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State of Venture Capital Industry

Every year TrueBridge does a deep dive on the venture industry to identify key takeaways from the last year, highlight the most significant trends, and prepare for what is to come. Read our analysis of the challenges 2024 presented and where we could be headed in 2025.

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INTRODUCTION

It would be inauthentic if the first sentence of our State of Venture Capital report did not include the two letters that most shaped the industry in 2024 – AI.

Indeed, AI, showed up often and everywhere last year. It was a key driver of excitement, innovation, early-stage dealmaking, and valuations – and thus was top of mind for founders, investors, allocators, researchers, journalists, and regulators. AI is no longer a sector per se, but a platform shift that defines the current era of technology.

AI was not the only source of optimism in 2024. Crypto experienced a resurgence last year, secondary transactions reached a record volume, the pipeline of pre-IPO companies continued to expand, and long-term performance of the asset class continued to support the case for investing in top quartile venture capital funds.

The trends that lagged in 2024 were felt acutely across the industry. The fundraising environment remained challenging, with the number of funds raised marking a ten-year low, and exits disappointed for yet another year. Total annual exit value remained below pre-pandemic levels as investors waited and hoped for signs of improvement.

We unpack more trends and data from 2024 in the pages ahead, and conclude by highlighting the reasons for sustained optimism as we move farther into 2025.

> The year will be a perfect storm, with venture capital, AI, crypto, politics, IPOs, and M&A all converging.

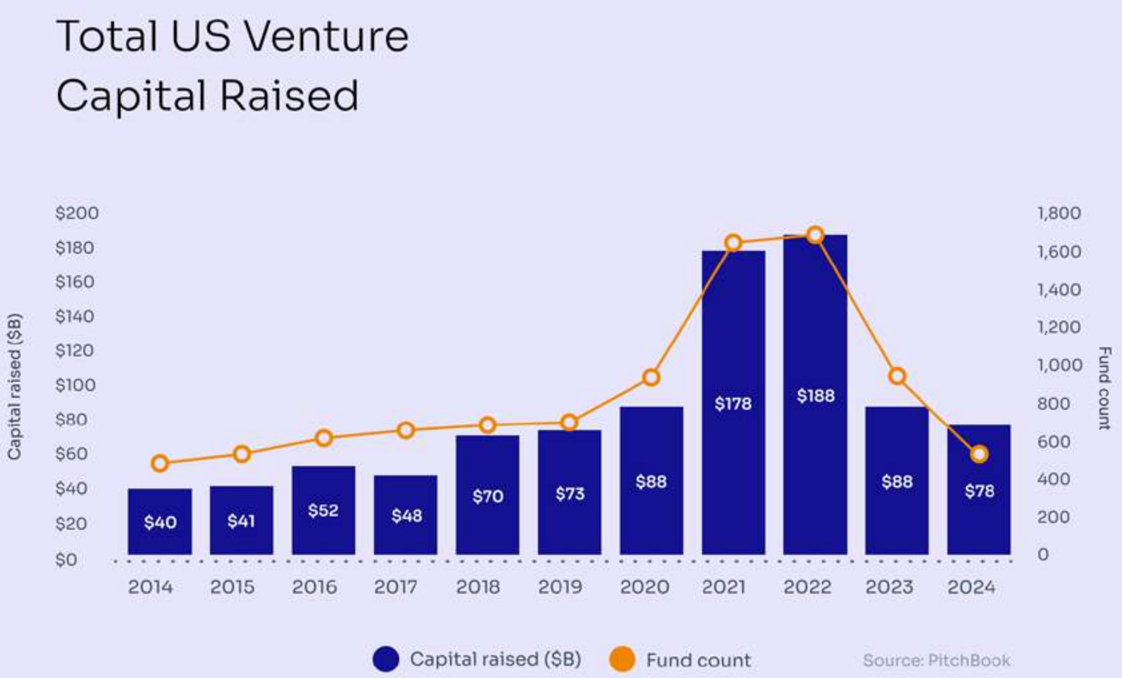
Ethan Kurzweil, General Partner at Chemistry

Navigating the flight to quality

Established managers led the way as LPs prioritized proven performance, while emerging managers faced significant headwinds.

Fundraising across the US venture ecosystem in 2024 reflected the market adjusting to tighter conditions.

Nearly $80 billion was raised across 508 funds, marking the lowest numbers recorded since 2019 and nearly 60% below the peak of 2022. Record-breaking commitments in prior years, paired with the limited liquidity of today's market, has resulted in a more cautious venture environment. The shift to constraining capital has led LPs to prioritize established managers, concentrating capital among proven performers.



