



FORERUNNER

Fall 2024

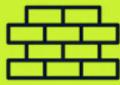
Market Overview



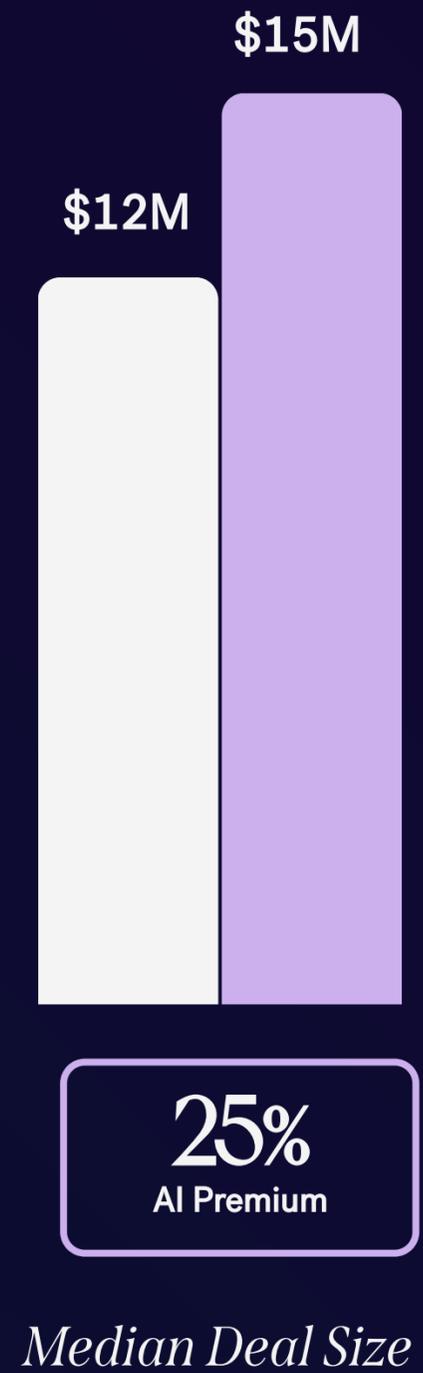
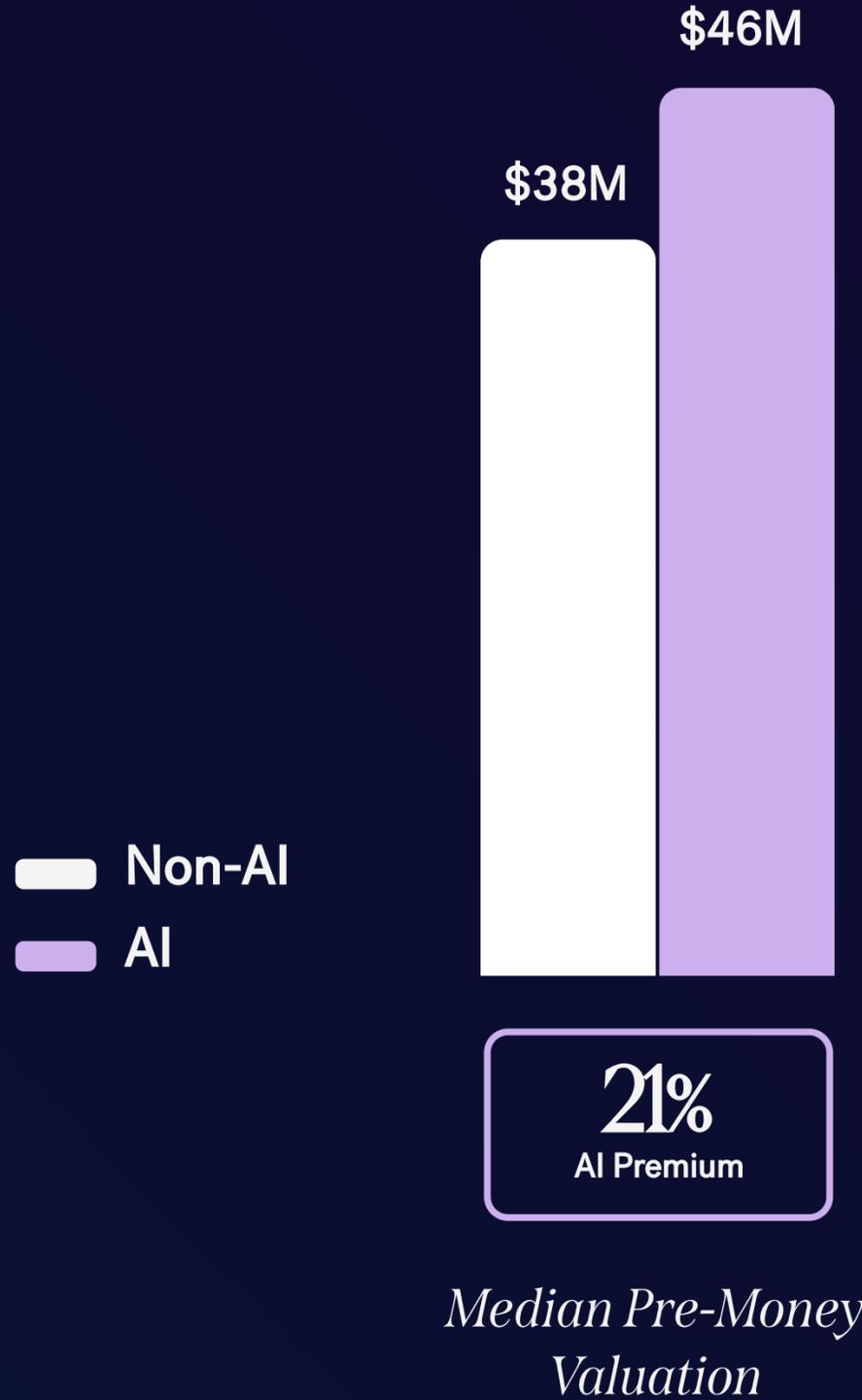
Flight to Quality Continues in 2024 with VC Funding Tracking to 2023 Dollars and Below 2023 Deal Count



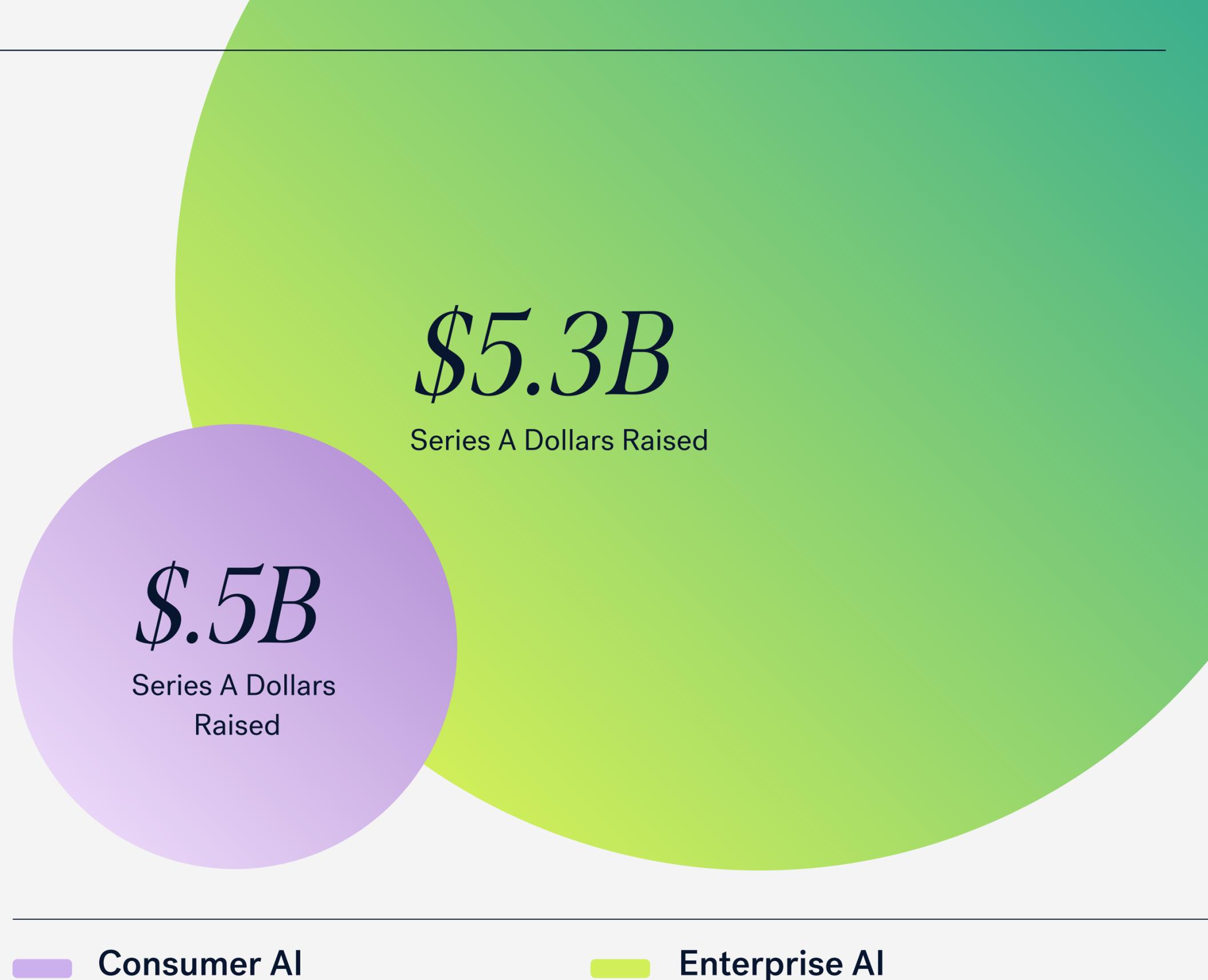
Early Stage Valuations and Round Size Trending Up YoY

