

J.P.Morgan

Startup Insights

2024



Executive Summary

The startup ecosystem is a vibrant, ever-evolving landscape where innovation meets opportunity. In this high-stakes arena, the extended network of a founder can make a big difference. That's why at J.P. Morgan we continue to grow our robust network of founders, investors, and partners to support the startup ecosystem. This report highlights common traits of proven founders, and where and what the current batch are building. By working closely with our customers, we witness emerging or uncovered trends before they hit the mainstream. We'll analyze some in this report, including the AI and robotics hotspot that is Pennsylvania.

Ashraf Hebela

Authors:



Ashraf Hebela
Head of Startup Banking

Contributors:



Nick Candy
Head of Innovation
Economy Research



Julie Tsang
Innovation Economy
Researcher

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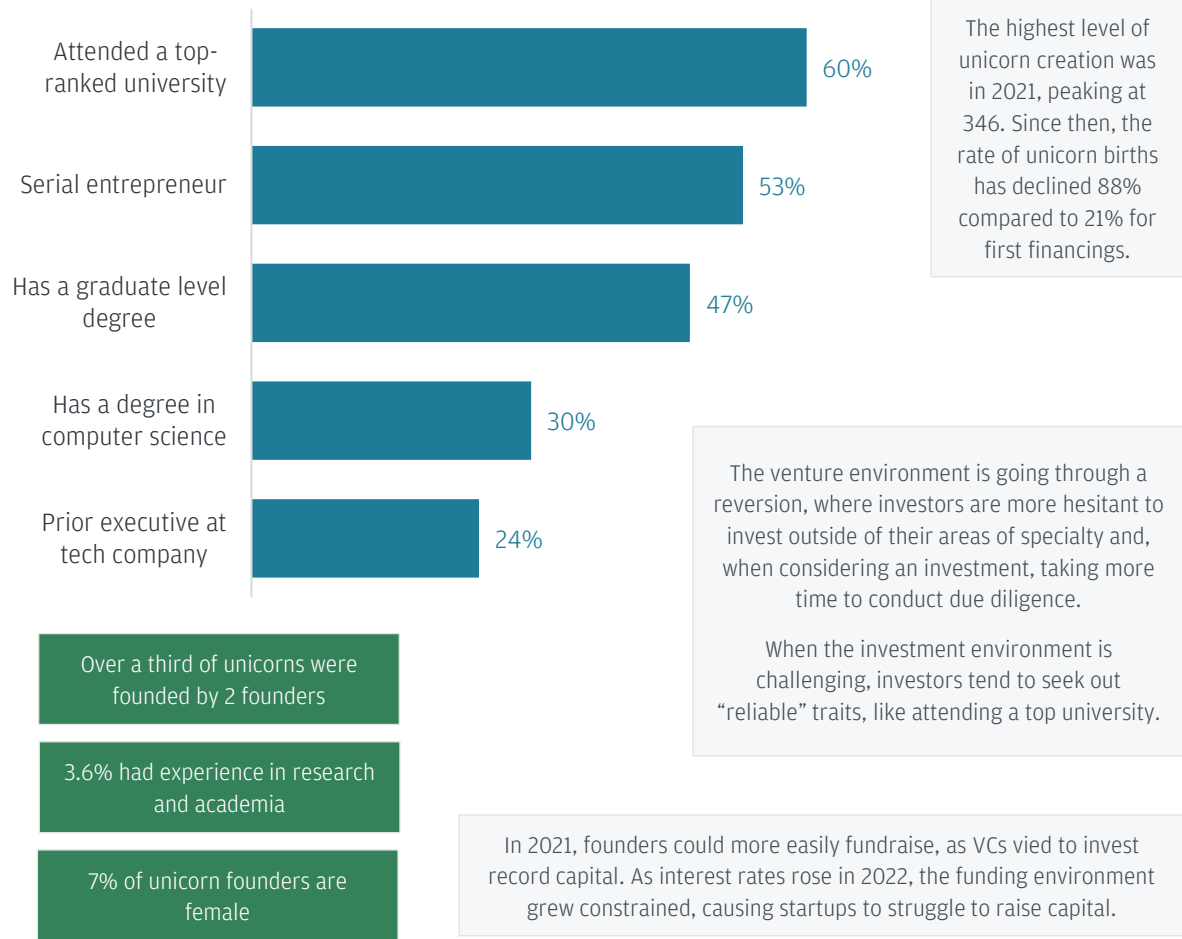
Founder Insights

Unicorn founders' backgrounds;
Seed stage startup activity.

