



# DEVELOPER-FIRST STARTUPS

## GLOBAL FUNDRAISING & M&A TRANSACTIONS

### H1 2024 REVIEW

Daniel Jarjoura  
September 2024

## INTRODUCTION 🤝

Welcome to this very first comprehensive analysis of **fundraising and M&A transactions for the developer-first ecosystem in the first half of 2024.**

Developer-first (or Developer-Led) companies prioritise developers' needs and experiences in creating and marketing their products. Often founded by engineers themselves, these companies place a significant emphasis on crafting products that resonate deeply with developers, aiming to win their loyalty and advocacy.

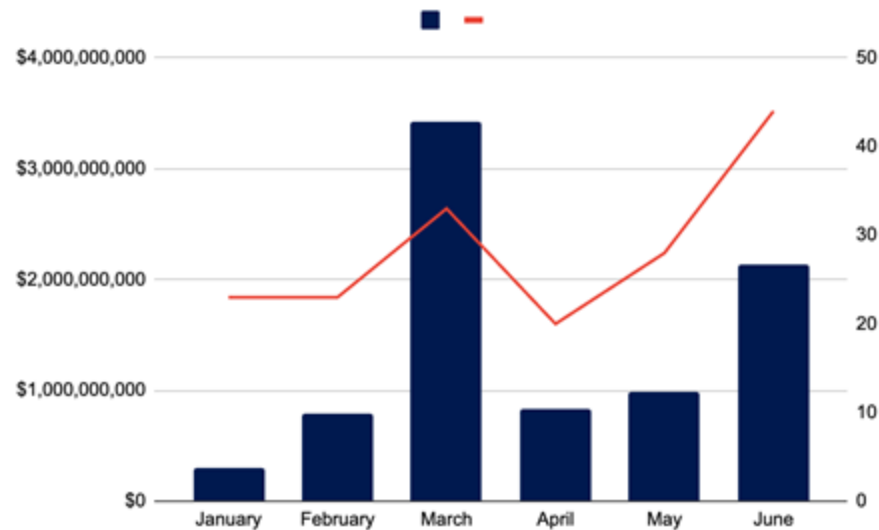
For this report, I categorised developer-first companies into several key sectors that are pivotal to software creation, deployment, and management: AI, API, SaaS, Cloud, Data Management, DevOps, DevTool, Monitoring, Security, and Testing.

In the following pages, I will explore global investment and M&A activities, analyse top transactions, and provide insights into the evolving strategies of leading and emerging players within the developer-first community.

Daniel Jarjoura - Managing Director @ Avolta, CTO Whisperer @ The Unicorn CTO

## SUSTAINED TRANSACTIONS

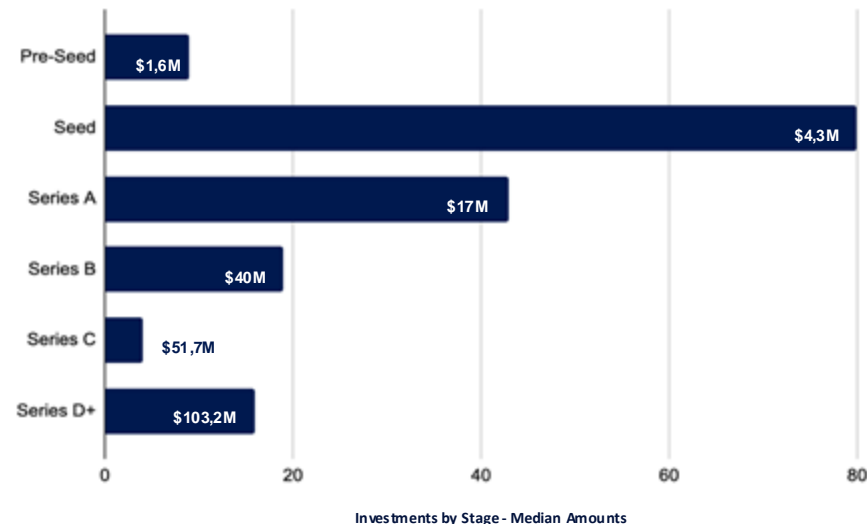
In the first half of 2024, a total of **171** fundraising transactions amassed **\$8.5b globally**. The year began with an average of 25 transactions per month, but activity surged in June with 44 transactions. The peak fundraising occurred in March and June, with \$3.4b and \$2.1b raised in these months, respectively.