	Year	Deal Count	Capital Invested	Median Pre-Money Valuation	Median Deal Size
 Seed	2022	5,913	\$21.00B	\$10.00M	\$2.50M
	2023	4,675	\$15.19B	\$10.50M	\$2.70M
	2024	2,715	\$9.63B *	\$12.50M	\$2.99M
	YoY			+25%	+11%
 Series A	2022	2,506	\$43.88B	\$39.45M	\$12.00M
	2023	1,847	\$26.61B	\$32.00M	\$10.00M
	2024	1,048	\$21.36B *	\$40.00M	\$12.53M
	YoY			+25%	+25%

AI Companies on Average Capture a 20-25% Premium at Series A Compared to Non-AI Companies



AI Enterprise Companies Account for 90%+ of the Series A Dollars Raised in 2024



Though the tide is
beginning

to turn

Gen Z shoppers to embrace AI this holiday season

©CBS NEWS

Apple's iPhone 16 launch is a big test for consumer AI

yahoo!
finance

Michael Seibel  
@mwseibel

Too many startups/investors are exploring the b2b opportunities with LLMs and not enough are exploring the consumer opportunities. This is the moment consumer founders have been waiting for.

2:10 PM · Sep 14, 2024 · **697.3K** Views

304

435

3.9K

1.3K



On Our Minds



Paths to liquidity



Time

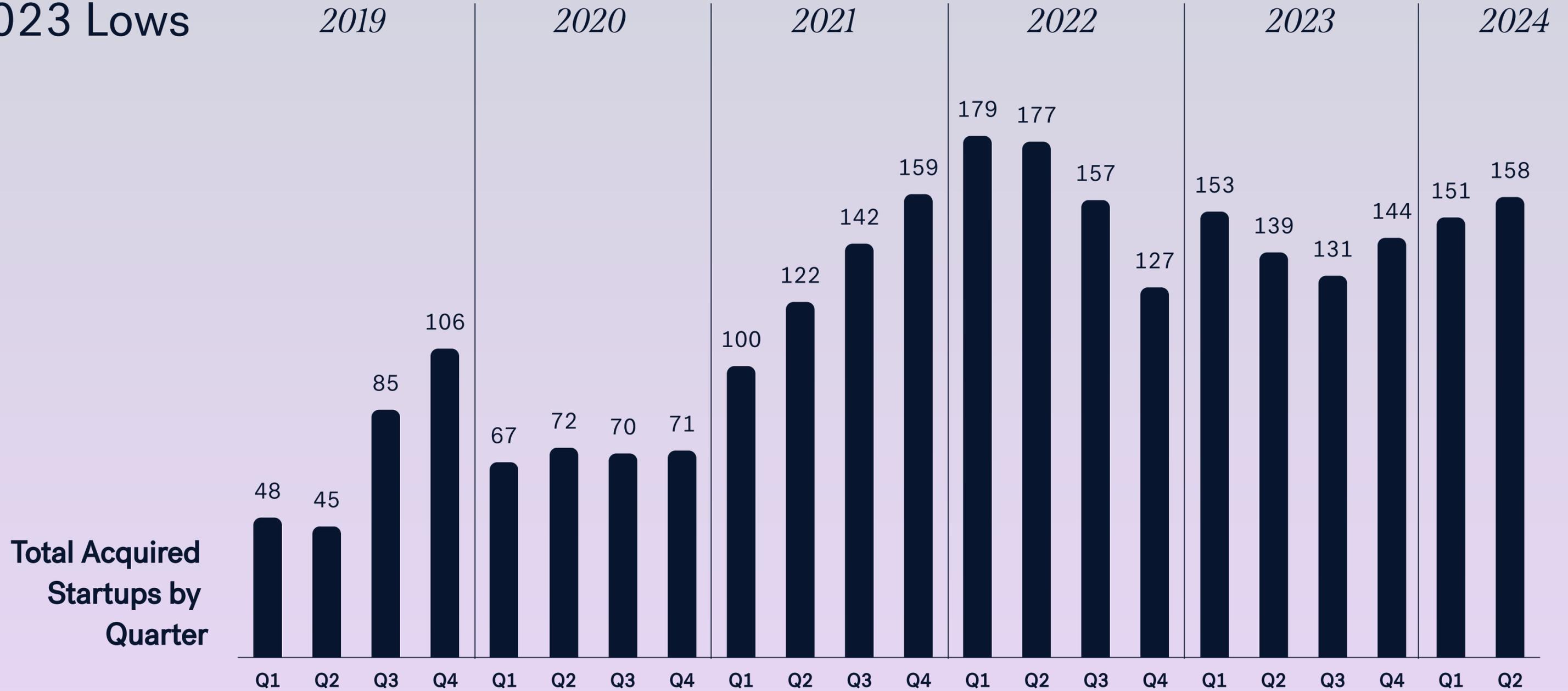


Scale

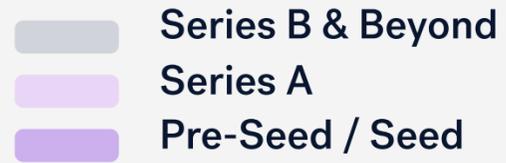
Venture-Backed IPO Markets Yielded Quality But Few Exits Over the Past Year

Companies	Year Founded	Post Valuation	Revenue	Valuation/Revenue
 rubrik	2014	\$5,629	\$627	8.97x
TEMPUS	2015	\$6,129	\$562	10.91x
ibotta	2011	\$2,661	\$344	7.72x
reddit	2005	\$5,410	\$804	6.73x
 Asteralabs.	2017	\$5,597	\$116	48.34x
klavivo	2012	\$7,560	\$698	10.83x
 instacart	2012	\$8,300	\$3,000	2.77x