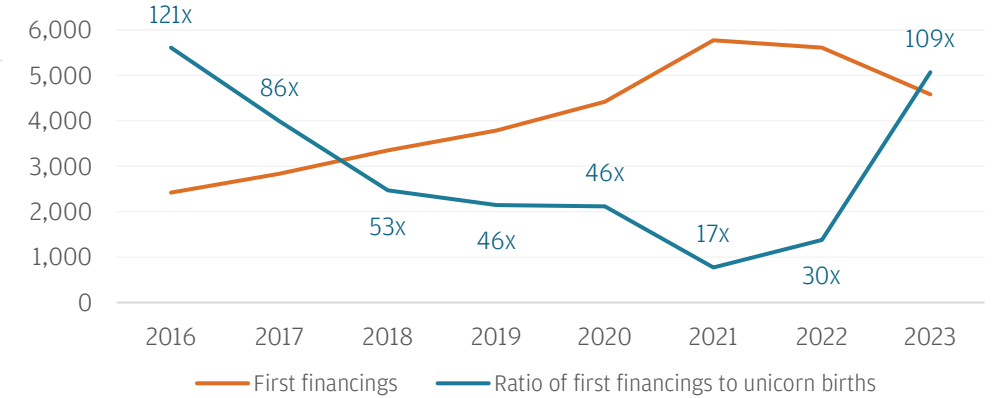


How to build a unicorn: Education, experience, expertise

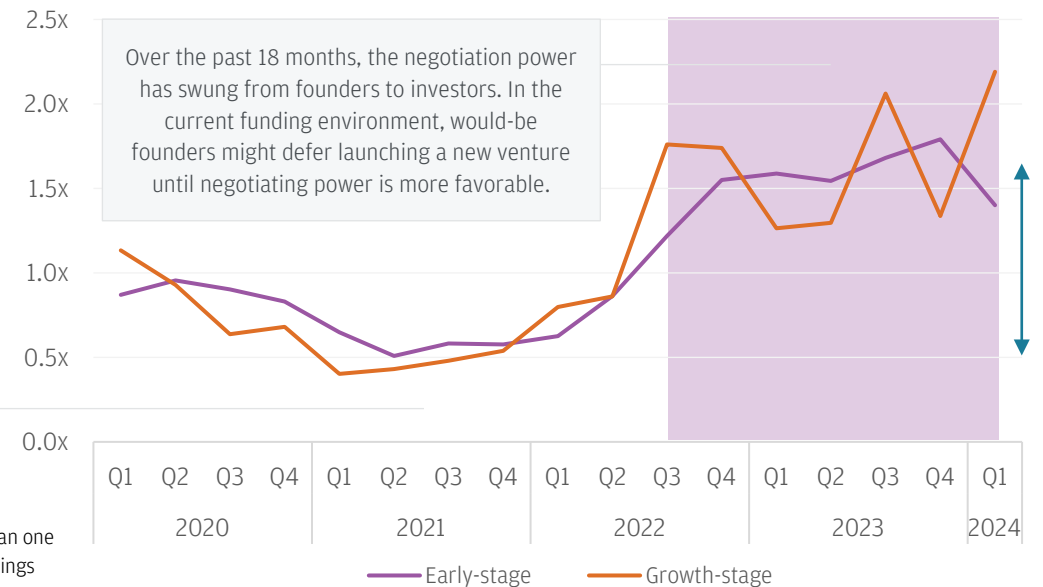
U.S. UNICORN FOUNDER TRAITS¹



U.S. FIRST FINANCINGS & RATIO OF FIRST FINANCINGS-TO-UNICORN BIRTHS²



THE RATIO OF CAPITAL DEMAND-TO-SUPPLY FOR SELECT STAGES



Notes: 1) Unicorns founded since 2014. Top-ranked universities are based on 2024 U.S. News Best Colleges. Serial entrepreneurs founded more than one startup. Graduate degrees include M.S., M.A., and Ph.D. Tech executive includes VP/director roles and above, including C-suite roles. 2) First financings for VC-backed, U.S.-based startups. Date when startup hits \$1B valuation is considered unicorn birth.

Decisions, decisions: Where and what seed founders are building

U.S. CITIES RANKED BASED ON 2023 SEED DEAL ACTIVITY¹

Rank	City	Rank change 2013 to 2023
1	New York, NY	= 0
2	San Francisco, CA	= 0
T3	Austin, TX	▲ 1
T3	Los Angeles, CA	= 0
4	Chicago, IL	▲ 1
5	Boston, MA	▼ 1

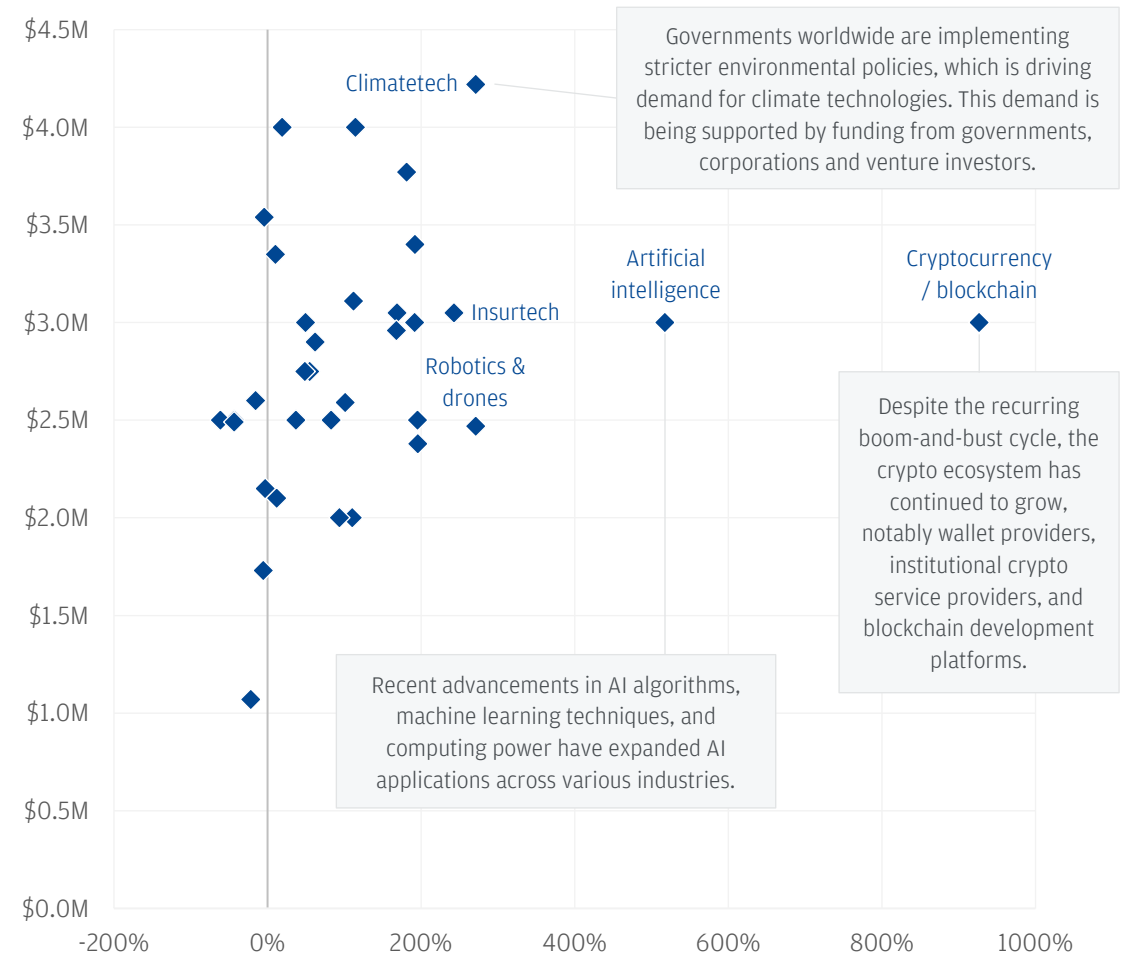
Austin's deal flow has grown 4.8% annually² over the last decade. Dubbed "Silicon Hills," Austin has become a venture-hub, mirroring many of the benefits of New York and San Francisco (investors, incubators, corporates) but with a lower cost of living.

