



2024 New Mexico Venture Capital Report

Overview

New Mexico is the 2nd largest producer of oil in the USA - 12th largest worldwide, after the country of Norway. The State's economy receives about 40% of revenue from fossil fuels - making it dependent on a single industry and vulnerable to economic fluctuations and environmental issues.

New Mexico State Investment Council (NMSIC) manages a \$61 billion sovereign wealth fund, the second largest in the US. At the time of this report, \$780 million has been committed to 22 venture capital firms to invest in the New Mexico economy and start ups.

New Mexico Economic Development Department (NMEDD) developed the “Path Forward” strategy in 2021, focusing on innovation and economic diversification. By emphasizing growth in emerging sectors including aerospace, biosciences, renewable energy, intelligent manufacturing and five other key industries, the state aims to promote diversification, sustainable development, create quality jobs, attract private investment and generate new sustainable revenue sources.

NM Angels commissioned this foundational research to analyze capital flows in the NM startup ecosystem. The research is available to inform activities and policy by business actors, elected leaders, state agencies and other stakeholders in diversifying New Mexico's economy by investing in high-growth startup companies.

Executive Summary

Purpose: New Mexico Angels commissioned research to generate a valuable, comprehensive source of data on capital flows in the New Mexico startup ecosystem.

Goal: Illustrate the evolution and growth of New Mexico's venture backed, high growth economy by establishing a baseline of data and to track capital flows each year into the future.

Focus: Provide insights to the NM SIC, NM EDD and other state agencies to provide data about the impact of existing policies and guidance for future economic development policies.

Key Findings:

- Capital investment in NM startups has grown significantly, with a **CAGR of 90%** over the last four years
- Deal count of identified venture investments has increased by **500%**
- Venture investing is taking place across a wide range of business sectors in the state. **Bioscience at 40%** leads by dollar volume, with aerospace, technology and healthcare next - accounting for 40% combined
- Despite growth in investing, **EXITS remains low** in NM, compared to other states like Colorado and Michigan
- Pre-Seed and Seed activity is robust, with decreased numbers from Series A to C. **Making early stage investing efficient for all and increasing post Series C deals are the next frontiers**

Key Recommendations

Increase Support for Later Stage Deals & Exits:

- SIC encouraged to develop stronger requirements for capital recipients to increase ongoing presence and investment activity in NM.
- Expand definition of “NM based business” so not limited to company HQ in NM.
- Deploy capital with mandate for later stage investment (series A and beyond).
- Expand incentives in target sectors to attract companies to locate in NM with tax rebates and access to capital.

Promote Awareness and Connections to Capital:

- Increase awareness among out of state investors about New Mexico startups.
- Continue grant and local support efforts with capital into early stage companies that do business in NM.
- Foster connections between New Mexico startups and investors from outside the state.

Expand Data-Driven Research:

- Fund annual research tracking startup trends and capital flows in real-time, helping inform policy decisions and identifying gaps in the ecosystem.

About the Authors: NM Angels & students from Worcester Polytechnic Institute (WPI)

New Mexico Angels is a 22 year old non-profit membership organization. Its mission is to **grow and support startup and high growth companies in New Mexico.**

Students at Worcester Polytechnic Institute (WPI) visit New Mexico annually. They undertake research projects in collaboration with local organizations to address real-world challenges. Four students worked with NM Angels staff and industry volunteers to analyze venture capital flows to support efforts in diversifying New Mexico's economy away from its reliance on oil and gas.

Disclaimer

This report represents a best-efforts analysis of venture trends in New Mexico. Collecting data from private companies is inherently imperfect, because not all transactions are publicly available. Therefore, this report is not intended to serve as the definitive capital report of the NM startup ecosystem, but it does provide insights and trends based on the data available. Data was collected and analyzed from Crunchbase, PitchBook and first hand market sources. These sources do not have complete data for 2024, and more accurately represents first half of 2024.

Research Methodology

This report focuses on venture capital investment trends in New Mexico, with data collected over the past five years, starting in 2019. Analysis draws data primarily from CrunchBase, supplemented with insights from PitchBook, as well as online research and developed through discussions with Drew Tulchin and David Perez of NM Angels.

The WPI student research team reviewed 11 reports from other states to develop a matrix of key criteria for this New Mexico VC Report.

Grant deals involving educational institutions, government organizations, non-profit entities, and public companies are excluded unless explicitly stated otherwise.

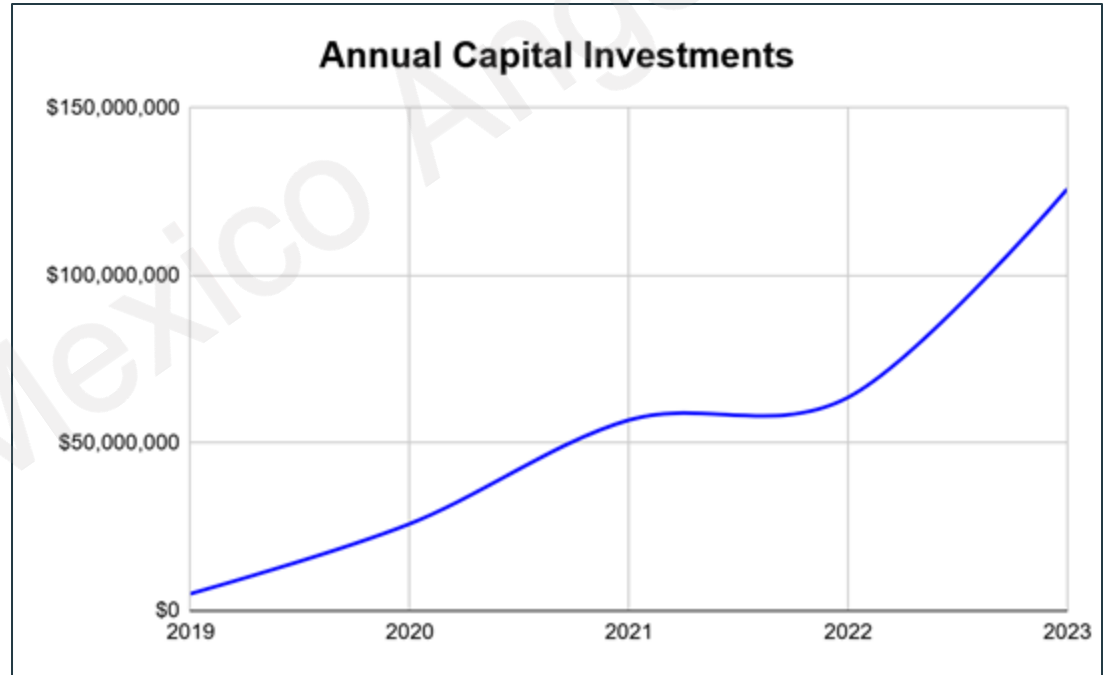
The report includes data up to the first half of 2024. It is important for this data and report to be updated annually to provide accurate, meaningful information for investors and policy makers.

