ARtillery Intelligence

ARtillery Data Brief

2019 AR Funding Exceeds $1.3 Billion
**12/09/19**

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How did funding in the AR sector fare in 2019? This is a common data point measured by investment banks, research firms and VCs. The lasted figures are in from venerable AR news source NextReality, which counts $1.19 billion for the top 10 AR funding rounds of 2019*

Beyond the top 10, NextReality expanded its list this year for the first time to the top 25 funding rounds (listed below). Adding those up gives us a total of $1.36 billion. This doesn't represent total sector funding but is a good sample for directional observation and longitudinal analysis.

Speaking of which, other notable stats from its annual roundup include the following:

— The $1.19 billion aggregate for 2019's top 10 is down from $2.26 in 2018 and $1.82 in 2017.
— Magic Leap, the top-funded company, raised $280 million compared to $1.25 billion in 2018 and $502 million in 2017
— The top three companies in 2019 were more tightly clustered than in past years, separated only by $10 million.
— There were some high-profile flameouts in 2019, including Meta, ODG and Daqri, while others exited below previous funding totals (a veritable down-round), including Leap Motion.

Some of these figures can be argued as incidental (clustering within the rankings), while others likely represent market factors that are very relevant (aggregate funding dip). Either way, the question this all raises is where is AR in its lifecycle as we enter 2020? And where is it headed?
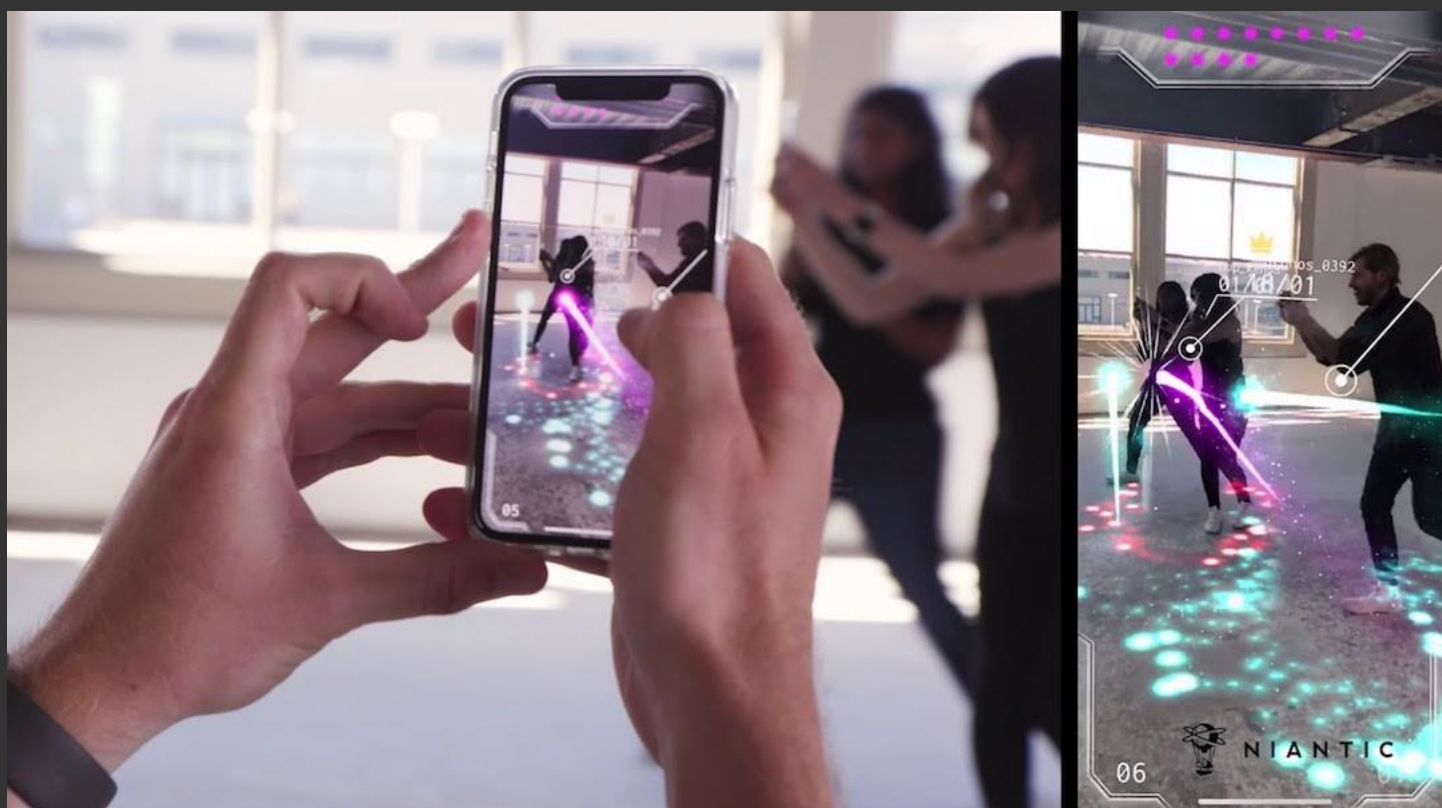
Whenever this question comes up, the go-to explanation is AR's period of repentance in the "trough of disillusionment," of Gartner's Hype Cycle. This is a perfectly valid construct but it's arguably overused in nearly every conference presentation these days on AR's status.

