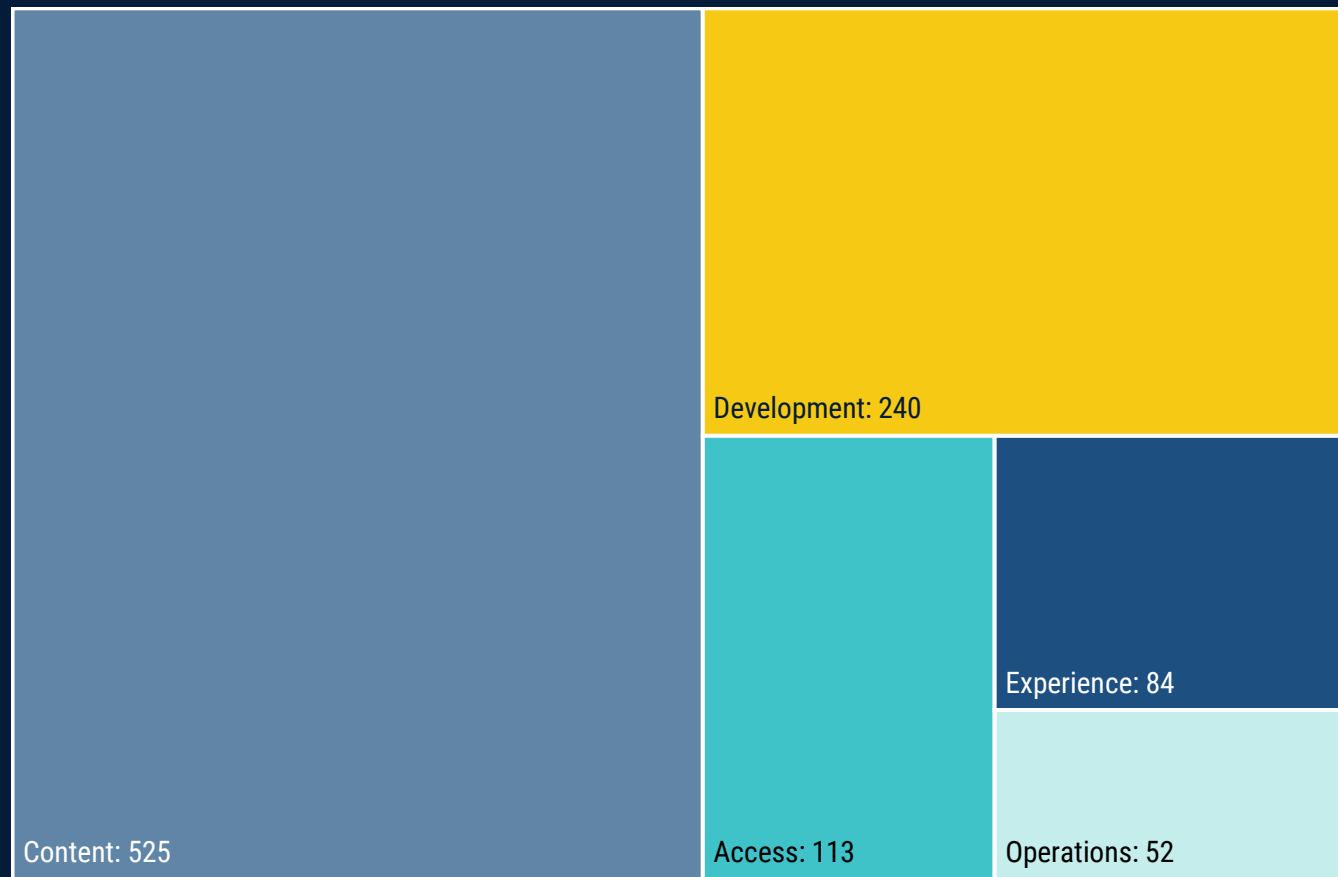


Figure 54 ▶ Gaming metric summary

	Value	TTM change	Relative score
Annualized expected return*	19.2%	-3.4%	
Total capital raised	\$4.0B	-10.8%	
New VC company fundings	152	-46.1%	
Median pre-money valuation	\$56.4M	+20.9%	
Share of published patents	1.6%	-0.1%	
Top-ranked investor participation	12.1%	+2.8%	
Median employee growth	0.0%	+0.0%	

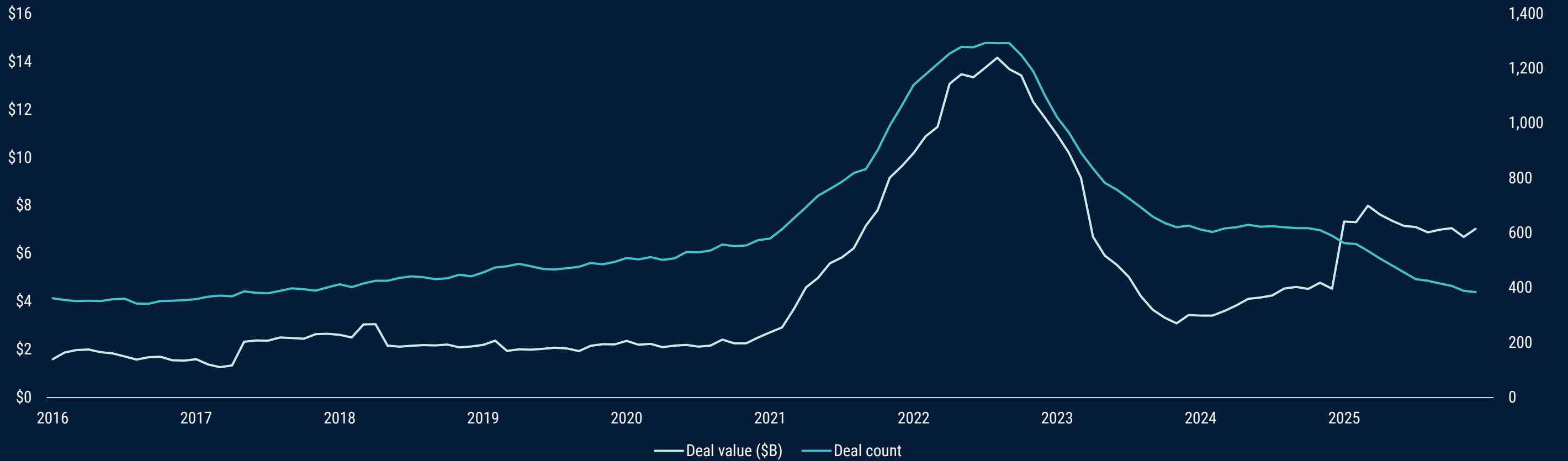
Source: PitchBook • Geography: Global • As of December 31, 2025

*Expected returns are derived from historical return assumptions and company-level exit predictions. See page 15 for more details.

Note: The length of the relative score bars is based on cross-vertical Z-scores of the TTM change (except expected IRR and median employee growth), wherein the maximum and minimum lengths are +/- 2, respectively. The center of the column is zero.



Figure 55 ▶ TTM early-stage gaming VC deal activity

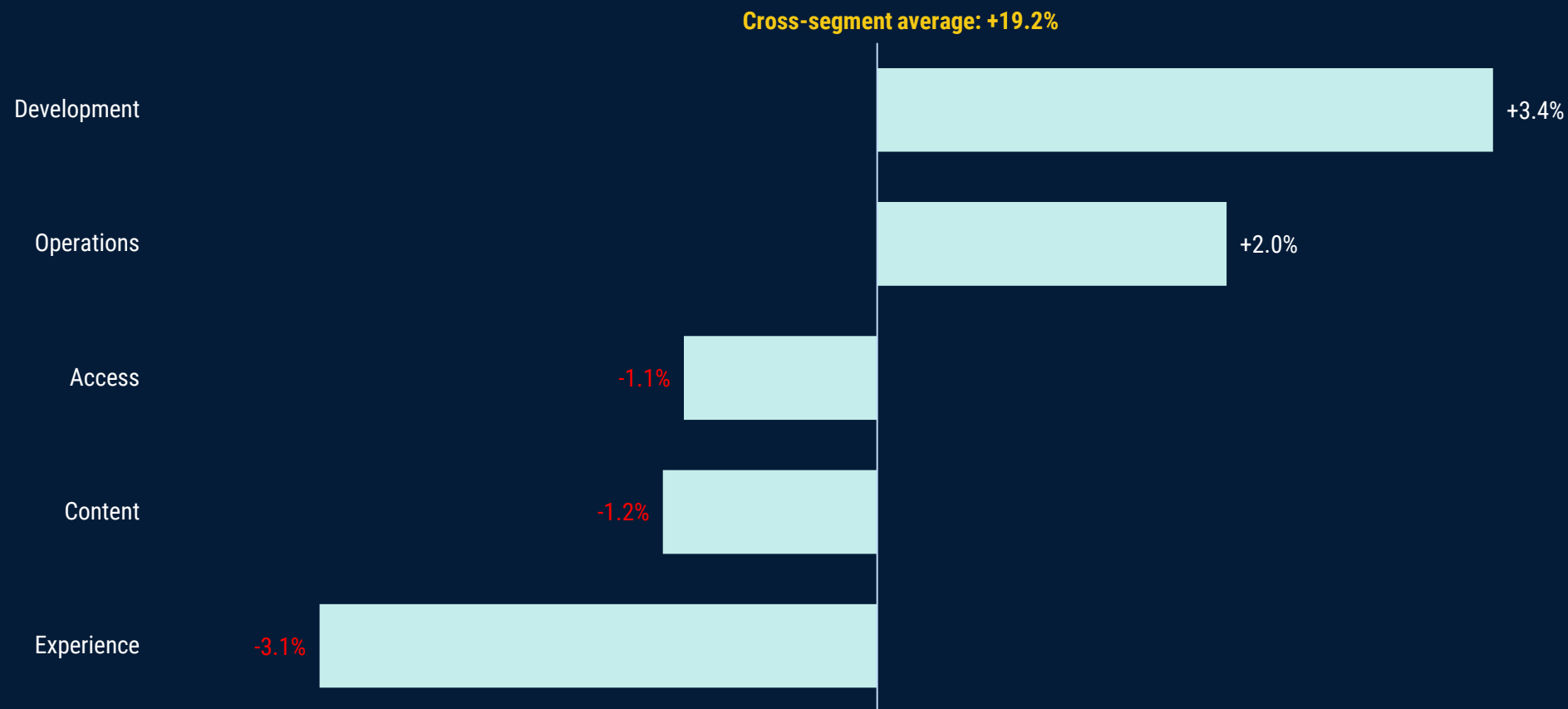


Source: PitchBook • Geography: Global • As of December 31, 2025



Investment attractiveness of early-stage gaming companies by segment

Figure 56 ► Annualized expected returns relative to the cross-segment average



Source: PitchBook • Geography: Global • As of December 31, 2025



Expected returns

Expected returns for each segment are based on an aggregation of the expected returns for the underlying companies. Company-level returns are determined from the exit type predictions and historical returns by series. For more information, please see [page 15](#) and the VC Exit Predictor methodology located in the [PitchBook Help Center](#).

It is important to note that the cross-segment average return of 19.2% is provided as a historical baseline value and should not be relied on as a forecast. This baseline value is derived from the average of deal-level return data from 2000 to 2021 and can vary significantly based on the environment at any given time. The relative returns for each segment, however, are a more robust forward-looking measure because they are unaffected by factors that impact the entire VC ecosystem, such as interest rates, available funding, and economic growth.



Individual company highlights: North America

Figure 57 ▶ North America early-stage gaming companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Afference	Access	89%	1%	94	+57
Sei (Financial Software)	Development	73%	8%	88	+49
Atlas World Sports	Content	82%	2%	87	+43
Clubs Poker	Content	71%	3%	75	+42
Camp Network	Development	87%	4%	96	+42
SpruceID	Development	56%	13%	74	+38
Ex-Human	Development	72%	3%	75	+37
Rooms (Multimedia and Design Software)	Development	78%	1%	80	+35
Backbone (Recreational Goods)	Access	84%	8%	73	+32
Eclipse (Software Development Applications)	Development	82%	1%	85	+31

Please use this [saved search](#) for a complete, dynamic list of gaming companies.

