

# MPG | MADISON PARK GROUP

## Insights

### Market Update H1 2022 Growth-Stage Tech Capital Markets

August 2022



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## H1 2022 Growth-Stage Tech Capital Markets Update

MADISON PARK GROUP

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# H1 2022 Funding Activity

## Private Placements Continue to Drive Market Activity, While Debt Raise Activity Slows as Interest Rate Concerns Persist

- H1 2022 venture capital activity in the U.S. reached a total of \$144.2b (▼3.9% from H1 2021) on 9,421 deals (▲12.1% from H1 2021)
- Investors have focused on raising larger vehicles pushing total announced raises to \$135b in H1 2022, at an average of \$287m+ per fund
- Dry powder overhangs have swelled with \$835b+ in venture, growth, and private debt capital waiting in the wings

### Notable Deal Announcements

Early-Stage Raises <sup>(1)</sup>	Late-Stage Raises <sup>(2)</sup>	Growth Deals		Debt Raises
<p>Juni Jumps on \$206m (Series B + Debt) to Help E-commerce Players Manage Their Own Money Better <i>June 2022</i> </p>	<p>German Startup Personio Raises \$200m at \$8.5b Valuation (Series E) <i>June 2022</i> </p>	<p>FNZ Raises \$1.4b In New Capital From CPP Investments and Motive Partners <i>February 2022</i> </p>	<p>FinTech Backbase Raises \$128m to Boost Consumer-Focused Engagement Banking <i>June 2022</i> </p>	<p>Wayflyer To Fund Rapid Growth with \$300m JPM Debt Line <i>May 2022</i> </p>
<p>Velocity Global Nabs Multibillion Value with \$400m (Series B) Raise <i>May 2022</i> </p>	<p>Flexport Valuation More Than Doubles to \$8b After Andreessen, MSD-led Funding (Series E) <i>February 2022</i> </p>	<p>Cybersecurity Company Securonix Raises \$1b in Vista-led Round <i>February 2022</i> </p>	<p>Data Management Vendor Ataccama Receives \$150m Infusion From Bain <i>June 2022</i> </p>	<p>RITMO Grabs +\$200m to Grow eCommerce Financing and Payments Platform <i>April 2022</i> </p>
<p>IoT Data Specialist Kinexon Reels in \$130 Funding Round (Series A) <i>April 2022</i> </p>	<p>Project44, a Supply-Chain Tech Startup, Raises \$420m (Series F) <i>January 2022</i> </p>	<p>o9 Solutions Raises \$295m From Strategic Investors <i>January 2022</i> </p>	<p>Access Orchestration Firm Pathlock Raises \$200m As It Combines With Four Other Companies <i>May 2022</i> </p>	<p>PointClickCare Eyes \$400m Incremental Term Loan for Audacious Acquisition <i>March 2022</i> </p>
<p>The Fintech Ramp is Valued at \$8.1b After Financing (Series C) <i>March 2022</i> </p>	<p>Crypto Custodian Fireblocks Raises \$550m at \$8b Valuation (Series E) <i>January 2022</i> </p>	<p>Zero-Party Data Platform Jabbit Secures \$70m Investment <i>January 2022</i> </p>	<p>FLASH Secures Over \$250m in Round Loud by Vista Equity Partners <i>March 2022</i> </p>	<p>CIBC Innovation Banking Provides \$150m Debt Facility to VTS <i>March 2022</i> </p>
<p>Route Gets Its Horn Following \$200m Series B, Hiring for 55+ Roles <i>January 2022</i> </p>	<p>Checkout.com Hits \$40b Valuation After Funding Round (Series D) <i>January 2022</i> </p>	<p>Customer Experience Management Platform, "Reputation" Closes \$150m Funding <i>January 2022</i> </p>	<p>Veracode Announces Significant Growth Investment From TA Associates <i>March 2022</i> </p>	<p>Solera Launches \$300m Incremental Term Loan <i>February 2022</i> </p>

To View News, Click On Source Logo

Sources: News publications per source logo, PitchBook

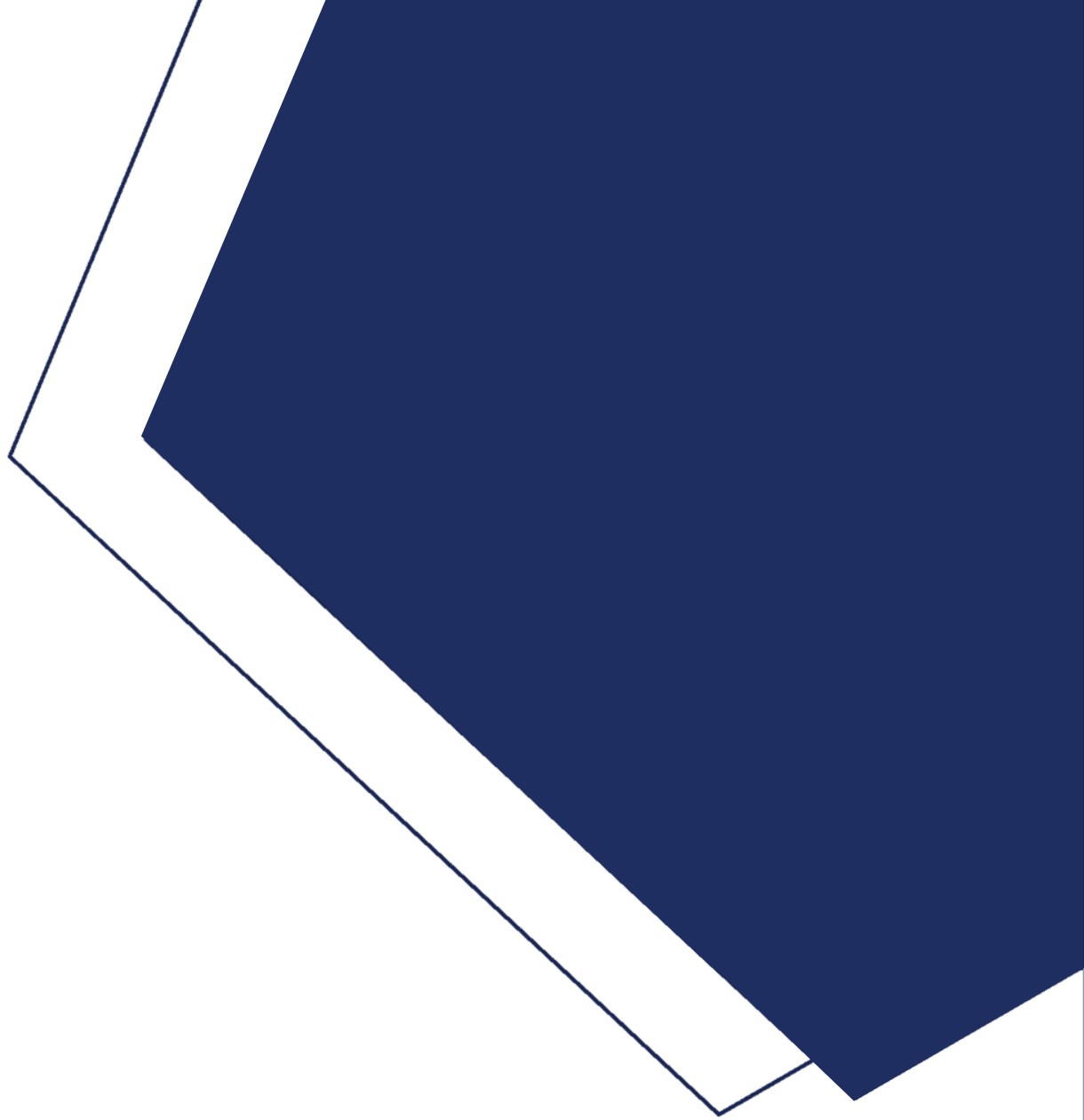
(1) Early-Stage Raises are defined as Series A-C

(2) Late-Stage Raises are any raise Series D and beyond

I.



