



Redpoint.

AGM

2024



ABOVE
THE RIM

CHASE CENTER

Annual Advisory
Committee Meeting

NASDAQ at an All-Time High.



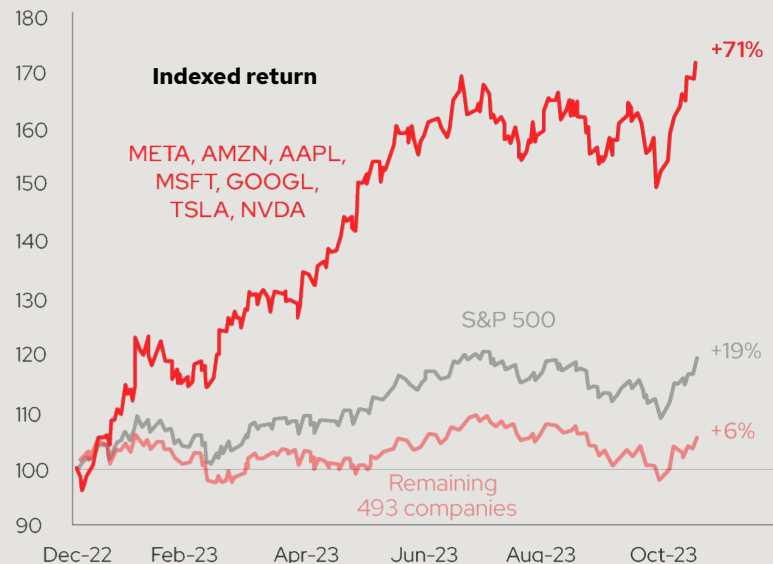
Source: Yahoo Finance as of 2/29/24

Largely Driven by Magnificent Seven.

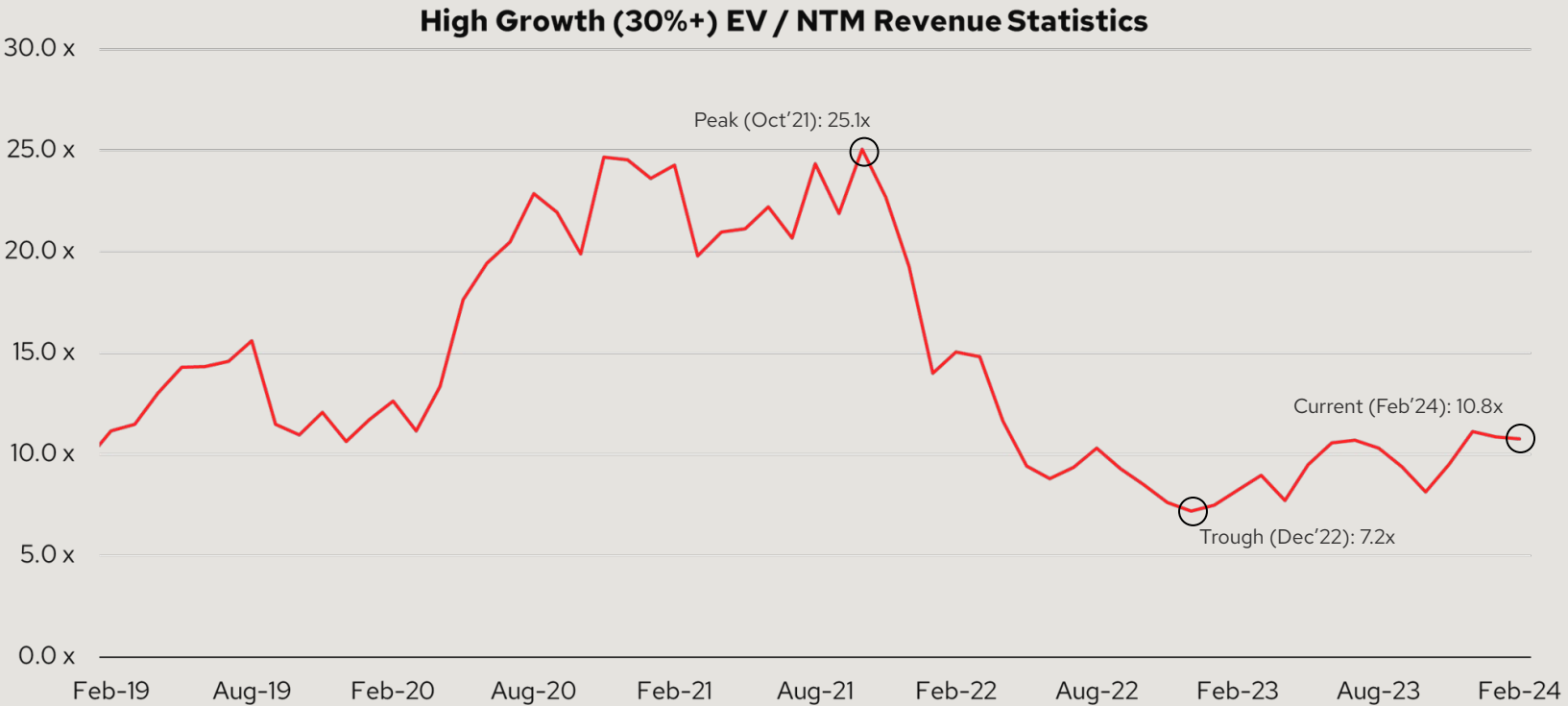
Share of largest seven companies' market cap in S&P 500 is at an all-time high



The Magnificent 7 have led the index higher in 2023

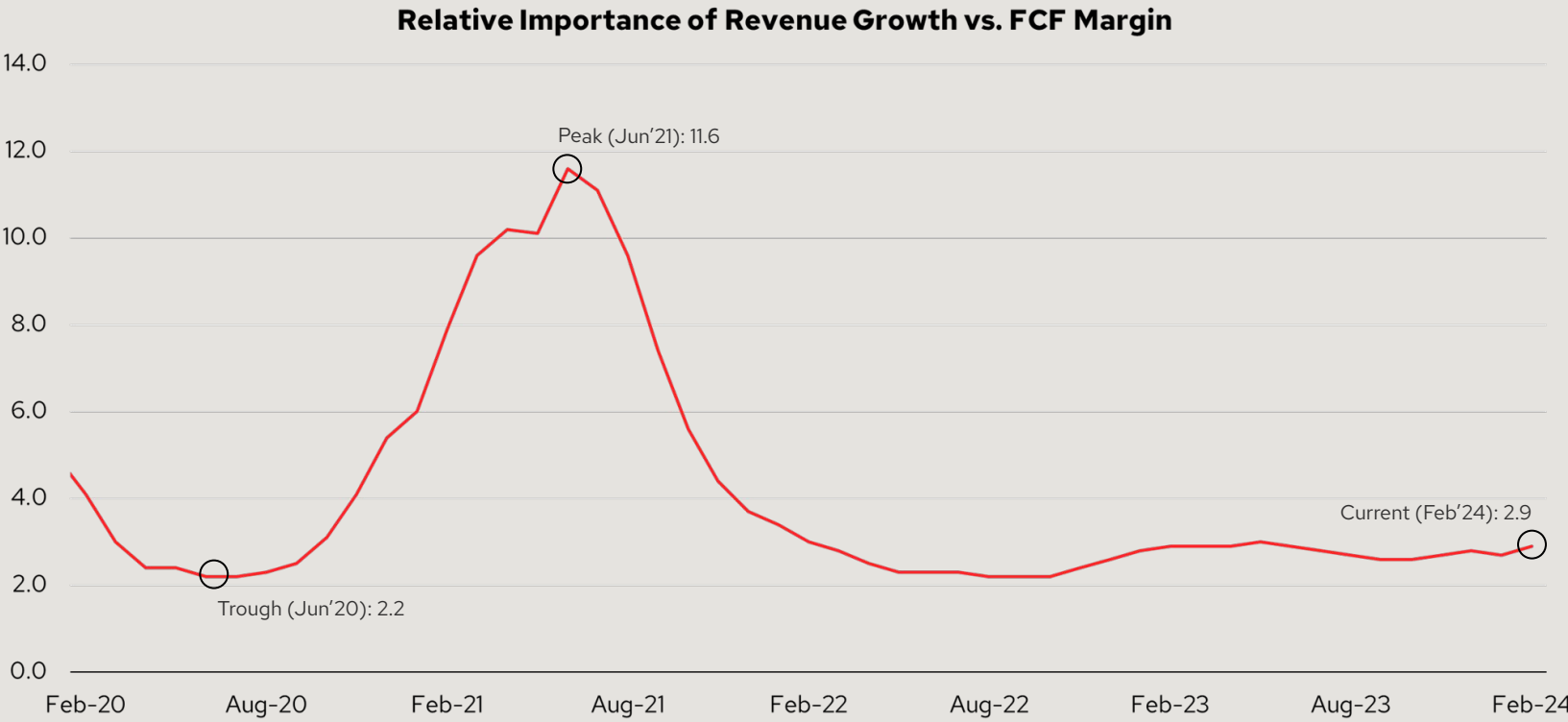


High Growth Cloud Software Multiples.



