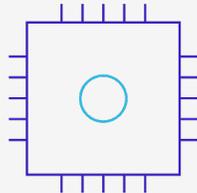


DEEP TECH UPDATE

STRATEGIC M&A • VENTURE CAPITAL
• NEWS AND INSIGHTS



**AI & COMPUTER
VISION**



**SEMICONDUCTOR
ECOSYSTEMS**



**IoT & EDGE
INTELLIGENCE**

QUARTERLY UPDATE & 2023 OUTLOOK

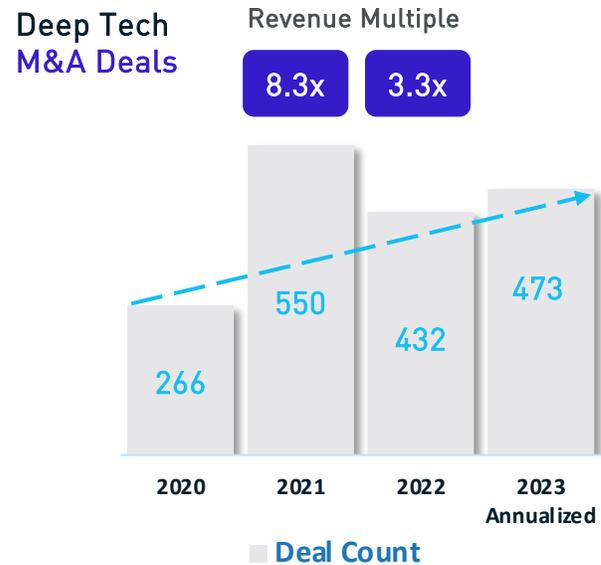
February 2023

CONNECTED VISION FOUNDER'S BLOG

STATE OF THE MARKET DEEP TECH M&A AND VC RAISES

What happened in Deep Tech M&A in 2022? What should we expect in 2023?

- Deep Tech deals spiked in 2021
(Both deal counts & multiples)
- Deal counts are still growing annually
(60%+ growth from 2020 to 2022)
- Valuation multiples have contracted,
but we expect some recovery in 2023+



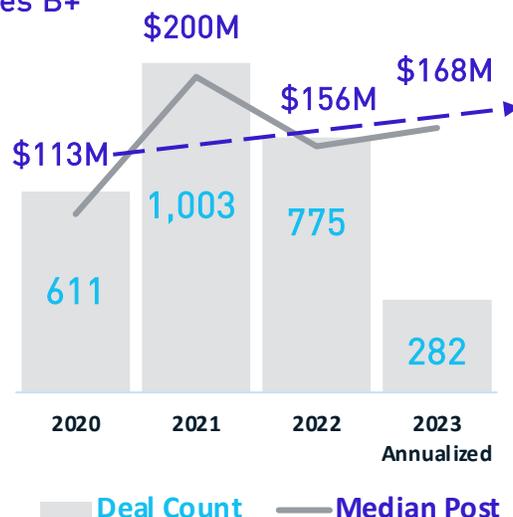
Deep Tech: 2023 vs. 2021

	2021	2023
Overreaction	Everyone is hiring!	Everyone is firing!
Metrics	Revenue doesn't matter, right?	Recurring Revenue, Profit
Middle schooler plays with..	Alexa	ChatGPT
Supply Chain	No chips	Too many chips
Semiconductor Fabs	Taiwan	USA (CHIPS Act)
Automotive	Autonomous Driving	Safer Driving (ADAS)
IoT	Sensor Cloud	Edge Intelligence
Inflation	Historical Low	Historical High
Banker gets asked about..	SPACs	M&A & Strategic Investors
Super Bowl MVP	Tom Brady	Patrick Mahomes

What happened in Deep Tech VC deals, Series B and beyond?

- **Transaction counts have dropped. A lot.** 1,000+ Series B+ transactions in 2021, dropping 70%+ in 2023 (annualized).
- **But median valuations are actually going up.** Taking out the 2021 outlier year, median post valuations are steadily increasing.
- **Smaller number of companies are getting funded, but at higher valuations.**

Deep Tech VC Deals
Series B+



How do tech layoffs impact M&A?

- Often a leading indicator that companies are pulling back on inorganic investments like M&A.
- In the recent market, talent acquisition had been one of the key value drivers of Deep Tech deals. With layoffs and hiring freezes, headcount acquisition will be a lower driver of M&A activity.

Deep tech buyers are still seeking expert talent in high demand areas like AI, ML and computer vision.