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



Individual company highlights: Europe

Figure 58 ► Europe early-stage gaming companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Eneba	Access	74%	7%	88	+52
Dream Reality Interactive	Content	62%	1%	55	+52
Bring It On!	Content	79%	1%	81	+41
PowerZ	Content	81%	1%	84	+33
Trueplayers	Content	57%	1%	49	+32
True Gamers	Access	26%	20%	50	+31
Betmate	Content	56%	1%	49	+30
Saltwater Games	Content	86%	2%	92	+27
Sorare	Content	69%	24%	80	+27
Landmark	Content	84%	1%	87	+27

Please use this [saved search](#) for a complete, dynamic list of gaming companies.

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



Healthtech

For the latest in-depth healthtech research, click [here](#).

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Introduction

The healthtech sector encompasses a broad and increasingly interconnected set of technologies aimed at improving care delivery, clinical outcomes, and system efficiency across the healthcare ecosystem. Digital care and treatment solutions, including software-enabled therapeutics and remote monitoring, are reshaping how care is delivered beyond traditional settings, while telehealth platforms expand access and continuity of care. On the provider side, operations, revenue cycle, and care management tools streamline workflows, reduce administrative burden, and support value-based care models. Analytics solutions leverage growing volumes of clinical and financial data to drive decision-making, population health initiatives, and performance optimization. Core systems such as electronic health records (EHRs) & clinical information platforms remain foundational, increasingly integrated with modern infrastructure layers that support interoperability, security, and scalability. Finally, sport & wellness technologies address prevention, performance, and consumer engagement, reflecting the sector's shift toward proactive and personalized health. Collectively, these segments position healthtech as a critical enabler of a more efficient, data-driven, and patient-centric healthcare system.

- Healthtech VC funding reached \$15.3 billion in 2025, up 26.1% from 2024, and IPO momentum improved with five public exits—two in the US, two in China, and one reverse merger in Israel. VC activity in healthtech has accelerated, with commercial adoption of AI solutions dominated by healthcare providers; whereas payers have been more apt to build in-house solutions, though with underwhelming results thus far. Healthcare services AI agents have garnered the majority of funding in 2025, with foundational ambient scribing-based companies garnering 47% of all VC funding through the first nine months of 2025. With OpenEvidence's October 2025 and January 2026 raises, however, provider education and improvement (in the operations category) looks likely to gain some share of funding dollars, along with digital care, as the development of AI doctors and clinicians accelerates toward medical super intelligence.

Segment outlook

We believe both healthcare delivery and administration will be fundamentally reimaged and that recent investment trends will continue to accelerate as AI drives significant clinical and administrative burden relief and generates meaningful ROI. As such, there remains substantial opportunity in each of the healthtech segments. Our current order of preference is weighted by recent valuation step-up levels from the hot categories in 2025 and is as follows: 1) Both digital care & treatments (which includes AI clinicians) and telehealth 2) operations, 3) revenue cycle, 4) analytics, 5) care management, 6) EHRs & clinical information, 7) infrastructure & compliance, and 8) sport & wellness. We highlight recent categories of funding neglect below:

Digital care & treatments and telehealth (bullish):

- DTC personal care funding was down 20% in 2025 relative to the prior three-year average.

Operations (bullish):

- Surgery operations funding was down 90% in 2025 versus the prior three-year average.
- Patient & member engagement funding was down 17% in 2025 compared with the prior three-year average.

Revenue cycle (bullish):

- End-to-end RCM funding was down 25% in 2025 relative to the prior three-year average.
- Patient payments funding was 39% below the prior three-year average in 2025.



Introduction (continued)

Analytics (neutral):

- Every analytics category saw funding levels above the prior three-year average in 2025, with multifunctional analysis 204% above average.
- Population health funding in 2025 was only 1% above the prior three-year average.

Care management (neutral):

- Care search funding in 2025 was 70% below the prior three-year average.
- Care & benefits navigation funding in 2025 was 25% below the three-year average.

EHRs & clinical information (bearish):

- Care team communication funding in 2025 fell 94% below the prior three-year average, though this could be an area where no more juice is left to squeeze.
- LISs & laboratory workflows funding fell 58% below its three-year average levels.

Infrastructure & compliance (bearish):

- Cloud & software platforms funding was 57% below the prior three-year average, though this could be an area rendered obsolete by AI.
- Data ecosystem funding was 53% below the three-year average. The complexity and fragmentation of healthcare data offers an opportunity for continued evolution.

Sport & wellness (bearish):

- Corporate wellness funding was down 89% from the prior three-year average in 2025.

Healthtech overview

Figure 59 ▶ Early-stage healthtech company count by segment

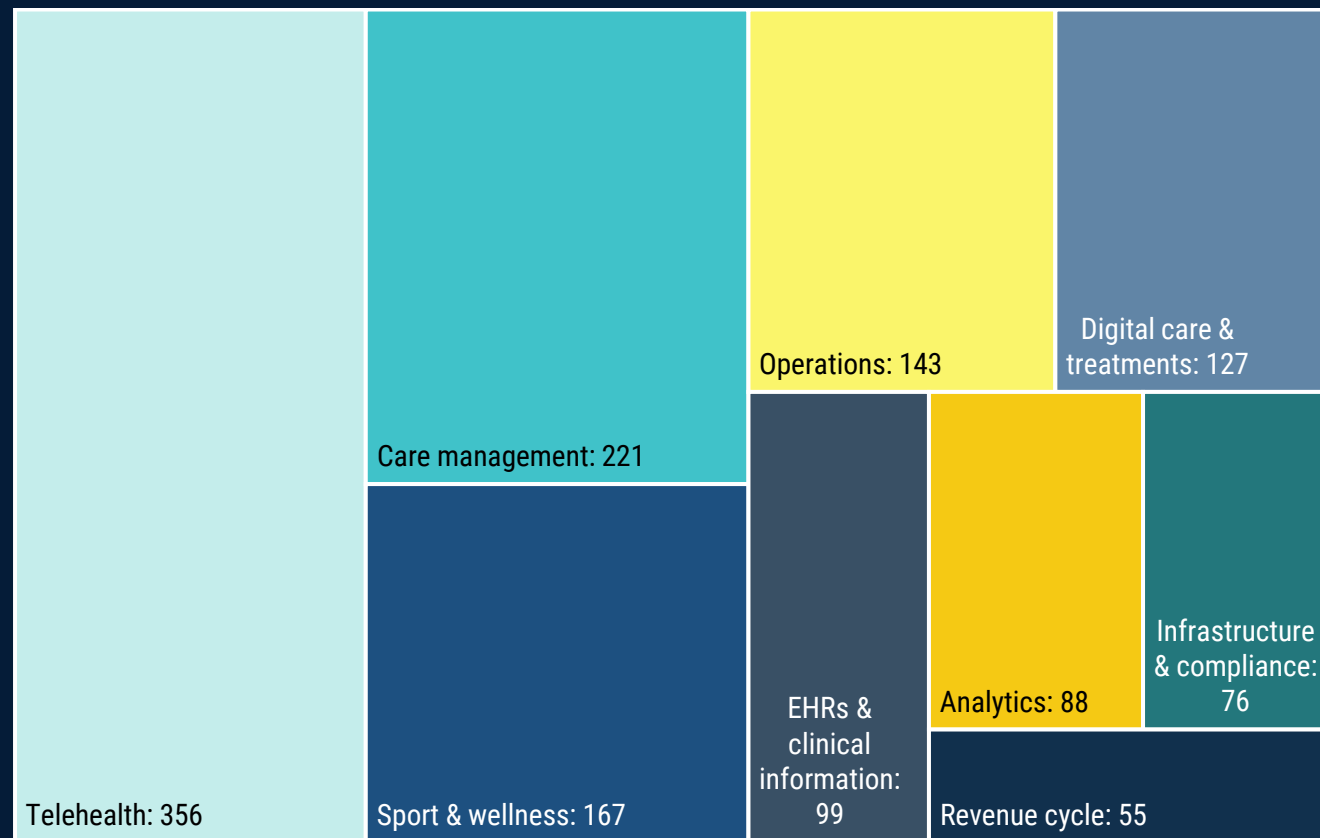









Figure 60 ▶ Healthtech metric summary

	Value	TTM change	Relative score
Annualized expected return*	19.4%	-1.6%	
Total capital raised	\$7.3B	+30.9%	
New VC company fundings	164	+20.7%	
Median pre-money valuation	\$41.7M	+16.5%	
Share of published patents	1.4%	+0.1%	
Top-ranked investor participation	15.5%	+2.6%	
Median employee growth	7.7%	+0.8%	

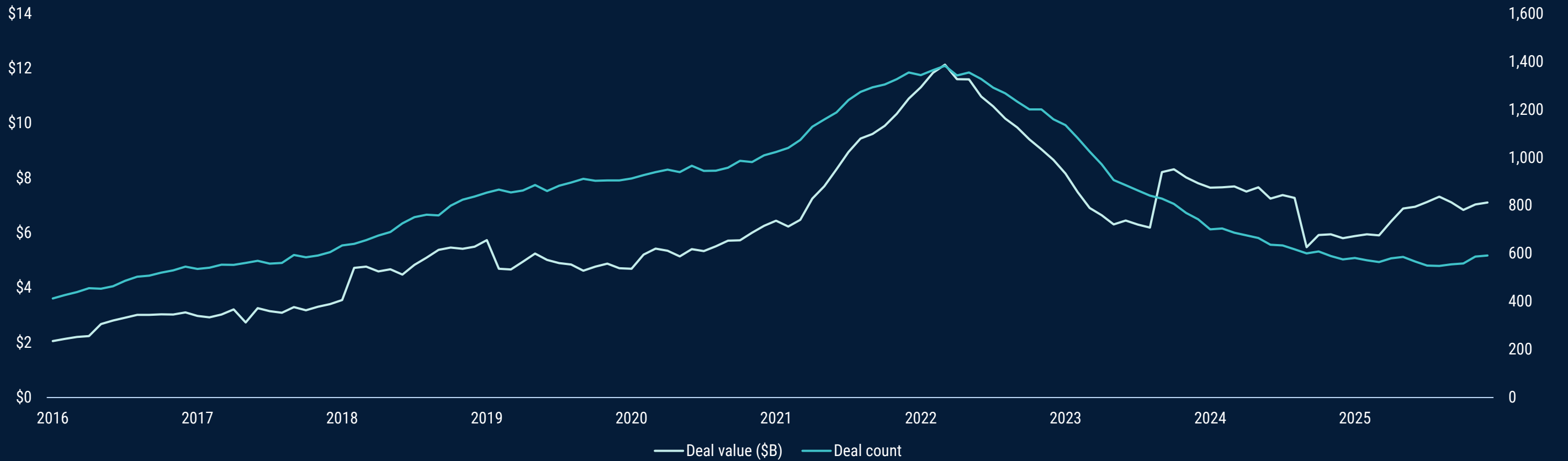
Source: PitchBook • Geography: Global • As of December 31, 2025

*Expected returns are derived from historical return assumptions and company-level exit predictions. See [page 15](#) for more details.

Note: The length of the relative score bars is based on cross-vertical Z-scores of the TTM change (except expected IRR and median employee growth), wherein the maximum and minimum lengths are +/- 2, respectively. The center of the column is zero.