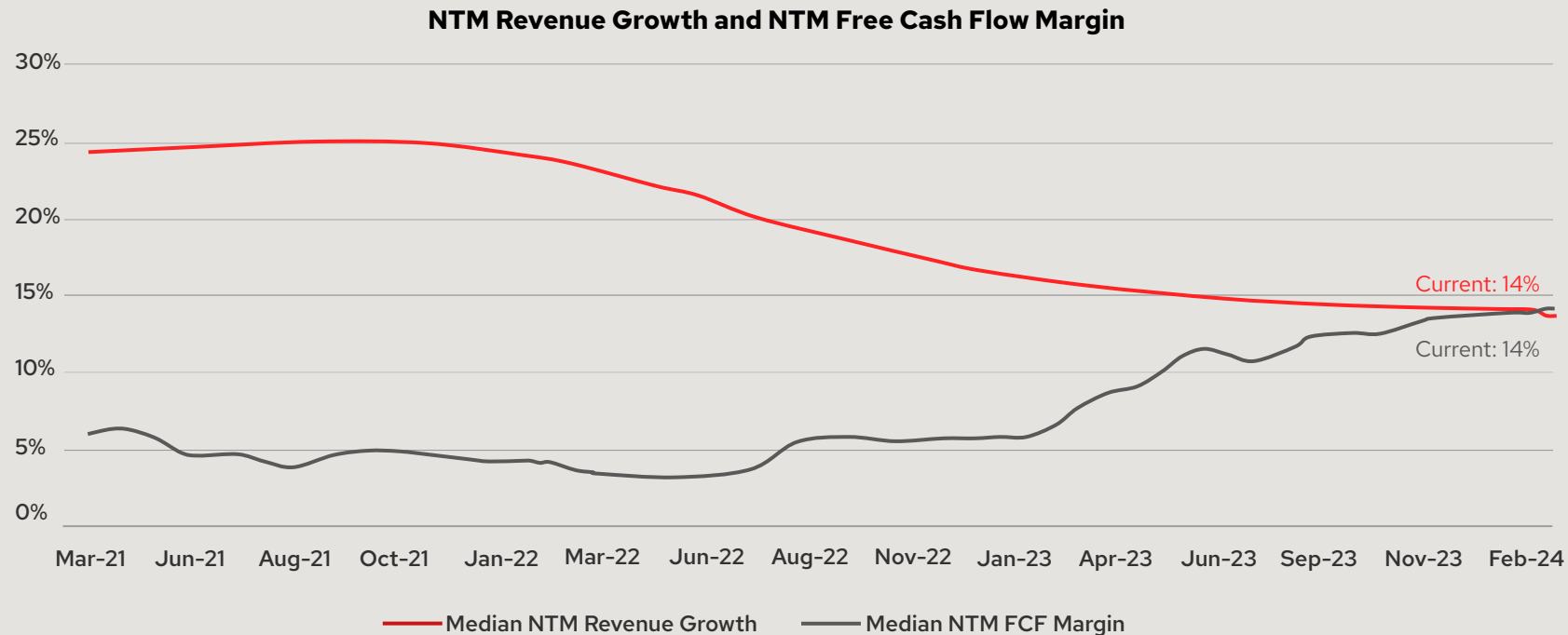
Note: High Growth NTM Revenue Multiple based on index of cloud and software companies growing >30% (average over period). Data as of February 2024.

The Market has Stabilized on Rewarding Growth and Profitability.

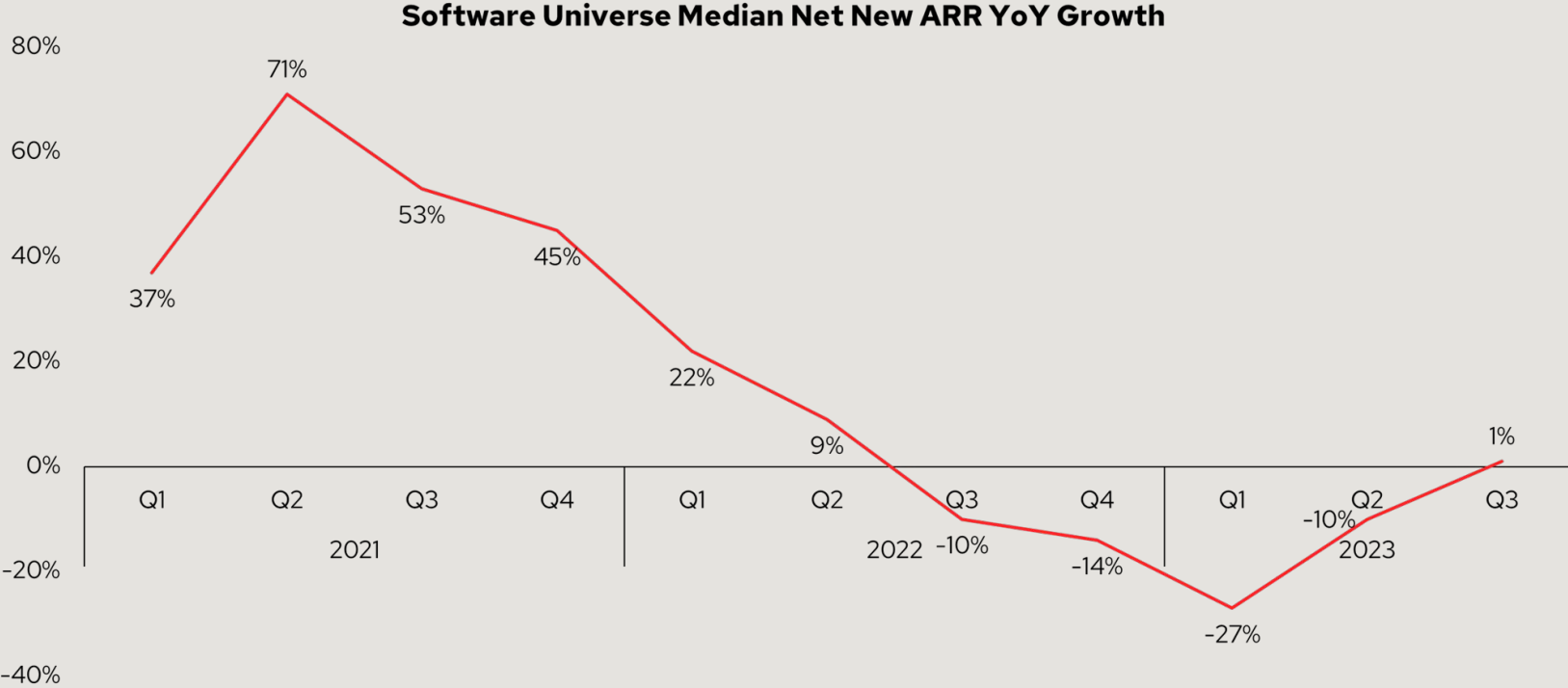


Source: Meritech Capital from Company Filings as of February 2024.
Note: Relative importance defined as ratio of the correlation of NTM revenue growth and NTM FCF Margin to EV / Implied ARR multiple based on a two-factor linear regression analysis. Represents two-quarter rolling average.