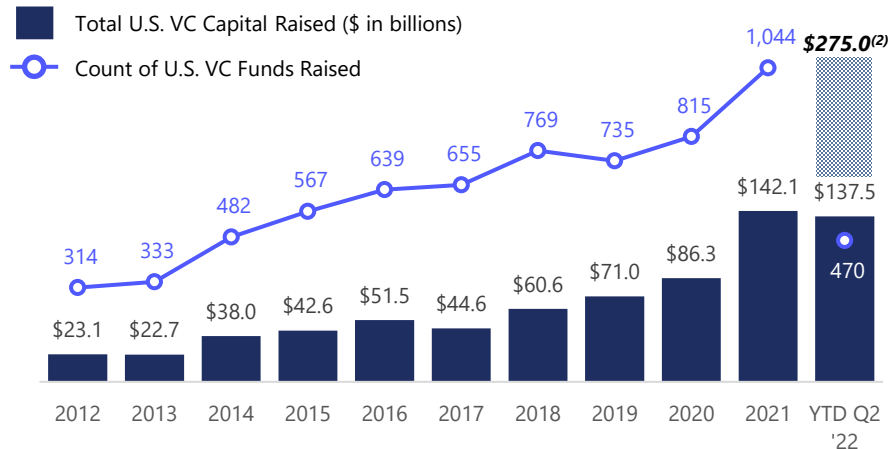
Venture Markets



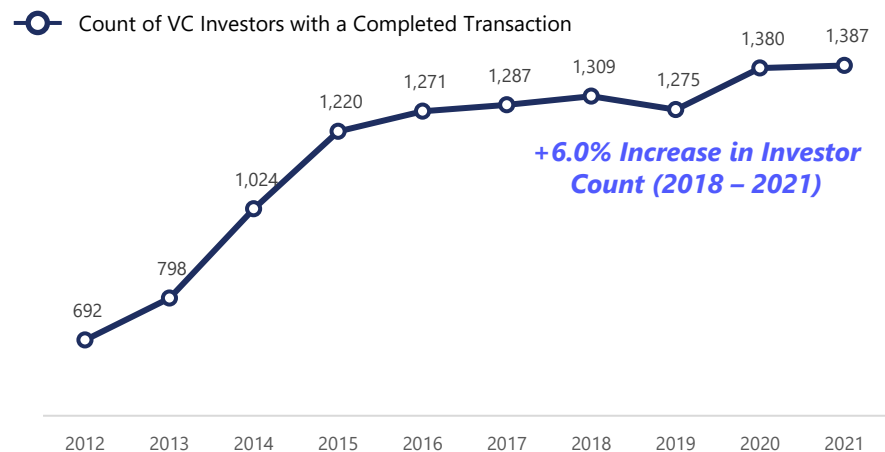
# The Business of Venture Has Changed...

Continued Fund Performance Has Attracted Significant Capital to the Venture Ecosystem, Resulting in Frothy Activity and Aggressive Deployment Behavior

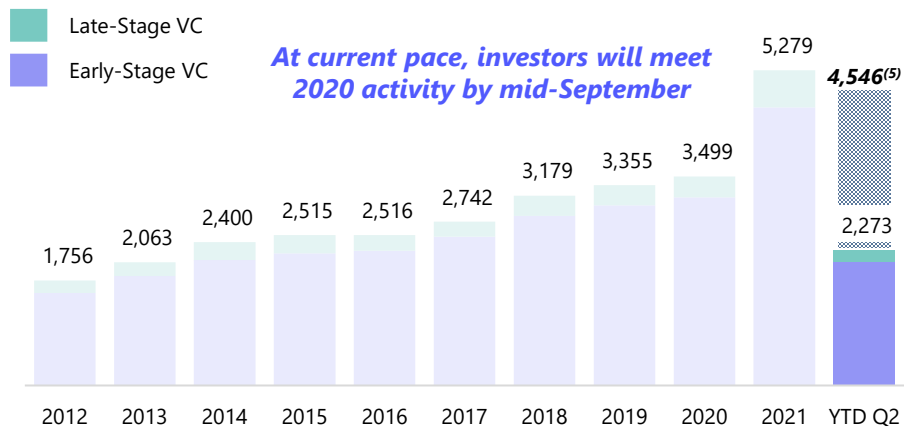
Institutional Investors Continue to Pour Money Into Venture (1)...



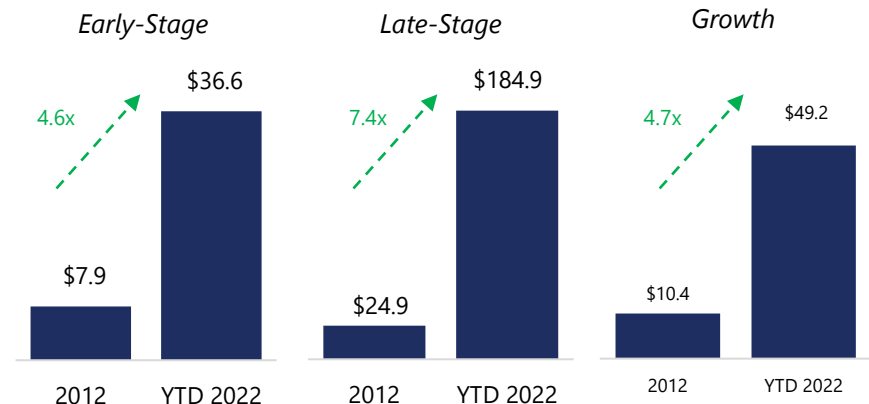
...Attracting New Entrants and Deployment in a Crowded Marketplace(3)...



...Leading to Boosted Transaction Activity(4)...



(\$ in millions) ...and Inflated Deal Sizes Across All Categories



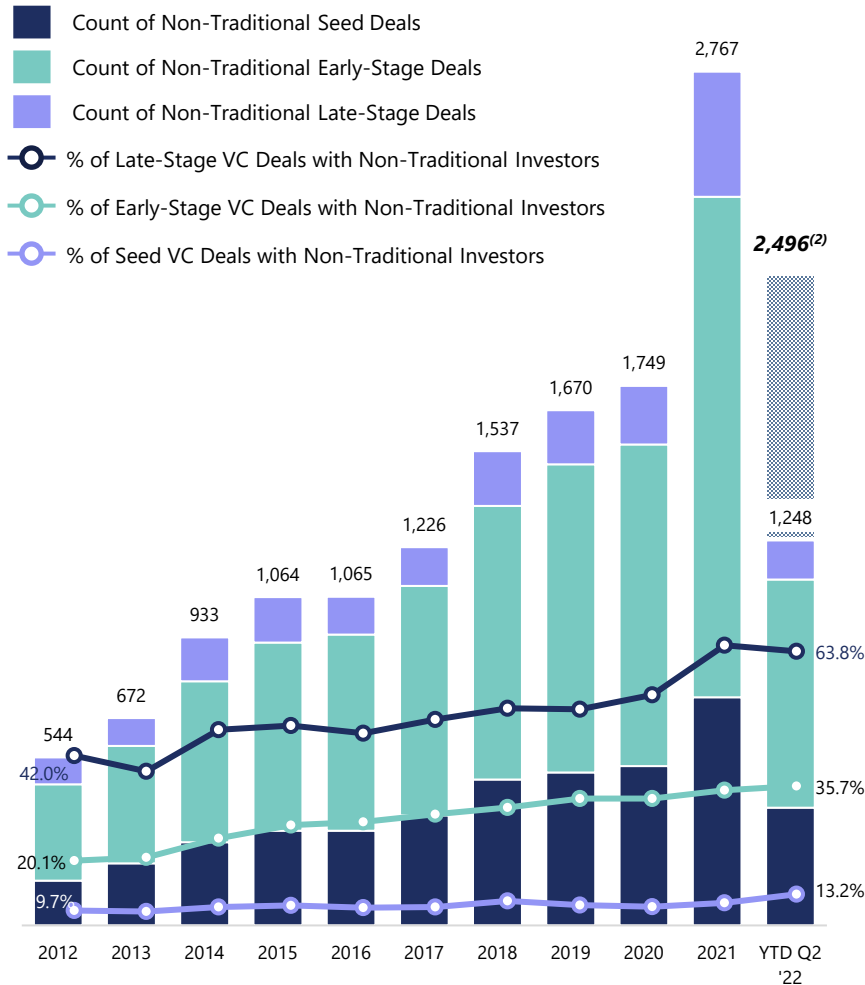
Sources: Pitchbook, 451 Research M&A KnowledgeBase, S&P Global Market Intelligence '22

- (1) Based on number of unique VC funds
- (2) Annualized based on H1 2022 VC funds raised
- (3) Count of investors who completed a VC transaction in the presented year
- (4) Total transaction counts in North America and Western Europe
- (5) Annualized based on H1 2022 transaction count

