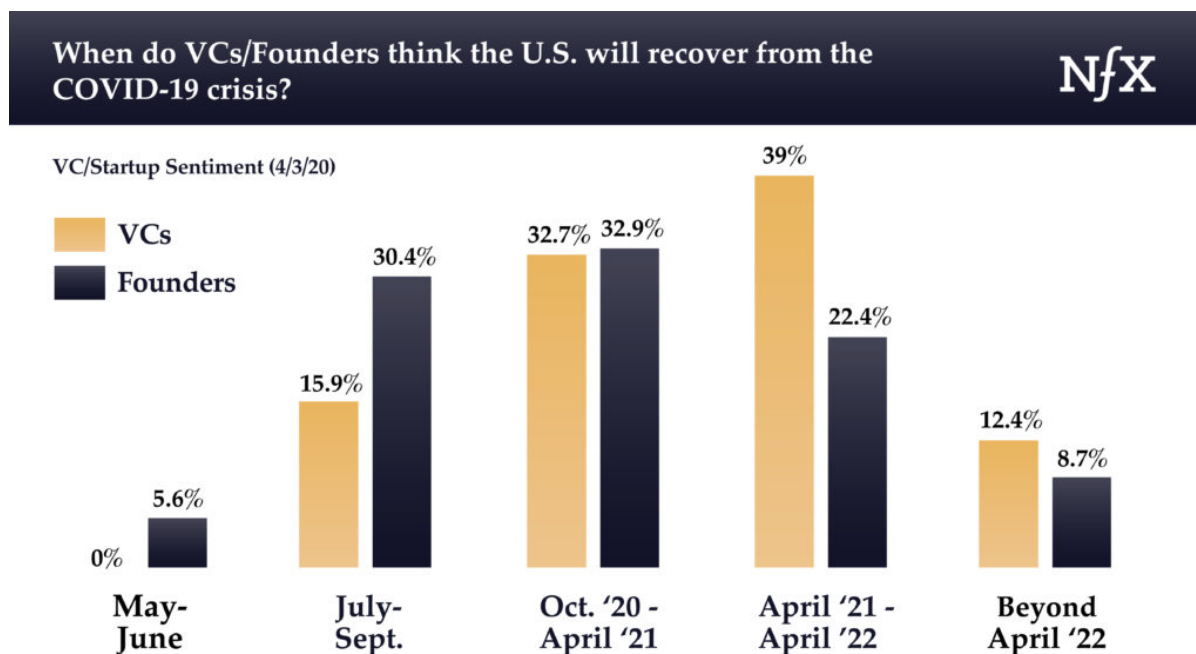


www.nfx.com/post/the-vc-startup-sentiment-survey/

The VC & Founder Sentiment Survey

3-3 minutes

The VC & Founder Sentiment Survey



The VC & Founder Sentiment Survey is an ongoing initiative to track how early-stage Investors and Founders are reacting to the COVID-19 crisis.

The goal is to provide a reference point to the community in the midst of one of the most unpredictable climates we've seen.

286 Seed & Series A Founders & 114 VCs provided their thoughts on important questions such as:

- Are VCs really investing at the same pace?
- How long do Founders think it will be before the economy recovers? What about VCs?
- Are Founders changing their fundraising plans?
- What percentage of Founders have made layoffs?
- What is the impact on hiring?
- What are other Founders doing to cut expenses?
- ...and more

We plan to run this survey every 5-8 weeks to see how sentiment is changing. As Founders ourselves who have been through several downturns, we understand the challenges our community is facing. We hope this information helps everyone navigate more confidently.

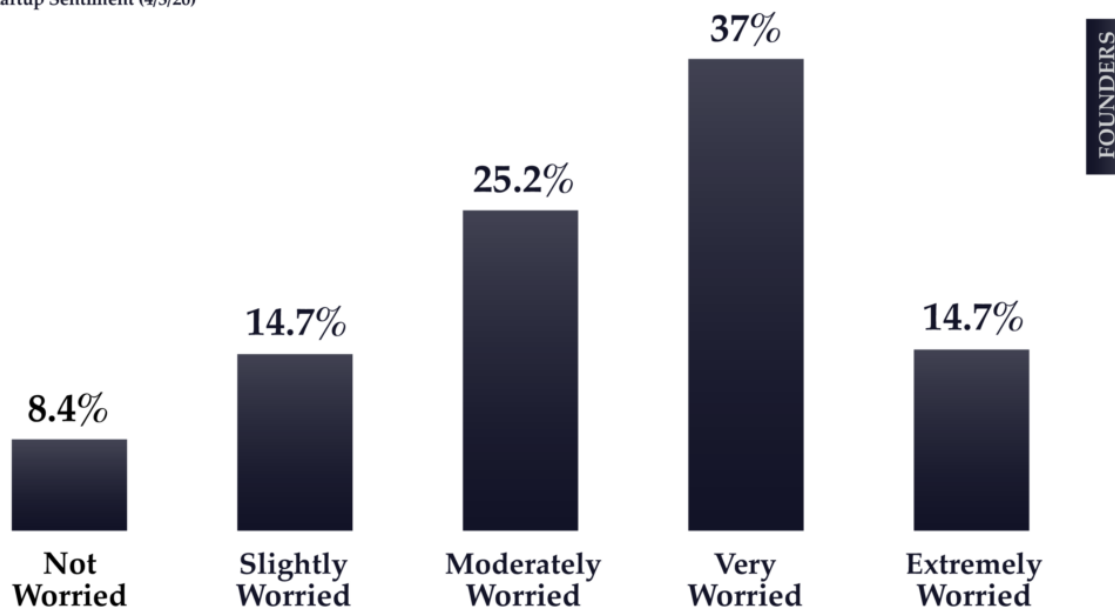
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How are founders feeling?

NfX

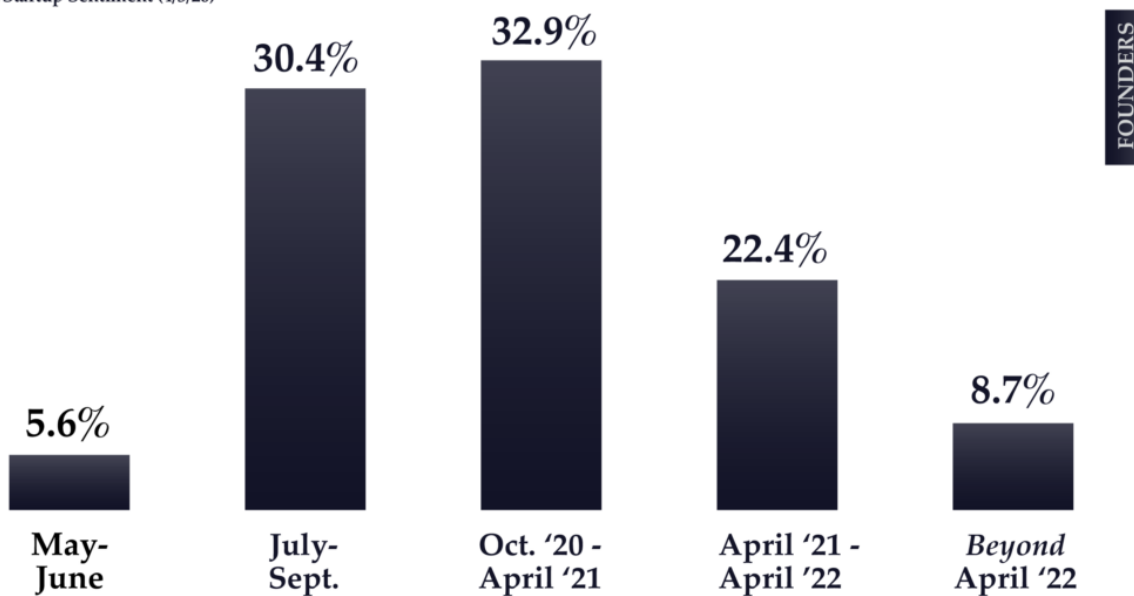
VC/Startup Sentiment (4/3/20)



