



Jawbone's Valuation History Gave Early Hints As To Its Eventual End

At least 3 other consumer electronic companies have failed in 2017, including Electric Objects just this week.

Following downrounds in Q1'16 and Q2'15, and flat rounds in the two years prior, news broke yesterday that consumer electronics maker [Jawbone](#) entered liquidation proceedings. The unicorn startup — which was valued as high as \$3.22B in 2014 — had raised \$929.9M in total funding over its 15+ years in existence.

After Jawbone's last two funding rounds (a \$165M Series F in Q1'16 and a \$300M debt injection in Q2'15) the company was valued around \$1.2B. Despite maintaining a unicorn valuation, Jawbone's slow fade had been evident publicly since at least last fall, when its entire product line became unavailable for purchase amid reports of layoffs and downsizing.

Yet a closer look at Jawbone's tumultuous valuation history suggests the company was clearly wounded far before then. CB Insights [enhanced valuation data](#) on Jawbone's 12 capital raises since 2007 (totaling over \$778M) shows that nearly a third of the company's total institutional capital was raised on investor-friendly terms.

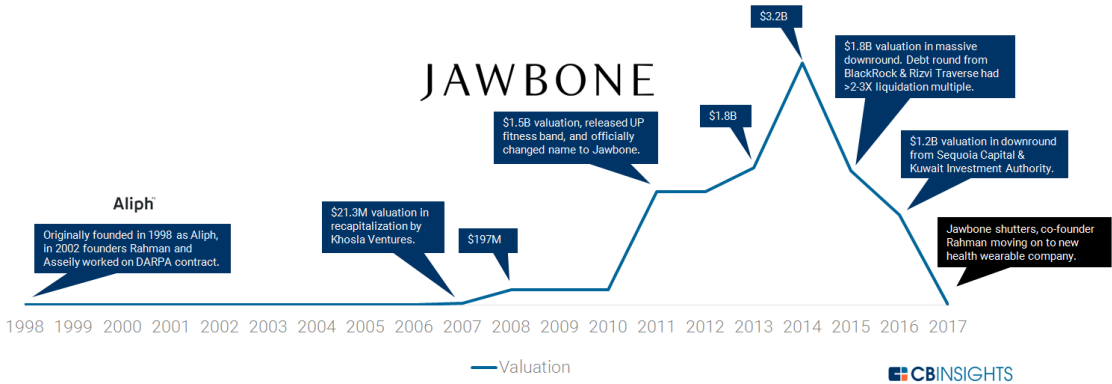
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JAWBONE VALUATION HISTORY: FOUNDING TO DEATH
1998 - 2017



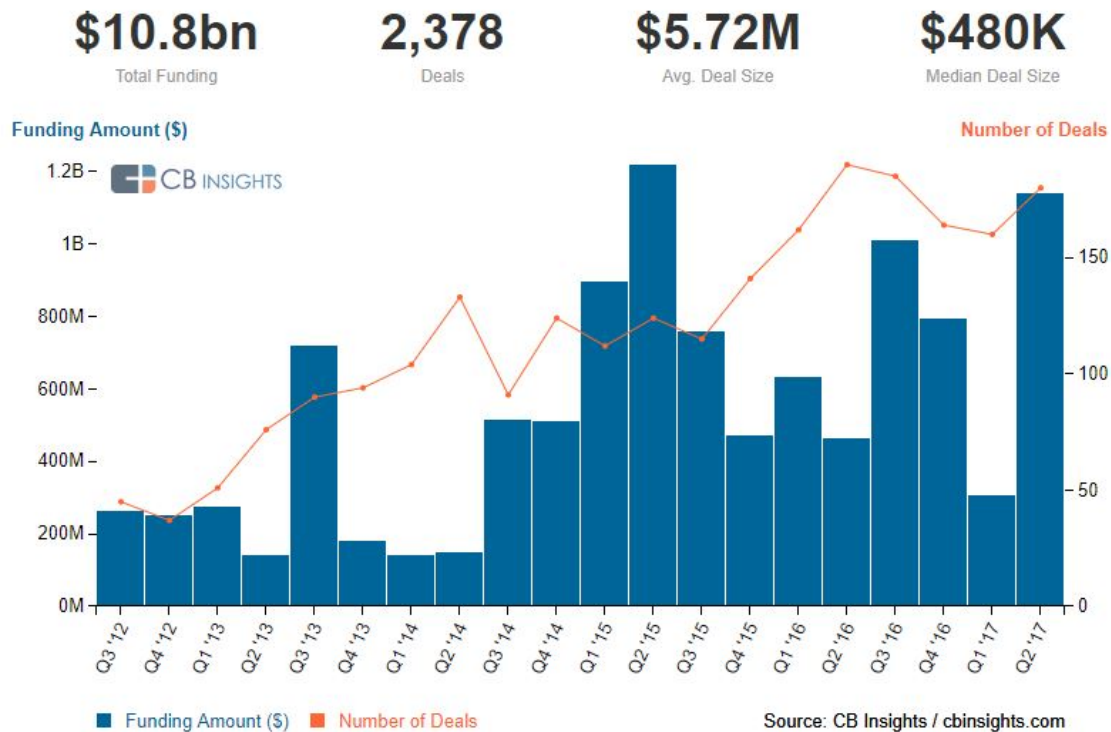
After raising two flat rounds of VC funding at a 0-1x liquidation multiple in Q3'13 and Q3'14 respectively, Jawbone secured a \$300M loan from from BlackRock and Rizvi Traverse Management in Q2'15 offering them at least a 2x multiple and a senior liquidation preference.

