

## AN ANALYSIS OF PRIVATE EQUITY & VENTURE CAPITAL



# NORTHEASTERN UNIVERSITY

## PRIVATE EQUITY & VENTURE CAPITAL CLUB

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**ProviderTrust** receives significant growth investment from Susquehanna Growth Equity.

- **Susquehanna Growth Equity** is an entrepreneur-centric growth equity firm exclusively focused on internet, software, and information services companies. The firm has invested over \$2B dollars in 60+ market-leading technology companies such as Credit Karma, HighRadius, iCIMS, and Payoneer over the last 14 years, and has portfolio companies across the US, Canada, EU, and Israel.
- **ProviderTrust** works with acute and post-acute providers, payers, and their vendors across all 50 states. Based in Nashville, ProviderTrust's mission is to create a safer and smarter healthcare for patients, providers, and payers. Their growing roster of clients include some of the leading healthcare organizations in the country, such as Amerihealth Caritas, Community Health Systems (CHS), DentaQuest, HCR ManorCare, Kindred Healthcare, Tenet Health and Vanderbilt University.
- **Deal Structure:** Financial terms of the investment were not disclosed. Susquehanna Growth Equity's investment marks ProviderTrust's first significant outside capital funding since 2012.
- **Significance:** Susquehanna Growth Equity's investment will give the ability to ProviderTrust to scale its robust suite of healthcare compliance screening, monitoring, and verification software tools at a crucial time. The digital health sector has seen unprecedented investor interest during the COVID-19 pandemic. Equity funding in digital health globally hit an all-time high of \$26.5 billion in 2020. Scott Feldman, Managing Director at Susquehanna Growth Equity, shared his excitement, "ProviderTrust continues to define the on-going healthcare compliance monitoring space it created. We are thrilled to be partnering with their leadership team to continue building on ProviderTrust's exceptional momentum and customer-first ethos."

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**Bain Capital** and **Cinven** to acquire Lonza Group's Specialty Ingredients Unit for \$4.7bn.

- **Bain Capital** is a multinational private investment firm headquartered in Boston, MA, focused on credit, private equity, public equity, impact investing, and real estate across multiple sectors. The firm currently manages \$105bn in assets and has offices in the Americas, Europe, and Asia-Pacific locations.
- **Cinven** is a London-based global private equity firm geared towards making strategic investments in the healthcare, industrials, TMT, consumer and financial services industries. The firm has offices across the globe and currently has a portfolio of over 65 investments. Lonza Group is a Swiss chemicals company founded in the 19th century, with operations spanning throughout Europe, North America, and South Asia. The firm currently is generating \$6 billion in revenue and has a core mission of combining technical innovation with world class manufacturing to enable a healthier world.
- **Deal Structure:** This transaction is set to close in the second half of 2021, and will have both equity and debt embedded into the \$4.7bn valuation.
- **Significance:** Bain and Cinven both have a phenomenal track record when it comes to investing in chemicals companies, and this specific transaction will enable Lonza to fulfill major projects concerning the growing need for protection from harmful microorganisms. Furthermore, Lonza has been on track to separate their specialty ingredients unit (LSI) since early 2019 and this acquisition will enable this process to become successful.

**Jüsto** announces \$65mn dollar round of Series A fundraising: the largest Series A raised in Latin America for the past decade. The round was led by General Atlantic.

