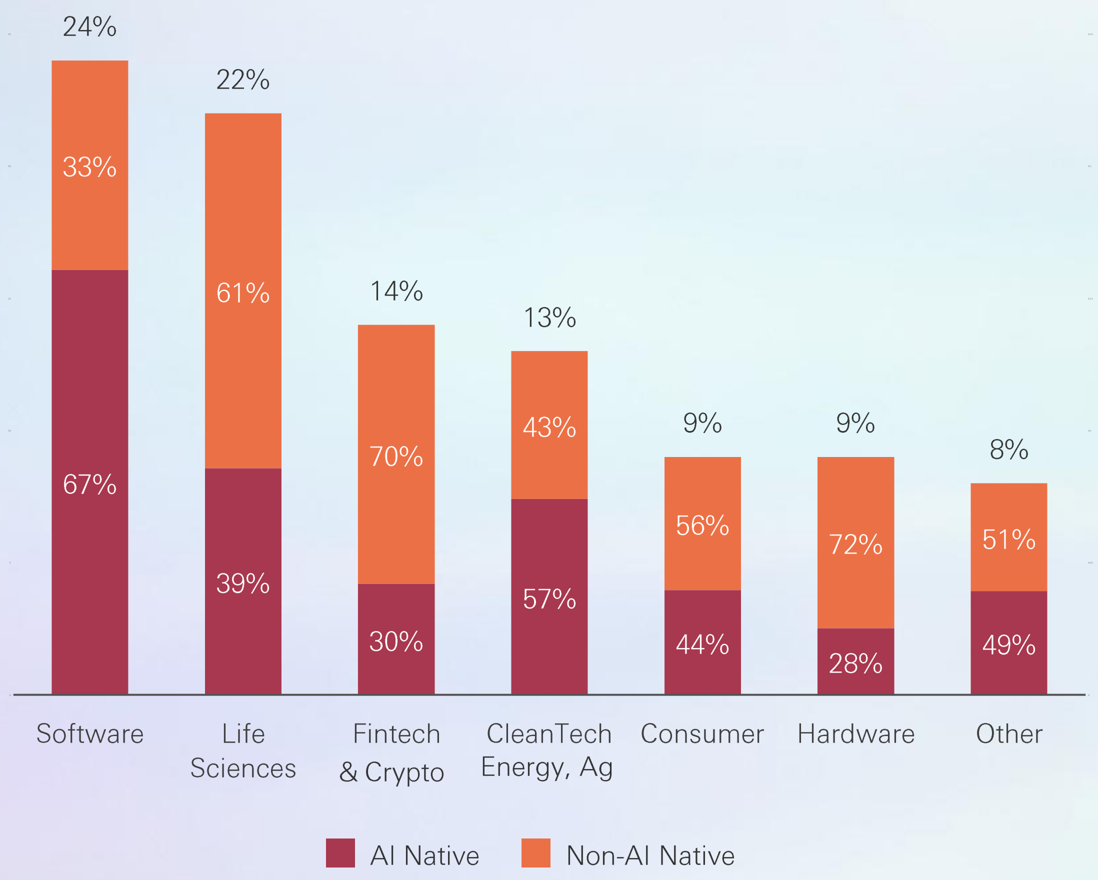
# How AI is reshaping the US Venture Landscape

Comparative Benchmarking of Valuations & Round Dynamics | Insights from the U.S. Completed Financing's Guide

HSBC Innovation Banking

# Our Independent Financings Guide has taken into consideration the AI native split across sectors to provide a comprehensive perspective

### Share of Term Sheets by Sector w/ AI Native Split




**Artificial intelligence is no longer just a sector** - it's a defining force reshaping the entire U.S. venture financing landscape. In our Independent Financings Guide, we've gone beyond traditional analysis by examining the AI-native split across every major sector. This approach provides a holistic view of how AI adoption is influencing deal flow, valuation trends, and investor appetite. By segmenting term sheets into AI-native and non-AI native companies, we're able to surface the unique dynamics and opportunities that AI brings to founders and investors alike.

**The data tells a compelling story**: sectors with the highest density of AI-native companies - such as Software and CleanTech - are also those where founders are most likely to secure up-rounds and premium valuations. For example, two-thirds of software financings now involve AI-native firms, while Life Sciences, Fintech, and Consumer sectors show a more balanced or non-AI dominant split. This nuanced view highlights that while AI is driving momentum and capital concentration in certain verticals, other sectors remain milestone-driven and diverse. As you move through this report, we'll dive deeper into how AI is shaping term sheet structures, investor protections, and the competitive landscape across U.S. venture deals.

