

# FT PARTNERS FINTECH INDUSTRY RESEARCH

July 31, 2018

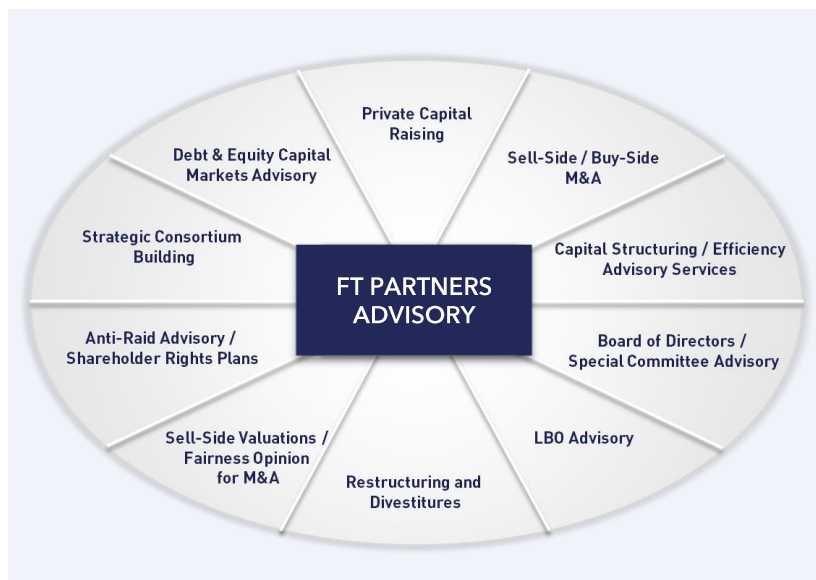


## **Gusto Raises \$140 million in Series C Financing**

## Overview of FT Partners

- Financial Technology Partners ("FT Partners") was founded in 2001 and is the only investment banking firm focused exclusively on FinTech
- FT Partners regularly publishes research highlighting the most important transactions, trends and insights impacting the global Financial Technology landscape. Our unique insight into FinTech is a direct result of executing hundreds of transactions in the sector combined with over 15 years of exclusive focus on Financial Technology

### FT Partners' Advisory Capabilities



### FT Partners' FinTech Industry Research

FINTECH RESEARCH & INSIGHTS

- In-Depth Industry Research Reports
- Proprietary FinTech Infographics
- Monthly FinTech Market Analysis
- FinTech M&A / Financing Transaction Profiles



The Information

Named Silicon Valley's #1 FinTech Banker (2016) and ranked #2 Overall by *The Information*



Ranked #1 Most Influential Person in all of FinTech in *Institution Investor's* "FinTech Finance 40"



THE M&A ADVISOR

Numerous Awards for Transaction Excellence including "Deal of the Decade"

# Gusto Raises \$140 million in Series C Financing

FT PARTNERS RESEARCH



## Transaction Summary

### Transaction Summary

- On July 31, 2018, Gusto announced that it has raised \$140 million in Series C financing led by portfolios managed by T. Rowe Price, MSD Capital, Dragoneer Investment Group and Y Combinator Continuity Fund
  - Existing investors General Catalyst, CapitalG, Kleiner Perkins, 137 Ventures, Emergence Capital and others also participated in the round
- The investment will be used to expand features of and additions to Gusto's all-in-one payroll, benefits and HR technology platform including new capabilities to help employees manage when and how they get paid
- Processing billions of dollars in payroll, Gusto enables employers to provide benefits like health insurance, 401(k) retirement plans and 529 college savings plans, that traditionally only larger companies could offer their employees

### Key Stats:

- Gusto serves **60,000 business**, which equates to approximately **1%** of all employers in the U.S.
- Gusto has raised over **\$316 million** in total financing
- The Company has over **500 employees** in its San Francisco and Denver offices

### Transaction Commentary

*"We believe Gusto has an opportunity beyond the payroll category in which they have demonstrated leadership for the last six years. The company has a strong and focused management team, and it has the potential to become much larger as it expands its efforts to employees who seek to improve their financial mobility and achieve greater personal prosperity"*