Top 3 things every Deep Tech company should do in 2023

1

Focus everything on winning customers. In 2023, the market is different than 2019-21. The #1 suggestion that we hear from buyers and investors right now is to increase customer logos, users and long-term recurring revenue. Everything else is secondary.

2

Conserve cash. Make every decision with extending the runway in mind. Don't over-hire. If seeking an exit, make sure the company is funded through the close, which takes on average 6-9 months.

3

Target strategic investors. Strategic investors and corporate venture capital can be great partners to Deep Tech companies, as they may agree to more favorable financial terms than VCs, in exchange for joint development collaboration. [\[CVA has significant expertise here.\]](#)

INTERESTING M&A TRANSACTIONS

AI, COMPUTER VISION, SEMICONDUCTOR ECOSYSTEMS, IoT

ERICSSON 

IoT Business

Acquired by

 **aeris**

ERICSSON IoT BUSINESS ACQUIRED BY AERIS COMMUNICATIONS

DEAL METRICS: NR

Ericsson's IoT platform is a provider of internet service and IoT based in the USA. The company offers their services to 9,000 enterprises to manage more than 95 million connected devices with 22 million eSIM connections globally. The deal is expected to close in March 2023.

 **.vivint**

Has been acquired by


nrg

VIVINT SMART HOME ACQUIRED BY NRG ENERGY

DEAL METRICS: \$2.8B • 1.7 REVENUE MULTIPLE

Vivint Smart Home is a smart home platform company with fully integrated solutions for consumers with hardware, software, sales, installation and support. It offers home security, cameras, smart locks, doorbell cameras and garage door sensors. The acquisition will enable NRG's acceleration in its consumer-focused growth strategy.

NRG is a utility with 7 million customers in the U.S. and one of the largest independent U.S. power producers.


SIERRA
WIRELESS

Has been acquired by


SEMTECH

SIERRA WIRELES ACQUIRED BY SEMTECH

DEAL METRICS: \$1.2B • 1.8X REVENUE MULTIPLE

Semtech sells analog and mixed signal semiconductors across broad markets, with revenue generated primarily in Asia. The acquisition will strengthen Semtech's IoT offerings. Semtech has been historically active in minority growth equity investments in companies like Dryad, Microshare and myDevices.

INTERESTING VC TRANSACTIONS

SERIES B AND ABOVE, >\$20M



PARTICLE \$30M SERIES C2

POST-MONEY: \$260M

INVESTORS: Energy Impact Partners, SOSV, Root Ventures, Gold Vision Capital

Particle is a developer of an IoT platform that remotely monitors IoT devices with end-to-end visibility, location, environmental conditions. As many IoT platforms have consolidated or faltered in their growth plans, As fundraising in IoT has tightened, Particle has been one of the outliers that has been able to continue to raise growth capital along with players like [Arduino](#).



QUADIC.IO \$31M SERIES B

POST-MONEY: \$131M

INVESTORS: MegaChips, Emerson Electric, Denso, Mesh Ventures, Xerox Ventures

Quadric is a developer of an edge processor designed for industrial IoT and robotic products. Its processors enable real-time processing of real-world data with low power and maximum speed.



