2017 ACCELERATOR RANKINGS

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About the rankings project: The goal of the *Seed Accelerator Rankings Project (SARP),* now in its fifth year, is to encourage a larger conversation and research about the seed accelerator phenomenon, its effects, and its prospects for the future. Put simply, we aim to provide transparency and stimulate productive discussion between accelerator directors, startups, investors, policy makers, academics and the rest of the startup ecosystem.

The last few years have seen rapid proliferation of the accelerator form, as well as the emergence of hundreds of groups titling themselves 'accelerator,' though many do not, in fact, meet the definition of accelerator programs. To add to the confusion, many programs are evolving their models. Programs that were once accelerators now may not meet the definition or may self-define away from the term, while others that began as another model now have evolved into accelerator programs. Even within the group of programs that meet the criterion of an accelerator – fixed term, cohort based program that includes educational and mentorship components and culminates in a public pitch event or 'demo day'-- there are differences on many critical dimensions, including program structure, management, goals and, most importantly, efficacy. For an entrepreneur considering an accelerator program, finding reliable publicly-available data regarding the performance of programs is difficult, and there is much confusion and debate regarding how 'performance' should be measured for an accelerator.

The goal of our project is to provide greater transparency regarding the relative performance of programs along multiple dimensions that may be of importance to entrepreneurs. Many of the metrics in question, such as fundraising and valuations, are metrics accelerators and startups are reluctant to publicize out of concern for negative competitive effects for the startups, should they become widely known to potential investors and competitors. As an independent, non-partisan research entity run by academics, we collect this sensitive data in confidence, distill it down, and provide aggregate information on the relative success of the programs and of the phenomenon as a whole – without revealing individual startup or deal details. Our rankings are meant to provide guidance for entrepreneurs who are considering going through an accelerator, and who are wondering how programs differ on performance.

Such transparency is key precisely because going through an accelerator often comes at high cost to the entrepreneur. The average program takes a 6% equity stake in the company, for a seed investment that averages $39.5K. Equity is an entrepreneur's most valuable currency, so the non-monetary benefits such as mentorship, network, and exposure to future investors are an important part of the decision to attend a program.

Who is included in the rankings: This year, SARP invited over 150 programs to participate. To be considered as a finalist in in the rankings, programs had to meet the following criteria:

- Meet the definition of accelerator: a fixed term, cohort-based program with a mentorship and education component that culminates in a public pitch event, or demo day.
- Have graduated at least one cohort and have at least 10 alumni
- Based in U.S.

The distinction of an accelerator as a fixed-term, cohort-based program is an important feature of our qualification process, because there has been a great deal of confusion and ambiguity surrounding the term 'accelerator.' Importantly, accelerators are not incubators, and incubators are not accelerators. While accelerators bring their startups in in batches for a few months (the cohort element), incubators are typically shared workspace, with staggered entry and exit of entrepreneurs over time, resulting in continuous turnover. Many incubators offer education, services and mentorship, but these are most often ad hoc. Recent research has shown that the cohort-based aspect of accelerators, combined with the fixed, shorter term, is an important part of their efficacy. Furthermore, the demo day, with all of its exposure, serves as a hard deadline, which helps accelerate progress. Research suggests that incubators often simply shelter startups from the harsh realities of the world, often prolonging the existence of poorly-conceived businesses doomed to failure -- while in contrast, accelerators confront startups with this reality quickly, leading to either acceleration or fast failure or adaptation when appropriate.

Many accelerators also share some additional features. They make a small investment in the startup or provide a small stipend in return for a small equity stake. They offer co-working space and ancillary services like legal and accounting assistance, access to tools and cloud computing, at reduced or no cost. And some even guarantee an investment in graduating startups, typically through a convertible note.

Data: Confidential data on startup outcomes was provided directly by the accelerator programs and supplemented by public and proprietary data sources. In addition to hard data on the accomplishments of accelerator startups, we also surveyed the founders of the startups who graduated from the accelerator programs themselves. Over accelerator 1000 alumni responded.

Assessment and Metrics: Though accelerators aim to position participating startups for long-term success, many of the accelerators evaluated in this ranking are only in their initial years of existence. To determine leading indicators of success, we conducted extensive field work, interviewing venture capitalists, angel investors and accelerator program directors. We then collected data on a full complement of metrics, and evaluated accelerators based on those factors that surfaced as leading indicators of entrepreneurial success. All data are measured as of 12/31/2016. The measures used to compute the rankings are described below:

Valuation is determined when a firm has a priced round. We considered mean and median valuation both across all portfolio startups (counting those that had not had priced rounds as zeroes), and conditional upon having obtained priced financing. Since accelerator programs vary in age, and therefore some programs' graduates may be in more advanced stages of development, with correspondingly higher valuations, we also consider mean and median valuation one year out from program completion, two years out from program completion, and three years out from program completion, first unconditionally, across the whole portfolio, with companies that have not had a priced raise as zeroes, and then conditional on having actually raised a priced round.