Leading Companies to Adjust Their Financial Composition.



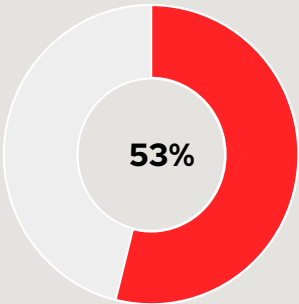
There Are Signs That We've Bottomed Out.



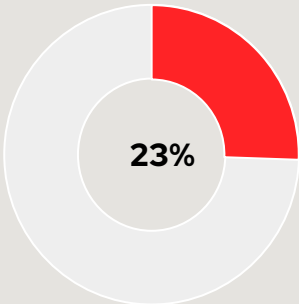
Source: Altimeter Capital from Company Filings as of September 2023.

It's Also Getting Better for Selling Software.

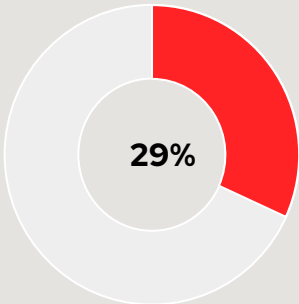
Quota Attainment by Quarter for Software Sales Reps



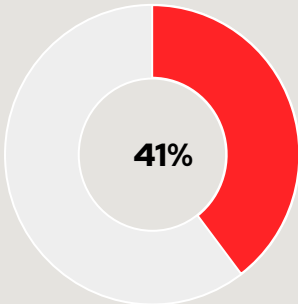
Q4 2021




Q4 2022



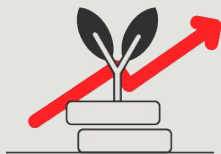
Q4 2023



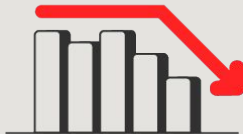
YTD
2024

 Indicates Quota Attainment

Tale of Three Situations.



