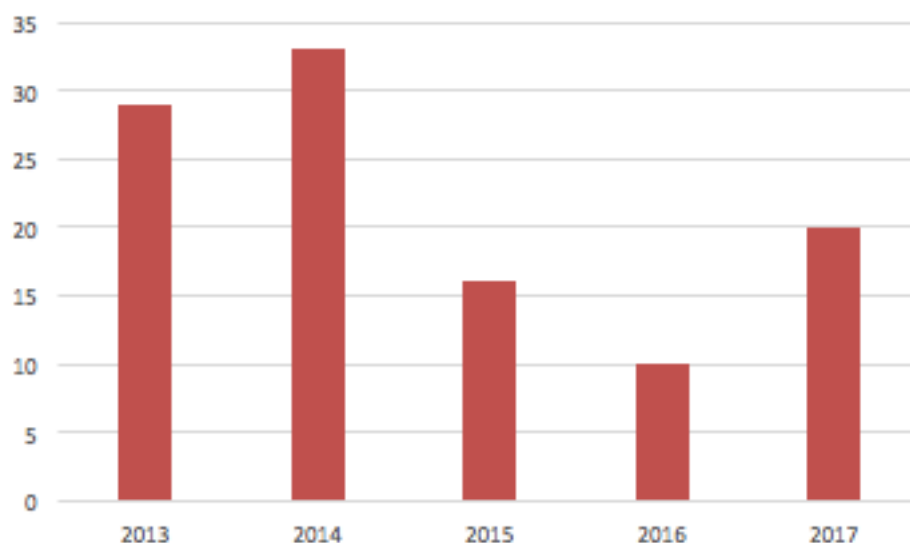


EquityZen's 2018 IPO Outlook

2018 – More of the Same?

The past year capped yet another relatively subdued year for tech IPOs, with activity still well below 2013/2014 levels despite favorable market conditions. In our view, the underlying reasons for the ongoing public offering torpor remain consistent with prior years: an abundance of capital (and high valuations) in private markets, the high costs of becoming—and remaining—a public company, analyst scrutiny, and an increase in liquidity alternatives. We believe these factors may continue to weigh on IPO volume in the year ahead.

Number of Venture Backed IPOs Since 2013



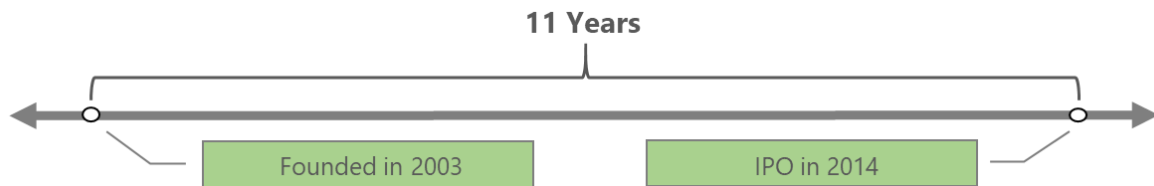
Source: Company data, EquityZen estimates

Nevertheless, we believe 2018 could shape up to at least match 2017's IPO pace (market conditions permitting), with a little over 20 startups ready to join the public ranks. Our projection is based on a bottom-up analysis, starting with a list of over 200 of the largest VC-backed companies. We then use a combination of quantitative and qualitative factors that have historically presaged an S-1 filing to determine IPO readiness.