Figure 61 ▶ TTM early-stage healthtech VC deal activity

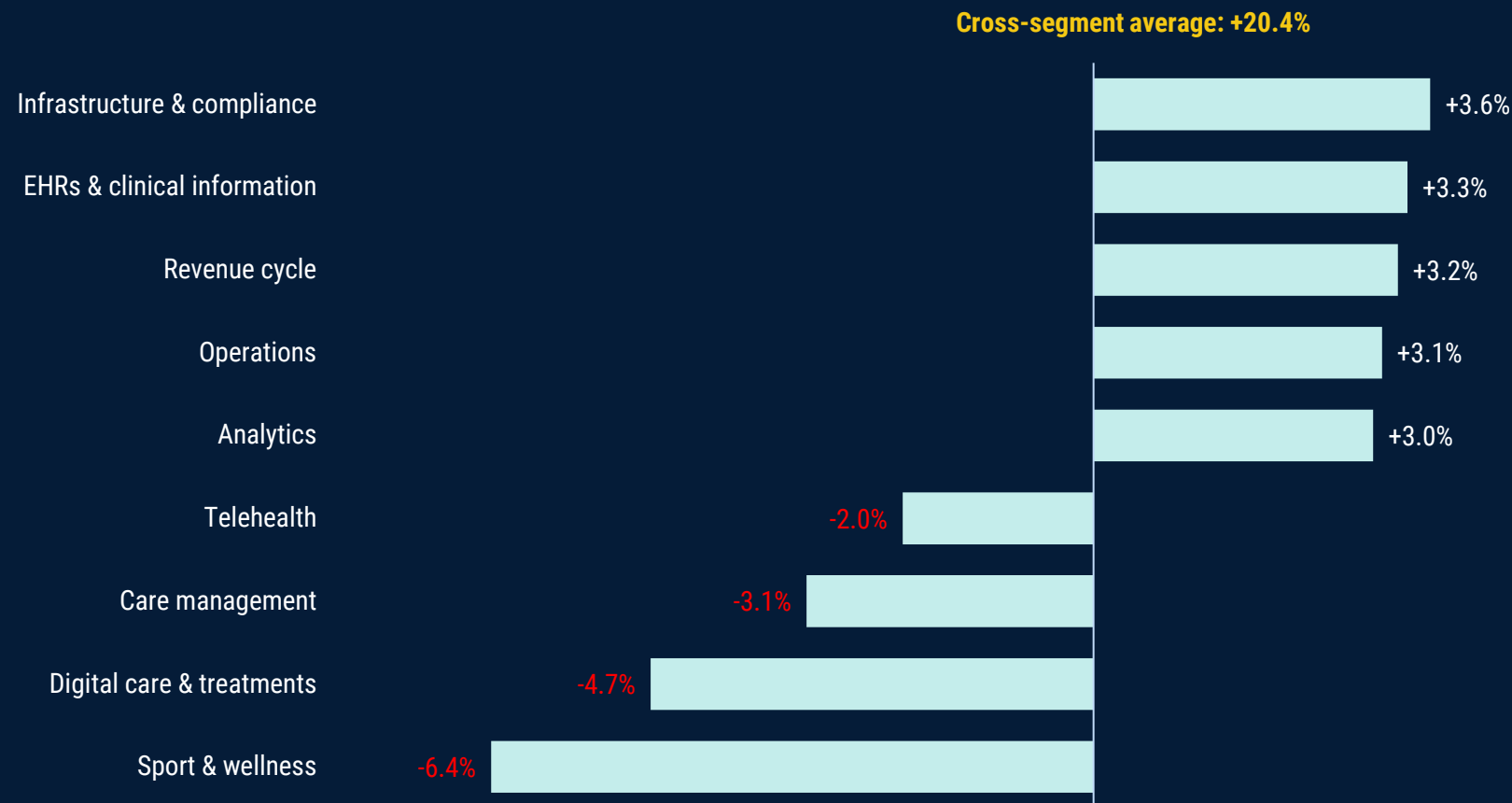


Source: PitchBook • Geography: Global • As of December 31, 2025



Investment attractiveness of early-stage healthtech companies by segment

Figure 62 ► Annualized expected returns relative to the cross-segment average



Source: PitchBook • Geography: Global • As of December 31, 2025



Expected returns

Expected returns for each segment are based on an aggregation of the expected returns for the underlying companies. Company-level returns are determined from the exit type predictions and historical returns by series. For more information, please see [page 15](#) and the VC Exit Predictor methodology located in the [PitchBook Help Center](#).

It is important to note that the cross-segment average return of 20.4% is provided as a historical baseline value and should not be relied on as a forecast. This baseline value is derived from the average of deal-level return data from 2000 to 2021 and can vary significantly based on the environment at any given time. The relative returns for each segment, however, are a more robust forward-looking measure because they are unaffected by factors that impact the entire VC ecosystem, such as interest rates, available funding, and economic growth.



Individual company highlights: North America

Figure 63 ▶ North America early-stage healthtech companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Phoenix (Clinics/Outpatient Services)	Telehealth	74%	11%	94	+89
Proficient Health	EHRs & clinical information	85%	1%	90	+87
Ascendco Health	Operations	68%	3%	69	+68
Folia Health	Care management	83%	2%	89	+67
GolfForever	Sport & wellness	82%	1%	86	+63
Helia Care	Operations	66%	1%	60	+60
Istios Health	Care management	65%	2%	62	+55
MedaSystems	Infrastructure & compliance	74%	1%	72	+50
Frame	Care management	81%	3%	89	+48
Spruce Health	Operations	77%	1%	78	+46

Please use this [saved search](#) for a complete, dynamic list of healthtech companies.

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



Individual company highlights: Europe

Figure 64 ► Europe early-stage healthtech companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Mindler	Telehealth	76%	22%	100	+61
Vantis	Operations	64%	5%	68	+56
voize	EHRs & clinical information	56%	11%	71	+54
Tachmed	Telehealth	66%	5%	70	+46
SeqOne	Analytics	76%	9%	95	+46
Smile Genius Dental	Operations	57%	1%	50	+38
Mojo (Clinics/Outpatient Services)	Telehealth	80%	1%	83	+37
Serenis	Telehealth	86%	1%	90	+36
Doccla	Telehealth	83%	11%	79	+29
Omnidoc	EHRs & clinical information	67%	2%	63	+27

Please use this [saved search](#) for a complete, dynamic list of healthtech companies.

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



Medtech

For the latest in-depth medtech research, click [here](#).

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EMERGING TECH RESEARCH

Medtech VC Trends

Q4 2025





Introduction

Medtech is a mature industry that continues to experience significant innovation across diverse submarkets, including life sciences tools, diagnostics, medical devices, imaging software, and portable therapies.

- Medtech VC funding hit a three-year high of \$16.1 billion in 2025, above pre-pandemic averages, but short of 2021's record \$22.7 billion. Total deal count remains well below the prior 10-year average as investors consolidate capital in the vertical's strongest assets.
- A prolonged lack of exits in medtech has created a cautious investment environment, pushing investors away from early-stage opportunities. Capital has instead shifted heavily toward companies with stronger clinical validation and clear paths to Food and Drug Administration (FDA) approval and payer coverage. This dynamic favors established segments, such as surgical devices & tools, while more emerging spaces like diagnostics have seen sharper funding pullbacks.

Segment outlook

An aging population, rising cost of care, and increased occurrence of complex procedures should support the medtech vertical in the long term. Innovations in diagnostics and AI-driven medical image processing present strong early-stage opportunities. We expect heightened acquisition activity from sector incumbents in 2026 as valuations normalize and leading startups generate greater market traction. This will clear the lengthy backlog of mature startups and bring much-needed exit liquidity to investors.

- **Surgical devices & tools (bearish):** Significant capital deployment over the past several years has resulted in intense, well-funded competition across the segment. As FDA approval, payer coverage, and meaningful market share have increasingly become a prerequisite for a successful exit, investment timelines have lengthened.

- **Diagnostics & life sciences (bullish):** AI-enabled diagnostics and advances in liquid biopsy present compelling early-stage opportunities. Separately, rising demand for DTC diagnostics and proactive care technologies is a tailwind for innovation business models.
- **Nonsurgical medical treatments (neutral):** Companies in this segment face uncertain reimbursement pathways and lower rates of insurance coverage. This incentivizes patients to act more like discerning consumers, increasing churn compared with other medtech segments. However, growing demand in areas like sleeptech and vision could support valuation growth for differentiated products.
- **Remote monitoring & portable care (bullish):** Growing consumer interest in personalized health data and preventative care should continue to drive adoption and investment of portable care and monitoring solutions. Additionally, an aging population and increasing occurrence of chronic conditions will require more comprehensive at-home monitoring.
- **Medical imaging (neutral):** AI-driven image analysis presents a promising early-stage opportunity. Other areas, however, face strong incumbent competition, high switching costs, and a less active acquisition environment compared with other segments.

Medtech overview

Figure 65 ▶ Early-stage medtech company count by segment

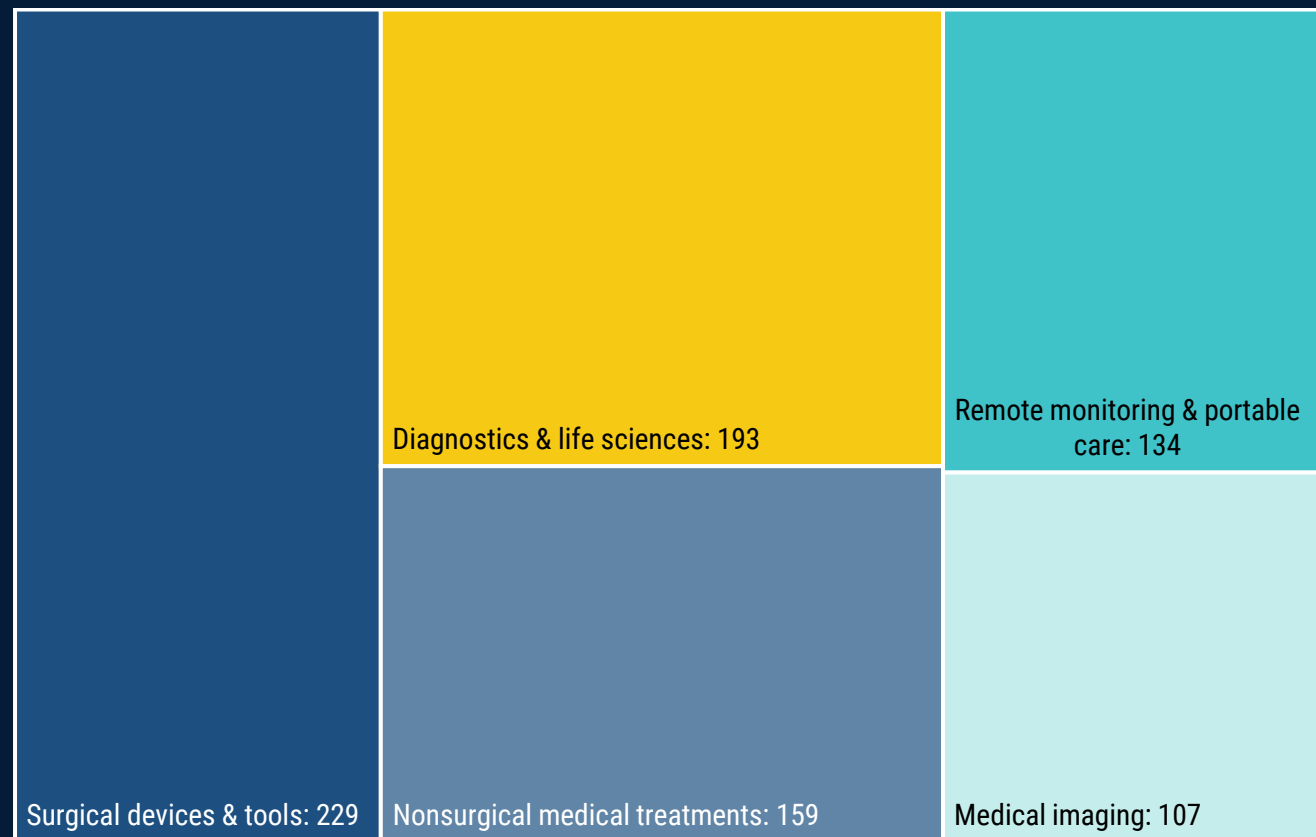


Figure 66 ▶ Medtech metric summary

	Value	TTM change	Relative score
Annualized expected return*	20.0%	-0.1%	
Total capital raised	\$6.4B	+14.0%	
New VC company fundings	44	-35.9%	
Median pre-money valuation	\$46.0M	+30.1%	
Share of published patents	11.4%	+0.0%	
Top-ranked investor participation	5.6%	+0.6%	
Median employee growth	5.8%	-1.3%	

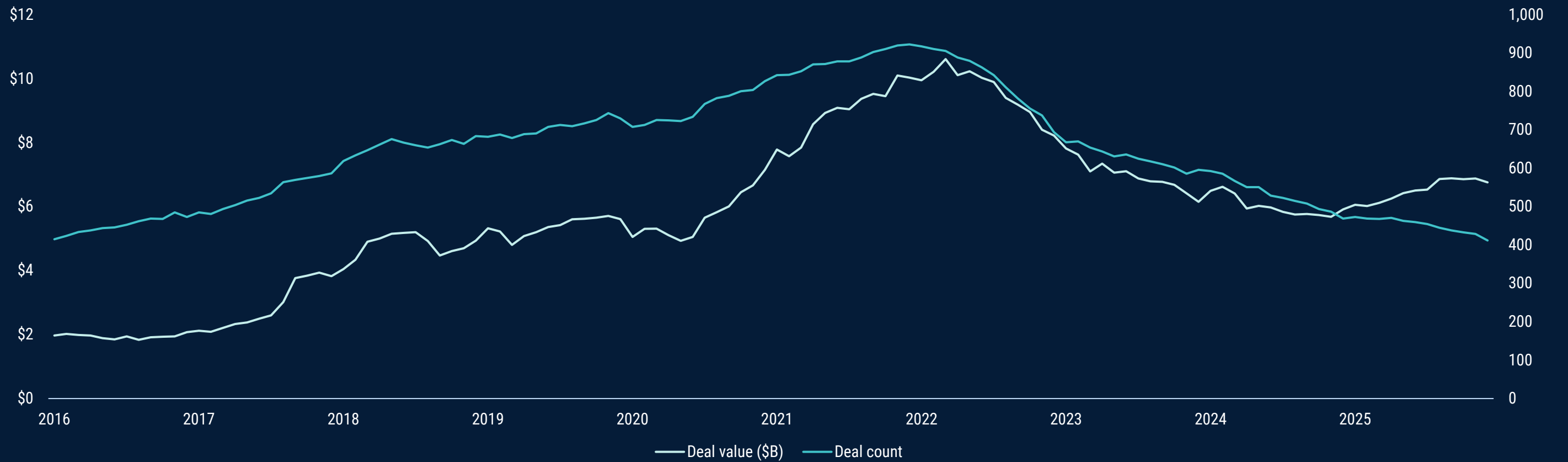
Source: PitchBook • Geography: Global • As of December 31, 2025

*Expected returns are derived from historical return assumptions and company-level exit predictions. See [page 15](#) for more details.

