



VIRTUAL REALITY

Q3 Startup Market Trends and Insights

VS/ VENTURE
SCANNER

July 2017

Virtual Reality (VR) report outline

This report provides an overview of the VR technology sector and is broken down into three sections

Sector Description



High-level sector metrics, innovation quadrant, and category definitions

Trends & Insights



Infographics and data points for the virtual reality technology sector

Quarterly Activity



Major funding and exit events from the previous 90 days

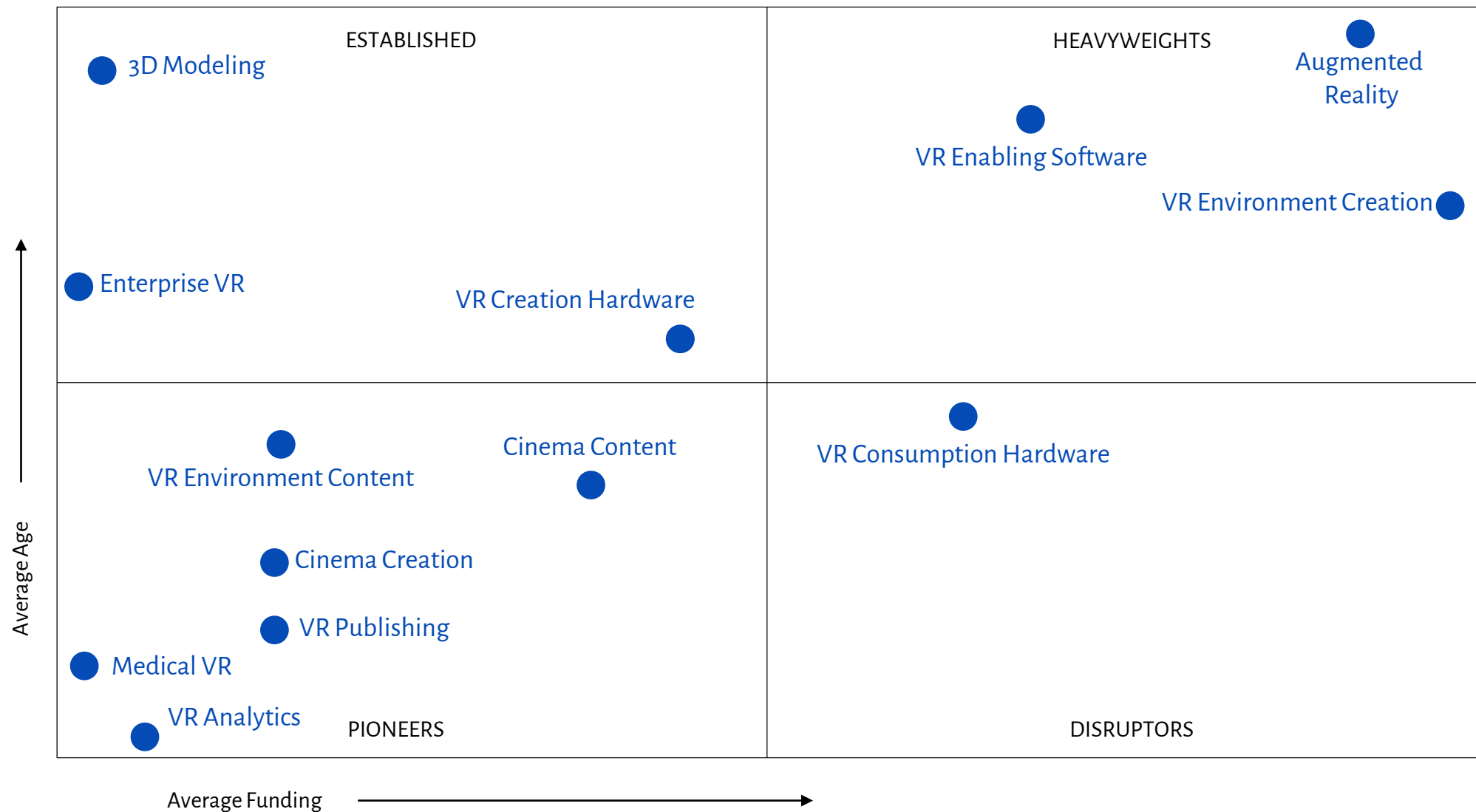
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Sector Description

VR technology startups are creating new businesses in 12 categories



Innovation quadrant for VR



VR startups play in many different categories (1 of 2)

3D Modeling

51 Startups, \$156M Total Funding

Companies that enable users to capture and render objects in 3D

Enterprise Virtual Reality

102 Startups, \$148M Total Funding

Companies that utilize VR for business purposes, including virtual work rooms and data visualizations

Medical/Health Virtual Reality

48 Startups, \$81M Total Funding

Companies that utilize VR for medical purposes, including fitness simulations and meditation spaces