Established managers continued to dominate overall fundraising, with the top 30 funds capturing 75% of the year's total, and just nine funds accounting for nearly half. Industry heavyweight Andreessen Horowitz alone secured close to 10% of the total capital raised, underscoring LPs' flight to quality and comfort in well-established industry incumbents. This 2024 trend was further amplified by resource-intensive sectors like AI, where startups gravitated toward larger funds with robust resources to navigate the complexities of the emerging industry.

As established managers pulled away in fundraising rounds, emerging managers expectantly faced significant headwinds. Without the validation of strong exits, many struggled to raise follow-on funds, securing just 20% of total capital raised. First-time funds struggled the most to secure necessary capital, with fund counts and total capital raised falling to decade lows.

Secondaries Funds in Private Marketing Fundraising

While traditional venture fundraising slowed, secondaries emerged as a growing segment of private market activity, with its share of fundraising materially increasing between 2022 and 2024.

Within a market seeing meaningful price dislocations and a constrained exit market, secondaries funds were well positioned to capitalize and offer LPs the promise of early, alternative liquidity.

This shift in LP interest reflects a venture ecosystem reshaping itself around resilience and adaptability. As liquidity constraints ease and exit activity gradually returns, the balance between established and emerging managers could stabilize, paving the way for more equitable capital allocation. The increasing role of secondaries funds highlights how the market is innovating to meet the needs of all industry participants, including employees, shareholders, VC firms, and LPs alike. The path to recovery may be gradual, but the foundations laid in 2024 suggest a more resilient venture landscape ahead.

Early-stage activity drives optimism

Early-stage deals reached new highs, with AI capturing a significant share.

The pace of dealmaking in 2024 remained measured compared to the oversubscribed frenzy of the pandemic years, yet encouraging signs of recovery began to emerge.

$209 billion

invested in 2024

Deal count reached an estimated 15,260 transactions, marking the third-highest annual total since 2014 and a 29% increase over 2023 in capital invested. Venture-backed companies collectively raised $209 billion in 2024, surpassing pre-pandemic levels but remaining well below the highs of the zero-interest-rate-policy (ZIRP) era.

US Venture Capital Deal Activity

17%

increase in deal count

33%

increase in deal value

46%

of total capital deployed to AI/ML

In 2024, early-stage transactions saw notable growth, with a 17% increase in deal count and a 33% rise in deal value compared to 2023, reversing a two-year decline. Late-stage activity, though still subdued, experienced a modest rebound as companies returned to the market to secure delayed funding. Deal value rose by 21%, reflecting larger check sizes, while deal count declined by 9%, indicating continued investor selectivity. The average time between funding rounds extended to over two years for Series C and D+ companies, underscoring investor caution amid economic and geopolitical uncertainties.

AI and machine learning solidified their position as dominant forces in 2024, capturing over 46% of all venture capital deployed during the year. AI investments were a major driver of deal activity across all stages, accounting for 77% of capital invested at the seed stage, and nearly half of the capital invested in Series D rounds and beyond. Innovation at the seed stage and rounds sizes at the later stages reflect founder and investor enthusiasm for AI.

AI & ML VC Deal Activity

AI Investments Across All Venture Stages

“

If 2024 was the primordial soup year for AI, the building blocks are now firmly in place. AI’s potential is now congealing into something real and tangible—embodied by physical data centers that are rising up all across America…
If 2024 was about new ideas abounding, 2025 will be about sifting through those ideas to see which really work.

David Cahn, Partner at Sequoia Capital

As generative AI matures, transformative applications are expected to emerge, redefining industries and expanding the scope of AI's impact. Investors focusing on advanced reasoning and service-based solutions are likely to capture the next wave of opportunities in 2025 and beyond.

Source: Pitchbook

TREND

The Great Institutionalization of VC Secondaries

Secondaries are quickly becoming a standard tool in venture capital for both managers and limited partners. Deal volume in the secondary VC market was estimated to be more than $100 billion in 2024. With that rise came a wave of headlines about eye-popping discounts, mega fundraises, and claims of the death of the IPO. With 2024 in the rearview, what should be made of where we are and what's to come in 2025?

What are VC Secondaries?

“**VC Secondaries**” broadly refers to the sale of venture capital assets, whether by a venture capital fund, an employee of a venture-backed company, or a limited partner of a venture fund. These deals fall into two categories:

- **Direct Equity Sales:** Shares in a venture-backed company are sold, either by an individual, company, or VC fund

- **Limited Partnership (LP) Interest Sales:** Limited partners sell some or all of their ownership in a VC fund, often through continuation funds or other vehicles

Historically, secondary deals have been a staple in the buyout space, with transactions between LPs and sponsor-to-sponsor sales dominating the space. Now, VC secondaries are seeing a similar surge. Fueled by a combination of companies staying private longer and limited distributions going back to LPs , the secondary market has exploded.

With the VC market growing in both complexity and maturity, 2025 is poised to be another banner year.