Annual Capital Invested Shows High Growth

The dramatic increase in capital investment since 2019 reflects the maturing of the New Mexico start-up ecosystem with its important impact to the overall economy, coupled with increased VC attention to local companies.

Year	Capital Invested
2019	\$5,109,181
2020	\$25,970,427
2021	\$56,925,242
2022	\$63,656,706
2023	\$125,861,677
2024 (1H - 6 months)	\$124,707,440
Total	\$559,230,673

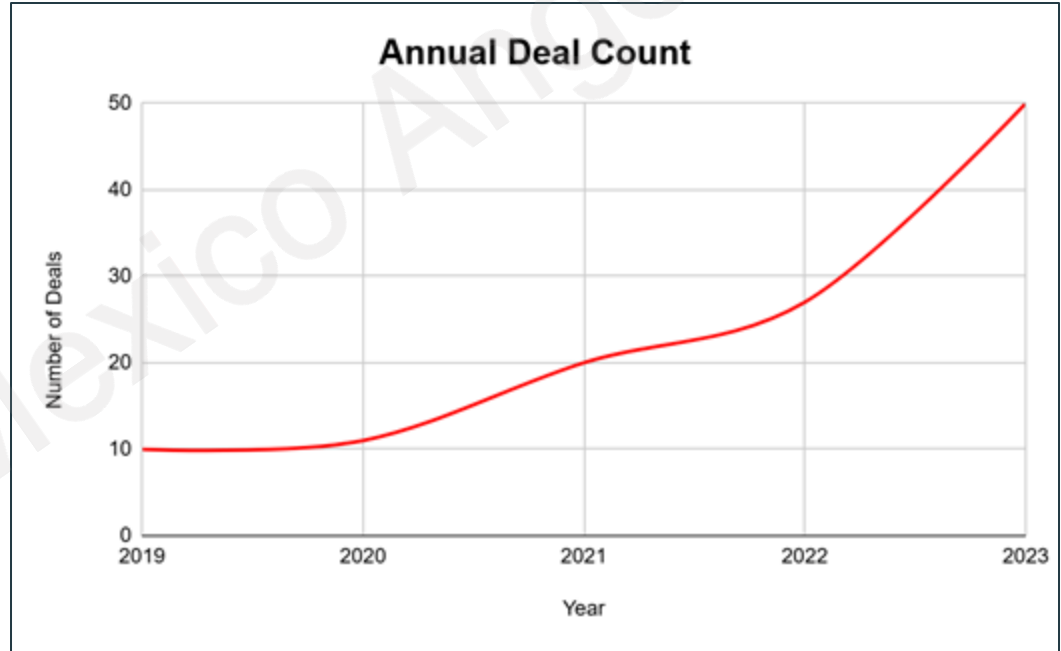
Note: Excludes a \$157 million dollar outlier deal in 2021



Increase in New Mexico-based Start-Ups

The number of VC deals has steadily grown, with an increase in investable startup and high growth NM companies.

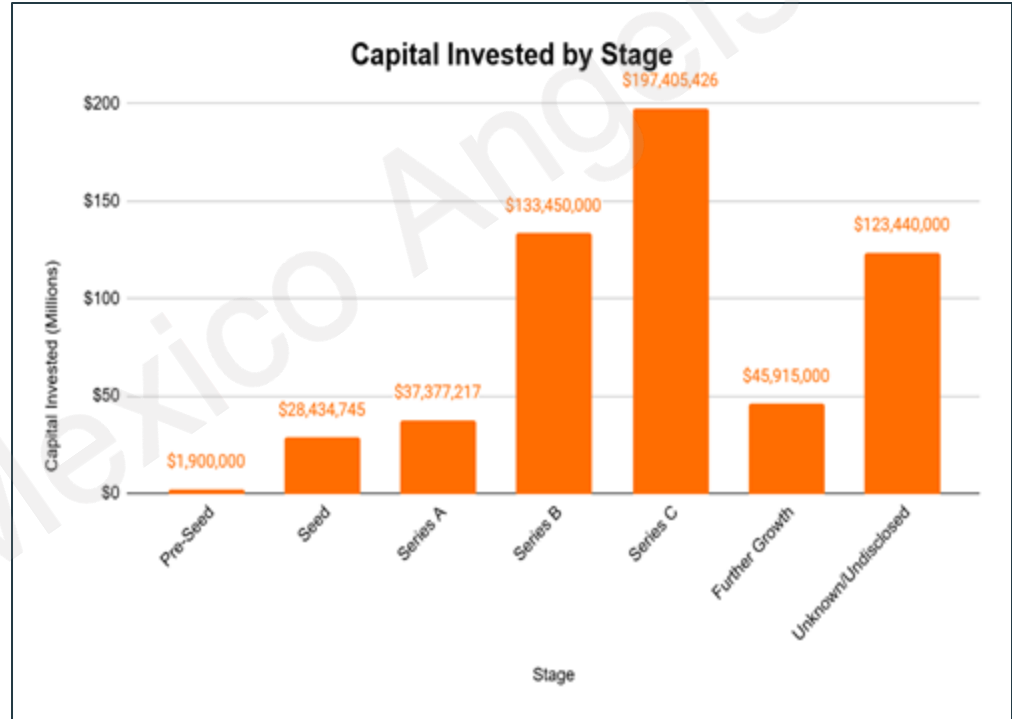
Year	Number of Deals
2019	10
2020	11
2021	20
2022	27
2023	50
2024 (1H - 6 months)	21
Total	140



