



eMERGE INSIGHTS

SOUTH FLORIDA VENTURE CAPITAL

1H 2023



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FINDING OPPORTUNITY DURING CHALLENGING ECONOMIC TIMES

If there is a startup mantra for 2023, it might just be “It’s time to build.”

“Tough economic times can bring out the best in founders,” says Alexis Ohanian, founder of Seven Seven Six. Ohanian believes now is one of the most exciting times to be an early-stage investor, mentioning break-out companies like Stripe and AirBnb that emerged from the financial crisis of 2008.

Fellow South Florida venture capitalist Jack Abraham, founder of Atomic, agrees and says Miami is the place to build. “Not only are there amazing founders that are coming here and starting incredible companies, but there are unbelievable capital sources. It’s a really special time, and Miami is a really special place,” he shared. **In May, the Miami-based fund and venture studio announced it raised \$320 million for its fourth venture fund.**

To be sure, this year, we are all feeling it. The economic downturn, combined

with the shocks accelerated by the FTX implosion, the Silicon Valley Bank failure and the venture capital pullback, can make even sunny South Florida overcast. Indeed, South Florida’s VC flows took a turn in the first half of this year, along with the rest of the country. The road ahead in the short term will not be easy: Investors are clearly being more cautious, and lofty valuations are coming down.

Despite challenges, there is still so much to celebrate in our South Florida tech ecosystem. Indeed, **the Miami area ecosystem ranked 23rd in the world—skyrocketing 10 spots—in Startup Genome’s 2023 Global Startup Ecosystem Report.**

A bright spot: **In Q2, venture funds in South Florida raised more money than in Q1.** In the first six months, in addition to Atomic’s announcement, SnowPoint Ventures of West Palm Beach raised \$100 million, and Syn Ventures, also of

West Palm Beach, raised \$20 million, according to Pitchbook. In addition, SoftBank’s Opportunity Fund announced a \$150 million Fund 2 to invest in Black and LatinX startups, Fuel Venture Capital is raising a \$300 million fund, and Marcelo Claure, Shu Nyatta and partners announced a new \$500 million fund to invest in early-stage ventures.

In Q2 alone, nearly \$1.3 billion was raised by Miami area VC firms—a sign of better times to come.

Nationally, the picture also significantly improved in Q2: In Q1 2023, venture funds only raised \$11.7 billion, substantially lower than the 2022 quarterly average. In Q2, however, VC managers managed to raise \$21.6 billion, up an impressive 85%. **In the US, in the first half of 2023, \$86 billion in VC was invested across just over 8,000 deals, according to Pitchbook.**



The big news on the tech job front: Miami-based software infrastructure company Kaseya announced it would be creating 3,400 tech jobs in Miami-Dade, paying an average of \$107K, over the next few years.

Meanwhile, migrations to the Greater Miami metro area have continued with relocation and expansion announcements this year, including Silicon Valley software company LeverX relocating its global headquarters to downtown Miami. Barcelona-based HR tech unicorn Factorial chose Miami as its North American hub and plans to hire up to 150. Hiberus of Spain, Mexican unicorn Nowports, a logistics-tech startup, and European startup Giraffe360 are all planting their Americas HQ in the Magic City. London-based future of work startup GIGL is expanding here too.

No doubt creating a strong pipeline of tech talent to fill tech job demands has become a major focus of community builders, local government and business leaders.

CONSIDER THESE HIGHLIGHTS:

- Miami Tech Works, an initiative to grow the tech talent pool funded by a \$10 million grant from the US government, kicked off with the formation of the industry-led Tech Talent Coalition. Workgroups of tech employers, academic leaders and other stakeholders began working on initiatives aimed at training, upskilling and matchmaking to fuel that talent pipeline, making sure that underserved communities are included.
- Miami Dade College opened its AI Center on its Wolfson campus, and it will be the first college in the state to offer a bachelor's degree in Applied AI, starting this fall, pages 18-20.
- The Miami-Dade Innovation Authority, the county initiative to help solve Miami's most pressing problems with technology and led by Leigh-Ann Buchanan, is launching its first challenge of seeking sustainable solutions for repurposing Sargassum.
- Florida Memorial University, South Florida's only HBCU, opened an innovation center, funded in part by music executive and philanthropist Ted Lucas.

- The South Florida community is growing, and more organizations are getting involved: Through Tech Equity Miami, JPMorgan Chase issued its first grants to BrainStation, CodePath, Rebrand Cities and YMCA. To propel more women into tech, entrepreneurship and venture capital, two organizations established Miami chapters—ALL Raise and GET Cities. Recent FIU grads formed two organizations, INIT and GitStart, aimed at engaging young people in tech.

This year has been full of celebrations and transformations. April's Miami Tech Month provided lots of opportunities to do that. eMerge Americas returned to anchor the week and hosted a record-setting audience. South Floridians and visitors also enjoyed Miami Tech Week, NFT Week, Maker Faire Miami and dozens of additional events. Next year, Miami Hack Week moves to April, too.

This just scratches the surface of what #MiamiTech can be proud of as we continue to navigate a difficult economy ahead. In this eMerge Insights Mid-Year Report, we bring you all the VC highlights and trends of the first half of this year.