- **Jüsto** was created in 2019 to be the first online supermarket in Latin America. The Mexican-based firm offers everything from meats to vegetables to beauty products and had a 16x increase in revenue in 2020.
- **General Atlantic** is a multi-national growth equity firm with \$40bn in assets under management. With 178 different portfolios and over 40 years of experience, General Atlantic is one of the world-leaders in growth equity.
- **Deal Structure:** General Atlantic was joined by Foundation Capital and Mountain Nazca in this \$65mn round of Series A fundraising. With this announcement, Jüsto's total fundraising has managed to eclipse \$100mn dollars in under two years.
- **Significance:** Jüsto is planning on using the capital from this round to continue its expansion across Mexico while improving its efficiency. Efficiency, in terms of Jüsto's operations, means continuing to develop its AI platform which predicts demand and personalizes user experiences. Jüsto hopes these improvements will both decrease inventory holding costs and improve consumer engagement and experience. After seeing tremendous success while only operating in Mexico City and Queretaro, CEO and Founder Ricardo Weber believes that Jüsto's success is scalable across not only Mexico but all of Latin America. While the company's vision and innovation have been critical in its current success, Jüsto has also been aided by macro factors with the most notable being the sharp increases in digital engagement across Latin America due to decreasing data costs. While it remains to be seen if Jüsto can have similar success in a non-pandemic world, the company's consumer-friendly app and locally-sourced supply chain may still play a huge role in the future of Latin American grocery shopping.

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**Vivino** raises \$155mn in Series D financing round.

- **Vivino** is the world's largest wine app and marketplace. With over 50 million users, the app provides wine recommendations, beverage ratings, and a large selection of wines available for purchase from partners.
- **Kinnevek AB**, a Swedish investment firm, led the financing. The firm has over 92 billion SEK in assets under management spread across around 30 companies.
- **Deal Structure:** The round was led by Kinnevek and also includes participation by Sprints Capital, GP BullHound, and Creandum. Creandum previously led Vivino's Series A round in 2012.
- **Significance:** During the pandemic, alcohol e-commerce has exploded and it's estimated that sales will exceed \$40bn by 2024. Vivino has seen much success, whether it be in customer retention or sales growth. Since February 2018, Vivino's customer base has grown from 29 million to 50 million. Vivino has reported 100% annual sales growth rate year over year for the last seven years. Looking forward, the company seeks to further develop its AI capabilities and double down on high potential markets like the US and Japan.

**Starship Technologies** attracts \$17mn in Series B funding from electronics producer TDK Corporation and tire manufacturer Goodyear.

- Investors for this deal include **TDK Ventures** and **Goodyear Ventures**. TDK Ventures, the investment arm of TDK Corporation, specializes in seed to early stage venture investments with a focus in health wellness tech. Goodyear Ventures, the investment arm of The Goodyear Tire & Rubber, specializes in seed to growth stage investments with a focus in emerging mobility technology.
- **Starship Technologies** is a San Francisco based robotics company with a focus on building a fleet of autonomous self-driving delivery robots. The robots are designed to deliver goods locally within 30 minutes. Each robot is equipped with a set of sensors that include cameras, GPS, and inertial measurement units. Starship Technologies aims to provide instant delivery of goods at much lower costs with their fleet of robots.
- **Deal Structure:** Starship Technologies received \$17mn from its Series B funding round, bringing Starship Technologies total valuation up to a staggering \$99.2mn. Investors for the recent funding round include TDK Ventures and Goodyear Ventures, adding to the company's total number of investors to 18.
- **Significance:** This growth equity investment by TDK Ventures and Goodyear Ventures demonstrates growing market interest in emerging autonomous driving technologies. With the growing speculation of artificial intelligence utilization and self-driving car technology, Starship Technologies is looking to get a head start on the AI revolution by capitalizing the delivery industry with its autonomous robotics delivery fleet. Additionally, with the Covid-19 pandemic still raging across the globe, some speculators also see potential in using Starship Technologies's delivery robots to serve immunocompromised communities, individuals, and ultimately limit the spread of the virus. With significant immediate demand for autonomous humanless delivery systems and high long term growth potential, this recent investment positions Starship Technologies to becoming a leader in the next generation of the delivery industry.

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**Sitetracker** secures \$42mn in Series C financing led by new investor H.I.G. Growth Partners.