Note: The length of the relative score bars is based on cross-vertical Z-scores of the TTM change (except expected IRR and median employee growth), wherein the maximum and minimum lengths are +/- 2, respectively. The center of the column is zero.



Figure 67 ▶ TTM early-stage medtech VC deal activity

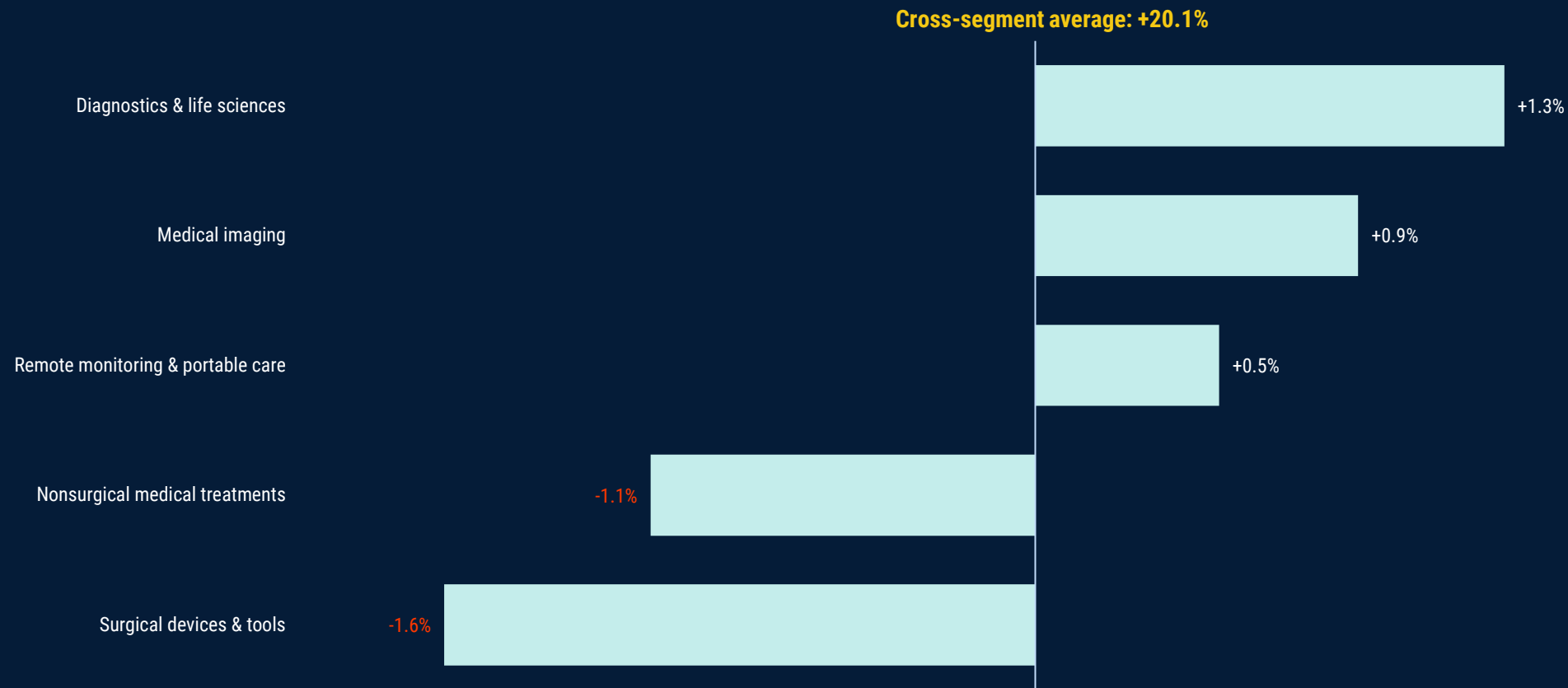


Source: PitchBook • Geography: Global • As of December 31, 2025



Investment attractiveness of early-stage medtech companies by segment

Figure 68 ▶ Annualized expected returns relative to the cross-segment average



Source: PitchBook • Geography: Global • As of December 31, 2025



Expected returns

Expected returns for each segment are based on an aggregation of the expected returns for the underlying companies. Company-level returns are determined from the exit type predictions and historical returns by series. For more information, please see [page 15](#) and the VC Exit Predictor methodology located in the [PitchBook Help Center](#).

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Individual company highlights: North America

Figure 69 ► North America early-stage medtech companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Vivid Vision	Nonsurgical medical treatments	77%	6%	89	+84
Interdict Bio	Diagnostics & life sciences	43%	23%	82	+74
Science (Devices and Supplies)	Surgical devices & tools	17%	46%	93	+65
Companion Spine	Surgical devices & tools	49%	31%	98	+60
Galaxy Diagnostics	Diagnostics & life sciences	79%	1%	81	+60
Axon Therapies	Surgical devices & tools	81%	6%	93	+51
MediView	Medical imaging	74%	5%	83	+49
Adaptyx	Remote monitoring & portable care	57%	7%	61	+48
SkyDance Vascular	Surgical devices & tools	57%	2%	52	+48
TECLens	Nonsurgical medical treatments	64%	1%	58	+47

Please use this [saved search](#) for a complete, dynamic list of medtech companies.

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



Individual company highlights: Europe

Figure 70 ► Europe early-stage medtech companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Sensate	Nonsurgical medical treatments	76%	1%	76	+71
Aortyx	Surgical devices & tools	74%	2%	75	+70
Chipiron	Medical imaging	69%	11%	90	+50
Lattice Medical	Surgical devices & tools	60%	28%	73	+48
Insight Surgery	Medical imaging	60%	1%	53	+48
Tensive	Surgical devices & tools	64%	6%	68	+42
Sencure	Remote monitoring & portable care	90%	1%	71	+41
imvi labs	Nonsurgical medical treatments	48%	1%	40	+37
Refeyn	Diagnostics & life sciences	9%	77%	82	+35
Santersus	Nonsurgical medical treatments	46%	2%	40	+35

Please use this [saved search](#) for a complete, dynamic list of medtech companies.

Source: PitchBook • As of December 31, 2025

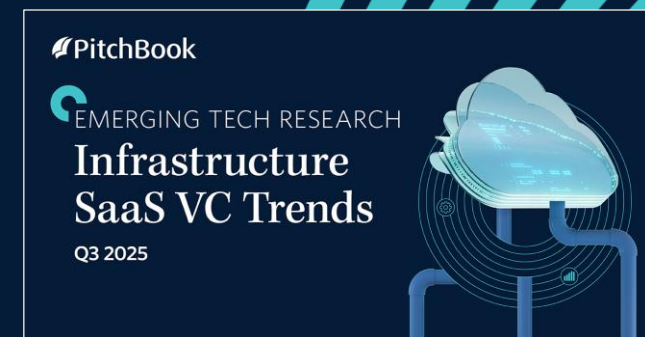
Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



SaaS

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Introduction

Our SaaS coverage is composed of two sectors: enterprise SaaS and infrastructure SaaS. Together, these address the modernization of traditional business practices. Our taxonomy for both is driven by a focus on fundamental business practices (enterprise SaaS), as well as the digital foundation of contemporary enterprises (infrastructure SaaS). Enterprise SaaS focuses on business functions that interact with customers and external stakeholders, as well as internal operations, observability, and support functions. Infrastructure SaaS includes software, databases, networks, and other resources that support an organization's business operations.

Many software vendors are migrating their offerings from one deployment to another, such as on-premises, SaaS, and cloud. Our two SaaS verticals encompass all applications employed to support critical business processes, regardless of deployment type.

Additionally, these solutions are often deployed as a suite of applications, as well as standalone products that support and enhance specific digital infrastructure practices. Both application suites and standalone offerings are common in all of our segments.

Enterprise SaaS

Enterprise SaaS encompasses cloud-based software solutions that businesses use to manage core operations, including customer relationship management (CRM), enterprise resource planning (ERP), supply chain management (SCM), analytic platforms, knowledge management systems (KMS), and other application software.

- Pre-COVID-19 (2018 to 2019), annual deal values ranged from \$51 billion to \$66 billion, with steady growth in deal counts around 3,300 to 3,800. The COVID-19 era (2020 to 2021) witnessed explosive growth, peaking at \$155 billion in deal value and 5,600 in deal count as digital transformation accelerated. Post-COVID-19 normalization (2022 to 2024) saw significant contraction to \$80 billion to \$117 billion annually as capital markets tightened and valuations compressed, though deal counts stabilized around 3,300 to 3,500. The past 12 months (Q1 2025 to Q4 2025) show renewed momentum with \$134.7 billion in TTM deal value, representing 58.9% growth YoY, though this is heavily distorted by megadeals in AI-focused companies—particularly xAI's \$10 billion raise.

- The dramatic shift in funding over the past 12 to 36 months has been driven primarily by three forces: (1) the AI revolution, which has transformed generative AI from an optional feature into a core operational requirement, with companies like xAI and OpenAI collectively raising over \$50 billion and fundamentally reshaping competitive dynamics; (2) the bifurcation of the funding landscape, where elite AI-enabled companies secure massive rounds, while traditional SaaS companies face continued valuation pressure and capital scarcity; and (3) the reopening of public markets with successful IPOs from Figma (\$15.7 billion) and Klarna (\$14.9 billion) providing critical liquidity pathways—though the persistently low exit valuation disclosure rate of 26.7% indicates ongoing challenges for most companies seeking exits.

Enterprise SaaS segment outlook

We are cautiously optimistic on Enterprise SaaS, recognizing that we are in a historic transition period where AI integration separates winners from losers. The strong 2025 IPO performance and stabilized deal counts signal that quality companies can access capital and achieve liquidity, but the market remains bifurcated—elite AI-native or AI-enabled companies command premium valuations, while legacy SaaS models face existential pressure. The 58.9% YoY growth in deal value is misleading; excluding megadeals, the underlying market shows modest recovery rather than boom conditions, and most companies still confront a challenging fundraising environment where demonstrating clear AI value-add and sustainable unit economics is non-negotiable.