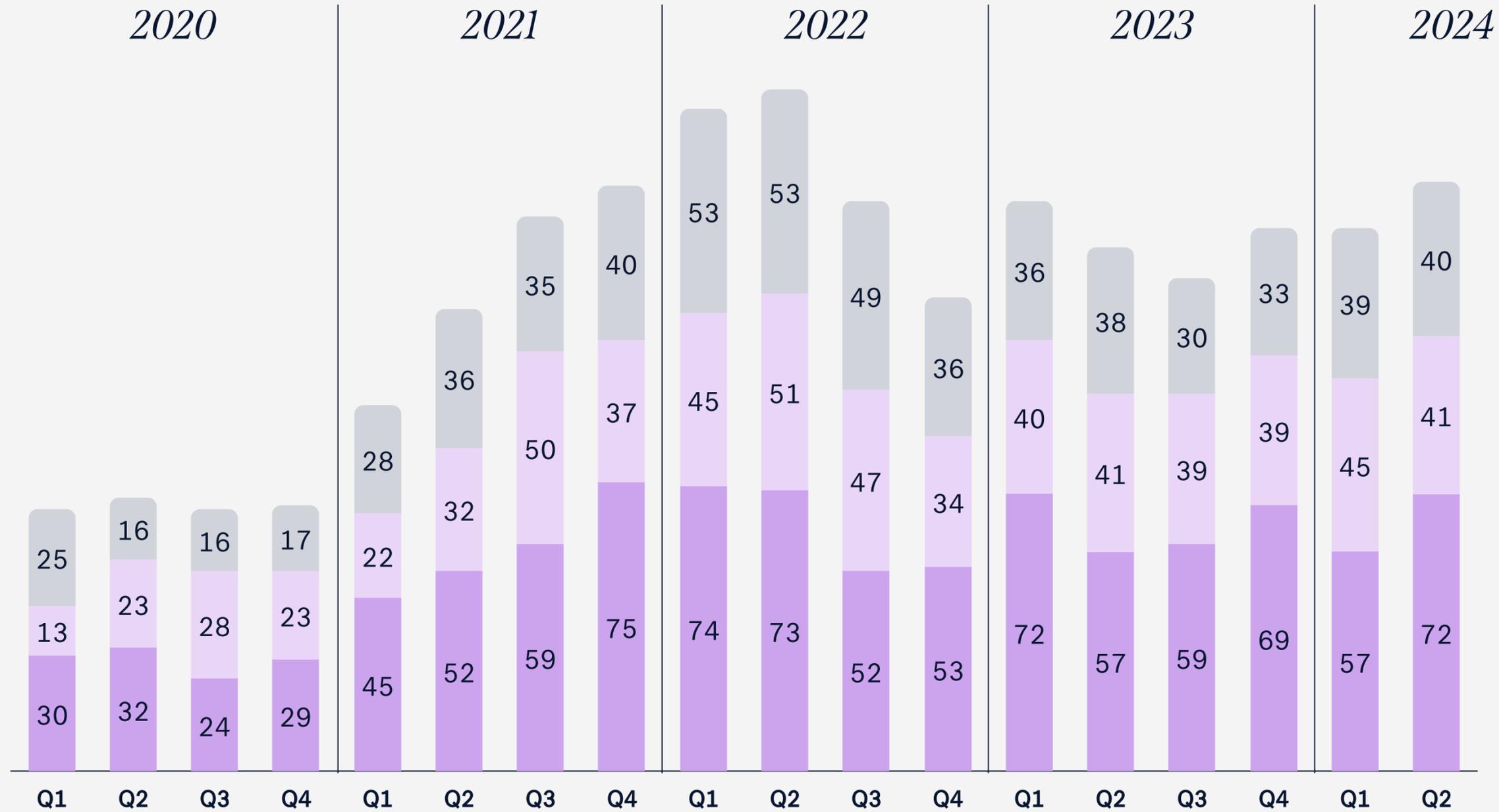
Venture-Backed M&A Improved From 2023 Lows



Though Most M&A Activity Takes Occurs Series A and Earlier



M&A Transactions by Most Recent Funding Stage



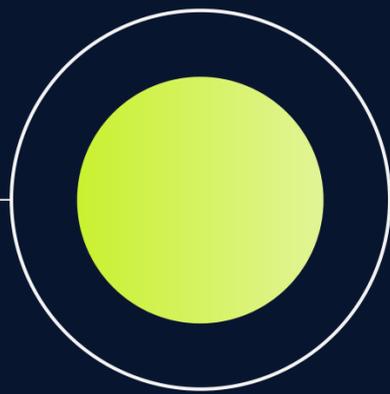
Companies with the below can generate investor demand and receive top tier valuation multiples



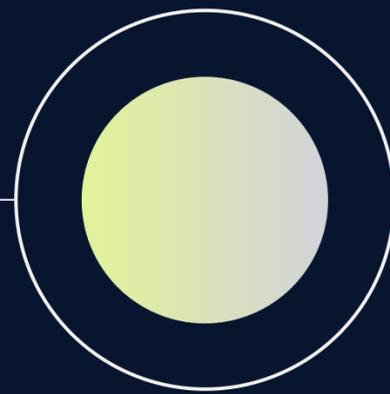
Category leadership



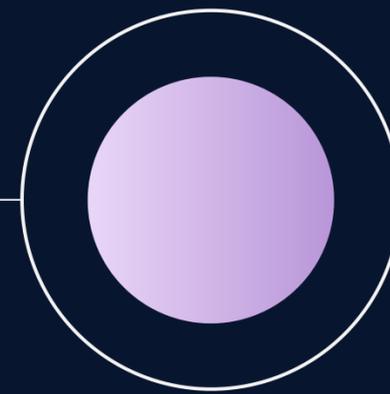
Rule of 40



Clear growth story



Profitability



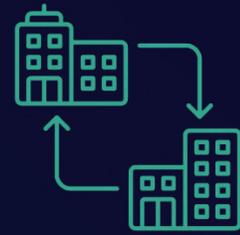
Ability to drive high single digit \$B market cap

AI Unfolding





First movers →
foundational
layers



First applications →
business
use cases



Next up →
consumer
applications



Really →
AI = tech

First movers →

foundational layers



Eight Headline Foundational AI Companies Raised Over \$11.5B in 2024

VC funding raised YTD



\$6.1B



\$1.2B



\$1.1B



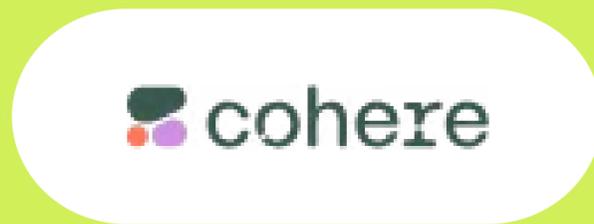
\$1B



\$650M



\$640M



\$500M

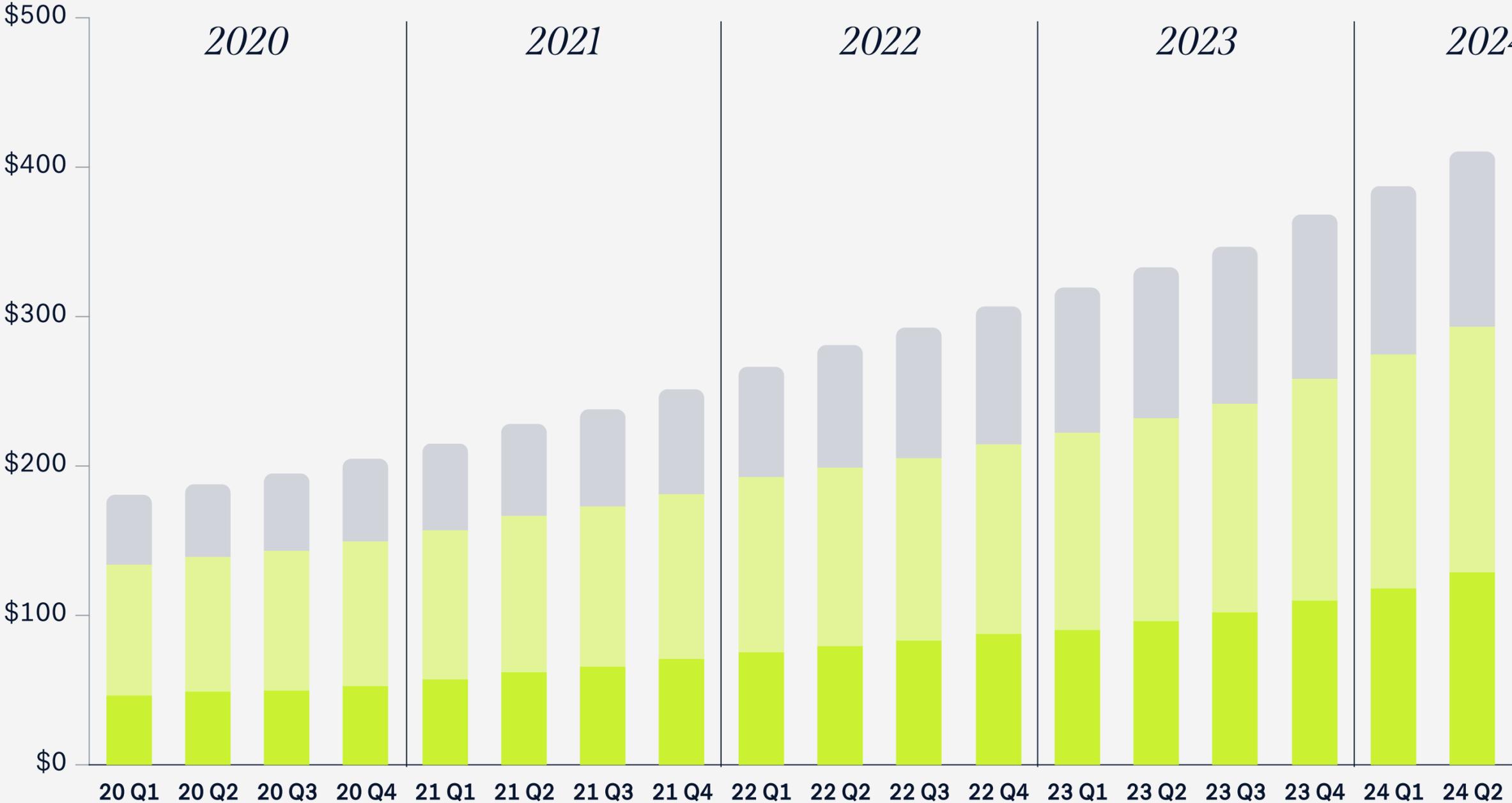


\$320M

Big Tech AI Investment More Than Doubled Since 2020

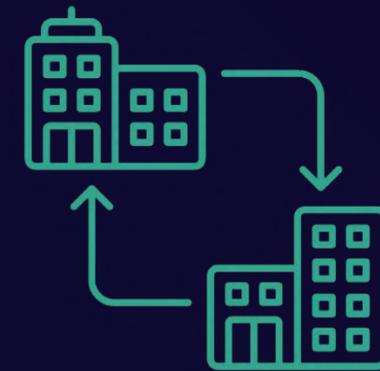
- Meta
- Google
- Microsoft

Net Property, Plant, & Equipment Assets (\$B)