MOORE THREADS \$213M SERIES B

POST-MONEY: \$4.3B

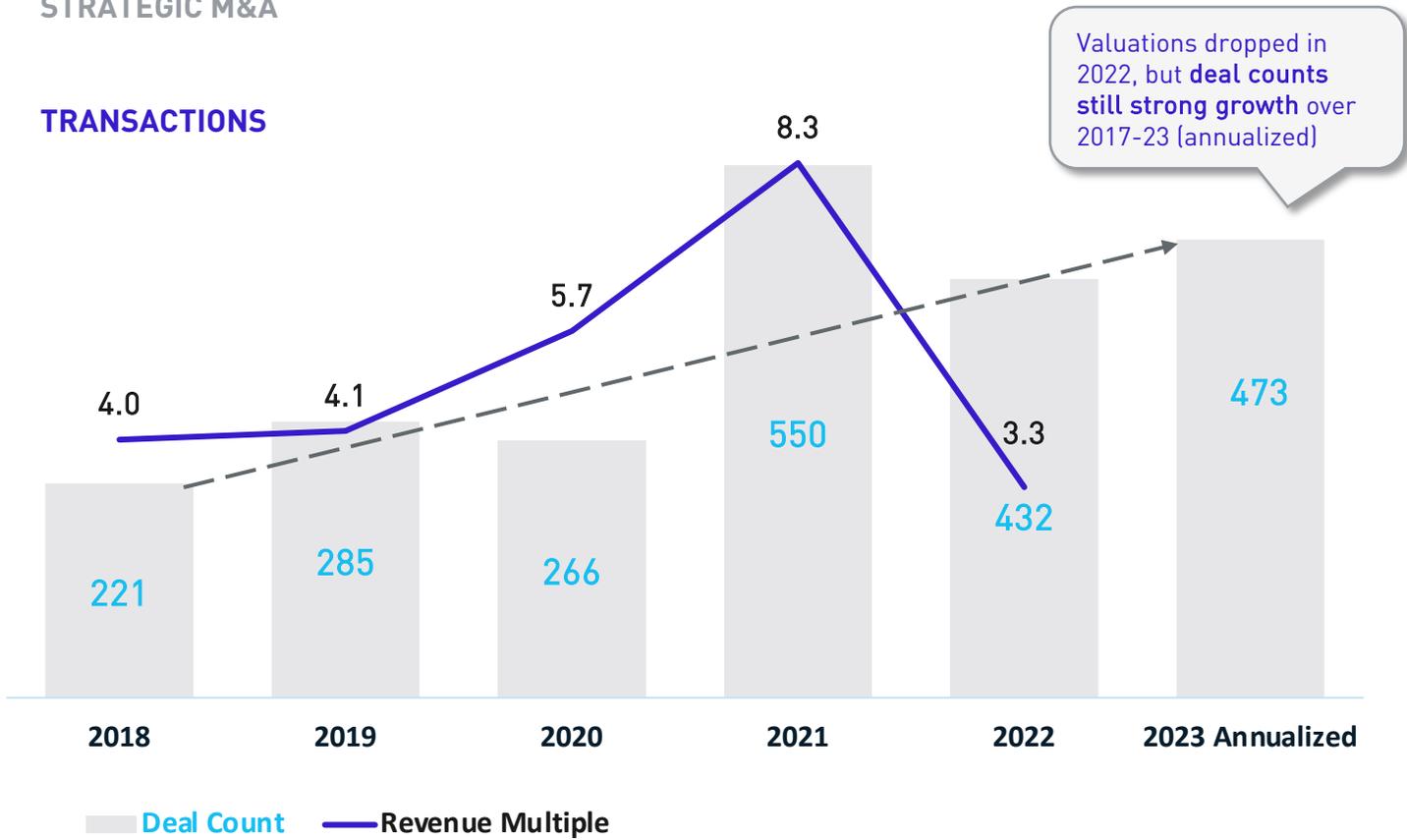
INVESTORS: Dianshi Asset Management, Hexie Health Insurance

Moore Threads is a China-based developer of GPU technology designed to enable visual computing, AI and high-performance computing applications.