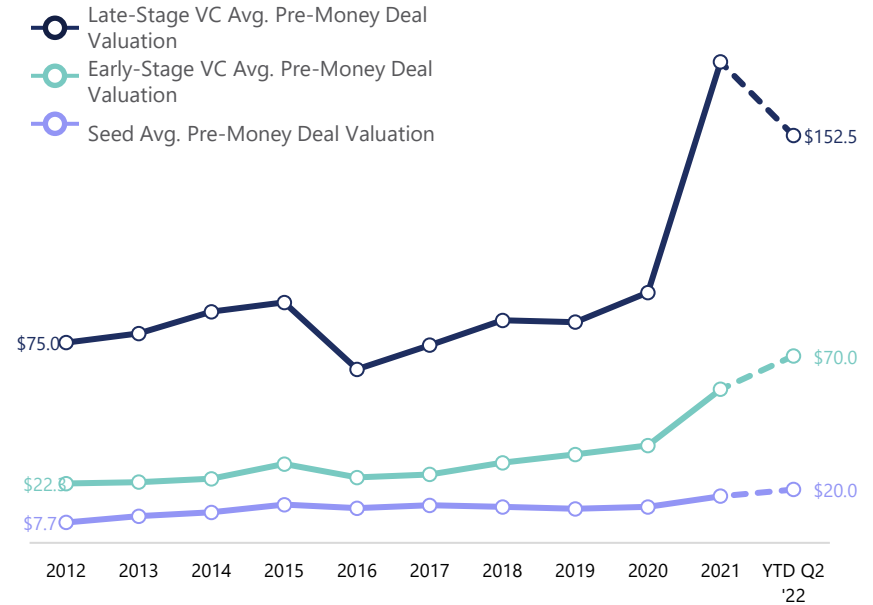
# ...Attracting New Interest

## Non-Traditional Funds Continue to Drive Elevated Deal Valuations

Non-Traditional Money<sup>(1)</sup> Has Continued to Flood the Venture Ecosystem...



...Leading to Elevated Overall Median Pre-Money Deal Valuations



VC Valuations Climb Higher Still as Hedge Funds and Other Nontraditional Investors Pile In  
February 2022  
**Institutional Investor**

2022 Isn't a Repeat of 2002 for VC Funds  
May 2022  
**AXIOS**

Still Dancing: VC Funding Remains Strong in 2022  
July 2022  
**FINANCIER**

Lockheed Reports \$400M Venture Capital Fund  
July 2022  
**GOVCONWIRE**

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Sources: Pitchbook, Institutional Investor, TechCrunch, CNBC

(1) Non-Traditional Investors defined as Hedge Funds, Sovereign Wealth Funds, Investment Banks, and Corporate VCs



















(2) Annualized based on H1 2022 transaction count

# Deals We Tracked in H1 2022

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## Early-Stage Venture Raises<sup>(1)</sup>

\$ in millions

Investor	Target	Date	Transaction Type	MPG Subsector	Raise (\$)	Prior Raise Post	Current Raise Pre	Step Up	
		Jan-22	Series B	FinTech	\$200	\$175	\$1,020	5.8x	
DRAGONEER		Jan-22	Series C	FinTech	\$70	n/a	n/a	n/a	
 		Jan-22	Series C	Sales Automation	\$88	\$171	n/a	n/a	
		Feb-22	Series B	FinTech	\$150	n/a	\$1,450	n/a	
		Mar-22	Series B	FinTech	\$100	\$588	\$927	1.57x	
		Mar-22	Series C	FinTech	\$200	\$3,950	\$7,900	2.0x	
TIGERGLOBAL		Apr-22	Series B	Communication	\$40	\$54	\$330	6.1x	
		May 22	Series B	Systems Integration	\$150	\$556	\$850	1.5x	
		May 22	Series C	Engineering	\$95	n/a	n/a	n/a	
		Jun-22	Series B	FinTech	\$100	n/a	\$700	n/a	
					Average	\$119	\$916	\$1,882	3.4x

Sources: Pitchbook, Capital IQ, corporate websites, press releases, LinkedIn

(1) Defined as Series A-B



(2) Calculated as Pre-Val / Prior Raise Post Val

# Deals We Tracked in H1 2022

MADISON PARK GROUP

## Late-Stage Venture Raises<sup>(1)</sup>

\$ in millions

Investor	Target	Date	Transaction Type	MPG Subsector	Raise (\$)	Prior Raise Post-Val	Pre-Val	Step Up <sup>(2)</sup>	
 COATUE	 checkout.com	Jan-22	Series D	FinTech	\$1,100	\$15,000	\$39,000	2.6x	
 D1 CAPITAL PARTNERS	 Fireblocks	Jan-22	Series E	FinTech	\$550	\$2,200	\$7,450	4.4x	
 TPG	 project44	Jan-22	Series F	Supply Chain Execution	\$240	\$1,200	\$2,400	2.0x	
 andreesen. horowitz	 flexport.	Feb-22	Series E	Supply Chain Planning	\$935	\$3,200	\$7,070	2.2x	
 EURAZEO	 Doctolib	Mar-22	Series F	Healthcare & Life Sciences	\$557	\$1,810	\$5,910	3.3x	
 Accel Lightspeed	 AXONIUS	Mar-22	Series E	Security	\$200	\$1,260	\$2,600	2.1x	
 T.RowePrice <sup>*</sup>	 CONVOY	Apr-22	Series E	Supply Chain Execution	\$260	\$2,750	\$3,640	1.3x	
 Activate capital	 fictiv	May 22	Series E	Engineering	\$100	\$165	\$250	1.5x	
 Goldman Sachs B Capital Group	 moengage	May 22	Series E	Marketing Tech	\$77	\$700	n/a	n/a	
 GREENOAKS CAPITAL PARTNERS	 Personio	Jun-22	Series E	Human Resources & Labor	\$200	\$1,140	\$8,500	7.5x	
					Average	\$422	\$2,943	\$8,536	3.0x

Sources: Pitchbook, Capital IQ, corporate websites, press releases, LinkedIn

(1) Defined as Series D+

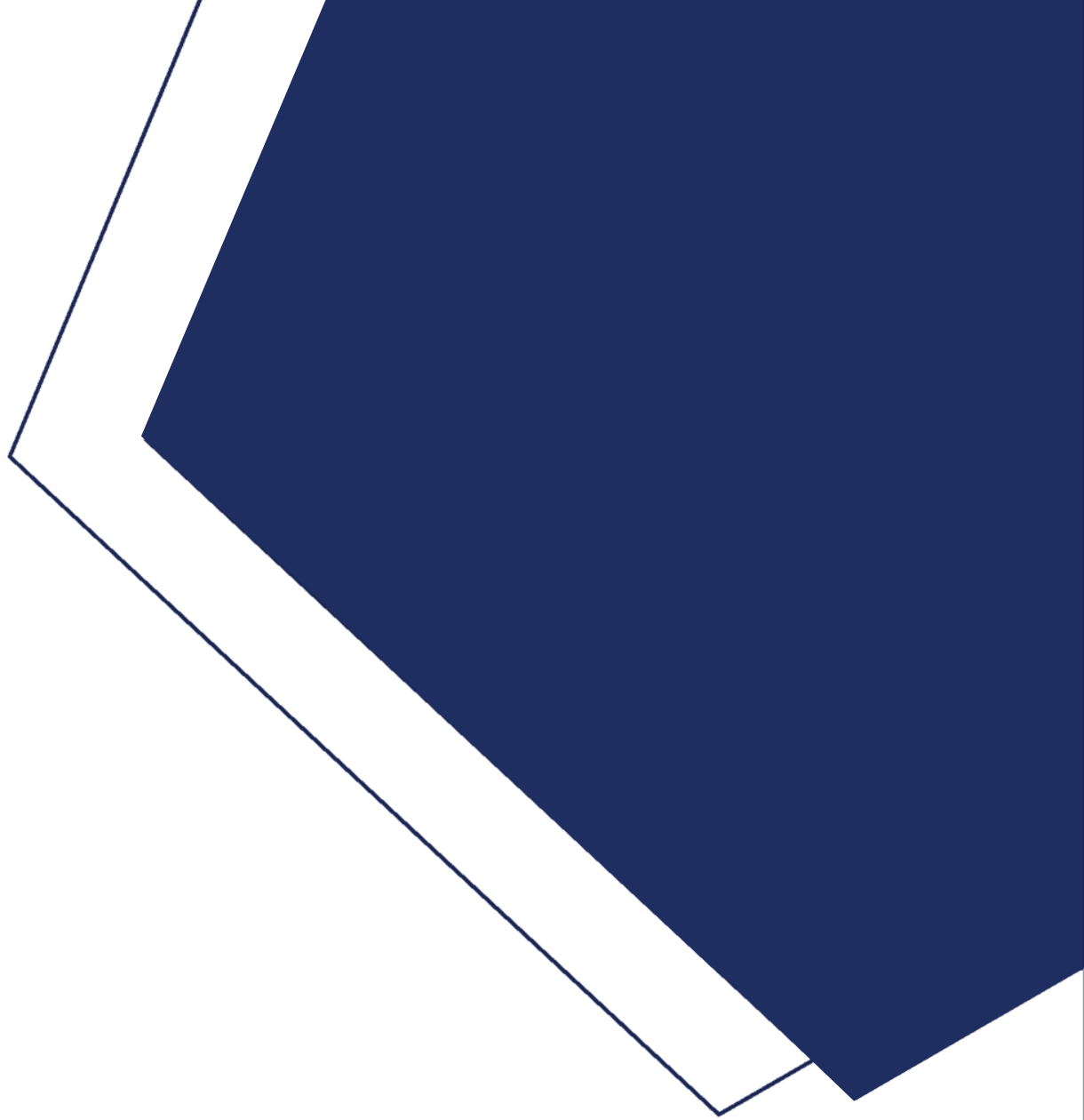
(2) Calculated as Pre-Val / Prior Raise Post Val