## INCEPTION IS KING

Over half of the fundraising transactions occurred at the **Inception stage (Pre-Seed and Seed)**, emphasising investor interest in pre-revenue startups due to more attractive valuations and the increasing number of funds targeting this early phase.

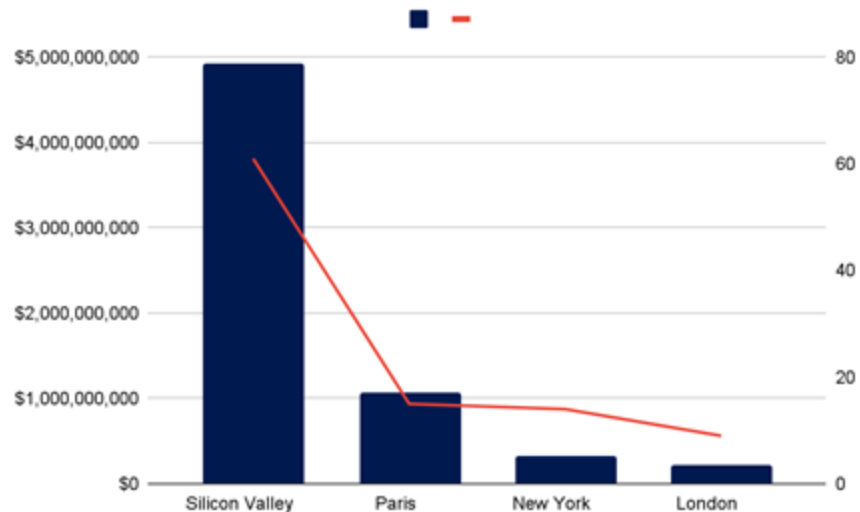
The surge in investments at the Inception stage aligns with the rise of new AI-native startups established in the first half of 2024, which we will explore in greater detail in the following slides.



## SILICON VALLEY STILL RULES

Despite ongoing discussions about **Silicon Valley's** waning dominance, developer-first companies based in San Francisco and nearby cities\* accounted for the majority of transactions and over 50% of the funds raised.

Outside of Silicon Valley, **Paris** has become a prominent hub for developer-first startups, mainly boosted by significant funding rounds for AI companies.

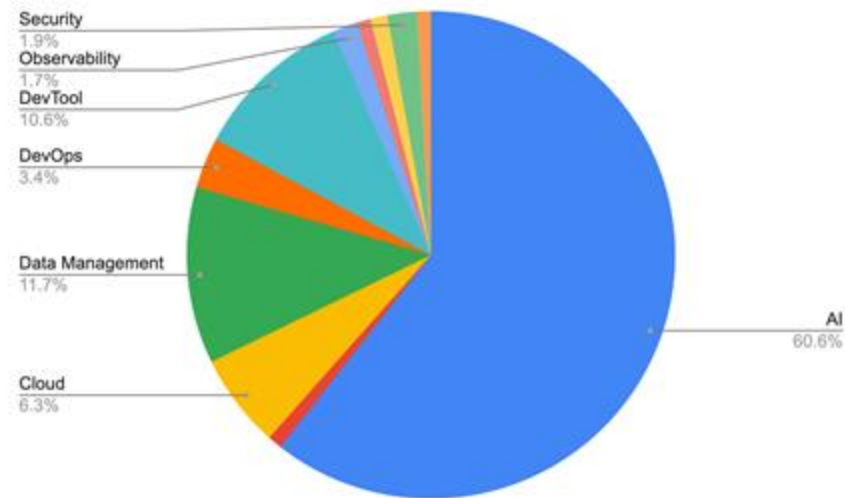


\* It's important to note that many companies officially headquartered in Silicon Valley often maintain only a minimal presence there—typically just the CEO—while the bulk of their teams are located elsewhere, frequently in Europe.