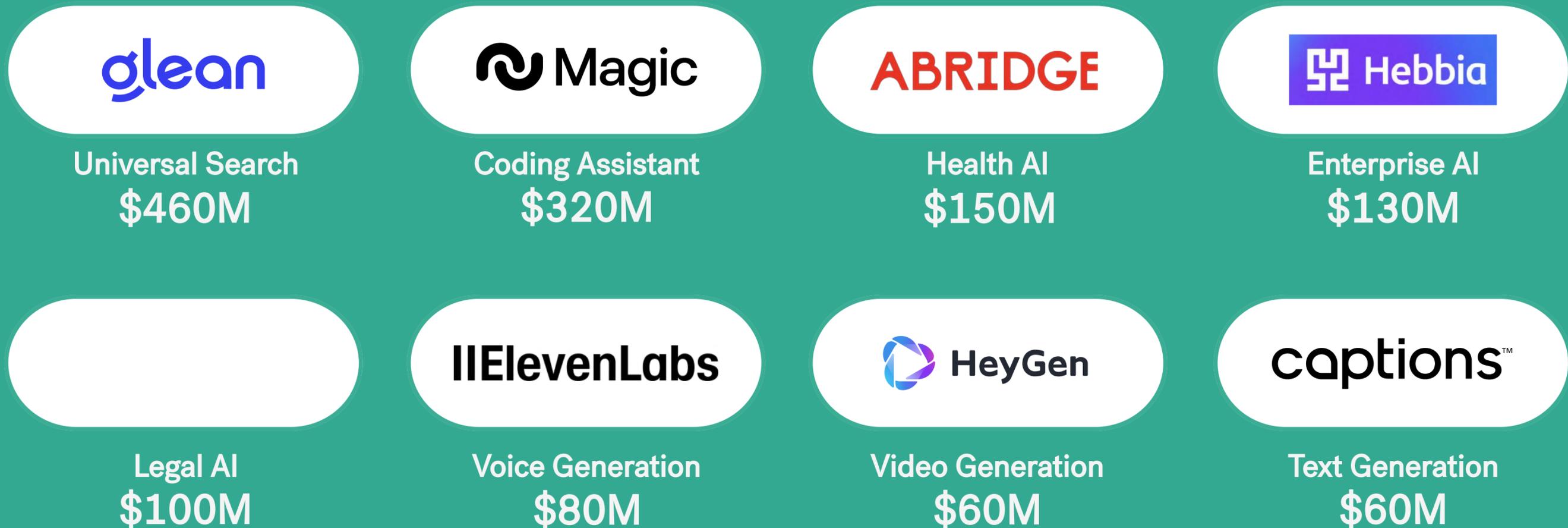
First applications →

business
USE CASES



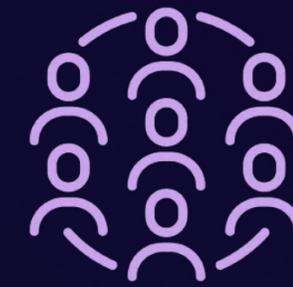
Eight Headline Enterprise AI Companies Raised Over \$1.4B in 2024

VC funding raised YTD



Next up →

consumer applications



Early Exposure and Learnings Position Us Well



Commerce



Daydream



Education



JUNI

 **Speechify**

 **Leland**

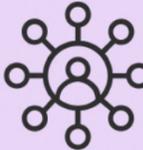


Health



ROON

prenuvo



SMB



TOPLINEPRO



Services



duckbill

almă

 **mindtrip.**

Really →

AI = tech



Forerunner's Approach



Sleep
at night

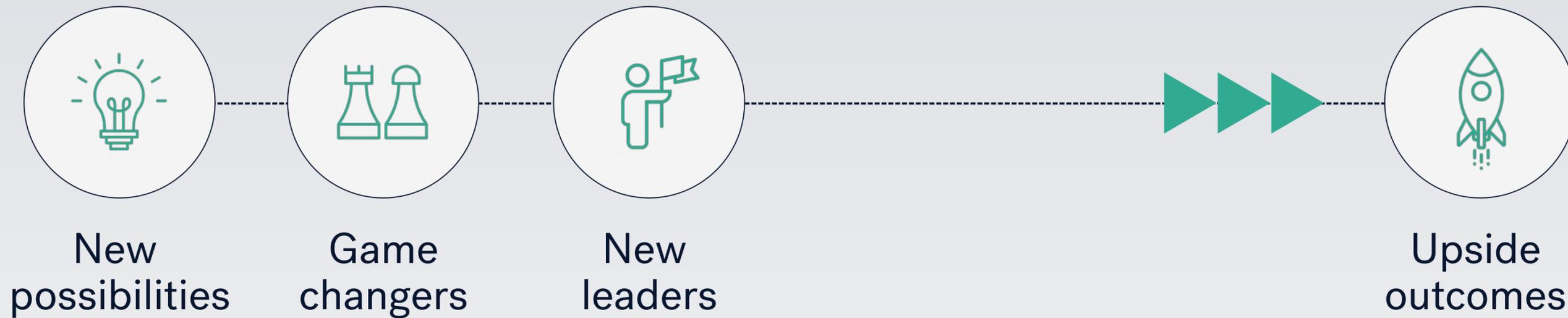
Dream
at night

What's exciting now:
We are in a cycle of

*dream
at night!*



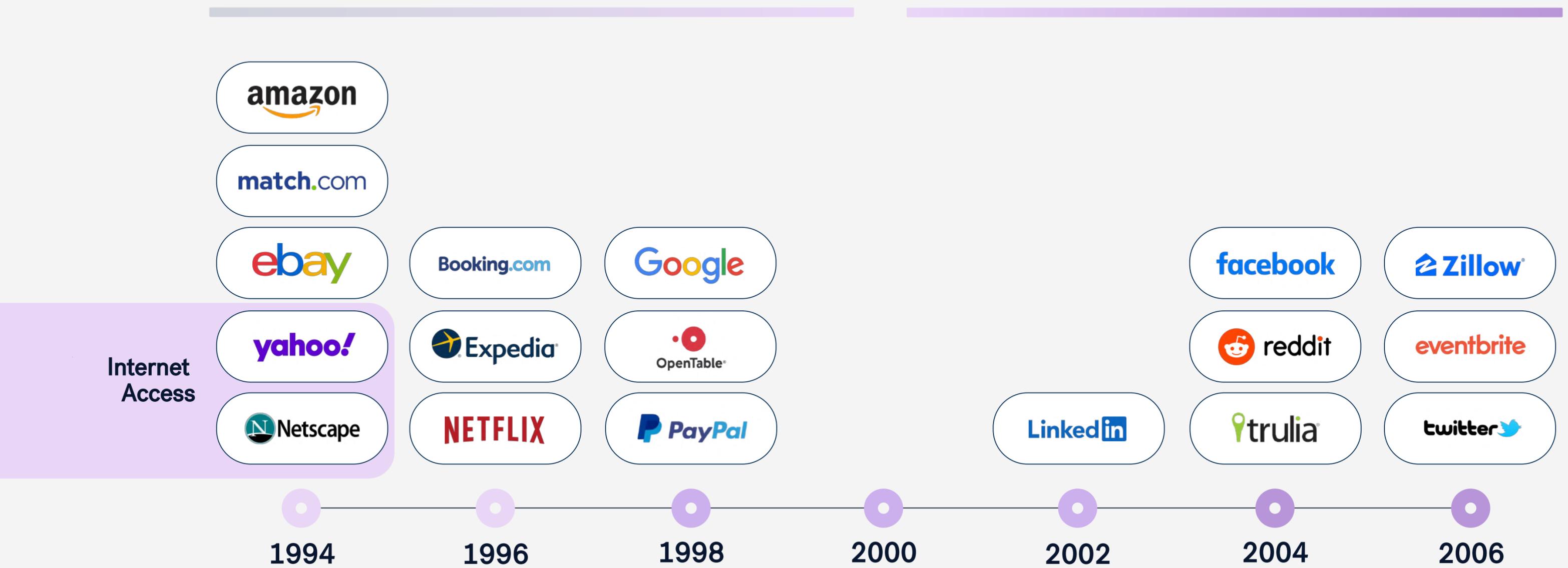
Why is this exciting?