Note: Excludes a \$157 million dollar outlier deal in 2021

Capital Invested By Stage

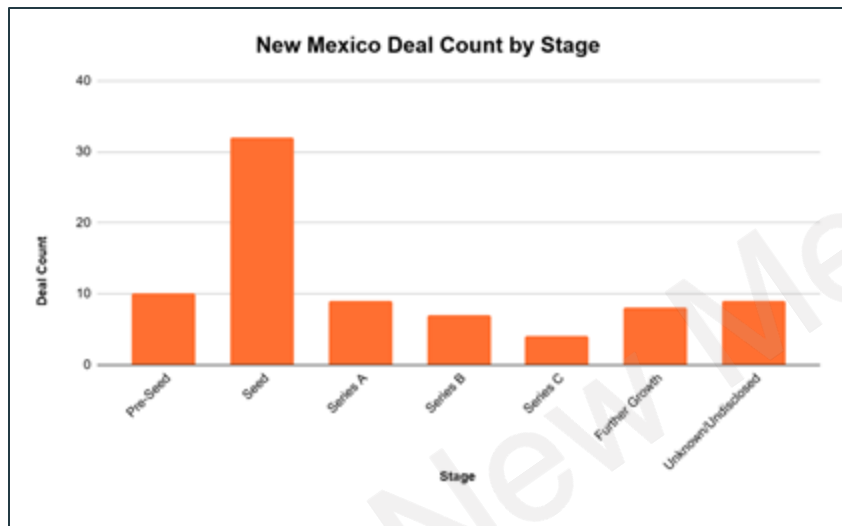
- As expected, series B and C stage investments are larger in size, with fewer transactions. The overall trend is in the right direction and reflects healthy recent growth
- Stages AFTER series C: only account for \$46M of capital invested, 8% of the total. This is an important next frontier for NM companies



Note: The 'Further Growth' column includes Corporate Round funding, Debt Financing, and Private Equity funding. The 'Unknown' category is an area for further exploration.

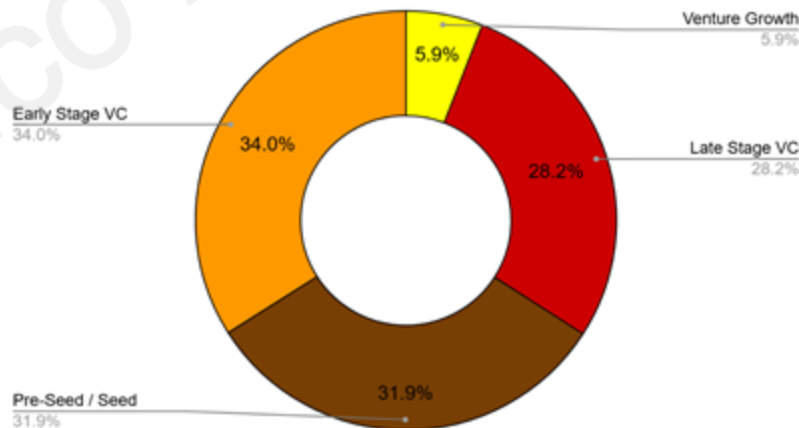
Types of New Mexico Early Stage Companies

Pre-Seed and Seed Stage deals are over one-half of total deals during the period researched. It is typical to observe more early transactions and fewer at the later stages. But, NM is particularly oriented towards early stage companies, with only 15% of deals are late-stage - compared with 28% nationally.



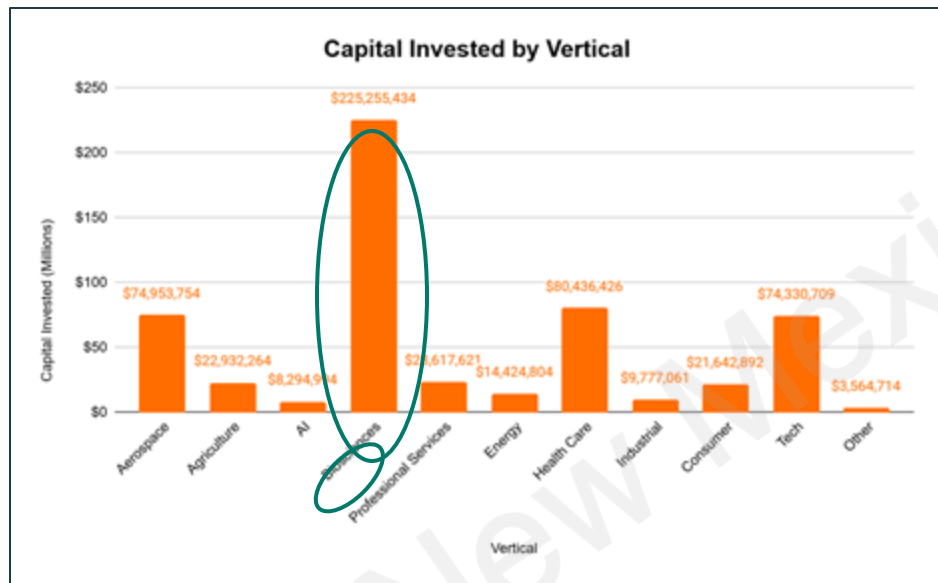
Note: The 'Further Growth' Column includes Corporate Round funding, Debt Financing, and Private Equity funding.