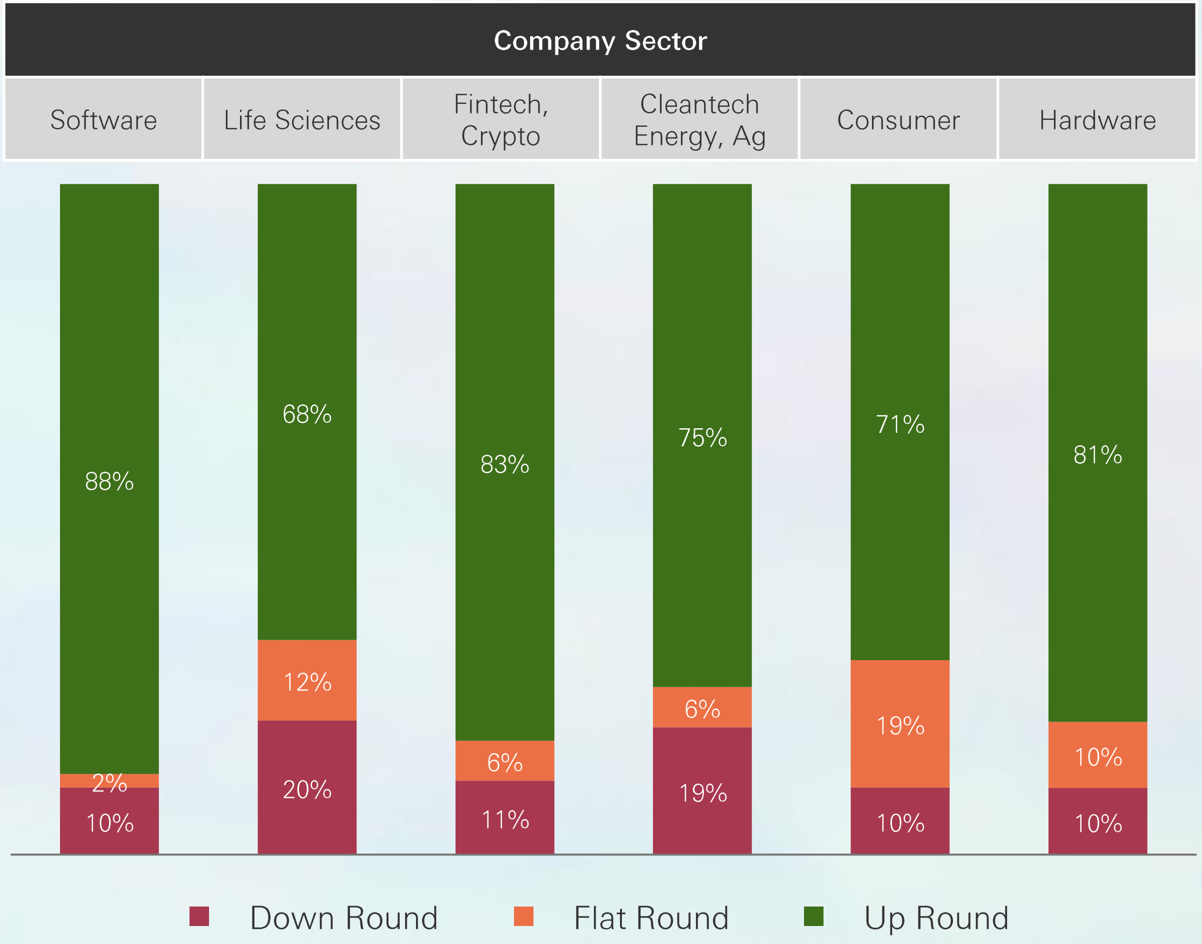
Notes: Software includes Enterprise and SMB. Life Sciences includes HealthTech and BioPharma. Fintech includes Blockchain and Crypto. CleanTech includes Energy, AgTech, and FoodTech. Consumer includes Media, AdTech and Ecommerce. Hardware includes Robotics, SpaceTech, and Telecomm.

# When AI Moves in, Valuation Steps Up

## AI Driving Momentum within Sectors

- Sectors with a high share of firms driving AI innovation such as Software and Hardware attracted investment at higher valuations more than 80% of the time.
- Investor sentiment beyond AI has driven sectors with lower AI exposure in opposite directions Consumer (moving out of favor) and Fintech (moving in favor).
- Within the Life Science and Cleantech verticals, access to capital is often driven more by company-specific execution and milestone achievement than market sentiment.
- In grouping Cleantech, Energy, Agriculture and Food startups together, AI native startups within this sector had 7:1 odds of an up-round compared to just 2:1 for non-AI.

