

# State of Venture Capital, Private Equity and M&A

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## Introduction

Welcome to the State of Venture Capital, Private Equity, and M&A.

Axios Pro journalists are on the front lines of their respective industries, delivering deals, scoops and unique analyses each day.

When any major deal, personnel change or policy shift occurs, our reporters are always among the first to know.

**Why it matters:** The Axios Pro newsroom has unparalleled access to industry contacts and resources. That expertise has been distilled in the following report.

**The bottom line:** With decades of combined experience, few other reporters are better equipped to unpack and forecast the current dealmaking landscape.

Learn more about Axios Pro by visiting [AxiosPro.com](https://AxiosPro.com).

## What are the biggest venture capital deals of 2022?

A bonanza of venture funding is pouring into the web3 space, including cryptocurrency exchanges like FTX, Crypto.com, Binance.US, NFT marketplace OpenSea, and NFT IP owner Yuga Labs.

## What forces are transforming the fintech industry right now?

The recent performance of fintech SPACs and IPOs has disrupted the plans of many companies that were expected to go public in 2022. That's prompted a bottleneck for late-stage venture-backed startups that raised money at sky-high valuations which won't likely be matched in the public markets.

## Which trends deserve more attention?

The most significant trend is how venture capital funds have begun investing web3 tokens in addition to — and in some cases, instead of — equity grants in web3 startups. The practice has wide-ranging implications, including changing the ownership incentives or various decentralized or community-led projects and liquidity considerations since investors may no longer require an exit to cash out of their investment — they can simply pass on their tokens to retail or other institutional investors.

## Which firms are making the biggest impact on venture capital, private equity and M&A?

Andreessen Horowitz looms large due to the size of its funds in both the traditional fintech and crypto markets. The firm's latest crypto fund - Fund III - is \$2.2 billion, and its current fintech portfolio includes more than 35 leading fintech names.

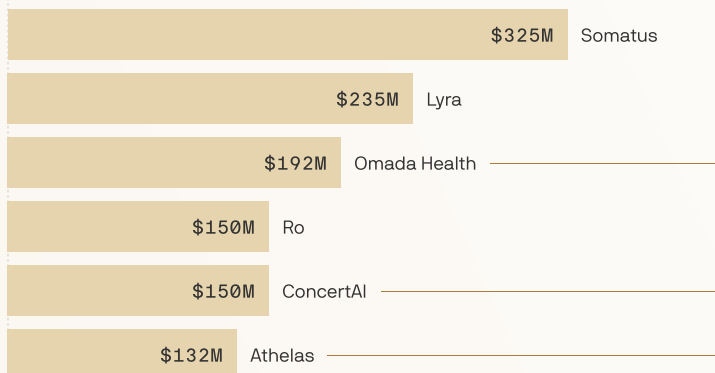
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## What are the biggest venture capital deals of 2022?



### Omada Health

**Why it matters:** Although rumors of a potential Omada IPO have circulated for years, the company is presently focused on becoming employers' preferred — and only — partner for health benefits.

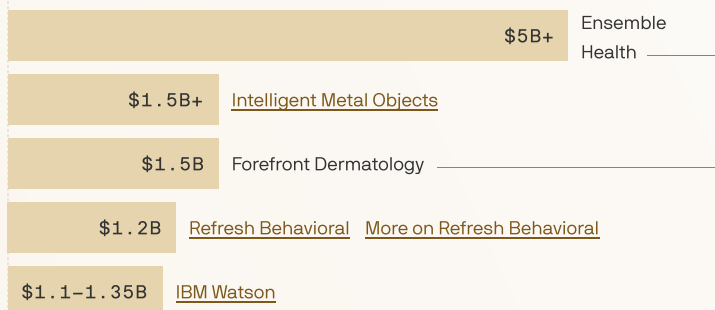
### ConcertAI

**Why it matters:** An enormous amount of spend goes towards cancer care, and real-world data and artificial intelligence can ultimately help improve advances in clinical and outcomes research.