So we've begun to think about AR's lifecycle using a different construct: that of a pendulum. Often in early-stage sectors, a pendulum metaphorically swings in one direction that represents overblown expectations, supply-side saturation and lots of venture funding (arguably too much).

Then, it swings in the other direction as a backlash to the exuberance. That period is defined by sobering realizations that the technology isn't ready, or that it's not gaining the traction previously expected. A shakeout ensues as venture funding pulls back and companies dissolve.

But after the backswing hits its peak, things move towards a happy medium. Markets then progress at a healthy pace, while supply and demand grow in step, albeit slowly. Just like gravity compels the pendulum to the center, market forces compel supply/demand equilibrium.

What follows is a more measured and realistic period of market growth. The previous hockey-stick growth charts give way to slower, but more reliable, industry revenue projections. ARtillery Intelligence's recent AR and VR forecasts characterize this.
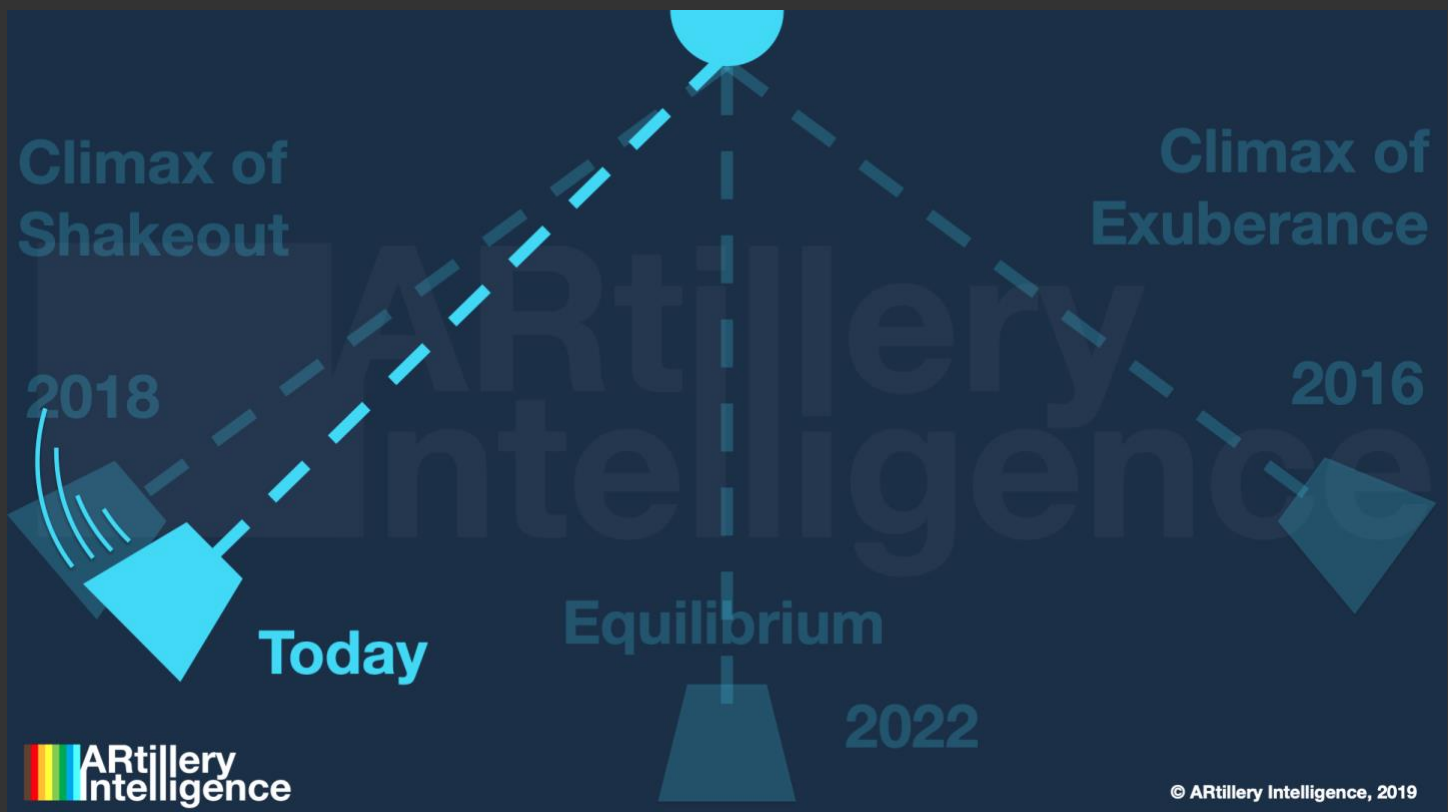
A historical example is the 2000's dot-com bubble. We saw overblown expectations, followed by a backlash/recessionary period. But then around 2002, things moved (slowly) towards measured progress, and the rise of giants like Google, Facebook, and the web 2.0 movement.