**Henry Ellenbogen**  
Portfolio Manager



*"We are thrilled to welcome these long-term investors to the Gusto community. They share our passion for creating a world where work empowers a better life. We chose these investors because they care about enabling small businesses with modern payroll, benefits and HR. There are millions of companies out there to help, and this is a long-term journey for us. We're just getting started."*



**Josh Reeves**  
CEO



# Gusto Raises \$140 million in Series C Financing

FT PARTNERS RESEARCH



## Gusto Overview

### Company Overview

**CEO:** Josh Reeves  
**Headquarters:** San Francisco, CA  
**Founded:** 2012



- Gusto provides cloud-based payroll, benefits and HR management services for businesses
  - Serves 60,000 companies across all 50 states
- Gusto's comprehensive suite of products includes Flexible pay, a payroll solution that allows employees to choose when they want to get paid
  - Allows employees to be more responsible and efficient with their money, enabling them to decide what fraction of their pay they will receive any day of the week

### Selected Recent Financing History

Date	Size (\$ mm)	Series	Selected Investors
07/31/18	\$140	C	T. Rowe Price; MSD Capital; Dragoneer Investment Group; YC Continuity; General Catalyst; CapitalG; Kleiner Perkins; 137 Ventures; Emergence Capital
03/23/16	90	B2	CapitalG; General Catalyst; Obvious Ventures; Pear; Pivot Investment Partners
04/06/15	60	B	CapitalG; Ribbit Capital; Emergence Capital Partners; General Catalyst Partners; Kleiner Perkins Caufield & Byers; GV
02/19/14	20	A	General Catalyst Partners; Kleiner Perkins Caufield & Byers

### Products & Services Overview



#### Payroll

- Gusto offers online payroll solutions bundled with automated filing, tax payments, W-2 and 1099s, direct deposit and pay rate features



#### Benefits

- Streamlined benefits solutions that allows customers to easily pick benefits options to suit the needs of their employees



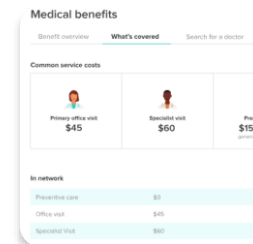
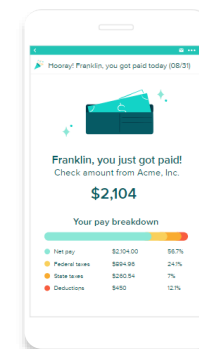
#### Human Resources

- HR solution eases onboarding and offering processes
- Holds portfolio of employees and their compliance forms, personal and payment information



#### Integrations

- Gusto is integrated with partners in banking, accounting, time tracking and expense management
- Currently has 15 integrated partners, offering customized business solutions



# Gusto Raises \$140 million in Series C Financing

FT PARTNERS RESEARCH



## T. Rowe Price Overview

### Overview



**Bill J. Stromberg**  
President, CEO



**Chris D. Alderson**  
Head of  
International Equity



**Henry Ellenbogen**  
Portfolio Manager,  
New Horizons Fund



**Scott B. David**  
Head of US  
Investment Services

### Locations

- Baltimore, MD (HQ)
- Luxembourg
- Stockholm, Sweden
- Amsterdam, Netherlands
- Dubai, UAE
- London, UK

### About

- Founded in 1937 by Thomas Rowe Price Jr., T. Rowe Price Group is one of the largest asset managers in the world
- Currently manages ~\$738.4 bn in institutional and private assets
- Uses a variety of investment strategies include private equity, public market equity, fixed income and debt securities
- Has made recent direct investments in high-growth, pre-IPO companies, including Uber and Lending Club

### Investment Preferences

#### Investment Criteria

<b>Fund Size:</b>	NA
<b>Fund Raised:</b>	NA
<b>Investment Range:</b>	NA
<b>Revenue:</b>	NA
<b>EBITDA:</b>	NA

#### General Preferences <sup>1</sup>

<b>Control:</b>	Minority
<b>Geography:</b>	North America, Europe
<b>Transaction Type:</b>	Growth
<b>Industry Focus:</b>	Smart Mobility, Sustainable Consumption, Energy Innovation, Industrial Efficiency, Financial Innovation, Intelligent Buildings, Food System Transformation, Enterprise Efficiency