II.



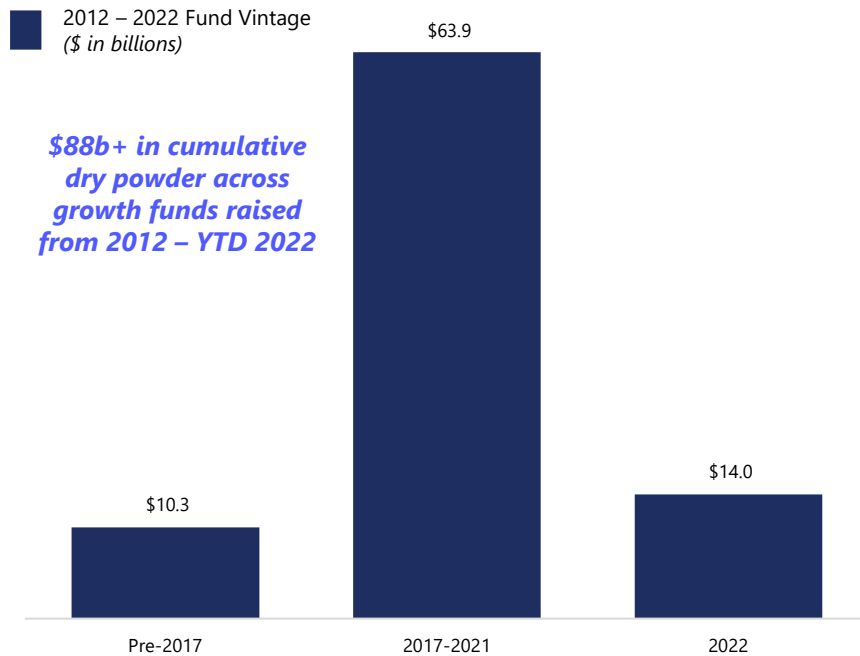
Growth Equity Markets



# A Look at Growth Equity

## Deal Competition and New Entrants Driving Quest for Quality Assets in an Uncertain Economy

Robust Growth Equity-Oriented Fundraising Momentum<sup>(1)</sup>...



Growth Equity Booms as Investors Embrace Private Markets  
January 2022  
**FT**

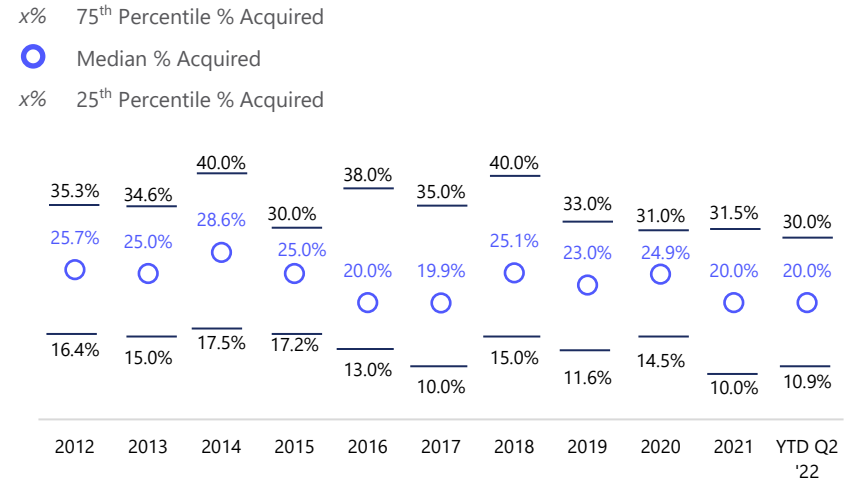
Chasing Disruption: The Brave New Worth of Growth Investing  
March 2022  
**BAIN & COMPANY**

General Atlantic: 'Growth Equity Still has Room to Grow'  
May 2022  
**Private Equity International**

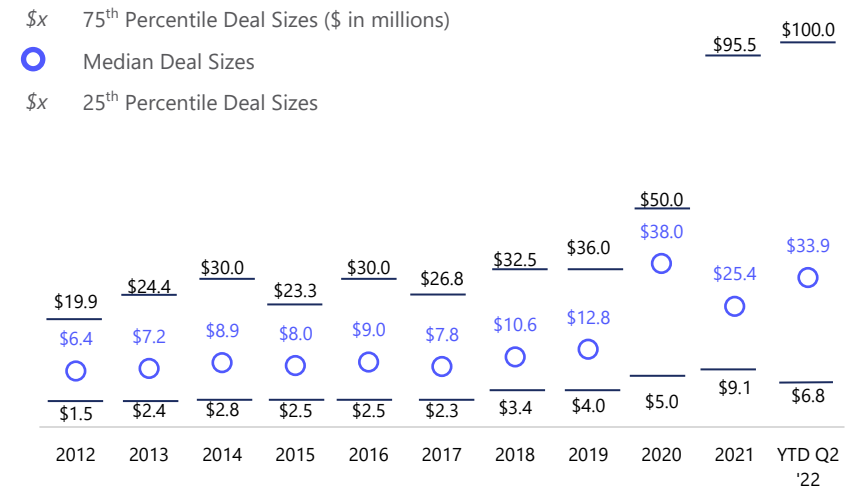
Blackstone has Raised an Initial \$3B for its Secod Growth Fund as Tech Stocks Continue to Plunge  
June 2022  
**FORTUNE**

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...Increasing Deal Competition and Adjusting Ownership Structures...



...and Driving up Growth Equity Deal Sizes























Sources: Pitchbook, Financial Times, Bain & Company, Private Equity International, Fortune  
(1) Growth equity dry powder by vintage based on publicly-available information per PitchBook

# Deals We Tracked in H1 2022

MADISON PARK GROUP

## Large Cap Growth Raises<sup>(1)</sup>

\$ in millions

Investor	Target	Date	Transaction Type	MPG Subsector	Raise (\$)
 MARLIN EQUITY PARTNERS	 Reputation	Jan-22	Growth	Enterprise Content Management	\$150
 GENERAL ATLANTIC	 O9	Jan-22	Growth	Supply Chain Planning	\$295
 STAGWELL	 INSTRUMENT	Jan-22	Growth	Marketing Tech	\$160
 VISTA	 OFFICESPACE	Jan-22	Growth	Human Capital Management	\$150
 MOTIVE PARTNERS	 FNZ	Feb-22	Growth	FinTech	\$1,400
 Goldman Sachs	 bloomreach	Feb-22	Growth	FinTech	\$175
 VISTA	 securonix	Feb-22	Growth	Security	\$1,000
 VISTA	 CRITICALSTART	Feb-22	Growth	Security	\$215
 TA ASSOCIATES	 VERACODE	Apr-22	Secondary	Security	\$2,500
 Coller Capital	 exterro	July-22	Growth	Compliance	\$1,000
Average					\$704

