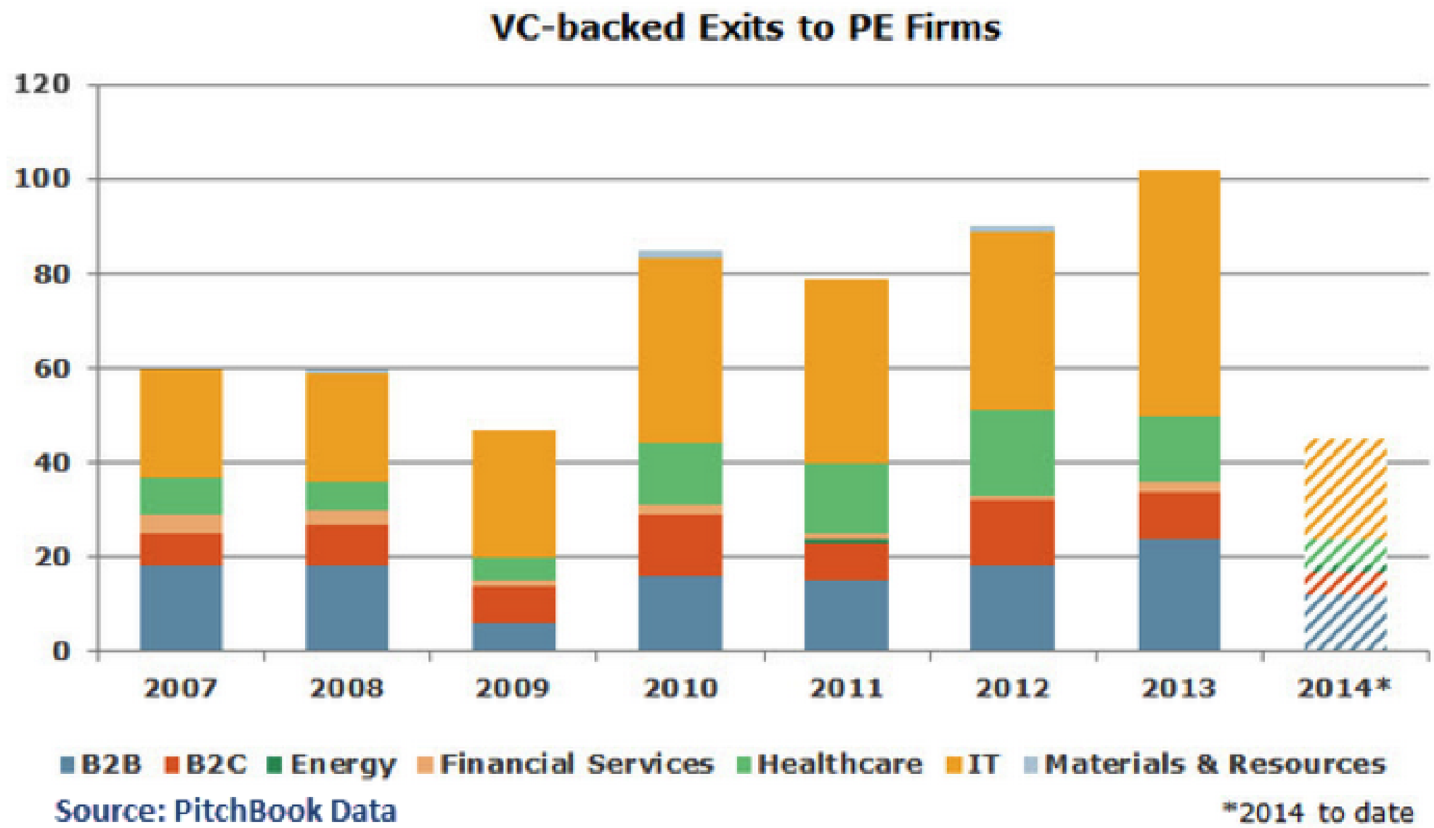
THE LEAD
https://theleadpc.com/pulse-private-equity-7282014/

The Pulse of Private Equity – 7/28/2014

PitchBook | July 29, 2014



Not that long ago, it would seem strange to see news of a private equity firm buying a venture-backed company; in today's private company market, though, it is becoming a weekly, and almost daily, occurrence. In 2013, there were 102 of these deals.

Based on the first half of 2014, we expect the year to reach a similar number. PE firms are exploiting a little corner of the VC world that consists of mature companies with stable cash flows but valuations sub or around $100 million. This puts them at an awkward size for a sale to a strategic and too small for an IPO.

The primary industry of these VC-to-PE companies is IT, not a surprise as it does represent the lion's share of VC deal activity. Enterprise companies, as VCs call them, or B2B companies, as PE firms call them, make up the second-biggest segment, followed by healthcare companies. Often times these companies are not the high-flying media darlings but solid middle-market type companies that make great platforms, or increasingly add-ons to existing portfolio companies.