pilot

H1 2026

H1 2026
VC Market Insights

by the Pilot CFO Services Team

A Word From Our General Manager

In H1 2026, the venture market set new records, but the **momentum came from a small number of outsized deals, driven overwhelmingly by AI**. We don't expect these dynamics to shift much in H2. High-profile IPOs are on the horizon, but liquidity will take time to flow back into the venture ecosystem, and **fundraising will remain competitive, with the strongest outcomes concentrated at the top**.

In a competitive market, deliberate decision-making matters more than ever. Here's how we can help:

- ❏ **Benchmark your capital efficiency:** Track your burn multiple, margins and runway, so decisions on hiring and spend are grounded in actual numbers.
- ❏ **Build visibility into your AI spend:** Understand where AI costs are showing up and how to track them.
- ❏ **Stress-test your pricing model:** Think through pricing levers and value metrics, especially for embedded AI features, so you capture the value you deliver without stalling growth.
- ❏ **Optimize spend by department:** Build ROI frameworks and consolidate vendors across departments, so spend scales with what's actually driving output.
- ❏ **Build a capital strategy, not just a budget:** Take a holistic approach, balancing path to profitability, fundraising timing, and runway - so you can stay nimble in a selective market.

Want to discuss what these trends mean for your business or suggest a topic for our next issue?
Email me at Neha.Banik@CFO.Pilot.com. We're here to help and would love to hear from you.

Neha Banik
General Manager, CFO Services

Neha Banik

Table of Contents

Executive Summary

5 Trends You Need to Know

TREND

No. 1

Capital is concentrating among fewer companies at the very top of the market.

Pilot's proprietary dataset shows that nearly half of VC-backed technology startups have less than 12 months of runway. This reflects growing liquidity pressure driven by concentration, with ~87% of capital in H1 being deployed across mega deals.

TREND

No. 2

AI investment is broadening across foundation model, application-layer, and infrastructure companies.

AI accounted for ~86% of H1 deal value and ~43% of deal count. Outside AI, defense tech and cybersecurity also drew investor interest amid elevated geopolitical tensions.

TREND

No. 3

Round sizes at Series A have risen sharply.

Half of all early-stage deals as of Q1 this year exceeded $10M, the highest share in a decade. Median Series A deal size reached $19.4M in H1 2026, nearly triple 2020's $7.5M.

TREND

No. 4

Valuations have surpassed their 2021 peaks across every stage.

Median pre-money valuations have risen more than 80% across Series A–C and have more than doubled at pre-seed, seed, and Series D+. Valuation step-ups are even stronger for AI companies, averaging 2.2x, compared with 1.6x for non-AI companies.

TREND

No. 5

Capital raised is increasingly flowing into a handful of megafunds.

The average VC fund size increased to $188M (vs. $98M in 2025), with established managers capturing 89% of all capital raised, the greatest share in a decade. Three firms alone - Andreessen Horowitz, Thrive Capital, and Founders Fund - accounted for 48%.

Source: Pilot Proprietary Data: ~1,000 cash-burning VC-backed technology startups as of Q2 2026 & Pitchbook / NVCA Venture Monitor Q2 2026.

Pilot Proprietary Data Trends

Cash Runway

Pilot’s proprietary data shows runway pressure is rising as capital concentrates in the top AI winners

TAKEAWAYS

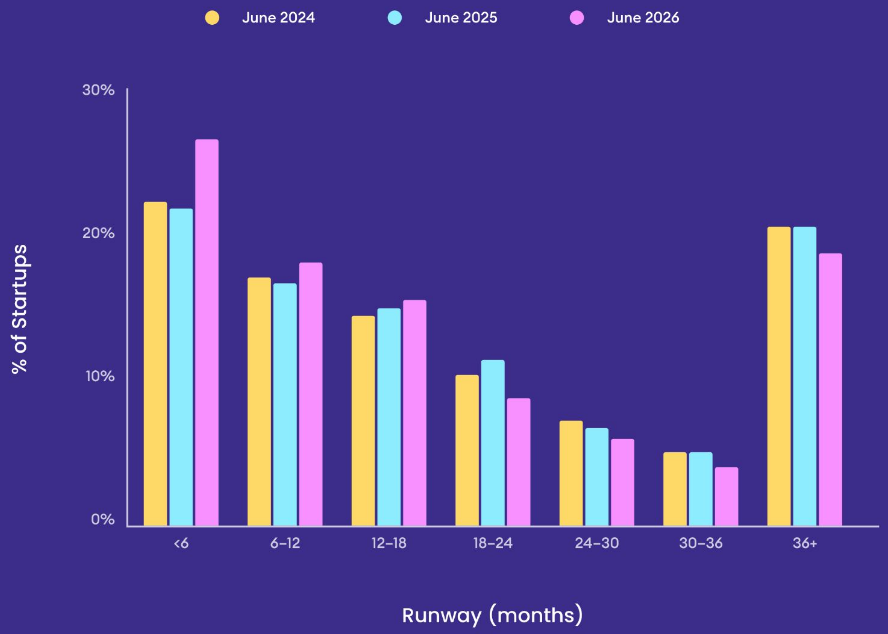
The share of companies with under 12 months of runway rose **from 41% in June 2024 to 47% in June 2026**, signaling tighter cash positions among cash-burning companies, as capital concentrates at the top of the market. Follow-on funding is harder to land without a top-tier AI or category-leader story.