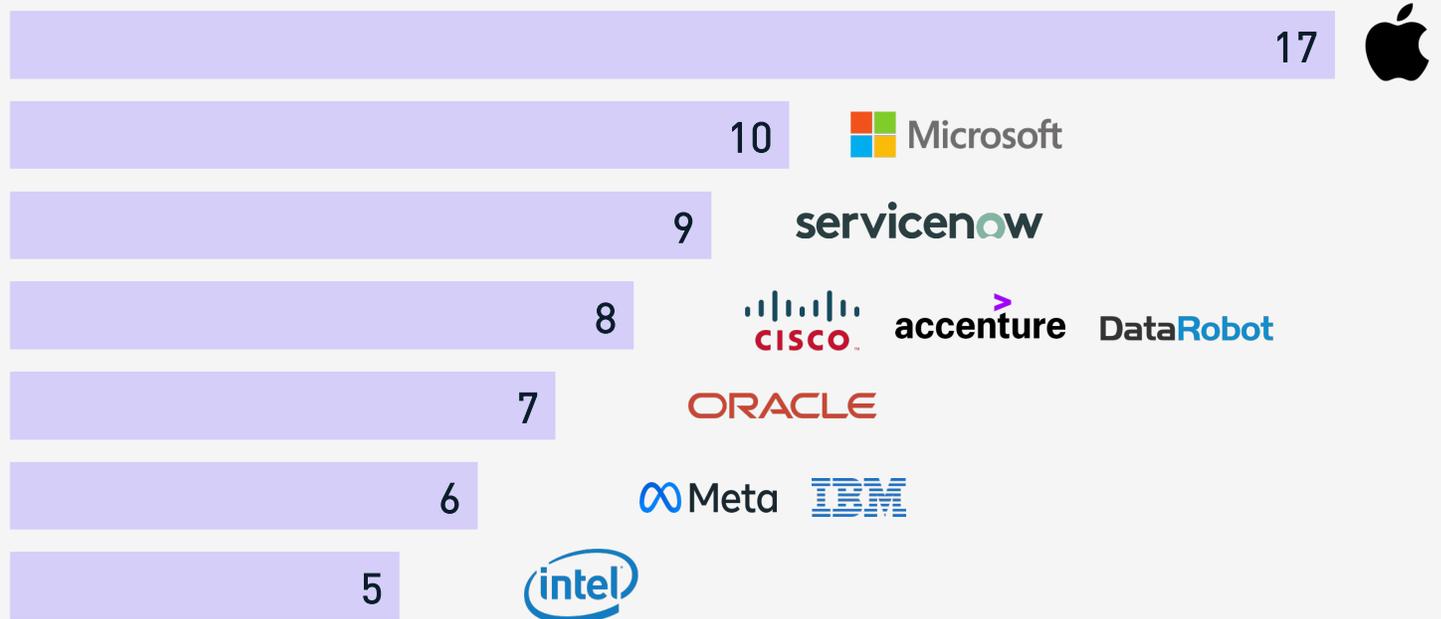
AI, ML and COMPUTER VISION SOFTWARE

STRATEGIC M&A

TRANSACTIONS



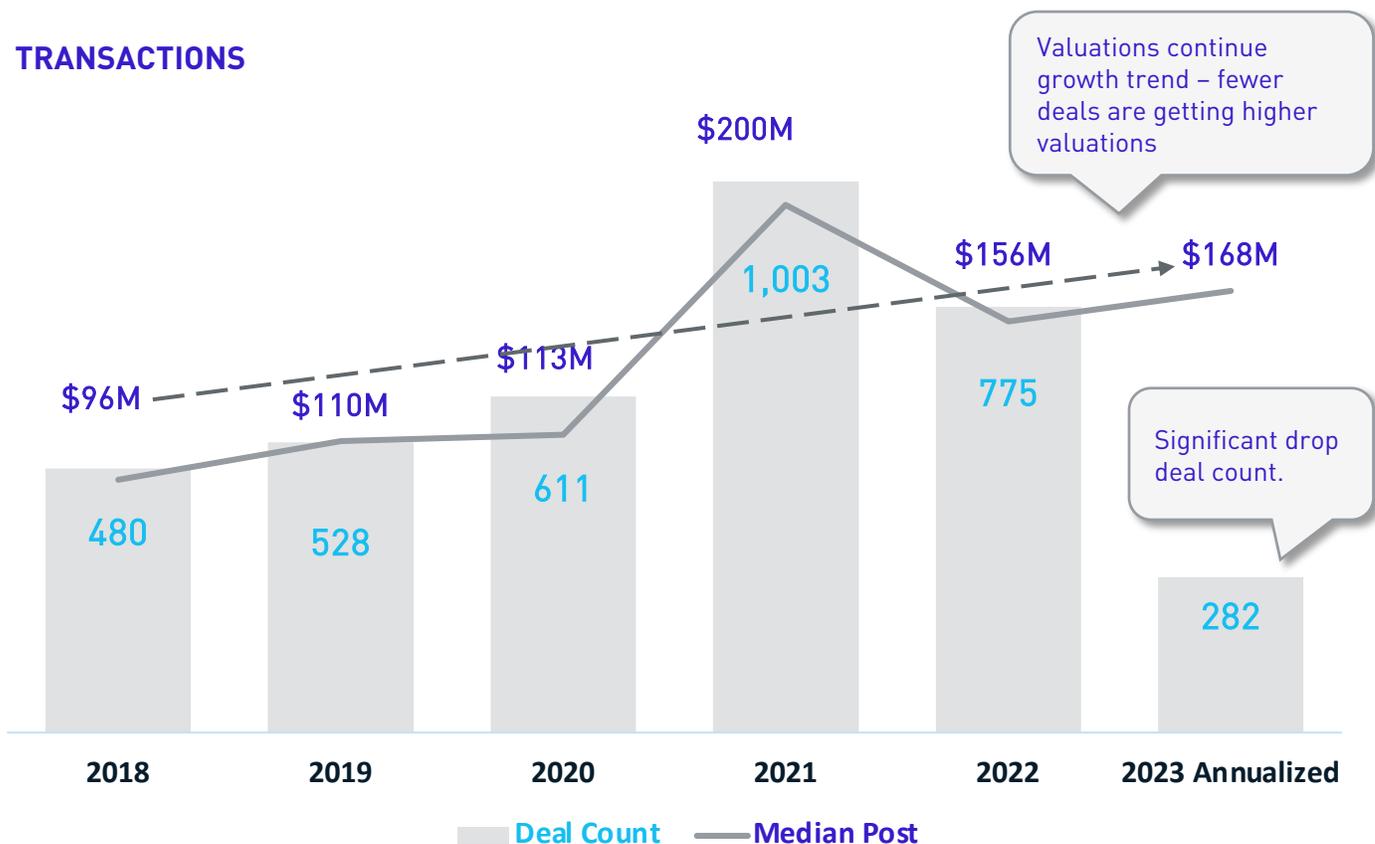
TOP BUYERS - DEAL COUNT SINCE 2018



AI, ML and COMPUTER VISION SOFTWARE

GROWTH EQUITY, SERIES B AND HIGHER

TRANSACTIONS



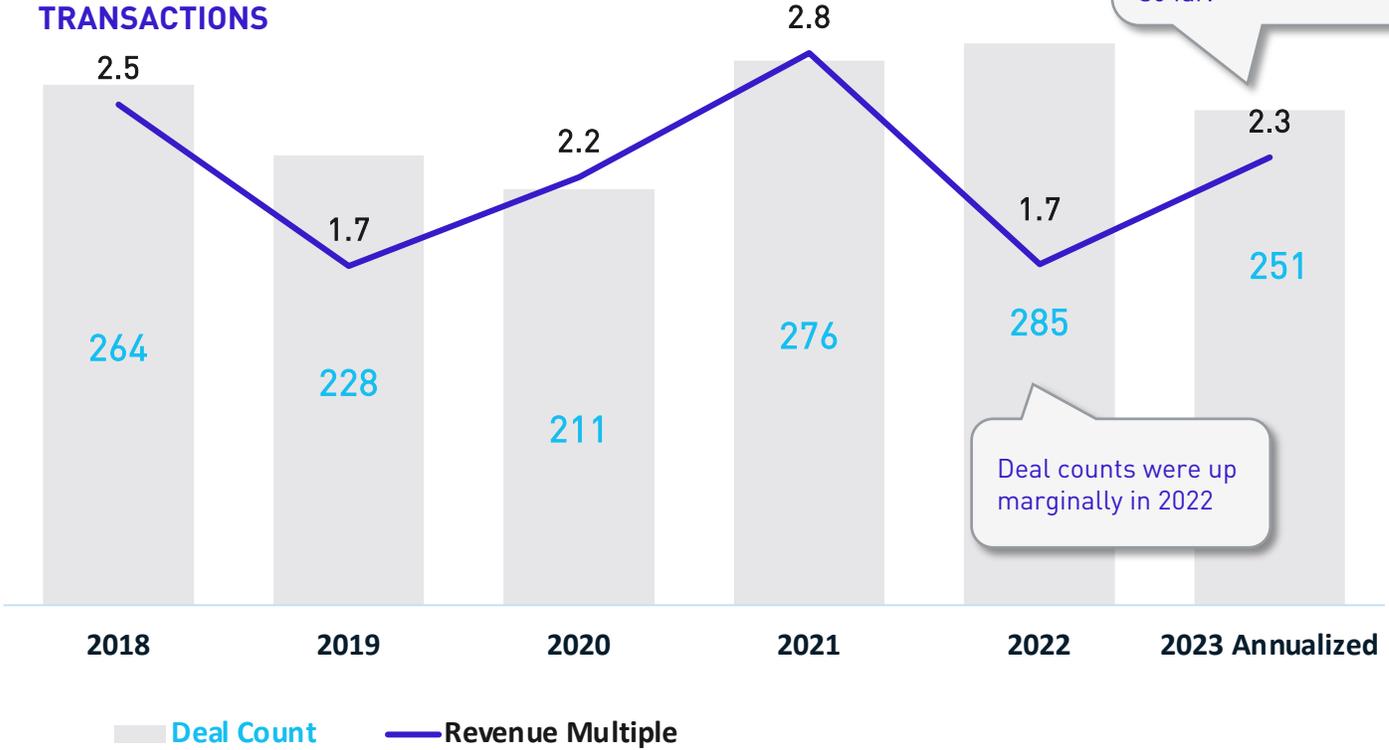
TOP INVESTORS – DEAL COUNT SINCE 2018



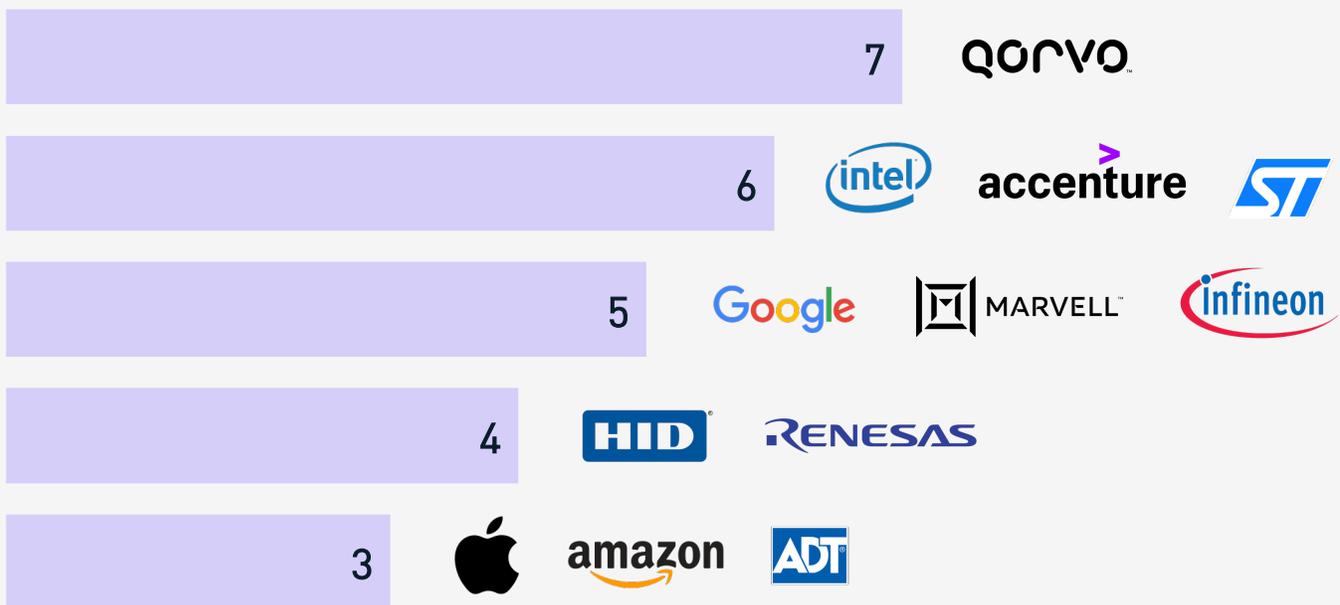
IoT and SEMICONDUCTOR

STRATEGIC M&A

TRANSACTIONS



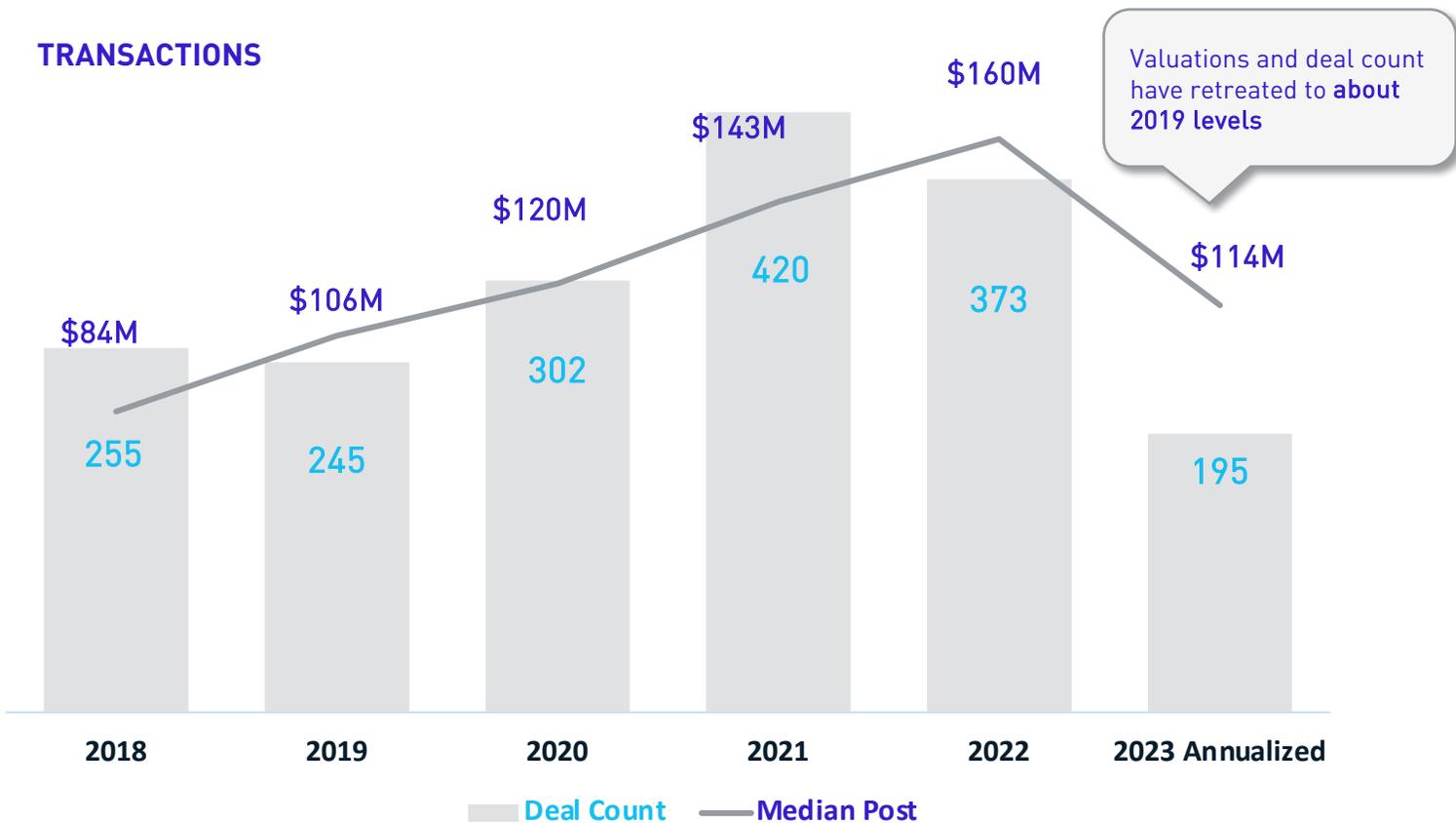
TOP BUYERS – DEAL COUNT SINCE 2018



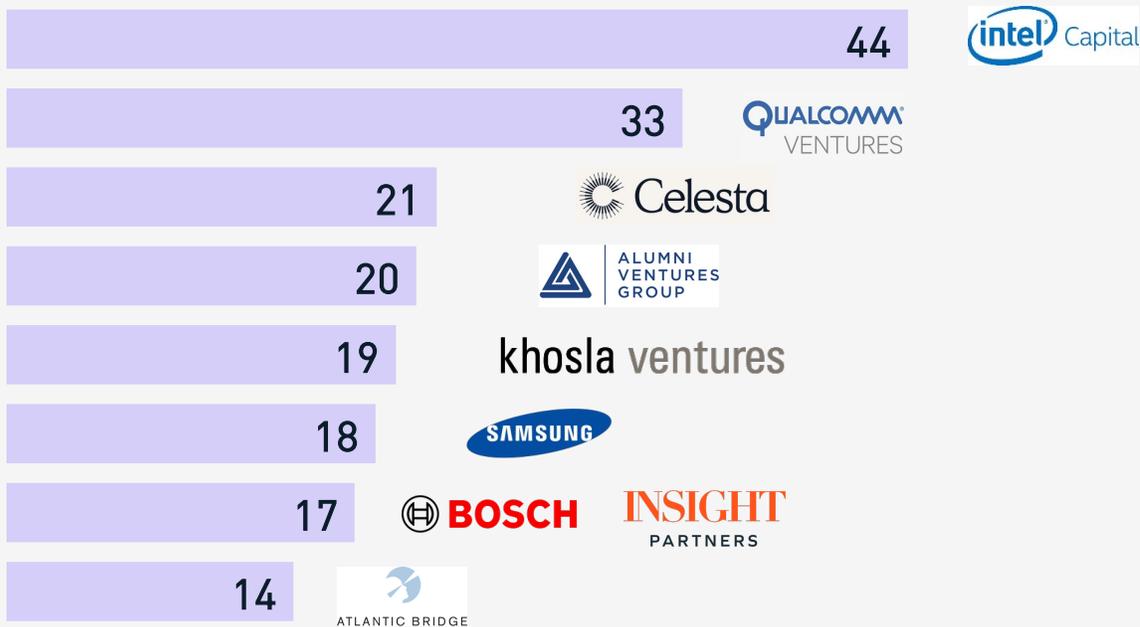
IoT and SEMICONDUCTOR

GROWTH EQUITY, SERIES B AND HIGHER

TRANSACTIONS



TOP INVESTORS SINCE 2018



3,969 investors with at least 1 deal

RECENT M&A TRANSACTIONS

STRATEGIC ACQUISITIONS

TARGET	BUYER	VALUE (\$M)	REVENUE MULTIPLE	DESCRIPTION
Caption Health	GE Healthcare			Medical imaging software for heart disease
GEO Semiconductor	indie Semiconductor			Programmable camera video processors