Enterprise solutions have existed for as long as enterprises themselves. They have universal challenges, including managing assets, human capital, and customer experience. Therefore, the taxonomy used in this report is based on historical delineations among these solutions. Within our enterprise SaaS vertical, we have the following segments:



Introduction (continued)

- **CRM (neutral):** CRM has faced significant headwinds from AI-powered disruption and market saturation, with deal value increasing just 6.6% YoY and deal count down 5.5% YoY. However, subsegments embracing AI-native approaches show promise, while legacy digital commerce and sales tools struggle.
- **ERP (bullish):** ERP shows strong fundamentals with 23.9% YoY deal value growth, reaching \$33.4 billion and the highest deal count (1,167) of any segment. AI integration into core business processes—from automated invoice processing to predictive manufacturing optimization—drives investor enthusiasm.
- **SCM (bullish):** SCM experienced strong 40.8% YoY deal value growth and a 3.3% YoY deal count decrease, driven by persistent supply chain fragility post-pandemic and AI's transformative potential in logistics optimization, demand forecasting, and inventory management.
- **Analytic platforms (bullish):** Analytic platforms surged 66.4% YoY in deal value and 12.2% YoY in deal count, driven by the explosion of enterprise data volumes and the imperative to extract actionable insights through AI-powered analytics.
- **KMS (bullish):** KMS exploded at 83.9% YoY in deal value and declined 3.3% YoY in deal count, as organizations struggle with information overload and seek AI-powered solutions for knowledge discovery, enterprise search, and collaboration.
- **Other application software (bullish):** This catch-all category experienced extraordinary 114.5% YoY deal value growth to \$60.3 billion, driven almost entirely by xAI and OpenAI's megadeals in enterprise search—which encompasses conversational AI and foundational models. Excluding these outliers, the underlying subsectors show more modest but still healthy growth. Deal count also increased by 18.8% YoY.

Infrastructure SaaS

Infrastructure SaaS encompasses the cloud-native software platforms—spanning application development, data management, IT operations (ITOps), and digital infrastructure services—that form the foundational technology stack upon which modern enterprise applications are built, deployed, and maintained.

- Pre-COVID-19, infrastructure SaaS VC deal value was modest at roughly \$11 billion in 2020. The COVID-19/zero interest-rate policy era catalyzed a massive surge to \$24.8 billion in 2021 as digital transformation accelerated, before normalizing to \$18.8 billion in 2022 and compressing further to \$16.8 billion in 2023 as rate hikes cooled valuations. The past 12 to 24 months have seen a resurgence as 2024 deal value reached \$23.4 billion, up 39.7% YoY, and 2025 saw another \$16.9 billion raised. But this has come with a critical structural shift, with deal count declining 8.8% in 2025, meaning significantly larger checks are flowing into fewer, more conviction-driven bets, particularly in AI-adjacent infrastructure.
- The dominant force is the AI capital rotation, specifically the explosion of generative AI and the pivot toward agentic AI architectures. This has redirected capital heavily into DevOps (AI coding tools) and application infrastructure at the expense of ITOps and traditional data software. Record hyperscaler capital expenditure from Google, Meta, and the broader Mag 7 has underwritten infrastructure demand from below, while the flight-to-quality in the data stack (vector database governance, Retrieval-Augmented Generation production-readiness) and the consolidation of physical/digital infrastructure by industry giants (BlackRock's datacenter acquisitions, HPE/Juniper integration) have further concentrated capital toward companies sitting at the intersection of AI enablement and enterprise-grade reliability. Median early-stage valuations have also re-expanded sharply, with early-stage VC pre-money hitting \$123 million in 2025 versus \$60 million in 2021. This signals renewed investor confidence but also elevated entry risk.



Introduction (continued)

Infrastructure SaaS segment outlook

We are cautiously optimistic on infrastructure SaaS as we enter 2026. Deal value momentum is strong and broad-based—Q4 2025's \$3.2 billion was driven by sector breadth rather than isolated megadeals—the agentic AI thesis is unlocking durable new infrastructure requirements around identity, governance, and orchestration for nonhuman actors, and the IPO window appears to be reopening. The key risk is that the current capital intensity, particularly in the create/code-gen subsector, is producing a crowded field of undifferentiated "Copilot-for-X" wrappers that face commoditization, while the sectors with the most durable long-term value—such as data quality tooling and AI for IT operations (AIOps)—remain comparatively under-capitalized at early stages.

Infrastructure SaaS solutions enable the digital initiatives of every modern enterprise that produces, manipulates, stores, and manages data. This includes all enterprise applications and their related infrastructure, as well as the systems and processes composing an enterprise's digital structure. Within our infrastructure SaaS vertical, we have the following segments:

- **DevOps (neutral):** DevOps posted \$6.2 billion in TTM deal value (+56% YoY) with the highest deal count (133), even though its count declined 15.3% YoY. This reveals a sharpening divide where the create/code-gen subsector is white-hot on value but increasingly crowded. Meanwhile, plan and verify are under-capitalized relative to their long-term opportunity.
- **Application infrastructure (bullish):** Application infrastructure reached \$4.1 billion in TTM deal value (-1.9% YoY) with 161 deals (+8.1% YoY), representing one of the only segments growing on volume. AI-driven complexity in application architectures is generating sustained demand across the stack.

- **Data software & systems (DSS) (bullish):** DSS' headline number was \$4 billion in TTM deal value (-70.4% YoY) following a late 2024 raise by Databricks. Deal count declined 24.6%, signaling concentration rather than breadth. The investment thesis is about data quality as the binding constraint on AI, with "garbage in, garbage out" being the defining problem of the current cycle.
- **ITOps (bullish):** ITOps' TTM deal value was \$2.6 billion (+50.1% YoY) with flat deal count growth (+0.0% YoY). The market is bifurcated between legacy monitoring vendors facing existential AI disruption and AI-native AIOps startups positioned for massive share gains.

SaaS overview

Figure 71 ▶ Early-stage SaaS company count by segment

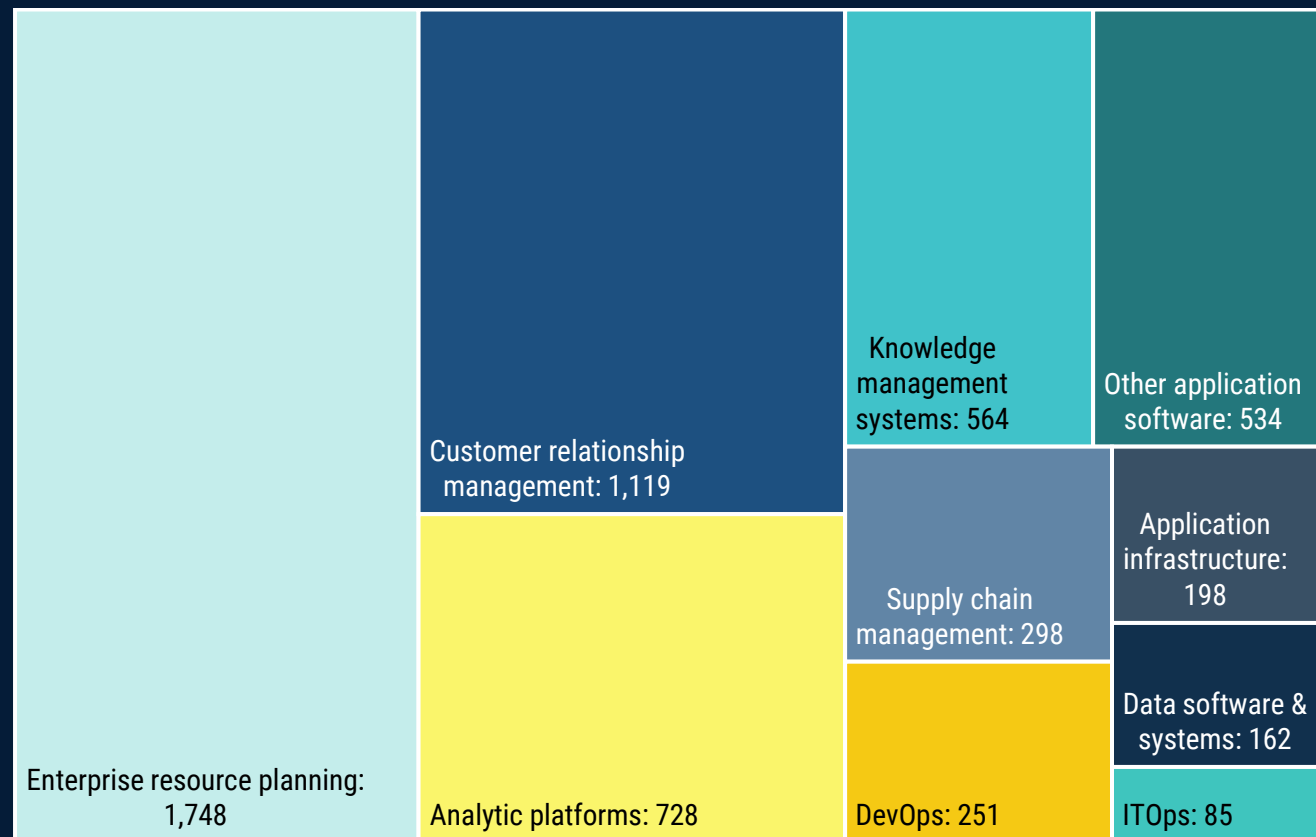


Figure 72 ▶ SaaS metric summary

	Value	TTM change	Relative score
Annualized expected return*	25.9%	-0.7%	
Total capital raised	\$47.3B	+35.1%	
New VC company fundings	688	-6.5%	
Median pre-money valuation	\$71.1M	+28.1%	
Share of published patents	12.9%	+0.0%	
Top-ranked investor participation	19.4%	+2.6%	
Median employee growth	10.0%	+0.9%	

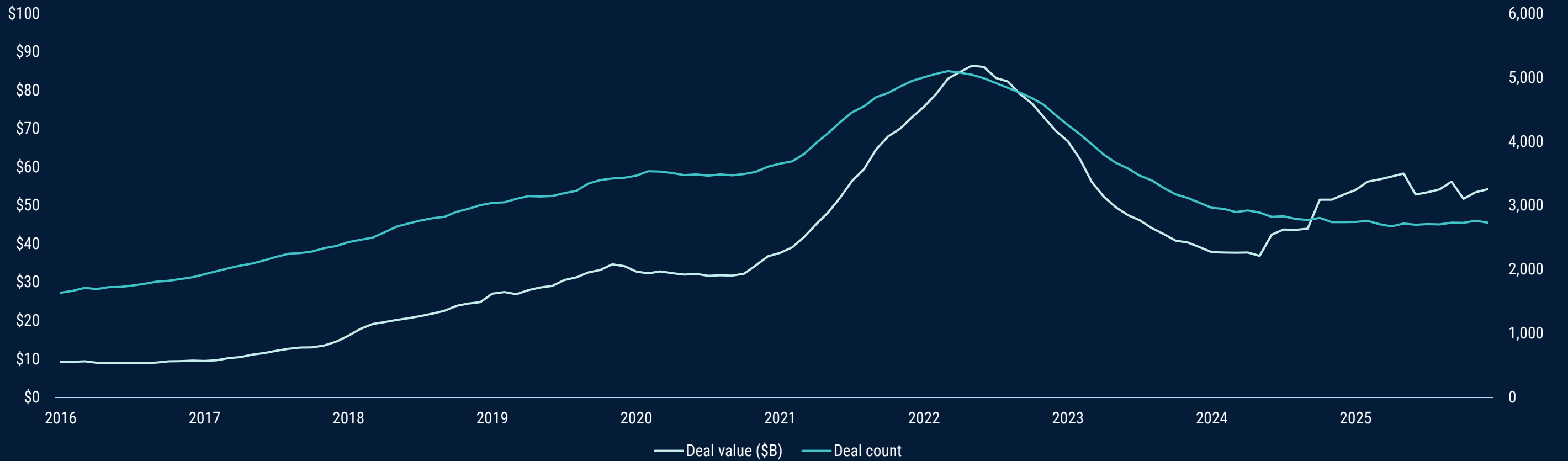
Source: PitchBook • Geography: Global • As of December 31, 2025

*Expected returns are derived from historical return assumptions and company-level exit predictions. See [page 15](#) for more details.

Note: The length of the relative score bars is based on cross-vertical Z-scores of the TTM change (except expected IRR and median employee growth), wherein the maximum and minimum lengths are +/- 2, respectively. The center of the column is zero.