TOP SECTOR FOR EACH CITY BASED ON 2023 SEED DEAL ACTIVITY²

Rank	City	Top Sector
1	New York, NY	SaaS
2	San Francisco, CA	AI
T3	Austin, TX	SaaS
T3	Los Angeles, CA	SaaS
4	Chicago, IL	AI
5	Boston, MA	AI

Companies are building AI-based products and solutions, and it is becoming the dominant "sector" for new startups. In 2022, the top sector for the cities listed was SaaS.

SECTOR POSITIONING BASED ON 2023 MEDIAN SEED DEAL SIZE AND SEED DEAL COUNT GROWTH (2013-2023)



Notes: 1) Data used is city-specific. 2) AI = artificial intelligence and machine learning.

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Sector Insights

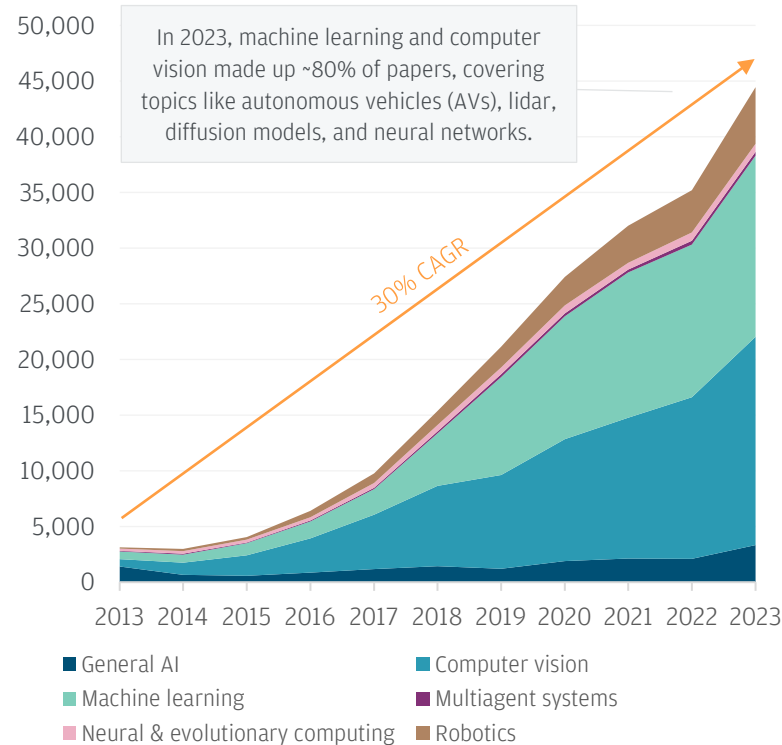
AI boosted by new innovations;
Fintech benefits from demographic trends.

Towards the singularity: New innovations drive artificial intelligence investment

TOP TEN SECTORS RANKED BY SHARE OF 2023 U.S. EARLY-STAGE¹ VENTURE DEAL ACTIVITY

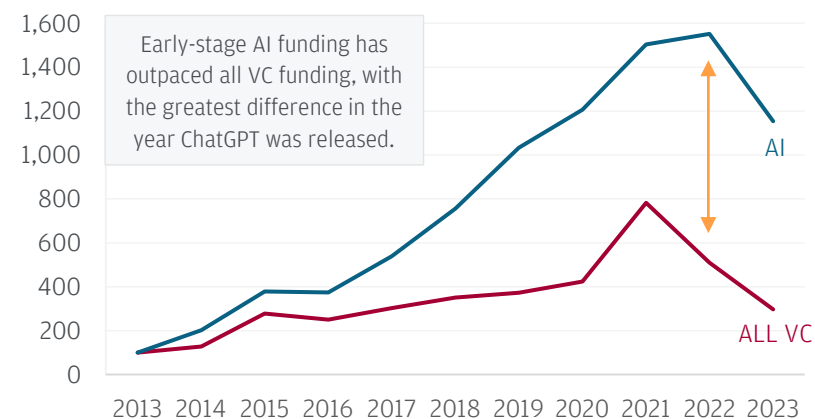
Rank	Sector	Rank change 2013 to 2023
1	SaaS	= 0
2	Artificial intelligence	= 0
3	Fintech	▲ 2
4	Healthtech	= 0
5	Mobile	▼ 2
6	Life sciences	= 0
7	Big data	= 0
8	LOHAS & wellness ²	▲ 1
9	E-commerce	▼ 1
10	Cleantech	▲ 3