Virtual Augmented Reality

124 Startups, \$2B Total Funding

Companies that create augmented reality solutions, such as social games that interact with the real world

Virtual Cinema Content

111 Startups, \$693M Total Funding

Companies that sell professional-quality VR films and videos to be viewed by customers

Virtual Cinema Creation Platforms

45 Startups, \$251M Total Funding

Companies that enable users to create VR videos, such as motion capture and production software

Virtual Environment Content

272 Startups, \$1B Total Funding

Companies that sell VR environments for a user to experience, such as video games and classrooms

Virtual Environment Creation Platforms

69 Startups, \$1.4B Total Funding

Companies that enable users to create VR environments, such as for video games

VR startups play in many different categories (2 of 2)

Virtual Reality Analytics

17 Startups, \$60M Total Funding

Companies that provide analytics for VR, such as gaze tracking heat maps

Virtual Reality Consumption Hardware

96 Startups, \$1.1B Total Funding

Companies that produce the hardware needed to consume VR content and environments

Virtual Reality Creation Hardware

89 Startups, \$900M Total Funding

Companies that produce the hardware needed to capture VR visual information

Virtual Reality Enabling Software

74 Startups, \$885M Total Funding

Companies that provide software for the development of VR, such as video processing tools

Virtual Reality Publishing/Discovery

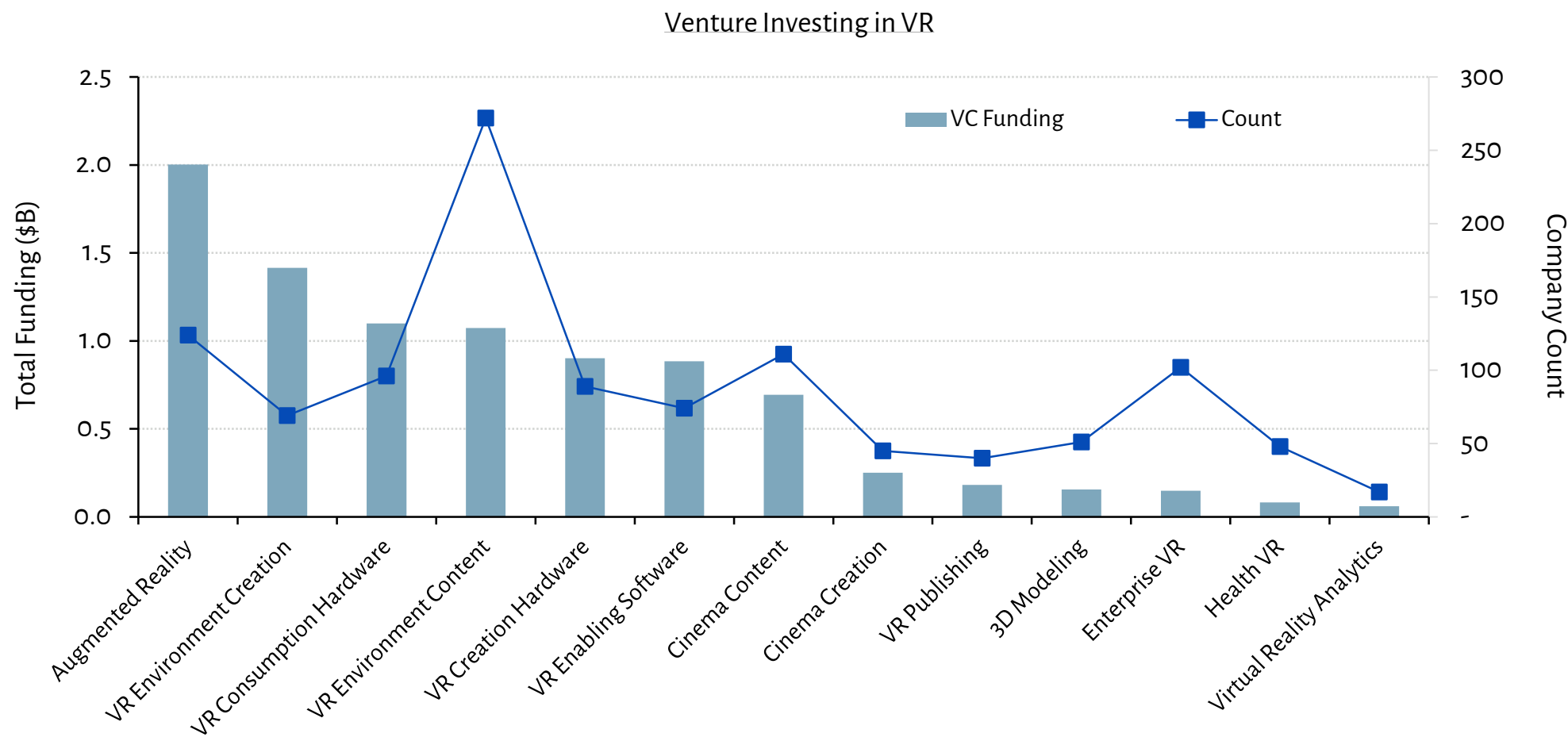
40 Startups, \$181M Total Funding

Companies that enable users to distribute their VR content and make it discoverable by others