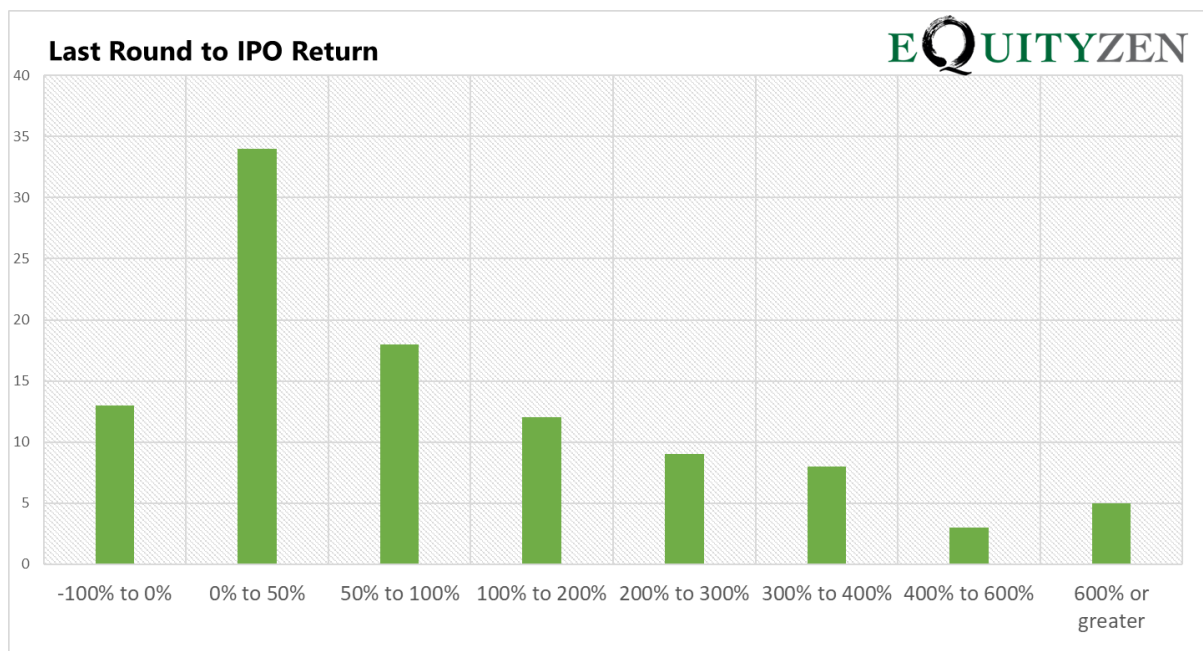
The Profile of a Successful Tech IPO

History can serve as a valuable guide for determining which companies are primed for public debuts. We crunched the numbers on over 100 venture-backed companies that have completed an IPO since 2013 to gauge what the “average” tech IPO looks like. Our data set excludes biotech, life sciences, companies with a market capitalization below \$50 million (many of which are shell companies for which sufficient data is not available) as well as Alibaba's monstrous \$21.8 billion IPO, which skews results meaningfully. Based on our results, we believe the following characteristics are useful guideposts for evaluating IPO prospects:

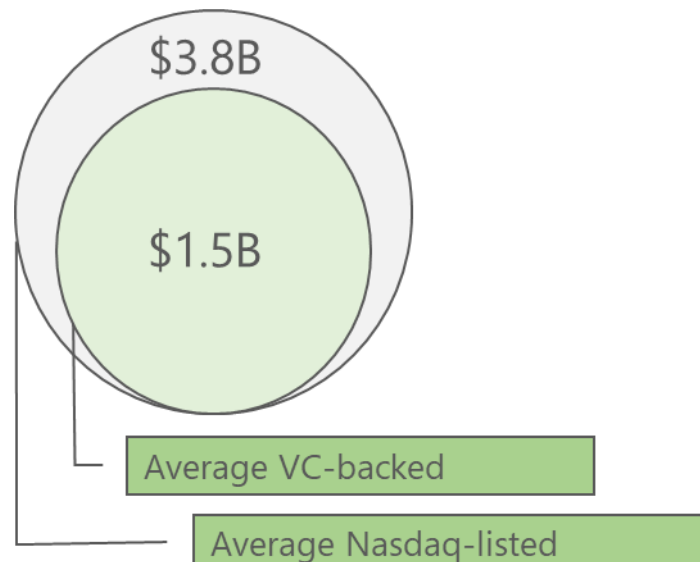
Age. At the time of IPO, the average venture-backed company from our data set has been private for approximately 11 years. With few exceptions, we consider 7-8 years as the minimum acceptable operating tenure for IPO candidates.



Most Recent Round of Funding. At our average company's IPO, their most recent round of private fundraising was \$106 million. Returns to investors are increasingly coming from the private market, as investors who gain access to these companies even in the final round of fundraising stand to see very solid gains. We note that the total return for investors in the last private round to the IPO price was – on average – an outsized 180%.



Valuation and Revenue. The average size of the public offering was approximately \$207 million, translating to an equity market cap of \$1.45 billion at the opening bell (formerly private shareholders were diluted by about a fifth, on average). Annual revenues average \$267 million in our dataset; we believe revenues should exceed \$100 million at the very least to make a public offering viable.



Less Quantitative Factors. While not explicitly measured by our data set, we believe the following factors can also be important for IPO readiness:

- C-Suite Experience: Companies that successfully complete IPOs tend to have c-suite executives experienced in the offering process, particularly in the CFO seat.
- Industry sentiment: IPO windows are heavily dependent on investor sentiment on a particular sector. Companies may delay an IPO if negative industry sentiment would weigh on valuation (and thus offering proceeds).
- Corporate culture: Public market investors are unlikely to feel confident investing in companies dealing with loss of management confidence, key employee exodus or regulatory investigations.

And The Nominees Are...

With the above criteria in mind, we list startups we view as S-1 ready below. Note that all valuations below are as of the company's last funding round.