\$962 MILLION
INVESTED

53% OF THE STATE'S
VENTURE CAPITAL
TAKE IN DOLLARS

59% OF THE STATE'S
VC DEALS

RANKED 6TH
IN THE NATION FOR
NUMBER OF VC DEALS

1H 2023 HIGHLIGHTS

The Miami-Fort Lauderdale metro area venture capital tumbled in the first half of 2023, but the deal count held up.

\$962 million was invested in South Florida startups and later-stage companies in the first half of 2023 across 191 deals. In 1H 2022, South Florida saw \$3.1 billion invested across 209 deals.

Startups based in the Greater Miami metro area snagged **53% of the state's venture capital dollars and 59% of the deals.**

Financial technology remained the most-active sector, **securing \$219 million, 23% of the venture capital dollars flowing to South Florida companies and 27% of the deals.**

Healthtech companies snagged **18% of the deals**, but with no mega rounds in the pack, the dollar value of deals fell to **\$114 million** invested in healthcare-related companies in the first half of the year.

Crypto, blockchain and web3 deals held up in 2022 but also stumbled with the market this year as the crypto winter drags on. Crypto remains the second most-active sector in South Florida.

1H 2023's top funding was Weston-based Digibee, with a \$60.2 million Series B raise led by Goldman Sachs in June, bringing Digibee's total funding to \$90 million.

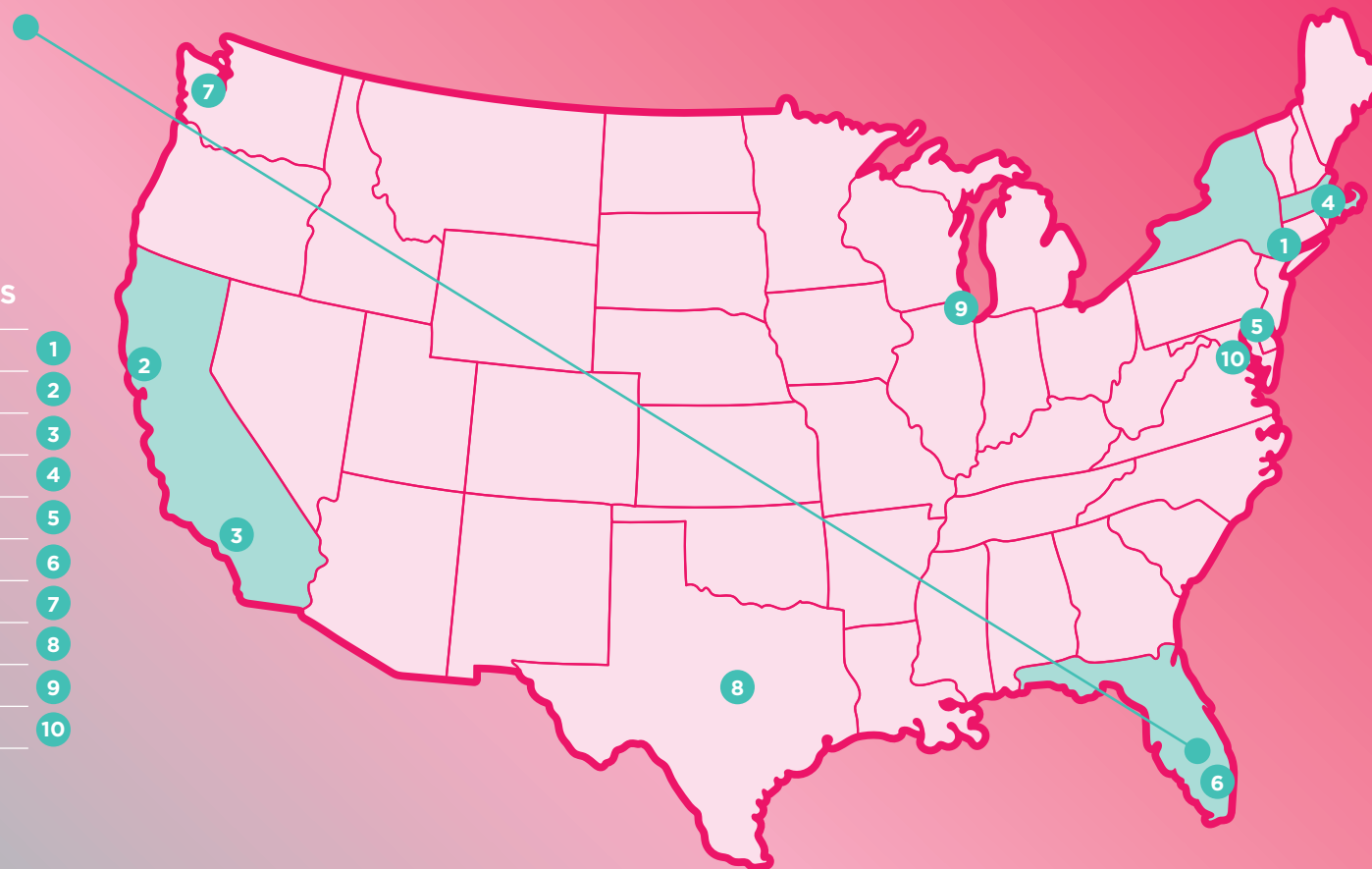
TOP US METRO AREA AND STATE RANKINGS FOR VC

Despite the downturn, the big four metro areas for VC—Silicon Valley, New York, Boston and LA—stayed at the top. The Miami-Fort Lauderdale metro, which ranked 7th in 2022, fell to No. 12 for deal value.