VOLUME OF AI³ RESEARCH PAPERS BY FOCUS AREA

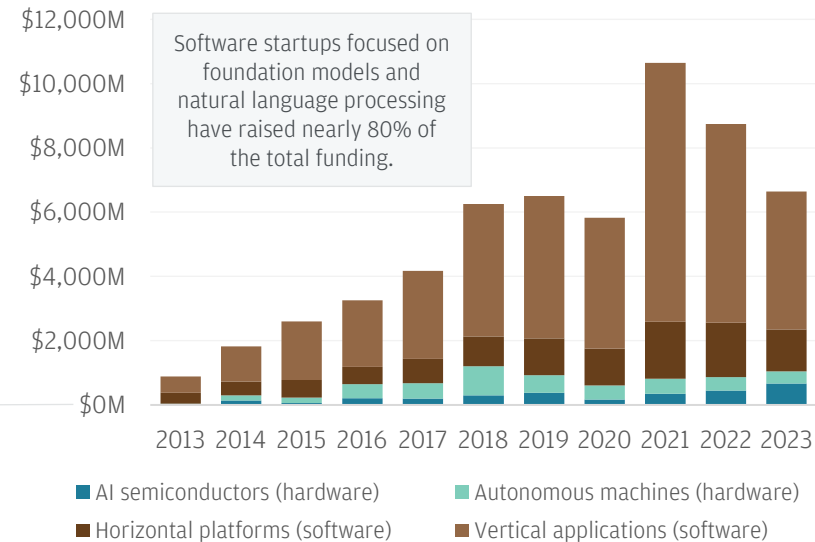


Compared to their software counterparts, early-stage AI hardware startups have raised more capital per deal since 2019. Recently, the amount raised per deal has been converging, in part due to the cost of compute required to run AI models. This consequence may be why AI hardware startups have doubled their share of funding over the last decade (from ~10% to ~20%), with an emphasis on cloud computing solutions and new efficient chip designs (and AVs).

U.S. EARLY-STAGE AI AND ALL VC FUNDING INDEXED (2013 = 100)



U.S. EARLY-STAGE AI FUNDING BY SOFTWARE AND HARDWARE SUBVERTICALS



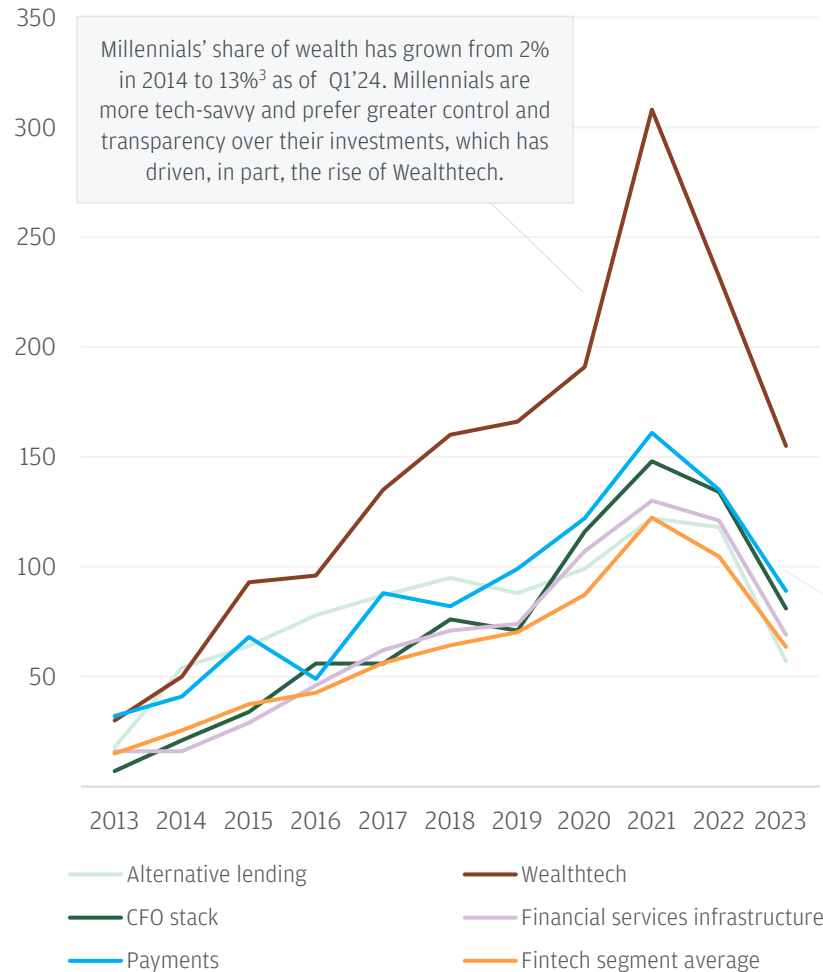
Notes: 1) Early-stage (ES) = seed and series A. 2) LOHAS = lifestyle of health and sustainability. 3) AI = artificial intelligence and machine learning.

