Plaid raises $425M Series D from Altimeter as it charts a post-Visa future

Alex Wilhelm
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Plaid, a unicorn that helps connect consumers' bank accounts to financial applications, has raised a $425 million Series D, it announced this morning. TechCrunch understands that the new capital infusion, led

It is not surprising that Plaid, a former takeover target for consumer credit giant Visa, is raising more capital. After its $5.3 billion sale to the larger company fell through this January, it became clear that Plaid would chart its own future, sans a corporate parent.

When the Visa-Plaid deal did finally grind to a halt in the face of regulatory scrutiny there was chatter amongst startup and venture folks that the sale dying out was a good thing. Why? Because Plaid had had a great 2020 and was generally agreed to be worth far more than what Visa had agreed to pay.

The startup's Series D valuation confirms the sentiment. And it wasn't merely Altimeter that was willing to put capital into the company at its new valuation. The group was joined by two more new investors, Silver Lake Partners and Ribbit Capital. Silver Lake is a private equity leviathan with dozens of billions of dollars under management, while Ribbit is known for its myriad fintech bets.

In short, Plaid has picked up a hybrid of investor scale, late-stage guidance and fintech acumen in a single round. A number of prior investors also put capital into the round.

Plaid's Zach Perret: 'Every company is a fintech company'

"And and so for us, that is that is the only thing that really drives an acquisition conversation, is can we achieve this mission that we hope to achieve in a faster, better way?"

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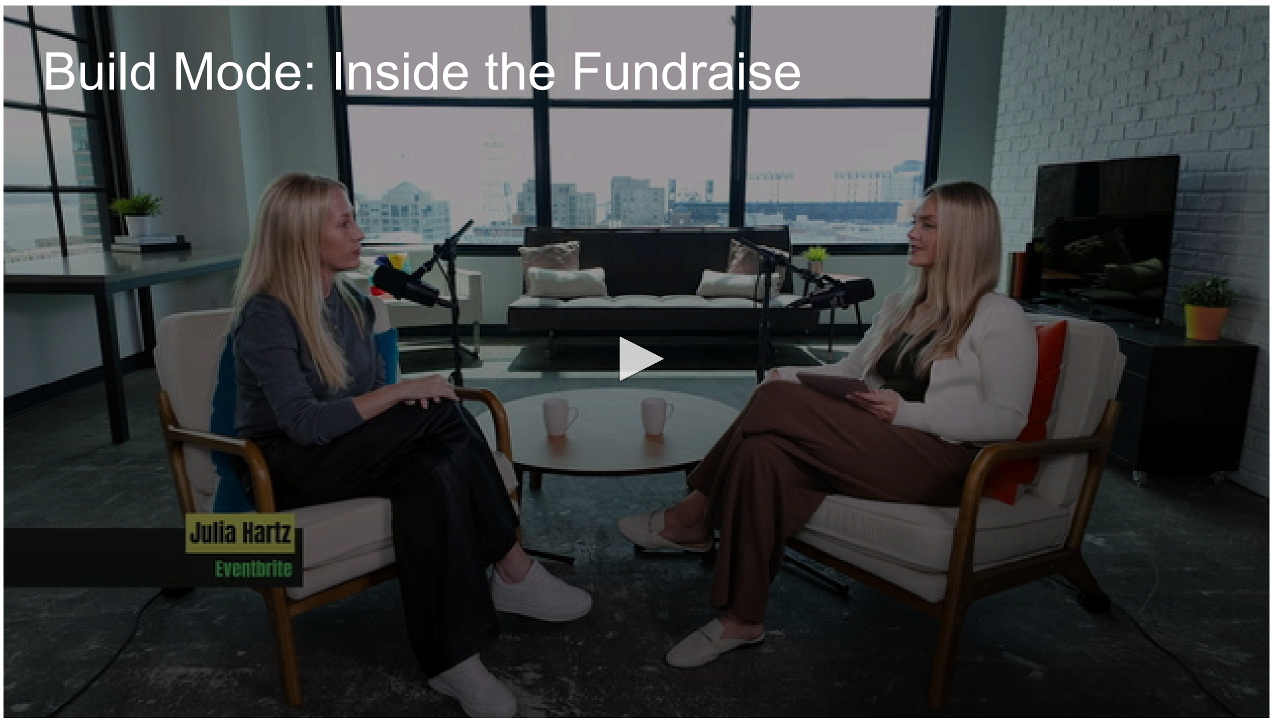

TechCrunch spoke with Plaid CEO Zachary Perret about the deal, who told TechCrunch in a brief phone call that Altimeter was selected as its new lead investor over other options due to shared alignment regarding the future of financial services for consumers. He added that he's excited to learn from his trio of new backers, which will help the company build for the long term.

The CEO also made passing mention of a future IPO, though TechCrunch doesn't expect to see paperwork regarding a potential flotation from Plaid for some time; it was, however, refreshing to hear an executive admit to having future financial goals.

Regarding the amount of capital that it raised, Perret said that it was the "right level" of capital to allow Plaid to invest in scale, both in terms of its team and its product lineup. The CEO also said that the funds will allow his company to be opportunistic.

The last 12 months for Plaid have been busy. Perret mentioned the time period several times during the interview, explaining how rapidly the world evolved regarding the digitization of consumer financial services over the last year.

Finally, what of growth? What Plaid was willing to share on the growth front was light, merely disclosing that it grew its customer count by 60% in 2020. Perret said the figure represented an acceleration from previous years. With around 650 staffers today, Plaid grew its headcount by around 20% in the first quarter, according to its CEO.

Plaid sits in the midst of the fintech boom that TechCrunch has covered extensively over the past several quarters. As far as external signals go, watching the companies that must partially comprise Plaid's customer base expand is about as close as we can get to other growth metrics. That particular signal bodes well for Plaid.

Let's see how well the company can fend off domestic and international competition. It certainly now has the funds to do so.

Plaid CEO touts new 'clarity' after failed Visa acquisition

According to Plaid CEO Zach Perret, the COVID-19 pandemic triggered a "sea change" in consumer behavior.

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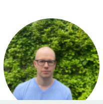

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Alex Wilhelm was a senior reporter for TechCrunch covering the markets, venture capital and startups. He was also the founding host of TechCrunch's Webby Award-winning podcast Equity.

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