When do founders think the U.S. will be more or less back to normal?

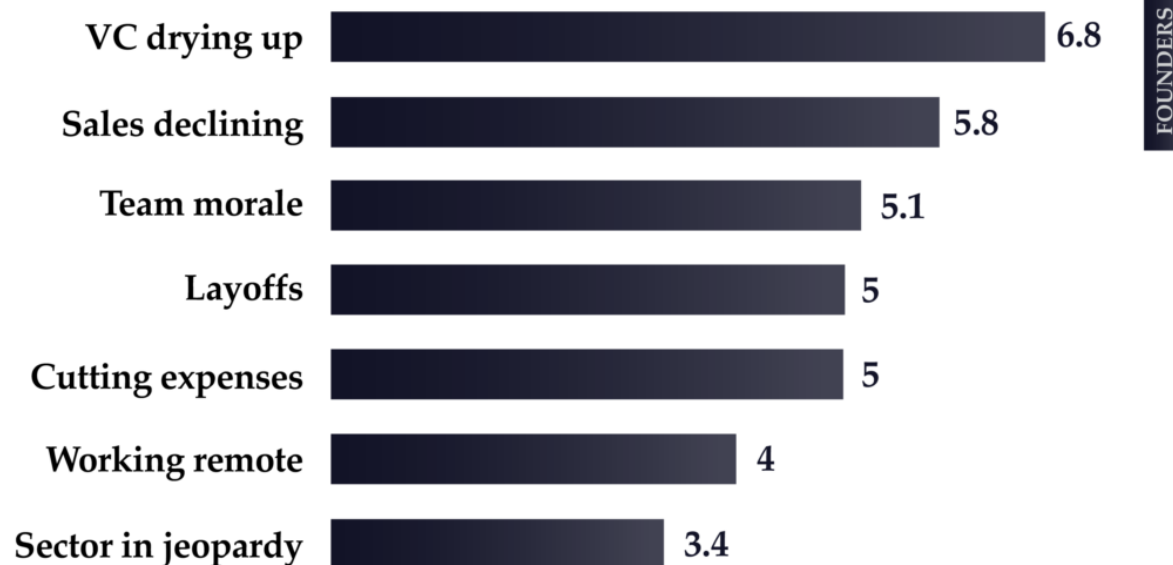
NfX

VC/Startup Sentiment (4/3/20)



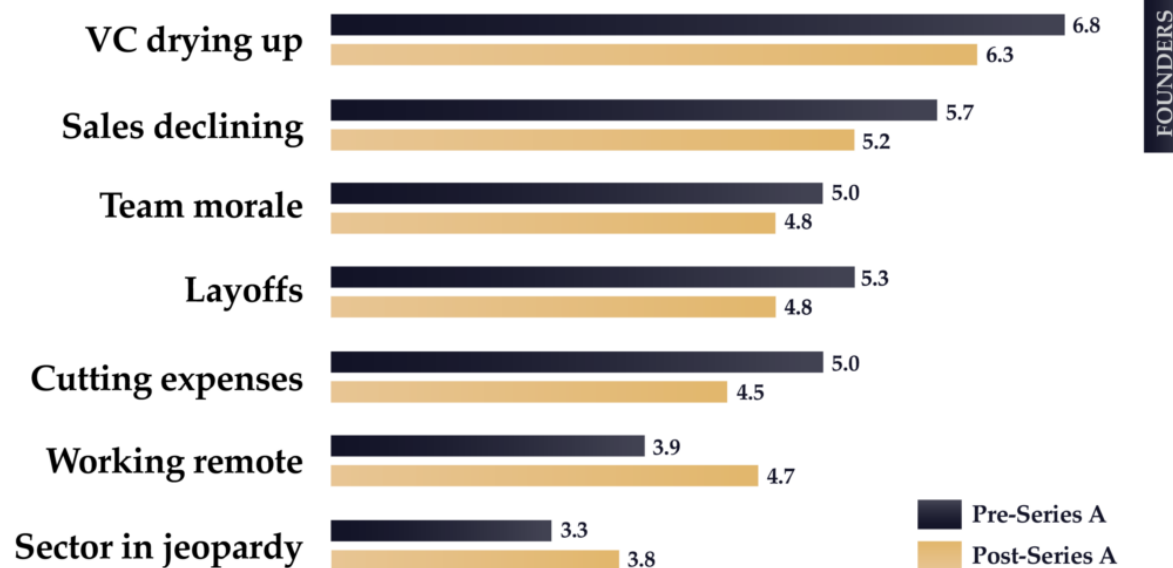
On a scale of 0-10, what are founders' biggest concerns? NfX

VC/Startup Sentiment (4/3/20)



On a scale of 0-10, what are founders' biggest concerns? NfX

VC/Startup Sentiment (4/3/20)

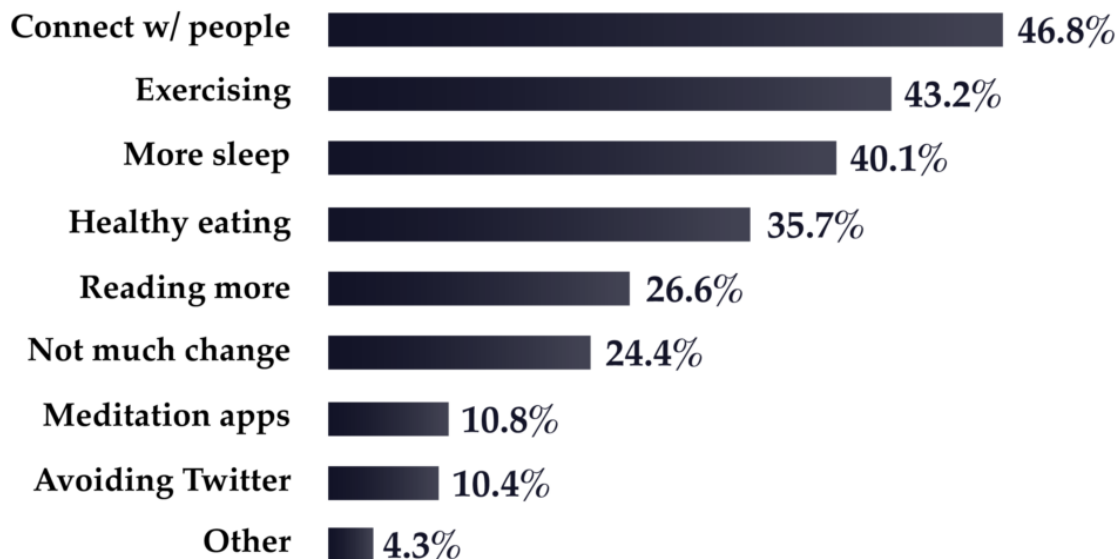


Bonus Content: VC Pitch Tips for Founders During Downturns

What are founders doing for self-care?