### Selected Recent Investments / Exits

#### FinTech / Financial Services Investments <sup>2</sup>

Date	Company	Deal Amt. <sup>3</sup>	Board Rep.	Sector
07/18	<b>Gusto (Series C)</b>	\$140	NA	HCIT
07/18	<b>Toast (Series C)</b>	115	NA	Pymts
06/18	<b>Jet Closing (Series A)</b>	20	NA	Banking
06/18	<b>Ant Financial (Series C)</b>	14,000	NA	Pymts
04/18	<b>Checkr (Series C)</b>	100	NA	FMS
11/17	<b>HDFC Standard Life Insurance (IPO)</b>	1,340	NA	Ins
06/15	<b>Coupa (Series G)**</b>	80	NA	FMS
12/14	<b>Redfin Corporation (Series F)**</b>	71	NA	Banking
06/14	<b>Plex Systems (Series B)</b>	50	NA	FMS
04/14	<b>Lending Club (Series F)**</b>	65	NA	Banking
04/14	<b>Airbnb (Series E)</b>	450	NA	Other
04/14	<b>Doximity (Series C)</b>	54	NA	Health
03/14	<b>Cloudera (Series F)**</b>	160	NA	BPO
02/14	<b>Domo (Series C)</b>	125	NA	FMS
11/13	<b>Yub (Quotient Technology)*</b>	12	NA	Pymts
10/13	<b>MongoDB (Series F)</b>	150	NA	BPO
5/12	<b>Castlight Health (Series D)**</b>	100	NA	Health

Source: Company website, PitchBook

1) Italics indicate preferred control / geography

2) \* denotes M&A exit; \*\* denotes IPO exit

3) Deal Amount in mm



## Selected FT Partners InsurTech Research – *Click to View*



SquareTrade's \$1.4 billion Sale to Allstate



Automatic's \$115 million Sale to SiriusXM



Goji's \$15 million Financing Round Led by HSCM Bermuda



Next Insurance's \$83 million Series B Financing



Clearcover – CEO Interview



Bind Raises \$60 million in Financing



Root Insurance Raises \$51 million in Financing



Metromile Raises \$90 million in Series E Financing

[VIEW MORE FT PARTNERS RESEARCH](#)

## FT Partners Research – Quarterly InsurTech Insights

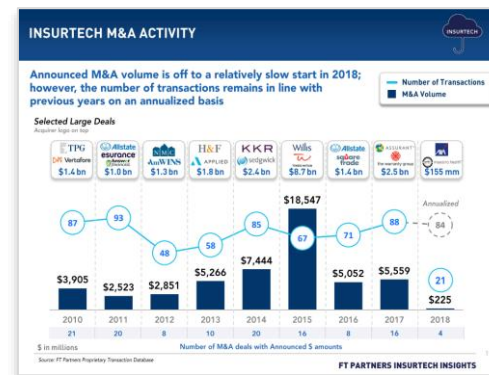
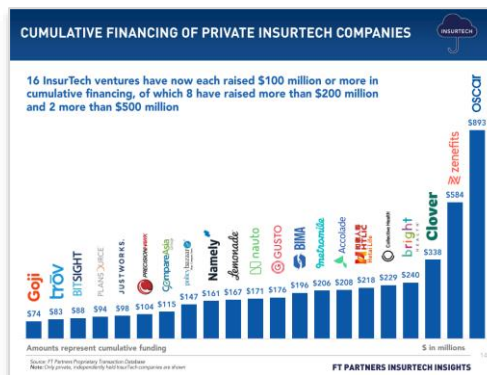
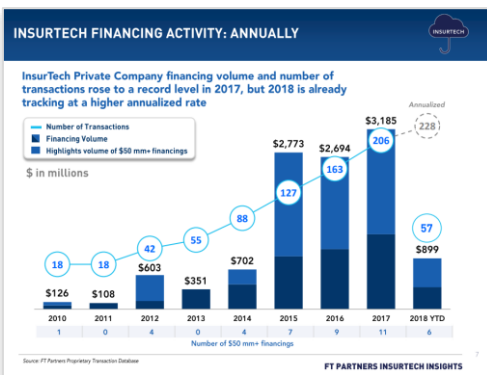
### Q1 2018 InsurTech Almanac



