EXAMINING UNICORN COMPANIES

OVERVIEW

Did you know that the average stock market return is 10% per year (before factoring in inflation)? But who wants to settle for average returns?

We've been assisted an investment firm by analyzing trends in rapidly growing companies who want insights into which sectors are generating the highest valuations and how quickly new high-value businesses are emerging. By providing this information, we'll make a strategic edge on industry trends and help guide how the companies should shape their portfolio for the future.

PROBLEM STATEMENT

This project analyze trends in high-growth companies (unicorns) to understand which industries are producing the most and the fastest-growing unicorns. This information will help them make informed decisions about their investment portfolio.

GOALS

01

IDENTIFY TOP INDUSTRIES

Find the three industries with the highest
number of new unicorns created between 2019 and 2021.

02

ANALYZE UNICORN PERFORMANCE

For each of the top three industries, determine:

- Number of unicorns within the industry (2019-2021)
- Year each company became a unicorn (2019-2021)
- Average valuation of unicorns within the industry (in billions of dollars, rounded to two decimal places)

DATASET

The dataset consists of four tables:

1. **dates:** Contains information about when companies became unicorns, including:
   - **company_id:** Unique identifier for the company
   - **date_joined:** Date the company became a unicorn
   - **year_founded:** Year the company was founded
2. **funding:** Contains data on company funding, including:
   - **company_id:** Unique identifier for the company
   - **valuation:** Company value in US dollars
   - **funding:** Amount of funding raised in US dollars
   - **select_investors:** List of key investors in the company
3. **industries:** Contains information about the industry each company operates in, including:
   - **company_id:** Unique identifier for the company
   - **industry:** The industry that the company operates in
4. **companies:** Contains general company information, including:
   - **company_id:** Unique identifier for the company
   - **company:** Name of the company
   - **city:** Headquarters city
   - **country:** Headquarters country
   - **continent:** Headquarters continent

OUTPUTS

Identifying the top three industries that performed the best based on the total number of new unicorns created in 2019, 2020, and 2021 combined. With this data, we can complete the query to return a table showing the industry, year, number of unicorns, and the average valuation in billions. For clarity, the results be sorted by year and number of unicorns, both in descending order.

01.

Determine the number of unicorns within each industry

02.

The year they achieved unicorn status

03.

Their average valuation in billions of dollars, rounded to two decimal places

ANALYZING THE TOP-PERFORMING INDUSTRIES FOR UNICORNS

	industry	year	num_unicorns	average_valuation_billions
0	Fintech	2021	138	2.75
1	Internet software & services	2021	119	2.15
2	E-commerce & direct-to-consumer	2021	47	2.47
3	Internet software & services	2020	20	4.35
4	E-commerce & direct-to-consumer	2020	16	4.00
5	Fintech	2020	15	4.33
6	Fintech	2019	20	6.80
7	Internet software & services	2019	13	4.23
8	E-commerce & direct-to-consumer	2019	12	2.58

Three Dominant Industries:
Fintech, Internet Software & Services, and E-commerce & Direct-to-Consumer have consistently been the top-performing industries in terms of unicorn creation.

This table presents a breakdown of the top-performing industries in terms of producing new unicorns between **2019 and 2021**. The columns are:

- **industry**: The industry sector.
- **year:** The year when the companies became unicorns.
- **num_unicorns:** The number of unicorns that emerged in that industry and year.
- **average_valuation_billions:** The average valuation of unicorns in that industry and year, expressed in billions of US dollars.

ANALYZING THE TOP-PERFORMING INDUSTRIES FOR UNICORNS

- **Three Dominant Industries:** Fintech, Internet Software & Services, and E-commerce & Direct-to-Consumer have consistently been the top-performing industries in terms of unicorn creation.

- **Year-over-Year Trend:** The number of unicorns and their average valuations have generally increased over the years, indicating a growing trend of high-growth companies.

- **Industry-Specific Trends:**
  - **Fintech:** This industry has consistently produced a high number of unicorns, especially in 2021. The average valuation of fintech unicorns has also been relatively high.
  - **Internet Software & Services:** This industry has also been a strong performer, with a significant number of unicorns emerging in 2021.
  - **E-commerce & Direct-to-Consumer:** This industry has seen a steady increase in the number of unicorns, particularly in 2020 and 2021.

- **Valuation Trends:** The average valuation of unicorns has been increasing over time, reflecting the growing potential and value of these companies.

INSIGHTS

01.

By identifying the top performing industries for unicorn creation, we can gain insights into current market trends and emerging sectors with high potential.

02.

Analyzing unicorn valuation can reveal which industries produce unicorns with the highest average value, indicating potentially higher returns.