NfX

VC/Startup Sentiment (4/3/20)



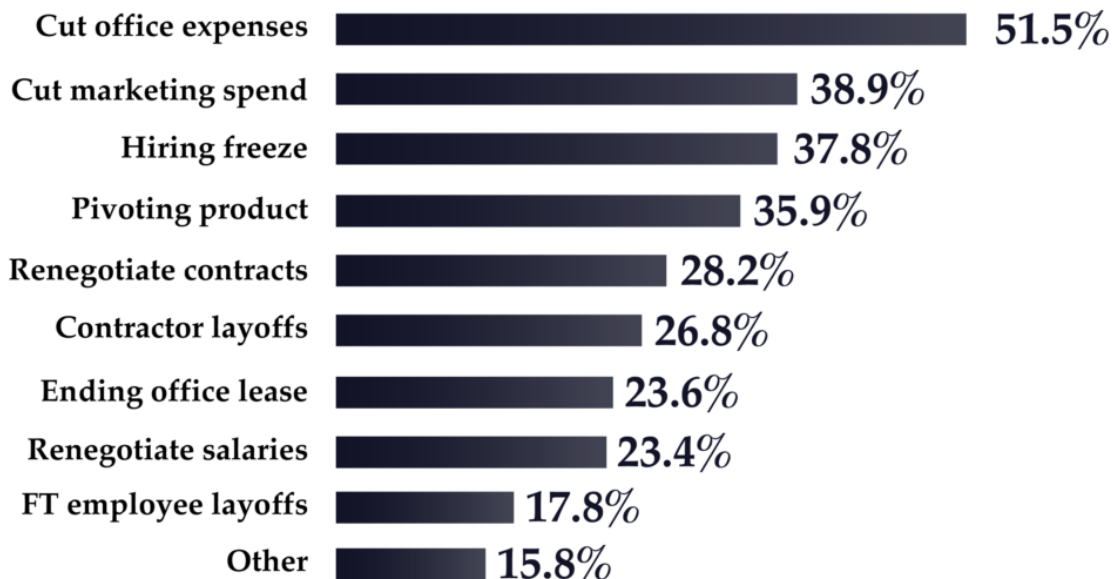
FOUNDERS

b. Company Changes

Changes founders are making within companies:

NfX

VC/Startup Sentiment (4/3/20)

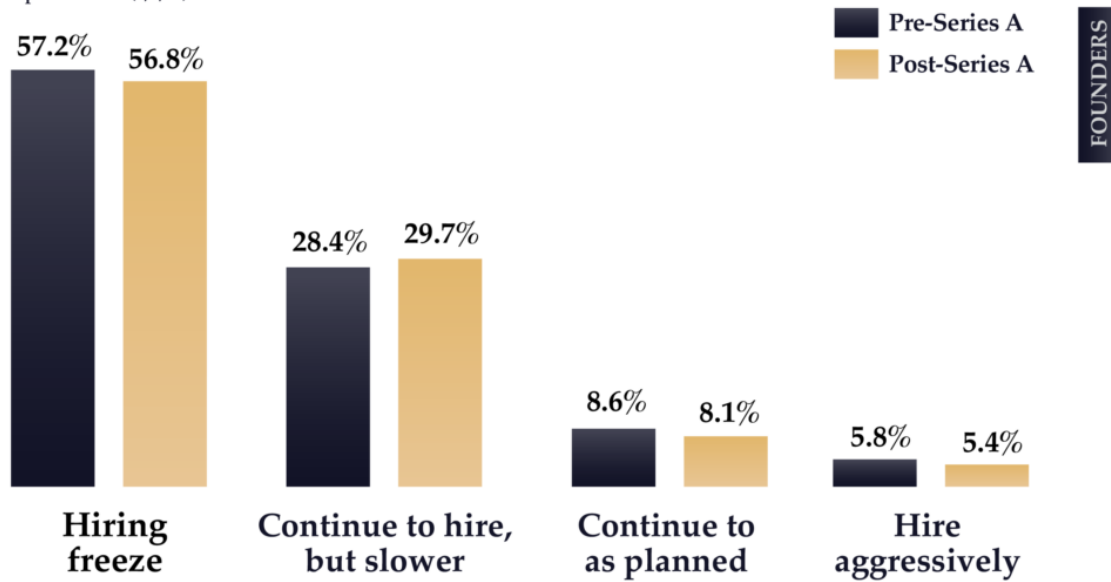


FOUNDERS

How are founders changing their hiring plans?

NfX

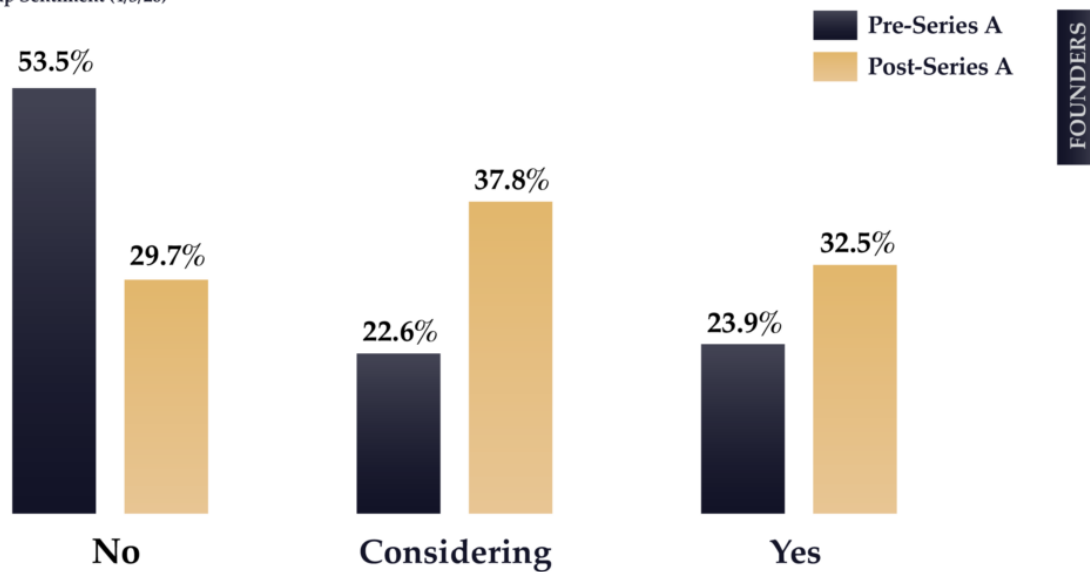
VC/Startup Sentiment (4/3/20)



Are founders making layoffs?