Sources: Pitchbook, Capital IQ, corporate websites, press releases, LinkedIn




















(1) Defined as >\$150M Raised

# Deals We Tracked in H1 2022

MADISON PARK GROUP

## Small Cap Growth Raises<sup>(1)</sup>

\$ in millions

Investor	Target	Date	Transaction Type	MPG Subsector	Raise (\$)
		Jan-22	Growth	FinTech	\$40
		Jan-22	Growth	Security	\$70
		Jan-22	Growth	CRM	\$62
		Feb-22	Growth	eCommerce	\$67
		Feb-22	Growth	Supply Chain Execution	\$26
		Mar-22	Growth	Security	\$37
undisclosed		Apr-22	Growth	Healthcare & Life Sciences	\$24
		Apr-22	Secondary	Transportation and Mobility	\$63
		Apr-22	Growth	Supply Chain Planning	\$40
		Jun-22	Secondary	FinTech	\$127
Average					\$56

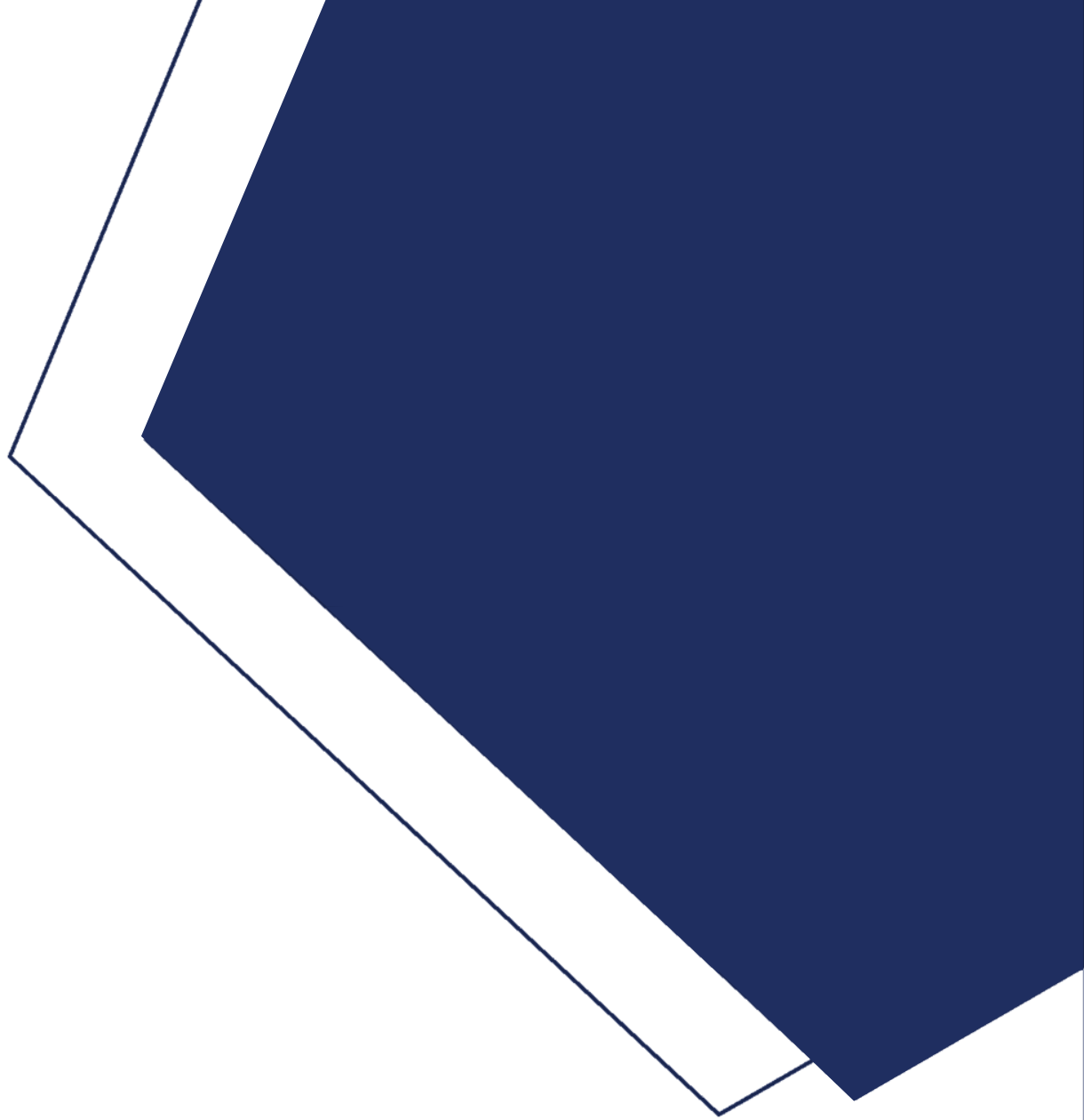
Sources: Pitchbook, Capital IQ, corporate websites, press releases, LinkedIn

(1) Defined as <\$150M Raised

III.



Public Equity Markets



# Challenges for Public Equity in 2022

## Inflation and Economic Concern Dominate Market Commentary and Earnings Calls

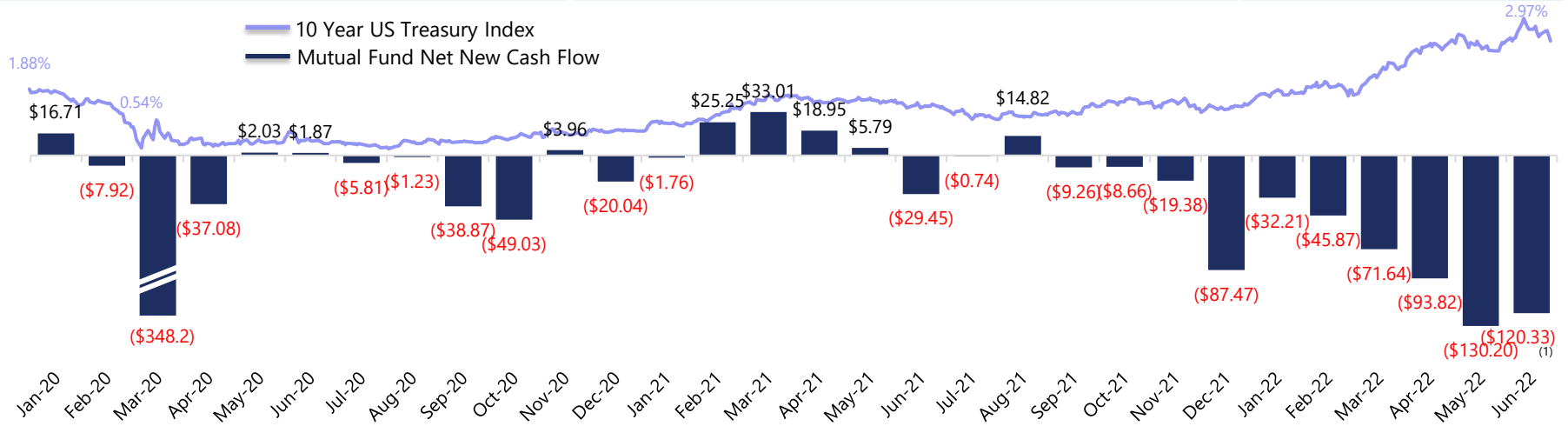
Investors continue to align mutual fund portfolios in response to elevated bond yields...