- **Sitetracker** is a SaaS platform for deploying, operating, and servicing critical infrastructure and technology. It enables managers to optimize the entire asset lifecycle through features such as AI, automation, and actionable analytics. Sitetracker poises itself as the only true full-lifecycle platform in this space.
- **H.I.G. Growth Partners** is the dedicated growth capital affiliate of H.I.G. Capital. With \$43bn of equity capital under management, H.I.G. Growth Partners focuses on small and mid-cap segments of the market with a focus on ecommerce, industrial technologies, and other digital service companies.
- **Deal Structure:** Sitetracker received \$42mn in additional funding led by new investor H.I.G. Growth Partners as well as returning investor Energize Ventures with New Enterprise Associates (NEA), National Grid Partners, Wells Fargo Strategic Capital, Salesforce Ventures, and others.
- **Significance:** Sitetracker has gained traction in the past year by staying ahead of its competition. One key feature which has brought on the attention is machine learning. Additionally, Sitetracker grew its global user base by 17,000 users in the past year due to their localized support and proven enhanced efficiency.

On February 8th, **Doordash Inc.** acquired **Chowbotics**, a robot developer specializing in automated food-preparing robots, for an undisclosed amount.

- **Doordash** is a San Francisco based food delivery company with the largest market share in the sector. Launching in 2013, the firm has been able to effectively utilize the newest cutting edge technology to expand across the nation in an increasingly technologically dominated food industry.
- **Chowbotics** was founded in 2014 to develop automated food preparing robots to assist kitchens in becoming more efficient. It's main product, Sally, can assemble custom bowls and salads on demand.
- **Deal Structure:** Although the final acquisition amount has not been disclosed, the company was valued between \$75-100 mn in 2018. Doordash's expertise will aim to allow Chowbotics devices to be utilized more broadly.
- **Significance:** With the food service industry being hit so hard by the pandemic, companies have been forced to adapt to an increasingly digital environment. The use of automation for food prep has improved efficiency in the kitchen by allowing restaurants to portion more accurately, and with greater speed. While robotics have slowly become more and more implemented into the food industry in the ordering and pickup departments, food preparing robots are on the rise and it will be fascinating to see how the industry evolves or reverts as the pandemic slowly begins to fade.



On January 26th, media giant, **Twitter** acquired the newsletter platform **Revue**.

- Headquartered in San Francisco, **Twitter** is a social networking service where users can post content, or like and comment on content known as tweets. The blogging platform has seen tremendous growth over the last six months with a stock price appreciation of 81.8% since August.
- **Revue** is a dutch newsletter startup which enables publishers to monetize their content. The firm provides customers with a template to write newsletters, a platform to schedule and store publishings, a subscribers section to view all current customers, and an insights tab to view data such as open/click rate and subscriber engagement. The startup makes money through charging customers a 5% fee on all revenue generated through paid subscriptions.
- **Deal Structure:** The price of the acquisition was not released.
- **Significance:** Twitter has experienced significant growth in users over the past year and, while ad revenue generates healthy income, the company is attempting to find a new source of cash. At the moment, Twitter and Revue remain separate entities, however, in the future there could be a convergence of the two platforms which would be a big change for Twitter. Currently, individuals on Twitter do not make money from tweets, but with the possible integration of Revue, we could witness popular users switch over to newsletters in order to capitalize on some profits. While the integration of Revue could prove an economically brilliant decision for Twitter, it could just as likely result in customer backlash and put a halt to the tremendous growth rate the company has been experiencing.

# FUNDRAISING & LP ACTIVITY

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**Armis** has announced a \$125mn funding round from Brookfield Technology Partners.