That debt lifeline knocked Jawbone's valuation below \$2B, but when the company sought its next capital raise less than a year later, it again raised at a down valuation.

Jan 15, 2016	\$165M	Kuwait Investment Authority and Sequoia Capital	VentureBeat, Re/code and Re/code	\$1.2bn	Direction: Down Round Price per share: 1.9479 Est. fully diluted shares: 615,896,746 Liq. Preference: Pari Passu Liq. Multiple: 0 - 1x Stock Type: Conventional Convertible Capped Participation: No Anti-Dilution: Weighted Average Redemption: No Cumulative Dividends: No Dividend Rate: 8 Pay to Play: No Reorganization: No
Apr 16, 2015	\$300M	BlackRock and Rizvi Traverse Management	Re/code, BloombergView.com, recode.net, PE Hub, recode.net, techcrunch.com, techcrunch.com, techcrunch.com, venturebeat.com and BizJournals	\$1.78bn	Direction: Down Round Price per share: 5.4643 Est. fully diluted shares: 325,540,710 Liq. Preference: Senior Liq. Multiple: >2 - 3x Stock Type: Conventional Convertible Capped Participation: No Anti-Dilution: Weighted Average Redemption: No Cumulative Dividends: No Dividend Rate: 8 Pay to Play: No Reorganization: No
Sep 26, 2014	\$147M	SevenVentures	mobilbranche.de and forbes.com	\$3.22bn	Direction: Flat Round

Jawbone's demise comes the same week that consumer hardware startup [Electric Objects](#), which focused on digital art displays, also shut down operations. 2017 has also seen the closures of consumer electronics companies [Hello](#), maker of the Sense smart sleep sensor, in Q2 and [Lily Robotics](#), a drone camera company, in Q1; the startups had raised \$52.9M and \$15M respectively, and both at the Series A stage.

Yet even amid ongoing deaths in the space, investors made 180 deals to consumer electronics startups in Q2'17, totaling \$1.14B for a three-quarter high in deals and a seven-quarter high in dollars. Over the last five years, nearly 78% of financings to consumer electronics startups have gone to companies at the Seed/Angel stage (1,254 deals). Over the same period 198 consumer electronics have seen exits, with just 9 IPOs.



Jawbone first received its unicorn status and \$1B+ valuation in 2011, the year it launched its flagship Jawbone UP fitness tracker, but the company struggled to gain market share for the product amid competition from the [FitBit](#) and Apple Watch, among other device makers. In fact, Jawbone's liquidation comes at the same time FitBit is executing on a "restructuring plan" for 2017 in response to its own business challenges; FitBit's revenue was down 41% year-over-year in Q1'17, and the company has seen its stock slide from a \$20 per share IPO price in June 2015 to just \$5.22 as of COB Thursday.

Jawbone had engaged in business lines beyond wearables – selling both headsets and wireless speakers at various points in its company lifecycle. After putting its speaker business [up for sale](#) last year, TechCrunch [reported](#) in February that Jawbone was poised for another pivot, to enterprise clinical software products, in 2017. Reports on the [liquidation](#) also say Jawbone's co-founder and CEO Hosain Rahman has founded a new company, Jawbone Health Hub, that will make "health-related hardware and software services," and has absorbed some of Jawbone's workforce. Axios [reports](#) that BlackRock, which funded Jawbone's \$300M debt injection in April 2015, is an investor in the new entity.

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