(\$ in billions)

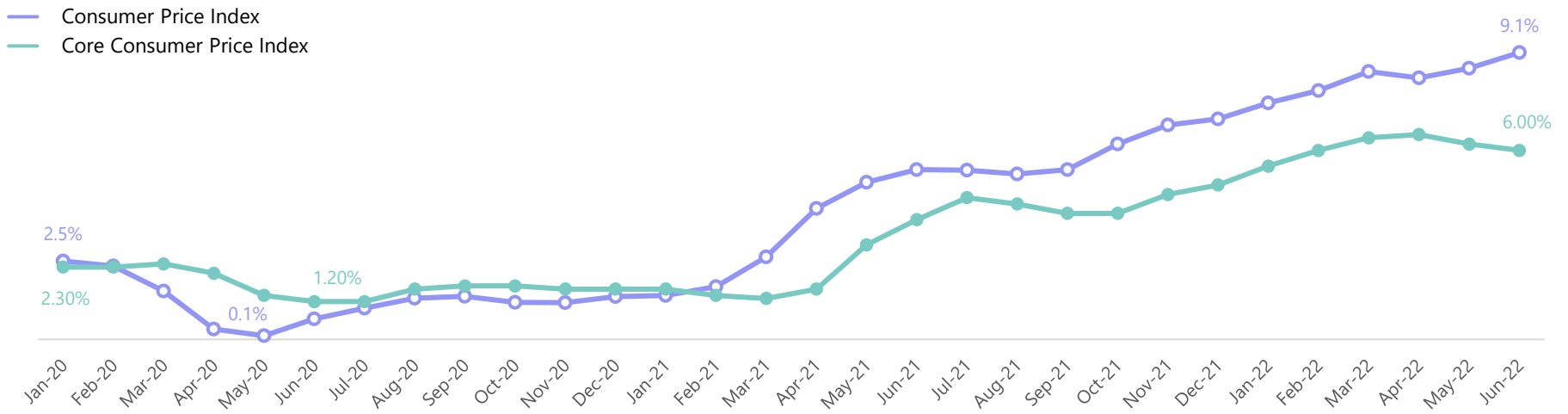
Covid Adjusted 2020 ~(\$95)

2021 ~(\$116)

YTD 2022 ~(\$494)



...while CPI continues to climb far beyond inflationary targets

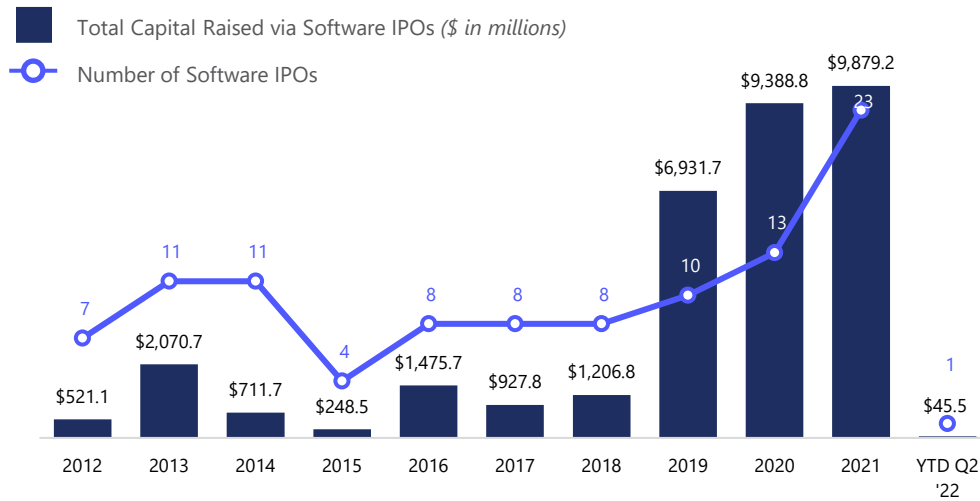


(1) Statistic for June 2022 are estimates derived from data covering 98% of industry assets  
Sources: S&P Capital IQ, Pitchbook, U.S. Bureau of Labor Statistics

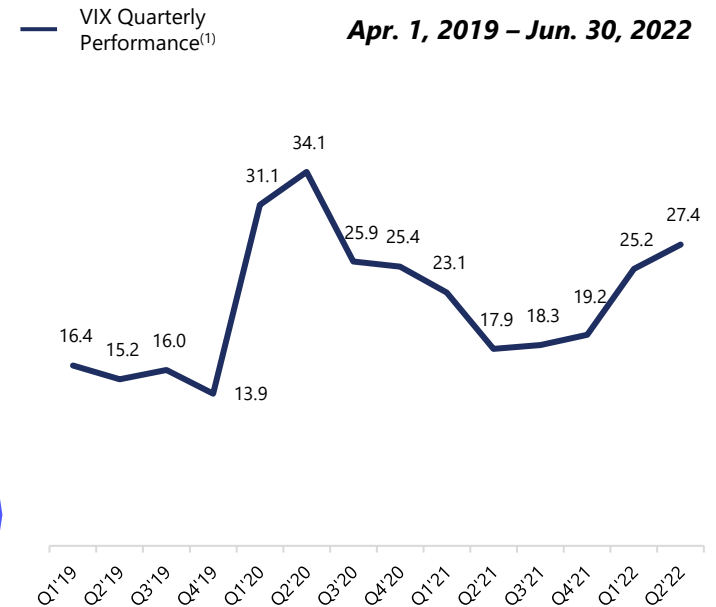
# Hushed Public Capital Markets in 2022

## The IPO Window is Firmly Closed as SPACs Struggle Ahead of Redemptions

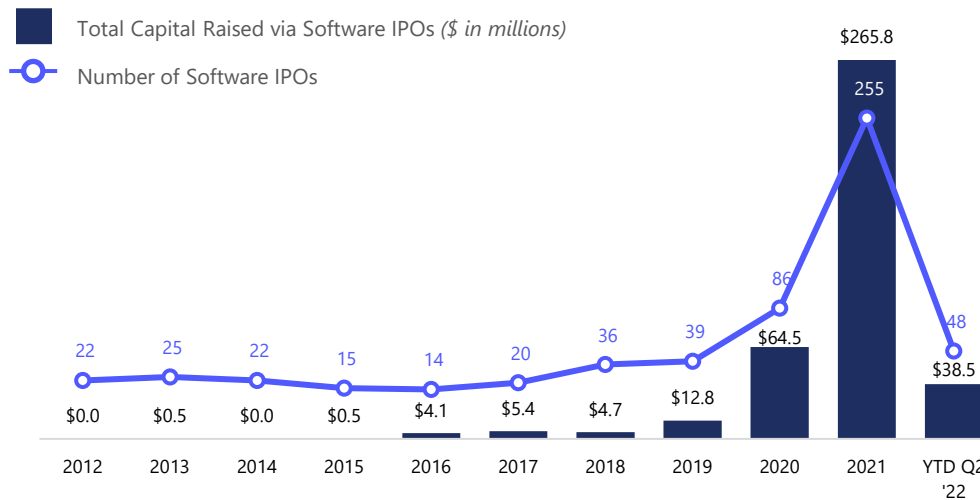
Pullback in Software IPO Activity...



...Driven by Increased Volatility in the Public Markets



...Paired with Waning Exit via SPAC Window...



Check out Recently Published Q2 Public Markets Deep Dive!