Though AR's boom, bust and recovery is likely on a smaller scale, the question is if it follows that pattern… and where we are now. There are some confidence signals that the worst is behind us and we're in that 2002-ish sweet spot where the pendulum is returning to its center.

What are those confidence signals? The highlight reel includes tech giants' massive investments in AR platforms; brand advertising dollars flowing into AR lenses; in-app consumer spending in AR gaming; and of course Apple's looming AR glasses that could accelerate the sector.

We'll be watching closely and will report back on all the signals the AR market reveals in 2020 — the good the bad and the ugly (hopefully not too much ugly). Meanwhile, you can see NextReality's full rankings below.

#25 — Eyecandylab ($1.5 Million)
#24 — DeepMotion ($2.2 Million)
#23 — Medivis ($2.3 Million)
#22 — LIV ($2.6 Million)
#21 — WarDucks ($3.8 Million)
#20 — Upskill ($7.6 Million)
#19 — Scape ($8 Million)
#18 — Scope AR ($9.7 Million)
#17 — Emerge ($12 Million)
#16 — Waveoptics ($13 Million)
#15 — Nreal ($15 Million)
#14 — Augmedix ($19 Million)
#13 — ThreeKit ($20 Million)
#12 — Prophesee ($28 Million)
#11 — Light Field Lab ($28 Million)
#10 — CTRL-Labs ($28 Million)
#9 — North ($40 Million)
#8 — Matterport ($48 Million)
#7 — Mojo Vision ($58 Million)
#6 — DigiLens ($50 Million)
#5 — RealWear ($80 Million)
#4 — Vayyar ($109 Million)
#3 — Niantic ($245 Million)
#2 — Corning ($250 Million)
#1 — Magic Leap ($280 Million & counting)

* Some companies are more "AR" than others in terms of the degree the technology drives their core businesses. AR is core to Digilens and Magic Leap, more so than Corning and Matterport. This doesn't invalidate the list but should be acknowledged in any strategic takeaways.

Video Companion

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About ARtillery Intelligence

ARtillery Intelligence chronicles the evolution of spatial computing. Through writings and multimedia, it provides deep and analytical views into the industry's biggest players, opportunities and strategies.

Run by analysts and former journalists, coverage is grounded in a disciplined and journalistic approach. It also maintains a business angle: Though there are lots of fun and games in spatial computing, cultural, technological and financial implications are the primary focus.

Products include the AR Insider publication and the ARtillery PRO research subscription, which together engender a circular flow of knowledge. Research includes monthly narrative reports, market-sizing forecasts consumer survey data and multi-media, all housed in a robust intelligence vault.

Learn more **here**.

About Data Briefs

ARtillery Data Briefs are research deliverables that are assembled weekly by ARtillery Intelligence analysts to document the market trends and events they're tracking.

About the Author

Mike Boland was one of Silicon Valley's first tech reporters of the Internet age, as a staff reporter for *Forbes* (print) starting in 2000. He has been an industry analyst covering mobile and social media since 2005, and is now Chief Analyst of *ARtillery Intelligence* and Editor-in-Chief of *AR Insider.*

Mike is a frequent speaker at industry conferences such as AWE, VRLA and XRDC. He has authored more than 120 reports and market-sizing forecasts on the tech & media landscape. He contributes regularly to news sources such as *TechCrunch*, *Business Insider* and the *Huffington Post.*

A trusted source for tech journalists, his comments have appeared in A-list publications, including *The New Yorker*, *The Wall Street Journal* and *The New York Times.*

Further background, history and credentials can be read **here.**

Methodology

This brief highlights *ARtillery Intelligence* viewpoints, gathered from its daily in-depth coverage of spatial computing. To support narratives, data are cited throughout the report. These include *ARtillery Intelligence* original data, as well as that of third parties. Data sources are attributed in each case.

For market sizing and forecasting, *ARtillery Intelligence* follows disciplined best practices, developed and reinforced through its principles' 15 years in tech-sector research and intelligence. This includes the past 3 years covering AR & VR exclusively, as seen in research reports and daily reporting.

Furthermore, devising these figures involves the "bottom-up" market-sizing methodology, which involves granular revenue dynamics such as unit penetration, pricing and growth patterns. More on ARtillery Intelligence market-sizing research and methodologies can be read **here.**

Disclosure and Ethics Policy

ARtillery Intelligence has no financial stake in the companies mentioned in this report, nor was it commissioned to produce it. With respect to market sizing, *ARtillery Intelligence* remains independent of players and practitioners in the sectors it covers, thus mitigating bias in industry revenue calculations and projections.

ARtillery Intelligence's disclosure and ethics policy can be seen in full **here.**

Contact

Questions and requests for deeper analysis can be submitted **here.**