Notably, the Miami metro moves up the list when ranked by number of deals. The Miami-Fort Lauderdale metro area increased its ranking for number of deals from 8th in 2022 to 6th in 1H 2023.

STATE	DOLLARS (BILLIONS)	DEALS
California	\$42.9	1,910
New York	\$9.6	885
Massachusetts	\$8.4	377
Texas	\$3.3	350
Florida	\$1.8	323
New Jersey	\$1.4	115
Virginia	\$1.4	125
Washington	\$1.4	205
Colorado	\$1.4	191
Illinois	\$1.3	183

METRO AREA	DOLLARS (BILLIONS)	DEALS
New York City (metro)	\$10.5	917
Silicon Valley	\$36.1	710
Los Angeles	\$4.3	450
Boston	\$8.2	359
Philadelphia (metro)	\$1.1	205
Miami	\$926 million	191
Seattle	\$1.4	177
Austin	\$2.2	176
Chicago	\$1.3	174
Washington, DC	\$1.9	158



Note: Totals for all metro areas and states except South Florida and Florida are based on Pitchbook data.

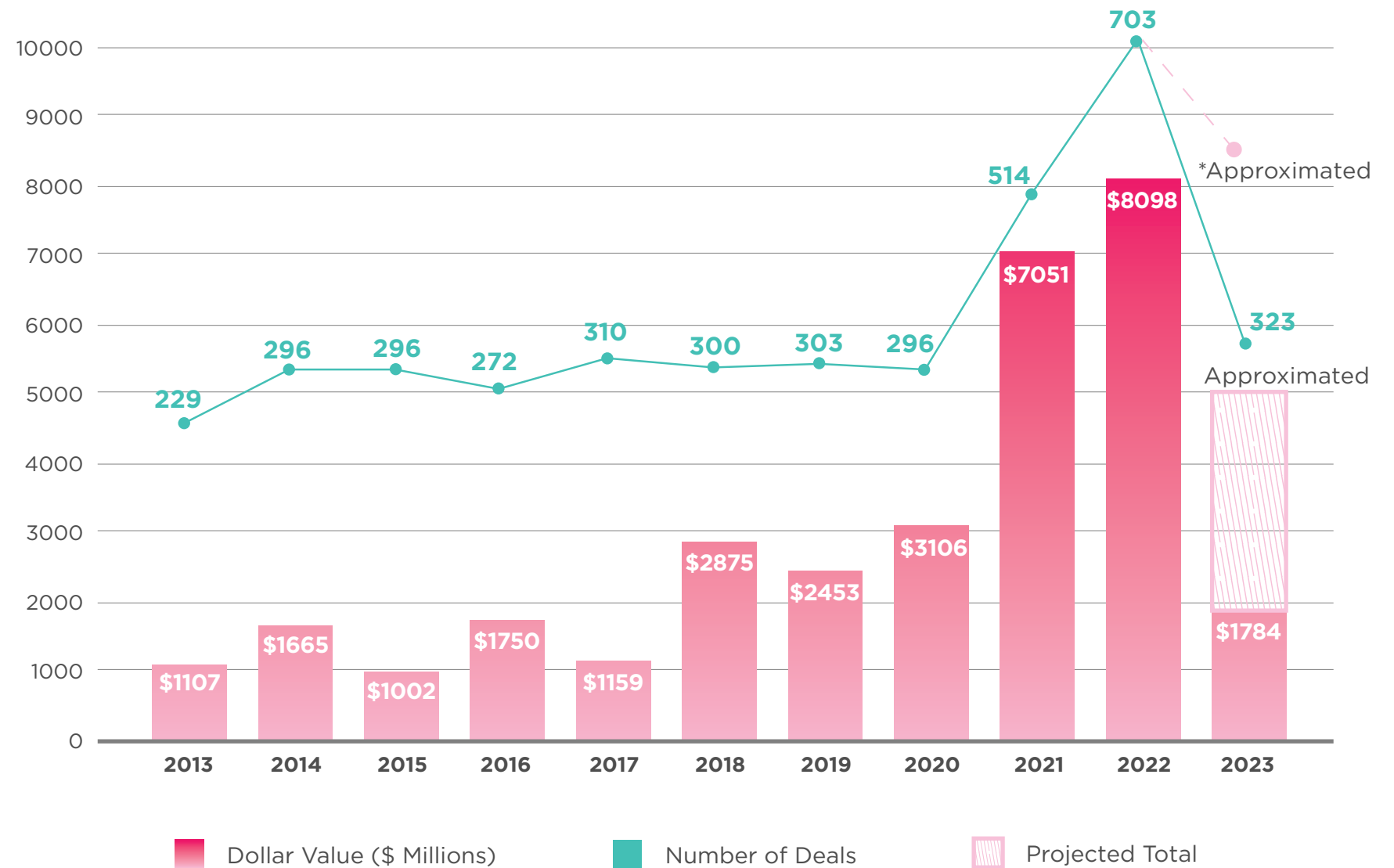


TOP DEALS IN FLORIDA

FLORIDA SNAPSHOT

Florida-based companies attracted nearly \$1.8 billion across 323 deals in the first half of 2023. While this is a decline in total funding from the record-setting year in 2022, **deal count remains on pace with the previous year.**

