



## NASHVILLE CAPITAL NETWORK

### NASHVILLE CAPITAL NETWORK UPDATES FINDINGS FROM VENTURE CAPITAL RESEARCH PROJECT

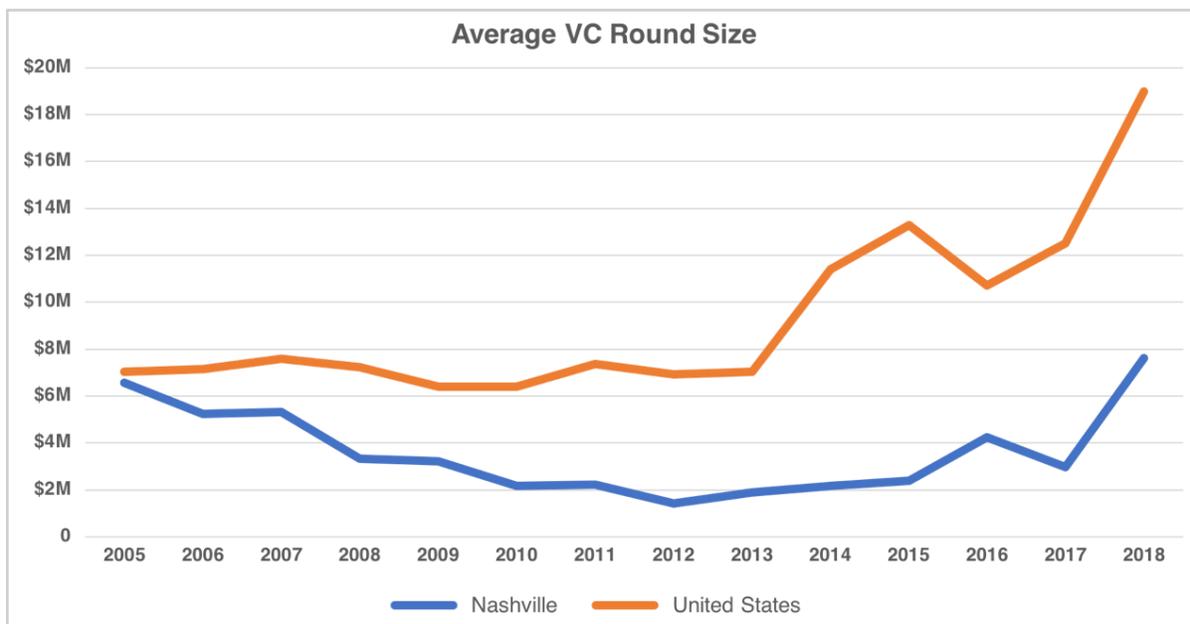
*NCN continues to address the early growth stage 'capital gap'*

**NASHVILLE, TN (August 27, 2019)** – [Nashville Capital Network](#) (NCN) announced today that it has updated its study on venture capital activity in middle Tennessee. The report is a continuation of NCN and Nashville Health Care Council's 2011 and 2015 studies titled "[Nashville Venture Capital Report](#)." The report explores venture capital investments in Nashville-based companies with a special focus on venture capital investment in Nashville-based health care companies.

According to the latest analysis, venture capital activity is flourishing in Nashville, creating a growing supply of funded companies that contribute to economic growth and furthering the city as a hub for innovation.

Key takeaways from the analysis of data from the most recent years include:

- Since the beginning of 2005, more than \$3.2 billion in venture capital funding has been invested in middle Tennessee companies. Of this total, nearly \$2 billion was directed to health care companies.
- Venture capital firms and angel investors continue to focus on investing in technology companies across middle Tennessee. While health care investments have remained a premier target of venture capital financings (40% of financings in 2018), technology companies are growing in relevance. In 2018, 30% of the funded companies in middle Tennessee were technology related businesses.
- Consistent with U.S. venture capital trends, the average round size in middle Tennessee continues to increase. 2018 was a record-high year fueled by large financings such as SmileDirectClub's \$380 million raise. Data for 2019 suggests the trend will continue with several large financings recently closing including Groups360's \$50 million infusion.
- As round sizes continue to increase, the "capital gap" for early growth rounds (funding in the \$1-3 million range) continues to widen. While early growth rounds made up, on average, 29% of all financings from 2005 to 2017, the number of early growth financings in the past eighteen months has dropped to 23%.



“The abundance of private equity coupled with the increased competition for high quality opportunities has led to firms investing more dollars in a fewer number of companies at the growth stage. This has led to a proliferation of the gap between seed funding and larger growth capital rounds. Early growth companies are increasingly challenged in accessing stage-appropriate capital that both fuels growth and minimizes founder dilution. NCN is focused on providing this capital resource for the most promising companies in Tennessee,” said Sid Chambless, Managing Partner of NCN.

### **About Nashville Capital Network**

Founded in 2003, Nashville Capital Network (NCN) provides growth capital for early stage companies. NCN is a partnership of more than 100 professional investors—most of whom have been founders and executives of highly successful businesses. NCN leverages the experience and expertise of its partners to identify, develop and support promising high-growth companies. NCN is currently investing out of its fourth fund, NCN Partners Fund. For more information on NCN, please visit [nashvillecapital.com](http://nashvillecapital.com).