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Austin Weekly Deal Highlights

by Mason Rathe

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300%+ pop on day 1?? Believe me people, I'd like a different subject for my intro, but here we go again! Congrats to the **BigCommerce** team and everyone involved, but another inefficient IPO on our hands. BigCommerce shares more than tripled on their first trading day, and were halted twice on volatility. The initial public offering priced at \$24, above the expected range of \$18 to \$20, and was trading above \$90 in the afternoon session before closing the day at \$72.27 (back at \$79 by end the week). Where the most scrutiny should be is IPO issue price vs. listing price. BigCommerce sold \$200M of shares at \$24 per share (issue price) and the stock listed at \$68 per share (listing price/ open for trading) –meaning a significant *misunderstanding* of demand. An astounding 183% profit overnight for anyone "lucky" to get an allocation of IPO issue shares. I encourage you all to follow me down the rabbit hole of [where banks really make money on an IPO](#). Essentially this was a \$500M 1-day wealth transfer to banks and their clients, straight from pockets of founders, employees, and investors. [Last week](#) I talked through the rise of Special Purpose Acquisition Companies (SPAC's) vs. traditional IPO processes as a means of going public, but another alternative here that we should start to see more of are **direct listings**. Following in the footsteps of Slack and Spotify, direct listings cut out banks and increase transparency and liquidity for shareholders. Sure there are [pros and cons](#) here, but I must believe these will start getting serious attention.

But wait a second, BigCommerce wasn't the only Central Texas IPO this week. Congrats to the **Rackspace** team who also made their public debut on Wednesday, however this was not the best showing. The company IPO'd at the low end of its price range and fell nearly 22% over the course of the day, and dropped 26.6% on the week. Breaking things down, Rackspace isn't getting the same valuation as its software peers because its core business is service-driven, it still has a significant debt load post-IPO, and has had an uneven recent revenue growth trajectory. Unfortunately this IPO is being viewed as a flop since the IPO didn't "soar", but they did raise more than \$700M at a price much closer to market than BigCommerce...

One last note, shout out to the home team! Here at **LiveOak** we had another busy week of announcements - congrats to **Ceresa** and **TakeCommand Health** on the recent funding news!

Ok I'm out of breath, get all your deal highlights below!

Austin Financing Activity

- **BigCommerce**, an Austin, Texas-based outsourced builder of e-commerce sites, [raised](#) \$216M in its IPO. The company priced 9 million shares at \$24 (above upwardly revised range), for an initial market cap of \$1.58B – however, it closed on Wednesday at a market cap of over \$6.5B. It is listed on Nasdaq (BICG) and had raised \$228 million in VC funding from firms like **General Catalyst** (17.4% pre-IPO stake), **Revolution Growth** (12%), **GGV Capital** (5.2%), **WestRiver Group** (5.2%), and **SVB** (5%). [It was reported](#) new investor **Tiger Global** had said it would buy up to 20% of the IPO. In 2019, BigCommerce's revenue grew to \$112.1M, a gain of around 22% from its 2018 result of \$91.9 million.
- **Ceresa**, a next-generation leadership acceleration platform that is fostering a new generation of diverse leaders, [raised](#) \$1M in seed funding from investors including **LiveOak Venture Partners** and **Next Coast Venture Partners**.
- **Tax Taker**, an automated specialty tax platform, has [closed](#) a \$750k seed round led by **Golden Section Technology Ventures** and **Old Three Hundred Capital**. This brings its total

funding to about \$3.5M since the company launched last year.

Austin M&A Activity

- [Revionics](#), a retail optimization solutions company, [announced](#) it is being acquired by [Aptos](#), an Atlanta-based retail tech company owned by **Goldman Sachs Merchant Banking Division**. Financial terms weren't disclosed. The deal is expected to close next month.