DEAL FLOW INTO FLORIDA COMPANIES, BY NUMBER OF DEALS AND DOLLARS, BY YEAR








Sources: Pitchbook, Crunchbase, CB Insights and author's research. Historical data through 2016 tracked by Pitchbook.

TOP FLORIDA DEALS

BEYOND SOUTH FLORIDA 1H 2023

In the first half of 2022, other parts of the state—Jacksonville and Orlando—were home to the state’s top two venture capital deals. Both companies have Miami connections: Nymbus relocated from Miami last year and Red 6 has a corporate office in Miami.

COMPANY	AMOUNT	SECTOR	ROUND	HQ
 NYMBUS®	\$70 million	Fintech platform for enterprise	Series D	Jacksonville
	\$70 million	Augmented and virtual reality for military training	Series B	Orlando
 Lemnature® AQUAFARMS	\$58.5 million	Aquaculture farming, clean tech	Later stage	Vero Beach
 Clearsense®	\$50 million	Healthtech	Series D	Jacksonville
 JANUS	\$45.1 million	Healthtech	Series B	Naples

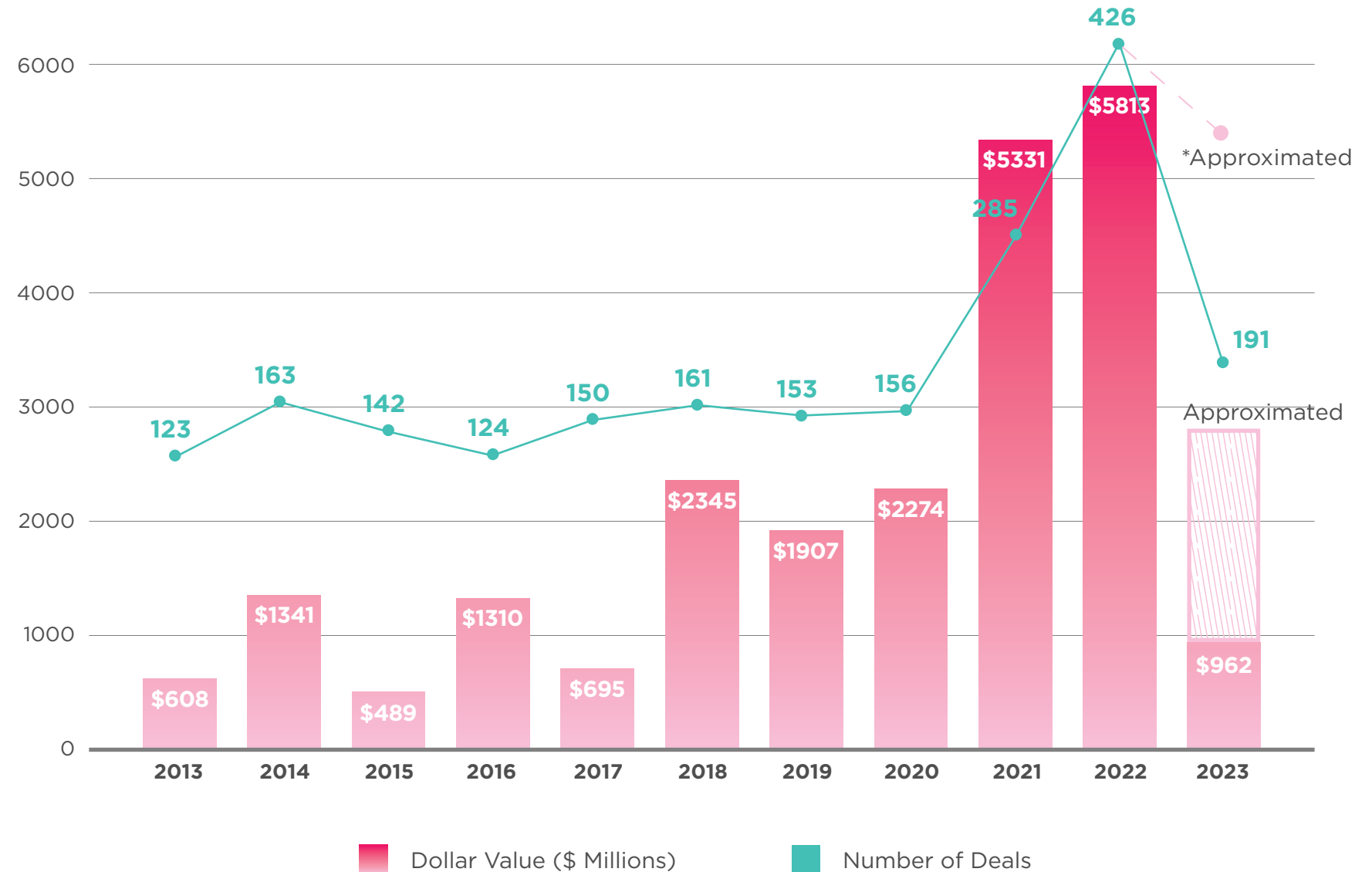
Source: Pitchbook and author’s research



SOUTH FLORIDA SNAPSHOT











In 1H 2023, South Florida companies attracted \$962 million across 191 deals that represented 53% of the dollars, and 59% of the deals across Florida. Q1 and Q2 2023 showed a decline in funding as the region, along with the rest of the country, saw VC flows become more cautious, and there were no