Figure 73 ▶ TTM early-stage SaaS VC deal activity

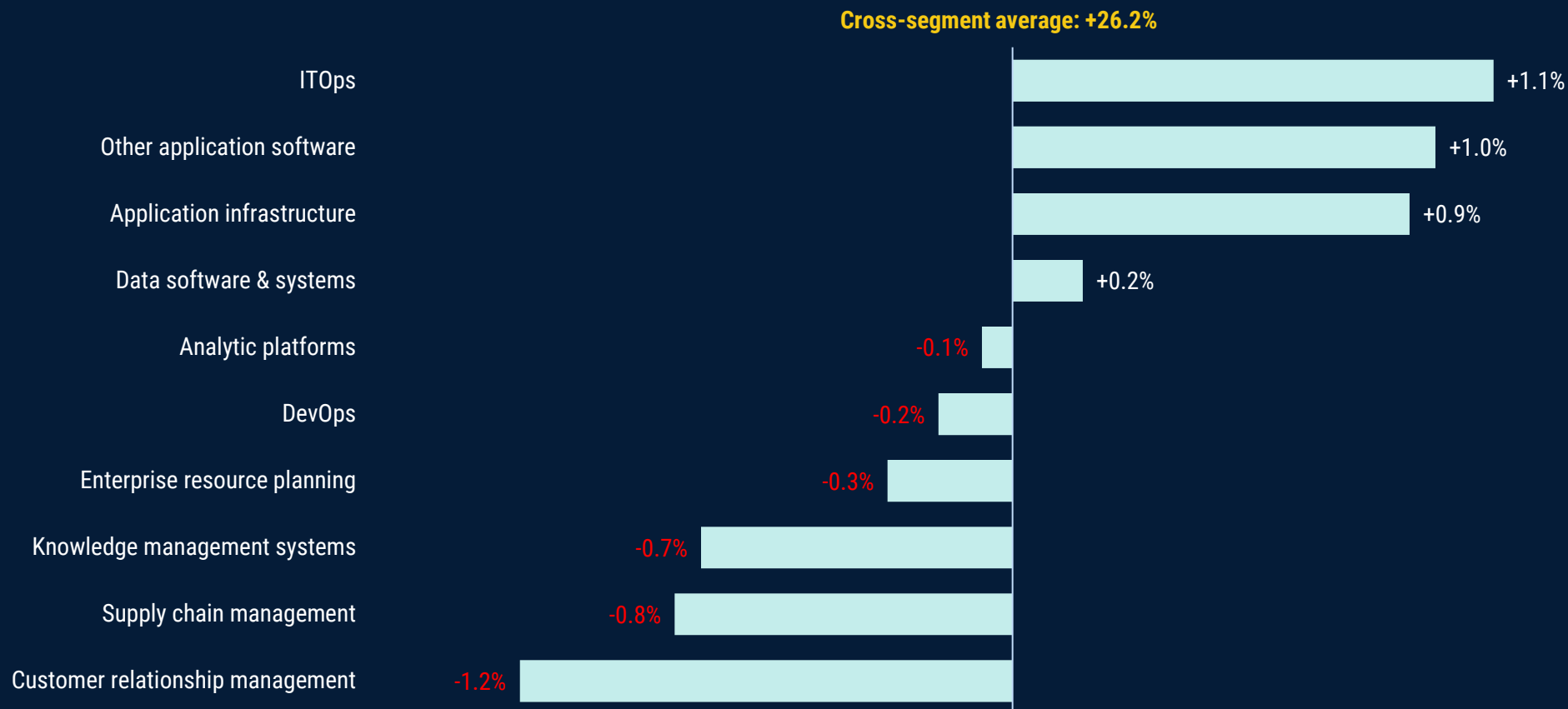


Source: PitchBook • Geography: Global • As of December 31, 2025



Investment attractiveness of early-stage SaaS companies by segment

Figure 74 ► Annualized expected returns relative to the cross-segment average



Source: PitchBook • Geography: Global • As of December 31, 2025



Expected returns

Expected returns for each segment are based on an aggregation of the expected returns for the underlying companies. Company-level returns are determined from the exit type predictions and historical returns by series. For more information, please see [page 15](#) and the VC Exit Predictor methodology located in the [PitchBook Help Center](#).

It is important to note that the cross-segment average return of 26.2% is provided as a historical baseline value and should not be relied on as a forecast. This baseline value is derived from the average of deal-level return data from 2000 to 2021 and can vary significantly based on the environment at any given time. The relative returns for each segment, however, are a more robust forward-looking measure because they are unaffected by factors that impact the entire VC ecosystem, such as interest rates, available funding, and economic growth.



Individual company highlights: North America

Figure 75 ▶ North America early-stage SaaS companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Goldfinch Prime	Enterprise resource planning	79%	1%	81	+69
Warp (Business/Productivity Software)	Other application software	83%	4%	93	+67
Ostium	Enterprise resource planning	82%	4%	91	+66
Refold AI	Other application software	88%	1%	93	+65
Capi Money	Enterprise resource planning	59%	22%	97	+65
Salestools	Customer relationship management	78%	1%	79	+63
Earthmover	Analytic platforms	77%	1%	78	+62
WellBeam	Customer relationship management	69%	3%	70	+60
Tailor	Supply chain management	87%	3%	95	+60
Travelsist	Customer relationship management	73%	1%	70	+57

Please use these saved searches for a complete, dynamic list of SaaS companies: [enterprise SaaS](#) and [infrastructure SaaS](#).

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



Individual company highlights: Europe

Figure 76 ► Europe early-stage SaaS companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Workwize	Enterprise resource planning	90%	1%	94	+63
Trustap	Customer relationship management	90%	1%	95	+63
Grain (Financial Services)	Customer relationship management	54%	26%	98	+62
Prosperity Solutions	Analytic platforms	84%	2%	90	+60
Invopop	Enterprise resource planning	77%	1%	78	+59
Crescenta	Enterprise resource planning	81%	3%	88	+49
Unikraft	Other application software	84%	1%	88	+47
Lative	Customer relationship management	81%	1%	84	+46
CoreView	Knowledge management systems	90%	7%	82	+46
Clockin	Knowledge management systems	89%	2%	95	+45

Please use these saved searches for a complete, dynamic list of SaaS companies: [enterprise SaaS](#) and [infrastructure SaaS](#).

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



Supply chain tech

For the latest in-depth supply chain tech research, click [here](#).

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PitchBook

EMERGING TECH RESEARCH

Supply Chain Tech VC Trends

Q3 2025





Introduction

Supply chain tech covers the various technologies that facilitate trade, reduce friction and cost, enhance visibility, and support new and emerging modes of commerce, including e-commerce and last-mile delivery.

- The sudden emergence of the COVID-19 pandemic strained global supply, as manufacturers, distributors, and retailers struggled to keep operations running against extreme volatility in demand and commercial activity. Strategies shifted from just-in-time to just-in-case, and previously lean supply chains were bolstered to buffer the highly dynamic environment. VC funding flowed into the vertical and deal counts and values peaked in early 2022.
- Another major theme has been emissions abatement. The physical movement of goods around the planet produces an outsized share of emissions, with goods and materials flowing across land, sea, and air 24/7. Labor and automation represent key challenges for the vertical. With the surging demands of e-commerce, warehouse labor has soared, spurring demand for automation solutions to more efficiently manage the flow and storage of goods. Trucking faces key labor shortages, with estimates of tens of thousands of unfilled positions by decade-end. Automation of long-haul trucking can ease such shortages as well as move goods more rapidly without the need for regulated breaks and driver downtime.
- This past year has seen numerous large early-stage deals focused on AI solutions targeting persistent challenges with unstructured data endemic to supply chains and AI agents to bolster service and support. Net investment in the vertical has been recently tempered, however, by uncertainty surrounding global trade and geopolitics and the related impact on supply chains.

Segment outlook

The supply chain tech vertical is divided into four segments spread across the various emerging opportunities in the space:

- **Enterprise supply chain management (bullish):** Investment in AI solutions has the potential to disrupt traditional software from large players through the end of the decade.
- **Warehousing tech (bullish):** As labor remains a key cost and constraint, investment in warehouse automation should trickle down from larger organizations. Early-stage physical AI solutions hold the potential to dramatically reduce implementation and maintenance costs.
- **Freight tech (neutral):** As early-stage investment in autonomous trucking has ebbed and the market consolidates around existing larger players, political winds have tempered EV- and emissions-related investment.
- **Last-mile delivery (neutral):** As larger players consolidate markets and technological solutions, pockets of opportunity persist in developing markets.



Supply chain tech overview

Figure 77 ▶ Early-stage supply chain tech company count by segment

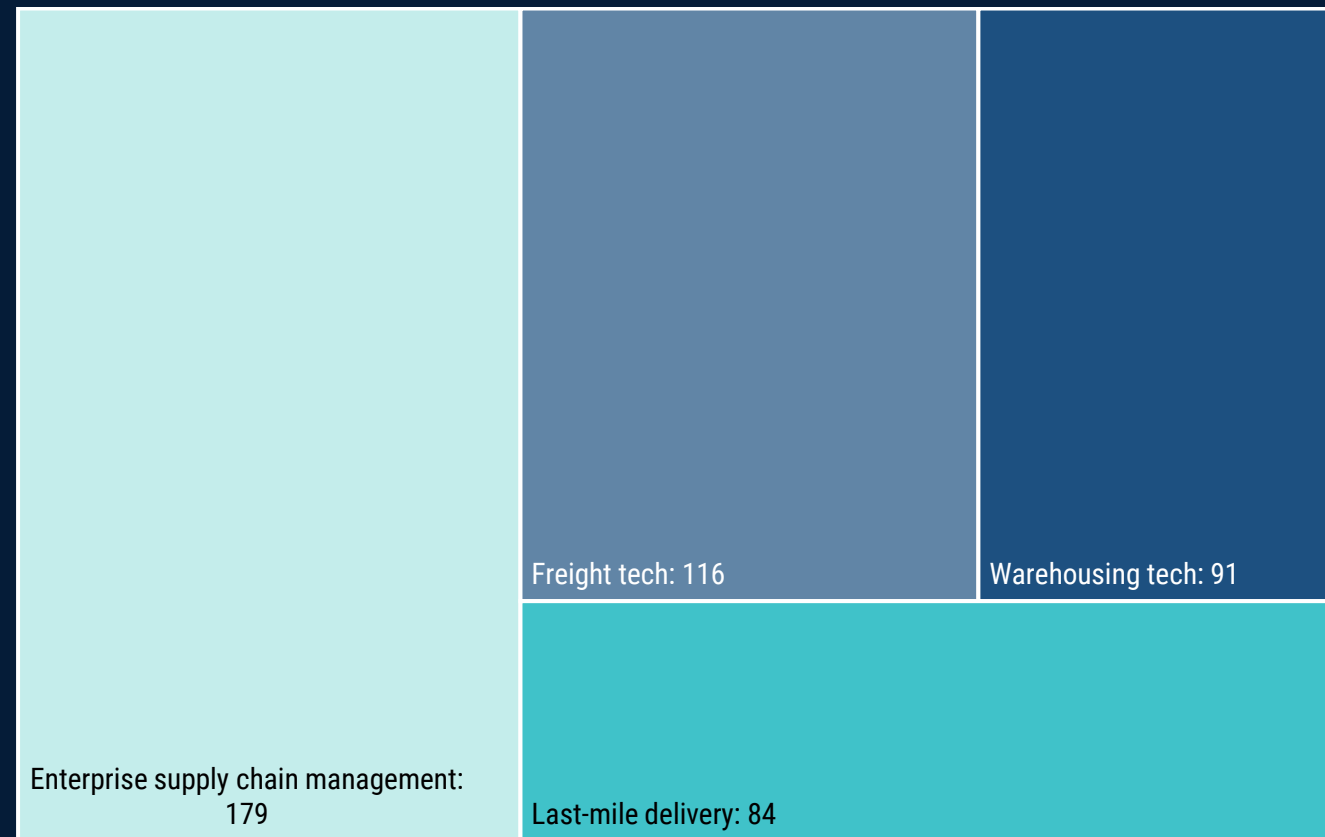


Figure 78 ▶ Supply chain tech metric summary

	Value	TTM change	Relative score
Annualized expected return*	22.2%	-1.8%	Green bar
Total capital raised	\$2.1B	+8.9%	Orange bar
New VC company fundings	22	-44.6%	Orange bar
Median pre-money valuation	\$48.1M	+49.9%	Green bar
Share of published patents	1.1%	-1.1%	Orange bar
Top-ranked investor participation	10.4%	-0.4%	Orange bar
Median employee growth	5.3%	-1.8%	Orange bar