Other Regional Activity

- [RackSpace Technology](#), a San Antonio, Texas-based cloud hosting services provider, [raised](#) \$704M in an IPO in an offering of 33.5 million shares priced at \$21. Apollo Management and Searchlight Capital back the firm. It is listed on the Nasdaq as "RXT." Last year the company generated over \$2.4B in revenue, and as of close on Friday, it had a market cap just over \$3B.
- [Take Command Health](#), a Dallas-based health insurance reimbursement arrangement administrator and software solution provider, [raised](#) a \$2M funding round led by **LiveOak Venture Partners**.
- [Taysha Gene Therapies](#), a Dallas-based gene therapy startup focused on monogenic CNS diseases, raised \$95M in Series B funding. **Fidelity** led, and was joined by **BlackRock, GV, Invus, Casdin Capital, Franklin Templeton, Octagon Capital, Perceptive Advisors, Sands Capital, ArrowMark Partners, Venrock**, and return backers **PBM Capital** and **Nolan Capital**.
- [Goodfair](#), a Houston-based thrift shopping platform, raised \$3.6M in seed funding. Imaginary led the round, and was joined by investors including **MaC Venture Capital, Global Founders Capital, Willow Ventures, Watertower, Amplify.LA, Capital Factory** and **Texas Ventures**.
- [Tailored Brands](#), the Houston-based parent of men's clothing stores **Jos. A. Bank** and **Men's Wearhouse**, filed for bankruptcy protection. [Here](#) is running list of companies that have filed for bankruptcy during the coronavirus pandemic
- [DyeMansion](#), a German-based 3d printing startup, has [raised](#) \$14M in Series B funding round led by **Unternehmertum Venture Capital Partners**. This investment was used to help establish the company's US presence in Austin. This brings the total funding to \$24M.
- [Retina-AI Health](#), a Houston-based provider of diabetic retinopathy screening tech, raised \$5.2 M in Series A funding from backers like Shipt founder **Bill Smith**.
- [HTX FUNDING REVIEW](#). Houston bucks national trend with VC increase despite Double Black Swan. Houston tech firms raised over \$466 million YTD despite a dramatic drop nationwide, venture capital funding in Houston rose 7% for the first seven months of 2020.
- [Koupon](#), an Addison-based provider of digital promotion and data insights solutions, [raised](#) \$2M in venture debt from **Espresso Capital**
- Travel platform company **Expedia Group**, which has offices in Dallas after acquiring its North Texas-founded subsidiary **Hotels.com** in 2001, [plans to lay off](#) 116 workers at its local site
- Austin-based PE firm **Tritium Partners** and **Terminus Capital** invested in **Katabat**, a Wilmington, Del.-based debt collection software provider. Financial terms were not disclosed.

Austin People

- **Jim Breyer** of the Menlo Park VC firm **Breyer Capital**, is [opening an Austin office](#). The office will serve as a new hub for investment and innovation in the city's dynamic technology sector.
- [Stoptlight](#), a developer of an online platform that helps developers build, test, and improve their web APIs, [announced](#) **Steve Rodda** as its new CEO. Steve was previously with Cherwell Software. Founder and current CEO Marc MacLeod is moving to CPO. The company last raised a \$6M Series A in February from investors including **Bill Wood Ventures** and **Next Coast Ventures**.
- [Apogee](#), an education tech company, [appointed](#) **Kevin Reichle** as COO. He's a former chief of staff at **Accruent**.

Austin News

- The top venture capital funding rounds for Austin tech startups in [July 2020](#)
- The top Austin tech and startup executive hires and layoffs ([July 2020](#))
- Austin's **SolarWinds** [considers business spinoff](#)
- Austin [officially pops](#) onto list of U.S. cities with 1 million residents or more
- [Tesla paid](#) \$97M for factory site in far East Austin, seller reveals
- [Mood Media](#), a digital marketing firm, has [emerged](#) from bankruptcy after just one day. This comes with the news of the launch of its Center Of Excellence division. It will be led by

- **Linda Ralph**, who was previously VP of international business development.
- Silicon Valley unicorn **Hippo** [leases entire office building](#) planned for downtown Austin
- **Facebook** still hiring in Austin; No plans to give up splashy office space around town, [top local exec says](#)
- **SpaceX** [launched](#) a full-size Starship rocket prototype hundreds of feet above **Texas**

Thank you!

Mason Rathe

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Additional research and newsletter support provided by [Thad Hutcheson](#)



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If I missed a deal, major announcement, etc., shoot me an email and happy to include in the next one.

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