National Data



Capital Invested By Vertical

Biosciences led capital investing over the past years, capturing more than 40% of total funding



Note: 'Professional Services' includes finance, banking, consulting and related businesses

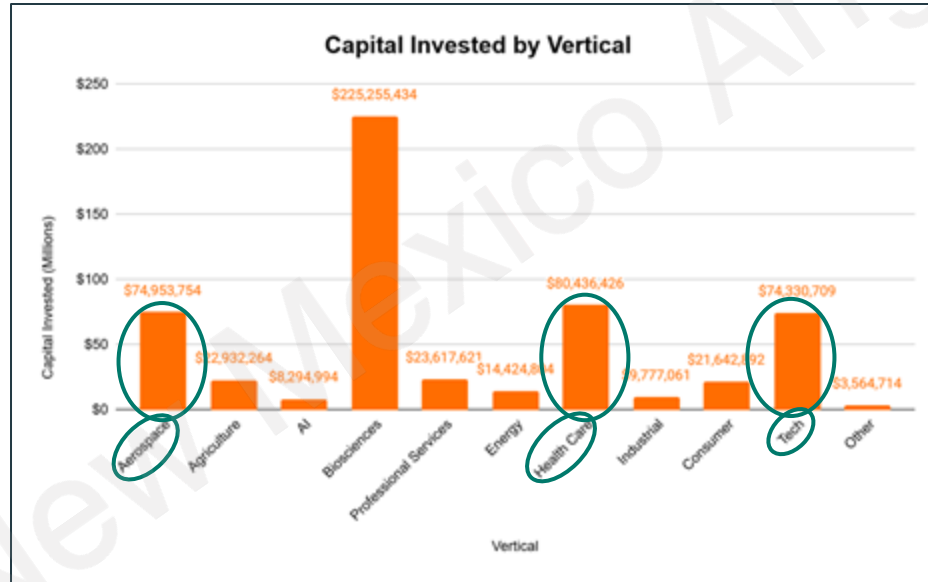


EPISTEMIX



Capital Invested By Vertical

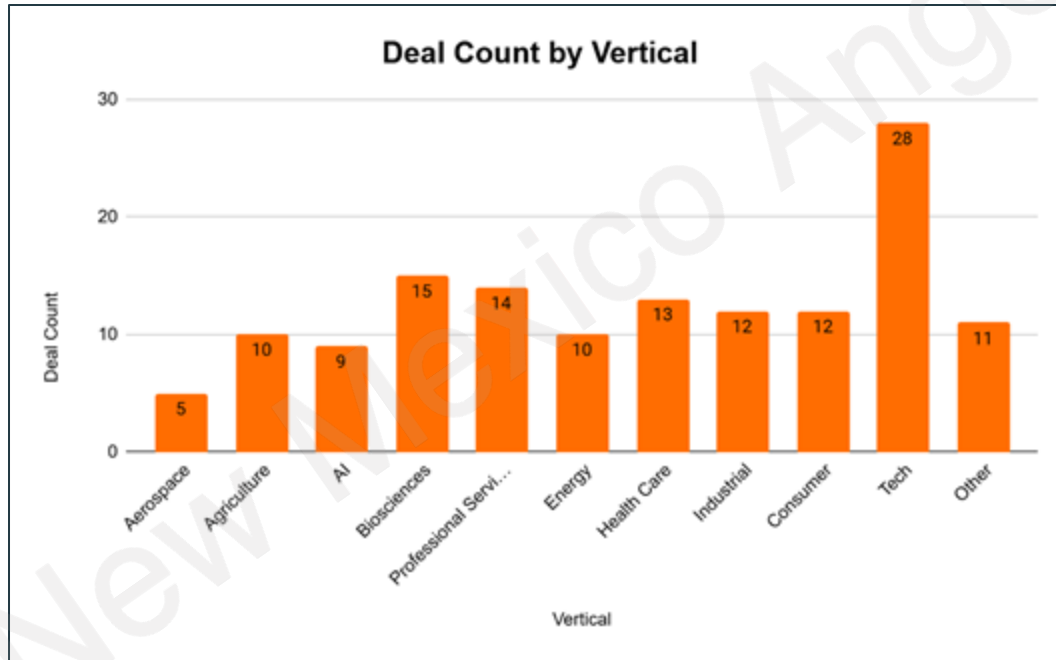
Health Care, Technology and Aerospace are the next largest sectors - securing a substantial 13-14% each: together about 40% of the total



Note: 'Professional Services' includes finance, banking, consulting and related businesses