Growing Through Valuations

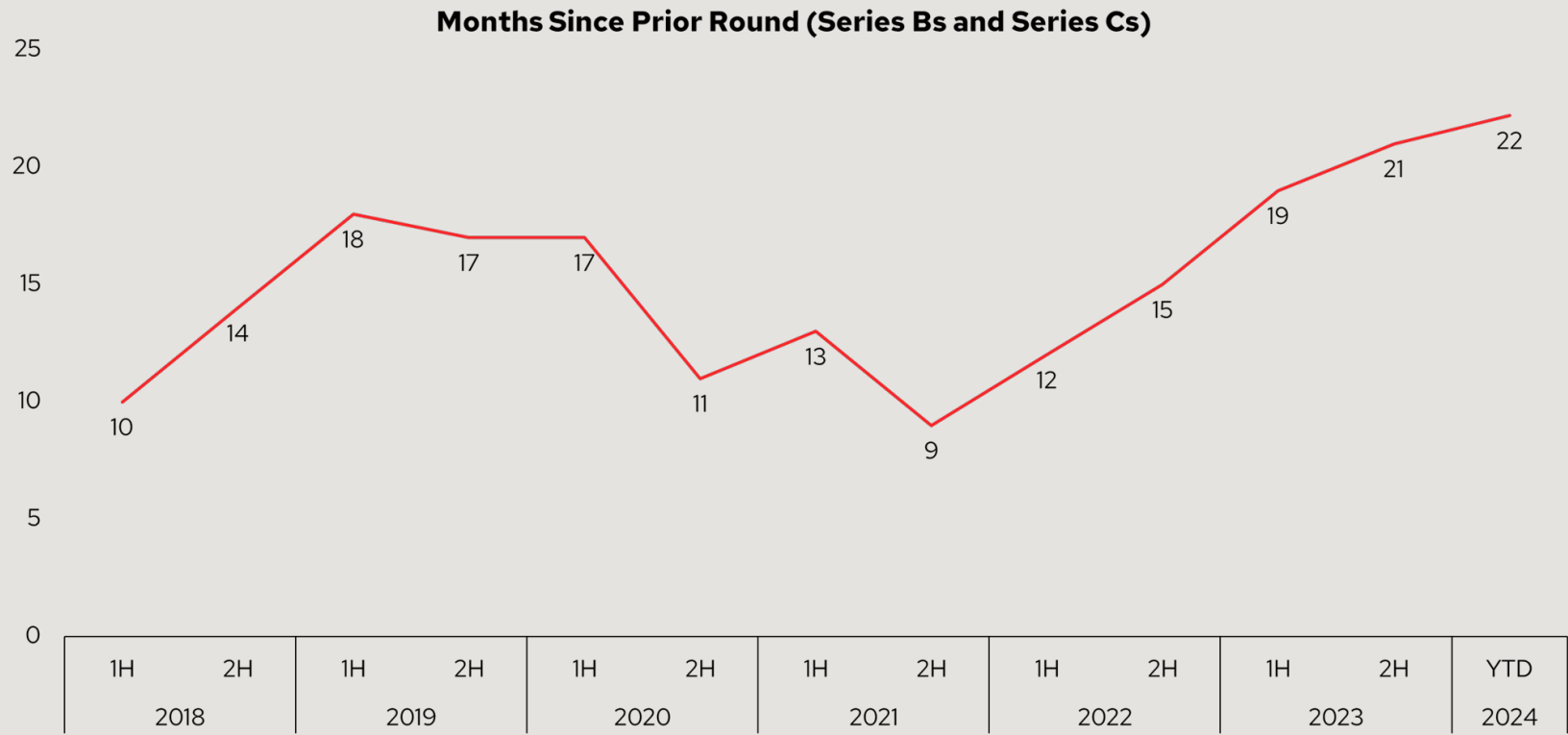


Raising Down Rounds



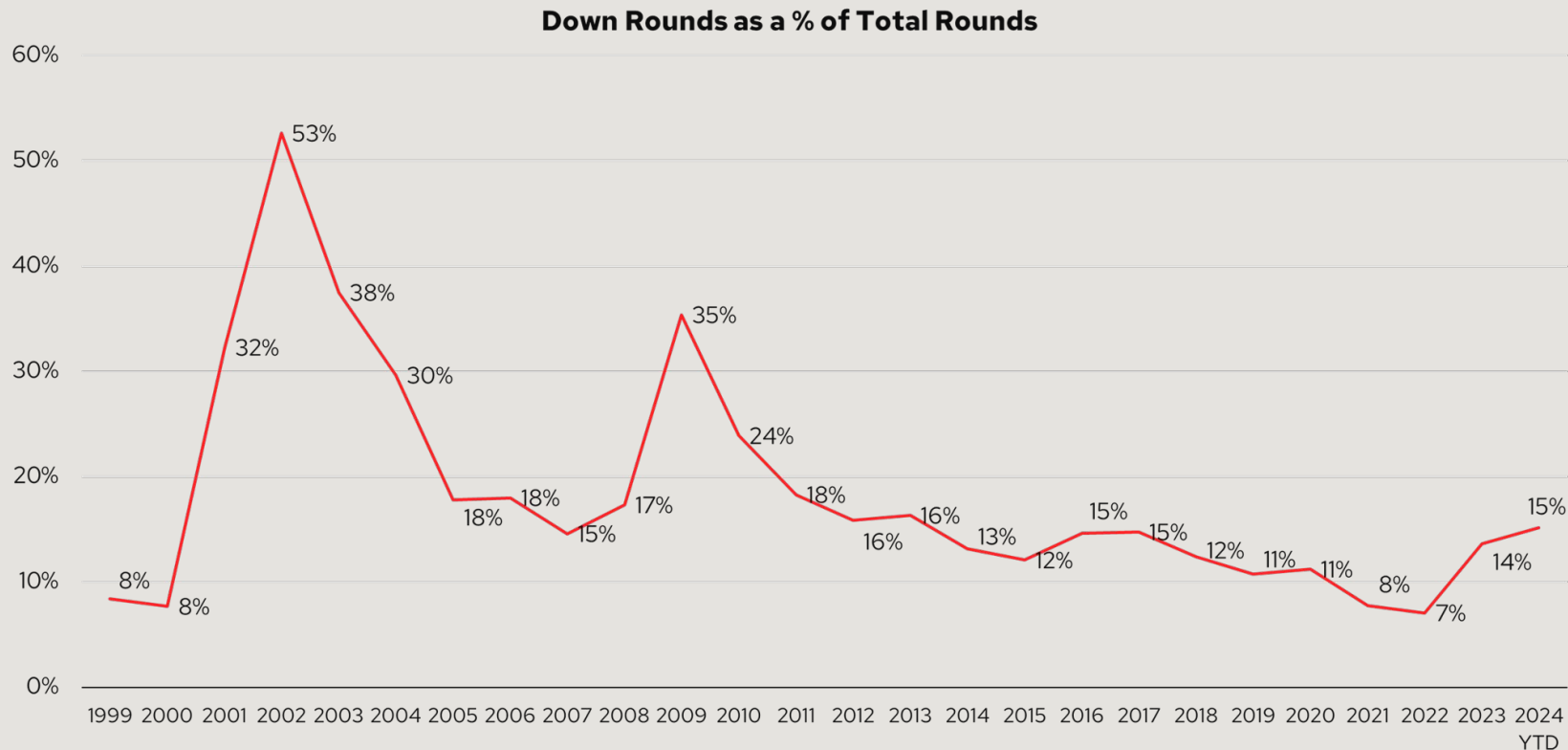
Shutting Down or Selling

Situation One: Growing Through Valuations.



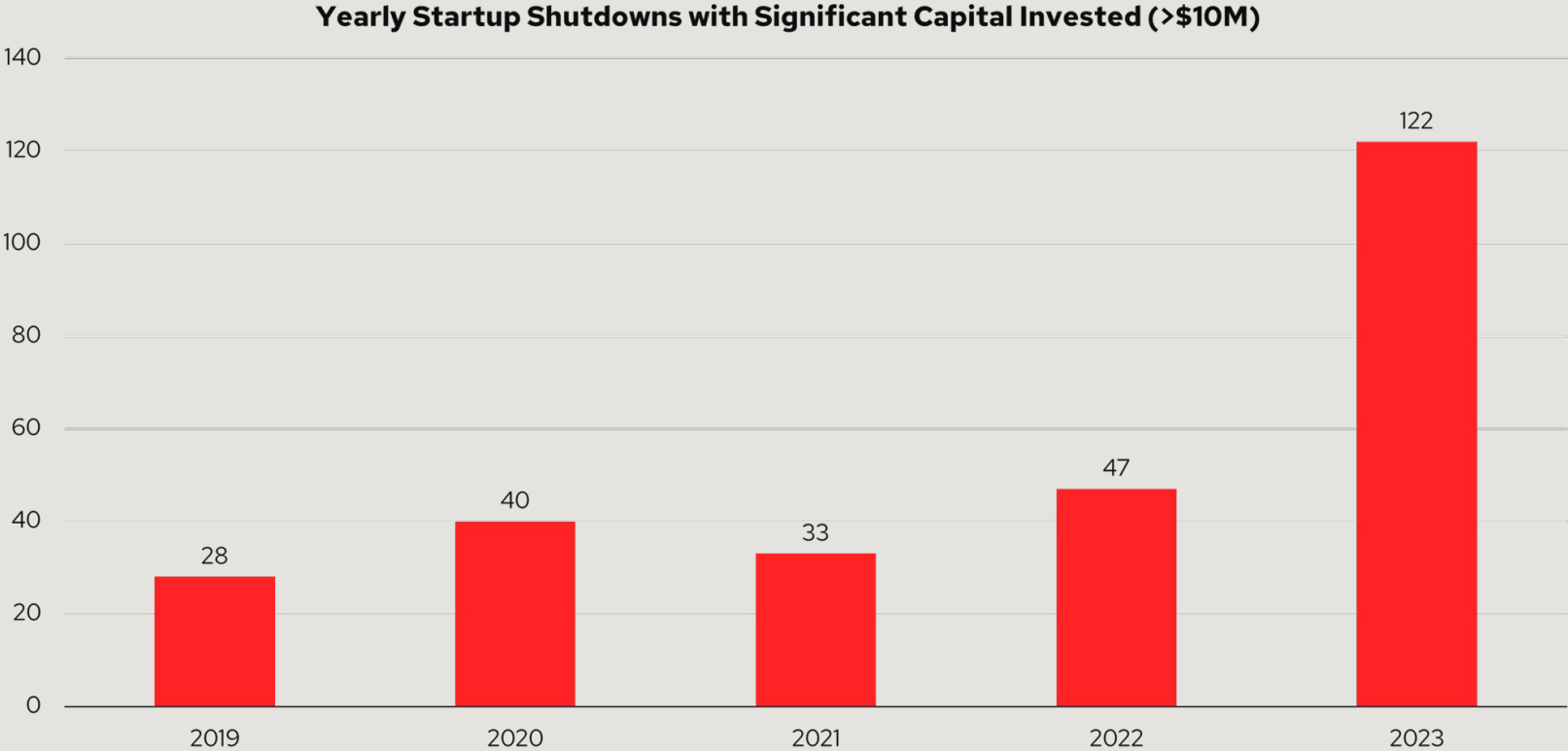
Source: PitchBook as of February 2024. Note: Represents the median number of months since the prior round for Series B & Series C raises during the respective time period.

Situation Two: Raising Down Rounds.



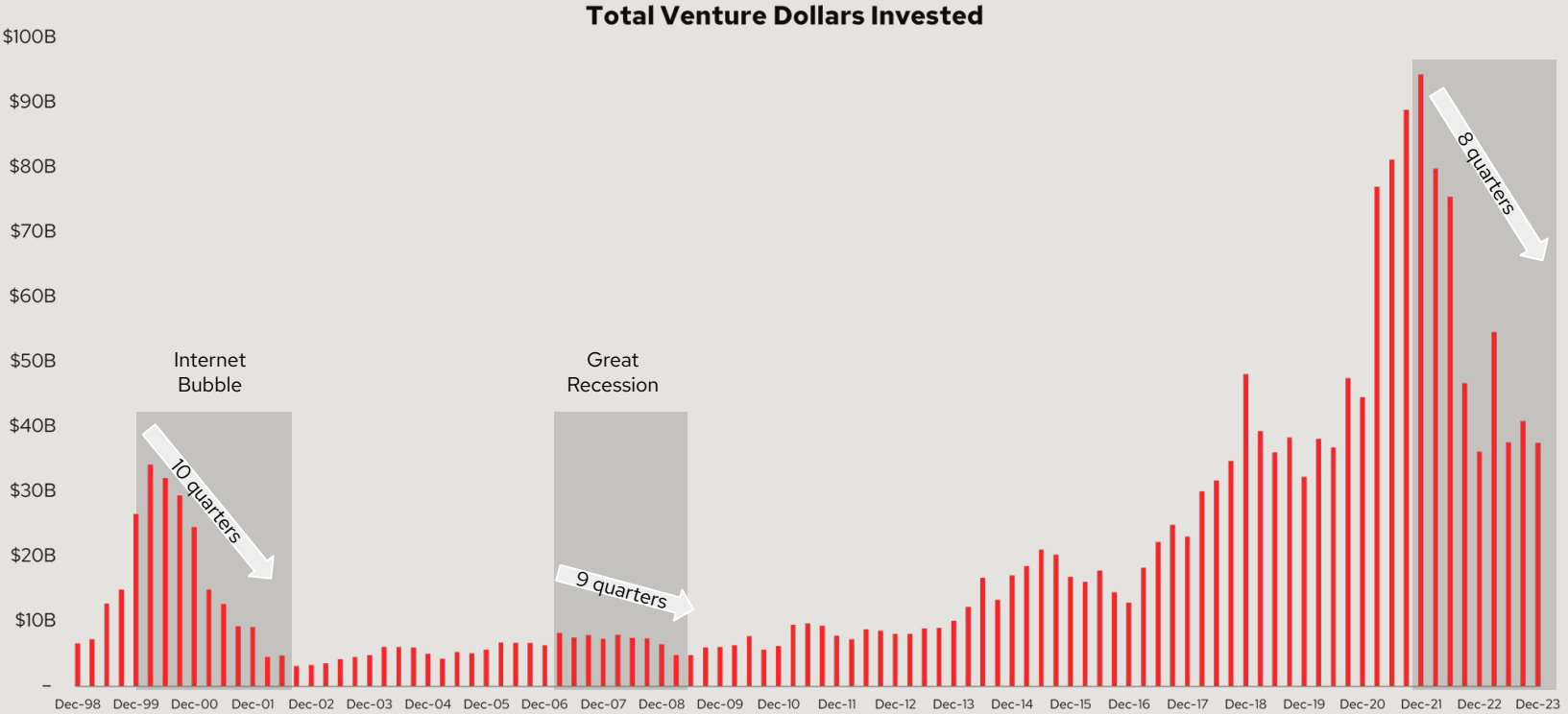
Source: PitchBook as of February 2024. Reflects US data only.