Click pictures to view report

### Highlights of the report include:

- Q1 2018 and historical InsurTech financing and M&A volume and deal count statistics
- Largest InsurTech financings and M&A transactions so far in 2018
- Most active InsurTech investors
- Corporate VC activity and strategic investor participation
- Other industry, capital raising and M&A trends in InsurTech



## Leading Advisor Across the InsurTech Landscape

### Consumer Protection Plans

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its role as  
exclusive strategic and financial advisor to



in its sale to



for total consideration of

**\$ 1,400,000,000**



The Only Investment Bank  
Focused Exclusively on Financial Technology

### Telematics / Connected Car Solutions

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
sole strategic and financial advisor to



**AUTOMATIC**

in its sale to



for total consideration of approximately

**\$ 115,000,000**



The Only Investment Bank  
Focused Exclusively on Financial Technology

### Online Small Business Insurance

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
sole strategic and financial advisor to



in its equity capital raise led by



for total consideration of

**\$ 31,000,000**



The Only Investment Bank  
Focused Exclusively on Financial Technology

### Sales Automation Technology & Platform

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
sole strategic and financial advisor to



in its sale to

**MOELIS CAPITAL PARTNERS**



The Only Investment Bank  
Focused Exclusively on Financial Technology

### Largest Wholesale Brokerage in U.S.

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
sole strategic and financial advisor to



in its growth recapitalization by



NEW MOUNTAIN CAPITAL LLC

valued at approximately

**\$ 1,300,000,000**



The Only Investment Bank  
Focused Exclusively on Financial Technology

### Online Small Business Insurance

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its role as  
exclusive strategic and financial advisor to



in its Series B financing led by



for total consideration of

**\$ 83,000,000**



The Only Investment Bank  
Focused Exclusively on Financial Technology

### Auto Finance and Insurance Solutions

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
sole strategic and financial advisor to



on its sale to an Affiliate of



The Only Investment Bank  
Focused Exclusively on Financial Technology

### Agency Management / Marketing Technology

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
sole strategic and financial advisor to



in its sale of

Zywave Insurance Solutions  
to



The Only Investment Bank  
Focused Exclusively on Financial Technology

### Online Personal Lines Insurance Agency

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
sole strategic and financial advisor to



in its financing led by



for total consideration of

**\$ 15,000,000**



The Only Investment Bank  
Focused Exclusively on Financial Technology

### SaaS / Claims for Property & Contents

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
sole strategic and financial advisor to



in its sale to



The Only Investment Bank  
Focused Exclusively on Financial Technology



## FT Partners Advises Next Insurance on its Financing

### Transaction Overview

- On July 11, 2018, Next Insurance announced an \$83 million Series B financing round led by Redpoint Ventures
  - Other investors that participated in the round include Nationwide, Munich Re, American Express Ventures, Ribbit Capital, TLV Partners, SGVC and Zeev Ventures
  - Elliot Geidt, Partner at Redpoint Ventures, will join the board of Next Insurance
- Founded in 2016 and headquartered in Palo Alto, CA, Next Insurance is the leading digital insurance company for small businesses
  - Next Insurance champions technological innovation and sophisticated uses of AI and machine learning to improve customer experience and streamline the insurance purchasing process
- In May 2018, Next announced its new status as a licensed insurance carrier, allowing the Company to write policies independently, as well as to have more freedom over underwriting, setting of prices, and configuring of policies

### Significance of Transaction

- The funding will enable Next Insurance to continue its expansion throughout the US as a full service insurance carrier, further innovate claims handling, offer coverage to many more classes of business, and significantly grow internal operations in both the US and Israel
- The Series B round brings Next Insurance's total funding to \$131 million in just two years

### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Next Insurance and its Board of Directors
- This transaction underscores FT Partners' successful track record generating highly favorable outcomes for leading InsurTech companies

### Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its role as  
exclusive strategic and financial advisor to*