[Afiniti](#)



- Year Founded: 2009
- Industry / Description: Enterprise Software / Leverages big data and artificial intelligence to optimize call center efficiency
- Most Recent Equity Funding: \$80M Series D (2017)
- Total Implied Valuation: \$1.6B
- Revenue Estimate: NA
- Other Notes: Company reportedly [filed confidentially](#) in early 2017.

Airbnb



- Year Founded: 2008
- Industry / Description: Hospitality / marketplace for travel accommodations
- Most Recent Equity Funding: \$1B Series F (2017)
- Total Implied Valuation: \$31B
- Revenue Estimate: [\\$4B](#)
- Other Notes: The company hired Laurence Tosi as CFO in 2015. Tosi has strong public markets experience, previously having served as CFO of the Blackstone Group.

Anaplan



- Year Founded: 2006
- Industry / Description: Enterprise software / business planning solutions.
- Most Recent Equity Funding: \$60M Series F (2017)
- Total Implied Valuation: \$1.4B
- Revenue Estimate: [\\$120M](#)
- Other Notes: Anaplan's CEO has noted that the company [is looking to IPO soon](#). The company also hired Anup Singh as CFO in July. Singh previously led Nimble Storage through an IPO.

AppDirect



- Year Founded: 2009
- Industry / Description: Enterprise software/ Subscription marketplace and billing software
- Most Recent Equity Funding: \$110M (2015)
- Total Implied Valuation: \$1.1B
- Revenue Estimate: NA
- Other Notes: AppDirect recently hired Michael DiFilippo as CFO, who has over 30 years of experience including at MuleSoft (now public) and Intellex.

AppNexus



- Year Founded: 2007
- Industry / Description: Enterprise Software, AdTech / Optimizes programmatic online advertising
- Most Recent Equity Funding: \$110 Series E (2014)
- Total Implied Valuation: \$2.2B
- Revenue Estimate: [\\$200M](#)
- Other Notes: AppNexus reportedly [filed confidentially for an IPO in 2016](#).

[Apttus](#)



- Year Founded: 2006
- Industry / Description: Enterprise Software / Sales & contract optimization and management solutions
- Most Recent Equity Funding: \$74M Series E (2017)
- Total Implied Valuation: \$1.9B
- Revenue Estimate: [\\$150M](#) in 2016
- Other Notes: Apttus [reportedly engaged Goldman Sachs recently](#) to file for an IPO.

[AvidXchange](#)



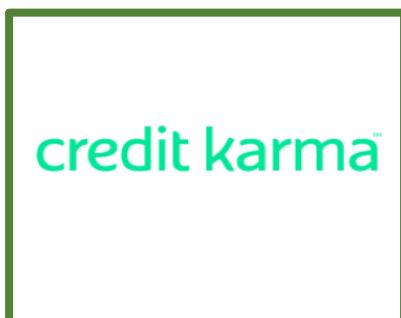
- Year Founded: 2000
- Industry / Description: Enterprise Software / Accounts payable and invoice management solutions
- Most Recent Equity Funding: \$300M (2017)
- Total Implied Valuation: \$1.4B
- Revenue Estimate: [\\$250M](#)
- Other Notes: The company recently hired Joel Wilhite as CFO, who has over [20 years](#) of experience with technology companies.

[CloudFlare](#)



- Year Founded: 2009
- Industry / Description: Enterprise software / Website security and performance optimization solutions
- Most Recent Equity Funding: \$110M Series D (2015)
- Total Implied Valuation: \$3.1B
- Revenue Estimate: [\\$100M+](#)
- Other Notes: The company hired former Symantec (SYMC) CFO Thomas Seifert in June 2017. Bloomberg reports suggest that CEO Matthew Prince is aiming for a public offering [by mid-2018](#).

[Credit Karma](#)



- Year Founded: 2007
- Industry / Description: FinTech / Personal finance company focused on credit monitoring, loan and budgeting solutions
- Most Recent Equity Funding: \$175M Series D (2015)
- Total Implied Valuation: \$3.7B
- Revenue Estimate: [\\$500M](#) in 2016
- Other Notes: Business is profitable. Company appointed a CFO in 2015 with public markets experience.

Cylance



- Year Founded: 2012
- Industry / Description: Cybersecurity/ predictive analytics software.
- Most Recent Equity Funding: \$100M Series D (2016)
- Total Implied Valuation: \$1.3B
- Total Revenue: NA; revenue growth recently reported at 283% year-over-year
- Other Notes: Cylance is a relatively young company by IPO candidate standards, but Cybersecurity is a rapidly growing sector. The company [recently hired former AlientVault CFO Brian Robins](#), who has experience leading companies through IPOs.

DocuSign



- Year Founded: 2003
- Industry / Description: Software / cloud-based electronic signature platform
- Most Recent Equity Funding: \$310M Series F (2015)
- Total Implied Valuation: \$3.5B
- Revenue Estimate: \$100M+
- Other Notes: DocuSign's CEO [recently signaled his expectation to go public](#) by early 2018. The company indicated it reached cash flow breakeven in 2017.