- **Armis** is a Palo Alto based device security firm. They provide an enterprise solution for the security of IoT devices. Coverage is provided for various devices including: laptops, smartphones, tvs, medical devices, HVAC systems, and more. Armis provides products for a range of businesses but is currently heavily weighted in the medical industry.
- **Brookfield Technology Partners** is the investment entity for Brookfield Asset Management Inc. Their primary focus is alternative investments. Brookfield manages assets north of \$575bn.
- **Deal Structure:** Armis receives 125 million in funding from Brookfield at a \$2 billion valuation. This brings the total of the most recent round up to \$300 million. Should be noted that Insight Partners acquired Armis for \$1.1 billion last year.
- **Significance:** The business transformation to online activities has increased the demand for cybersecurity products. Armis is one of many cybersecurity firms looking to capture a strong market share. The medical industry saw an increasing need to protect confidential data during the pandemic. The accelerated demand for sound security increased revenue over 750% and customer acquisition over 425% over the last two years. This sector is poised for growth as corporations look for innovative solutions to cybersecurity. Armis will use the proceeds to expand employees while also increasing research and development. They recently announced a new product catered towards asset management cyber security called Armis Asset Management. Armis is well positioned to capture a larger market share, especially as firms look to expand their online presence.

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Led by elite private equity investor **Glenn Hutchins**, North Island Ventures, a crypto VC, emerges with a prolific yet unconventional roster of limited partners.

- North Island Ventures is a crypto-focused venture capital fund co-founded by **James and Glenn Hutchins**. The fund's thesis is to carry out a philosophy that will capitalize on investment opportunities emerging from innovation. Anticipating the rise of user-controlled data, decentralized computer networks, and invisible interoperable crypto networks, the crypto startup's ideology is progressive.
- Avant-garde is one way to describe the roster of **North Island's** limited partners. Ranging from rapper turned entrepreneur LL Cool J to Wall Street buffs Paul Tudor Jones and Josh Harris. Eyes will be on Glenn Hutchins, as he is the crypto veteran in the lineup, with investments in blockchain and digital currency dating back to 2015.
- **Deal Structure:** Over a year, as of February 4th, 2021, North Island Ventures has raised a total of \$72mn.
- **Significance:** The rise of cryptocurrency throughout the 2010s has piqued the interest of amateur and adept investors alike. Bitcoin, Ether, and Dogecoin have boomed in price and popularity due to an assortment of catalysts. However, marquee finance professionals' coordinated effort to dominate the market is unprecedented and an indicator that cryptocurrency is a mainstream investment. To encapsulate the hype of the digital technology movement, North Island Ventures will aim to assert itself as a unique investment vehicle for aspiring entrepreneurs and application makers.



On Monday, February 8, **Bumble** increased its IPO offering to a valuation of \$7bn.

- **Bumble** is one of the world's top dating apps. Founded in 2014, Bumble is best known for being the app where women must make the first move. However, the company also owns the dating app Badoo.
- **Underwriters:** The lead underwriters for Bumble's IPO are Goldman Sachs, Citi, and Morgan Stanley, while J.P. Morgan Chase is also playing a minor role.
- **Deal Structure:** On Monday, Bumble increased the number of shares it will offer from 34.5mn to 45mn, and the average share price to between \$37 and \$39. Bumble would raise \$1.8bn cash and receive a \$7bn valuation at these share price and volume levels. Its shares began trading publicly on Thursday, February 11.
- **Significance:** Bumble has chosen to hit the public markets at a time when IPOs are hot and investors are willing to pay a high price for them. This influx of cash will help Bumble's financials as they have recognized negative free cash flows since the first quarter of 2020. Bumble also wants to go public to promote itself as a leading global women's brand. It has already shown that with its leadership, as its CEO and 8 of its 11 board members are all women. It expects going public will help with its mission of empowering women and fostering meaningful relationships.

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**Sana Biotechnology Inc (NASDAQ: SANA)** raised nearly \$588mn in its IPO. The company opened for trading on the NASDAQ on February 4th, 2021.

