pilot

H1 2025

Mid-Year 2025 VC Market Insights

by the Pilot CFO Services Team

Table of Contents

Executive Summary

A Word From Our General Manager

In H1 2025, VC fundraising reflected a continued shift toward fewer, larger deals. While deal volumes remain below pre-2022 levels, deal sizes have ticked upward, signaling a continued shift toward larger, high-conviction bets, particularly in the AI sector. Pilot proprietary data shows that the share of unprofitable VC-backed companies with over 36 months of runway reached 24% in Q2 2025 - its highest level in two years. This suggests that despite tighter activity, well-positioned startups are finding ways to extend their runway & financial durability in today's environment.

Our outlook for H2 2025 remains cautiously optimistic. While macro uncertainty persists - spanning Fed interest rate policy, trade, and geopolitics - tailwinds like full R&D expensing under the "Big Beautiful Bill" are likely to ease cash flow pressure. With capital deployment still disciplined, we're focused on helping founders extend runway and drive capital-efficient growth.

If you have any questions or suggestions for our next issue, please let us know at CFO-Insights@Pilot.com.

We're here to help and would love to hear your thoughts.

Cole Levin

Cole Levin
General Manager, Consulting Services

5 Trends You Need to Know

TREND
No. 1

The % of tech companies with more than 36 months of runway has increased 6% since H1 2023, while shorter runways remained largely unchanged. Based on runway data, our analysis indicates selective capital allocation amid ongoing funding challenges.

TREND
No. 2

VC deal value in Q2 2025 is up ~40% YoY. Much of this growth was fueled by massive AI deals, but also by a shift in strategy. Founders are raising larger rounds upfront to extend runway, while VCs are concentrating capital into fewer companies with strong fundamentals.

TREND
No. 3

While deal value in Q2 2025 increased, deal count fell 13% YoY, signaling a shift toward fewer, larger bets. Investors are doubling down on high-conviction deals, while early-stage activity shrinks, with sub-$5Mn rounds hitting a decade-low share.

TREND
No. 4

Tech companies accounted for over 60% of H1 2025 deal value, fueled by standout raises like OpenAI's $40Bn and Scale AI's $14.3Bn. Despite concerns around tariffs and macro volatility, funding in AI has remained strong.

TREND
No. 5

While capital demand continues to outpace supply across all stages, the gap narrowed slightly from 2024 highs, particularly at the venture growth stage, due to a growing number of VC deals in H1 2025.

Source: Pilot Proprietary Data: ~1,000 cash-burning technology startups as of Q2 2025 & Pitchbook / NVCA Venture Monitor Q2 2025.

Pilot Proprietary Data Trends

Cash Runway

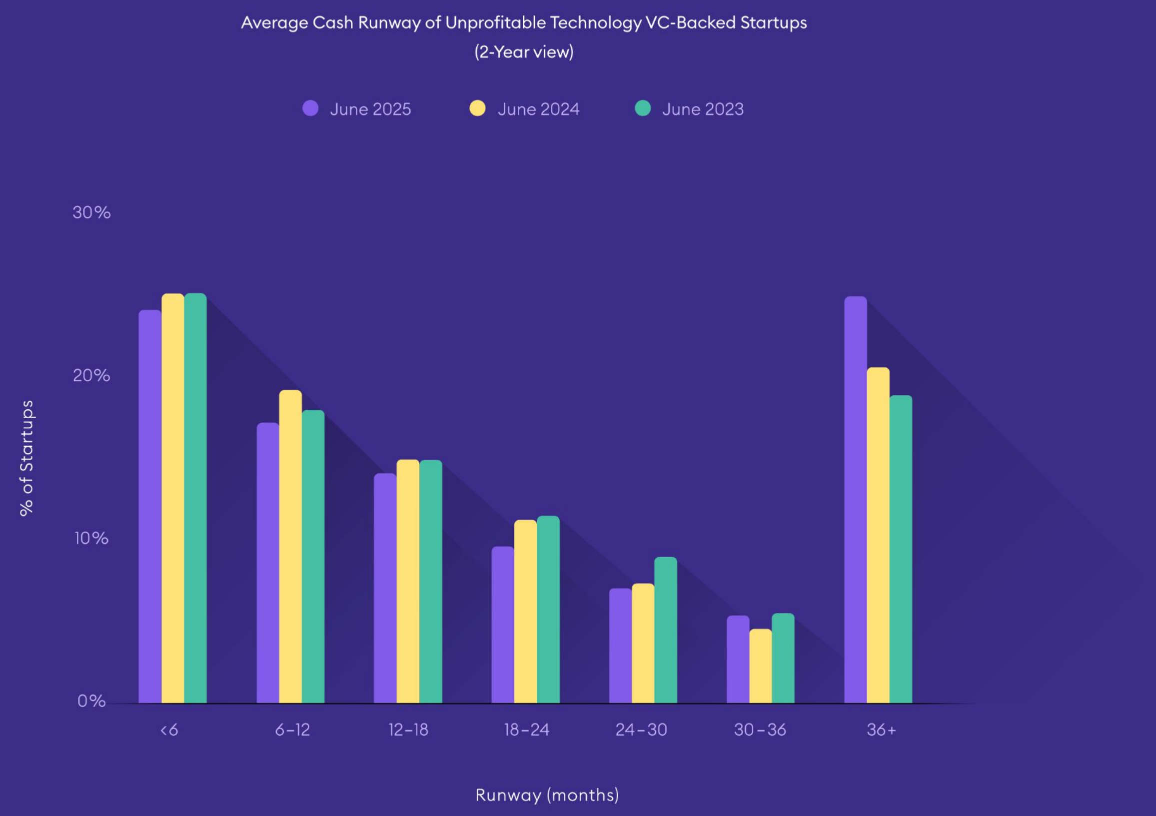
According to Pilot proprietary data, a higher % of companies have >36 months of runway