NfX

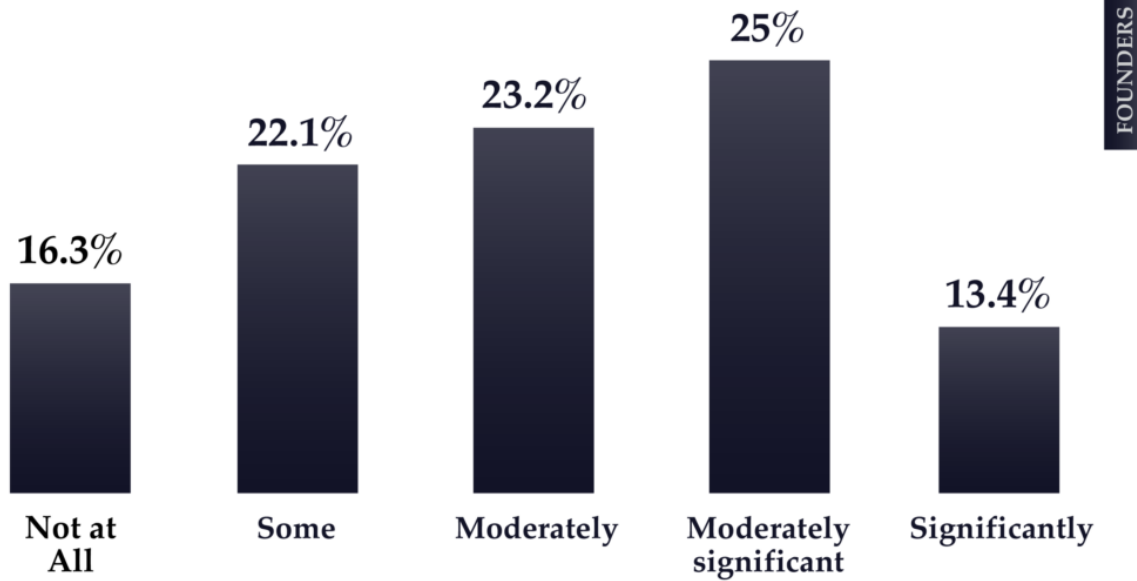
VC/Startup Sentiment (4/3/20)



How much are founders changing their products?

NfX

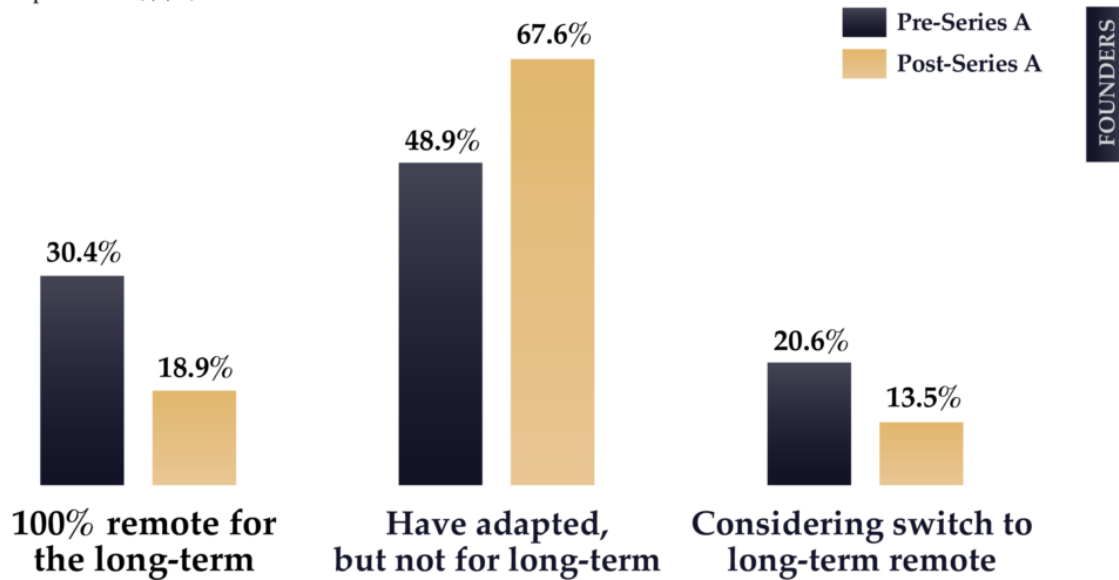
VC/Startup Sentiment (4/3/20)



How do founders feel about remote work?

NfX

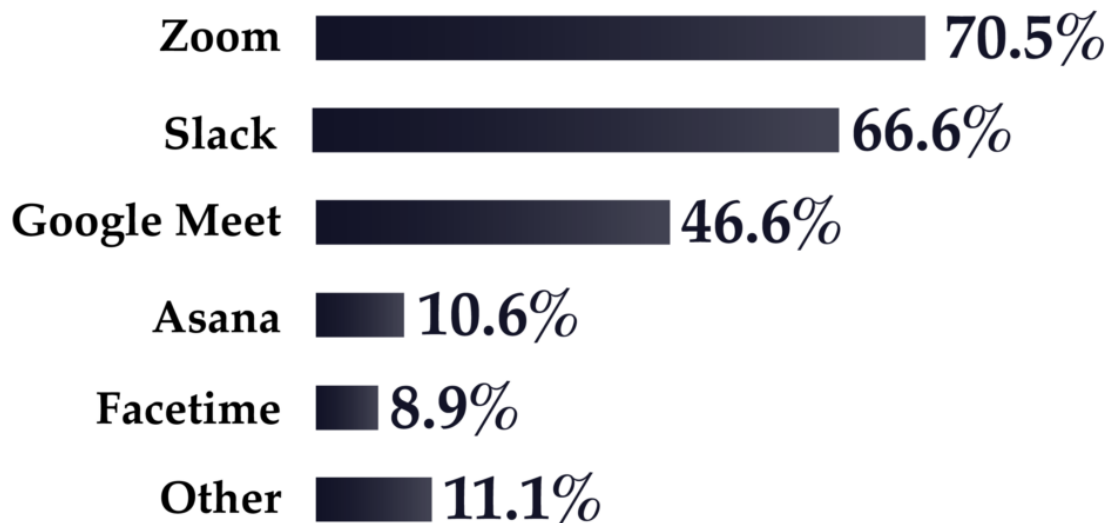
VC/Startup Sentiment (4/3/20)



What tools have been critical for company remote work?