mega deals recorded in the Miami-Fort Lauderdale metro area in 1H. **If the rest of the year approximately mirrors the first half, the South Florida region will have results on par with VC flows in 2020 and potentially more than double the deals.**

MIAMI-FORT LAUDERDALE METRO AREA



Sources: Pitchbook, Crunchbase, CB Insights and author's research; historical data through 2016 is from Pitchbook.

TOP-FUNDED SOUTH FLORIDA COMPANIES IN 1H 2023

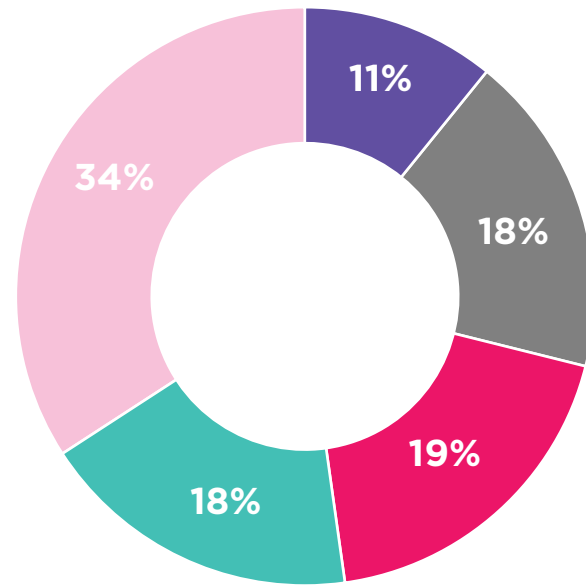
COMPANY	AMOUNT RAISED	SECTOR	ROUND	HQ
 digibee	\$60.2 million	Business productivity software	Series B	Weston
 QuickNode	\$60 million	Blockchain infrastructure	Series B	Miami
 betr	\$35 million	Sports-betting platform	Series A2	Miami
 MayMaan	\$30 million	Clean energy	Series A	Hollywood
 UNITED DENTAL	\$23.9 million	Healthtech, dental professionals network	Series A	Miami
 cast.ai	\$20.4 million	Cloud management platform	Series B	Miami
 AMERICANO MEDIA	\$20 million	Conservative media platform	Seed	Miami
 ON ENERGY	\$20 million	Energy storage technology	Series B	Miami
 CXC	\$20 million	Fintech, crypto	Series A	Coral Gables
 FOCUSPOINT	\$20 million	Cybersecurity	Later Stage	Plantation

Sources: Pitchbook, Crunchbase, CB Insights, author's research.

LET'S DIG DEEPER

WHAT DID SOUTH FLORIDA FUNDING ROUNDS LOOK LIKE?