Sector Trends & Insights

Investing into the sector is occurring across a variety of categories

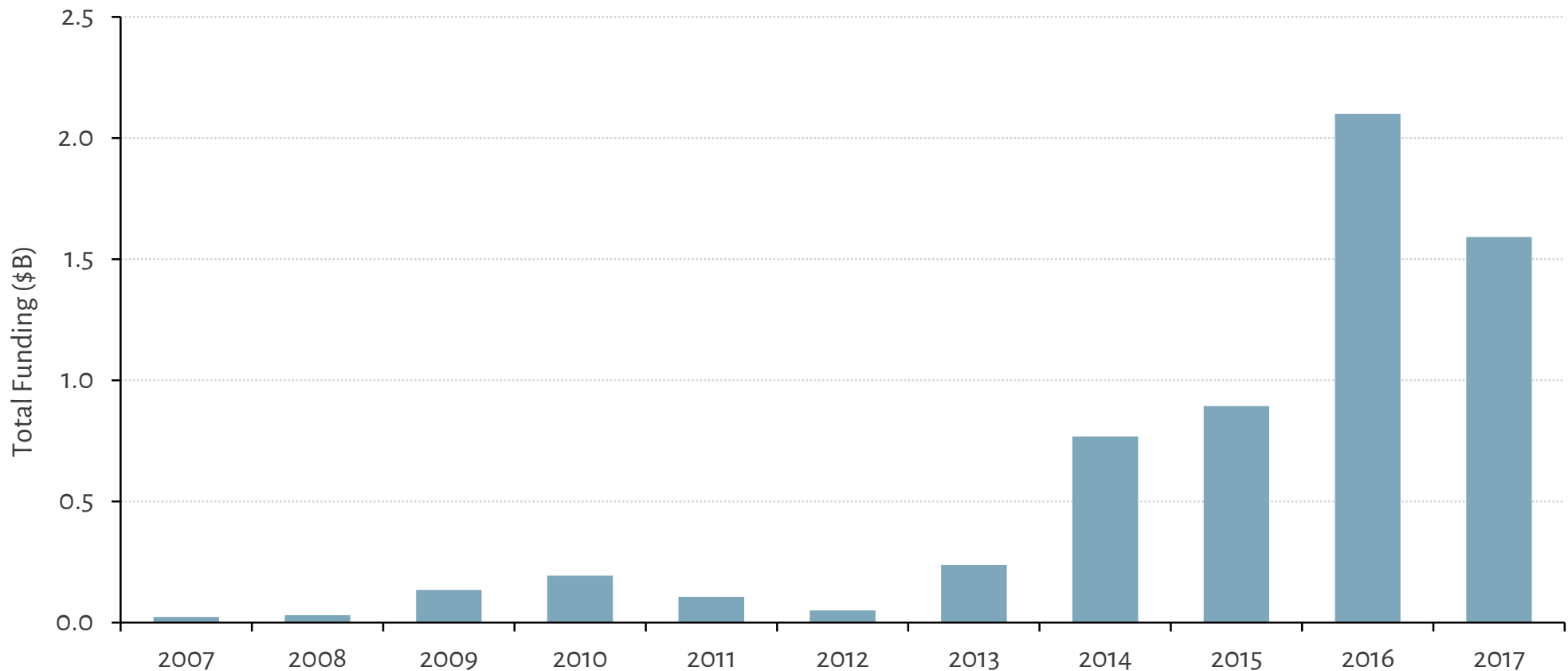
The Augmented Reality category accounts for *22% of venture funding* and *11% of total companies* in the VR sector