- **Sana Biotechnology** is a Seattle based biotech firm focusing on gene regulation, cell engineering, and analytical geometrics, led by several founders of Juno Therapeutics. The company was originally founded in 2018, and previously raised over \$865mn in VC funding, including \$700mn last summer.
- **Underwriters:** Four of the world's leading investment banks, Goldman Sachs, Morgan Stanley, J.P Morgan, and BofA acted as joint underwriters for the offering.
- **Deal Structure:** Sana priced 23,500,000 common stock shares at an initial public offering price of \$25 dollars per share, valuing the IPO at \$587.5mn. On February 4th, the company's shares opened at \$35 dollars per share, well above its IPO price. Sana has also granted the underwriters a 30-day option to purchase an additional 3,525,000 of common stock at the IPO price.
- **Significance:** This offering serves as the largest preclinical biotech IPO in history, coming less than 3 years after the Sana was founded. Sana plans to invest roughly \$80mn into the manufacturing of its cell engineering technology and \$40mn into the R&D to expand its engineering platforms. Sana's cell engineering platforms use gene and cell therapy to treat diseases such as cancer, diabetes, and central nervous system disorders. Through this IPO, Sana plans to file multiple investigational new drug applications by 2022, in hopes to take its platforms out of the preclinical stage. The Deal is expected to close on February 8th, subject to the satisfaction of closing conditions.



**Noble Rock Advisors**, a Boston-based investment firm, has completed an upsized IPO of its SPAC Vehicle: Noble Rock Acquisition, originally with a target of \$200mn but raised an additional \$10mn.

- **Noble Rock Advisors** is an investment firm founded by Whitney Bower who is the current Managing Director. The firm focuses on investments in the business-to-business software and financial technology spaces. The Boston-based firm has a unique niche in these sectors as their portfolio companies tend to increase sales growth by 50% after the first year of investment.
- **Noble Rock Acquisition** is the SPAC developed by Noble Rock Advisors. The SPAC plans to invest in a company that provides tech-enabled services and has an enterprise value between \$750mn and \$3bn.
- **Deal Structure:** The SPAC had an upsized IPO as it was able to sell 1 million additional units (each unit consisting of one share and one-third of a warrant). A total of \$210mn was raised from the IPO which exceeded the initial \$200mn target.
- **Significance:** Noble Rock's successful launch of their SPAC highlights two continuing trends in the investment marketplace. The first trend is that SPAC popularity continues to grow as more companies and individuals seek to raise capital from public-market investors seeking higher returns. The second trend is that there is strong demand for investment opportunities in the technology space as investors are trying to take advantage of the pandemic to obtain exposure to companies whose growth has accelerated in the past year. For Noble Rock Advisors, this favorable momentum translated into an opportunity to raise capital to pursue an investment that fits into their circle of competence.

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**Mass General Brigham**, a Boston-based nonprofit hospital, has begun 2021 on solid financial footing at a time when many hospitals are struggling due to the COVID-19 pandemic. In addition to their hardworking staff, the strong start to 2021 is a result of an unlikely source: their investment portfolio.

- **Mass General Brigham** is a non-profit hospital based in Boston, Massachusetts that is part of an integrated healthcare system made up of multiple hospitals that share resources and technical knowledge to provide better patient care. Its president/CEO is Anne Klibanski M.D. and its CFO is Peter Markell.
- **The Numbers:** Mass General generated ~\$3.8bn in revenue and \$130mn in operating income in the first quarter of 2021. This compares to revenue of ~\$3.6bn and operating income of ~\$46mn in the first quarter of 2020. The hospital attributed part of the increase in its operating income to a \$28 million investment gain tied to companies in its portfolio going public.
- **Significance:** Most business news circles around firms, hedge funds, and individuals who generate large profits on their investment portfolios. Mass General's performance in 2021 highlights how non-profit organizations are also riding the bullish sentiment of the stock market. In addition, the success of their portfolio reveals how finance and knowledge of the private equity and venture capital realms can aid individuals and institutions in unorthodox environments. The timing could not have been better for the hospital network as they are set to begin \$2 billion in capital projects later in the year. Although most investment gains are tied to becoming rich, they can also be used to fund more noble purposes, such as funding public infrastructure.