Situation Three: Shutting Down or Selling.



Source: Carta as of December 2023.

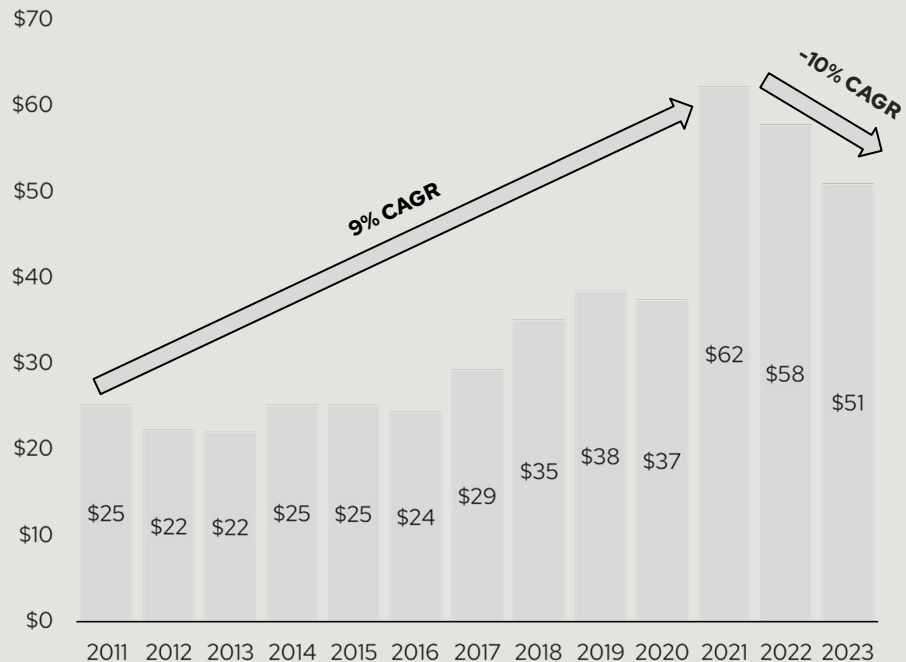
If History Repeats, We Might be Nearing Bottom.



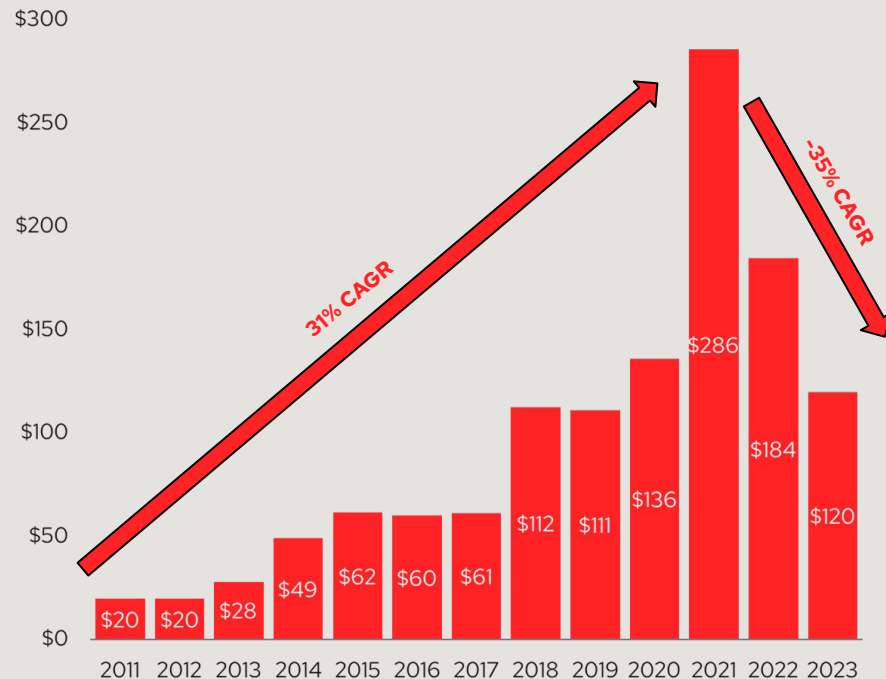
Source: Pitchbook & NVCA, Venture Dollars Invested each quarter as of December 2023.

Tourists Are Leaving the Venture Market.

Traditional Venture Investors (\$B)



Non-Traditional Venture Investors (\$B)