## AI, AI, AI

Even though they accounted for only 11% of the transactions, AI\* deals overwhelmingly dominated the investment landscape, capturing an impressive **61% of total funds (\$5,1B)**. This reflects both the substantial capital requirements for developing and training AI models and the strong investor confidence in their market potential.

More specifically, a striking 90% of these investments were concentrated in just **five companies** — Anthropic, Cohere, Mistral AI, DeepL, and H — all of which are focused on developing foundational AI models.



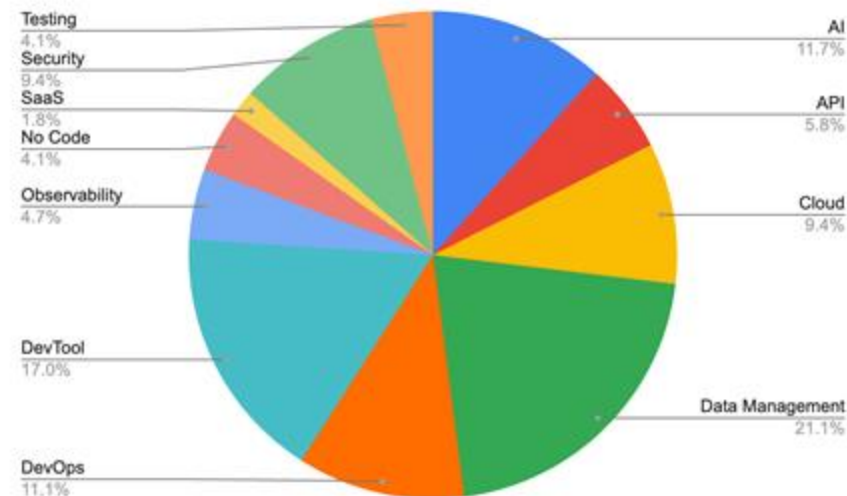
Investments by Category - Amounts

\* For the purposes of this report, the AI category exclusively includes companies focused on developing foundational AI models. Companies described as "AI-enabled" or "AI-powered" were not classified under AI.

## CAPITALISING ON SHOVEL-SELLERS

Beyond AI, **Data Management** and **DevTools** startups, especially those enabling companies to build/implement AI solutions, emerged as the standout categories in the first half of 2024, leading both in funding amounts and the number of transactions.

Investors are clearly favouring these “shovel-sellers”, essential enablers in the AI-driven gold rush.



Investments by Category - Number of Transactions

## DATA MANAGEMENT TO SUPPORT AI

The high transaction amounts, particularly for CData and Aerospike, reflect strong investor confidence in companies offering high-performance databases.

Many companies also focus on real-time processing and AI-driven data management, underscoring the increasing demand for infrastructure supporting AI applications' general deployment.

Company Name	HQ City	Transaction Type	Transaction Amount	Organisation Description
CData	Chapel Hill <sup>US</sup>	Series D+	\$350,000,000	CData is the data connectivity company, simplifying access to any data, anywhere.
Aerospike	Mountain View <sup>US</sup>	Series D+	\$109,000,000	Aerospike is a distributed NoSQL database with blazing-fast reads/writes and unmatched uptime.
Weaviate	Amsterdam <sup>NL</sup>	Series B	\$50,000,000	Weaviate is a cloud-native, real-time vector database that allows you to bring your machine-learning models to scale.
Ocient	Chicago <sup>US</sup>	Series B	\$49,400,000	Ocient enables organizations to explore and interact with hyperscale data sets quickly, cost effectively, and in previously infeasible ways to deliver meaningful insights and drive customer innovation.
Unstructured	San Francisco <sup>US</sup>	Series B	\$40,000,000	Get your data RAG-ready. #ETLforLLMs

Top 5 Data Management Transactions



## CODE COPILOTS EVERYWHERE

Apart from Vercel's \$250 million round, most transactions involved AI-driven code acceleration tools or copilots, indicating that software engineering automation will remain a strong trend in the near future.

Investments in companies like Replit or LiveKit also show a shift in how DevTool are being designed to be more accessible and more collaborative.