Finance at your fingertips: Fintech growth driven by shifts in preferences

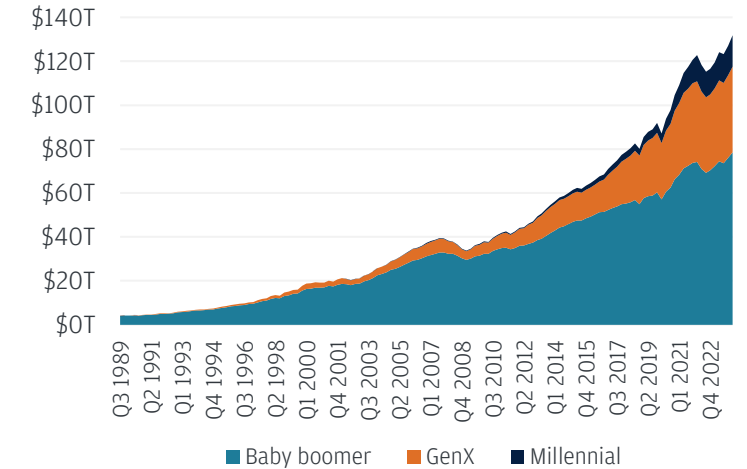
TOP TEN SECTORS RANKED BY SHARE OF 2023 U.S. EARLY-STAGE¹ VENTURE DEAL ACTIVITY

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10	Cleantech	▲ 3

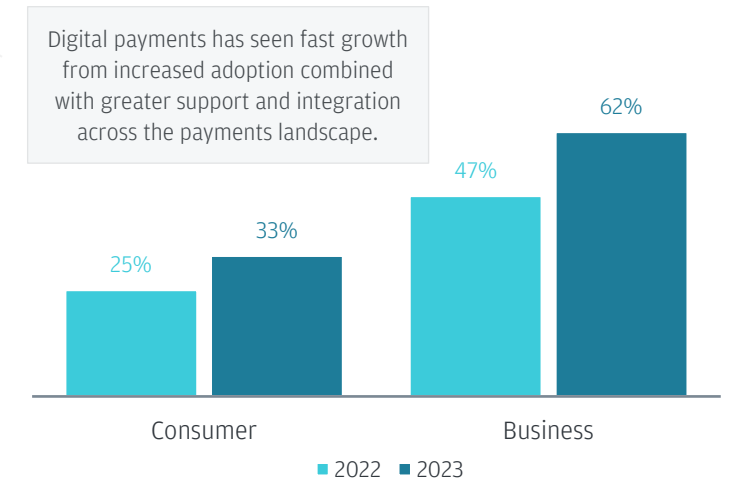
U.S. SEED² FINTECH DEALS BY SELECT SEGMENT



U.S. WEALTH HELD BY SELECT GENERATIONS



USE OF DIGITAL WALLETS IN THE U.S.



Notes: 1) Early-stage (ES) = seed and series A. 2) Includes pre-seed deals. 3) Excludes the silent generation and above.

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Regional Insights

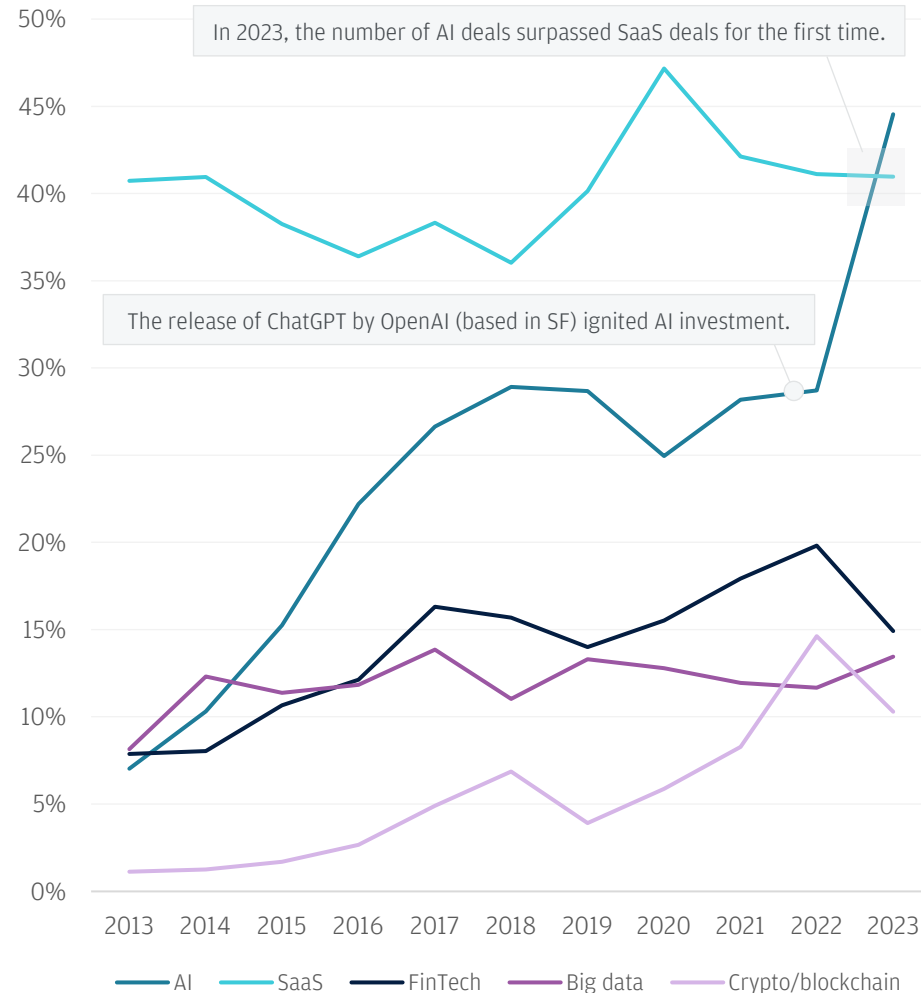
San Francisco rides the AI wave;
Miami establishes itself as a venture hub.