**NEXT**  
INSURANCE

*in its Series B financing led by*

 **Redpoint**

*for total consideration of*

**\$83,000,000**

FINANCIAL  
TECHNOLOGY  
PARTNERS

*The Only Investment Bank  
Focused Exclusively on Financial Technology*

## FT Partners Advises Goji on its Financing

### Transaction Overview

- On November 15, 2017, Goji announced it has raised \$15 million in financing led by Hudson Structured Capital Management Ltd., doing business as HSCM Bermuda
- Founded in 2007 and headquartered in Boston, MA, Goji is the country's leading independent online personal lines insurance agency
  - Goji's data-driven home and automobile insurance platform enables Goji agents to seamlessly match the optimal coverage needs of its preferred buyers with Goji's integrated network of more than a dozen insurance carriers
- HSCM Bermuda was founded in 2015 and invests in reinsurance and insurance-linked assets across all lines of businesses through an array of innovative structures that allow risk transference, including from the life and property/casualty sectors, to the capital markets
- Goji's existing investors include: Thayer Street Partners, a tech-enabled financial- and business services-oriented private investment firm, Matt Coffin's Coffin Capital & Ventures, and Five Elms Capital, a Kansas City-based growth capital investment firm focused on tech-enabled companies

### Significance of Transaction

- The investment allows Goji to benefit from HSCM Bermuda's sophisticated knowledge of insurance and its strong access to the insurance and reinsurance markets
- Additionally, the investment will drive accelerated growth at Goji

### FT Partners' Role

- FT Partners served as a strategic and financial advisor to Goji and its Board of Directors
- This transaction underscores FT Partners' successful track record generating highly favorable outcomes for leading InsurTech companies

### Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its role as  
strategic and financial advisor to*

# Goji

*in its financing led by*



**HSCM BERMUDA**  
MANAGEMENT COMPANY

*for total consideration of*

# \$15,000,000



*The Only Investment Bank  
Focused Exclusively on Financial Technology*

## FT Partners Advises SquareTrade in its Strategic Sale

### Overview of Transaction

- On November 28, 2016, SquareTrade announced its \$1.4 billion all-cash strategic sale to the Allstate Corporation
- Headquartered in San Francisco, CA, SquareTrade offers top-rated protection plans trusted by millions of consumers for electronics and appliances
  - SquareTrade's branded products are sold through major retailers
- Allstate is the largest publicly held personal lines property and casualty insurer in America serving more than 16 million households nationwide
- More details available in Allstate's transaction [press release](#) and [investor presentation](#)

### Significance of Transaction

- This transaction expands Allstate's protection offering to consumer electronics, connected devices and appliances
- SquareTrade substantially increases Allstate's customer relationships while providing both strong near-term and long-term growth opportunities

### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to SquareTrade and its Board of Directors
- This transaction demonstrates FT Partners' continued leadership position as the "advisor of choice" to the highest quality FinTech companies
- FT Partners represented [SquareTrade in its \\$238 million strategic growth investment with Bain Capital and Bain Capital Ventures](#)
- FT Partners also recently represented Bain Capital Ventures' portfolio company [Enservio in its sale to Solera](#) demonstrating our long-term trusted relationship

### Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its exclusive role as  
sole strategic and financial advisor to*



*in its sale to*



*for total consideration of*

**\$ 1,400,000,000**



*The Only Investment Bank  
Focused Exclusively on Financial Technology*

## Award-Winning Investment Banking Franchise Focused on Superior Client Results



2018

- 2018 Top Investment Bank in FinTech



Institutional Investor  
Annual Ranking

2017

2015 - 2016

2006 - 2008

- Ranked #1 Most Influential Executive on Institutional Investor's FinTech 35 List
- Steve McLaughlin Ranked Top 5 on Institutional Investor's FinTech 35 List
- Consecutively Ranked (2006, 2007 and 2008) among the Top Bankers on Institutional Investor's "Online Finance 40"



The Information

2016

- Ranked #2 Top Technology Investment Banker on The Information's "Silicon Valley's Most Popular Dealmakers"



