

# Startup Funding In The USA Further Weakens in H1 2017 Signaling End of an Era

*Startups in the USA went through harsh times in H1 of 2017; the first half had the lowest amount of funding in recent years.*

NEW YORK, NEW YORK, USA, August 31, 2017 /EINPresswire.com/ -- [YoStartups](#) analyzed the startup funding scene in the USA for the first half of 2017 through its research team, Investments in US-based startups are considerably down.

According to YoStartups, H1 of 2017, did not only witness the lower number of investment deals, but the amount of funding was the lowest when compared

to the last four years H1 period. One of the reasons for the poor show can be attributed to the lack of billion dollars investment rounds. Apart from OneWeb, which raised \$1.2 billion round with Softbank, no other investment rounds even crossed over \$600 million.



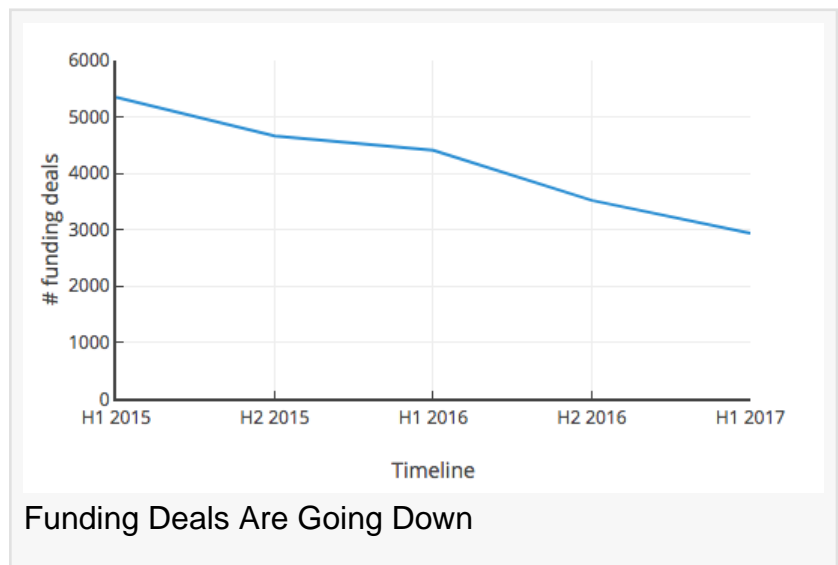
The startups have to build a strong investor attractiveness to tide over this investment drought, one of the ways out is to join strong Startup Pre Accelerators to build upon their start-up ideas.”

*Abhishek Singh, COO - YoStartups*

over two rounds from SoftBank.

The second quarter of 2017 proved to be equally good regarding total funding, though it witnessed 12% fewer rounds of investment in comparison to Q1 2017. What is more interesting to notice is that Q2 did have even had a single close to billion dollar rounds like Q1, but it still compensates for it with 30# \$100 million plus investment rounds during the period which is one of the highest in the recent times.

During the half-year period, 37% of total investment went at seed stage rounds, which is 4-6% lower, when compared to previous half years. The contribution of Series-A rounds rose to 16.8%, which is 31% higher when compared to the same period in 2016.



We saw investment activities rebounding in 2017 with some of the huge investment rounds raised by WeWork, Argo AI, Grail, and some other companies. However, still, the startup funding could not surpass the golden times of H1 2016.

## Startups Funding trend in the USA - H1 2017

The first quarter of 2017 provided a good start to the year with \$18 billion in total funding raised across 1580 round of deals. Feb 2017 turned out to be a golden month which started with Argo AI raising \$1 billion round, followed by \$500 million round by SoFi and WeWork ended the month with \$3 billion

## Startup funding rounds that made headlines in the USA - H1 2017

WeWork, the fastest growing office leasing startup was in the lime light with its two mega rounds led by SoftBank. WeWork is looking to further consolidate its position by expanding their network to India, which is one of the hottest markets for real estate companies.

Pittsburgh-based artificial intelligence company, Argo AI, followed WeWork. They raised \$1 billion round with Ford Motor Company in Feb 2017. Argo AI is looking to tackle one of the most challenging applications in computer science, robotics and artificial intelligence, i.e. self-driving vehicles.

California-based life sciences company, Grail raised \$900 million in March in Series-B round from ARCH Venture Partners. The company uses the power of high-intensity sequencing, population-scale clinical trials, and state of the art computer science and data science to enhance the scientific understanding of cancer biology. They develop blood tests and blood screen for early-stage cancer detection.