A key trend in 2024?

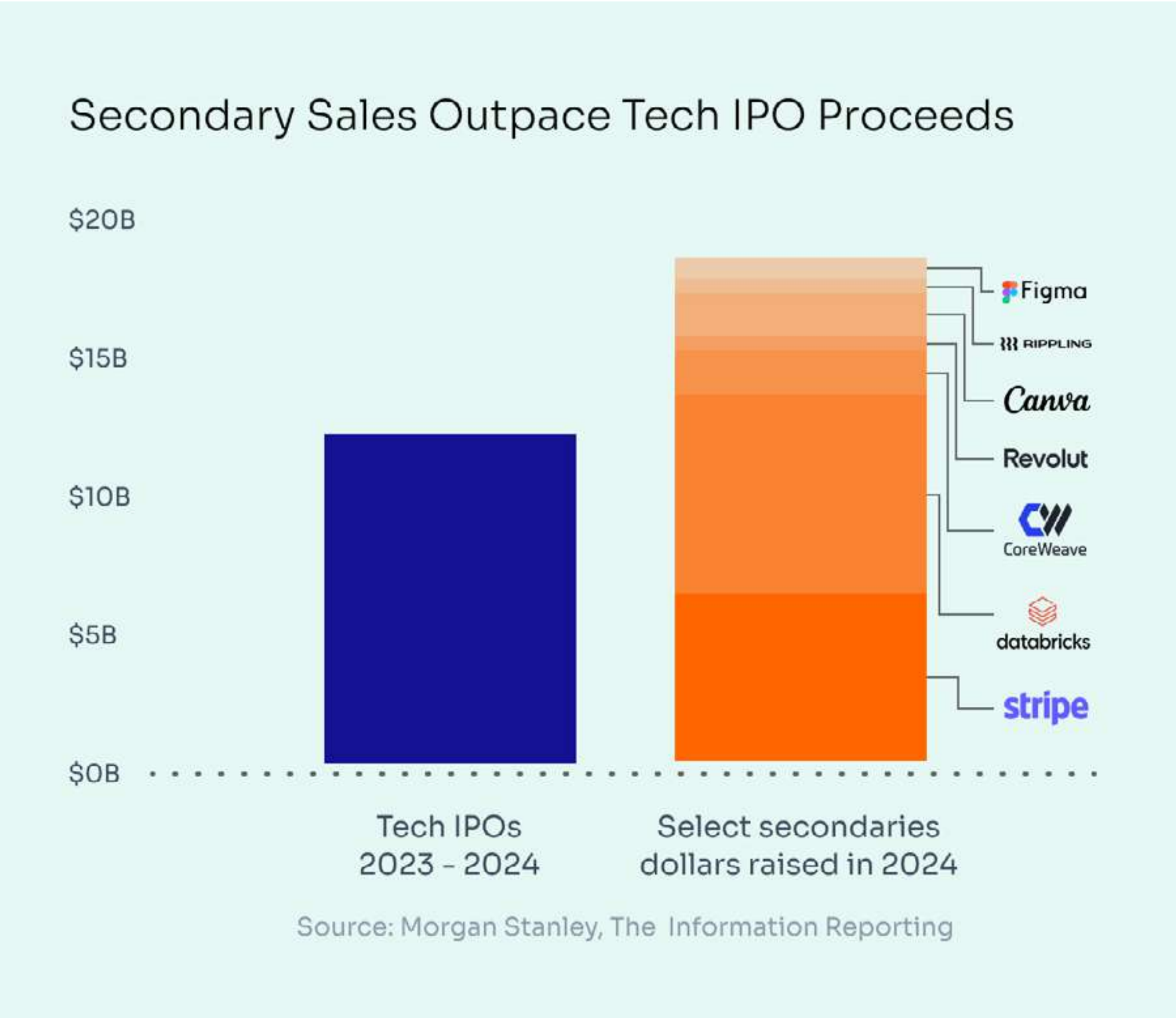
Companies continued to stay private longer. The median age of companies raising Series D or later rounds hit a near-decade high of 9.7 years. Meanwhile, VC-backed exits were at historic lows, putting additional pressure on LPs. This combination of factors pushed many investors looking to unlock liquidity to the secondary market.

At the same time, investors and early employees of those companies have found a secondaries market willing to pay for their positions in order to gain ownership of hot assets. A small group of VC-backed "superstar" companies has emerged, with trading primarily concentrated in shares of SpaceX, Anthropic, Stripe, and Databricks according to data reported by secondary market platforms Notice.co and Caplight. As a result, discounts in secondary deals, which were as steep as 37% early in 2024, narrowed to just 6% by October. The secondary market is evolving, with most trading now concentrated in top-tier companies.