TAKEAWAYS

Pilot proprietary data shows the **share of unprofitable, venture-backed companies with more than 36 months of runway rose to 24% in Q2 2025,** up from 18% in Q2 2023, the highest level in two years.

Meanwhile, the proportion of companies with less than 36 months of runway has remained relatively stable. The increase in the >36-month cohort likely reflects a subset able to raise larger funding rounds. This suggests **slight improvement for companies securing stronger investor backing.**

While broader funding conditions remain tight, the uptick in longer-runway companies is a positive signal. We continue to view runway as a lagging indicator and will monitor trends in coming quarters.



Source: Pilot Proprietary Data: ~1,000 cash-burning technology startups as of Q2 2025. Note: The analysis is based on data from companies active during the specified period, rather than tracking a consistent cohort of companies over time.

VC Market and Fundraising Trends

VC Deals by Value

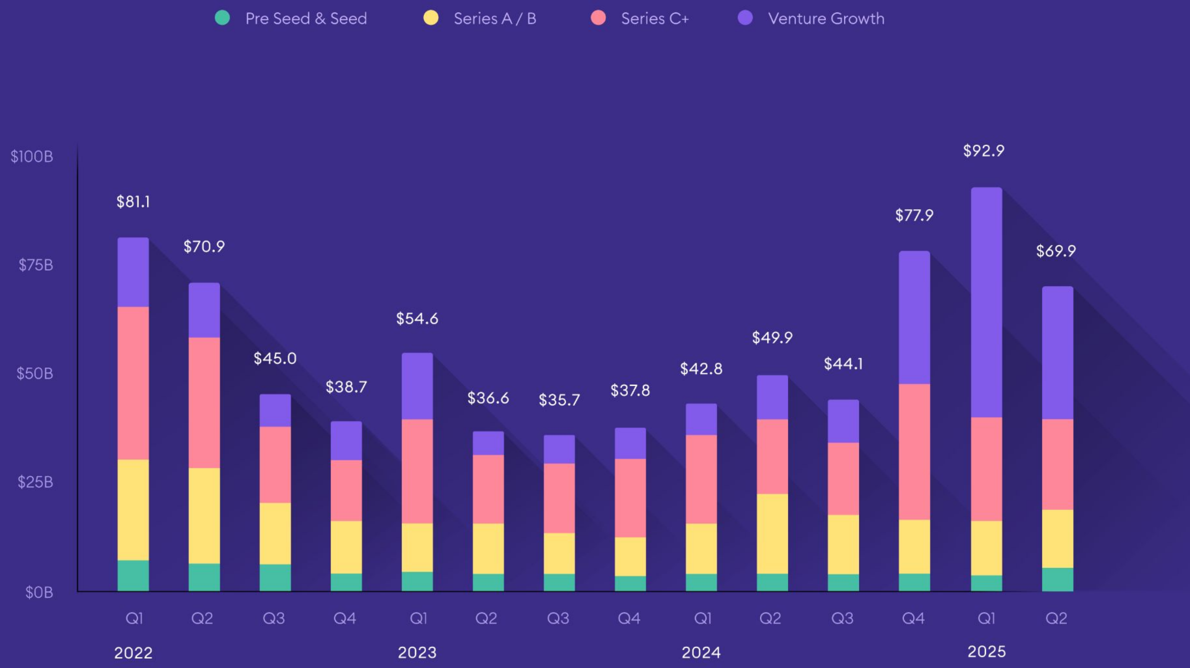
Deal value increased ~75% between H1 2024 and H1 2025

TAKEAWAYS

H1 2025 saw **~$163Bn in total deals** driven by a blockbuster Q1 ($92.9Bn), followed by a softer Q2 ($69.9Bn). The 25% QoQ decline underscores ongoing market selectivity and an absence of mega-deals like **OpenAI's $40Bn raise in Q1.** While Scale AI's $14.3Bn raise was the largest in Q2 (and 2nd largest VC deal ever), it fell short of matching the scale of Q1's outlier activity.