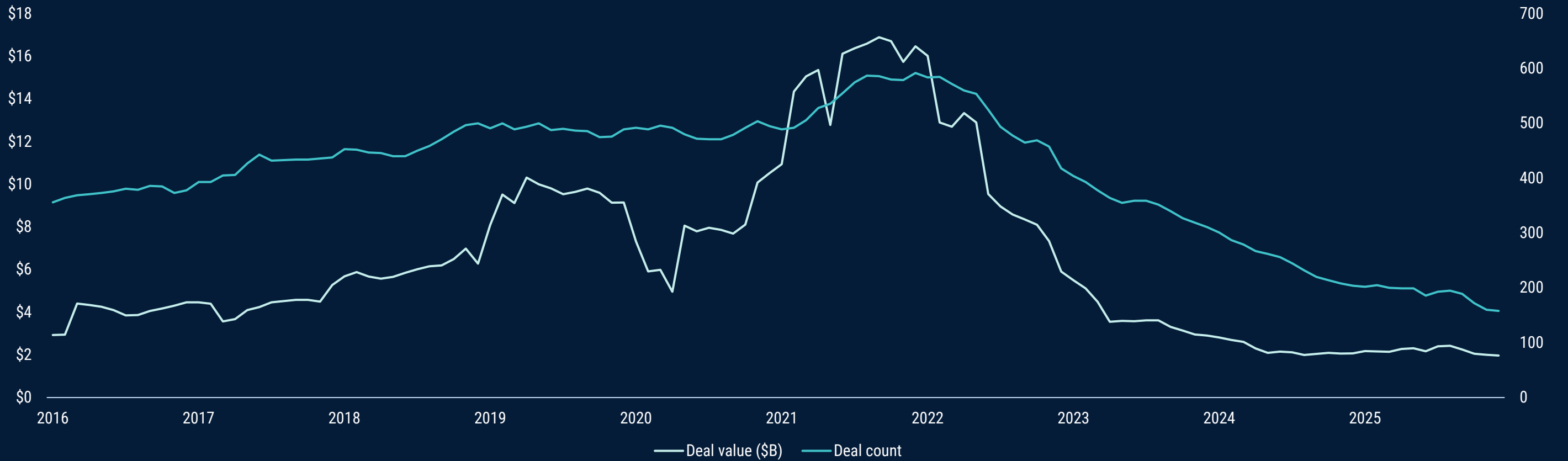
Source: PitchBook • Geography: Global • As of December 31, 2025

*Expected returns are derived from historical return assumptions and company-level exit predictions. See page 15 for more details.

Note: The length of the relative score bars is based on cross-vertical Z-scores of the TTM change (except expected IRR and median employee growth), wherein the maximum and minimum lengths are +/- 2, respectively. The center of the column is zero.



Figure 79 ▶ TTM early-stage supply chain tech VC deal activity

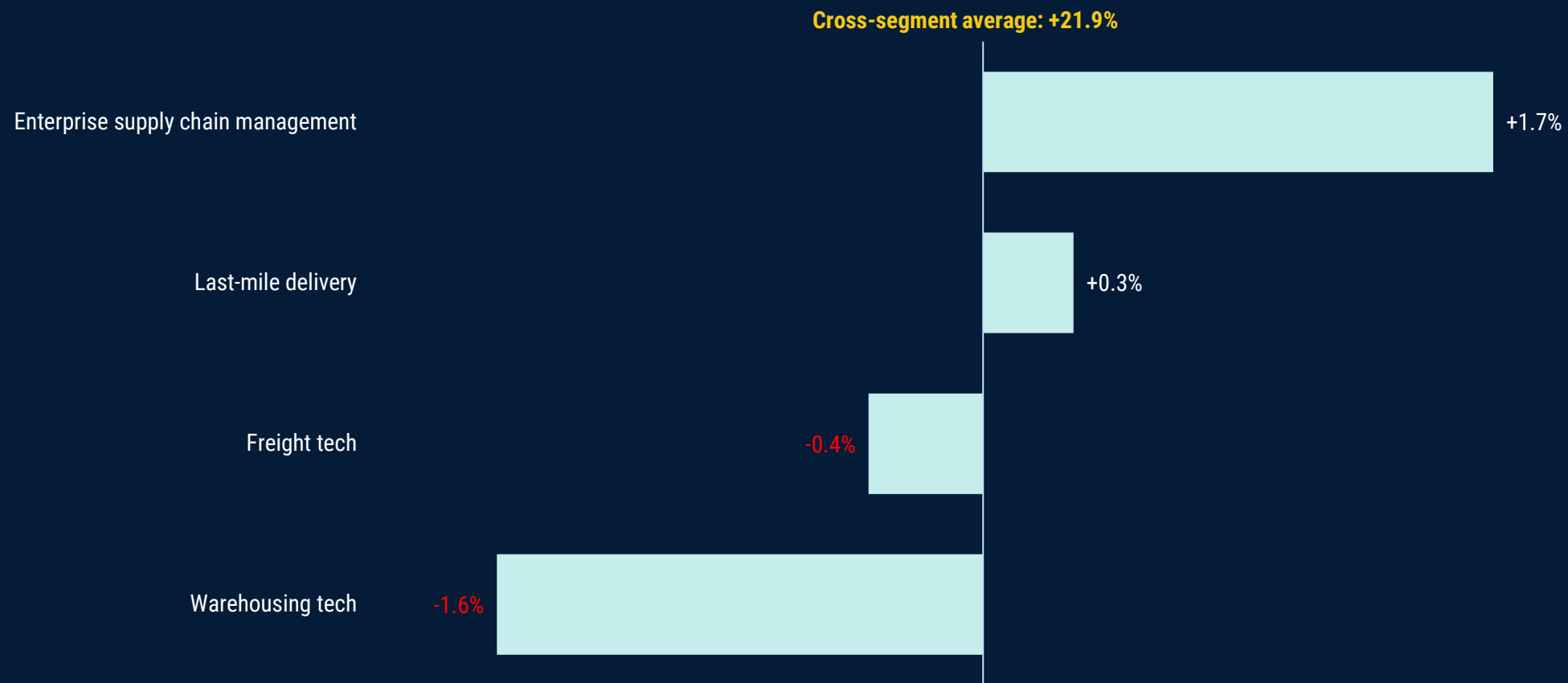


Source: PitchBook • Geography: Global • As of December 31, 2025



Investment attractiveness of early-stage supply chain tech companies by segment

Figure 80 ► Annualized expected returns relative to the cross-segment average



Source: PitchBook • Geography: Global • As of December 31, 2025



Expected returns

Expected returns for each segment are based on an aggregation of the expected returns for the underlying companies. Company-level returns are determined from the exit type predictions and historical returns by series. For more information, please see [page 15](#) and the VC Exit Predictor methodology located in the [PitchBook Help Center](#).

It is important to note that the cross-segment average return of 21.9% is provided as a historical baseline value and should not be relied on as a forecast. This baseline value is derived from the average of deal-level return data from 2000 to 2021 and can vary significantly based on the environment at any given time. The relative returns for each segment, however, are a more robust forward-looking measure because they are unaffected by factors that impact the entire VC ecosystem, such as interest rates, available funding, and economic growth.



Individual company highlights: North America

Figure 81 ► North America early-stage supply chain tech companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Stadium (Commercial Services)	Last-mile delivery	81%	9%	97	+45
EagleRail Container Logistics	Freight tech	65%	12%	34	+34
Tego	Enterprise supply chain management	72%	3%	32	+32
MightyFly	Last-mile delivery	54%	1%	46	+29
BulkSource (Business/Productivity Software)	Enterprise supply chain management	48%	1%	40	+28
Better Trucks	Last-mile delivery	85%	1%	89	+27
Frozen Logistics	Warehousing tech	35%	1%	29	+22
driverDOC	Freight tech	45%	1%	37	+18
Sway (Logistics)	Last-mile delivery	76%	13%	98	+17
Friendlier	Warehousing tech	77%	1%	78	+16

Please use this [saved search](#) for a complete, dynamic list of supply chain tech companies.

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.



Individual company highlights: Europe

Figure 82 ► Europe early-stage supply chain tech companies with the largest YoY improvements in the VC Exit Predictor Opportunity Score

Company	Segment	M&A probability	IPO probability	Opportunity Score	One-year change in Opportunity Score
Kavida.ai	Enterprise supply chain management	85%	1%	89	+30
Z100	Enterprise supply chain management	64%	1%	58	+27
Infyos	Enterprise supply chain management	60%	1%	53	+20
Stockoss	Warehousing tech	72%	1%	68	+17
Gophr	Last-mile delivery	52%	1%	44	+16
Swotzy	Last-mile delivery	40%	1%	34	+15
NautilusLog	Freight tech	73%	1%	71	+13
Optioryx	Warehousing tech	51%	1%	43	+10
Suppeco	Enterprise supply chain management	14%	1%	12	+9
Nanolike	Freight tech	84%	1%	88	+9

Please use this [saved search](#) for a complete, dynamic list of supply chain tech companies.

Source: PitchBook • As of December 31, 2025

Note: Opportunity Scores are percentile rankings that were calculated relative to all companies included in the report.

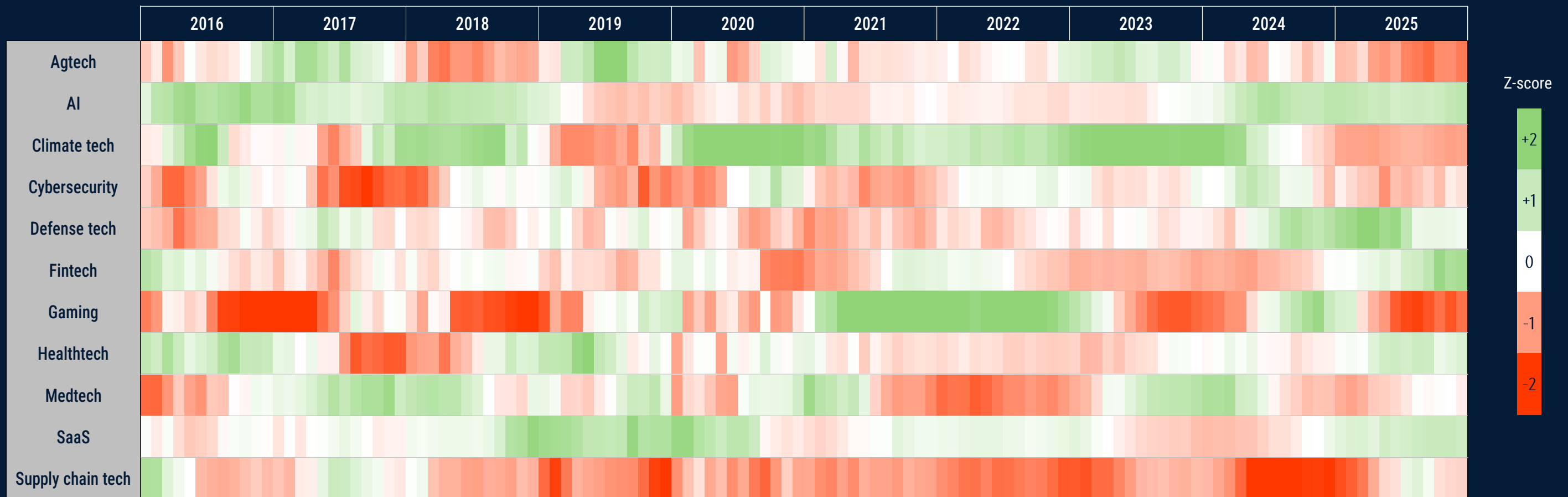


Appendix: Historical trends in top-down metrics



Historical deal activity trends

Figure 83 ▶ Relative TTM change in early-stage deal value by vertical



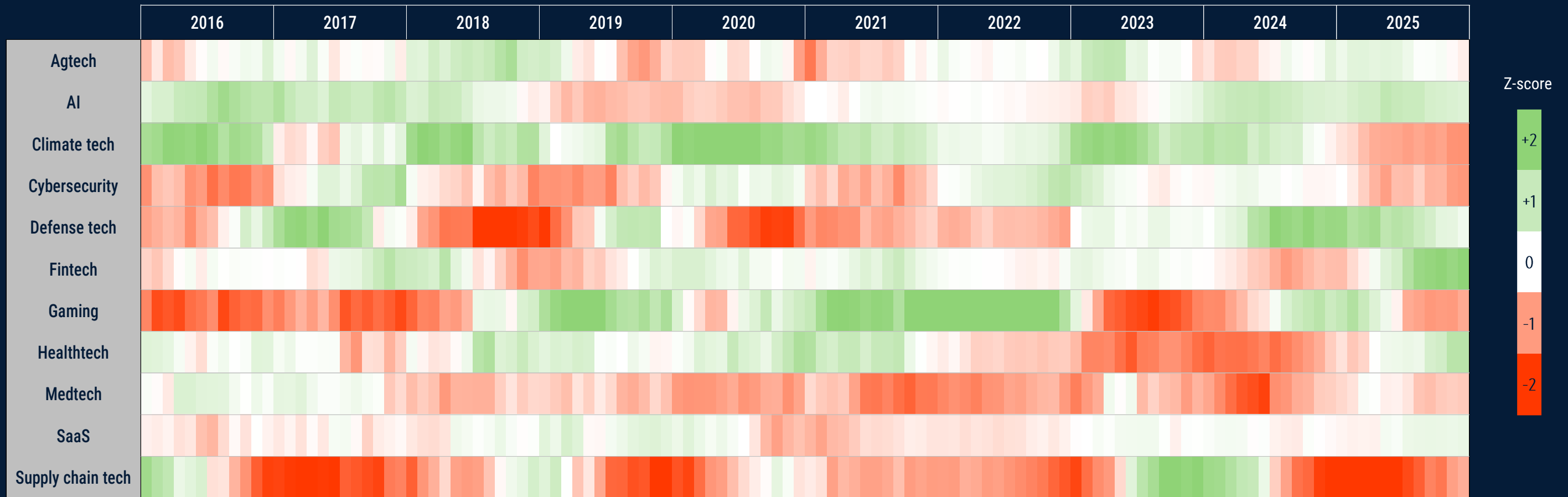
Source: PitchBook • Geography: Global • As of December 31, 2025