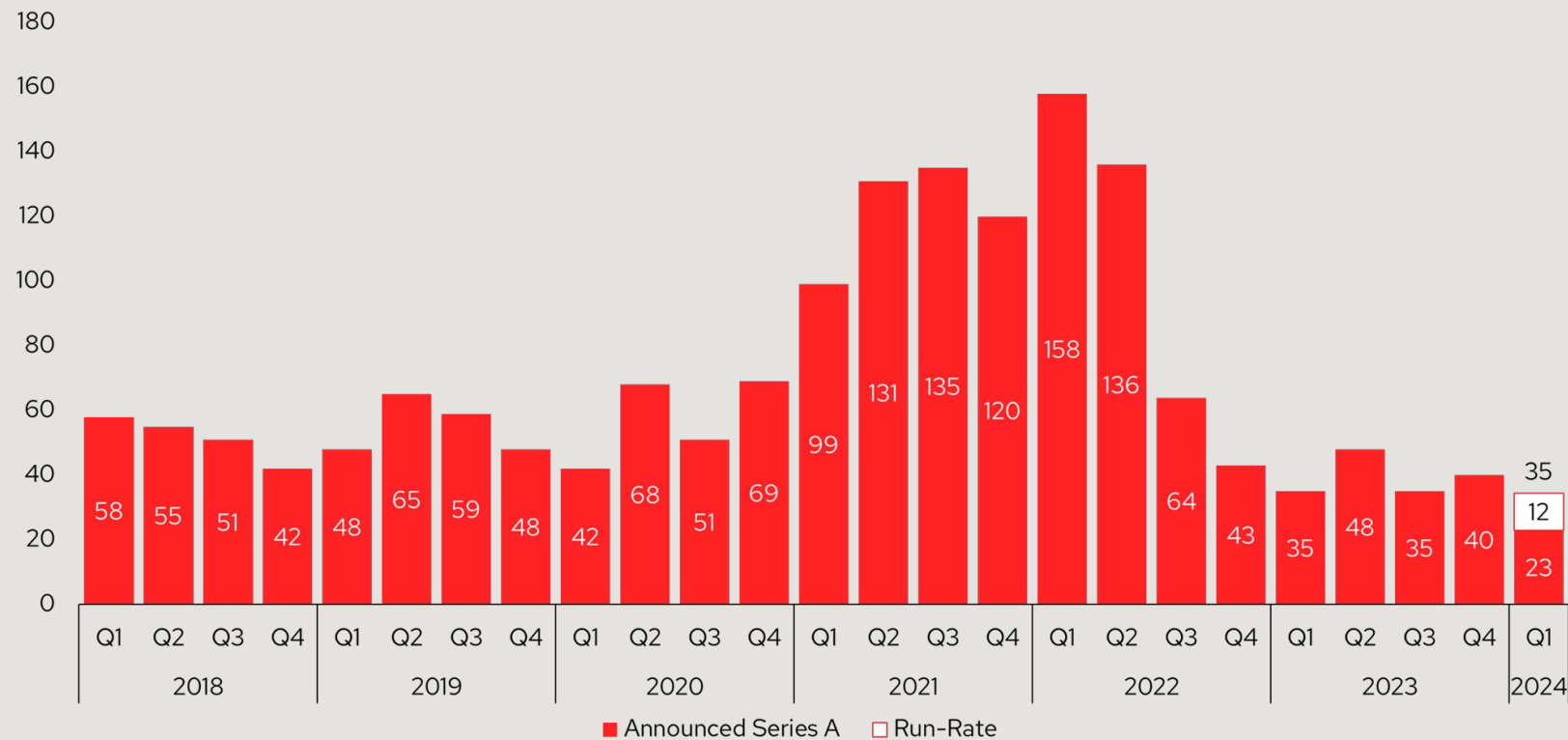


Source: Pitchbook & NVCA as of December 2023.

Note: Non-traditional investors include Corporate VC funds, hedge funds, PE firms, and sovereign wealth funds.

Series A Have Stayed Muted.

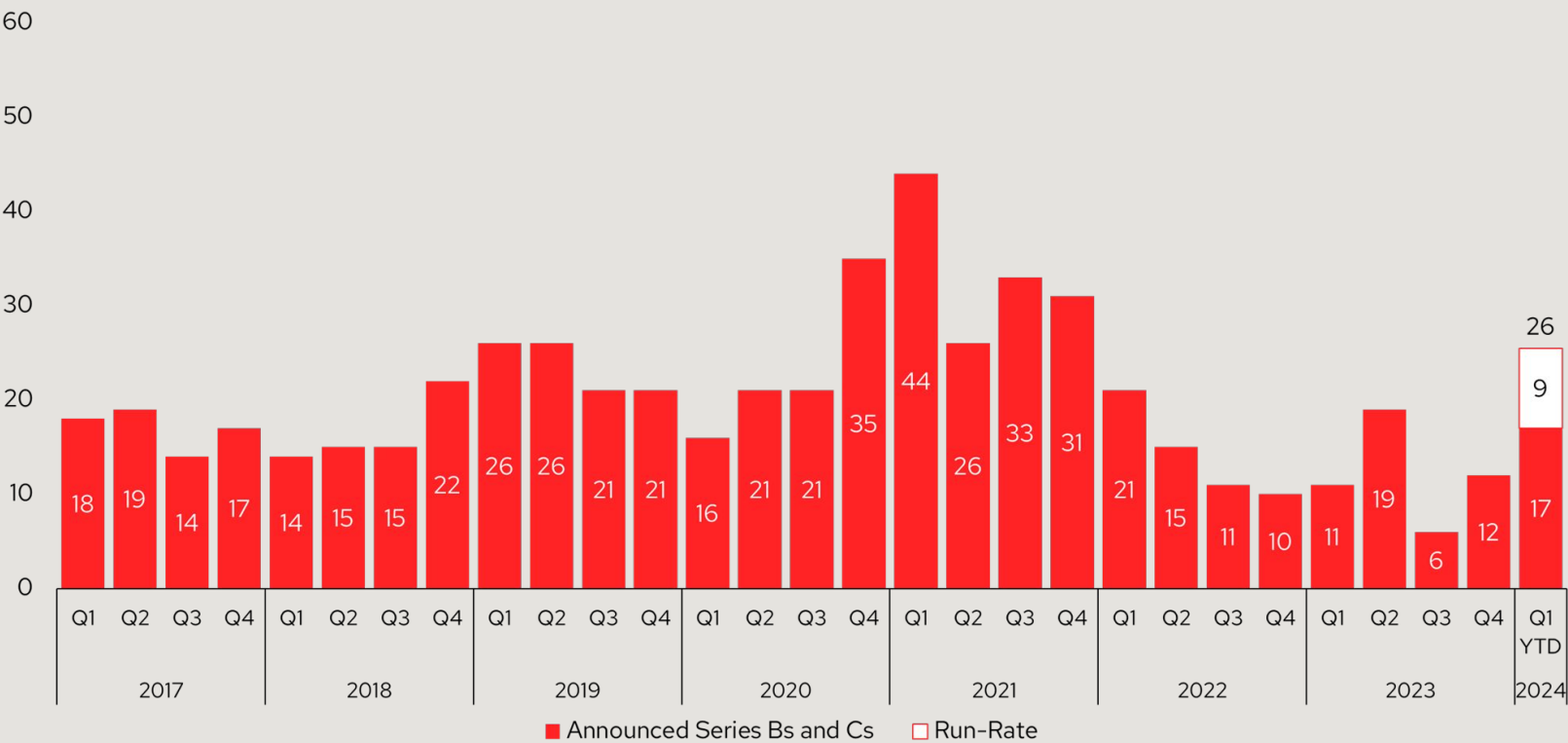
Relevant Series A Deals



Source: Internal data as of February 2024. Number of Series A investments based on proprietary collected set of relevant cloud and software companies that Redpoint Omega tracks for potential Series B investments.
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While Deal Activity at the Series B and C is Picking Up.

Series B and C Deal Count



Source: Series B and C comps based on proprietary collected set of relevant deals done by peer firms as of February 2024.

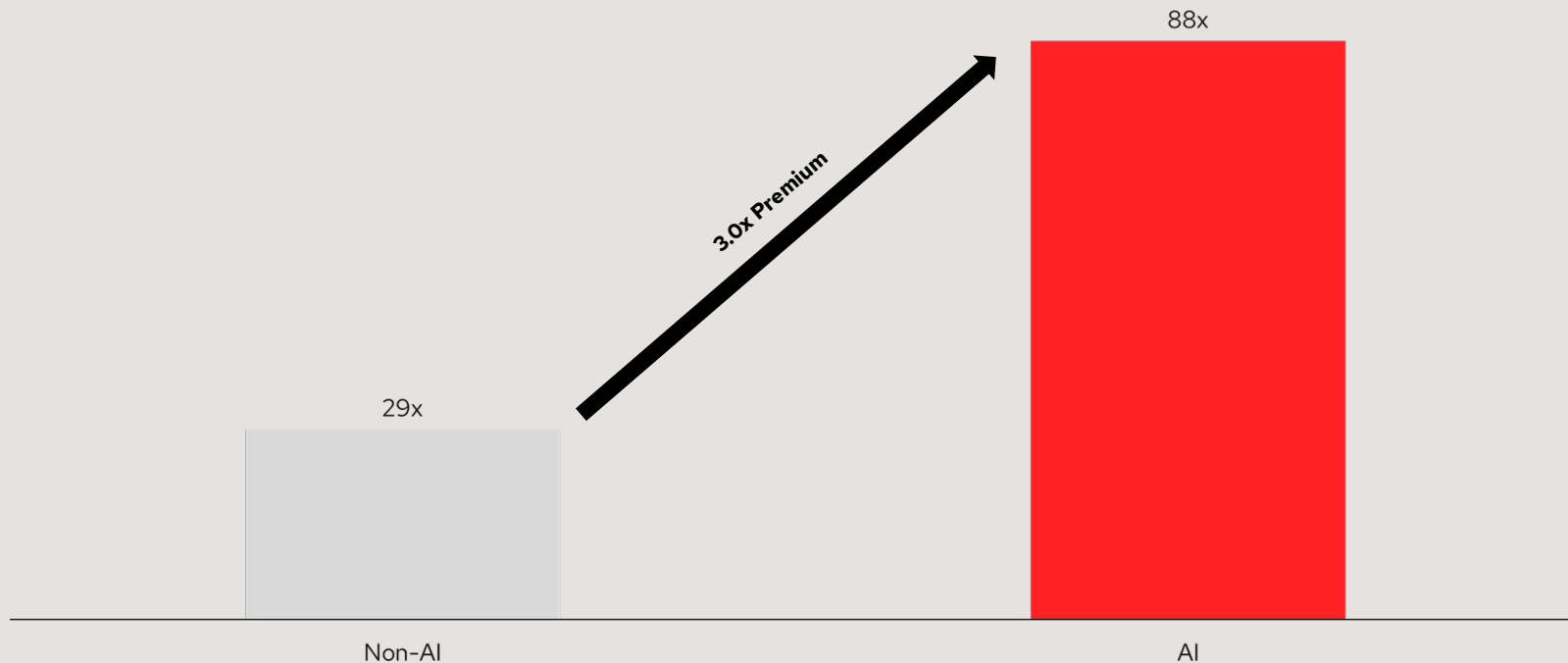
Spread Between Public and Private Markets Have Tightened.