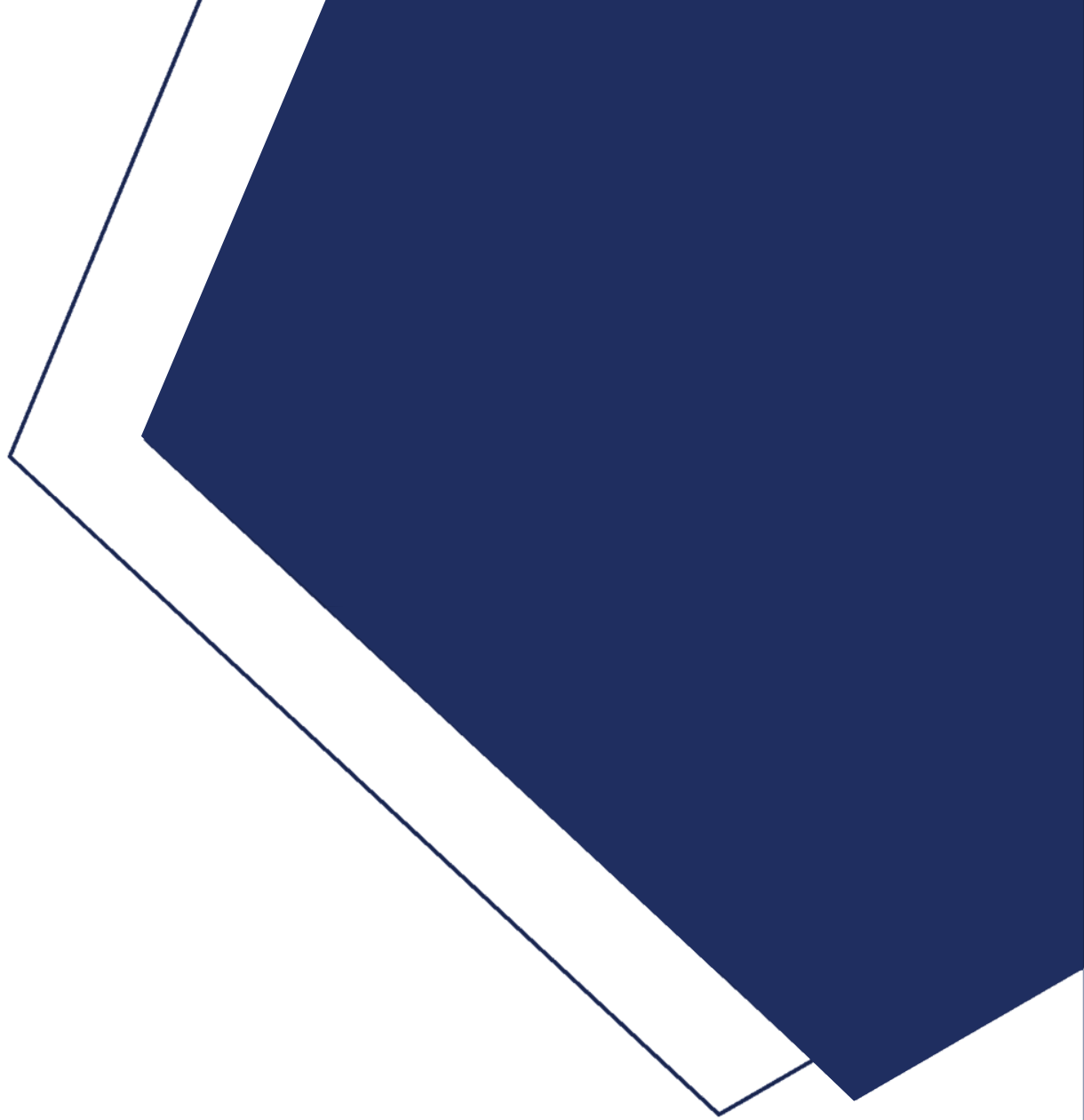
Sources: Pitchbook, S&P Capital IQ

(1) Calculated as average of prior quarter's prices of the VIX Index

IV.



Debt Capital Markets

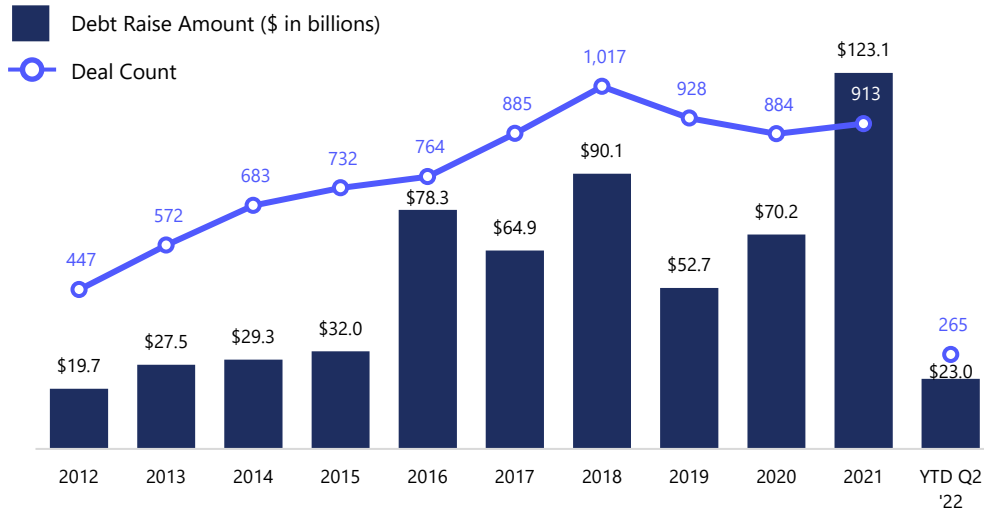




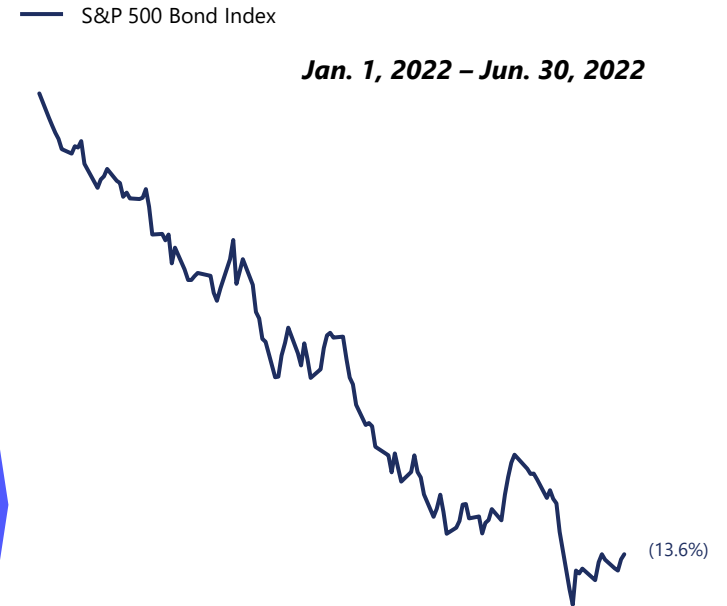
# A Look at Debt

## Elevated Interest Rates Applying Pressure to Big Deals While Mid-Market Deals Continue to Get Done

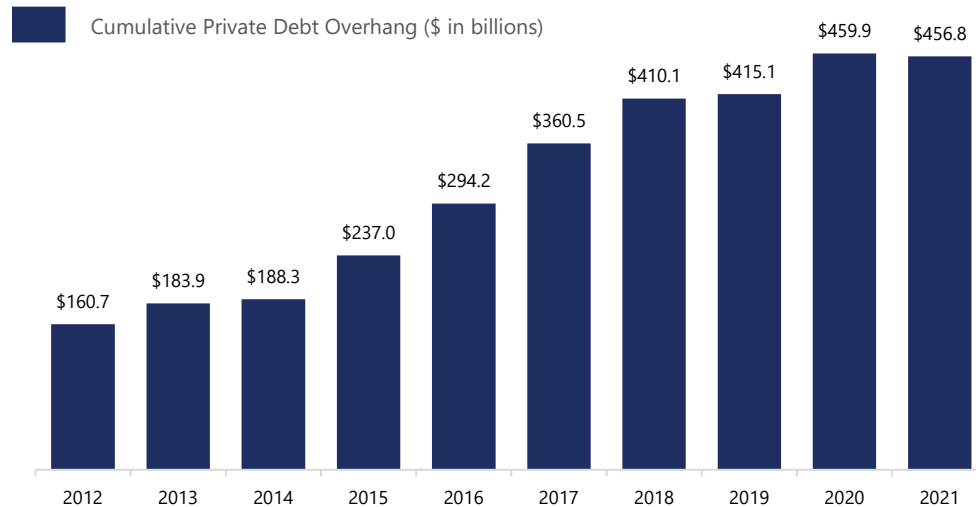
Software Debt Raises have Flourished in Recent Years with Moderate 2022 Pullback...



...but Investors Have Pivoted Pricing to Drive Yield in Uncertain Times



...as Private Debt Investors Remain Flush with Capital Requiring Investment...



Private Credit Market May be Tested  
February 2022



Rising Interest Rates Could Mean Even More M&A Deals Structured with Cash and Equity  
June 2022



Investment Banks Prepare for Lean Times as Deal Spree Sputters  
July 2022



Traders Fully Price 75-Basis-Point Fed Hike at July Meeting  
July 2022



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# Deals We Tracked in H1 2022

## Debt Raises (>\$100M)

\$ in millions

Lender	Company	Ownership Status	Date	MPG Subsector	Amount Raised
 Jefferies		PE-Backed	Feb-22	Security	\$750
J.P.Morgan 		PE-Backed	Feb-22	Healthcare & Life Sciences	\$305
J.P.Morgan		VC-Backed	Mar-22	Marketing Tech	\$150
J.P.Morgan 		PE-Backed	Mar-22	Healthcare & Life Sciences	\$420
Antares Capital		PE-Backed	Mar-22	Energy & Utilities	\$240
		VC-Backed	Mar-22	Real Estate Tech	\$150
COMMUNITY INVESTMENT MANAGEMENT 		VC-Backed	Apr-22	FinTech	\$150
undisclosed		PE-Backed	Apr-22	EdTech	\$325
		VC-Backed	May-22	Healthcare & Life Sciences	\$300
		VC-Backed	May-22	Enterprise Resource Planning	\$300
Average					\$309