Note: Conditional formatting is applied across verticals in each period to Z-score normalized values. Data estimations are applied to the most recent 12 months to account for lagged data collection.



Historical first-time VC financing trends

Figure 84 ▶ Relative TTM change in first-time VC financing count by vertical



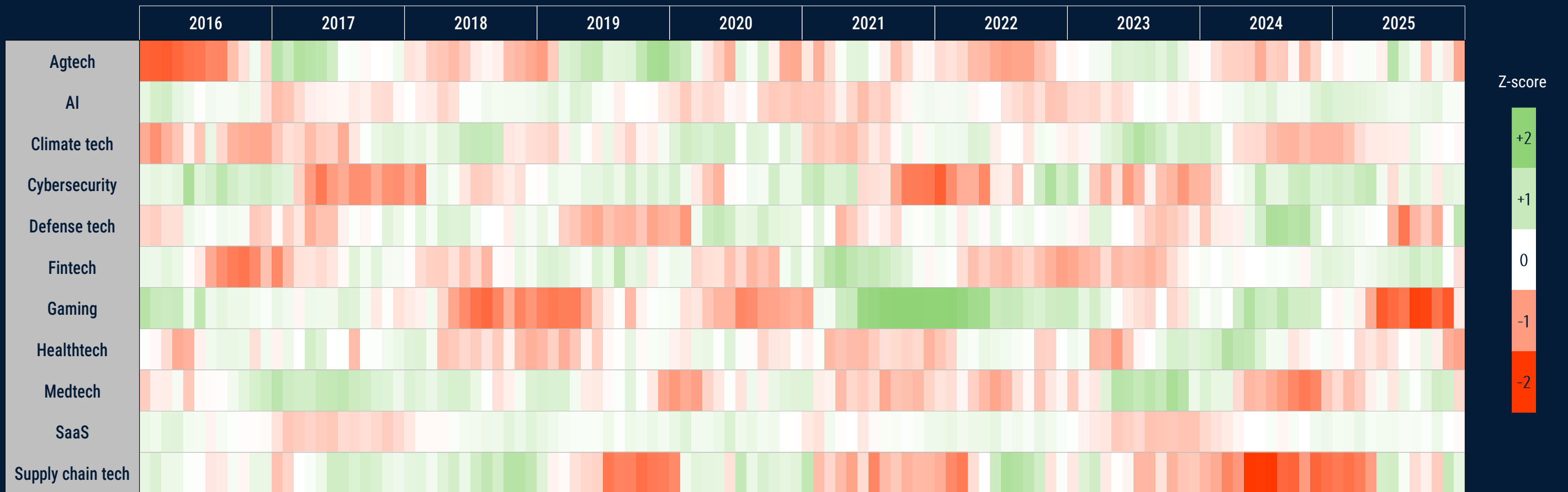
Source: PitchBook • Geography: Global • As of December 31, 2025

Note: Conditional formatting is applied across verticals in each period to Z-score normalized values. Data estimations are applied to the most recent 12 months to account for lagged data collection.



Historical pre-money valuation trends

Figure 85 ▶ Relative TTM change in median early-stage pre-money valuation by vertical



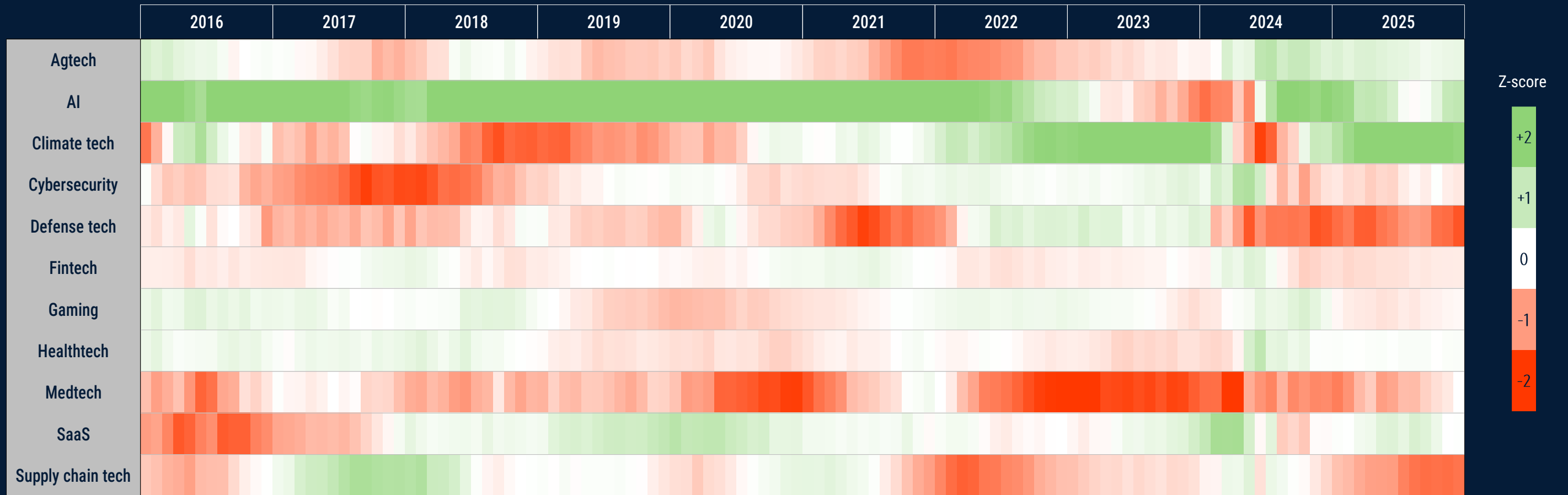
Source: PitchBook • Geography: Global • As of December 31, 2025

Note: Conditional formatting is applied across verticals in each period to Z-score normalized values. Percentage changes in seed, Series A, and Series B valuations are calculated separately and then aggregated using a weighted average.



Historical patent activity trends

Figure 86 ▶ Relative TTM net change in the share of published patents by vertical



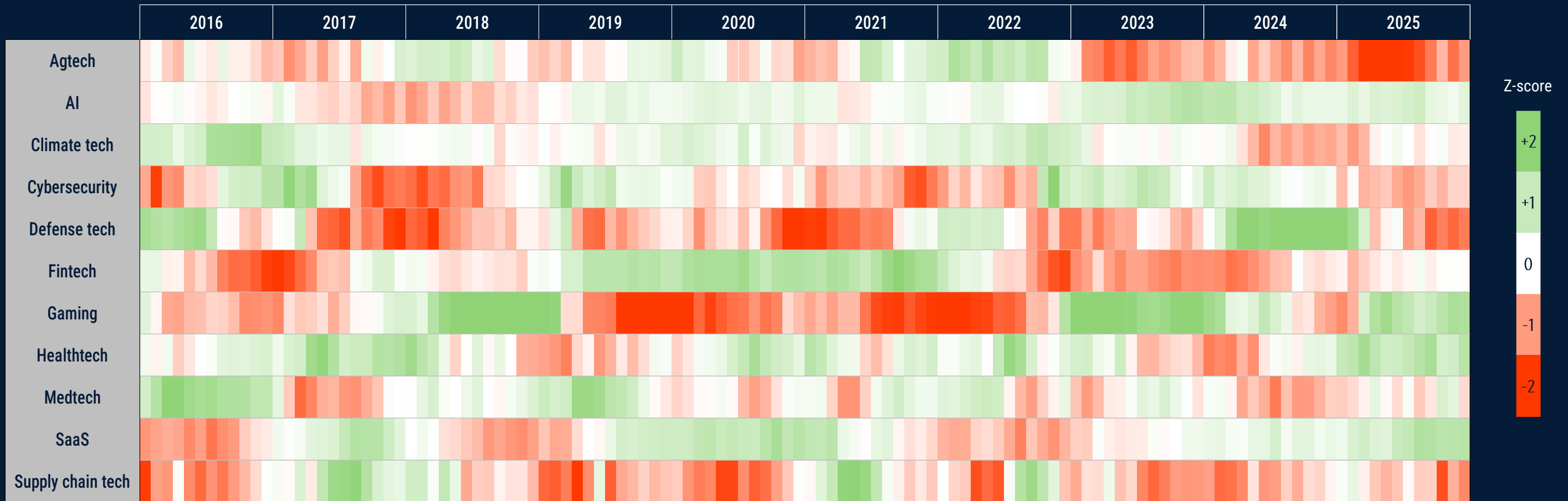
Source: PitchBook • Geography: Global • As of December 31, 2025

Note: Conditional formatting is applied across verticals in each period to Z-score normalized values.



Historical top-ranked investor participation rate trends

Figure 87 ▶ Relative TTM top-ranked investor participation by vertical



Source: PitchBook • Geography: Global • As of December 31, 2025

Note: Conditional formatting is applied across verticals in each period to Z-score normalized values.



PitchBook VC Exit Predictor

The PitchBook VC Exit Predictor leverages ML and our vast database of information about VC-backed companies, financing rounds, and investors to objectively assess a startup's prospect of a successful exit. The primary component underpinning the score is a classification model that predicts the probability that a VC-backed startup will ultimately be acquired, go public, or not exit due to either failure or becoming self-sustaining. These probabilities are then used to calculate a naive expected return of an investment in the startup's next financing round using historical returns by series derived from capitalization table data. Finally, these expected returns are normalized across the VC universe by percentile ranking.

The final score for each currently VC-backed company is a number from zero to 100, wherein a score of 100 represents the most attractive and zero the least attractive. In this report, individual company exit and return predictions are aggregated to create a bottom-up analysis of specific emerging technology verticals. The aggregation is done by taking the average of individual exit type probabilities and returns to get an expected exit rate and return for an entire vertical. For example, if a vertical contained 100 companies with an average predicted successful exit probability of 60%, we would expect that 60 of them would eventually go on to successfully exit.

Historically, the aggregated exit predictions have done a good job of explaining relative differences in success rates across verticals. For example, when analyzing VC-backed companies at the end of 2018, the aggregated exit predictions were able to explain about 86% of the variability of observed success rates across verticals. However, there are certain limitations to the absolute expected success rates and returns. In particular, the expected returns are based solely on historical average returns, which means they will not capture periods wherein returns meaningfully deviate from the average. Therefore, while the absolute expected returns can be used as a baseline, comparing differences in expected returns between verticals is more valuable.

For additional details, please see the technical documentation located in the [PitchBook Help Center](#).

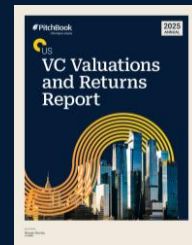
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