### Athelas

**Why it matters:** Once reserved for isolated scenarios, remote patient monitoring (RPM) is rapidly becoming a common practice among hospitals seeking to provide care outside of their four walls.

## What are the biggest private equity deals of 2022? (valuations shown below)



### Ensemble Health

**Why it matters:** Ensemble provides revenue cycle management services to nearly 300 hospital partners across the U.S. It will use the funds to support continued growth and investment in new technology and people.

### Forefront Dermatology

**Why it matters:** After a year in which zero dermatology platform deals got done, the sector is seeing activity pick up, with Forefront marking the second such transaction this month alone in a specialty that remains highly fragmented.





## What forces are transforming the health tech industry right now?

Fallout from the pandemic and the concomitant rise of [telehealth](#), [at-home care](#) (for [diagnostics](#) and [mental health](#)), and [remote patient monitoring](#) for virtual disease management (particularly in [cardiology](#) and [diabetes](#)) drive seemingly every deal in the health-tech space.

In just one example, existing staffing struggles were exacerbated by stress and burnout experienced by health care professionals.

Additionally, there is a seemingly limitless flow of venture capital dollars into digital health, which when combined with private equity's deep pockets and continued appetite to invest behind various themes and sub-sectors, has the sector positioned for continued heightened deal activity, particularly deals of massive size.

Finally, the drought in the IPO market, caused by underperforming public stocks and tough debt markets, have created a reset of valuations, driving increased secondary deal activity.

## Which trends deserve more attention?

The increased marriages of care delivery and services platforms and health tech companies and cultures. Examples include Vera combining with Castlight, or the three-way merger between Fresenius Health, InterWell Health and Cricket Health.

As companies continue to grow, acquisitions that enable a company to pursue a "house of brands" strategy with multiple specialties under one roof is attracting great interest to provide multiple services under one roof. Examples include Ro's purchase of Modern Fertility and Thirty Madison's buy of Nurx.

## Which firms are making the biggest impact on venture capital, private equity and M&A?

### Venture Capital

- Andreessen Horowitz
- General Catalyst
- Insight Partners
- Tiger Global Management
- SoftBank
- Rock Health
- F-Prime Capital
- Founders Fund
- Kleiner Perkins
- Venrock
- NEA

### Private Equity

- Warburg Pincus
- Blackstone
- General Atlantic
- TPG
- Hellman & Friedman
- CD&R
- Bain
- Oak HC/FT
- Linden Capital
- Patient Square Capital
- KKR

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## What are the biggest venture capital deals of 2022?

It isn't a single deal, but the money going into tech-based climate companies indicates growing activity among tech investors looking to break into climate and energy investing even though they may not have the technical expertise to evaluate more complex climate and energy businesses.

## What are the biggest private equity deals of 2022?

Another more generic response, but private equity investors' role in investing in natural resources such as rare minerals, water, and land holdings will continue to be of interest as carbon credits gain more attention and the U.S. looks to deepen energy and materials resilience amid short-term global instability.

## What forces are transforming the climate and climate tech industries right now?

The political and regulatory environment has always loomed over climate technology and energy. The SEC proposed rules earlier this year, and those factors, which dive into reporting structures and expectations, reinforced that while entrepreneurs will create new ideas, regulators will have wide influence on how and where things will evolve.

## Which trends deserve more attention?

Investors are particularly keen in carbon offset solutions and direct air capture technology, though some experts believe the technology hasn't caught up to the hype. Early-stage deals will need to be revisited in order to ensure progress matches up with valuations in the medium and long term.

## Which firms are making the biggest impact on venture capital, private equity and M&A?

Breakthrough Energy Ventures remains one of the most active and prolific venture investors in climate and energy technology.

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## What are the biggest venture capital deals of 2022?

Andreessen Horowitz leads \$450m investment in Bored Ape Yacht Club creator Yuga Labs.

## What are the biggest private equity deals of 2022?

Blackstone backed Candle Media bought Reese Witherspoon's Hello Sunshine at a \$900 million valuation and Moonbug Entertainment at a \$3 billion valuation.

**Why it matters:** As streaming becomes a more dominant way to consume media, Hollywood studios have been able to raise money to create new TV series and films across platforms.