VC funding into VR has accelerated in recent years

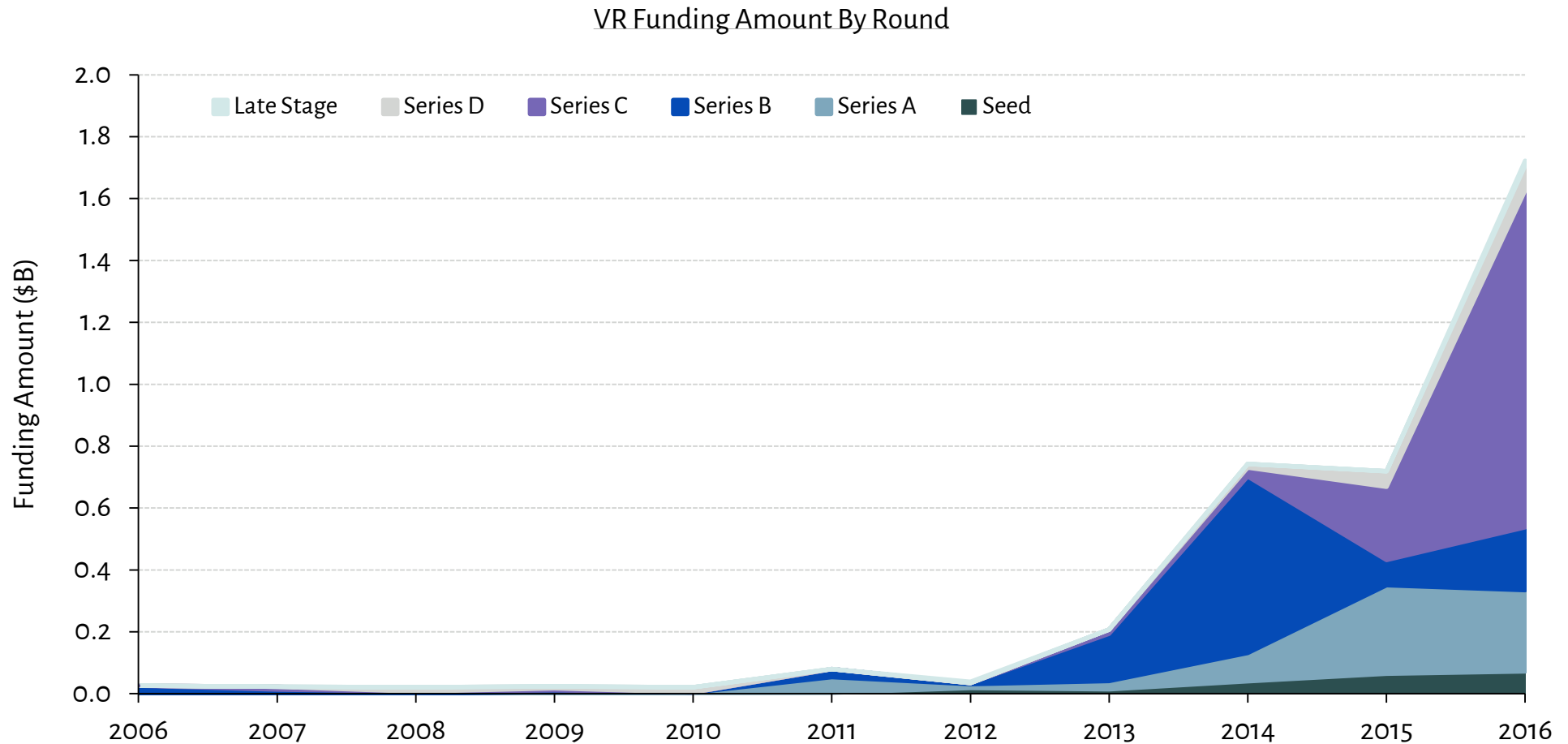
Overall *VR VC funding grew at a CAGR of 82%* from 2011-2016, and 2017 is currently at 76% of 2016 funding