Internet Winners Launched Throughout the Decade Following Yahoo! & Netscape

Early frontrunners

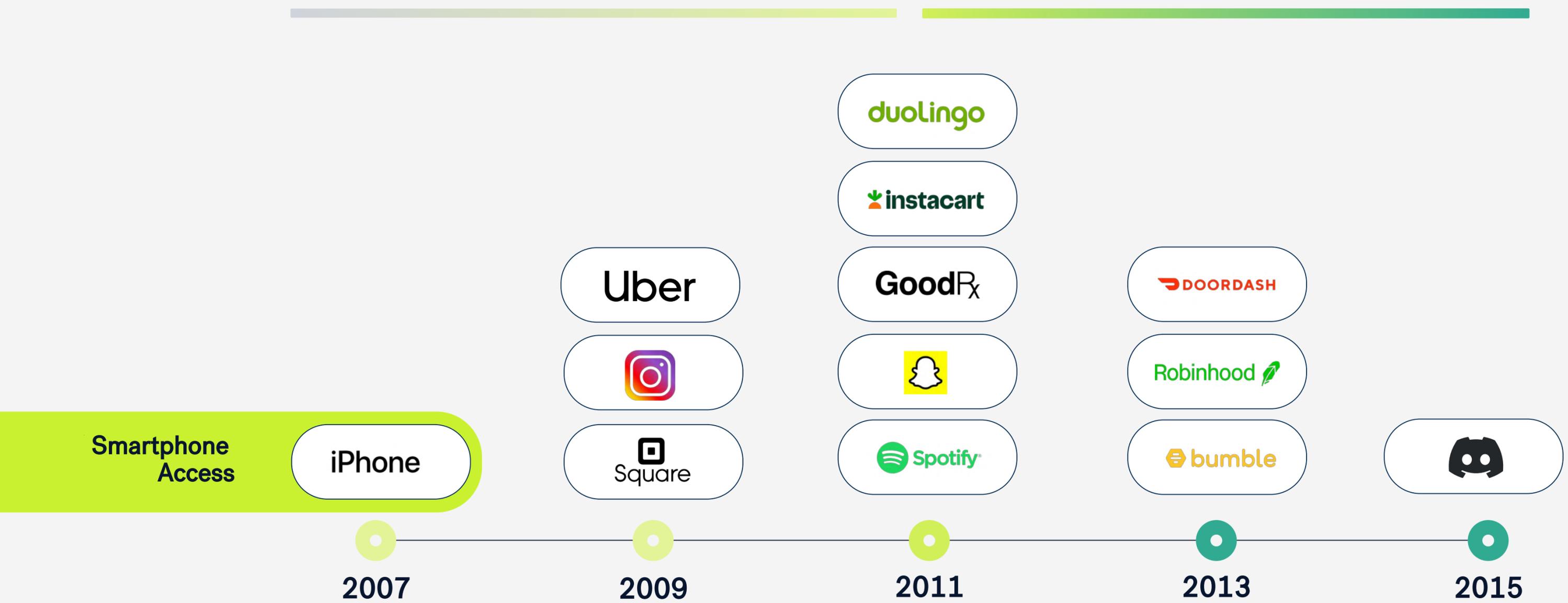
Later-stage winners



Likewise, **Mobile Winners** Launched Throughout the Decade Following the iPhone

Early frontrunners

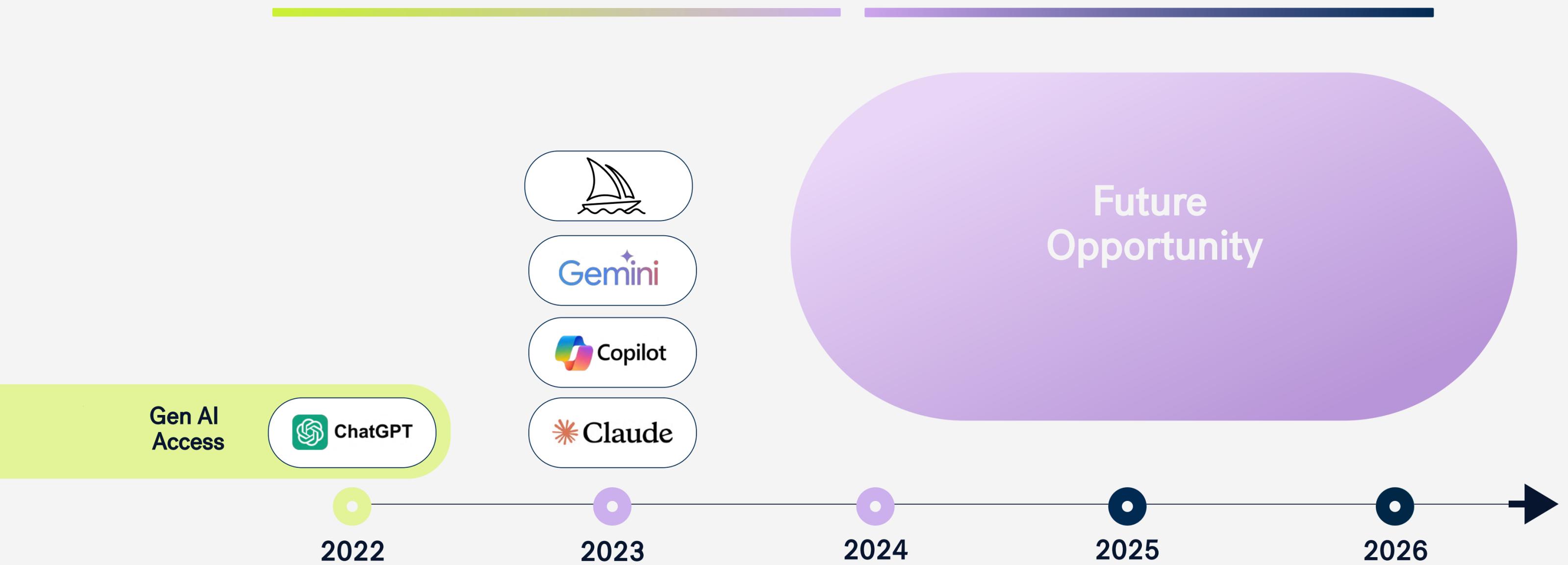
Later-stage winners



Gen AI Started 2 Years Ago With ChatGPT and Will Unfold in the Years Ahead

Early frontrunners

Later-stage winners



But,
but,
but...

Today we're in the
messy
creative stage



Building while
the target is

constantly moving

Which of the dreams are actionable now?