### Share of Term Sheets by Round Step

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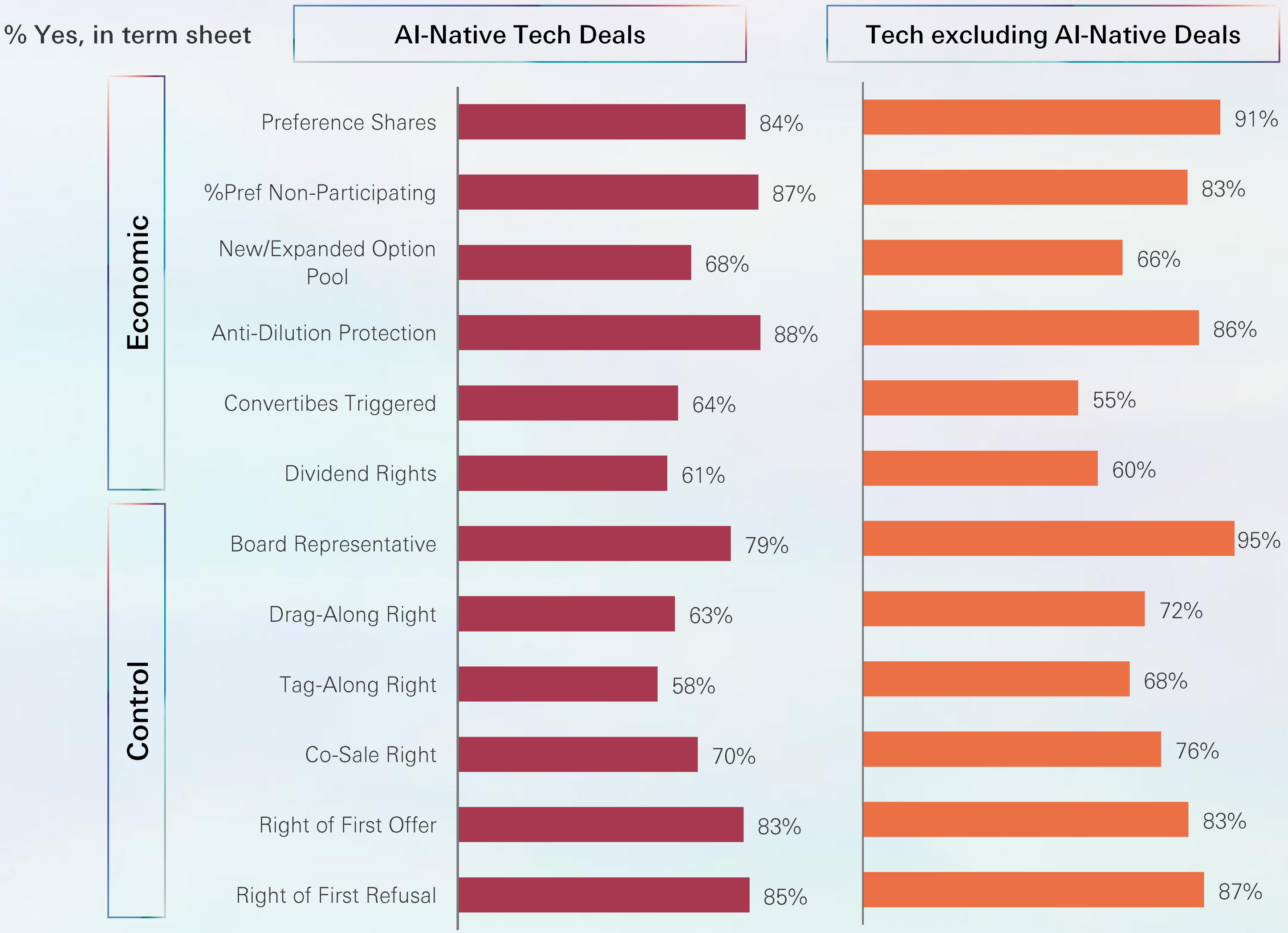
# Investors Want in, but on Founder-Friendly Terms