VR Funding Over Time



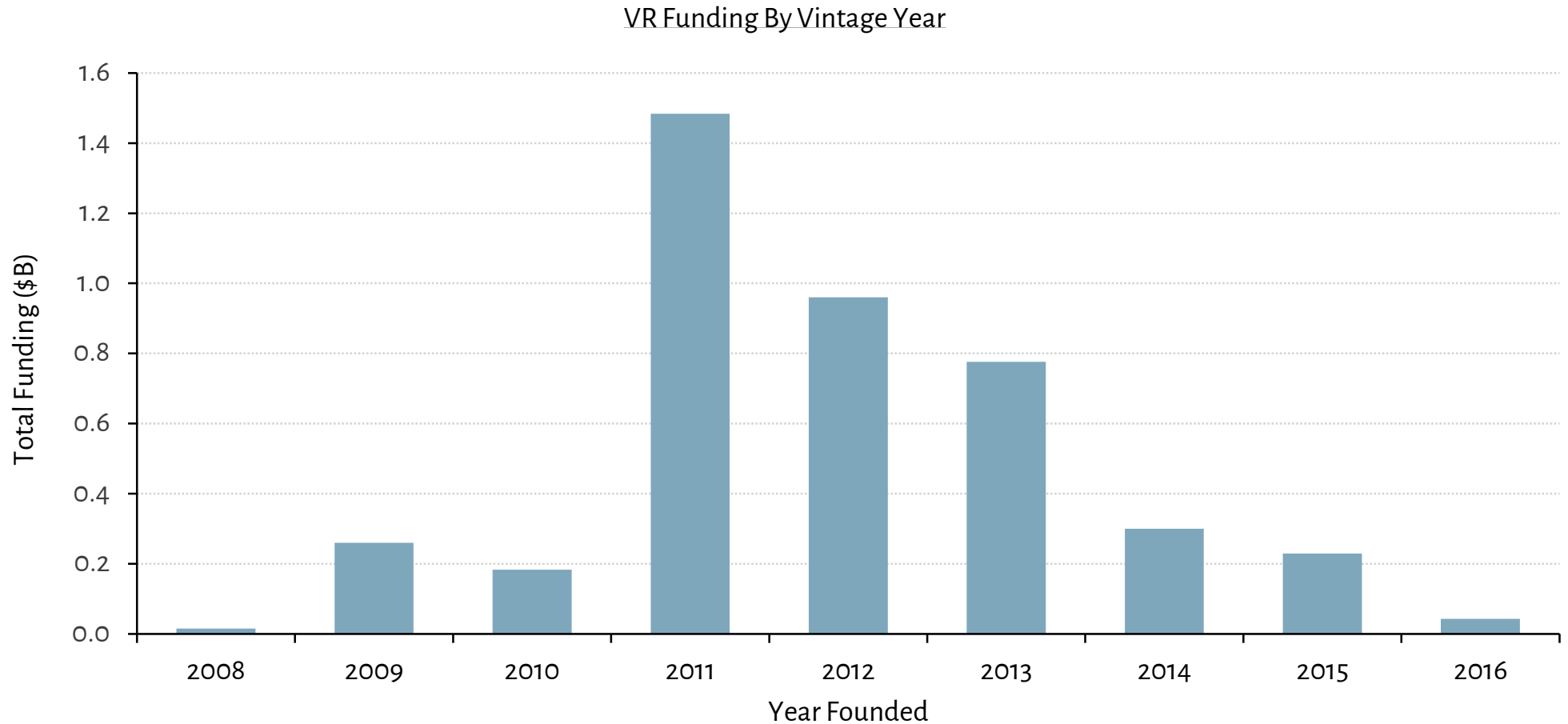
VR funding amounts have shifted significantly to mid-stage events

63% of 2016 VR VC funding went into *Series C* events



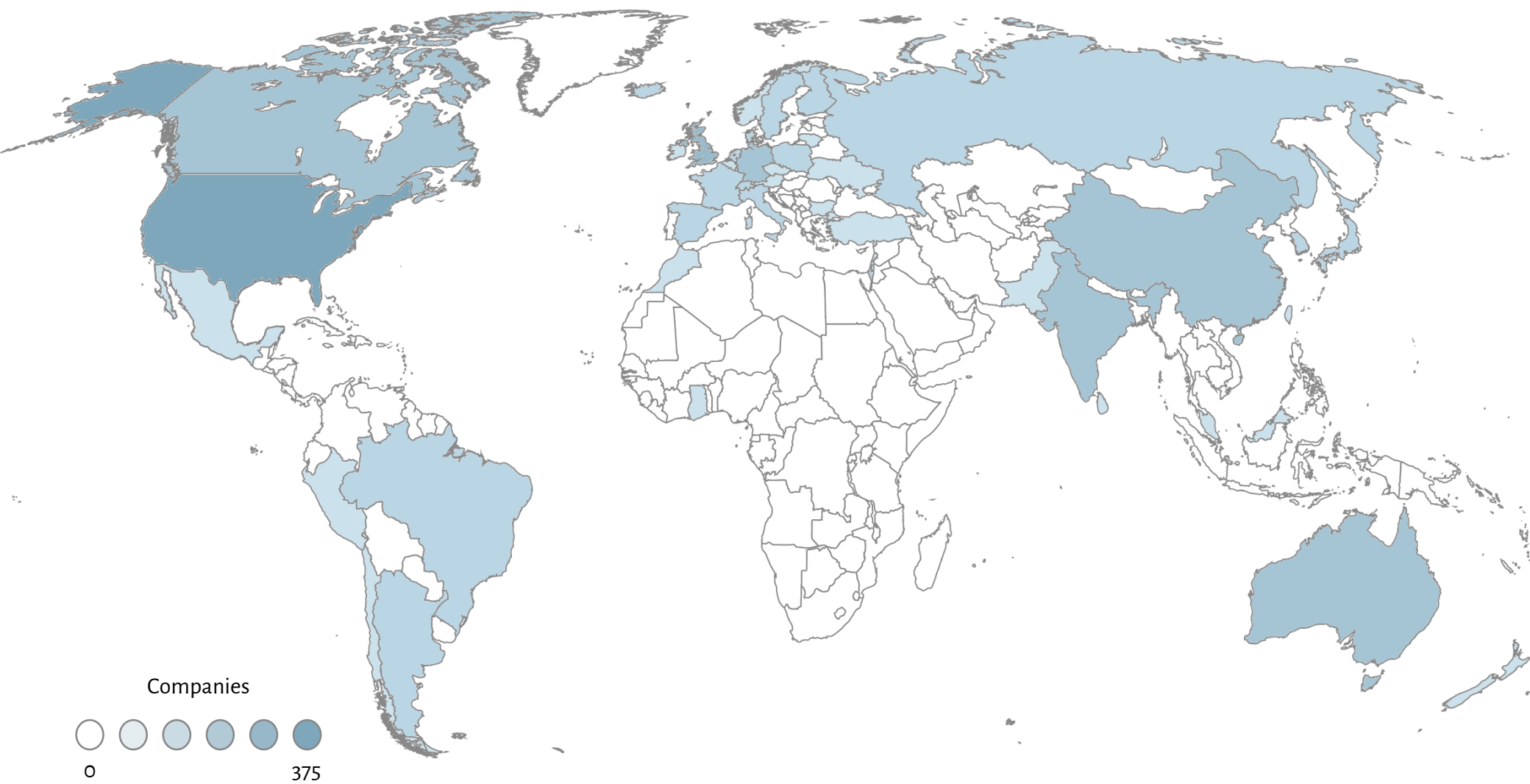
VR startups founded in 2011 lead in VC funding

