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EMERGING TECH RESEARCH

IPO Pipeline: Identifying Potential VC-Backed IPO Candidates in 2024

PitchBook is a Morningstar company providing the most comprehensive, most accurate, and hard-to-find data for professionals doing business in the private markets.

Introduction

As the stock market reaches new peaks, discussion of a possible revival of the IPO market has taken center stage. However, recent growth in the stock market has largely been propelled by technology stalwarts with strong operating fundamentals as opposed to speculative venture-backed startups with unproven track records. PitchBook's proprietary index and valuation data shows how tech startup performance has dramatically underperformed the broader stock market (see charts below), raising questions as to how much investor enthusiasm exists for speculative IPOs. The sparse IPO activity that has occurred over the past two years has mainly consisted of larger companies that have been supported by large corporate investor participation—very different from VC-backed startups. Another factor that is different this cycle is the presence of a deeper private market landscape that provides alternate routes to capital, such as secondaries offerings, that may reduce the need for public liquidity. Still, with public market multiples holding steady at healthy levels and a long-term IPO drought leaving dealmakers chomping at the bit, it's likely some VC-backed companies will test the public waters in 2024.

We polled our Emerging Technology Research team to get their views on the most likely VC-backed IPO candidates over the next year assuming markets maintain current levels. While countless external and internal factors ultimately determine whether a company seeks to go public, our analysts sought to identify venture-backed startups with compelling IPO characteristics such as strong revenue growth and margin potential, durable businesses models, capable management teams with successful track records, and/or product and technology offerings with realistic chances of disruption and growth. We identify 20 possible IPO candidates below.



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IPO performance charts

VC-backed IPOs have underperformed broader markets

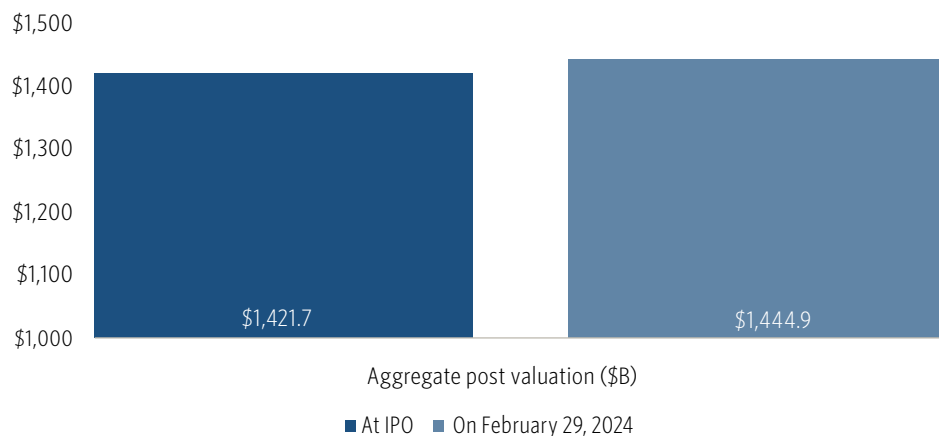
VC-backed public market returns rebased to 100