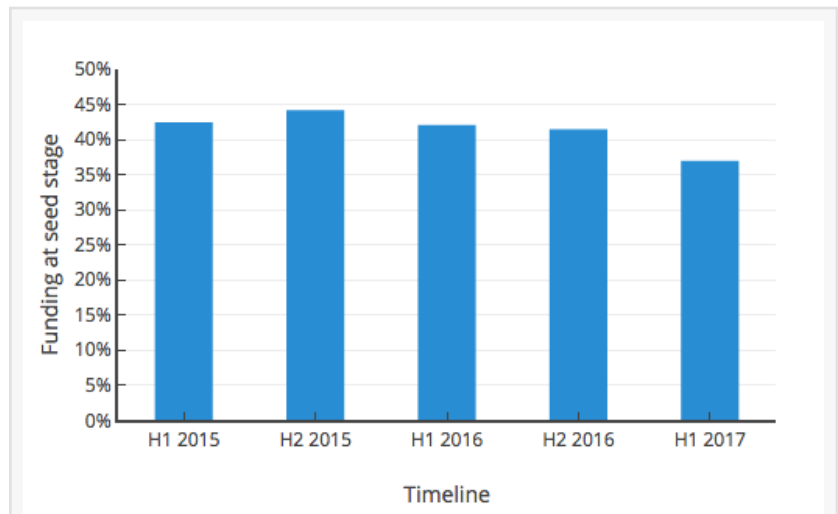
## Startup Mergers and Acquisitions in the USA - H1 2017

Fitness wearable company, Fitbit that went public in mid-2015 acquired Vector Watch in Jan 2017 that designs and develops smart watches and wearable technologies. With the move, Fitbit seems to combine all the engineering brains working on smart watches and wearable technologies, like in a very similar move it acquired another smart watch startup Pebble in Nov 2016. In the same month, we saw cyber security company RiskIQ acquiring another cyber security company from Israel, Maccabim.com.

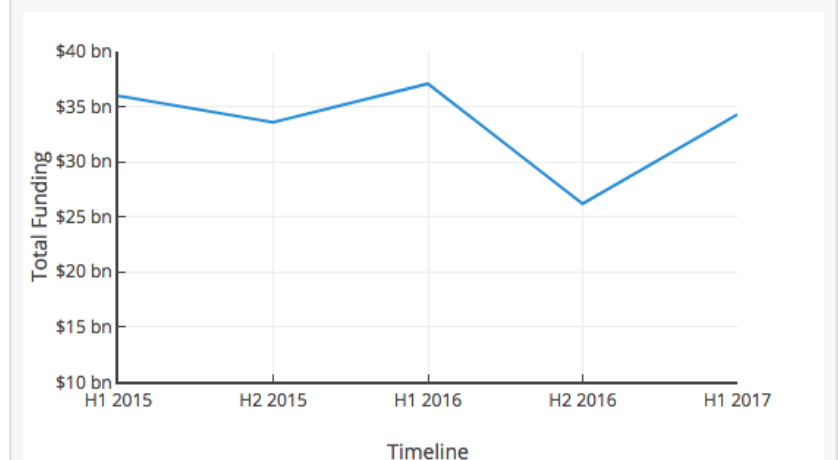
In February, online lending company SoFi acquired Zenbanx, the online banking provider in \$100 million deal. The move was seen as an effort by SoFi to diversify its financial offering to customers. Just in six months, SoFi has cleared its intention of shutting the operations for Zenbanx, and it plans to use its tech stack and personnel for introducing its own online bank.

Throughout the year Airbnb has been further spanning its outreach and strengthening its technology by acquiring four different companies. It acquired Luxury Retreats and Tilt in February, while Deco Software in May and Trooly in June this year.

Augmented Reality company, Magic Leap acquired Computer Vision company Dacuda in Feb and a



## Even Seed Stage Funding IS Getting Tougher to Get In The USA



## Funding For US Based Startups Became Tougher In H1 2017

gaming company Fuzzycube Software in April 2017. While Pinterest and Lyft acquired Jelly HW and FinitePaths respectively this year.

## Conclusion

Though the US continues to dominate in the startup world, and that too specifically as an ecosystem with strong support for early stage companies, only to be distantly followed by India. The decreasing number of investment deals in the country is coming up as a reason for worry for some. When compared to the same period in 2015, the number of investment deals have gone down by 45% which is quite alarming. The total amount of funding looks to be on the track, but we need to realize the fact that the main reason behind it is the huge rounds raised by the unicorns.

With the emergence of strong startup hubs outside of the USA, which are increasingly more appealing to the investors, investment deals continue to plummet in the USA. If the trend continues, early and mid stage startups will suffer the most. The startups have to build a strong investor attractiveness to tide over this investment drought, one of the ways out is to join strong [Startup Pre Accelerators](#) to build upon [commercially viable start-up ideas](#).

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## About YoStartups:

The world today is illuminated with ignited minds and inspiring ideas. More and more youngsters are taking up unconventional journey towards pursuing their dreams. This is an era of connecting possibilities with unlimited opportunities. This is also an age where policies, technologies, and exposure is aiding these fertile ideas into fruitful businesses. We at Yostartups help entrepreneurs globally in this journey by joining the dots through our services.

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