Artificial intelligence investment brings San Francisco a new lease on life

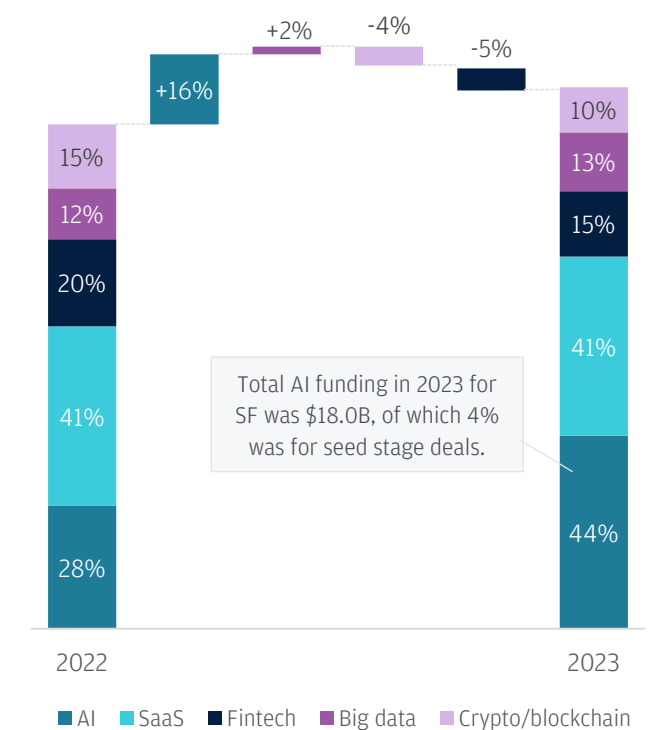
TOP TEN CITIES RANKED BY SHARE OF 2023 U.S. EARLY-STAGE¹ VENTURE DEAL ACTIVITY²

Rank	Sector	Rank change 2013 to 2023
1	New York, NY	= 0
2	San Francisco, CA	= 0
3	Austin, TX	▲ 1
4	Los Angeles, CA	▼ 1
5	Boston, MA	= 0
6	Chicago, IL	▲ 1
7	Seattle, WA	▼ 1
8	Miami, FL	▲ 4
9	San Diego, CA	▼ 1
10	Denver, CO	▼ 1

SHARE OF SAN FRANCISCO (SF) SEED DEAL ACTIVITY BY VERTICAL³



SF TOTAL SEED DEAL BREAKDOWN BY SELECT VERTICALS BETWEEN 2022 AND 2023



SF has galvanized its reputation as an AI hotbed, with some dubbing part of the city "Cerebral Valley." Its strong AI talent base, proximity to top universities, and high concentration of VC investors has meant many AI startups have taken office space in the city.

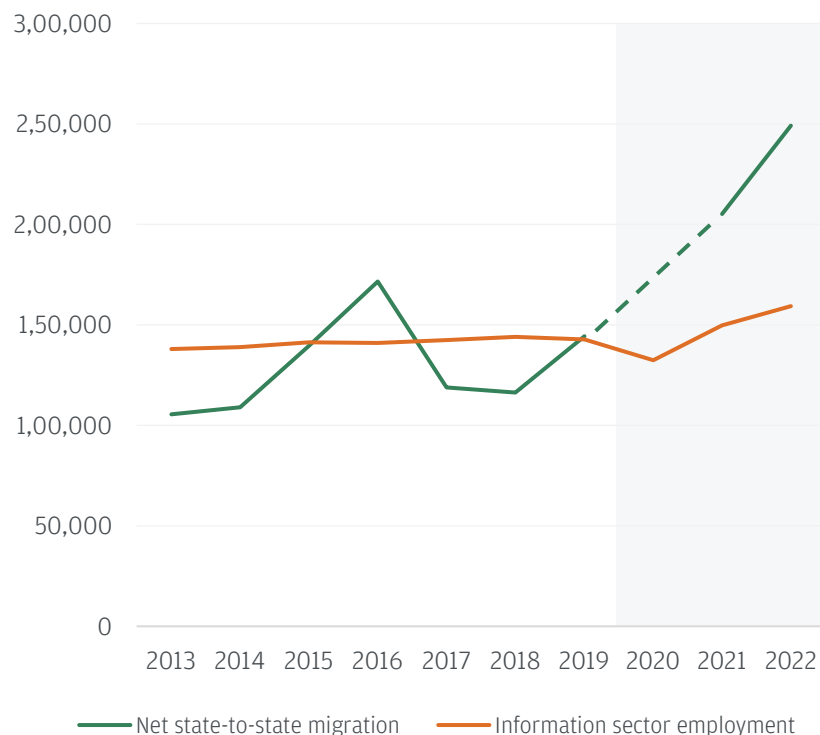
Notes: 1) Early-stage (ES) = seed and series A. 2) Data used is city-specific. 3) AI = artificial intelligence and machine learning. Vertical categories are not mutually exclusive.