Startups founded in 2011 account for ***33% of the sector funding*** over the last decade, and include companies like Magic Leap, Noiton, and Niantic

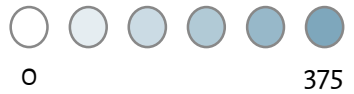


VR startups are a global phenomenon

VR Startup Count by Country

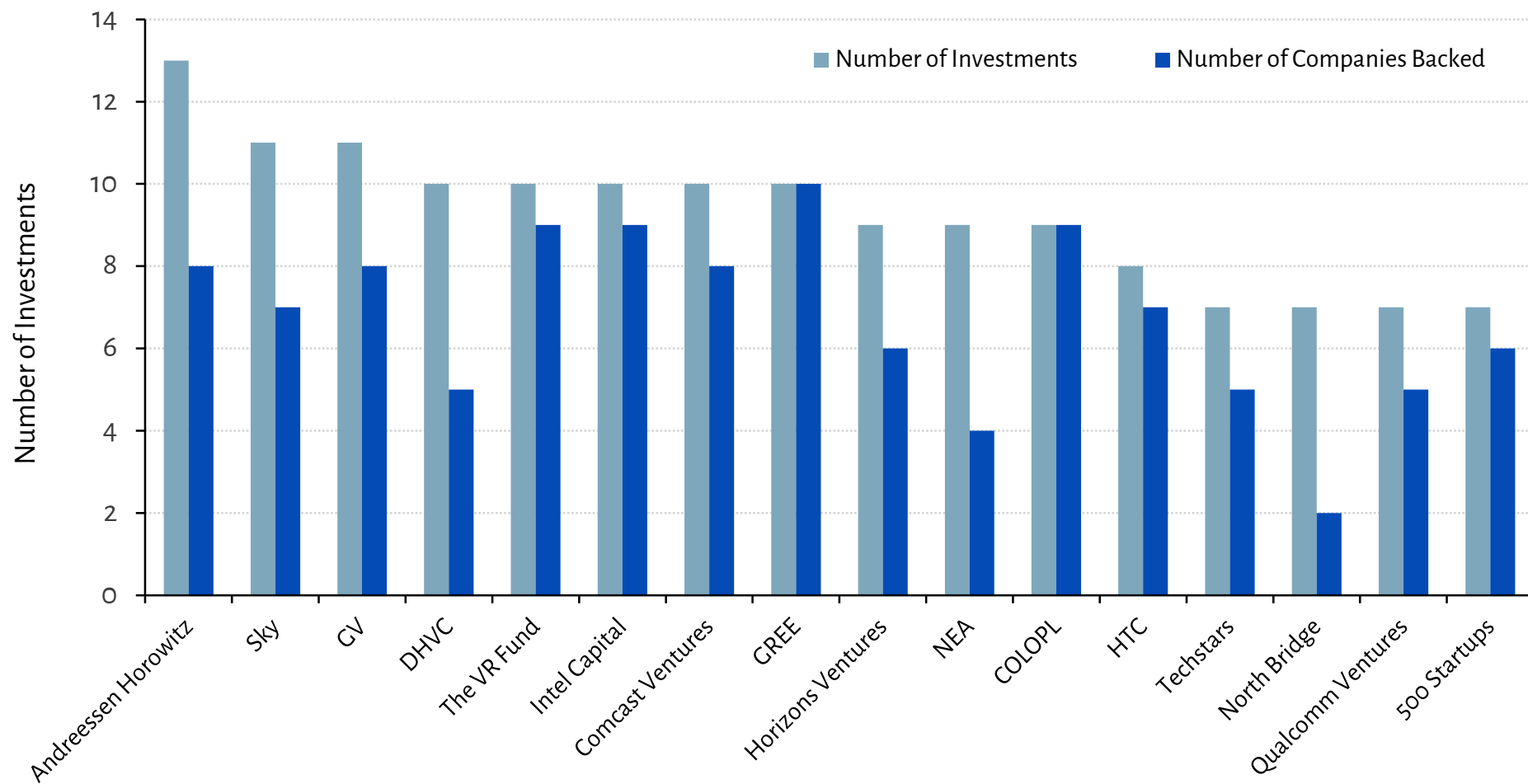


Companies



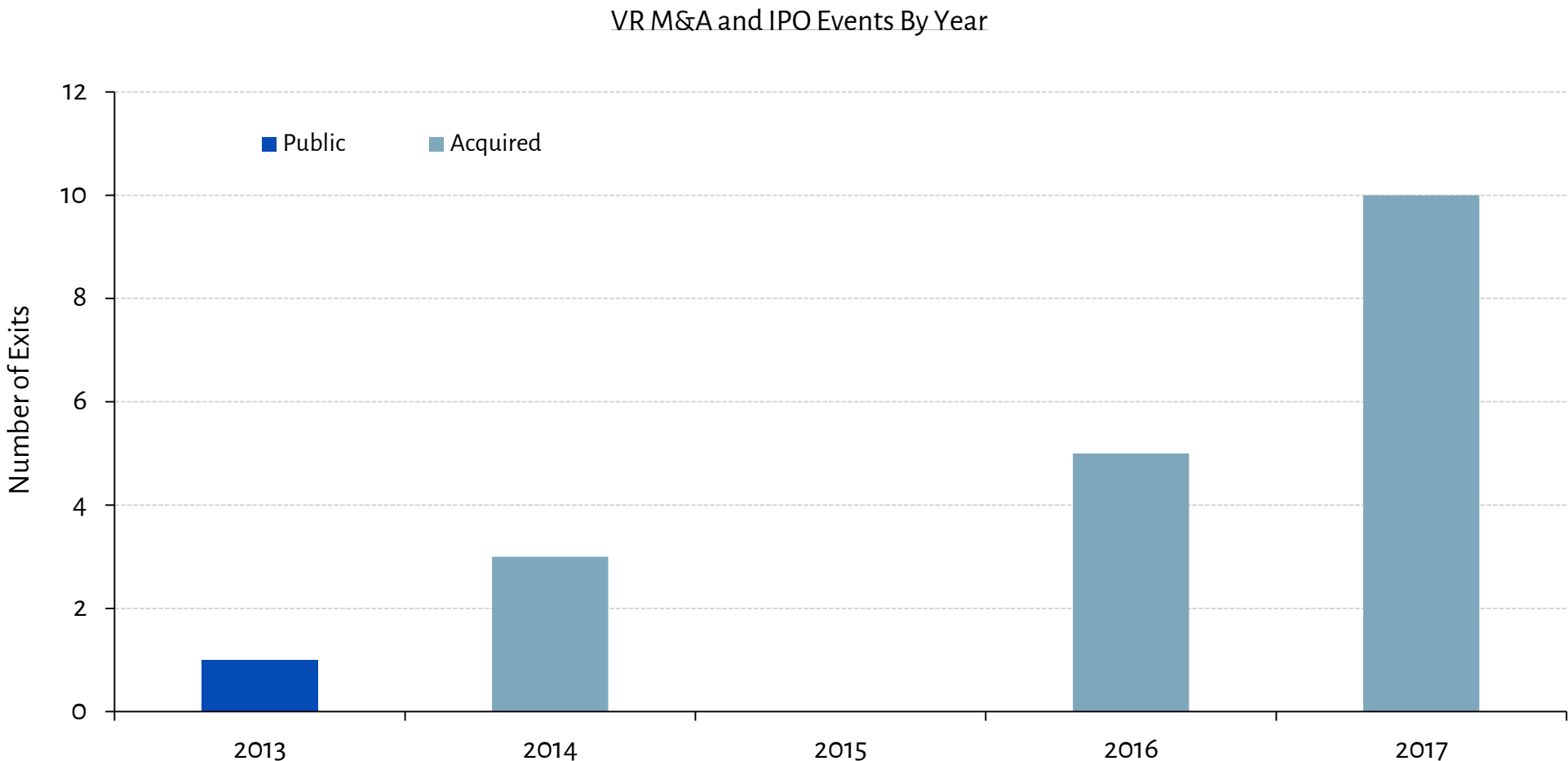
A variety of traditional and corporate investors are making bets into VR