Deal Count By Vertical

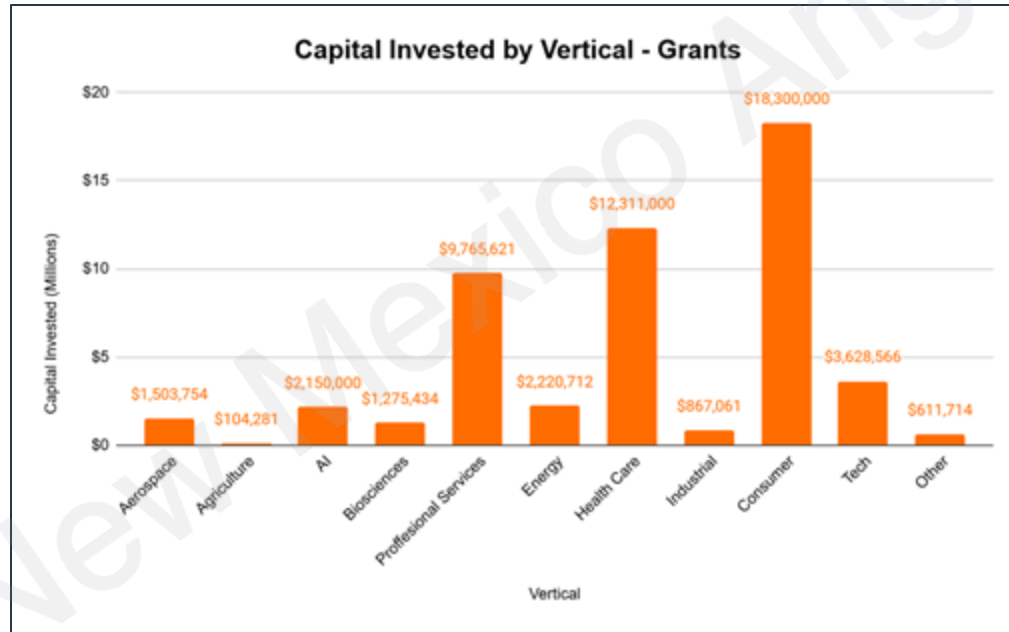
Tech had the highest number of deals, given the breadth of that sector, with New Mexico showing a wide range of industries drawing venture investing



Note: Professional Services includes Finance, Banking, Consulting, and other strictly business facing companies

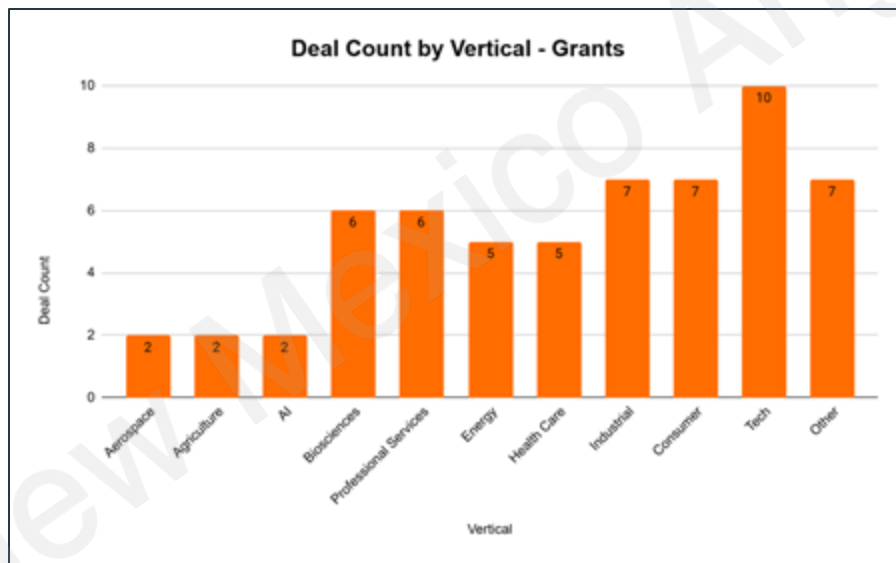
Capital Invested By Vertical - Grants

Grants have been a robust funding source for early stage companies in New Mexico across many parts of our economy. They should continue to be a focus of ecosystem support with NMEDD, non-profits and focused legislation providing non-dilutive capital.



Deal Count By Vertical - Grants

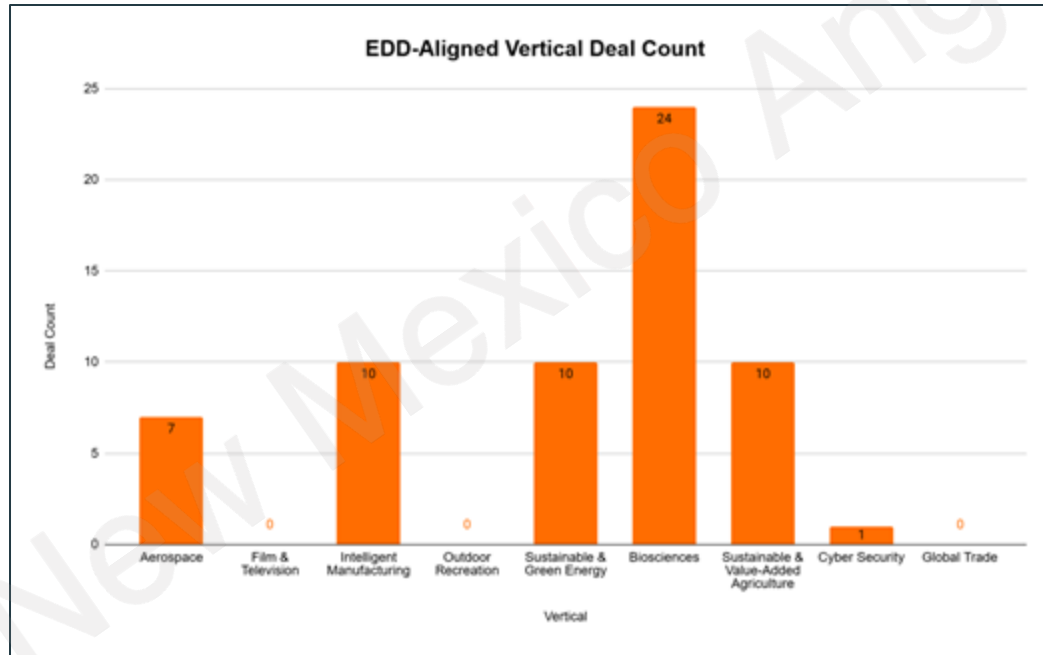
Grants from state and federal sources are a valuable tool for NM companies given our extensive tech transfer from the national labs and universities. Eco-system support organizations should continue to help companies maximize this channel as an explicit growth strategy for local companies.