Sources: Pitchbook, Capital IQ, corporate websites, press releases, LinkedIn





















(1) Ownership at time of raise

# Deals We Tracked in H1 2022

MADISON PARK GROUP

## Debt Raises (<\$100M)

\$ in millions

Lender	Company	Ownership Status	Date	MPG Subsector	Amount Raised
 PEAK ROCK CAPITAL		VC-Backed	Jan-22	FinTech	\$40
 KARTESIA		Private Debt Financed	Jan-22	Enterprise Resource Planning	\$50
 VISTA CREDIT PARTNERS		VC-Backed	Mar-22	Financial Services	\$40
		PE-Backed	Mar-22	Human Capital Management	\$18
		VC-Backed	Apr-22	Healthcare & Life Sciences	\$50
		PE-Backed	Apr-22	IIoT	\$70
		PE-Backed	May 22	Security	\$100
		VC-Backed	Jun-22	FinTech	\$50
		PE-Backed	Jul-22	Industrial Tech	\$16
		PE-Backed	Jul-22	FinTech	\$83
				Average	\$52

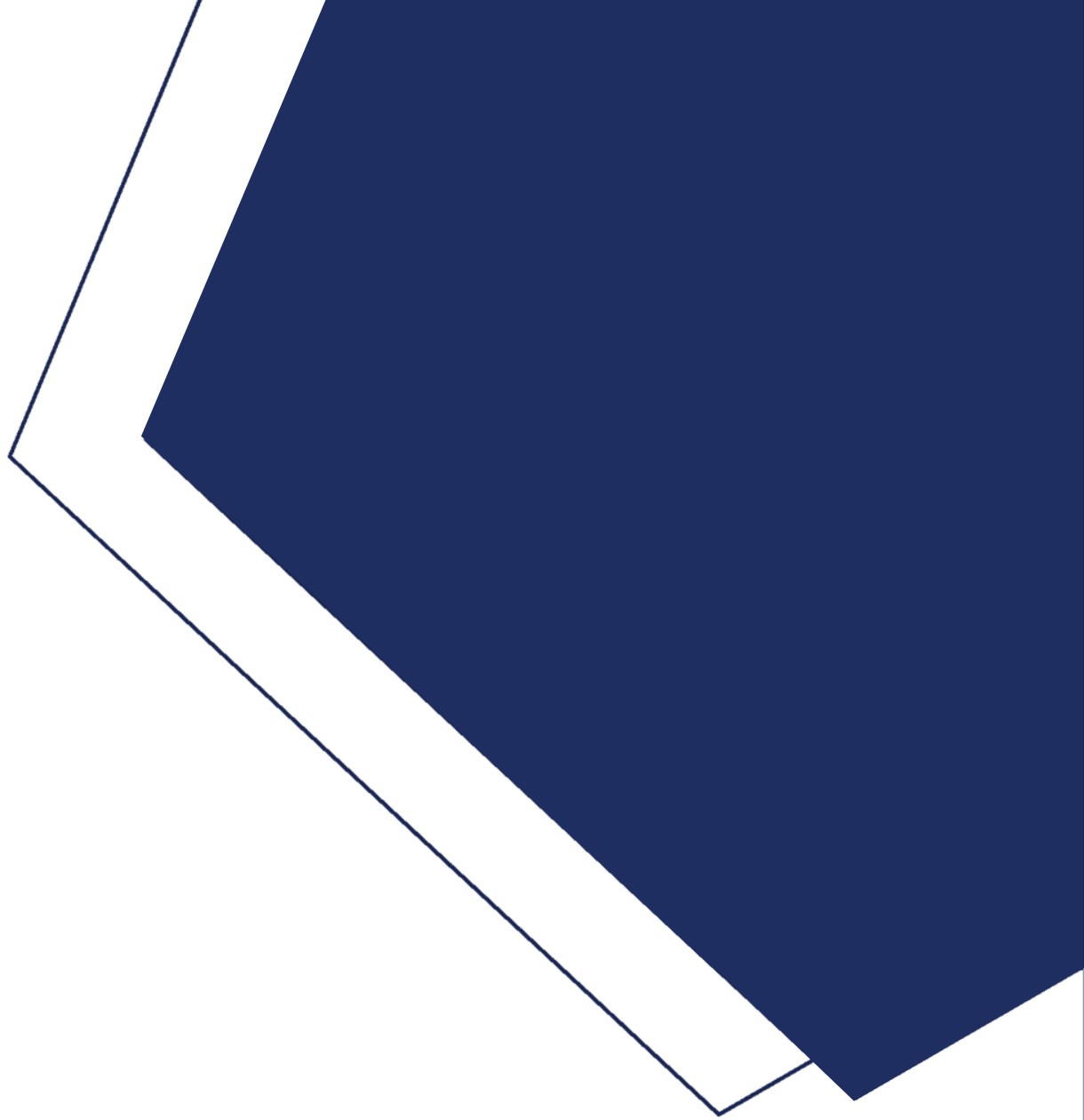
Sources: Pitchbook, Capital IQ, corporate websites, press releases, LinkedIn

(1) Ownership at time of raise

V.



About Us



## Growth Stage

FOCUSED ON COMPANIES WITH \$10-50 MILLION ARR

220+

COMPLETED TRANSACTIONS

\$30+

BILLION IN DEAL VALUE

98%

TRANSACTION SUCCESS RATE

40%+

SPONSOR-BACKED CLIENTS

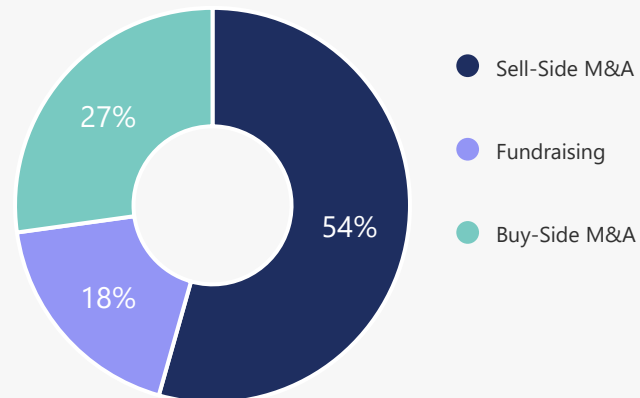
+30%

TYPICAL CLIENT GROWTH RATE

22

DEDICATED ADVISORS

### MPG's Transaction Composition (1)



(1) Select deals completed in the last ten years



#### FOCUS

We partner with global technology clients across North America and Europe



#### EXPERTISE

We specialize in impacting growth strategies to optimize shareholder value creation



#### STRATEGY

We marry thoughtful corporate strategy planning with stalwart transactional execution





















#### RESOURCES

Domain experts with active relationships across +1,500 global investors
















# Our Client Successes

## Select Recent Equity and Debt Raise Transactions

### Select Equity Raise Transactions

<p>Founding Team</p>  <p>Majority Investment</p> 	<p>Founding Team</p>  <p>Majority Investment</p> 	<p>Founding Team</p>  <p>Majority Investment</p> 
<p>Founding Team</p>  <p>Minority Investment</p> 	<p>Founding Team</p>  <p>Majority Investment</p> 	<p>Founding Team</p>  <p>Majority Investment</p> 
<p>VC-Backed</p>  <p>Minority Investment</p> 	<p>Founding Team</p>  <p>Minority Investment</p> 	<p>VC-Backed</p>  <p>Minority Investment</p> 

### Select Debt Raise Transactions

<p>Founding Team</p>  <p>Debt Placement</p> 	<p>PE-Backed</p>  <p>Debt Placement</p> 	<p>VC-Backed</p>  <p>Debt Placement</p> 
<p>Founding Team</p>  <p>Debt Placement</p> 	<p>Founding Team</p>  <p>Debt Placement</p> 	<p>VC-Backed</p>  <p>Debt Placement</p> 
<p>VC-Backed</p>  <p>Debt Placement</p> 	<p>Founding Team</p>  <p>Debt Placement</p> 	<p>Founding Team</p>  <p>Debt Placement</p> 

[Click here for our full transaction list](#)

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Construct Technology



Engineering Technology



Life Sciences Software



Procurement Technology



Public Market Coverage



Cause & Community Software



EHSQ



Manufacturing Tech



Supply Chain Execution



M&A Market Coverage



Cybersecurity



GRC



Marketing Tech



Supply Chain Planning



Capital Market Coverage