Cipher	RELX	37		IP analysis platform for patent intelligence
Iguazio	McKinsey & Co	50		Machine Learning operations platform
Pachyderm	Hewlett Packard Enterprise			Data engineering software pipeline tools
Sierra Wireless	Semtech	1,200	1.8x	Wireless & IoT communications and cloud
Elemeno AI	Semantix			Machine Learning Operations models & tools
Myst AI	Snowflake			AI-based data analysis techniques & tools
Qeexo	TDK			Machine learning development platform
Janam	Assa Abloy			Rugged mobile computers and devices
Almotive	Stellantis			Automated driving technology and tools
Odin Vision	Olympus	69		AI-enabled applications for medical
Newmetrix	Oracle			Cloud-based video management system
Ericsson (IoT business)	Aeris Communications			IoT service based in the USA, 95M devices
Vivint Smart Home	NRG Energy	2,800	1.7x	Smart home automation platform
paragon semvox	CARIAD	41		Multi-model software for voice control
ItoM	Bosch			Design services and IP for RF and tuners
Neurotech Artificial Intelligence	B3	218		Data management and AI-based analytics
Beyond Sports	Sony			3D simulation platform for sports
OspreyData	Mesquite Technologies			Augmented data analytics for oil wells

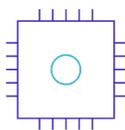
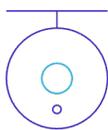
RECENT VC TRANSACTIONS

CAPITAL RAISE, SERIES B+ >\$20M

COMPANY	SERIES	DEAL SIZE (\$M)	POST MONEY (\$M)	DESCRIPTION
Acceldata	C	50	350	Data analytics platform
ONE	B	300	1,200	Transformative battery technology
Phantom AI	C	37	197	Driver assistance platform and modeling
Cornelis Networks	B3	13	248	High-performance fabrics for science and government applications
DeepL	B	100	1,000	AI-based translation platform
Yuze Semiconductor	B	173	1,438	N-type wafer for photovoltaic industry
Moore Threads	B	213	4,326	Graphics processing for visual computing, AI, and high-perf computing
Accern	B	20	90	No-code software to extract insights from unstructured data
Helm.ai	C	31	431	AI-based driving technology
Quadric.io	B	31	131	Edge processors for industrial IoT