Note: Professional Services includes Finance, Banking, Consulting, and other strictly business facing companies

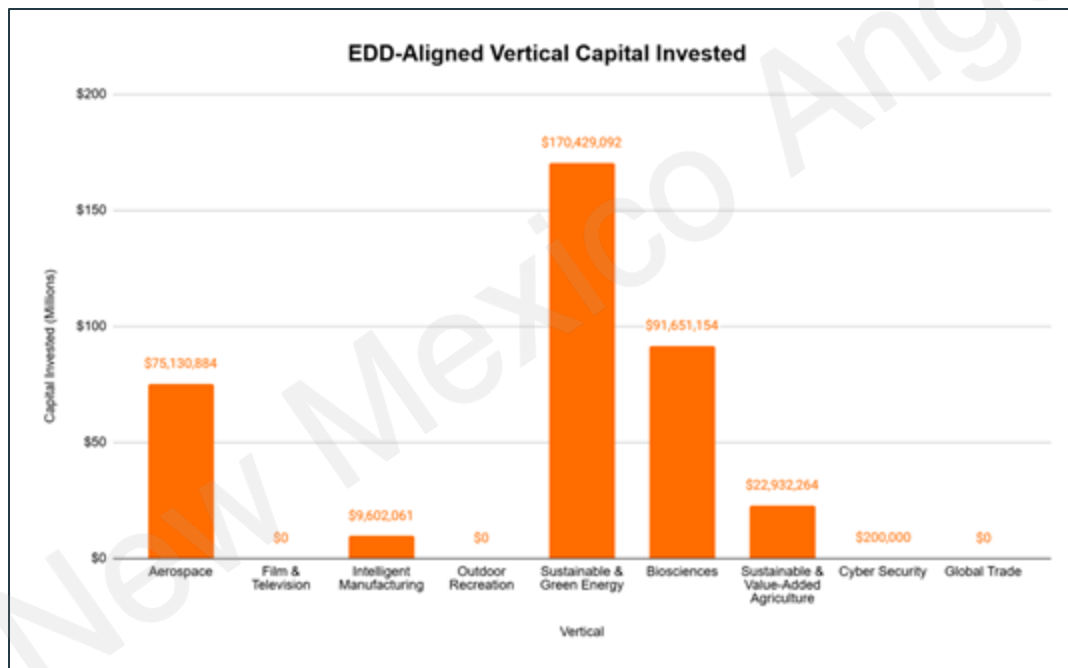
NMEDD-Sector Aligned Deal Count

Many VC backed companies align with priority sectors identified in the NM Economic Development Department strategic plan.



NMEDD-Sector Aligned Venture Investments

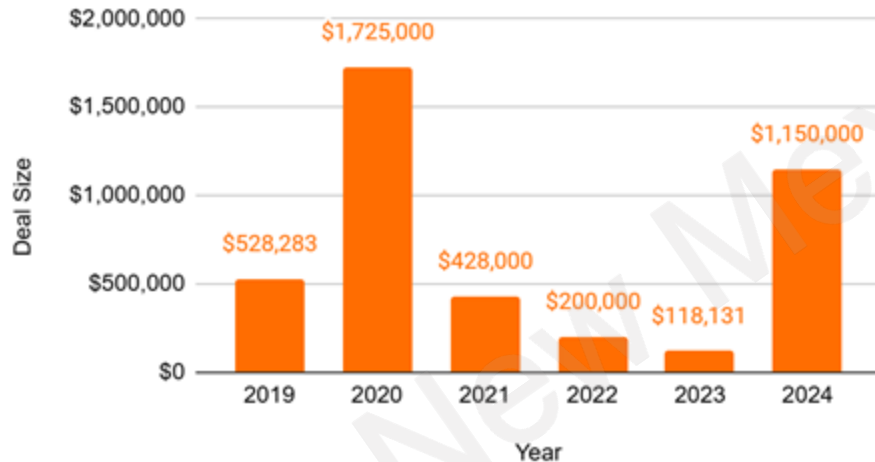
Investments align with the priority sectors identified in the NM Economic Development Department strategic plan. More can be done statewide to achieve greater diversity in our economy.



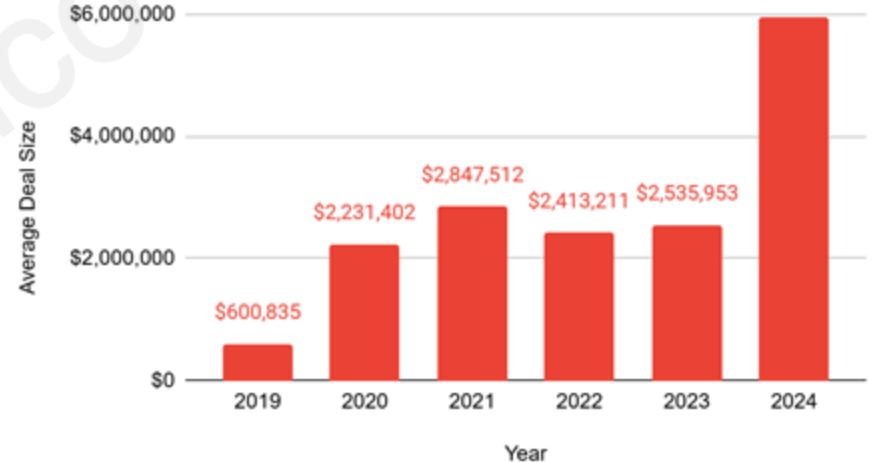
Deal Size - Median and Average

Average Deal Amount is generally higher than Median. This reflects a few large deals skewing the total upward. The NM 'scene' is still largely early, smaller deals - but growing, with episodic 'pops'

Median Deal Size



Average Deal Size



New Mexico Based VCs - Active Check Writers



ABO Ventures



SIC Investments in NM-Focused Venture Funds

By law, the SIC can invest up to 11% of the ~\$9.7B Severance Tax Permanent Fund in NM Venture Funds/Start-ups. These investments seek to achieve a “double bottom-line” - financial returns & job/industry creation.