Welcome to Miami: A new place in the sun for startup founders

TOP TEN CITIES RANKED BY SHARE OF 2023 U.S. EARLY-STAGE¹ VENTURE DEAL ACTIVITY²

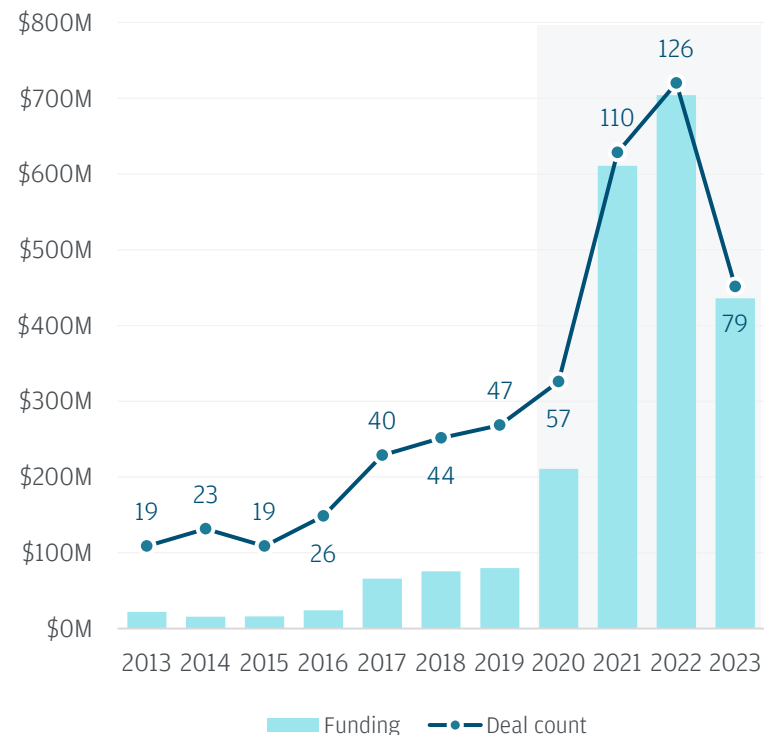
Rank	Sector	Rank change 2013 to 2023
1	New York, NY	= 0
2	San Francisco, CA	= 0
3	Austin, TX	▲ 1
4	Los Angeles, CA	▼ 1
5	Boston, MA	= 0
6	Chicago, IL	▲ 1
7	Seattle, WA	▼ 1
8	Miami, FL	▲ 4
9	San Diego, CA	▼ 1
10	Denver, CO	▼ 1

FLORIDA MIGRATION & INFORMATION SECTOR EMPLOYMENT³



Accelerated by the COVID-19 pandemic, migration to Florida has been rising, including for “techies.” Factors like the lower cost of living, a favorable tax environment, and government support has energized the tech ecosystem, especially in Miami. Tech companies like Nvidia, Uber, and Tesla have also expanded their footprint in the state.

MIAMI EARLY-STAGE VENTURE ACTIVITY



Although Miami was initially known as a crypto hotspot, the city rode the wave of momentum and transitioned into a legitimate tech hub. Beyond deals and dollars, median pre-valuation has doubled over the past five years, from \$8.5M to \$17.5M. This step-up illustrates the maturing of the Miami startup ecosystem.

Notes: 1) Early-stage (ES) = seed and series A. 2) Data used is city-specific. 3) 2020 state-to-state migration data is not available. Dotted line is a line of best fit.

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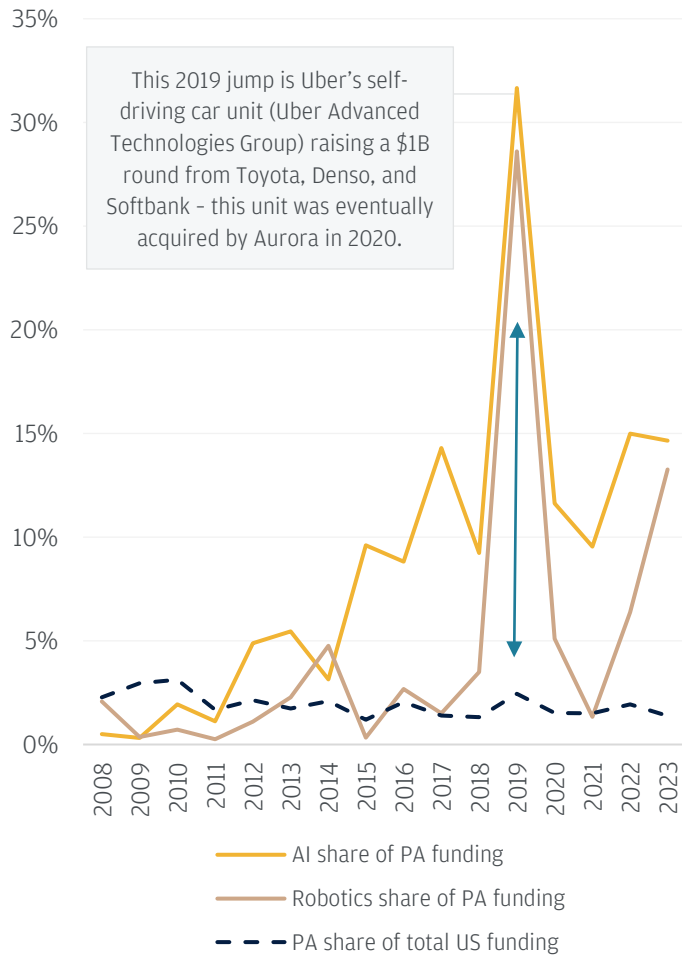
Case Study

Research and robotics in
Pennsylvania.