9.7 years average age of companies raising late-stage rounds

Tender offers are becoming an increasingly important liquidity option for venture-backed companies. Six of the CB Insights top ten most valuable VC-backed startups in 2024 have executed multi-billion-dollar tender offers, raising significantly more than the total value of tech IPOs in the last two years combined. Notably, all but one of these offers were led by VC fund managers, underscoring the growing role of VCs in managing liquidity events for their portfolio companies.

According to VC platform Carta, 2024 was its largest year for tender offers. Even early-stage companies are increasingly turning to tenders, which can help clean up cap tables and prepare for a future IPO.



The secondary market is maturing and becoming a mainstay in the venture ecosystem.

As companies delay their IPOs, secondary transactions provide early investors with a way to realize returns without waiting for traditional exits. For private companies, secondaries offer flexibility to extend timelines and actively manage their cap tables.

In 2025, the secondary market is set to play an even bigger role. Factors that are driving this trend:

1. **More Liquidity Opportunities:** Sellers in the secondary market can time liquidity more strategically, particularly by avoiding post-IPO lockup periods

2. **Discounted Valuations:** As LPs look to access promising startups at potentially discounted prices, secondary market transactions become even more appealing.

Even if the IPO market rebounds in 2025 and distributions start flowing to LPs, it likely won't be enough to counterbalance the past few years of low distributions. As Pitchbook reports, VC distributions remain at around 5% of VC NAV—similar to levels seen during the 2008/2009 financial crisis.

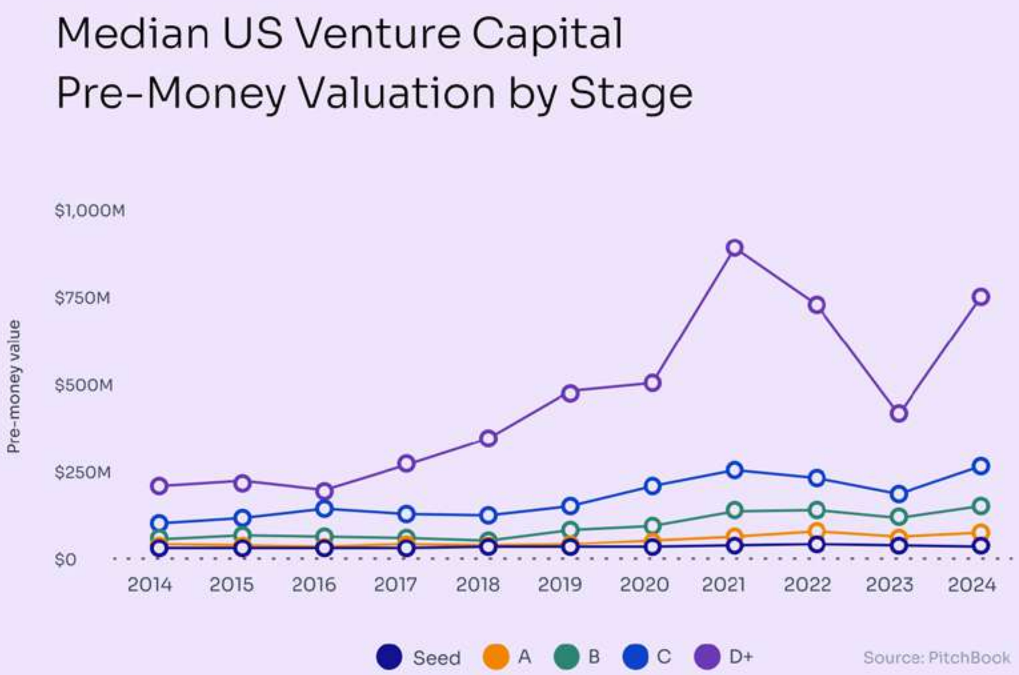
Looking ahead, the secondary market is on track for another record-breaking year in 2025. With a growing number of companies staying private longer and new secondary market platforms emerging, investors have more tools than ever to access top-tier companies and unlock liquidity.

Despite the potential resurgence of IPOs, secondary market transactions will remain critical in 2025, allowing early investors to realize returns, helping companies extend their timelines before going public, and providing cash flow without needing to rely solely on traditional exits.

The recovery and AI premium

2024 startup valuations reflected a resilient venture industry, shaped by strong early-stage medians, recalibrations at later stages, and sky-high valuations for AI-driven innovation.

Pre-money valuations across all stages increased in 2024. Median valuations at the seed and Series A stages each increased by approximately 25% and reached decade highs of $14 million and $40 million, respectively. While Series B valuations likewise increased year-over-year, the 42% and 112% increases at the Series C and Series D+ stages, respectively, were most notable, reflecting investors' enthusiasm for standout companies with proven traction and growth, and opportunities with clear scaling potential.