	2017	2018	2019	2020	2021	2022	2023	2024 (YTD)
Public High Growth Software Revenue Multiples	10.6x	13.9x	15.2x	20.9x	25.8x	14.0x	12.5x	15.6x
Series B and C Software ARR Multiples	20.2x	21.9x	31.3x	39.7x	105.4x	85.0x	63.5x	42.2x
Premium to Public Market	1.9x	1.6x	2.1x	1.9x	4.1x	6.1x	5.1x	2.7x

Note: High Growth LTM Revenue Multiple based on index of cloud and software companies growing >30% (average over period); Series B and C current ARR multiples based on median of proprietary collected set of relevant deals done by peer firms. Data as of February 2024.

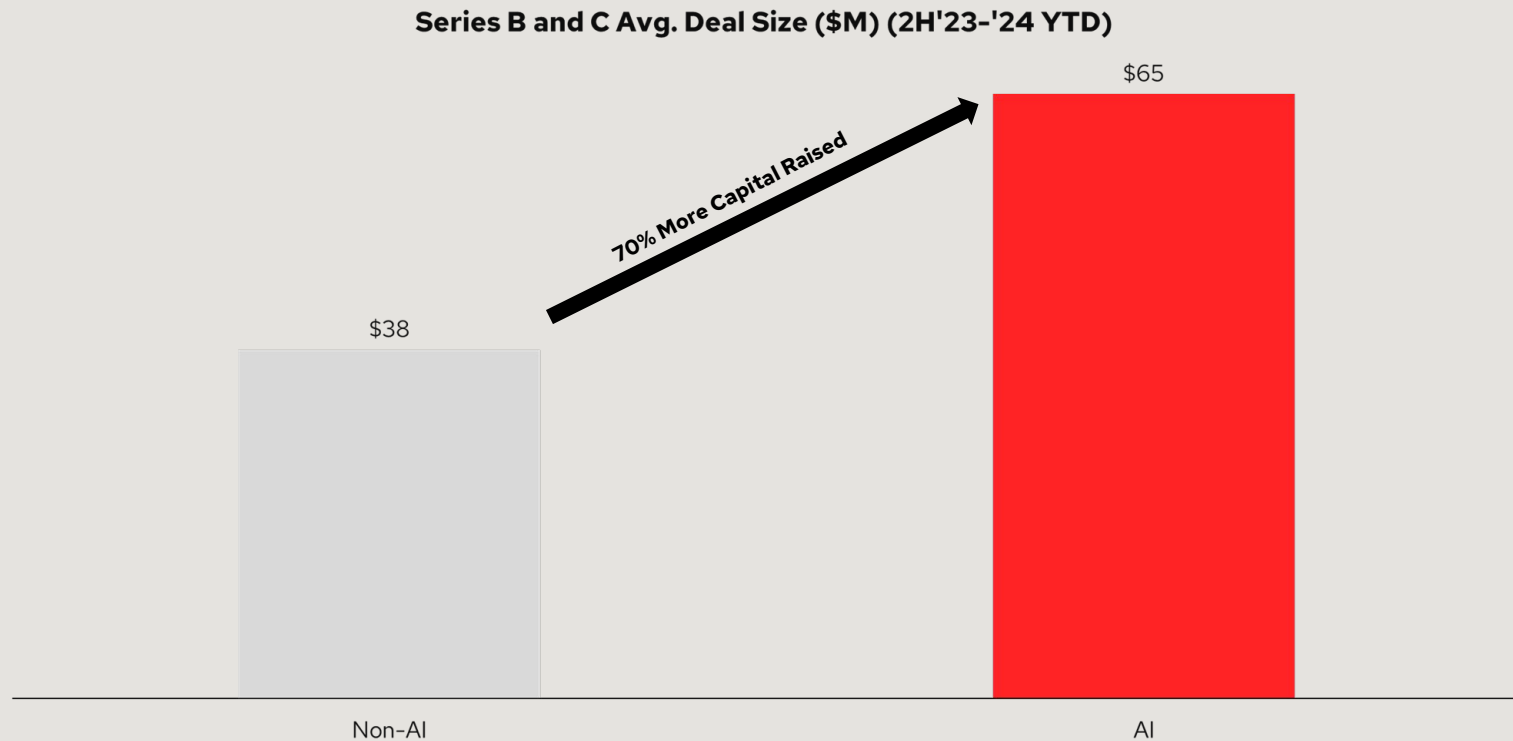
AI Businesses: Demanding a Premium.

Series B and C Multiples (2H'23-'24 YTD)



Note: Series B and C current ARR multiples based on median of proprietary collected set of relevant deals done by peer firms as of February 2024.

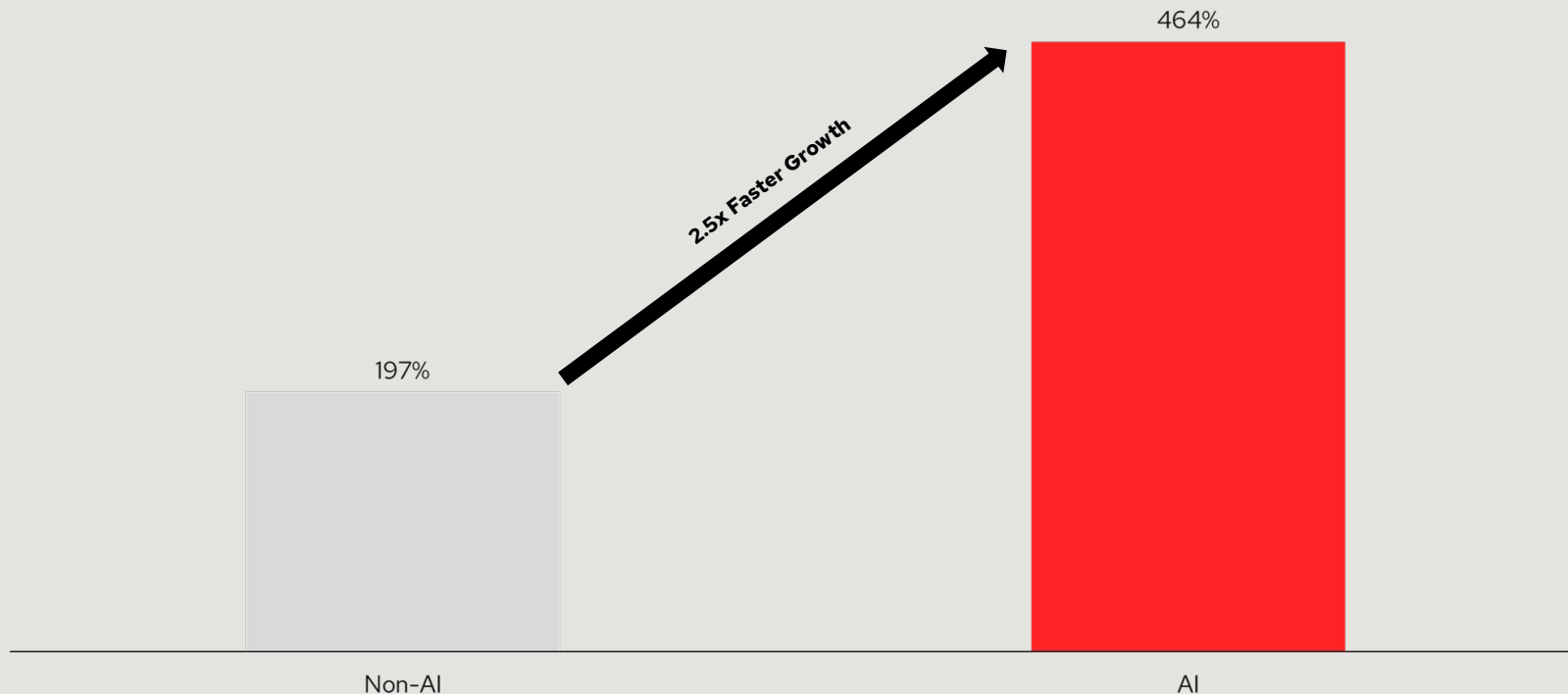
AI Businesses: Raising More Capital.