NfX

VC/Startup Sentiment (4/3/20)



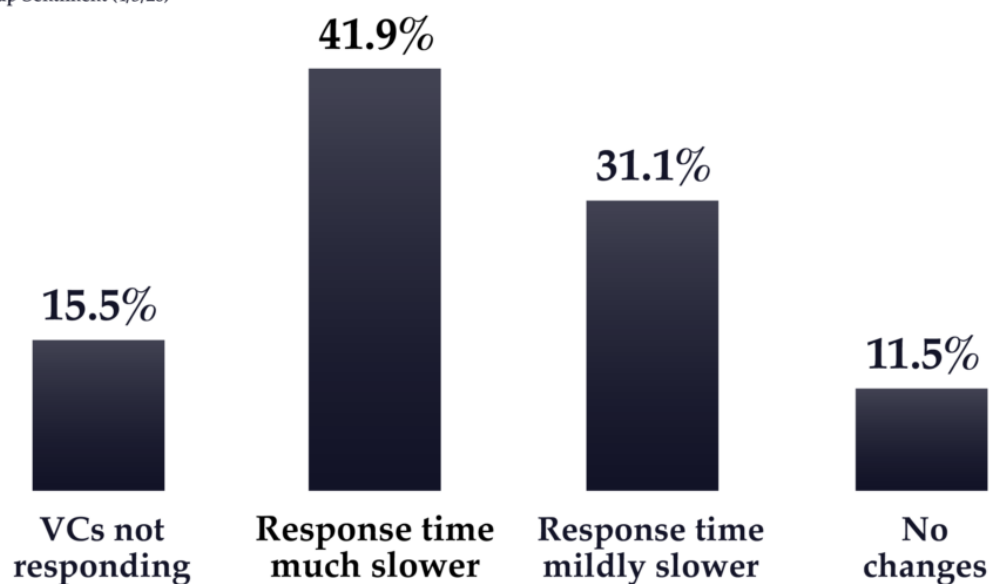
FOUNDERS

c. Fundraising

If you are fundraising right now, what is your observation?

NfX

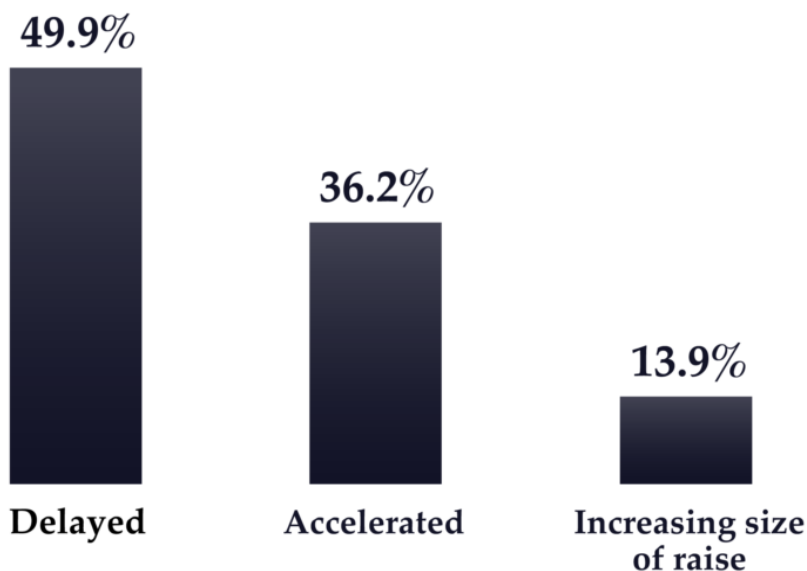
VC/Startup Sentiment (4/3/20)



FOUNDERS

How have founders changed their fundraising plans? NfX

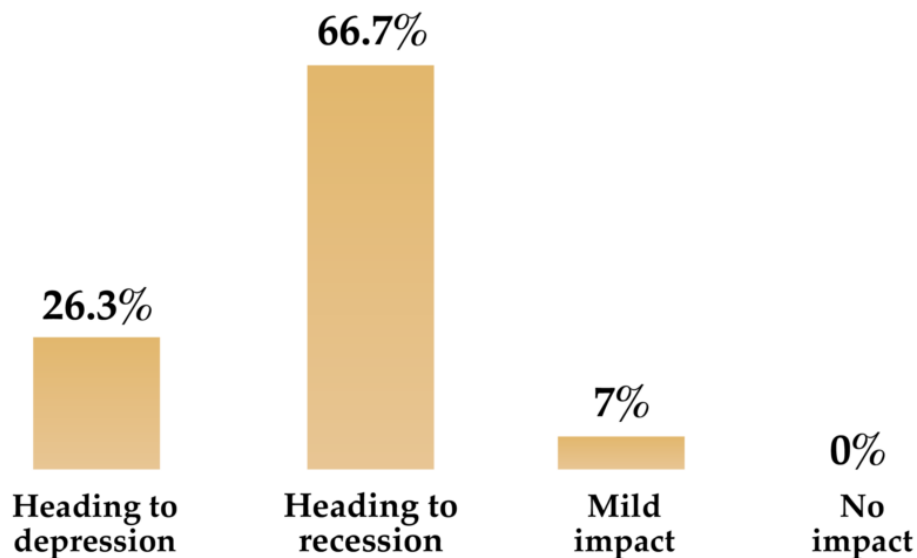
VC/Startup Sentiment (4/3/20)



FOUNDERS

What is the VC sense of the impact this crisis will have on the economy? NfX

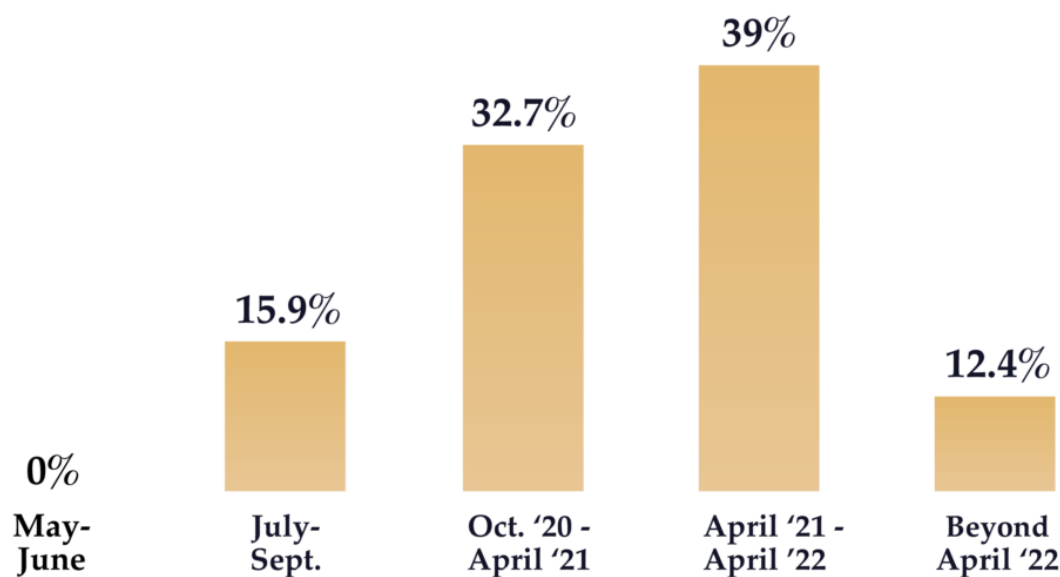
VC/Startup Sentiment (4/3/20)



INVESTORS

When do VCs think the U.S. will be more or less back to normal?