2024 also witnessed the increasing concentration of value in a handful of top-performing companies, particularly in AI. The top five deals during the fourth quarter of 2024 - Databricks, OpenAI, xAI, Waymo, and Anthropic - accounted for 43% of total deal value for the year, illustrating the outsized influence of a small number of companies. When broadening the scope to deals of $500 million or more, just 15 companies captured over 54% of total deal value, highlighting the narrowing flow of capital to elite startups.

43% OF TOTAL 2024 DEAL VALUE

Notable later-stage financings during 2024 included Vuori's $825 million raise at a $5.5 billion valuation, Tenstorrent's $693 million round, and Crusoe's $600 million round.

The Series E+ category featured even larger deals, headlined by Databricks' $10 billion Series J at a $62 billion valuation, with additional significant rounds from Insider at $500 million, Form Energy at $405 million, and Zepto at $350 million. These deals spotlighted strong investor interest in AI, energy storage, and disruptive technologies across various industries in 2024.

One of 2024's standout narratives was the valuation premium commanded by AI startups. Across all stages, pre-money valuations for AI companies were typically 25%-40% higher than those of non-AI peers. This premium was most pronounced in late-stage rounds, with Series D AI startups achieving valuations 201% higher than their non-AI counterparts.

The sense of urgency among investors to capitalize on AI's transformative potential, and outsized returns, fueled the valuation premiums, insulating the sector from the broader venture headwinds. The elevated valuations highlight the unique position of AI startups within the ecosystem as a key driver of investor optimism and competition.

Startup Valuations:
AI vs Non-AI

Post-Money Valuation Range ($M)

Stage	Type	25th Pct	50th Pct	75th Pct	100th Pct
Seed	Non-AI	$10	$16	$26	$40
	↓ AI	$13	$22	$30	$50
Series A	Non-AI	$35	$53	$85	$136
	↓ AI	$40	$64	$101	$146
Series B	Non-AI	$62	$125	$223	$511
	↓ AI	$104	$165	$301	$480
Series C	Non-AI	$121	$284	$710	$1,384
	↓ AI	$240	$328	$750	$1,509
Series D	Non-AI	$62	$304	$1,012	$1,782
	↓ AI	$277	$820	$2,302	$7,078

Source: Carta

With AI capturing nearly half of all venture capital deployed in 2024, it is clear that the narrative around valuations is increasingly tied to advancements in this space. Meanwhile, the extended time between first VC round and exit, averaging 8.5 years for unicorns, suggests that much of the ecosystem's value remains locked up in private markets. Investor demand for AI-driven innovation is likely to persist and impact valuation trends, but valuations will also be impacted by the overall health of the financing and exit markets.

Source: Pitchbook

BLOCKCHAIN TREND

Combating digital deception

How blockchain can tackle the growing threat of deepfakes

Cyber deception has reached a new level of sophistication, and the rise of deepfake technology is making it harder to trust online content. From manipulating videos and audio to fabricating text, AI-generated forgeries pose serious risks to individuals, organizations, and industries. As the technology behind deepfakes improves, the threat of fraud and misinformation will only increase, making robust, immutable authentication systems more critical than ever. Blockchain offers a promising solution to this emerging crisis.

300%

Growth in deepfake attacks in the US

70%

Adults are not confident they can identify deepfake voice

30%

US businesses attacked by deepfakes

53%

Adults share voice online every week

25%

Adults impacted by deepfake attacks

25%

Victims of AI voice scams lost money

What Are Deepfakes and How Are They Used?

Deepfakes are synthetic media that appear authentic but have been altered or entirely created using artificial intelligence. Here's a look at how each form operates:

Audio:

Using AI to replicate voices, deepfake audio can convincingly mimic real people, sometimes with as little as a minute of voice samples. This poses a particular threat to industries relying on voice biometrics for identity verification, such as banking and customer service.

Video:

By training neural networks on vast datasets of videos and images, criminals can create realistic videos of individuals, including executives, to bypass security systems or spread false information. These videos are often used in fraud, impersonation, and misinformation campaigns.

Images:

Fake images can alter documents or manipulate profiles, enabling criminals to bypass Know Your Customer (KYC) and Anti-Money Laundering (AML) protocols, often for financial fraud.

Text:

AI-generated text mimics human writing, enabling large-scale social engineering, phishing attacks, and document forgery. These models can create convincing fake emails, reports, or articles that fool both individuals and automated systems.

The potential damage caused by deepfakes is evident.

In 2023, a fake image depicting an explosion at the Pentagon briefly triggered panic on the US stock market. As the technology becomes more accessible and sophisticated, the potential for widespread harm increases. From impersonating company executives to spreading fake news on social media, deepfakes threaten to erode trust in digital media.

Blockchain technology has the potential to provide a powerful defense against deepfakes.

