

FINANCE TERM SHEET

Term Sheet -- Tuesday, November 1

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Term Sheet

Et cetera



- **Deal Data:** Last year was a record year for M&A, with \$4 trillion worth of deals. There's little chance of topping that figure this year, but dealmakers tried their hardest in October. My colleague Jen Wieczner reports that Evercore Partners has **advised on** deals worth nearly \$82 billion combined *in the past week alone*. Almost half of the top ten deals of the year have happened in the last 11 days.

- **Sweet Sweet Fantasy, Baby:** Yesterday a bunch of media outlets reported that, after months of rumors and speculation, DraftKings and FanDuel, the two well-funded fantasy sports betting startups, were finally, really, truly about to merge. Term Sheet readers may remember that when the same rumors flared up back in June, we reported that deal talks were **not serious**.

You won't have that same debunking here today. This time around my sources say the same thing as everyone else's: The deal is happening. They're not sure why it's taken so long.

It's not a matter of arguing over price. The startups are valued at around \$1.3 billion and \$1.2 billion and have agreed to a 50-50 stock deal. Bloomberg and others are **reporting** that DraftKings CEO Jason Robins will be CEO and FanDuel co-founder Nigel Eccles will be chairman of a board that represents each company evenly.

One major catalyst for the deal: A \$6 million fine for false advertising from the New York attorney general in October. One source expects that the companies will announce a new settlement as part of the merger or shortly thereafter. (Worth noting: Together they have raised more than \$1 billion in venture funding, including from KKR, 21st Century Fox, Comcast Ventures, NBC Sports Ventures, the MLS, MLB Ventures and the NHL.)

DraftKings spokesperson Sabrina Macias didn't deny the deal talks but stressed that it is not done yet:

"As we have stated previously, a potential combination would be interesting to consider. However, as a matter of policy, we don't comment on rumors or speculation, and there can be no assurances at this time that any discussion about a combination would result in an agreement or merger." FanDuel declined to comment.

As I wrote last week, most novel new markets start out with dozens of competitors, but eventually consolidate down to two, and then, after an intense rivalry, they merge. Last week Groupon bought LivingSocial. DraftKings and FanDuel is just the latest example. Up next: music streaming, meal kits, ride hailing...

- **PSA:** Selling your company for \$1 billion doesn't automatically mean **you're a billionaire**. Selling *two* companies for \$1 billion doesn't even necessarily make you a billionaire.
- **Quote of the Day:** "*Flat is the new up.*" – Postmates CEO Bastian Lehmann, on his **difficult fundraising**.
- **Correction:** Jack Hansen joined **Atlas Partners** as a director, not, as we inadvertently noted yesterday, Atlas Partners.

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...AND ELSEWHERE

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VENTURE DEALS



- **Postmates**, a San Francisco-based delivery startup, has raised \$140 million in funding at a valuation of \$400 million, flat from its \$80 million fundraise last year. **Founders Fund** led the round. **Read more at *Fortune***.
- **Freshdesk**, a San Bruno, Calif.-based multichannel support provider, has raised \$55 million in Series F funding. **Sequoia Capital India** led the round, and was joined by **Accel Partners**.
- **Graphcore**, a British technology company working to accelerate machine learning, has raised \$30 million in Series A funding. **Robert Bosch Venture Capital GmbH** led the round, and was joined by **Samsung Catalyst Fund, Amadeus Capital Partners, C4 Ventures, Draper Esprit, Foundation Capital, and Pitango Venture Capital**.
- **Cross River Bank**, a Fort Lee, N.J.-based financial services company, has raised \$28 million in

funding led by **Battery Ventures** with participation from Andreessen Horowitz and Ribbit Capital.

- **Otonomo**, a Tel Aviv-based connected car startup, has raised \$12 million in Series A funding. **Bessemer Venture Partners** and **Stageone Ventures** led the round, with participation from **Maniv Mobility** and **LocalGlobe**.
- **Emissary**, a New York City-based service that connects salespeople with executives at companies they are targeting, has raised \$10 million in Series A funding. **Canaan Partners** and **G20 Ventures** led the round.
- **CounterTack**, Waltham, Mass.-based enterprise cybersecurity company, has raised \$10 million in new funding. Investors include **TenEleven Ventures**, **Fairhaven Capital**, **Goldman Sachs**, **Razor's Edge**, **ManTech International**, **Siemens Venture Partners**, **Alcatel-Lucent**, **EDBI**, and **Mitsui**.
- **Hubble Contacts**, a New York City-based direct-to-consumer contact lens startup, has raised \$7.2 million in funding, according to TechCrunch. Investors include **Founders Fund**, **Greycroft Partners**, **Wildcat Capital Management**, **Two River**, and Uber co-founder **Oscar Salazar**. [Read more.](#)
- **Gauzy**, an Israeli startup that produces glass crystals used in technology glass screens, has raised \$7 million in Series B funding. **Lazarus Fund** led the round.
- **Decisive Farming Corporation**, an Alberta-based provider of mobile and cloud-based software tools for crop farmers, has raised \$6 million in Series A funding. **McRock Capital Corporation**, a venture firm that specializes in IoT companies, led the round.
- **Nurx**, a San Francisco-based drug prescription and delivery app (and Y Combinator alum), has raised \$5.3 million in Series A funding, according to Mashable. Union Square Ventures led the round, and was joined by six Y Combinator partners and other angel investors. [Read more.](#)
- **Replicated**, a Los Angeles-based service that helps SaaS companies extend their services beyond the cloud, has raised \$5 million in Series A funding from **Amplify Partners** and **Webb Investment Network**.
- **Hungry Marketplace**, an Arlington, Va.-based service that connects professional chefs with consumers, has raised \$2.5 million in seed funding from private equity firm **Timeless Capital**.