Median deal sizes climbed across all stages in Q2 2025, reflecting a preference for larger, fewer rounds.

Outlook
H1 2025 confirms a **bifurcated market**: capital is available, but only for winners with strong fundamentals. AI's share of capital may normalize slightly, but the sector is likely to continue setting the tone for megadeals.



Source: Pitchbook / NVCA Venture Monitor Q2 2025. Note "Venture Growth" includes Series E+ financings.

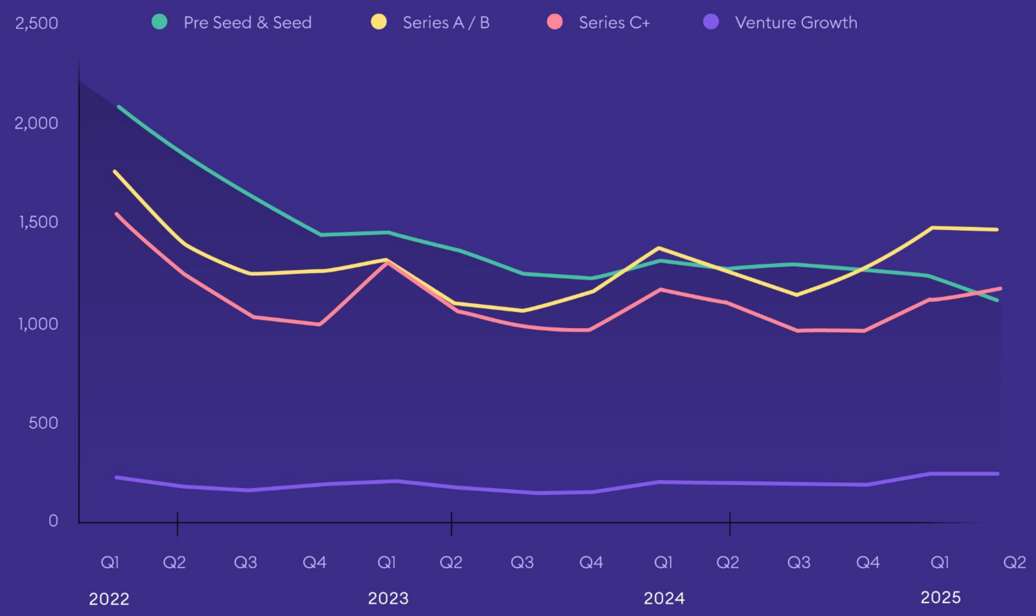
VC Deals by Count

Deal count increased 3% between H1 2024 and H1 2025

TAKEAWAYS

H1 2025 deal count increased 3% YoY, with Q2 down 10% vs. Q1 2025. The **sharpest pullback came from pre-seed and seed rounds, suggesting growing investor caution** and a shift away from riskier, early-stage bets.

The Q2 slowdown underscored continued caution across the market. Capital is increasingly concentrated in a small set of high-quality startups, as the gap between strong and struggling companies grows wider. Investors are writing large checks, but only for teams with clear execution and strong fundamentals.



Source: Pitchbook / NVCA Venture Monitor Q2 2025. Note "Venture Growth" includes Series E+ financings.

VC Deals by Industry

Tech deals continue to dominate, accounting for over 60% of total H1 2025 deal value