Qualified Exit occurs when a portfolio company either issues an IPO or is acquired for an amount greater than $5M above the amount of capital raised by the company. A qualified exit indicates that the company has matured to the point where the entrepreneur and other investors can cash out if they wish. The $5M threshold was chosen to represent a sum of money that would materially affect an entrepreneur's life. The ranking utilizes the percentage of program alumni companies that had a qualified exit.

Qualified Fundraising occurs when a portfolio company raises an aggregate of at least $200k. We believe that a company raising a significant amount of money in the year following the accelerator program is an early indicator of its potential long term success. The $200K threshold represents a sum of money that exceeds the guaranteed investment capital typically made available to any particular accelerator's graduates through convertible notes. The ranking utilizes the percentage of program alumni companies that have had a qualified raise within 12 months of graduation, the percentage that have had such an event to date, and the mean and

median amounts raised by these two points in time, both across the entire portfolio (unconditionally, accounting for companies that did not raise as zeroes, and conditional on fundraising).

Survival, i.e. the percentage of startups still in business, is considered a controversial measure of success. While certainly firms need to survive to reach future milestones, failing, or more specifically failing fast, is a rational outcome for many startups. Thus, we considered survival at 12, 24 and 36 months out from program end, but weighted it lower than other metrics.

Founder Satisfaction was determined by a survey of the entrepreneurs who have graduated from the programs. This survey was pushed to all graduates of participating programs. We asked the entrepreneurs if they would repeat the program knowing what they know now about the experience, and whether they would recommend the program to a friend. The recommendation question was asked on a scale of 0-10, and was used to compute a Net Promoter Score (NPS) for each program. NPS is a standard metric for assessing people's opinions about a service or product. It is calculated by asking one question: "On scale of 0-10, how likely would you be to recommend this product or service to another entrepreneur?" Those who answer 9 or 10 are promoters, 7s and 8s are called passives, and 6 and below are detractors. The percentage of detractors is then subtracted from the percentage of promoters to determine each accelerator's NPS. Scores closer to 100% are better.

Overall Score: Metrics were weighted within categories, and categories were then weighted to produce an overall score. Categories receiving relatively higher weightings include valuations, fundraising and exits.

Tiering: As a final step, programs are sorted into tiers based on clustering of overall index scores. Over time, top programs have converged in scores and often cannot be statistically significantly distinguished into an ordinal ranking. As a result, in 2016, we shifted to a tiering system, whereby top programs with similar overall index scores are grouped together to produce tiers (Platinum, Silver, Gold, Bronze, Certified). Within tiers, programs can be considered "tied," and are presented in alphabetical order. In 2017, two programs in the Platinum tier stood out with numbers that dominated their peers'. These programs are distinguished by a new Platinum Plus designation.

Top Tier Accelerators (Based on data through EoY 2016)

TIER	PROGRAMS (**alphabetical within tier**)
Platinum Plus	AngelPad, Y Combinator
Platinum	Alchemist, Amplify LA, MuckerLab, StartX, Techstars, U. Chicago New Venture Challenge
Gold	500 Startups, gener8tor, HAX, Healthbox, IndieBio, MassChallenge, R/GA, SkyDeck
Silver	Brandery, Capital Innovators, Dreamit, Plug and Play, REach, Yield Lab, Zero to 510
Bronze	Accelerprise, AlphaLab, FoodX, Health Wildcatters, Lighthouse Labs, UpTech, XLR8UH

About the SARP Team: Managing Director Yael Hochberg is a former entrepreneur and is currently an entrepreneurship and finance professor at Rice University's Jones Graduate School of Business, and serves as Academic Director of the Rice Alliance for Technology and Entrepreneurship. She is also a Research Scientist with the MIT Innovation Initiative Lab for Innovation Science and Policy. Hochberg was formerly on the faculty of MIT Sloan School of Management, Northwestern University's Kellogg School of Management, and Cornell University's Johnson School of Management. She holds a PhD from Stanford University's Graduate School of Business. Co-Director Susan Cohen is a management professor at the University of Richmond. She was one of the first dozen employees at Priceline, founded a marketing company, and was a VP at Yoyodyne! (purchased by Yahoo!). She holds a PhD from the University of North Carolina at Chapel Hill and an MBA from Northwestern

University's Kellogg School of Management. Co-Director Dan Fehder also serves as Chief Technologist for SARP. He is a post-doctoral scholar at Rice University and a research affiliate at the MIT Innovation Initiative Lab for Innovation Science and Policy, a graduate of Harvard University and the University of Pennsylvania, and previously served as VP of Business Development at PriceScan. Yael, Susan and Dan are considered among the top experts in the world on accelerators. Their research on accelerator programs and their efficacy has been presented at numerous universities and to policy bodies.

Disclaimers: Primary research for this study was conducted by Yael Hochberg, Susan Cohen and Dan Fehder. The resulting rankings reflect the opinions of the authors, and do not reflect the opinions of MIT, Rice University, or the University of Richmond.

Sufficient information on the ranking criteria inputs was not available directly or publicly for a number of programs. As a result, they were not included in the rankings. Others did not meet our criteria for inclusion. Their omission from the lists in this study should not suggest anything regarding their relative quality, as it was not assessed.

All data provided to SARP for this rankings study is held under strict confidentiality policy.