Capital efficiency is improving

Pilot's Capital Efficiency Index shows burn-to-growth ratios have fallen sharply over the past 2 years as leaner, AI-enabled teams do more with less. Efficient growth is a more viable path for some companies, as they weigh whether and when to raise.

For our clients, we’re leaning in: running vendor-spend audits, tracking department-level burn, and extending runway through disciplined cost management.

Average Cash Runway of Unprofitable Technology VC-Backed Startups



Source: Pilot Proprietary Data: ~1,000 cash-burning VC-backed technology startups as of Q2 2026. Note: The analysis is based on data from companies active during the specified period, rather than tracking a consistent cohort of companies over time.

How Pilot CFO helped Shade raise a $14M Round

shade

ABOUT SHADE

Shade is building the intelligent file system for creative teams.

One platform to store, stream, search, review, and archive every media asset — **replacing six or seven legacy tools with a single source of truth.**

Since launch, Shade has ingested 60M+ assets in 9 months, working with major brands, agencies, and sports organizations.

LEAD INVESTORS

Khosla Ventures • Construct Capital • Bling Capital

EXISTING INVESTORS

General Catalyst • SignalFire • Contrary

New capital funds UX, AI search, and workflow automation

HOW PILOT HELPED

Ahead of the raise, the Pilot CFO team delivered:

- ✓ **Investor-ready financial model** aligned to the roadmap
- ✓ **KPI reporting & diligence materials** investors needed
- ✓ **Use-of-funds plan to guide capital allocation**
- ✓ **Post raise:** Revenue strategy, cash management & capital allocation

From Brandon Fan, CEO & Co-Founder at Shade

"The team at Pilot and CFO services has been crucial to get an accurate view of our business. They helped build our operating model from scratch and enabled us to fundraise for the last round. Since then they've continued to be fully supportive to help us do solid planning and modeling for the rest of the year.

It's been great to have someone for actual work before we needed to bring in a full-time in-person hire. They act like an extension of our team."

Pilot Fundraising Track Record

We help founders across every stage and industry raise, and stay capital-efficient long after the round

Proven track record helping our clients scale

$10B+
Capital raised

25+
Active fundraises

350+
Total fundraises

Industry specialization for a customized experience

- AI, SaaS and Technology
- Creative and Marketing Agencies
- E-Commerce and Retail
- Healthtech, Telehealth and Medtech
- Consulting, Finance, and Law Firms
- Manufacturing and Design
- Hardware and Wearables

Investors we have worked with & that have backed our clients

GENERAL CATALYST
andreessen. horowitz
FOUNDERS FUND
Bessemer Venture Partners
Lightspeed
Index Ventures
TIGERGLOBAL
greylock
INSIGHT PARTNERS
VMG

Preparing for a raise or thinking ahead to your next round? **Set up time with Pilot's CFO team →**

VC Market and Fundraising Trends

VC Deals by Value

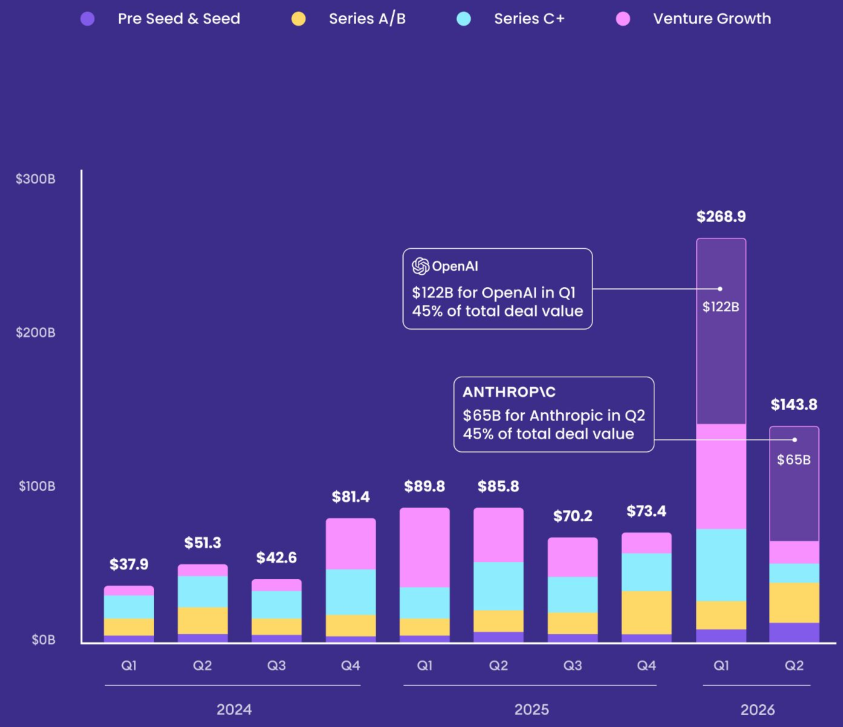
Deal value increased ~135% between H1 2025 and H1 2026

TAKEAWAYS

H1 2026 saw a record **~$412.7Bn in total deal value**, powered by **OpenAI's $122Bn financing** in Q1 ($268.9Bn) and **Anthropic's $65Bn round** in Q2 ($143.8Bn). The ~47% QoQ decline was concentrated in the largest rounds - deal value below $100M held roughly flat QoQ - pointing to timing of megadeals not a broader pullback.