NfX



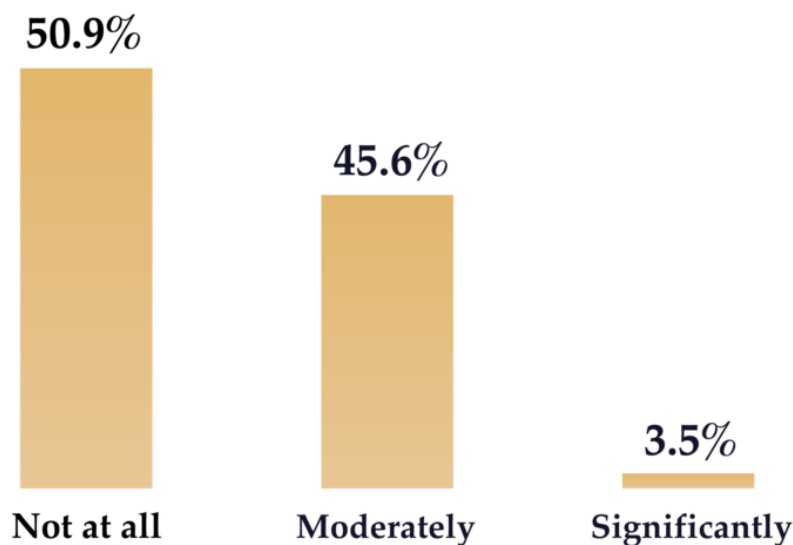
INVESTORS

b. Strategic Changes

How are VC firms shifting their investment strategy?

NfX

VC/Startup Sentiment (4/3/20)

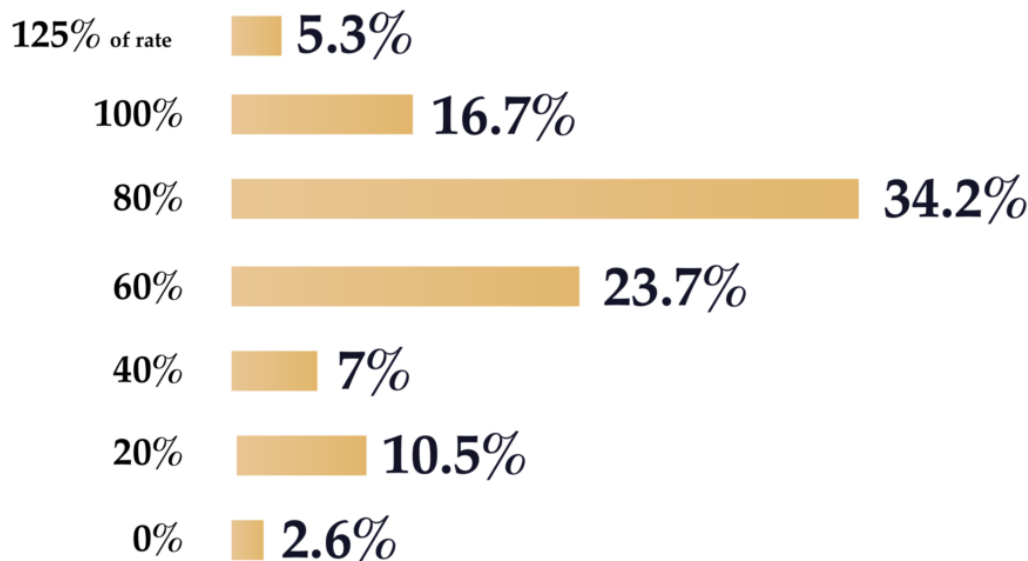


INVESTORS

How will you adjust your rate of capital deployment into new investments?

NfX

VC/Startup Sentiment (4/3/20)

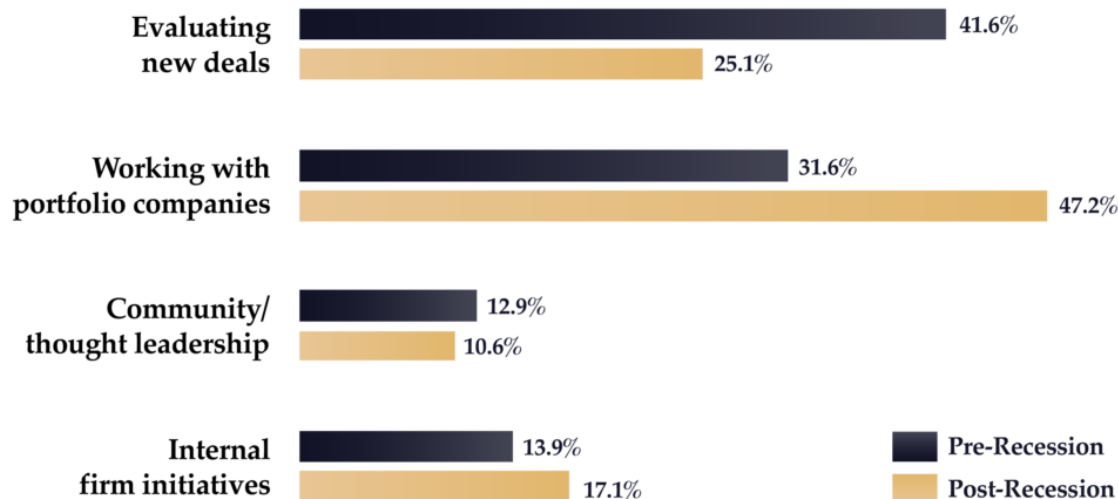


INVESTORS

VC Time Expenditure (Pre vs Post Recession)

NfX

VC/Startup Sentiment (4/3/20)



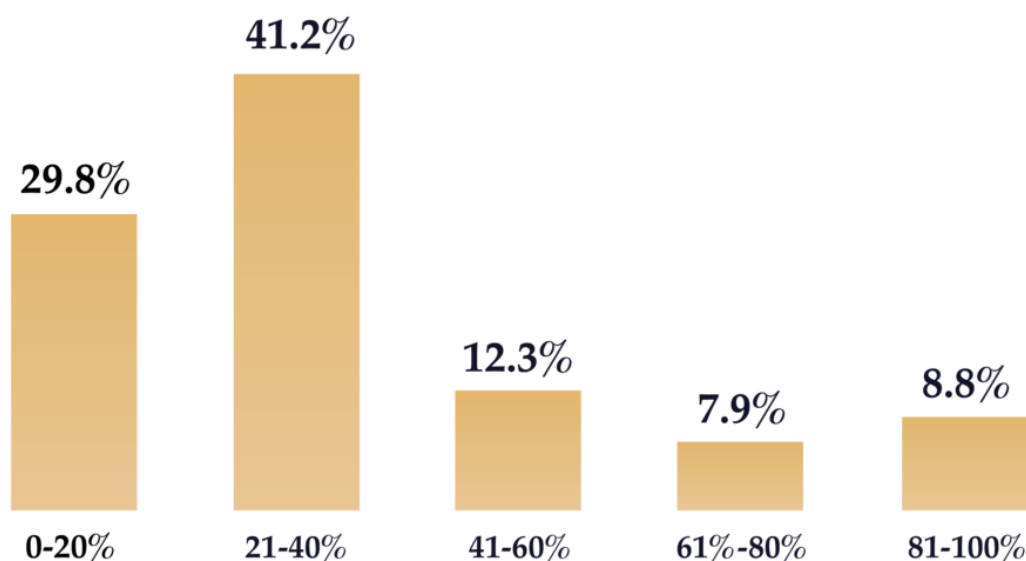
INVESTORS

Pre-Recession
Post-Recession

What percentage of VC portfolio companies have had to layoff staff or plan to?