Types of AI companies



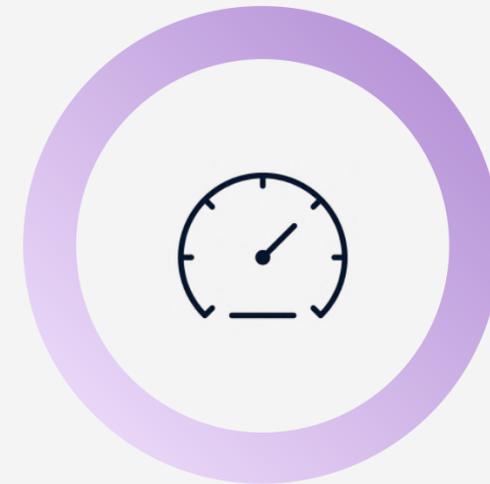
AI Led

Foundations



AI Enabled

Growing

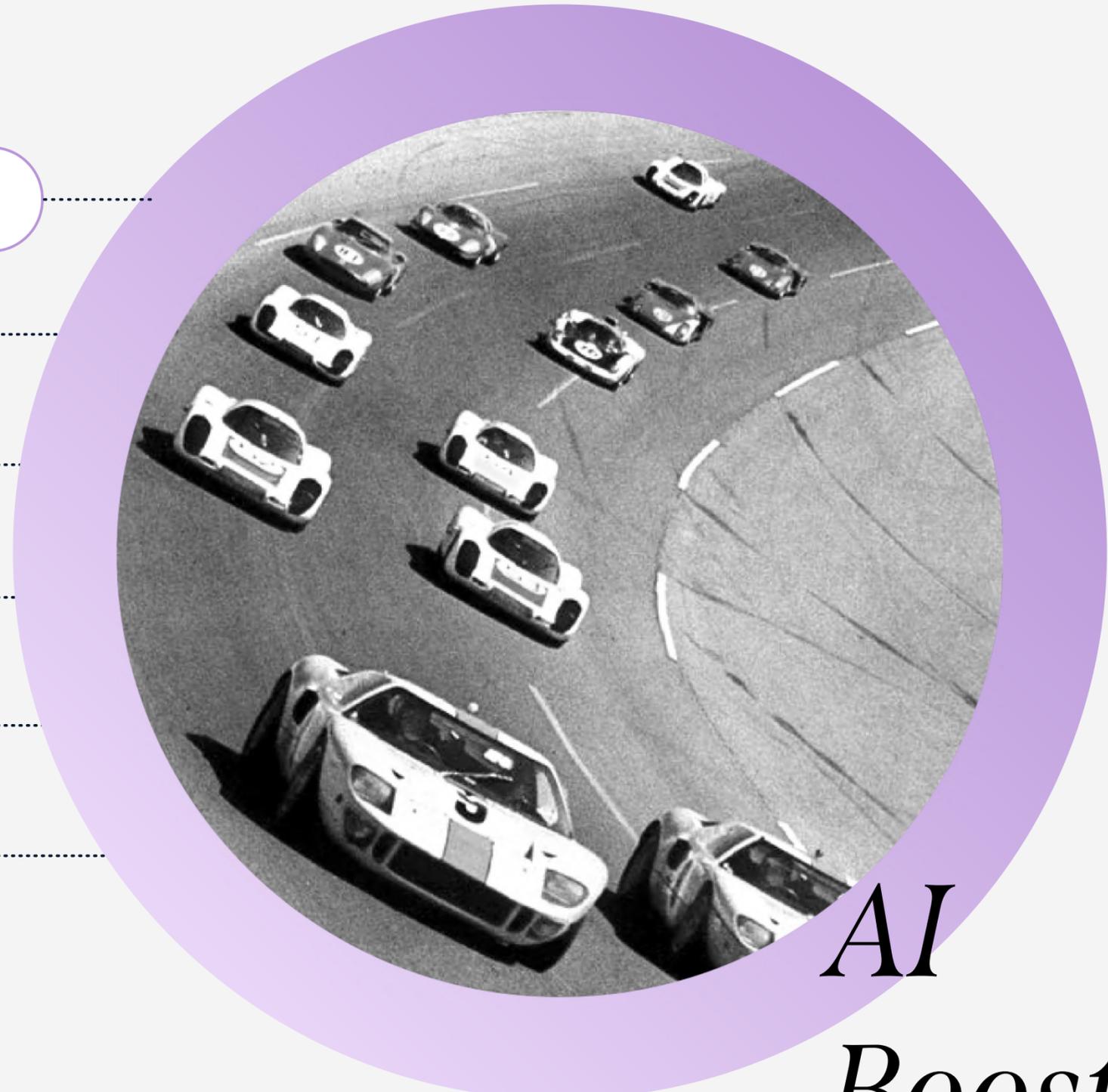


AI Boosted

Most

Boosted: *Essentially Most Companies*

-  **Fay**
-  **Stan**
- LIFTOFF**
-  **Leland**
-  **Atticus**
- FORA**



AI 
Boosted

Enabled: *Sweet Spot* with the Best Yet to Come!