Immutability:
Once data is stored on a blockchain, it cannot be altered without the consensus of the network. This ensures any tampering with media files is easily detectable, as any change produces a new cryptographic hash.

Decentralization:
Unlike centralized systems, blockchain relies on a distributed network of nodes. If one node is compromised, others will reject the tampered data, making the system harder to manipulate.

Transparency:
Public blockchains offer an open history of transactions, allowing users to trace the origin of media files and verify their authenticity. This transparency helps distinguish genuine content from deepfakes.

Cryptographic Security:
Blockchain's advanced cryptographic techniques, encryption, digital signatures, and key management, ensure that media stored on the blockchain is protected and tamper-proof. These methods make it nearly impossible to forge or alter content without leaving a trace.

Data stored on blockchains is fully immutable, meaning the data cannot be changed without consensus from the network.

This consensus is achieved by applying a set of rules that allows network nodes to confirm or deny the validity of state on the blockchain, ensuring that everyone has an identical record of data without requiring a centralized entity. When media is hashed and stored on the blockchain, the chain's immutable ledger makes detection of unauthorized tampering simple, as any change to the content produces a new hash.

By using nodes to distribute data, blockchain networks eliminate single points of control, decentralizing the system. Each node has a copy of the blockchain, and if the node's copy is tampered with, most nodes will reject it. Decentralization makes systems significantly more difficult to breach or disrupt, enhancing the threat detection process.

All public blockchains offer a transparent history of transactions. This open visibility enables users to verify the origin of all previous transactions and media files on the distributed system, making it easier to distinguish genuine content from deepfakes.

The cryptographic security techniques of blockchain – encryption, digital signatures, and key management - make it an ideal system to store and transfer media and content.

Encryption uses complex algorithms to protect media that interacts with the chain, allowing users to verify the authenticity of media. The use of digital signatures allows users to confirm that the media was uploaded by a trusted source, as that source must digitally sign off on the public release of the media file. Private keys, managed by hardware modules or digital multi-signature wallets, are used to verify content and sign off on its release. These security techniques make it nearly impossible to deploy deepfake content without clear evidence of media tampering.

Institutional efforts are underway to ensure the provenance of media and data with the use of blockchains. Microsoft and the BBC have teamed up to launch Project Origin, an initiative that utilizes the technology to combat deepfakes and the spread of misinformation. This cross industry approach leverages decentralization for the authentication of content. The New York Times launched its own internal project to mitigate these threats with the use of distributed ledger technology. The project provides transparent metadata for content, enabling consumers to validate the source of information and identify if any alterations have been made.

How enterprises can manage Deepfake risks

Tools prevent, detect, and mitigate impact of deepfake attacks

01

Deepfake image / Video detection

AI/ML techniques that analyze physical markers, optical flow, and facial symmetry to determine real from AI-generated images.

02

Deepfake audio detection

AI/ML techniques that analyze audio clip to detect whether it is authentic or artificial.

03

Content watermarking

A digital metadata stamp imposed to distinguish fake from real content.

04

Identity verification

Fraud-prevention techniques that detect spoof/deepfake identities during identity verification.

05

Brand protection and content licensing

Tools that safeguard brand identity and enable licensing of proprietary content.

06

Narrative attack protection

Multichannel analysis leveraged to detect, monitor, and mitigate disinformation attacks.

The startup landscape is populated with many innovative, blockchain-enabled solutions.

Recently, OpenOrigins raised $4.5 million to deliver content authentication services. The company provides users with full ownership of their own media by cryptographically proving the source of the media. Their "tamper-proof" ledger stores proofs, safeguarding the record in perpetuity. The platform also allows users to monetize their archives, as authenticated content can be licensed as copyright compliant material used to train AI models.

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We are at a unique time in history. Every layer in the AI stack is improving exponentially, with no signs of a slowdown in sight. As a result, many founders feel that they are building on quicksand. On the flip side, this flywheel also presents a generational opportunity. Founders who focus on large and enduring problems have the opportunity to craft solutions so revolutionary that they border on magic.

Ashu Garg, General Partner at Foundation Capital

While blockchain presents a powerful tool against cyber deception, mass adoption remains a challenge.