## Same Economic Terms, Fewer Strings Attached

- When you strip away the valuation headlines, the term sheet economics for AI-native deals look almost identical to their non-AI counterparts. Preference shares, anti-dilution protections, and dividend rights are consistent across the board. Where the real divergence appears is in control provisions, and it consistently favors AI founders.
- Board representation is the starkest data point. Investors secured a board seat in 95% of non-AI tech deals and 96% of life sciences deals, but only 79% of AI-native deals. Similarly, drag-along rights (63% vs 72%), tag-along rights (58% vs 68%), and co-sales rights (70% vs 76%) are all meaningfully lower for AI companies. The pattern is consistent. AI founders are giving away less governance in exchange for capital.
- Investor's demand for AI opportunities is leading to greater flexibility on certain terms, with many prioritizing participation and speed of execution. For AI founders, this creates a favorable negotiating environment today, though market conditions may evolve over time.



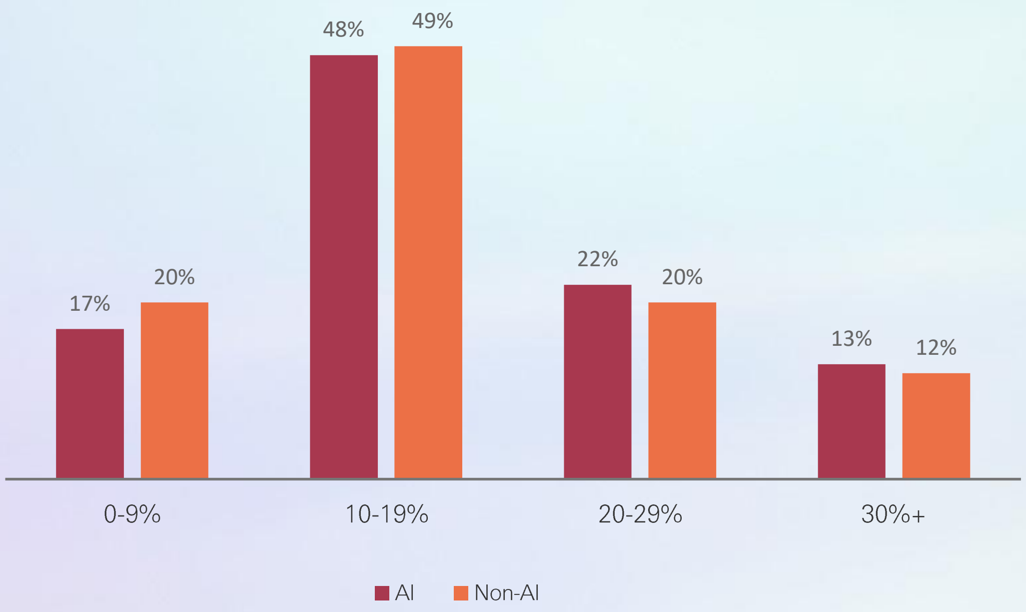
# The One Thing AI hasn’t Changed: Employee Ownership %