NfX

VC/Startup Sentiment (4/3/20)

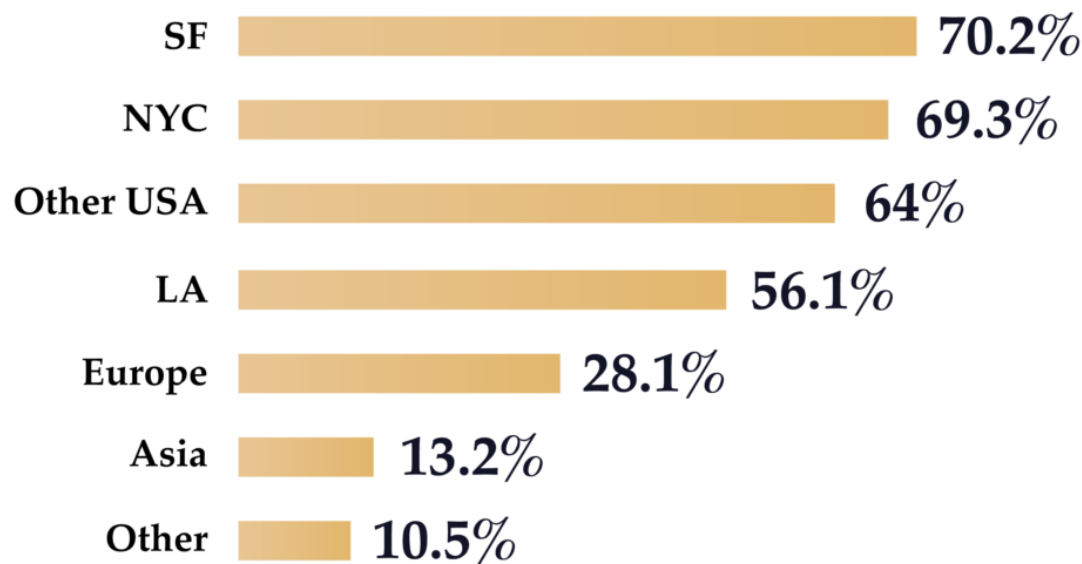


INVESTORS

What geographies are VCs focused on?

NfX

VC/Startup Sentiment (4/3/20)



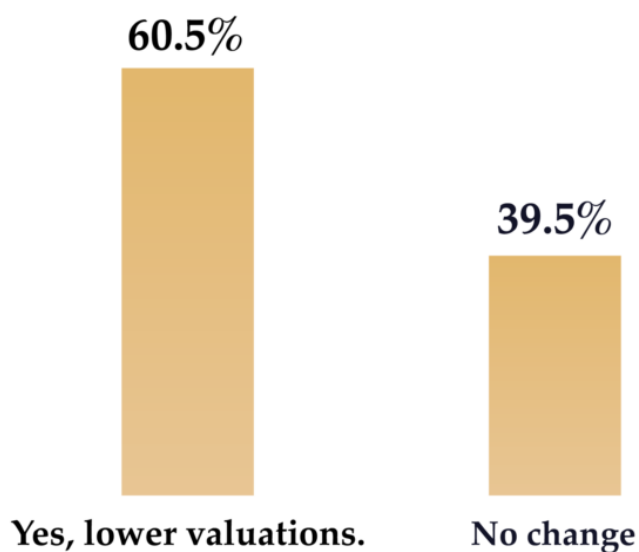
INVESTORS

c. Startup Valuations

Has there been any change in valuations that founders are asking for?

NfX

VC/Startup Sentiment (4/3/20)

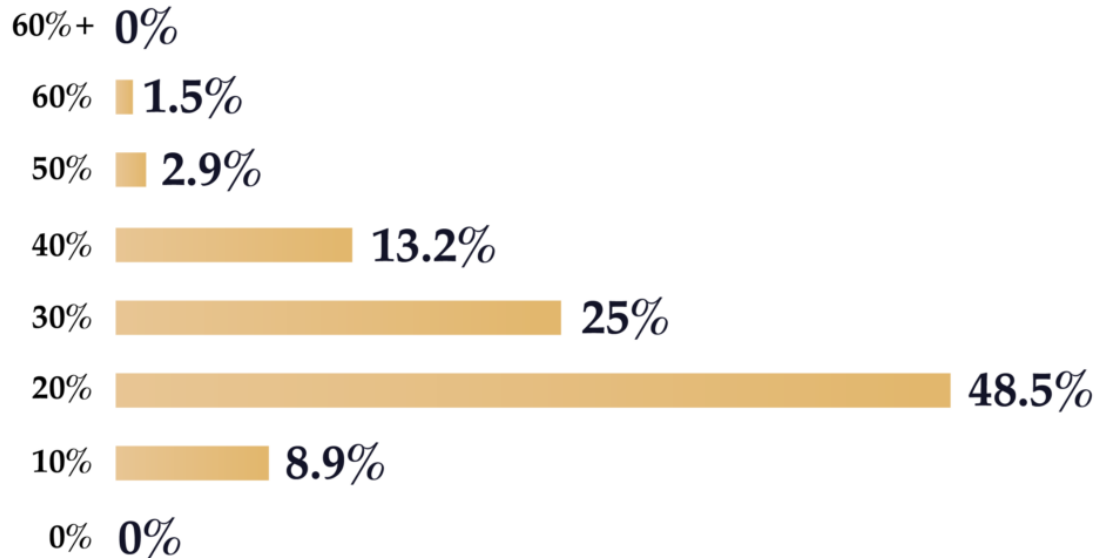


INVESTORS

What lower % change in valuations on average?