Shield AI	E	225	2,300	AI-based drone technology
Dataiku	F	204	3,700	Data platform to scale enterprise AI
Particle	C	30	260	IoT platform
Runway	C	50	500	Creative tools leveraging AI
Anduril	E	1,480	8,480	AI-based computer vision, sensor fusion, optics & automation for national security
Frore Systems	B	100	503	Piezoelectric MEMS for active cooling
Lambda	B	40	170	Deep learning infrastructure compute
Spot AI	B	40	235	Network video recording in the cloud
Soft Robotics	C	26	90	Robotic end-of-arm tools for automation
Xanadu	C	100	1,000	Quantum photonic platform

ABOUT CONNECTED VISION ADVISORS

DEEP TECH INVESTMENT BANKING



- + **We are a deep tech investment banking firm.** We advise on M&A and capital raise transactions. We are experts at driving strategic value in technology deals.
- + **We aren't your typical financial bankers.** We are electrical engineers and former executives, and we have seen deals from all sides: large tech, startups and as bankers. Our experience gives us unique insights that helps us drive the best outcome for our clients.
- + **We focus on AI, Computer Vision, Semiconductor Ecosystems and IoT markets,** working with market-leading software, hardware and IP companies.
- + **Our team is global,** based in the USA, UK and Canada. We have deep experience doing deals across North America and Europe.
- + **We work with buyers and investors** like Qualcomm, SONY, Cisco, ARM, Bosch, Amazon, Renesas, Intel, Lattice, Cadence, Faurecia and many more.

Transaction Experience

 Series B 	 Has been acquired by 	SPORTS TECH COMPUTER VISION AI Has been acquired by 	SMART BUILDING COMPUTER VISION AI Has been acquired by 	 IP licensed by 	IoT Security & AIOPS Has been acquired by
CLOUD NATIVE ACTIVE TESTING Has been acquired by 	SMART GRID IoT Has been acquired by 	 Has been acquired by 	 faurecia Strategic Advisory	WNRDVR Buy-side Advisory	TWISTEDPAIR Has been acquired by



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