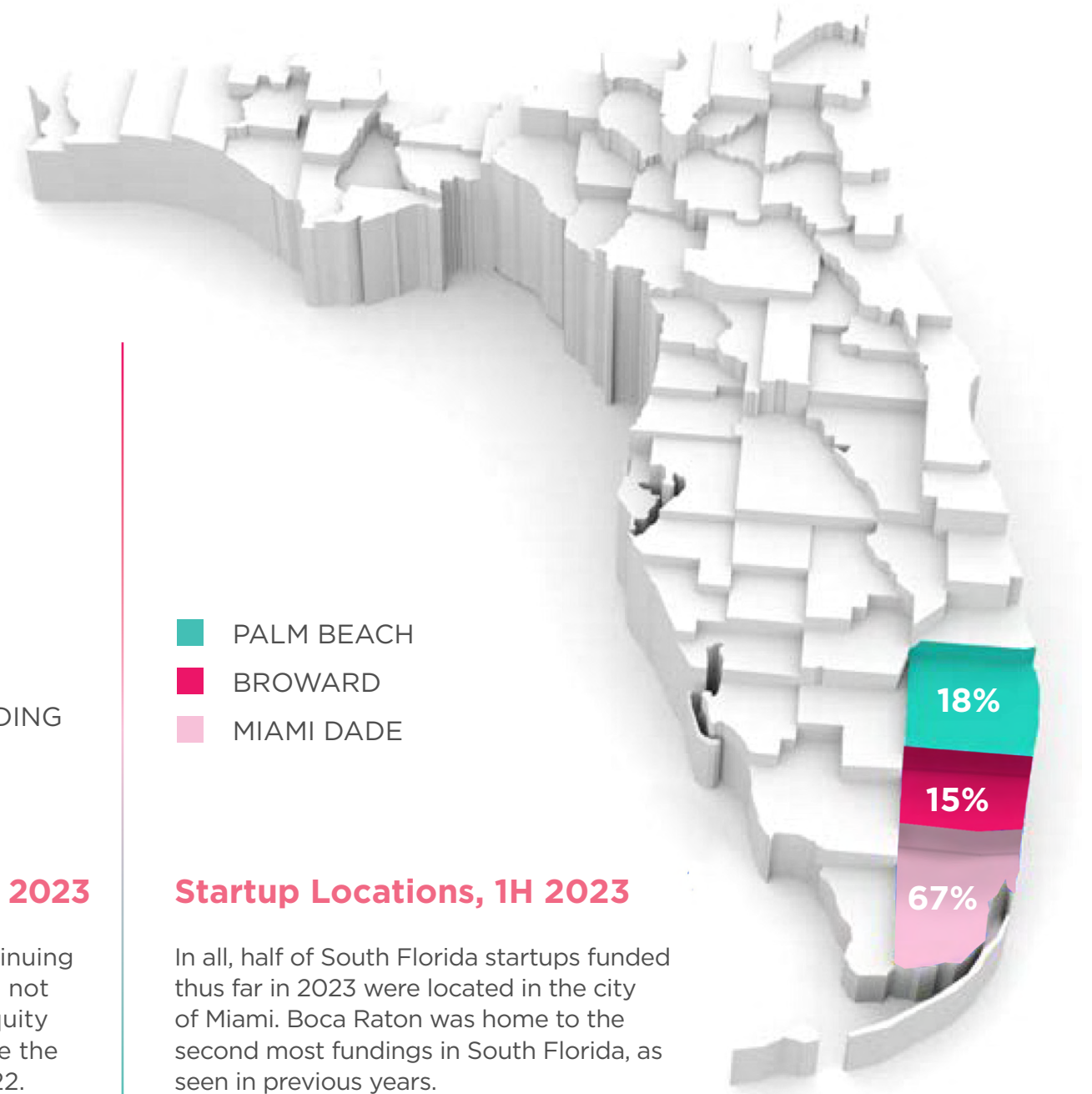
WHERE ARE THE STARTUPS BASED?



- SEED ROUNDS
- EARLY STAGE (SERIES A)
- LATER STAGE
- ANGELS
- EQUITY CROWDFUNDING

South Florida Funding Rounds, 1H 2023

Seed rounds made up 34% of the deals, continuing to dominate the deals just like 2022. Perhaps not surprisingly, the percentages of angel and equity crowdfunding funding rounds increased while the share of Series A rounds decreased from 2022.



Startup Locations, 1H 2023

In all, half of South Florida startups funded thus far in 2023 were located in the city of Miami. Boca Raton was home to the second most fundings in South Florida, as seen in previous years.



TOP TRENDS TO WATCH

#MIAMITECH IS ALL ABOUT AI, YOU MAY JUST NOT KNOW IT YET

AI may not yet be synonymous with Miami tech, but make no mistake—South Florida startups are embracing the technology while educators have been preparing our students and upskilling our professionals for the opportunities ahead.

Let's take a look at some of the South Florida startups leveraging artificial intelligence in their solutions, reported in stories by Refresh Miami.

Many new AI companies exist within the healthtech space: Miami-based **HealthSnap** provides a virtual care management platform for chronic disease management. Palm Beach startup **DeLorean** applies AI to medical records to predict and improve healthcare. Miami's **EVQLV** leverages

AI for the discovery and design of therapeutic antibodies that could transform the pace, cost and scale of drug development. **Porter's** virtual Care Guides help its members navigate the healthcare delivery system and secure the right support for each member's unique needs for at-home care.

AI innovation goes beyond healthcare: In real estate, AI is central to **Deepblocks'** platform, which aims to make site selection more efficient and effective for developers, and other proptech companies are utilizing AI in their metaverse solutions. Miami-based **NOOZ.ai** is arming consumers with AI-powered tools necessary to identify and combat misinformation in online news sources. **CAST AI** enables businesses to right-size their cloud bills by optimizing the

amount and type of machines they use at any given time. **AirOps** helps businesses easily deploy AI-powered apps.

In the education technology space, **Flo-Ops** is working to leverage artificial intelligence to further personalize the experience for students by better understanding their individual needs. For the creator economy, **Ravi.ai** helps creators and small businesses make high-quality video content. **Prescient AI** has developed a marketing simulation and prediction platform that helps eCommerce and direct-to-consumer companies more accurately forecast demand and optimize marketing efforts to target their most valuable customers.

THE AI EDUCATION FRONT

Now is the time to begin preparing the future workforce for AI, and Miami Dade College appears to be leading the way. This year, the institution was approved to offer the state's first bachelor's degree program in Applied AI, and it already offers an AI associate's degree and AI certificate programs. What's more, MDC opened its second AI Center this year to provide classes, workshops and collaboration spaces, and has been training all its professors in AI basics. The mission: prepare tomorrow's AI workforce for the generational opportunities this technology likely will bring and upskill today's professionals.