NfX

VC/Startup Sentiment (4/3/20)

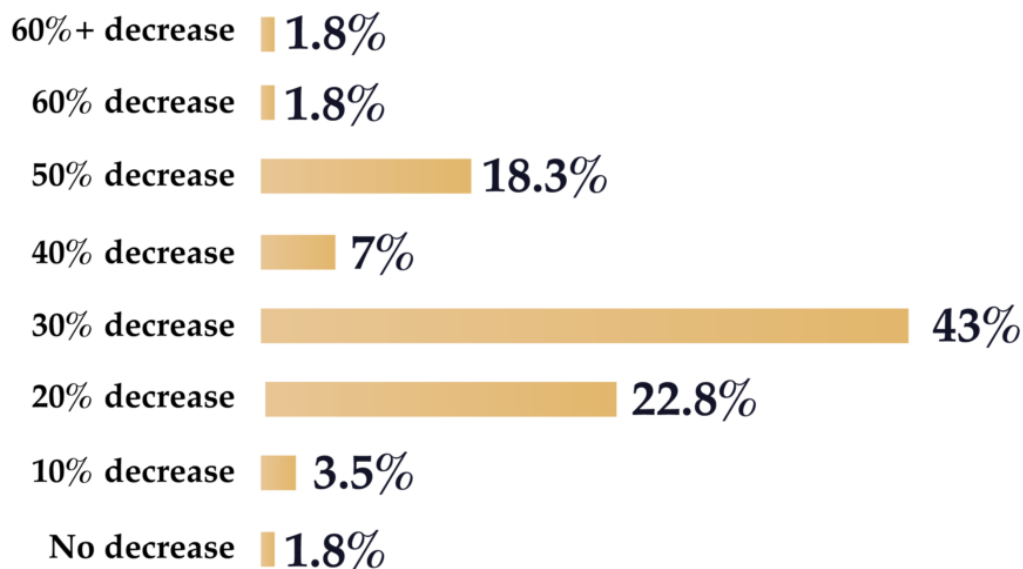


INVESTORS

How much do you think early stage valuations will decrease during this time?

NfX

VC/Startup Sentiment (4/3/20)

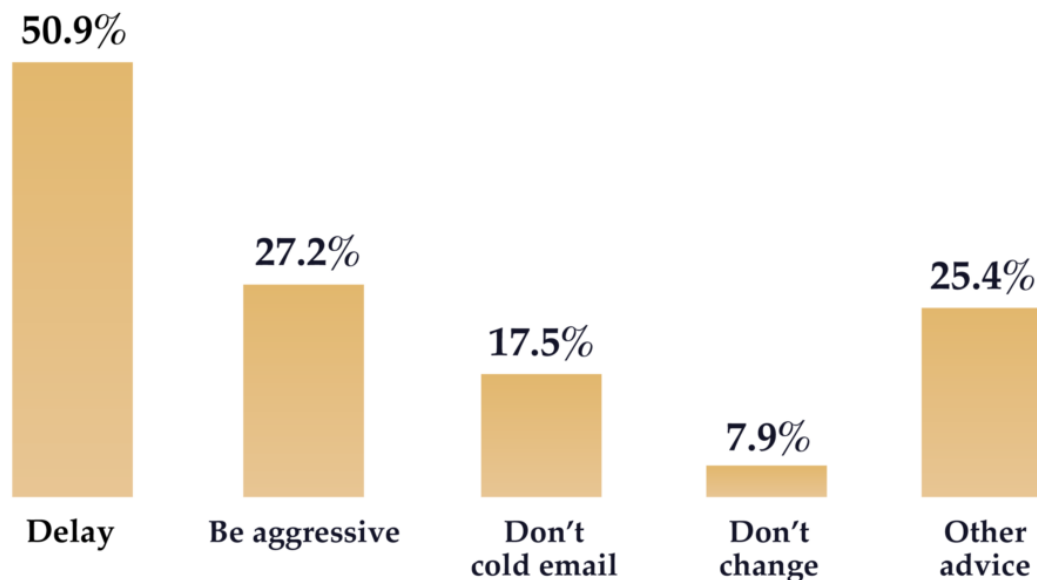


INVESTORS

Given the recession, what do you recommend Founders change about their fundraising outreach?

NfX

VC/Startup Sentiment (4/3/20)



INVESTORS

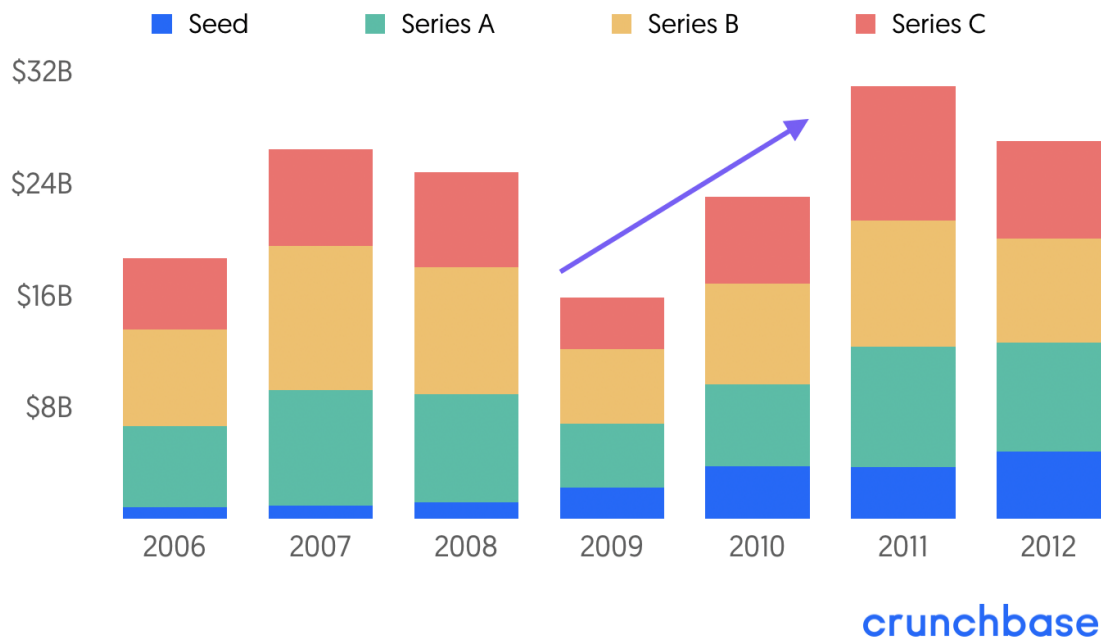
Bonus Content: VC Pitch Tips for Founders During Downturns

We partnered with Crunchbase to review funding patterns from seed to Series C through the last downturn to understand the impact of the 2008 financial crisis, and what we can learn for today. Startups are being guided by investors to plan for a two-year runway to be able to survive this downturn.

From Crunchbase data we observe a funding reset that started in the fourth quarter of 2008. 2009 was the low point down by 36 percent year over year for seed through Series C funding amounts. 2010 grew year over year by 45 percent. It took two years for funding amounts to exceed 2007 and 2008 invested amounts.

a. Seed to Series C, by Dollar Volume

Global Seed To Series C Dollar Volume Through the 2008 Downturn

**b. Series A to C, by Deal Volume**

Funding counts for Series A through C cut back by 27 percent in 2009. Counts grew in 2010 and recovered in 2011 above 2008 funding counts. (It is interesting to note that seed counts—not shown below—grew through this timeframe, as a newer institutional funding stage.)

Global Series A To C Deal Volume Through the 2008 Downturn

