

Pipe raises \$250M less than a year after launch

Article

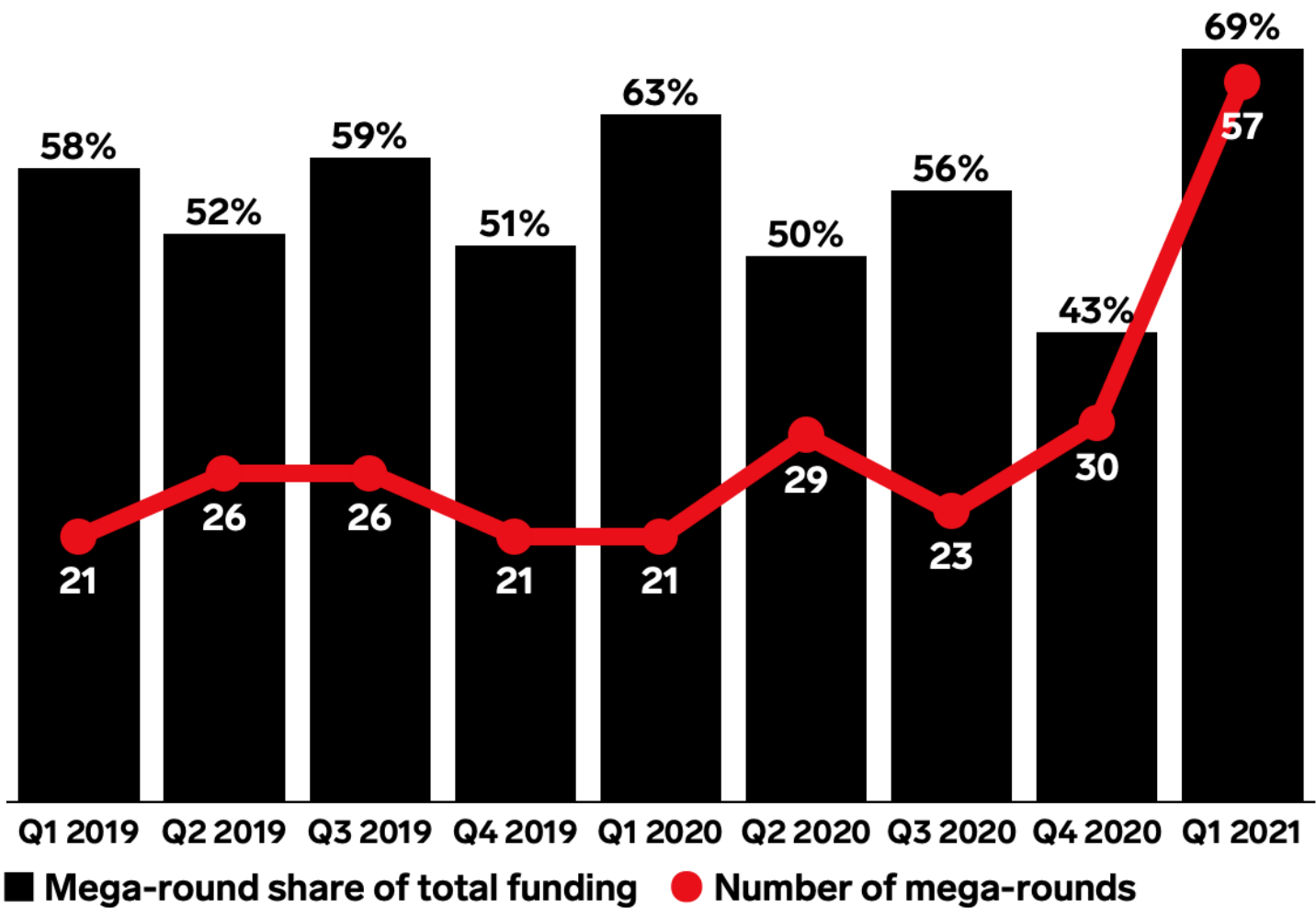
The US-based fintech's latest round gives it a valuation of \$2 billion. It was previously [reported](#) the fintech was in the process of raising \$150 million in March in an oversubscribed round, which was later extended, [per](#) TechCrunch. The startup gives software as a service (SaaS) companies instant access to their annual cash flows by analyzing the value of their monthly or quarterly subscription revenues. Institutional investors then fund the capital, and Pipe charges parties on both sides of the transaction a fixed trading fee of up to 1%.

Pipe has seen strong growth since publicly launching last June and has successfully expanded its target audience.

- **Client growth is accelerating on its platform.** More than 4,000 companies have signed up for Pipe's services, with just over 1,000 signing up since the fintech raised \$50 million in [March](#)—suggesting accelerating growth. Moreover, its tradable annual recurring revenue (ARR) stands at more than \$1 billion and is trending toward \$2 billion.
- **Some of this growth can likely be attributed to Pipe expanding beyond SaaS companies.** “Any business with very predictable revenue streams,” like an insurance brokerage or online pharmacy, is a candidate for Pipe's platforms, according to co-founder and co-CEO Harry Hurst. Already 25% of its customers are now non-SaaS, and Pipe expects this share to grow to 50% by the end of the year.

The latest round is part of a bigger trend: Fintech funding is booming, and mega-rounds are taking over. Pipe being valued at \$2 billion in less than a year speaks for itself, and it isn't the only fintech that scored high funding rounds and big valuations recently. Q1 2021 was a record-breaking quarter for fintechs: They raised \$22.78 billion, a nearly 100% year-on-year (YoY) increase, [per](#) CB Insights. Moreover, there were 57 mega-rounds in Q1 2021—a 180% YoY increase—making up 69% of total funding. Fintechs like Pipe may have especially attractive business models—by 2022, [53%](#) of all software revenues will be generated from subscription models, and Pipe's European counterpart Uncapped also [raised](#) \$80 million earlier this week.

Global VC-Backed Fintech Mega-Round (\$100M+) Funding Trends



Source: CB Insights, "State of Fintech Q1 2021 Report: Investment & Sector Trends to Watch," May 2021

Methodology: Numbers reported on a quarterly basis by CB Insights.

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