almă

Daydream

duckbill

✦ **mindtrip.**

TOPLINE PRO

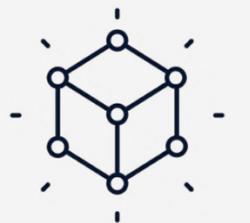
JUNI

prenuvo

ROON



AI
Enabled



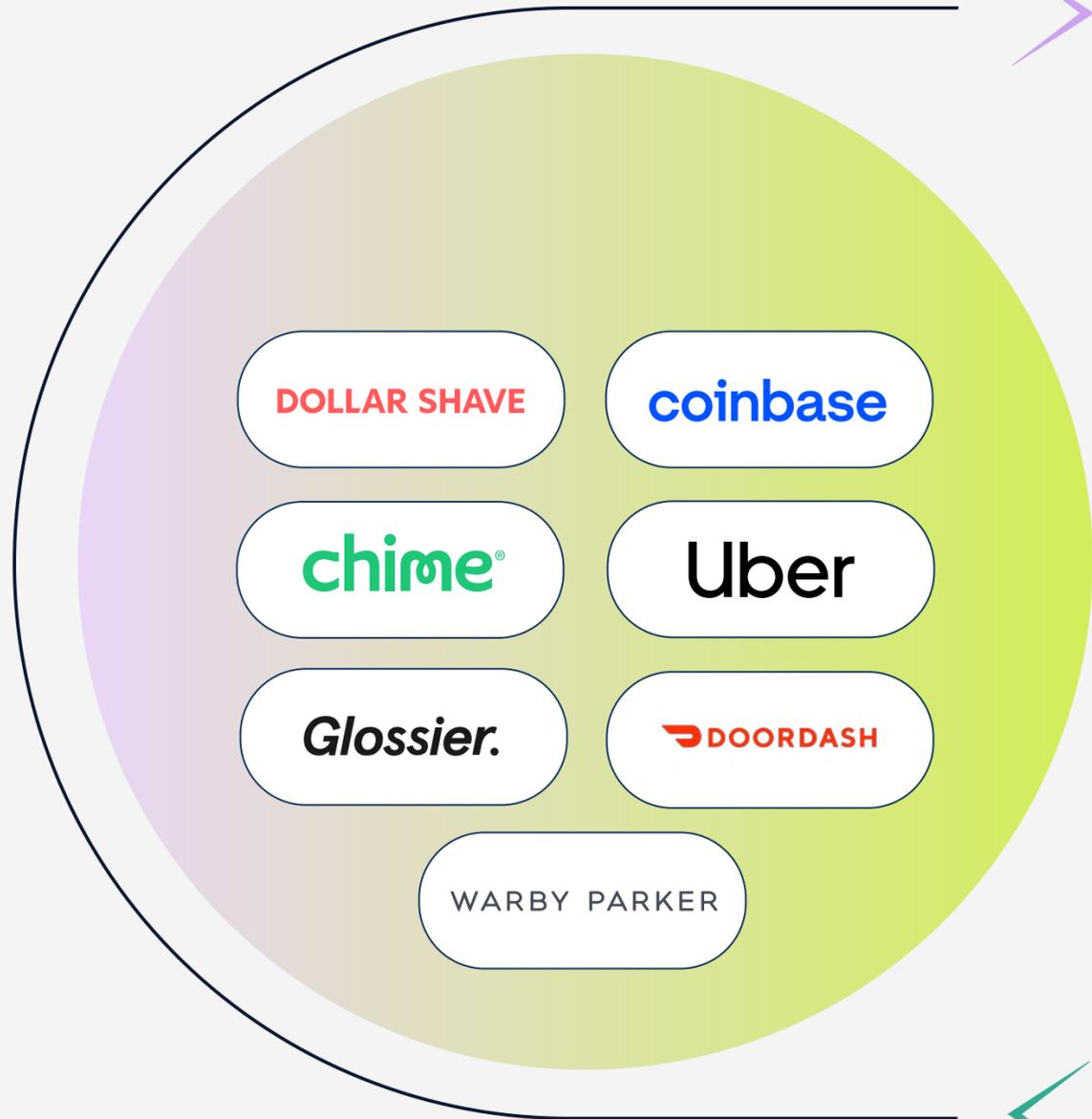
Led: Spending Time Here *[game on]*



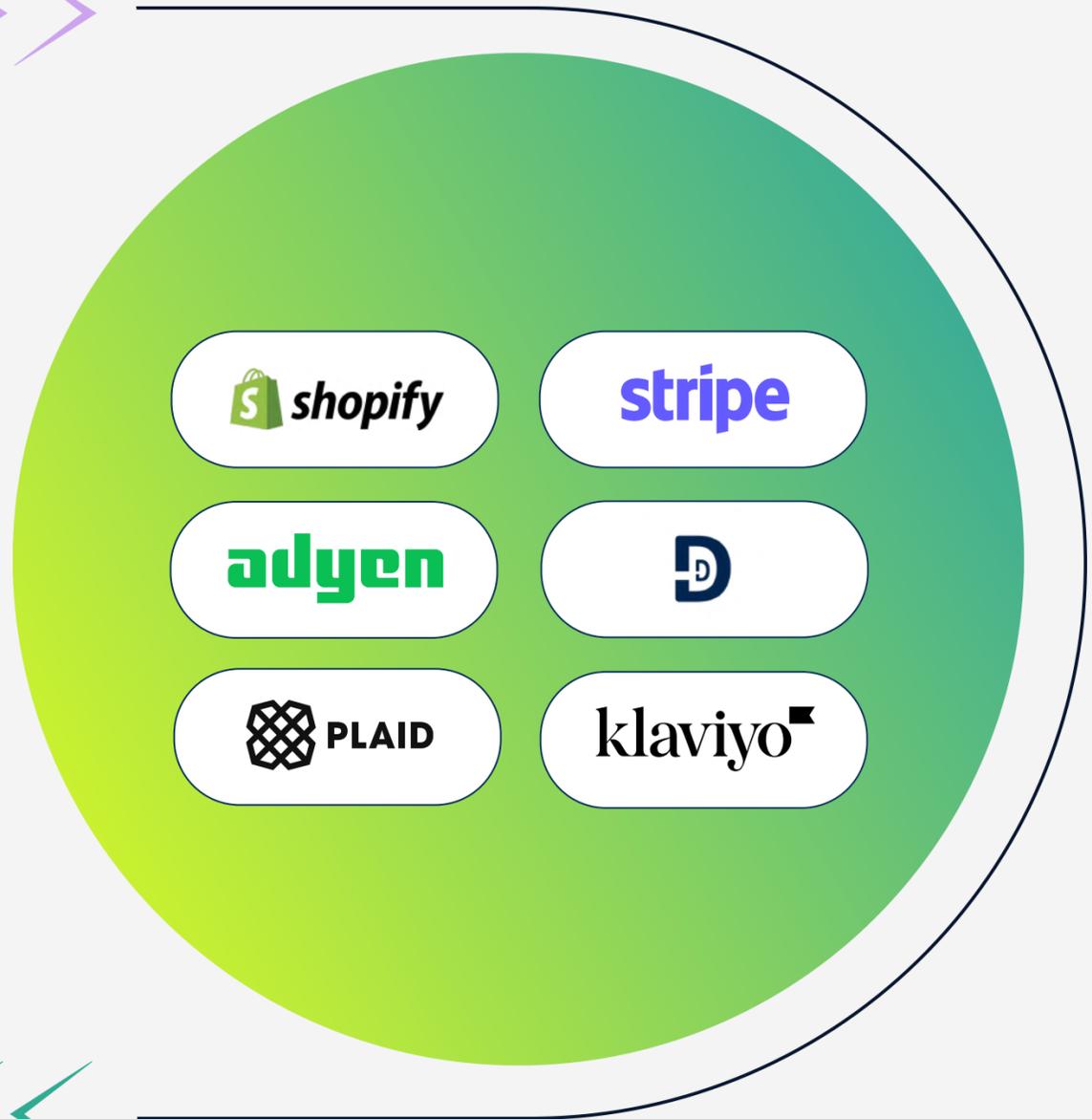
AI Led



Consumer Applications



Enablement Stack



AI-Enabled

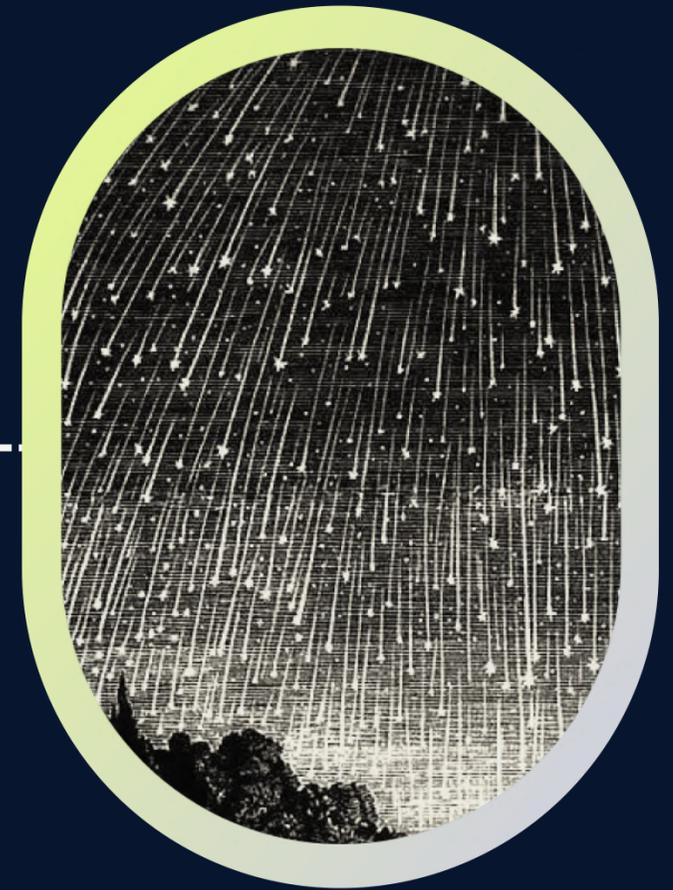
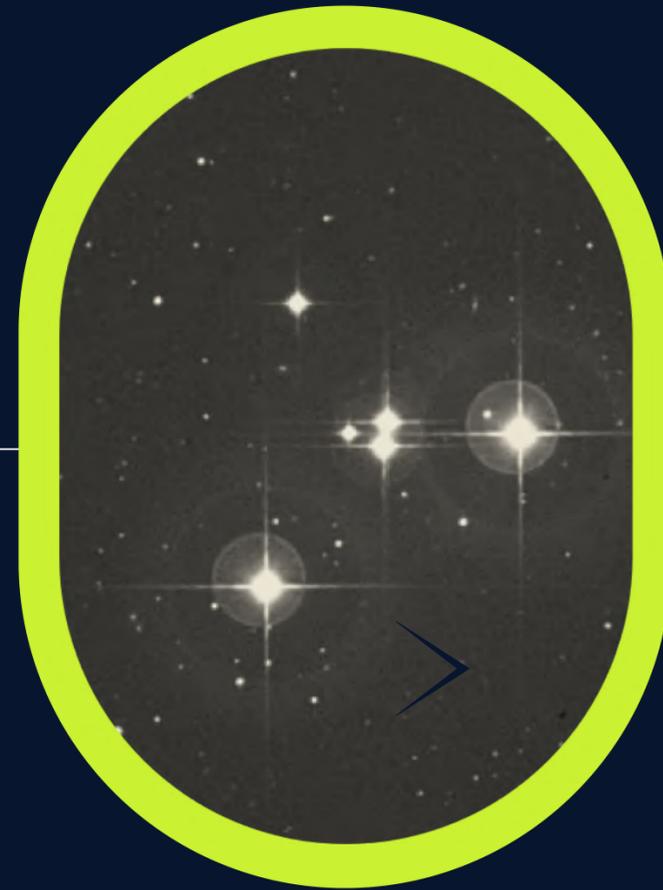


AI-Led



Consumer Applications

Which of the dreams are
actionable
now?



