Austin Weekly Deal Highlights - April 11, 2021

By Mason Rathe • Issue #200 • View online

A tweet from **Elon Musk** has proved the ability to move financial markets and launch SEC investigations, but can Iron Man help solve one of Austin's biggest problems with that same power?? As Austin continues to be a top destination for relocating residents, Musk joins the rallying cry for more Austin housing. Austin was the fastest growing metro area prior to the pandemic, growing 30% from 2010 to 2019 and adding 170 per day, but things have been on a new level in the past year. With an influx of residents and shortage of housing, the median home sales prices increased 16.4% on a record year, and inventory has reached near zero levels. I have to admit that I am a Musk skeptic at times, but fortunately I've never pulled the trigger on shorting Tesla's stock, and I'd never bet against him, so if he wants to take up this issue, then fight on baby!

Austin Financing Activity

- Still Austin Whiskey, a craft whiskey distillery in Austin, raised $10.8M from undisclosed investors. The company has raised approx. $27M to date
- Cobra Legal Solutions, an ediscovery services and contract management firm, landed a new investment from Austin-based **Blue Sage Capital**. Terms of the deal were not disclosed.

- [Disco Skincare](), a provider of skincare products for men, [raised]() $5M of seed funding from **Midnight Venture Partners, Paul Hedrick** and **Bryan Mahoney.**
- [Hopzero](), a network security solution to protect enterprise data, raised [$3M]() from undisclosed investors.
- [ThreatWarrior](), a cloud-native network threat intelligence platform, raised [$2.25M]() of venture funding from **Cyber Capital Partners**.
- [Maxwell Biosciences](), developer of next generation virucides, [secured]() a major investment from pharmaceutical investor-entrepreneur **David Evans Shaw**, Managing Partner of **Black Point Group.**

Austin M&A Activity

- [Innoviz Technologies Ltd.]() (NASDAQ: INVZ), an Israeli lidar company, merged with Austin-based blank check company **Collective Growth Corp.** earlier this week in a deal which raised $371M and s[aw an 11% increase]()in share prices on the first day of trading. Collective Growth is backed by Austin's **Ocelot Capital Management LLC**, which held its SPAC IPO last year. Collective growth has a market cap of nearly $230M.
- **New Providence Acquisition**, a blank check company who IPO'd in 2019, was [acquired]() by space-based broadband provider **AST & Science** through a reverse merger, resulting in the combined entity trading on the NASDAQ Exchange under the ticker symbol ASTS. The business combination has a valuation of appox. $1.4B.
- **Vista Equity Partners** completed its $3.5B take-private buyout of Pluralsight, a Utah-based provider of workforce development software.
- [Rock Solid Technologies](), a civic engagement software company, announced it [acquired]() [PrimeGov](), a virtual public meeting participation platform. **Tom Spengler**, PrimeGov's

executive chairman, will become CEO of the combined organization. Terms of the deal were not disclosed. PrimeGov has raised $1.5M in funding to date.

- Rappora, a care automation software platform for homecare agencies, was acquired by **CareSwitch** for an undisclosed amount.

Other Texas Deal Activity

- Alkami Technology, a Plano-based digital banking solutions platform, announced details about their planned IPO which will consist of 6M shares priced between $22 and $25 per share, giving Alkami an expected market cap of $1.9B. Alkami will trade on the **Nasdaq** under the ticker symbol "ALKT."

- Gearbox Software, a Frisco-based game development studio with titles such as **Halo and Borderlands**, was acquired by Embracer Group (STO: EMBRAC B) for $1.38B. Gearbox has been self-funded by the employees since inception.

- Further, and El Paso-based healthcare spending management tool and subsidiary of **Stella Health**, reached a definitive agreement to be acquired by **HealthEquity** (NAS: HQY) for $500M.

- **Ridgemont Equity Partners** is seeking a buyer for Worldwide Express, a Dallas-based provider of parcel and freight logistics services that could fetch at least $1.5B, according to Bloomberg.

- Syzygy Plasmonics, a Houston-based developer of photocatalyst for industrial energy industries, raised $23M in a Series B round led by **Horizons Ventures**, with participation from **Equinor Ventures** and others. This round raised Syzygy's total funding to approx. $29M.

- Car Capital, a Grapevine-based auto loan platform, closed a $8.8M Series A led by **FM Capital**, alongside **Automotive Ventures** and **Medalist Partners**. Car Capital has now raised over $14M to date.

- **NoiseAware**, a Dallas-based a noise detection sensor company for property owners, landed an $8M Series A round led by **Thayer Ventures** and Austin-based **S3 Ventures**.
- **Amalto**, a Houston-based order to cash platform automating sales through collections, was acquired by **Sidetrade (PAR: ALBFR)** for $16M.

Austin People

- **Restore Hyper Wellness** the proactive wellness company, announced that **Trent York** has joined the company as CFO. York joins Restore from Vrbo (Expedia, Inc.) where he served as a long-time veteran on their financial and executive teams.
- The top Austin tech and startup executive hires, promotions (March 2021)

Austin News

- Silicon Valley Is Flooding Into a Reluctant Austin.
- 'Huge amount of demand': Fashion and beauty brands are flocking to Austin
- How Austin's Start-up Sector Won the Pandemic
- Peak Rock Capital LLC, a local private equity firm, announced it has closed its third fund with $2B in commitments. An investor in Shipley Do-Nuts, Halo Foods, and a variety of other businesses, Peak Rock targets middle-market companies, especially for corporate carve-outs.
- 6 VCs talk the future of Austin's exploding startup ecosystem
- SpaceX launched 60 of its Starlink satellites Wednesday night, bringing a string of lights into the Austin sky that some mistook for UFOs.
- **Allegiant** will establish a $75M base at Austin-Bergstrom International Airport
- **SpaceFund**, a Houston- and Austin-based venture capital firm, raised the first $9M of a planned $20M funding round. Founded in 2019, the firm has already made investments in 13

space-oriented companies including SpaceX and Voyager Space Holdings.

- Tech job openings surged in Austin, nationwide last month - more than 6K Austin tech job openings were posted in March.
- As speculation mounts over where **Tesla's** (NASDAQ: TSLA) new HQ will be, their CFO, **Zachary Kirkhorn**, moved to Austin, fueling further speculation that Austin may be Tesla's future HQ.
- **Markaaz,** a Los Angeles-based AI-powered small business platform which connects professionals to clients and services, announced it has relocated its HQ to Austin. Markaaz has raised $8M to date since its launch in 2019.
- Austin ranked #5 in a list of cities with the most big tech office leases in 2020
- The new Forbes list of Austin billionaires includes Elon Musk, Whitney Wolfe Herd, other notable additions
- **Fresenius Health Partners**, a health care company that provides dialysis services to patients, is laying off 121 employees in Austin

Thank you!

Mason Rathe, an early stage investor in Texas-based companies.

Additional research and newsletter support provided by **William Scheffrahn.**

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By <u>Mason Rathe</u>

Weekly highlights covering Austin's vibrant tech and startup ecosystem, from fundraising, mergers and acquisitions, to other major company announcements and news.

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