Venture Growth deal value surged 230% YoY to $280.3Bn, accounting for two-thirds of total H1 dollars. Pre-Seed/Seed and Series A/B stages grew far more modestly (+3% and +100%, respectively) off a much smaller base.

Outlook: AI mega-rounds are expected to keep anchoring headline totals. Capital remains available, but it is increasingly concentrated among a small group of category-defining AI companies.



Source: Pitchbook / NVCA Venture Monitor Q2 2026. Note "Venture Growth" includes Series E+ financings.

VC Deals by Count

Deal count fell ~6% from H1 2025 to H1 2026, even as deal value more than doubled

TAKEAWAYS

Deal count declined across the market, with the **steepest drops at later stages.** Series C+ and Venture Growth deal counts fell 13% and 14% YoY, while Pre-Seed/Seed and Series A/B were down just 3% and 1%.

A few mega deals drove the surge in deal value despite lower activity. The median-to-average gap shows the concentration. In Q1 2026, the median Series C round was $75M, compared with an average of $124.6M.

Takeaway: 7,541 deals closed in H1 2026, down 6% YoY, even as overall deal value more than doubled. **The market isn't funding more companies. Capital is concentrating in fewer, much larger rounds.**

Source: Pitchbook / NVCA Venture Monitor Q2 2026. Note "Venture Growth" includes Series E+ financings.

VC Deals by Industry

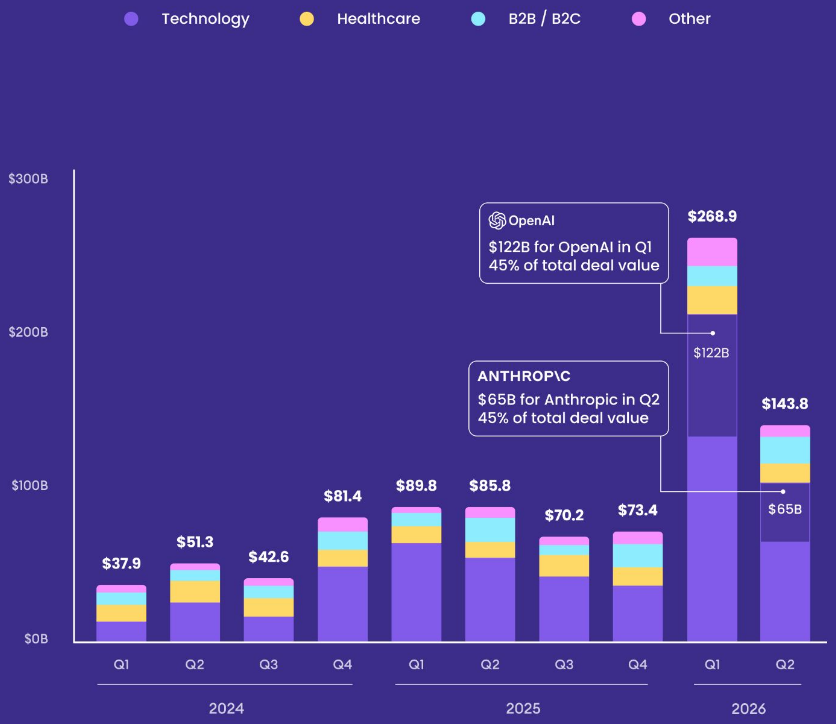
Technology (incl. AI) reached 77% of total H1 2026 deal value

TAKEAWAYS

Technology's share of deal value climbed 10 points YoY. Q1's five largest rounds - OpenAI, Anthropic, xAI, Waymo, and Databricks - accounted for ~73% of quarterly value. Q2 added seven more $1Bn+ rounds, including Anthropic, Anduril, and Cognition, totaling $87.2Bn.

In H1, Technology (incl. AI) accounted for 77% of total VC deal value (+10 pts YoY), compared to Healthcare at 6% (-7 pts YoY) and B2B/B2C at 9% (-4 pts YoY).

AI, specifically, now accounts for 86% of VC deal value, underscoring its central role in where capital is flowing. Defense tech and cybersecurity also gained interest amid elevated geopolitical tensions.



Source: Pitchbook / NVCA Venture Monitor Q2 2026
Note: B2B includes Commercial Products & Services and B2C includes Consumer Goods & Services

If you have any questions or suggestions for the next issue, please reach out to the Pilot CFO Services Team:

Neha.Banik@CFO.Pilot.com