SIC Commitments to Venture Funds by Year	SIC Commitment Amount (up to, in US\$ millions)
2022	\$135
2023	\$273
2024	\$330
Total Commitments	>\$774 million

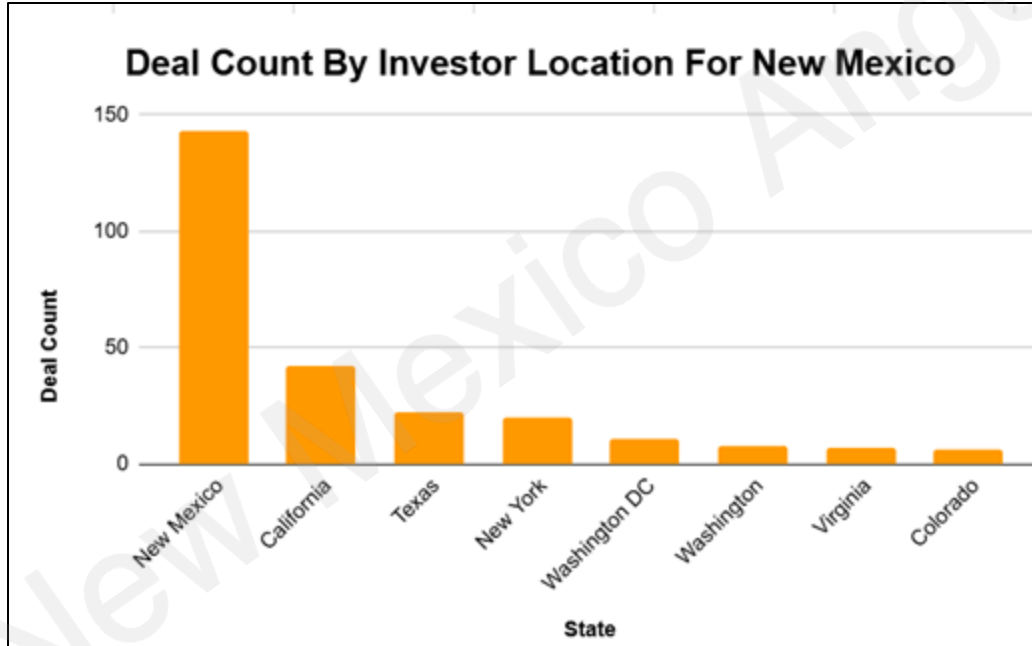
SIC Investments in NM-Focused Venture Funds

It is difficult to accurately identify and track how much SIC-directed capital has been invested in NM companies. Access to data from SIC fund recipients is important for comprehensive reporting.

NM-focused Venture Funds Date	Fund Selected	SIC Commitment in Millions
November 2022 / Aug. 2024	America's Frontier Fund / Roadrunner Fund	\$100
November 2022	Crosslink Ventures X/Endeavor	\$35
March 2023	Lux Ventures VIII, Playground Ventures II	\$62.50, \$35
August 2023	Antler US II, Thayer Ventures IV, Tramway Ventures III	\$40, \$10, \$20
September 2023	At One Ventures	\$20
November 2023	Khosla Ventures VIII, Dangerous Ventures I	\$75, \$10
January 2024	Next Frontier Ventures IV	\$10
February 2024	Airbus Ventures IV, Upfront Ventures VIII	\$20, \$50
March 2024	DCVC Climate	\$50
May 2024	J2 Ventures Argonne Fund	\$15
August 2024	Outlander 3 Magellan	\$30
September 2024	Builders VC Fund III, TK MediaTech Ventures	\$60, \$15
October 2024	Antler US New Mexico, Anzu N.A. Tech Leaders	\$15, \$20
November 2024	UP Abundance I, UP Labs I, UP Ventures II	\$80
Total Commitment		>\$774 million

Deal Count By Investor Location

Over 55% of the investments researched in New Mexico are local. Investors from California and Texas account for 16% and 9%, respectively.



Data presented is between Jan 1, 2019 and YTD 2024

Select NM Venture Deals - Seed Stage & Series A

Company	Funding Amount (\$M)	Top Investors
Circular Genomics	8.30	Cottonwood Technology Fund, Tramway Venture Partners, Mountain Group Capital, UNM Rainforest Innovations
NoiseAware Inc	8.00	Thayer Ventures, S3 Ventures, Great North Ventures, Forefront Venture Partners, New Mexico Vintage Fund and Plains VC
Karoo Health	3.40	BIP Ventures, FirstMile Ventures, Inflect Health, First Trust Capital Partners, Go Global
Vibrant Corporation	3.35	Advantage Capital, Verge Fund
RS21	3.25	Thayer Ventures, New Mexico Vintage Fund
Nob Hill Therapeutics	3.00	VIC Technology Venture Development, Tech Coast Angels, New Mexico Angels, Tramway Venture Partners
Hoonify Technologies	2.75	Next Frontier Capital
Parting Stone	2.04	Lightspeed Venture Partners, New Mexico Angels, Arrowhead Innovation Fund, InvoCare Australia Pty Ltd
WaveDyn Vision	2.00	Phoenix Venture Partners, Tramway Venture Partners, New Mexico Vintage Fund
Vitazi	1.90	Kickstart, Tramway Venture Partners