A24 \$224 equity investment from Stripes/Neuberger Berman.

**Why it matters:** With its recent hit "Everything Everywhere All At Once," A24 has proven that theaters are not dead. The studio, also behind "Moonlight" and "Euphoria," seemed ripe for acquisition but raised funds to continue to grow independently.

## What forces are transforming the media and entertainment industry right now?

In the entertainment space, streaming led by Netflix has been the biggest disruptor along with the pandemic, which has accelerated trends, particularly in relation to viewing habits. Movie theaters are facing an existential crisis as more viewers become accustomed to watching movies at home.

The way Hollywood and the media industry has done business for decades is changed because of streaming (latest example: CNN+).

## Which trends deserve more attention?

M&A transactions have been frequent in [telecom](#), [streaming](#), [gaming](#) and [ad tech](#). Additionally, [new podcast studios](#) and [tech for audio](#) have been raising seed funding.

[BuzzFeed's public listing](#) continues to be a cautionary tale for digital media startups seeking new venture capital funds and looking to go public, though some venture capitalists and entrepreneurs aren't deterred.

## Which firms are making the biggest impact on venture capital, private equity and M&A?

[Apollo Global Management](#) and Blackstone, through Candle Media, are among the private equity firms investing in or buying up Hollywood production studios.

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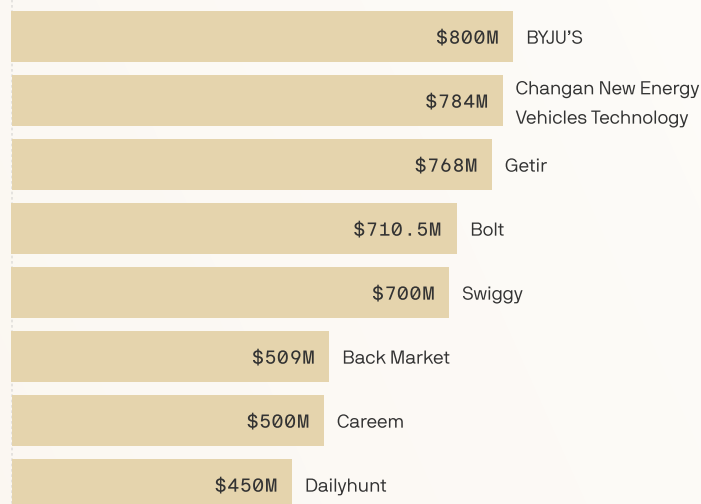
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## What are the biggest venture capital deals of 2022?



Fanatics, a sports merchandising company, raised \$1.5 billion at a valuation of \$27 billion.

**Why it matters:** The company, which was founded in 2011, has been gobbling up the sports memorabilia market lately but is looking to expand beyond its core business of merchandise and memorabilia.

SKIMS, Kim Kardashian's brand, raised \$240 million led by Lone Pine Capital LLC raising its valuation to \$3.2 billion.

Bloomreach, an e-commerce company, raised \$175 million at a valuation of \$2.2 billion.

Acquco, an acquirer of third-party sellers on Amazon, was finalizing a second round larger than its \$160 million Series A.

RenoRun, an online seller of building materials, raised \$142 million.

