

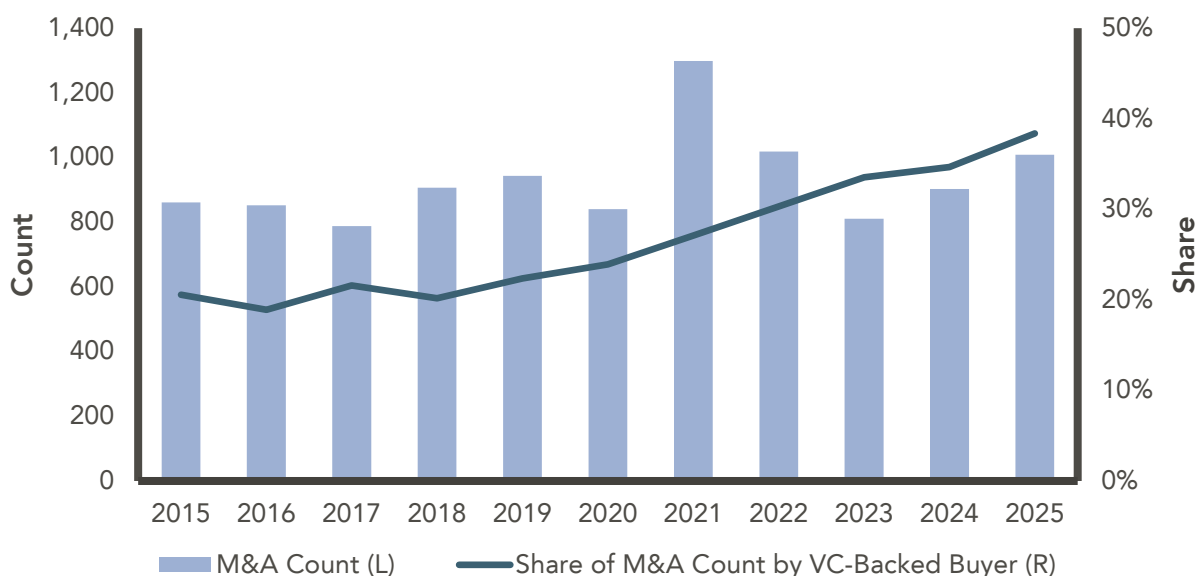
# Chart of the Week

February 23, 2026

## The Seller Becomes the Buyer

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▾ Venture-backed start-ups are increasingly becoming acquirers, using M&A as a primary growth strategy in a more challenging environment



Source: Pitchbook as of December 31, 2025

Most have traditionally viewed a successful exit for a venture-backed start-up as either an IPO or an acquisition by a larger strategic or public company. That long-standing dynamic is gradually shifting, as start-ups are now more active than ever as acquirers. Indeed, what was once a buyer landscape dominated by strategics and public corporations now increasingly includes venture-backed firms. According to PitchBook-NVCA data, VC-backed buyers accounted for more than 38% of total U.S. venture M&A activity last year, up from roughly 20% a decade ago, with 2025 marking seven consecutive years of increasing participation. Specifically, more than 387 start-ups were acquired by venture-backed companies last year, compared with 177 in 2015. Although overall exit volumes remain below 2021 peak levels, the steady rise in startup-led acquisitions reflects a structural shift toward internal consolidation within the venture ecosystem.

The drivers behind this shift are largely pragmatic, as capital remains available but far more selective. Growth equity investors are increasingly concentrated within perceived category leaders, while companies that fall slightly below that threshold face a more challenging fundraising environment. For scaling start-ups that have survived earlier rounds of capital selection, acquisitions can serve as an efficient strategic accelerant. Rather than depleting cash reserves to build adjacent features, expand geographically, or acquire customers

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organically, management teams can accelerate these objectives through M&A, adding revenue, product capabilities, or talent in a single transaction. At the same time, the bar for IPO readiness has risen materially in the last five years, as public investors are increasingly prioritizing profitability, operating leverage, and durable revenue growth. For venture-backed companies aiming to meet these standards, combining with a competitor or complementary platform can create scale and margin expansion more quickly than standalone execution. In some cases, consolidation represents the most rational path forward in a more disciplined capital cycle. This trend is visible at the upper end of the market as well. For instance, OpenAI completed five acquisitions across hardware design, experimentation tooling, fintech AI capabilities, and model infrastructure in 2025 alone. The fact that one of the world's most valuable private companies is actively using M&A as a growth lever reinforces the idea that an acquisition is no longer solely a means of exit but increasingly a tool for expansion.

While it remains too early to declare a permanent transformation in venture markets, it is clear start-up-led consolidation is becoming more common and strategically meaningful. As companies remain private for longer and develop greater operational scale, their roles as acquirers may continue to expand. ■

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