Dropbox



- Year Founded: 2007
- Industry / Description: Software / Cloud-based file sharing
- Most Recent Equity Funding: \$350M Series D (2014)
- Total Implied Valuation: \$10.4B
- Revenue Estimate: \$1B+
- Other Notes: Mature company with a growing customer base. Fortune reported in July that the company was [looking to hire bankers](#) for an offering.

Illumio



- Year Founded: 2013
- Industry / Description: Cybersecurity / Software
- Most Recent Equity Funding: \$160M Series D (2017)
- Total Implied Valuation: \$1.3B
- Revenue Estimate: NA; [400% bookings growth in 2016](#).
- Other Notes: Similar to Cylance, Illumio is young but operates in a rapidly-growing market. CFO Remo Canessa [took Infoblox public in 2012](#).

Lyft



- Year Founded: 2007
- Industry / Description: Logistics / Ride-hailing service
- Most Recent Equity Funding: \$1.5B (2017)
- Total Implied Valuation: \$11.5B
- Revenue Estimate: [\\$700M](#) in 2016
- Other Notes: The company [reportedly engaged underwriters](#) in October for a potential offering.

Medallia



- Year Founded: 2001
- Industry / Description: Enterprise software / Customer feedback management
- Most Recent Equity Funding: \$150M Series D (2015)
- Total Implied Valuation: \$1.25B
- Revenue Estimate: [\\$125M as of 2015](#)
- Other Notes: Leadership team includes both a seasoned CFO and Chief Revenue Officer.

Pluralsight



- Year Founded: 2004
- Industry / Description: Software / EdTech
- Most Recent Equity Funding: \$30M Series C (2016)
- Total Implied Valuation: \$1B
- Revenue Estimate: [\\$100-200M](#) as of 2016
- Other Notes: Company recently hired a CFO with [over 20 years of industry experience](#). CEO has suggested [an IPO is in the works](#).

Rubicon Global



- Year Founded: 2008
- Industry / Description: Waste Management / Cloud-based waste stream solutions
- Most Recent Equity Funding: \$50M (2017)
- Total Implied Valuation: \$1.2B
- Revenue Estimate: [\\$300M](#) in 2016
- Other Notes: Rubicon [recently hired John Bax as CFO](#) to help prepare the company for a potential IPO.

Sprinklr



- Year Founded: 2009
- Industry / Description: Enterprise software/ Optimizes social media marketing efficiency
- Most Recent Equity Funding: \$105M Series F (2016)
- Total Implied Valuation: \$1.9B
- Revenue Estimate: \$100M+
- Other Notes: The company has [indicated its intention to go public](#) in the past. CFO Chris Lynch helped take Bazaarvoice (BV) public in 2012.

Tanium



- Year Founded: 2007
- Industry / Description: Cybersecurity / endpoint security software
- Most Recent Equity Funding: \$150M Series G (2015)
- Total Implied Valuation: \$3.6B
- Revenue Estimate: [\\$270M](#) in 2016
- Other Notes: Tanium CEO has noted publicly that he is [targeting an IPO](#) in near future.

Vice Media



- Year Founded: 1994
- Industry / Description: Media & Entertainment
- Most Recent Equity Funding: \$450M (2017)
- Total Implied Valuation: \$5.7B
- Total Revenue: [\\$850M](#)
- Other Notes: CEO has suggested Vice is [considering an IPO](#).

Wheels Up



- Year Founded: 2013
- Industry / Description: Air Transportation / Membership-based private aviation company
- Most Recent Equity Funding: \$118M (2017)
- Total Implied Valuation: \$1B+
- Total Revenue: [\\$300M](#)
- Other Notes: Wheels Up is a young company; however, the CEO noted it is [preparing for a public offering](#) in the next 12-18 months.

Zscaler



- Year Founded: 2008
- Industry / Description: Cybersecurity / Cloud security
- Most Recent Equity Funding: \$110M Series D (2015)
- Total Implied Valuation: \$1.1B
- Total Revenue: NA
- Other Notes: Zscaler reportedly [filed confidentially in 2017](#).

Coauthored by Chuk Okpalugo
Special thanks to Coco Wang for research assistance

Data sourced from 102 venture-backed technology companies that executed an initial public offering from 2013 until Oct 2017. Data retrieved from company S-1's, 10-k's, and Nasdaq IPO data. Past performance is not indicative of future returns, and this is not an investment recommendation. Links to outside sources do not constitute an approval or endorsement of the content on those websites. Returns data excludes Veeva's 266x return to the venture capital participants of their first and final fundraise.