In South Florida, BrainStation and 4Geeks now offer AI-focused boot camps—no coding experience necessary. The Mark Cuban Foundation has held AI Bootcamps for underserved high school students in South Florida to increase AI literacy. Believing AI is going to dramatically increase what determined

young people can achieve, Miami entrepreneur Eliam Medina launched his first Founder Camp this summer, with support from the City of Miami and Miami Dade College, bringing together a group of talented young people and teaching them how to use AI to solve a problem they find interesting.

According to a new report from the thinktank Brookings Institution, AI jobs are now clustered around a short list of "superstar" cities, and Miami does not yet rank amongst them. The largest cluster is the California Bay Area, home to about four times as many AI companies and job postings as the next largest group of 13 early adopter metro areas combined, including New York, Boston, Seattle, Austin and Raleigh. The report identified the Miami metro area, among dozens of others, as a "potential adoption center" for AI. There's no doubt that many players in the ecosystem are working toward that reality.

EYE ON AI FUNDING

AI is the future of tech. With AI platforms and technology exploding in recent months, eMerge Insights is sharing its first findings on South Florida fundings of AI-powered startups. From healthtech to robotics to business productivity, here's what we discovered in the first half of 2023.

26 AI COMPANIES FUNDED

\$118 MILLION FUNDING

TOP 5 DEALS (ALL BASED IN MIAMI):

Cast AI	\$20M	Series B	Sortium	\$7.5M	Seed
Kiwibot	\$10M	Series A	AirOps	\$7M	Seed
HealthSnap	\$9M	Series A			

Stay tuned for future reports.

FINTECH, LEADER OF SOUTH FLORIDA'S VC ECOSYSTEM, STUMBLES IN 1H

\$219M FLOWED TO FINTECH COMPANIES
SOUTH FLORIDA VC DOLLARS

23% OF SOUTH FLORIDA VC DOLLARS FLOWED TO FINTECH COMPANIES IN 1H 2023

27% OF SOUTH FLORIDA VC DEALSWERE BY FINTECH COMPANIES IN 1H 2023

\$4.3M AVERAGE FINTECH DEAL SIZE IN 1H 2023, DOWN FROM \$31.8M IN 2022

Since 2021, financial technology has been South Florida's strongest sector, and it still is. In the first half of 2023, \$219 million across 51 deals flowed into South Florida fintech companies. The largest South Florida rounds were Miami-based sports-betting platform **Betr**, which raised \$35 million; Crypto platform **Transek** of Miami, which

raised \$20 million; and **Nsure**, a fintech for home and auto insurance, which raised \$14.5 million. Notably, **Marco** raised \$200 million in debt along with its \$8.2 million equity raise. In 2022, South Florida fintech companies claimed \$1.16 billion across 46 deals, including several mega rounds.

HEALTHTECH: MORE DEALS BUT SMALLER VALUES

Healthtech, medical device, biotech/pharma and health/wellness services companies in South Florida attracted \$114 million in VC dollars across 34 deals in 1H 2023.

The top-funded startups in the sector were **United Dental**, a platform for dental professionals based in Miami, which raised \$24 million; **Love Health**,

with a \$12.5 million seed round; and **HealthSnap**, which raised a \$9 million Series A.

While we still consider healthtech an important trend to watch, healthtech reached the sector's height in 2021 with \$1.1 billion across 52 deals and has seen a decline beginning in 2022 with \$592 million raised across 82 deals.

\$114M VC DOLLARS FLOWED INTO SOUTH FLORIDA HEALTHTECH COMPANIES IN 1H 2023

13% OF SOUTH FLORIDA VC DOLLARS FLOWED INTO HEALTHTECH COMPANIES IN 1H 2023

18% OF SOUTH FLORIDA VC DEALS WERE BY HEALTHTECH COMPANIES IN 1H 2023

\$3.7M AVERAGE DEAL SIZE IN 1H 2023

CRYPTO/WEB3 FUNDING REMAINS SECOND STRONGEST SECTOR IN SOUTH FLORIDA

Funding rounds of startups focused on cryptocurrencies, blockchain and/or NFTs exploded beginning in the second half of 2021, following a movement led by Miami Mayor Francis Suarez to build the Miami area into a “Capitol of Capital.” While crypto has experienced challenges, including the “crypto winter” and FTX’s collapse, venture funding rounds for Web3-focused companies still hit another local record: \$965 million across 55 deals.

In the first half of 2023, funding reached **\$136 million across 23 deals**. The top deal was **QuickNode**, the Miami startup building blockchain

infrastructure that raised \$60 million in Q1, valuing QuickNode at \$800 million. The deal was led by 10T Holdings with participation from Tiger Global, Seven Seven Six and SoftBank’s SB Opportunity Fund.

Other top deals included **Transek**, which raised \$20 million, and **Sortium**, which raised \$7.5 million.

With the absence of a mega deal in the space, the average deal size fell from \$17.6 million in 2022 to \$6.2 million in the first half of this year.