Data presented is between Jan 1, 2019 and YTD 2024

Select NM Venture Deals - Series B & Later

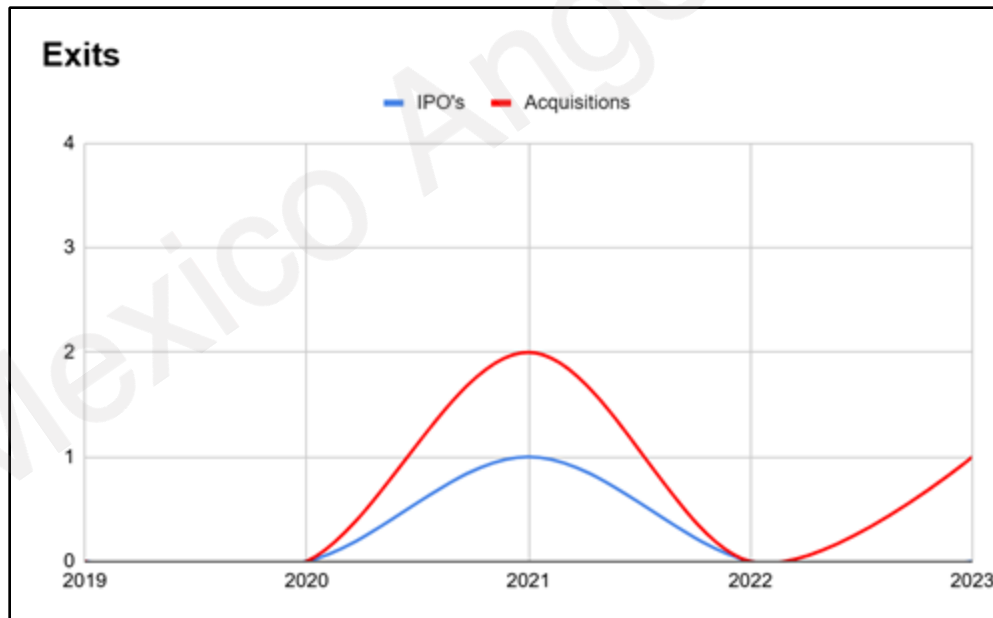
Company	Funding Amount (\$M)	Top Investors
BayoTech	157.00	Cottonwood Technology Fund, Newlight Partners, Sun Mountain Capital, Fortistar, The Yield Lab
X-Bow Launch Systems	70.00	Capital Factory, Lockheed Martin Ventures, Crosslink Capital, AFWERX, Razor's Edge Ventures
NTx (Nature's Toolbox)	47.50	RA Capital Management, Anzu Partners, New Mexico Economic Development Department
3d Glass Solutions	30.00	Menlo Micro, Intel Capital, Corning, Murata Manufacturing, Walden Catalyst
mPower Technology	10.00	Cottonwood Technology Fund, Sun Mountain Capital, Hemisphere Ventures, OneTen Capital
Green Theme Technologies	6.00	Cottonwood Technology Fund, New Mexico Vintage Fund, Pangaea Ventures, Phoenix Venture Partners
BioFlyte	5.40	Anzu Partners, Scout Ventures, Cottonwood Technology Fund, New Mexico Vintage Fund

Data presented is between Jan 1, 2019 and YTD 2024

Exit Activity

Over the past years, one company did an IPO, and four companies were successfully acquired, all remain active under their new parent companies. These limited liquidity events reflect the relative immaturity of the ecosystem which trends below other states.

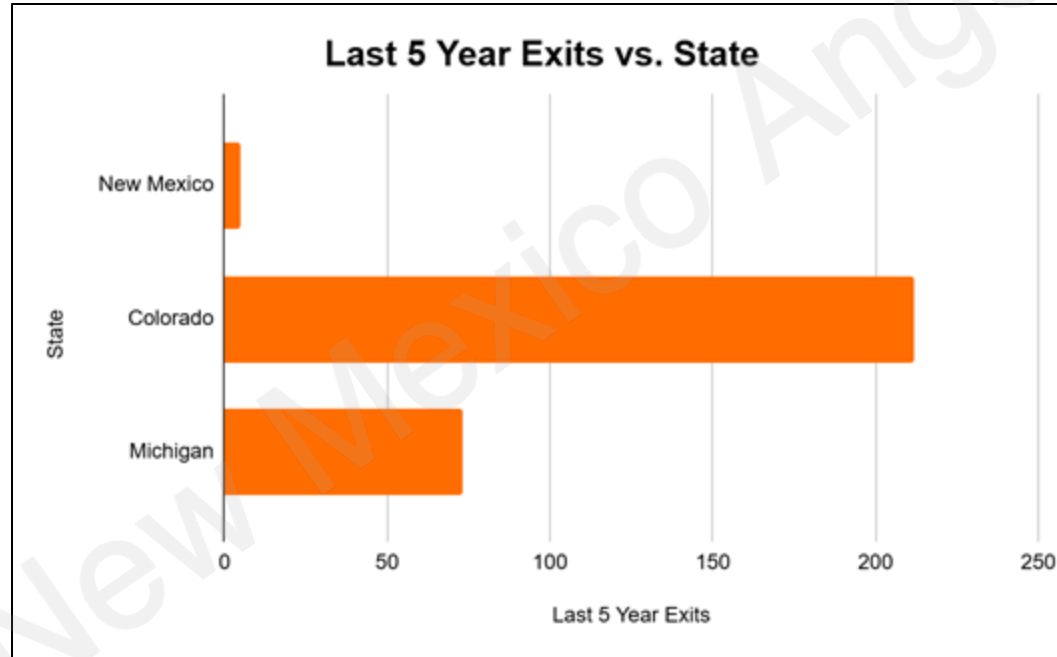
Year	IPOs	Acquisitions
2019	0	0
2020	0	0
2021	1	2
2022	0	0
2023	0	1
2024	0	1
Total	1	4



Note: The data presented above includes industries such as Education and Government, as well as non-profit organizations and public companies.

NM Exit Activity Compared with Other States

Limited exits in New Mexico reflect the relative immaturity of the ecosystem compared to other states with more robust start up economies.



Note: The data presented above includes industries such as Education and Government, as well as non-profit organizations and public companies.

For More Information

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