Source: PitchBook • Geography: Global • *As of February 29, 2024

VC-backed startups have not held value as public companies

Aggregate change in valuation from IPO for VC-backed IPOs



Source: PitchBook • Geography: Global

2024 IPO pipeline for VC-backed startups*

Company	Founded	Vertical	Valuation	Last raised	Total raised	IPO probability**	M&A probability
Astera Labs	2017	AI & ML	\$3.2 billion	\$150.0 million Series D, April 21, 2021	\$235.0 million	44%	53%
Circle	2023	Crypto	\$7.7 billion (2022)	403.0 million, April 11, 2022	\$1.1 billion	75%	23%
Databricks	2013	Data software & Systems	\$43.2 billion (2023)	N/A	\$4.2 billion	91%	7%
Datavant	2017	Healthcare IT	\$7.0 billion (2021)	Undisclosed, October 3, 2023	\$83.0 million disclosed	70%	16%
Epic Games	1991	Gaming	\$30.0 billion	\$2.0 billion, April 11, 2022	\$6.1 billion	94%	1%
FBN	2014	Agtech	\$3.8 billion	\$154.9 million, October 13, 2023	\$939.3 million	79%	19%
Generate: Biomedicines	2018	Biopharma	\$2.0 billion	\$273.0 million, September 6, 2023	\$673.0 million	95%	2%
Getir	2015	Foodtech	\$2.5 billion	\$500.0 million, September 8, 2023	\$2.3 billion	91%	7%
HeartFlow	2010	Medtech (medical imaging)	\$1.6 billion, June 13, 2019	\$215.0 million, March 2, 2023	\$828.8 million	94%	4%
Klarna	2005	Fintech	\$6.7 billion	Undisclosed, January 1, 2024	\$4.7 billion	92%	6%
Noom	2008	Digital health	\$3.7 billion, May 25, 2021	\$540 million, May 25, 2021	\$668.8 million	80%	18%
Northvolt	2016	Climate tech	\$11.8 billion (2021)	\$145.3 million, November 21, 2023	\$14.3 billion	97%	1%
Rivus Pharma	2019	Biopharma	\$432.0 million	\$132.0 million, August 19, 2022	\$167.0 million	93%	4%
Rokt	2012	E-commerce	\$2.0 billion	Undisclosed, November 30, 2022	\$486.6 million	69%	29%
Rubrik	2014	Cybersecurity	\$4.0 billion	\$108.2 million debt financing, August 17, 2023	\$1.2 billion	88%	10%
Sierra Space	2021	Space tech	\$5.3 billion	\$290.0 million, September 26, 2023	\$1.7 billion	86%	12%
Stripe	2009	Fintech	\$50.0 billion	\$6.9 billion, March 15, 2023	\$9.1 billion	96%	2%
Turo	2009	Mobility	\$1.3 billion	\$67.5 million, September 22, 2023	\$527.6 million	88%	10%
Zipline	2014	Supply chain	\$4.2 billion	\$330.4 million, April 11, 2023	\$884.3 million	97%	1%
Zocdoc	2007	Healthcare IT	\$1.6 billion (2015)	Undisclosed, January 1, 2022	\$504.0 million disclosed	97%	1%

Source: PitchBook • Geography: Global • *As of December 31, 2023
 **Note: Probability data is based on [PitchBook VC Exit Predictor methodology](#).

Select company highlights



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Vertical: AI & ML

Founded: 2017

Founders: CEO/Co-founder Jitendra Mohan, President/Co-founder Sanjay Gajendra, Chief Product Officer/Co-founder Casey Morrison

Last raised: \$150.0 million, October 4, 2023

Total raised: \$235.0 million

Post-money valuation: \$3.2 billion, May 17, 2022

Notable investors: Fidelity Management & Research, Intel Capital, Sutter Hill Ventures, VentureTech Alliance, GlobalLink1 Capital

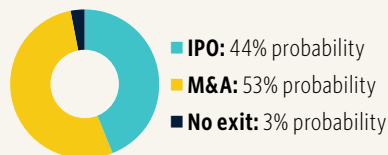
Revenue: \$115.8 million FY2023

Profitable in 2023

Public competitors: AMD, Cadence Design Systems, Nvidia, Samsung, Synopsys

Private competitors: MemVerge, XConn Technologies

VC Exit Predictor



Note: Probability data is based on [PitchBook VC Exit Predictor Methodology](#).

Astera Labs

Company overview

Astera Labs specializes in advanced connectivity semiconductors for data centers. The company's products primarily focus on enhancing the performance and reliability of high-speed data transfer in cloud, enterprise, and high-performance computing environments. Astera Labs offers a range of PCIe (peripheral component interconnect express) solutions, including the most widely deployed retimers for cloud data centers—electronic components used in high-speed data communication systems to improve signal integrity and latency. These products enable customers to achieve higher data rates, lower power consumption, and improved system scalability. They have become increasingly important to manage the high throughput of AI systems in customized data centers.

The company partners with Intel, in part due to its corporate VC relationship, to integrate its components with Intel cloud servers. Intel Capital offers an Embedded Expert program to use Intel's staff to co-develop startup products and integrate them with Intel hardware. Astera Labs has taken advantage of this as an early integration partner with Intel's new generation 5 Xeon processors. For this reason, the company may be underexposed to Nvidia's growth,¹ while still able to support Intel's \$15 billion data center business.

IPO rationale

- AI semiconductor companies have outperformed the market in terms of revenue multiple appreciation. The median AI semiconductor stock in our comp set grew 71% in 2023 and 23% in Q4 2023—both tops among all AI segments, including core software and applications.
- Astera Labs meets some of the criteria for listings in the current market environment with a public-ready board and 44.9% revenue growth in 2023. The company is not profitable and does not meet the "rule of 40," so it may rely on momentum from AI semiconductor spending for a valuation premium.
- The company benefits from tailwinds in fit-outs of specialty AI data centers. Spending on generative AI hardware, including compute, storage, and networking, grew to \$7.2 billion in 2023. Growth is expected to remain high in 2024. This market opportunity accelerates the growth of the company's stated \$17.2 billion addressable market from enterprise networking semiconductors.

1: "AI Data Center Startup Astera Labs Plans March IPO," The Information, Cory Weinberg and Anissa Gardizy, February 1, 2024

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