## What are the biggest private equity deals of 2022?

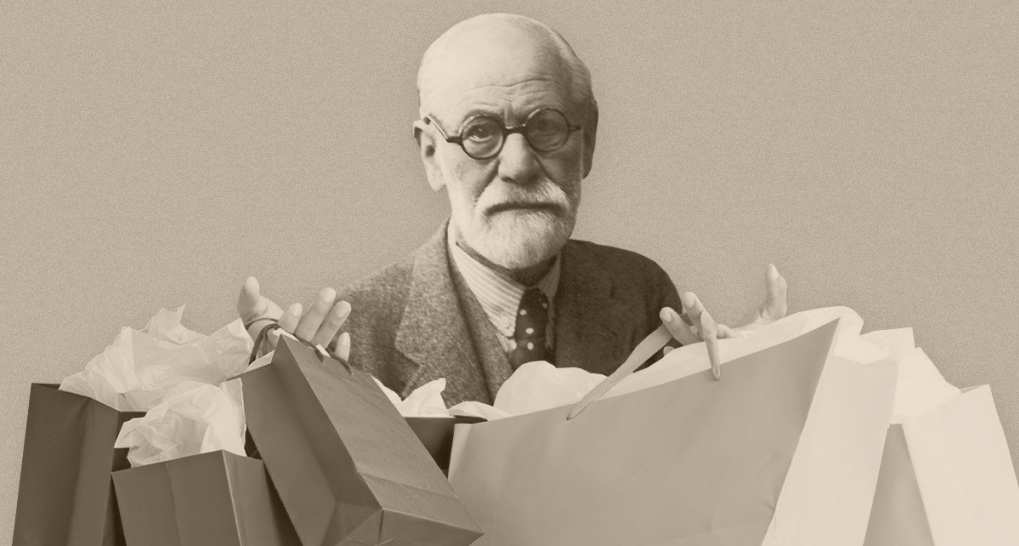
There haven't been many large private equity deals, at least not traditional LBOs. It's not considered PE, technically, but one notable deal was privately-held food giant Mars' purchase of pet brand Nom for \$1 billion in January.

There was also the reported \$250 million acquisition of Mitchell & Ness by Fanatics, as well as its \$500 million purchase by the sporting goods company of Topps trading cards.

## What forces are transforming the retail industry right now?

Digital or e-commerce, supply chain, the transition from COVID protocols and inflation, particularly energy prices, are all major factors informing decision making at retailers.

As retail emerges from the pandemic, and foot traffic returns, there has been a return to physical retail, with store openings exceeding store closings.



## Which trends deserve more attention?

Financing is by far the biggest issue right now in retail, and there's not a lot of clarity on exact availability. The consensus for the time being is that it is available at up to 4 X EBITDA, but not over 6x.

It really boils down to the age-old factors of, in addition to availability of debt, valuation expectations on both the buy side and sell sides, and then how much equity the buy side is willing to risk in a transaction given the current state of uncertainty.

Venture funding is ample, while traditional LBO activity has been scarce and strategic acquisitions have been muted.

## Which firms are making the biggest impact on venture capital, private equity and M&A?

Venture firm Softbank undoubtedly is having the most impact, participating in some of the biggest rounds being raised by retailers. Last fall apparel brand Vuori raised a \$400 million round from Softbank, for example.

Forerunner is also another active participant whose name pops up frequently in venture capital-related deals.

In private equity the usual suspects are once again in the news, after being largely dormant the past few years, as they circle targets such as Kohl's and Walgreens' Boots. They include Sycamore, Bain, Apollo, Leonard Green and CVC, among others.

Sycamore stands out, however, as it has been the most consistent deal maker of the traditional LBO firms over the past few years, and is currently making a separate play for Ted Baker on its crowded chessboard.

L Catterton, however, may reign supreme, eyeing nearly \$8 billion for new funds, according to reports last fall. It is a growth equity investor, a hybrid of PE and VC.

It has notably both acquired business in 2022 such as Taxa Outdoors and Little Moon, as well as participated in the funding of businesses such as [Il Makiage](#), which raised \$130 million in January.

As far as M&A broadly, the two giants in the space include Fanatics, as noted above, and PE-backed Authentic Brands Group.

The two are serial acquirers, with ABG's most recent buy being DB Ventures, which owns and manages soccer star David Beckham's name and likeness.

In fact, ABG's purchase of a 55% in DB Ventures for a reported \$269 million values the company at a total of nearly \$490 million. As a result it could indirectly be one of the largest PE deals this year.

## Other notable deals so far in 2022 include:

The Aaron's Company, Inc. acquired BrandsMart USA for \$230 million.

Savage X Fenty: Lingerie by Rihanna raised \$125 million led by Neuberger Berman coinciding with their store opening.

Ames Watson, private holding company, raised \$250 million for acquisitions for Lids and other investments.

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