14% OF SOUTH FLORIDA VC DOLLARS FLOWED TO WEB3 STARTUPS IN 1H 2023

11.7% OF SOUTH FLORIDA VC DEALS WERE BY **WEB3** STARTUPS IN 1H 2023

OTHER HOT SECTORS TO WATCH: CLIMATE TECH + CLEANTECH ON THE RISE

After AI, fintech, healthtech and crypto/web3, South Florida saw relatively strong activity in media-related startups, consumer products (particularly beverage makers) and business productivity SaaS startups. Yet, there was significant seed-level activity in climate technology and cleantech.

Last year, during a record year for VC in the Miami-Fort Lauderdale metro, \$151 million was invested in 17 climate tech or cleantech companies. But so far this year, even amid a steep downturn, South Florida is on a path to potentially beat that, having already logged **15 deals** that brought in a total of **\$79 million**. **MayMaan**, the Hollywood-based startup that develops clean energy solutions, led VC funding with \$30 million, followed closely by Miami-based **On.Energy's** \$20 million and its energy storage systems.

GROWING WITH DEBT FINANCING AND CREDIT FACILITIES

Notably, at least 3 South Florida companies raised significant credit facilities to fund their growth:

MARCO

Miami-based Marco, which offers a tech-enabled financing platform for small and medium-sized businesses, raised a \$200 million credit facility in addition to an \$8.2 million equity raise.

SETSCALE

The Miami startup, which provides small businesses with the financing needed to fill their purchase orders, raised \$70 million in debt financing in addition to a \$9.5 million equity round.

SOCIAL MOBILE

The Hollywood-based company that builds turnkey mobile technology solutions for enterprises, raised a \$35 million credit facility from Citi to develop new products and services, to continue expanding into overseas markets and to make strategic acquisitions.



DIVERSITY IN VENTURE CAPITAL

FEMALE FUNDINGS REMAIN STAGNANT

Just as in the recent boom years for venture capital, female founders struggled to raise venture funding in the first half of 2023. According to Pitchbook data, in the Miami-Fort Lauderdale metro area, startups founded by all-female teams raised \$16 million over eight deals, which is just 1.7% of the capital that flowed to all South Florida companies. Mixed-gender founded teams with at least one female founder raised \$44 million (5%) over 28 deals. About 80% of the venture capital raised by US startups this year has gone to all-male founded teams, Pitchbook reported. eMerge will explore this trend in more detail in the year-end report.

EXIT ACTIVITY SLOWS NATIONALLY AND LOCALLY

Exits declined nationally in the first half of 2023. A total of \$12 billion in value was generated from 588 exits. Based on the current pace, there are concerns that US exit value could drop to a ten-year low of \$20 billion during 2023. Pitchbook logged 4 exits in South Florida so far this year, but no transaction details were disclosed. Refresh Miami reported on the following exits. Unless otherwise noted, terms were not disclosed.

TREND

The Miami-based curated content creation marketplace founded in 2019 by Ramon Berrios was acquired by Soona, a virtual content studio.

CYCLE TECHNOLOGY

The recycling startup founded by former University of Miami students was acquired by Recycle Track Systems. Co-founders Anwar Khan, Connor Pohl and Harrison Mount joined RTS.

REDZONE

The Miami Beach-based manufacturing software provider was acquired by QAD for nearly \$1 billion.

YIELDX

The Miami-based startup that developed a platform for fixed-income investing was acquired by global wealth management platform FNZ.

METHODOLOGY

Pitchbook includes equity investments into privately held companies from outside sources. Investment does not necessarily have to be taken from an institutional investor. This can include investment from individual angel investors, angel groups, seed funds, VC firms, corporate venture firms, and corporate investors. Investments received as part of an accelerator program are not included, however, if the accelerator continues to invest in follow-on rounds, those further financings are included.

Venture analytics services differ by the way they track venture capital, including the type of deals included and when the deals are counted. Some

services don't include angel funding, but Pitchbook does. We chose to use Pitchbook for its inclusiveness and consistency, but added in venture deals that were not included, while excluding those we could not verify—all based upon our research.

For our review of the first half of 2023, we used Pitchbook, primarily, but included 28 additional deals reported by Crunchbase, CB Insights or our own research. Most of the additions are new-to-Miami companies where headquarters locations had not been updated, but we also included venture capital rounds that included private equity firms. Not all deals in Pitchbook's data could be independently verified.

Data about Florida and South Florida venture capital results include only companies with their primary headquarters in the state at the time of the funding.

No data set is perfect. Dozens of funding rounds go undisclosed, or data is added, corrected or revised months later. Although venture data often lags, we used the best available sources as of July 31, 2023. If you believe we've missed something, email us at insights@emergeamericas.com. We always update the data set for future reports.



The John S. and James L. Knight Foundation supports a more effective democracy by funding free expression and journalism, arts and culture in community, research in areas of media and democracy, and in the success of American cities and towns where the Knight brothers once published newspapers. A founding partner of eMerge Americas, Knight has invested more than \$60 million in nurturing Miami's tech community by connecting innovators, attracting investments and growing the city's talent base.

Florida International University is Miami's public research university and, in less than five decades, has become a top 100 public university, according to U.S. News and World Report's Best Colleges. FIU is focused on student success and research excellence, with nearly \$200 million in annual research expenditures.



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