- **Lilt**, a Menlo Park, Calif.-based machine translation service, has raised \$2.35 million in seed funding, according to *VentureBeat*. **Redpoint Ventures**, **Zetta Venture Partners**, and **XSeed Capital** co-led the round. [Read more.](#)
- **GoMeta**, a San Diego-based augmented reality app, has raised \$2 million in seed funding from angel investors, including Michael Eisner and former MySpace CEO Mike Jones.
- **UserIQ**, an Atlanta-based software company focusing on customer acquisition and retention, has raised \$2 million in Series A funding. **BIP Capital** led the round and was joined by **Accelerant Venture Capital**, **BLH Venture Partners**, and **Tech Square Ventures**.
- **Tecovas**, an Austin-based direct-to-consumer western boot company, has raised \$1.8 million in seed funding. **Blue Seed Collective** and angel Brian Spaly, founder of **Bonobos**, led the round.
- **USRealty.com**, a New York City-based online real estate company, has raised an undisclosed amount new funding from **Third Prime Capital**.

PRIVATE EQUITY DEALS



- **Team Health Holdings**, a Knoxville, Tenn.-based staffing provider, has agreed to be bought by **Blackstone**. The private equity firm will pay Team Health shareholders \$43.50 per share, a premium of about 18%, in a deal valued at about \$6.1 billion. [Read more at *Fortune*.](#)
- **Battery Ventures** has agreed to acquire **Michell Instruments**, a U.K.-based moisture and humidity sensor manufacturer. Financial terms were not disclosed.
- **Francisco Partners** and **Elliott Management Corporation** have acquired Dell Software Group, a former business unit Dell Inc. and formed two new entities that will operate separately: **Quest** and **SonicWall**.

- **Duran**, a Borosilicate glass manufacturer owned by **One Equity Partners**, has acquired **Kimble Chase**, a Rockwood, Tenn.-based laboratory glassware manufacturer, from **Gerresheimer** and **Chase Scientific Glass** for \$131 million.

OTHER DEALS



- **Gannett** announced today it will not acquire **Tronc**, publisher of the *Chicago Tribune* and Los Angeles Times, which recently changed its name from Tribune Publishing Co.
- **Nippon Yusen K.K.**, **Mitsui O.S.K. Lines**, and **Kawasaki Kisen Kaisha**, the top shipping Japanese companies, in terms of revenue, will combine their container shipping operations. The consolidation will create the world's sixth largest fleet. According to the three companies, the new venture will bring in ¥2 trillion (\$19.1 billion) in revenue. Read more at *Fortune*.
- **Starbreeze AB**, a Stockholm-based creator, publisher and distributor of entertainment products including VR headsets, has acquired Belgian visual effects and VR creator **Nozon**, for €7.1 million (\$7.9 million) in cash and stock.
- **NextEra Energy** (NYSE:NEE) has agreed to acquire the remaining 20% stake in **Oncor Electric Delivery** from **Texas Transmission Holdings** for approximately \$2.4 billion. NextEra has already announced plans to acquire the other 80% of Oncor from Texas power company Energy Future Holdings for \$18.4 billion. **Energy Future Holdings** was taken private by **KKR & Co.**, **TPG Capital** and **Goldman Sachs Capital Partners** in 2007 in the largest leveraged buyout in history.

IPOS



No IPO news today.

EXITS



- **Morsco**, a Fort Worth, Texas-based plumbing equipment distributor owned by **Advent International**, has acquired underground water distributor Fortiline Waterworks from **CHS Capital**. Financial terms were not disclosed.
- **TorQuest Partners** has sold **Global Traffic Technologies**, a Saint Paul, Minn.-based traffic-control software developer, to **Gilbarco**.
- **Bertram Capital** has acquired **Trademark Global**, a Lorain, Ohio-based retail supplier, from **Blue Point Capital Partners**.

FIRMS + FUNDS



- **The Carlyle Group** has closed Carlyle Energy Mezzanine Opportunities Fund II, a a \$2.8 billion vehicle focusing on projects and companies in the power generation and energy sectors.
- **Enlightenment Capital**, a Chevy Chase, Md.-based private equity firm, has closed its second fund with \$147 million in capital commitments.
- **OurCrowd**, an Israeli equity crowdfunding platform, is fundraising for a new \$50 million fund that will invest in early-stage digital companies, according to TechCrunch. [Read more.](#)

NEW JOBS



- **Andrew Rollins** has joined **Sigma Prime Ventures**, a Boston-based firm that focuses on early-stage technology companies as a venture partner. He was previously the co-founder of Boston-based mobile engagement platform Localytics.

- **David Reis** and **Flavio Porciani** have joined private equity firm **Warburg Pincus**'s London office as principal and vice president, respectively. Reis previously worked at Goldman Sachs and Porciani was a principal at Searchlight Capital Partners.

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