M&A Advisor  
Awards

2015 - 2017

2010 - 2014

2004 - 2007

- Investment Banker of the Year – 2017
- Investment Banking Firm of the Year – 2016
- Cross Border Deal of the Year - 2016
- Dealmaker of the Year – 2015
- Technology Deal of the Year – 2015
- Equity Financing Deal of the Year - 2014
- Professional Services Deal of the Year, Above \$100 mm – 2014
- Dealmaker of the Year – 2012
- Professional Services Deal of the Year, Above \$100 mm – 2012
- Boutique Investment Bank of the Year – 2011
- Deal of the Decade – 2011
- Upper Middle Market Deal of the Year, Above \$500 mm – 2010
- IT Services Deal of the Year, Below \$500 mm – 2010
- Cross-Border Deal of the Year, Below \$500 mm – 2010
- Dealmaker of the Year – Steve McLaughlin – 2007
- Business to Business Services Deal of the Year - 2007
- Computer and Information Technology Deal of the Year, Above \$100 mm – 2007
- Financial Services Deal of the Year, Above \$100 mm – 2007
- Investment Bank of the Year – 2004



Middle Market  
Financing Awards

2006 - 2008

- Equity Financing Dealmaker of the Year – Steve McLaughlin – 2008
- Information Technology Deal of the Year – 2008
- Financial Services Deal of the Year – 2008
- Financing Professional of the Year – Steve McLaughlin – 2006

## The FT Partners Senior Banker Team

Name / Position	Prior Background	Experience / Education	Years of Experience
<b>Steve McLaughlin</b> <i>Founder, CEO and Managing Partner</i>		<ul style="list-style-type: none"> <li>Formerly with Goldman, Sachs &amp; Co. in New York and San Francisco from 1995-2002</li> <li>Former Co-Head of Goldman Sachs' Financial Technology Group (#1 market share)</li> <li>Wharton M.B.A.</li> </ul>	<b>23</b>
<b>Paul VanderMarck</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Former Chief Product Officer at Risk Management Solutions, a global technology business in the catastrophic risk space</li> <li>25+ years of experience as an InsurTech operating executive</li> <li>Experienced advisor and investor in the InsurTech space</li> </ul>	<b>26</b>
<b>Larry Furlong</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Formerly with Goldman, Sachs &amp; Co. in New York, London and Los Angeles beginning in 1995</li> <li>Wharton M.B.A.</li> </ul>	<b>22</b>
<b>Greg Smith</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Formerly award winning Equity Research Analyst at Merrill Lynch / J.P. Morgan / Hambrecht &amp; Quist</li> <li>20+ years of experience covering FinTech as both an Analyst and Investment Banker</li> </ul>	<b>22</b>
<b>Osman Khan</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Former Managing Director / Head of FIG M&amp;A at Alvarez &amp; Marsal</li> <li>15+ years FIG deal, consulting and assurance experience at PwC</li> <li>40 Under 40 M&amp;A Advisor Award Winner in 2013</li> <li>LSE (BSc w/Honors), MBS (MBA w/Distinction), ICAEW (FCA)</li> </ul>	<b>21</b>
<b>Steve Stout</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Former Global Head of Strategy at First Data</li> <li>Formerly Led J.P. Morgan Payments Investment Banking</li> <li>Former Equity Research Analyst on #1 ranked team at UBS and Economist at the Federal Reserve Bank</li> </ul>	<b>20</b>
<b>Tim Wolfe</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Formerly with Goldman, Sachs &amp; Co. beginning in 2000</li> <li>Started at FT Partners in 2002</li> <li>40 Under 40 M&amp;A Advisor Award Winner 2013</li> <li>Harvard M.B.A.</li> </ul>	<b>16</b>
<b>Kate Crespo</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Formerly with Raymond James' Technology &amp; Services investment banking</li> <li>12+ years of FinTech transaction execution experience</li> <li>Dartmouth M.B.A.</li> </ul>	<b>16</b>
<b>Timm Schipporeit</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>11+ years with Morgan Stanley, Senior Executive Director of European Technology Investment Banking Team in London</li> <li>Formerly a Venture and Growth Investor focused on FinTech at Index Ventures</li> </ul>	<b>15</b>
<b>Andrew McLaughlin</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>20+ years experience executing / implementing financial and operational strategy</li> <li>Formerly with Deloitte Consulting</li> </ul>	<b>12</b>