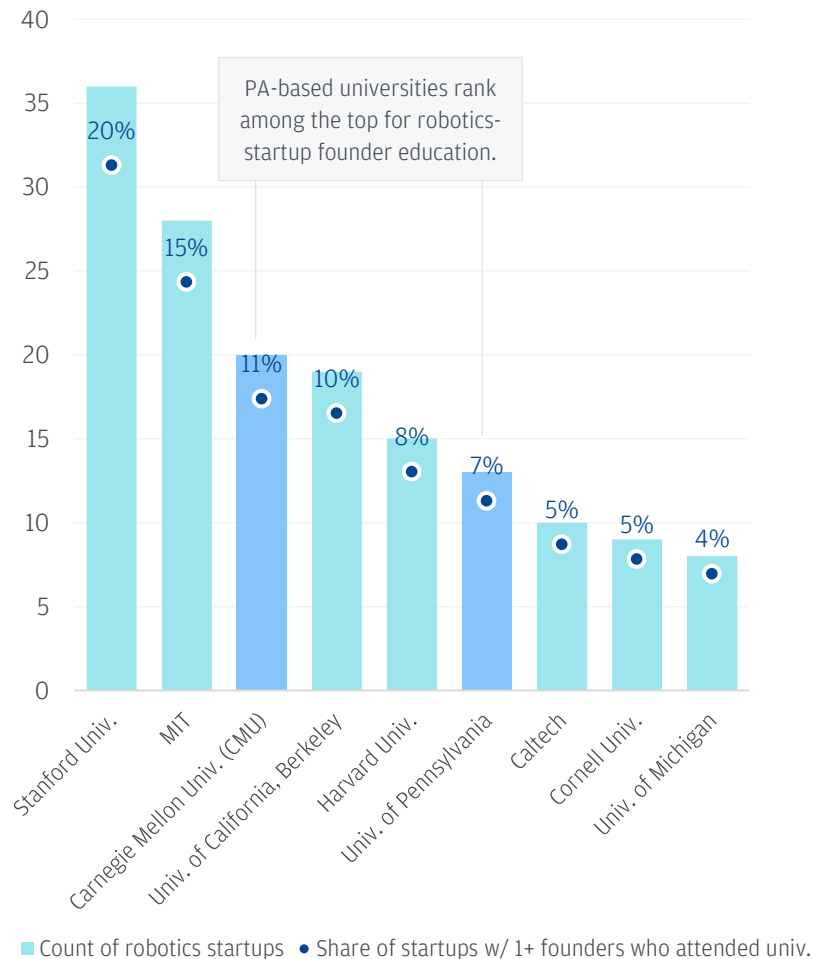


Research and robotics in Pennsylvania

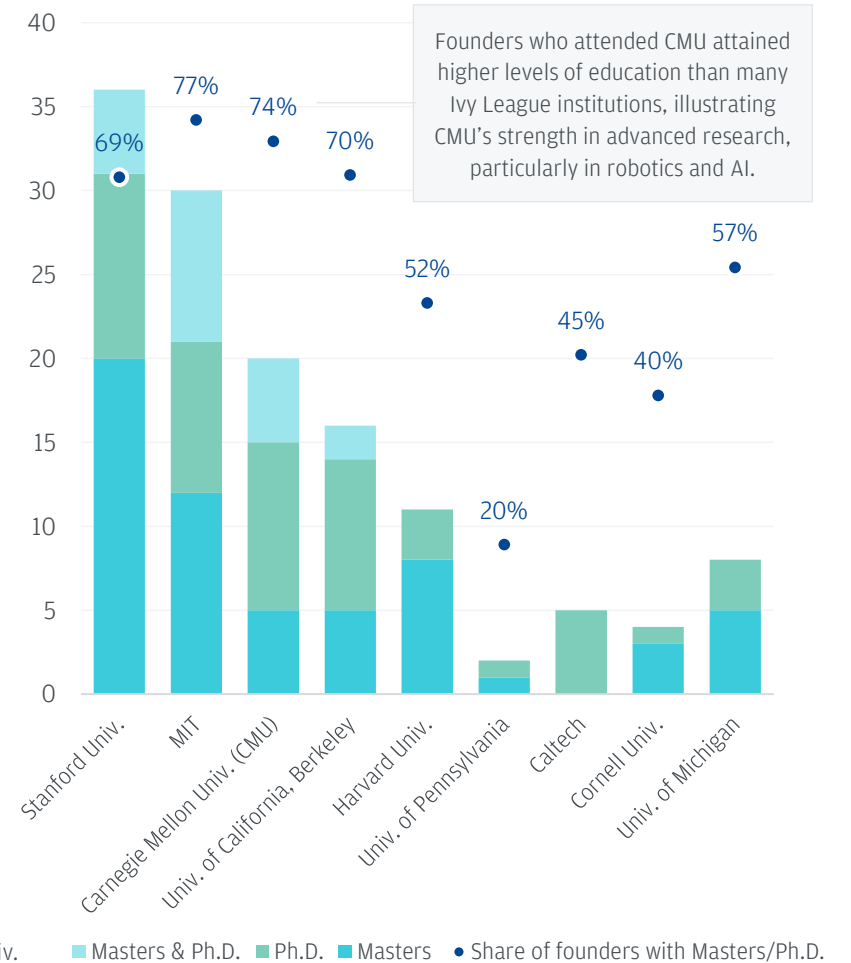
AI-RELATED INNOVATION WAVES DRIVE PENNSYLVANIA'S (PA) VENTURE FUNDING¹



NUMBER OF ROBOTICS² STARTUPS THAT HAVE RAISED \$50M+ AND SHARE OF THEIR FOUNDERS BY UNIVERSITY



BREAKDOWN OF ROBOTICS FOUNDERS' DEGREE TYPES BY UNIVERSITY



Notes: 1) AI = artificial intelligence and machine learning. 2) Robotics includes robotics, drones, and autonomous vehicles.

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