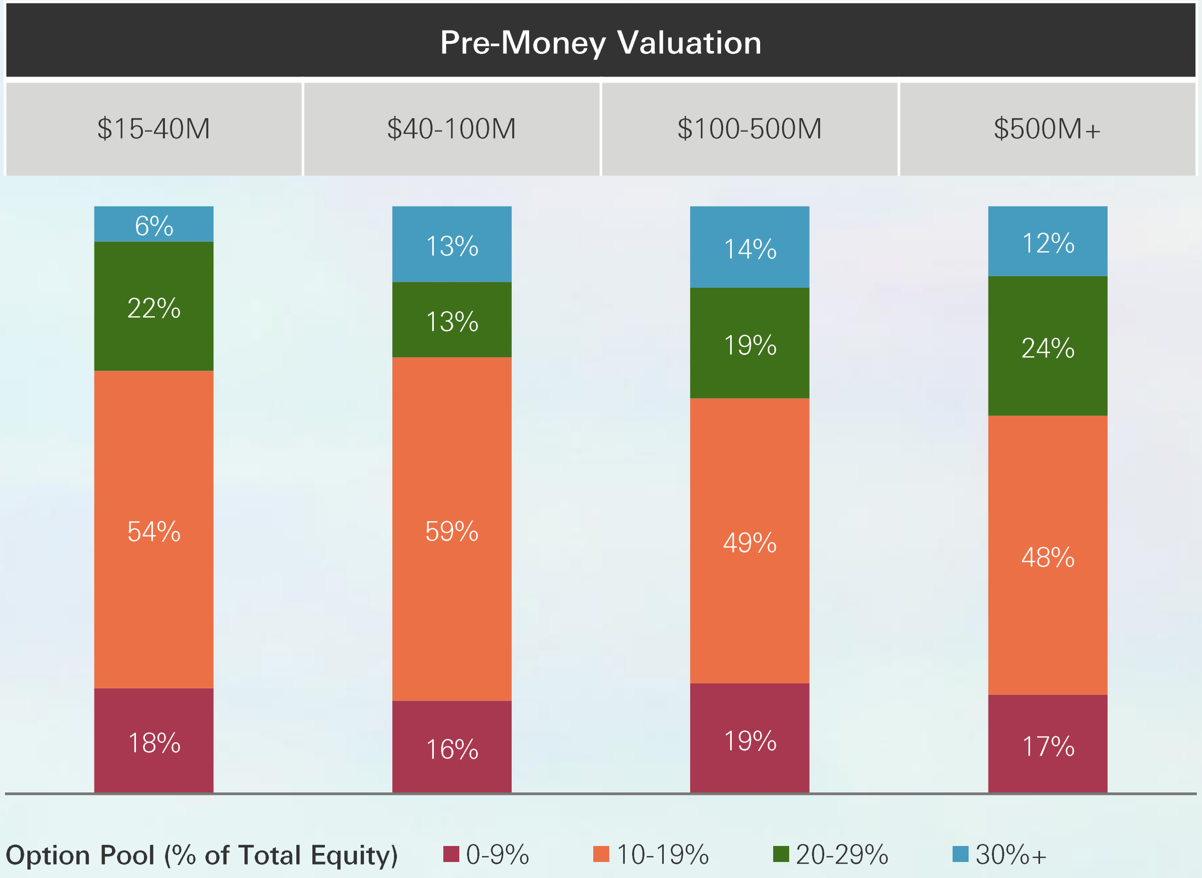
## AI hasn’t Changed employee Dilution - Yet

Despite the narrative that AI companies pay extraordinary premiums to attract talent, the data shows that employee stock option pool sizes are nearly identical for AI-native and non-AI companies across all deal sizes. The most common allocation is 10–19% of fully diluted equity, and the distribution across buckets differs by less than four percentage points between AI and non-AI firms.

As valuations for companies move beyond $100M+, for more than one-third of companies, employee option holders own 20% or more of the cap table (not including Founders shares issued outside of the ESOP), which is 50% higher than those valued between $15-100M.

### AI Firms Follow Tradition: Option Pool Size Distribution (% of Equity)



# Thank you to Our Law Firm Partners for Bringing Transparency and Insights to Term Sheets

**Barzin Pakandam**
**Partner, Goodwin**

The AI Hype is reflected in the investment terms, with AI companies having a combination of more favorable valuations and less restrictive non-economic terms.

**Paul Navarro**
**Partner**

Alignment through equity, specifically Employee Stock Option Programs (ESOP), continues to be a priority for founders and investors, even as AI scales investment sizes and valuations, demonstrating the continued importance of the attraction and retention of the best talent.

**Sarah Fergusson Chambless**
**Partner, DLA Piper LLP (US)**

Ecosystems work best when information is shared. This kind of transparency helps founders, investors, and counsel align faster, reduce friction, and close cleaner deals — especially when the data is drawn from many leading firms participating across the market.

**Chris Errico**
**Partner & Chair, Corporate**

The VC market in 2026 has become a winner-takes-all environment: record capital deployment is being driven by AI mega-rounds and improving liquidity, yet that capital remains heavily concentrated in a small number of high-conviction opportunities where selectivity and proven traction matter more than ever.

**Jeff Higgins**
**Global Managing Partner**

As capital and valuations accelerate and AI native companies dramatically outperform, investors and founders are exploring evolving governance structures and finding alignment around core terms involving founder control, employee ownership, and preferred equity.

**Dan Wu**
**Shareholder**

As time from founding to exit lengthens, investment documents are addressing the potential secondary sale of shares with the desire to both maintain a tightly controlled cap table and to "double up" on conviction while providing some liquidity to the earliest stakeholders.

**Louis Lehot**
**Partner**

After cycles of exuberance and subsequent funding droughts, fundraising terms have normalized around standard preferred equity: 1.0x liquidation preferences, broad-based anti-dilution rights, and reasonable control provisions.

To get full access to our Financings Guide, click here – U.S. Completed Financings Guide 2026

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