

# Brex raises \$300M to bolster position as one stop shop for SMB financial needs

Article

**The news:** The US-based corporate credit card fintech is now valued at **\$12.3 billion**, up from **\$7.4 billion** at its last mega-round in April.

**How did it get here?** Brex portrays itself as an alternative to business banks by offering small- and medium-sized businesses (SMBs) a corporate credit card alongside financial management tools like expense tracking.

- Offerings like Brex's became increasingly valuable to SMBs during the past year as the pandemic put a **strain** on their finances, pushing their shift to digital solutions. In addition, Brex is enjoying a fast-growing addressable market as startups—its target audience—have **proliferated** in the US.
- Together, these factors have helped drive Brex's user growth and kept investors coming back: **Its total customers grew by 80% quarterly in Q1 2021.**

**Looking ahead:** Brex is focusing on building out its premium offering, which offers added features in exchange for a monthly fee, and launching new products to address SMB challenges.

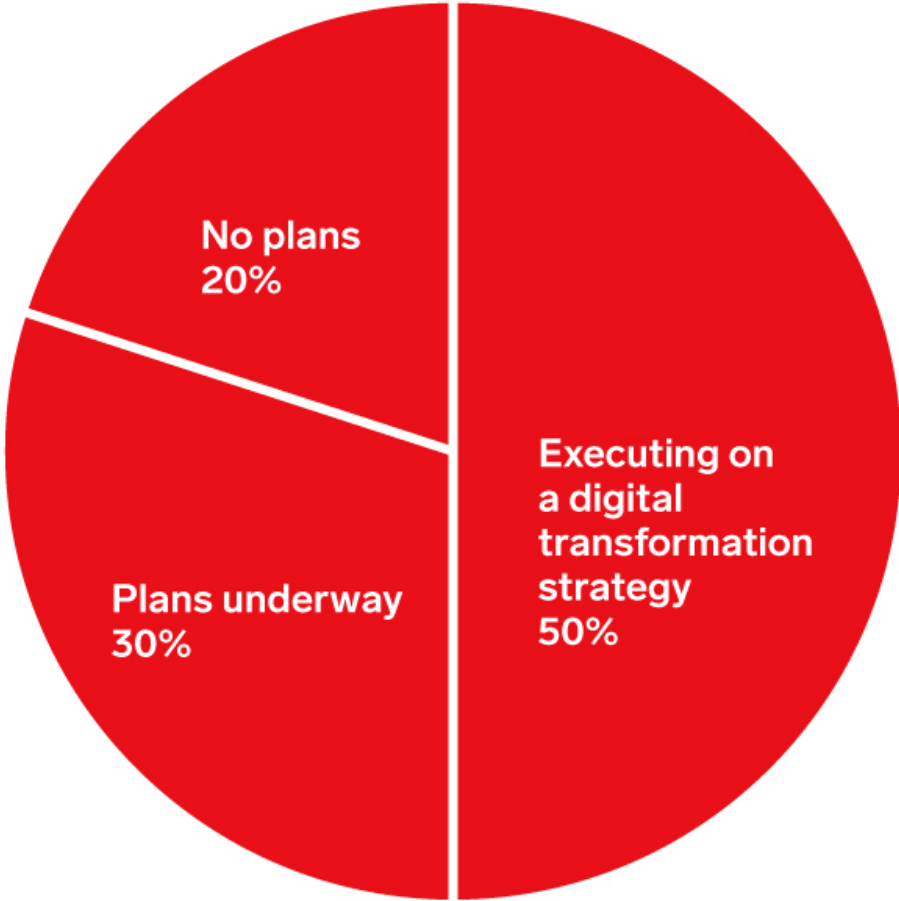
- In April, it unveiled a **single** dashboard that brings together credit cards, business cash accounts, and bill pay and spend management software, **for \$49 a month**. This helps its customers deepen their understanding of their current financial position and streamline bill payments as they can track and manage expenses from different stakeholders in one place.
- In August, Brex **launched** a lending product, offering borrowers debt financing based on their recurring revenue. The lending model has proved increasingly popular over the past year because it's an attractive alternative to equity funding, which dilutes startup founders' ownership, **per an II Q&A with Capchase.**

**Zoom out:** The corporate payment space is red hot, with a host of unicorns raising substantial capital in recent months to fuel further product diversification.

- Brex's decacorn status follows fellow credit card and accounting fintech **Ramp reaching a \$3.9 billion valuation in August**. And earlier this month, corporate travel startup **TripAction reached a \$7.25 billion** valuation thanks to doubling down on expense management solutions.
- These fintechs are now scooping up smaller players to accelerate product launches and remain competitive in the crowded space. Brex itself recently acquired an **API** provider to develop new solutions, like instant payouts, while Ramp bought a platform that helps businesses save money on annual software contracts.

# Status of Digital Transformation Enactment at SMBs in North America, Feb 2021

% of respondents



Note: businesses have 1-2,500 employees  
Source: SMB Group, "SMB Technology: Directions for a Changing World," April 28, 2021

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