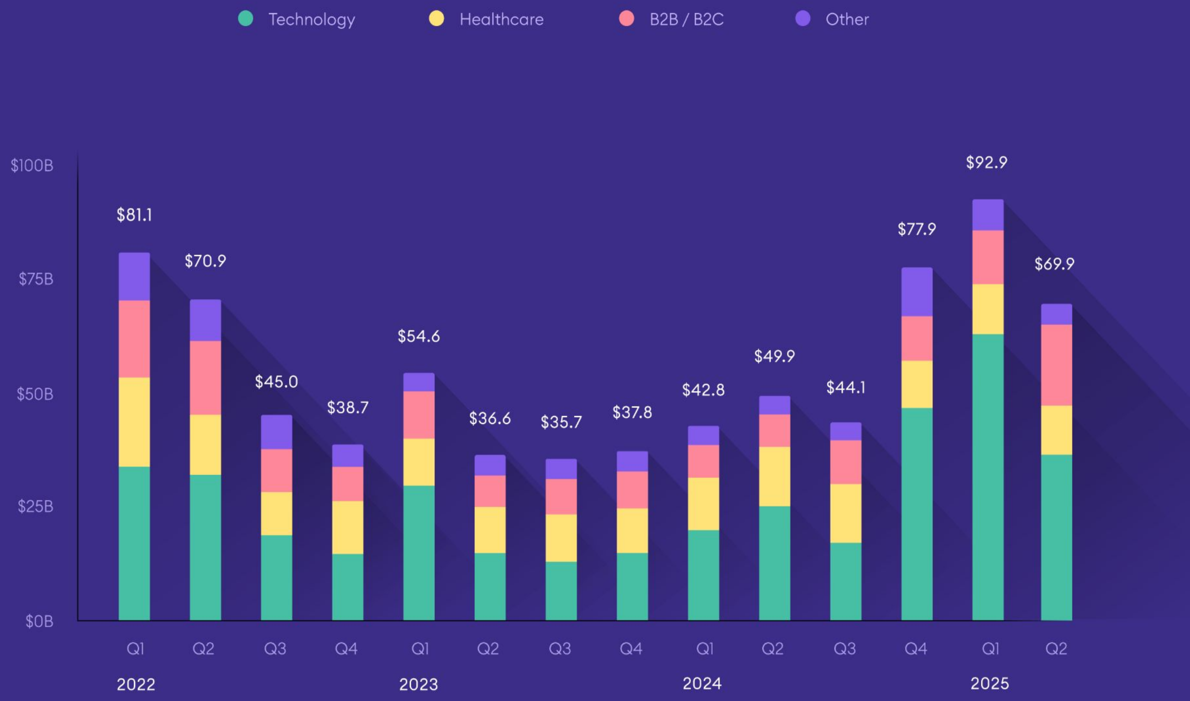
TAKEAWAYS

The **trend of outsized AI investments accelerated in H1 2025, with tech deals making up over 60% of total deal value**. In Q2 alone, 5 AI deals were greater than $1Bn, including Scale AI, Safe Superintelligence, Anduril, Grammarly, and Thinking Machine Labs.

As a percentage of total deal value, the following shows a breakdown of VC deals by industry in **H1 2025 vs H1 2024**:

- **Technology (including AI)** = 61% (+13% YoY)
- **Healthcare** = 14% (-13% YoY)
- **B2B/B2C** = 18% (+3% YoY)
- **Other** = 7% (-2% YoY)

Investor interest is strongly focused in sectors like AI, defense tech, fintech, and crypto (areas aligned with current policy priorities) and that momentum is expected to continue.



Source: Pitchbook / NVCA Venture Monitor Q2 2025

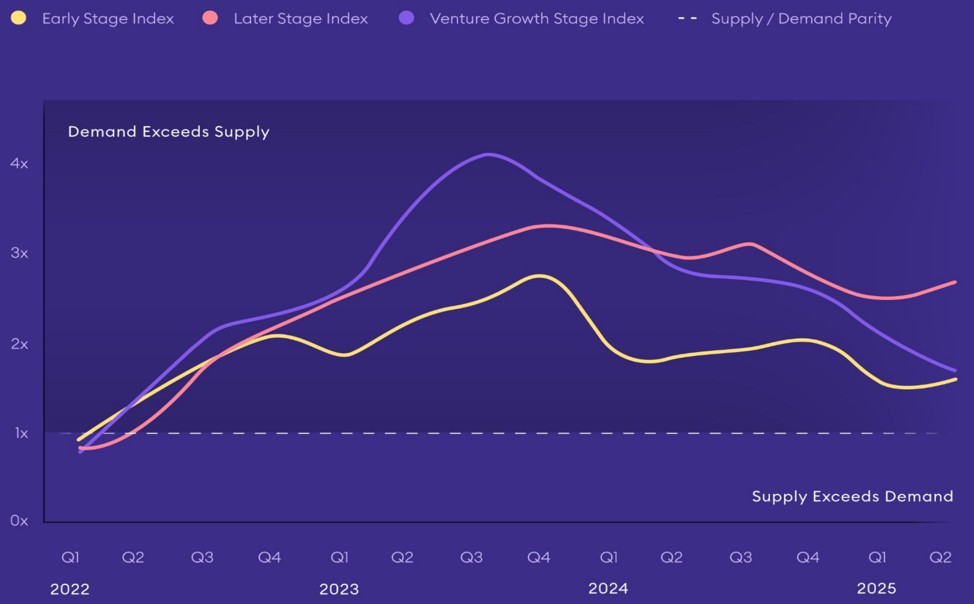
VC Supply vs Demand Imbalance

Funding imbalance eased slightly in H1 2025 but remains acute at later stages

TAKEAWAYS

While capital demand outpaced supply across all stages in H1 2025, **the gap narrowed slightly from 2024 highs**, particularly at the venture growth stage.

Despite some improvement, capital remains tightly concentrated - with AI mega-deals continuing to absorb a disproportionate share - keeping the broader funding environment constrained.



Source: Pitchbook / NVCA Venture Monitor Q2 2025. Note "Venture Growth" includes Series E+ financings.

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