now

AI-enabled and boosted, leading with efficiency and personalization

next

AI-led with ability to take action

Next-gen offerings



Skills



Knowledge



Finance



Health



Commerce



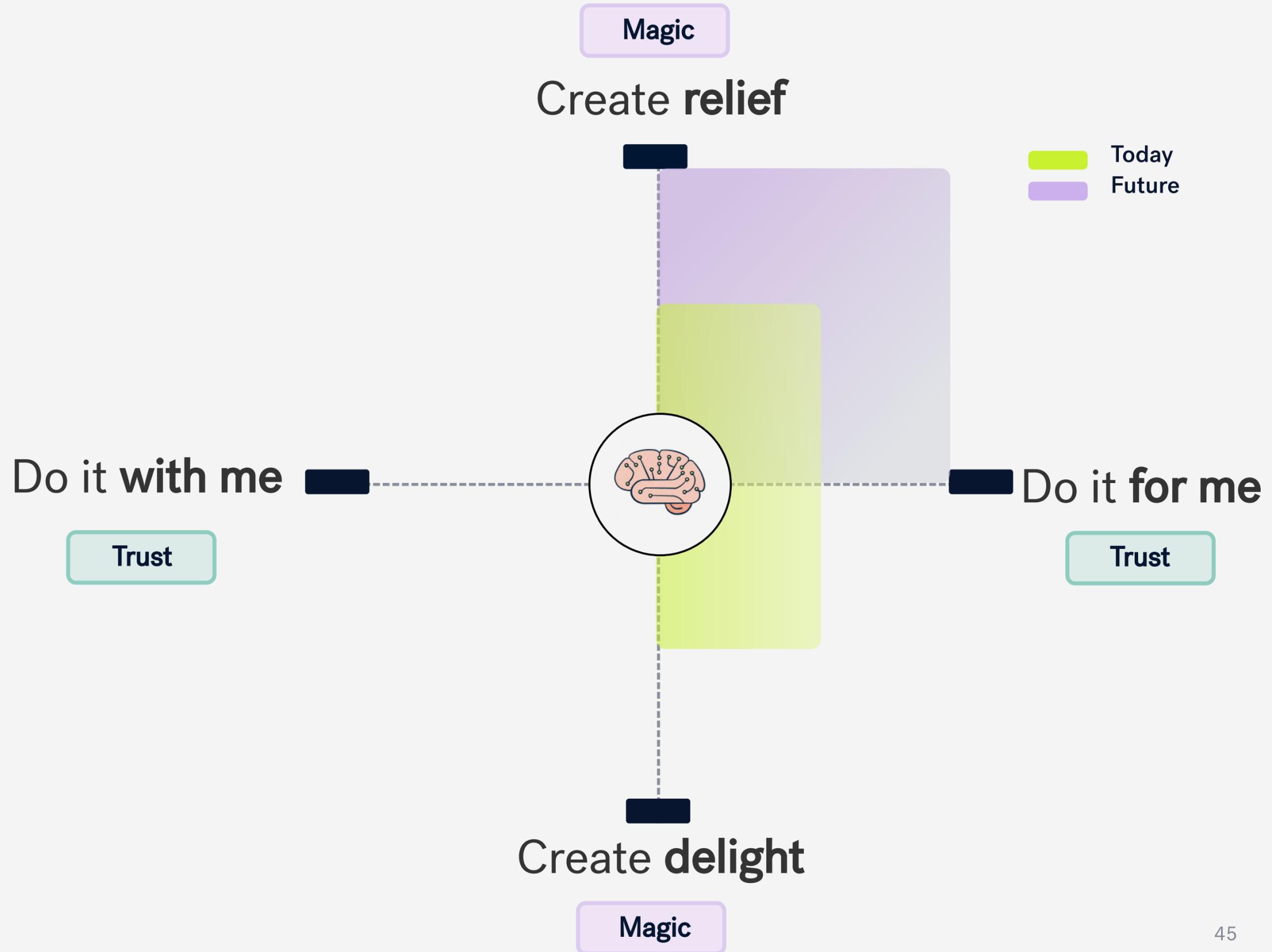
Productivity

Look for evolution toward agentic digital support

Next-Gen offerings



As Technology Improves,
the Shift Towards *Relief*
and *Do it For Me* Will
Continue



Which of the dreams are

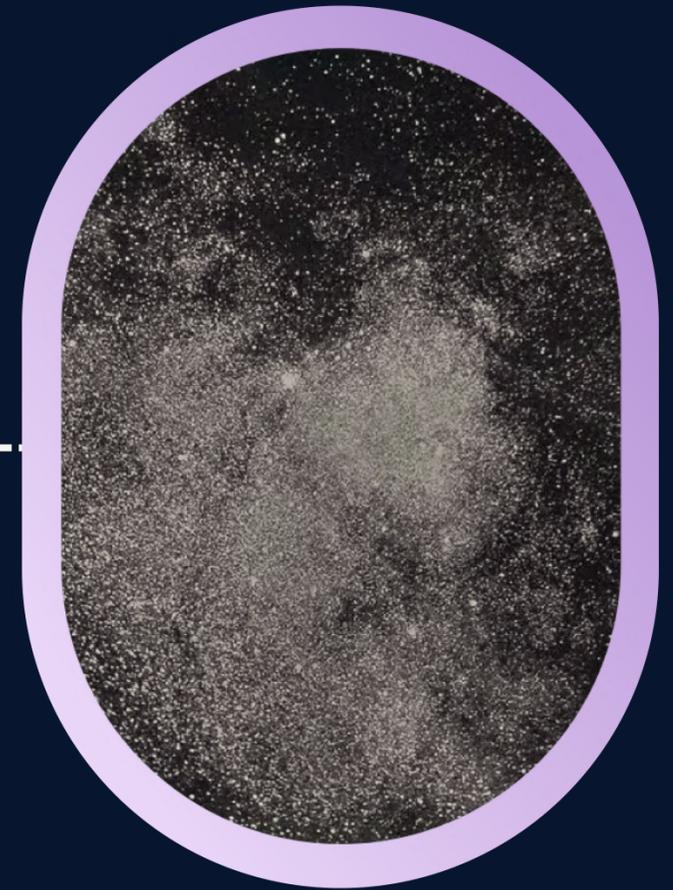
actionable
now?



now

Foundational
technology enabling
lower-risk actions

Enablement
Technology



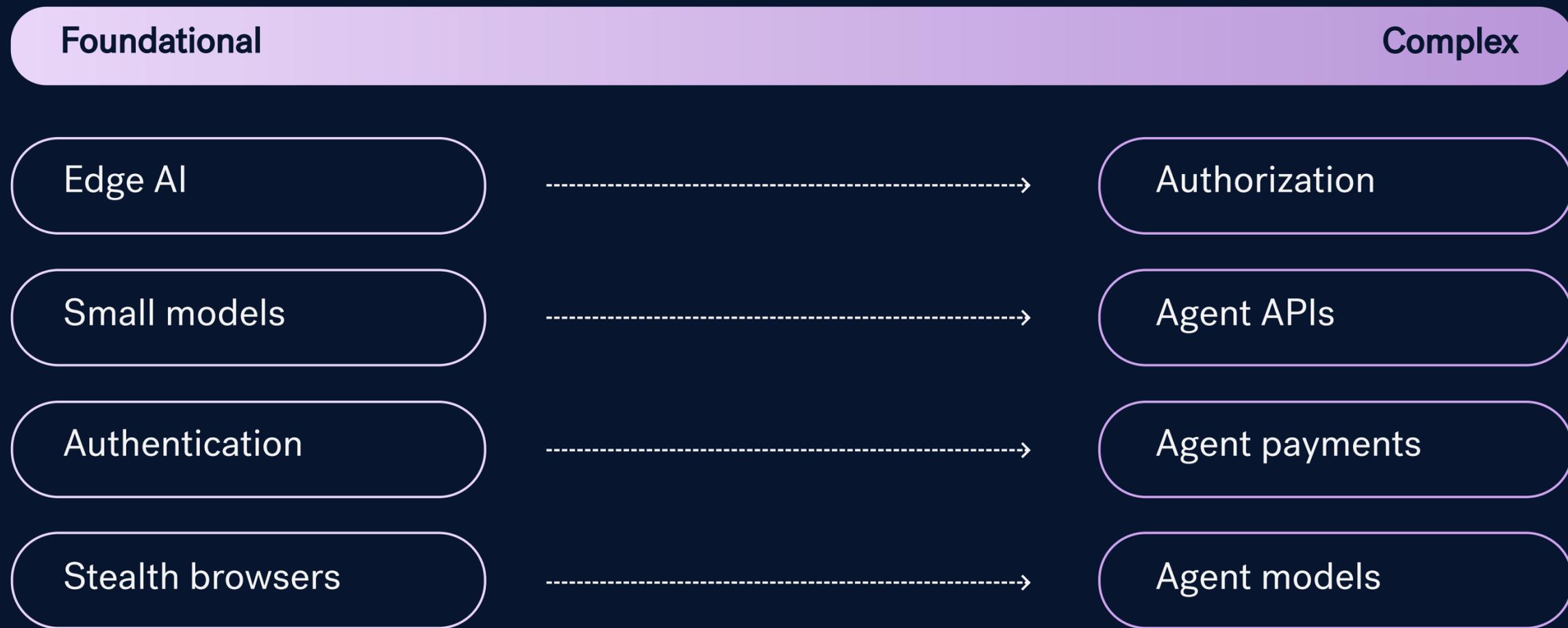
next

Technology powering
actions with complexity
or perceived risk

Look for evolution toward agentic digital support

Specific approaches

Next-Gen offerings



Need to take

(calculated)

risks



Invest with conviction

Be a leader in a chaotic
market of creativity

Lead with



Vision

Have a view of what wins, what is needed/wanted, operates in the path of demand tailwinds



Curiosity

Come with an interested and prepared mind



Creativity

Bring our imagination and ability to dream to the table



We have time

to learn, plot our spots, get to know leaders



Always on

building knowledge set, allowing us to show up on the spot with a prepared mind

What we are focused on



Leaders

Founders who are also Leaders



First Movers

teams that are charting new paths



Standalone Scale

businesses fit for the public markets



Building

investing for the future and furthering the foundation of our firm

What founders are looking for



Connection

with the investor team



Trust

they will be supported—
can look like being
challenged or even pushed



Confidence

investors that are aware of
what they are 'buying'



Alignment

open dialogue about what
success looks like and the
path to realize that

We are a tight knit team focused on action



We pick our spots to engage



Good news for us.

(this is how we partner)

We empower our founders



Our hustle is on. Bring the energy