Note: Series B and C current ARR multiples based on median of proprietary collected set of relevant deals done by peer firms as of February 2024.

AI Businesses: Growing Faster.

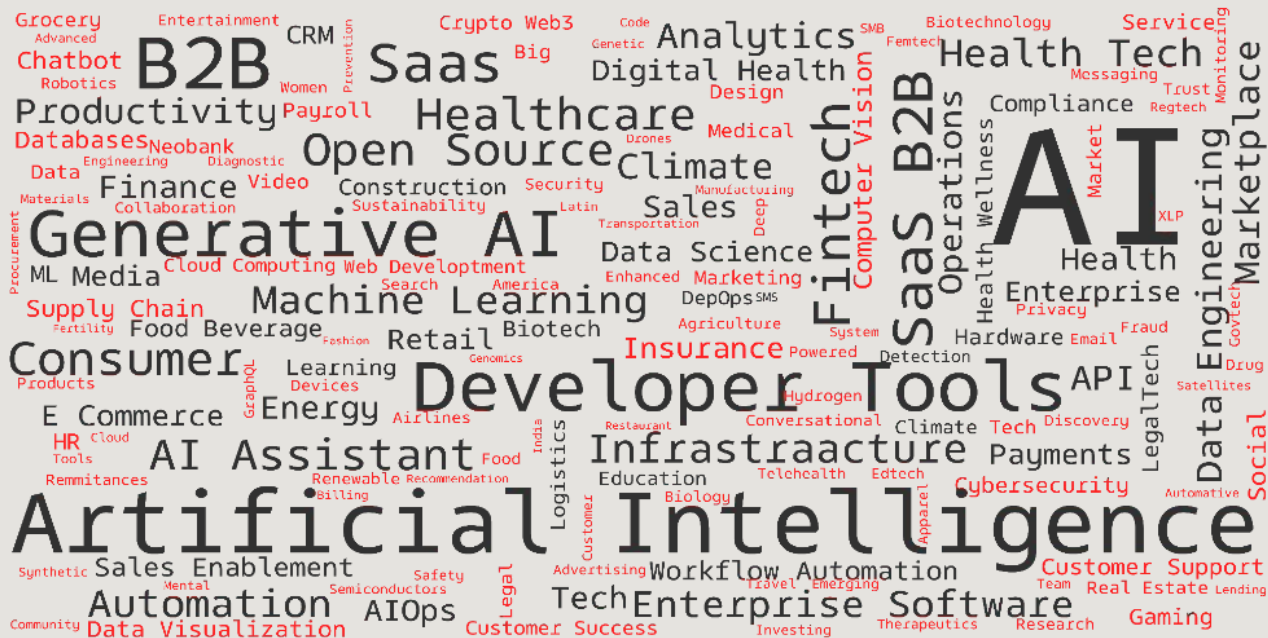
Series B and C ARR Growth Rates (2H'23-'24 YTD)



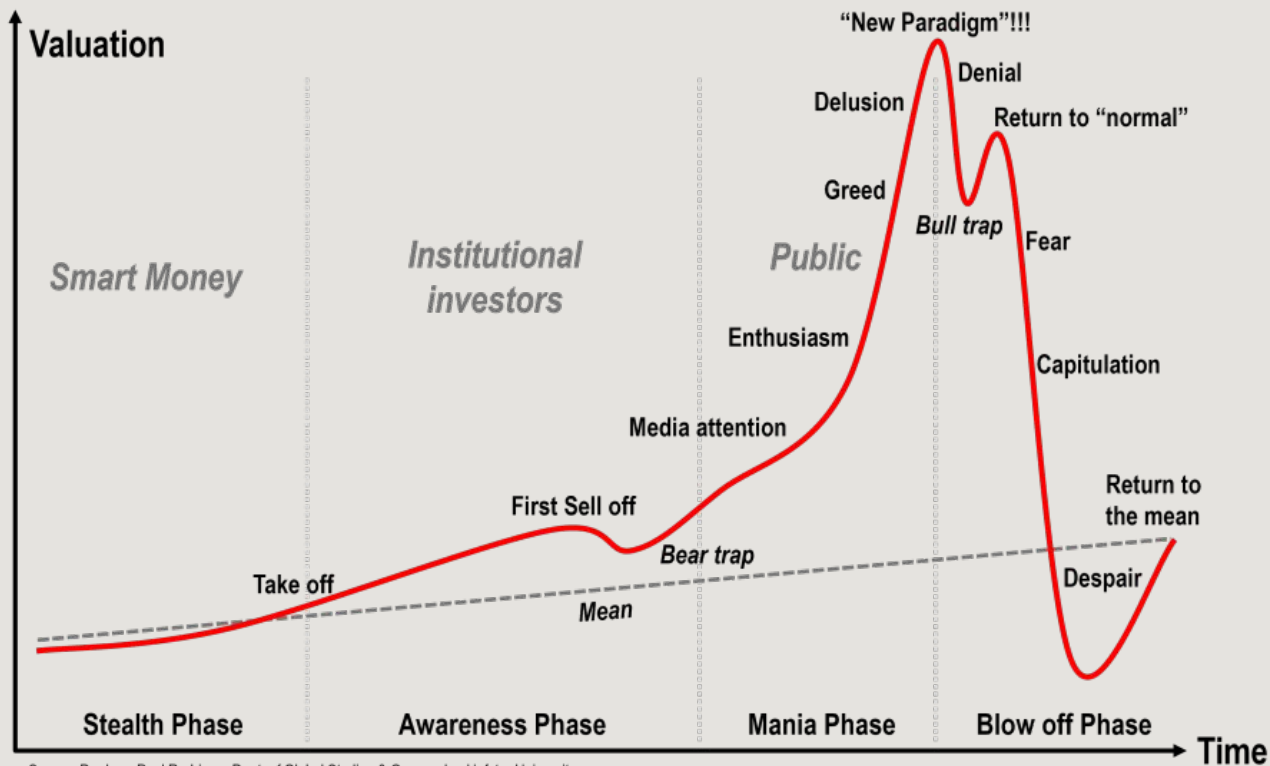
Note: Series B and C current ARR multiples based on median of proprietary collected set of relevant deals done by peer firms as of February 2024.

With Way More AI to Come.

Word Cloud of YC Tags for S23 Batch



Market Cycles Tend to Repeat Themselves.



Source: Dr. Jean-Paul Rodrigue, Dept. of Global Studies & Geography, Hofstra University.

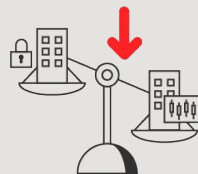
Summary.



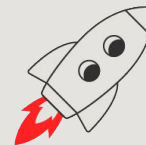
The market seems to have stabilized with software selling increasingly showing optimistic signs



There are still a number of businesses in the private market that will need to accept lower valuations, move to sell the company or shutdown



Private valuations have trended lower and are more in-line with the historical spread between public and private software companies



Increasing bifurcation with private businesses: AI companies are being valued higher, raising more capital and growing faster