Selected Investor Activity in VR



Exits within the VR space are just beginning

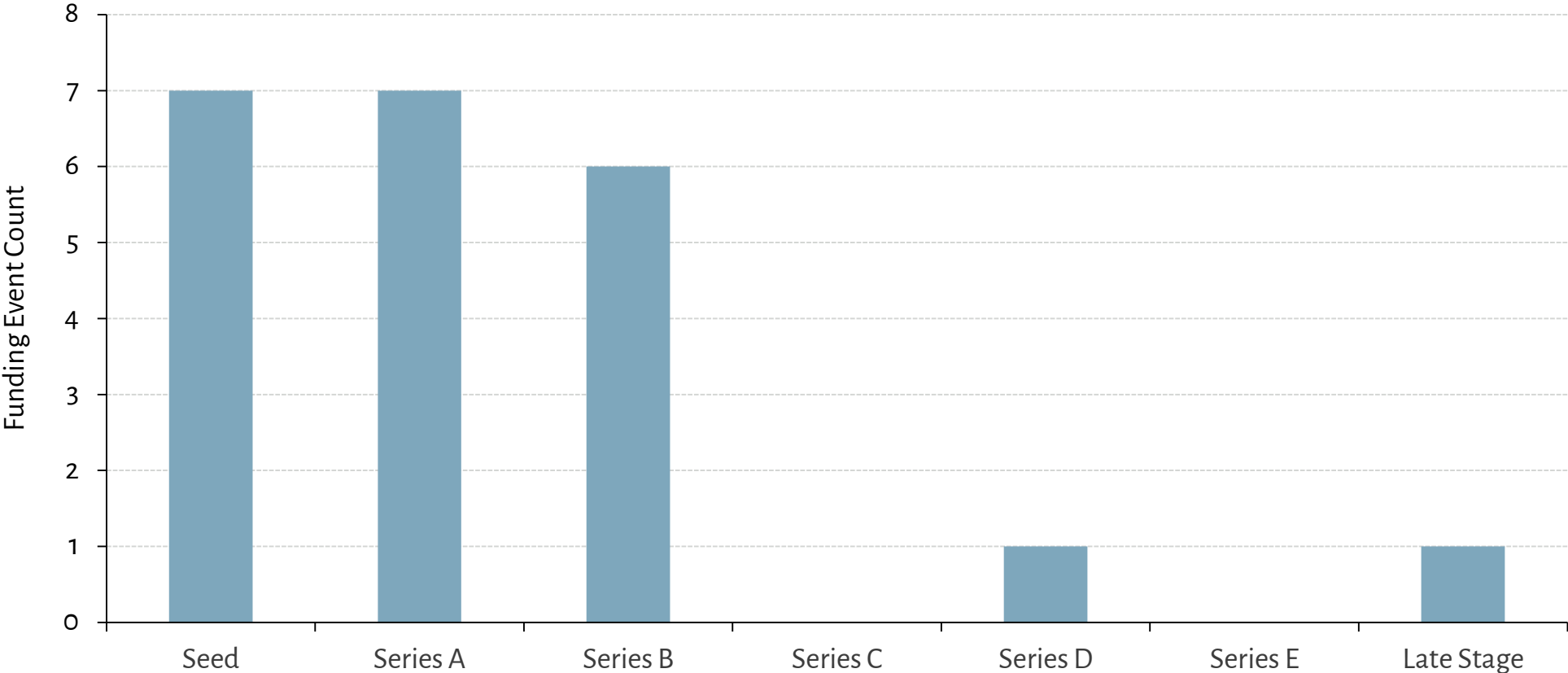
Exit events within the VR sector grew by 400% from 2013 to 2016, and 2017 is already at twice the number of 2016 exit events



Quarterly Notable Events

There have been 27 VR funding events from April 2017 through June 2017






Recent VR Funding Round Counts



Recent VR funding events

VR startups raised ***\$1.4 billion*** from April 2017 through June 2017










Notable Recent VR Funding Events

Company	Funding Type	Amount	Date
	Series B	\$502,000,000	May 11, 2017
	Private Equity	\$400,000,000	May 24, 2017
	Series B	\$300,000,000	Jun 6, 2017
	Series D	\$58,000,000	May 10, 2017
	Series B	\$23,000,000	May 3, 2017

Recent VR exit events

There have been 6 VR exits from from April 2017 through June 2017, all of which were acquisitions

Notable Recent VR Exit Events

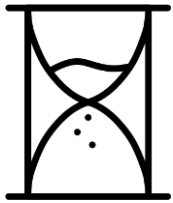
Company	Acquirer	Amount	Date
		\$5,500,000	Jun 16, 2017
 SensoMotoric Instruments		Unknown	Jun 26, 2017
		Unknown	May 10, 2017
XPerception		Unknown	Apr 13, 2017
		Unknown	Apr 10, 2017

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