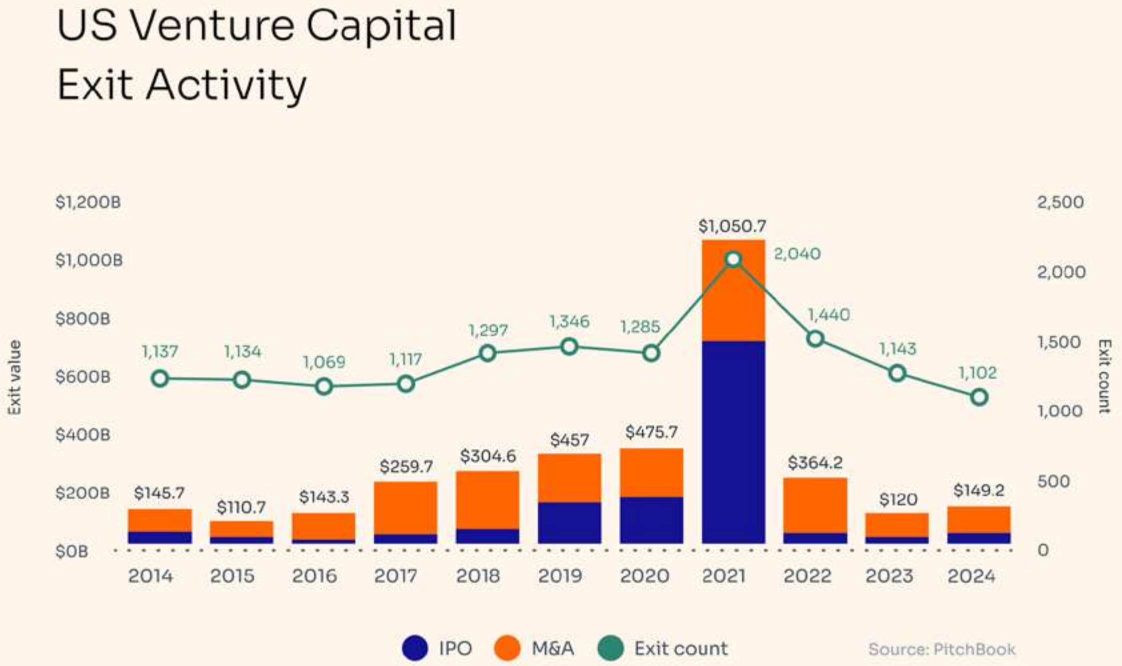
The success of blockchain-based solutions depends on large-scale buy-in from platforms, media outlets, and consumers. In addition, these systems will need to adapt continuously as deepfake technology evolves.

Blockchain is just one part of the broader solution to combat digital deception. Governments, tech companies, and media organizations must also implement regulatory frameworks and ethical guidelines for AI development to prevent the malicious use of deepfake technology. Blockchain is poised to become a key component in the fight against digital deception, providing businesses, consumers, and journalists with confidence in the authenticity of content.

Early signs of a recovery?

2024 was a year of cautious recovery for the exit market in the face of continued IPO challenges and the evolving role of M&A and secondaries in driving liquidity.

The venture exit market in 2024 showed early signs of a potential recovery, with $149.2 billion in exit value generated across an estimated 1,259 transactions, representing a 24% increase in value and a 10% rise in exit count from 2023. This marked the fifth-highest total exit value and sixth-highest deal count since 2014. Despite these modest improvements, exit value remained well below totals from the pre-pandemic era, reflecting a market that has been cautiously finding its footing.



The IPO market in 2024 remained subdued as many leading private companies, including Stripe, Databricks, Canva, Shein, SpaceX, ByteDance, Revolut, OpenAI, and Fanatics, opted to stay private longer. To address liquidity needs, these companies relied on secondary transactions to provide early investors and employees with liquidity, avoiding valuation resets but in return dampening IPO activity. Despite this muted environment, high-profile public listings by Reddit and ServiceTitan - both achieving multibillion-dollar exits - signaled a testing and gradual reawakening of the IPO market. These IPOs offered critical insights into the evolving dynamics of venture-backed IPOs.

Key IPO highlights

- **Reddit** debuted at a $6.4 billion valuation, below its last private round, but has since rallied , trading at a market cap exceeding $29 billion by year-end. This rebound highlighted public market enthusiasm and confidence in the platform's growth potential despite initial recalibrations.

- **ServiceTitan** also faced valuation challenges, going public at a lower valuation, $6.3 billion, compared to its last private mark due to anti-dilution provisions. However, its strong post-IPO performance, exceeding $10 billion as of year-end, demonstrates sustained confidence in the company's long-term potential.

While IPO activity remains below pre-pandemic levels, these successful public listings hint at continued hope and renewed optimism for 2025 as market conditions stabilize.

M&A continued to play a critical role in the exit landscape but was dominated by small and early-stage acquisitions, defined as occurring before the series C round. Many deals involved low-growth or struggling start-ups seeking to avoid closure, rather than generating substantial returns for investors.

Several factors constrained M&A activity in 2024, including high interest rates that raised the cost of capital, geopolitical uncertainties, and regulatory hurdles imposed by the FTC's aggressive antitrust stance. Despite these challenges, the outlook for 2025 is more optimistic. A more stable, and potentially lower, interest rate environment could reduce borrowing costs and narrow the pricing gap between buyers and sellers, while a potentially more business-friendly regulatory environment could ease restrictions on mid-sized and large transactions.

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[2025] will be a breakout year for IPOs and M&A in AI, particularly with the changing of the regulatory regime at the FTC and the significant growth rates we’re seeing in lots of these companies. Legacy businesses will seek to acquire both faster growing companies at reduced multiples and also AI talent to help them scale their product lines. I expect M&A to increase by at least 35% [in 2025]. The top 10 most active acquirers in the software world are falling off a cliff in terms of activity, which requires meaningfully the IPO market to roar open with a combination of AI and other software companies.

Tomasz Tunguz, General Partner at Theory Ventures

With IPO and M&A activity constrained, secondary transactions have become an increasingly important tool for liquidity. Selling shares on the secondary market offers venture capitalists and their LPs a means to generate returns in the absence of traditional exits, but they often trade at discounts, which can potentially erode overall returns. Despite these limitations, the rise and use of secondary markets reflects the adaptability of the venture ecosystem in navigating a sustained period of limited liquidity across the industry.

A patient and resilient asset class

Venture capital has consistently delivered attractive returns for disciplined, long-term investors who can withstand periods of volatility. The current landscape, though challenging for recent vintages, reinforces the need for selectivity, operational discipline, and strategic patience.

TVPI

1.9x

2019

2.2x

2018

2.9x

2017

3.0x

2016

3.2x

2015

Vintage performance trends: beyond the numbers

Strong results from pre-2020 funds

Funds launched in 2015–2019 demonstrate the enduring strength of venture capital as an asset class. Top-quartile funds from these vintages have delivered high total value to paid-in (TVPI) multiples and consistent IRRs above 24%. These funds benefitted from a rising valuation environment and robust exit activity during the liquidity-rich pre-pandemic years.

The post-pandemic reality for recent vintages

Vintage 2021 and 2022 funds, while still promising attractive returns, are navigating a tougher road. These vintages launched during a high-valuation period and faced immediate headwinds, including pricing corrections, an exodus of later-stage capital, a closed IPO window, tightening budgets and slowing growth. Yet these funds are still early in their development and attractive TVPIs can materialize over time.

> VC returns were highly reactive to the general market decline in 2022 and, as a leading indicator of private market performance, VC is expected to be among the first to rebound.

Preqin

Venture capital remains a cornerstone of growth and technology investing for institutional portfolios because of its long-term historical track record and outsized return potential. While individual vintages vary in performance, the asset class as a whole has demonstrated remarkable resilience through market cycles. Over the past two decades, top-quartile venture funds have consistently achieved IRRs exceeding 20%, proving the value of consistent and disciplined fund selection.

Source: Pitchbook

CONCLUSION

Looking ahead with optimism

While the challenges have not disappeared, there are several reasons for optimism across the U.S. venture capital industry in 2025, building off some positive signals in 2024. At a high level, the regulatory environment is likely to ease due to the new US administration.

With a more permissive administration, combined with large cash reserves of key technology companies, we could see more and larger scale M&A transactions, resulting in much needed liquidity for the industry. And if a few promising venture-backed unicorn IPOs find positive market reception, the exit floodgates could finally open.

Optimism:

According to Pitchbook, 40% of US unicorns have been held in portfolios for at least nine years, and that group accounts for more than $1 trillion in value.

Fewer regulatory headwinds should lead to market tailwinds in key areas of technology, especially with David Sacks of Craft Ventures serving as the country's AI and crypto czar. The ties between Silicon Valley and Washington, D.C. appear strong, with others such as Scott Kupor of Andreessen Horowitz in a position of leadership and influence.

AI will continue to attract talented founders and engineers, as well as capital from investors and allocators.

The population of AI developers is expected to grow from 2 million to 3 million by the end of 2025, surpassing the population of Silicon Valley.

> If 2024 was the year of LLMs, 2025 will be the year of Vertical AI.

Karthik Ramakrishnan, Partner at IVP

Investors will focus on scalable, enduring AI solutions that have clear value propositions within specific but numerous industries, including biotech, construction, govtech, healthcare, home services, infrastructure, logistics, nuclear energy, and quantum computing. And we will see more AI agents being built to learn from and supplement human work across these industries and others.

The possibilities of AI continue to be further illuminated and reimagined. The recent news of DeepSeek's accomplishments, for example, was received with caution, acceptance, and excitement in short order – indicative of the pace of AI itself. Innovation in AI is moving fast and will continue to advance venture financings, valuations, exits, and performance in the foreseeable future.

As we look ahead to 2025, the US venture capital industry is poised for a resurgence, driven by regulatory shifts, increased M&A activity, and the continued evolution of AI, with transformative advancements reshaping industries and fueling new opportunities for innovation and growth.

Source: Pitchbook

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