Company Name	HQ City	Transaction Type	Transaction Amount	Organisation Description
Vercel	San Francisco <small>US</small>	Series D+	\$250,000,000	Vercel's Frontend Cloud provides the developer experience and infrastructure to build, scale, and secure a faster, more personalized Web.
Augment	Palo Alto <small>US</small>	Series B	\$227,000,000	Augment's expert understanding of your codebase and dependencies removes the toil in your day, so you experience the joy of coding.
Replit	San Francisco <small>US</small>	Series D+	\$97,400,000	Build software collaboratively from anywhere in the world, on any device, without spending a second on setup.
Zama	Paris <small>FR</small>	Series A	\$73,000,000	Zama is an open source cryptography company building state-of-the-art FHE solutions for blockchain and AI
Codeium	Mountain View <small>US</small>	Series B	\$65,000,000	Codeium is the modern coding superpower, a code acceleration toolkit built on cutting edge AI technology.

Top 5 DevTool Transactions

## FOUNDATIONAL MODELS

Companies developing cutting-edge foundational models are attracting large amounts of funding to fuel the enormous costs required to train them. This is even more striking given that most companies are less than three years old.

While the amounts raised (and related valuations) are high, their repeatability either hints to either a bubble or a major technological shift like the cloud or mobile were.

Company Name	HQ City	Transaction Type	Transaction Amount	Organisation Description
Anthropic	San Francisco <sup>US</sup>	Series D+	\$2,750,000,000	We're an AI research company that builds reliable, interpretable, and steerable AI systems. Our first product is Claude, an AI assistant for tasks at any scale.
Mistral AI	Paris <sup>FR</sup>	Series B	\$640,000,000	Fast, open-source and secure language models.
Cohere	Toronto <sup>CA</sup>	Series D+	\$450,000,000	Cohere builds enterprise-grade frontier AI models designed to solve real-world business challenges. Cohere's AI solutions are cloud-agnostic to meet companies wherever their data is stored and offer the highest levels of security, privacy, and customization with on-premises and private cloud deployment options.
DeepL	Cologne <sup>DE</sup>	Series D+	\$300,000,000	We help businesses and individuals thrive with the use of our AI translator.
H Company	Paris <sup>FR</sup>	Seed	\$220,000,000	H is working on frontier action models, to boost the productivity of workers

Top 5 AI Transactions

## FROM DEVOPS TO MLOPS

There is a notable trend towards integrating AI and ML technologies within DevOps solutions, with more and more companies enhancing automation and intelligence in operations, suggesting a shift towards more AI-driven DevOps environments.

Significant funding for companies like Baseten and Codesphere demonstrates a strong interest in solutions that simplify application deployment and scaling. This trend will likely persist, emphasising the need for DevOps tools that make the software deployment lifecycle faster and less resource-intensive.

Company Name	HQ City	Transaction Type	Transaction Amount	Organisation Description
<a href="#">SiMa.ai</a>	San Jose <sup>US</sup>	Series D+	\$70,000,000	With push-button performance, we enable effortless ML deployment and scaling at the embedded edge by allowing customers to address any computer vision problem while achieving 10x better performance at the lowest power.
Baseten	San Francisco <sup>US</sup>	Series B	\$40,000,000	At Baseten we provide all the infrastructure you need to deploy and serve ML models performantly, scalably, and cost-efficiently.
Firefly	Tel Aviv <sup>IL</sup>	Series A	\$23,000,000	Firefly is a Cloud Control Plane solution that enables DevOps, SRE, and Platform Engineering teams to rediscover their entire cloud footprint
Prismatic	Sioux Falls <sup>US</sup>	Series B	\$22,000,000	Prismatic, the world's most versatile embedded iPaaS, helps B2B SaaS teams launch powerful product integrations up to 8x faster.
NeuBird	San Francisco <sup>US</sup>	Seed	\$22,000,000	NeuBird's Hawkeye acts as an AI ITOps engineer, using generative AI to diagnose issues, contextualize potential reasons for the problem, share steps needed to resolve it, and even write code to fix the issue.

## FROM DEVOPS TO MLOPS

There is a notable trend towards integrating AI and ML technologies within DevOps solutions, with more and more companies enhancing automation and intelligence in operations, suggesting a shift towards more AI-driven DevOps environments.

Significant funding for companies like Baseten and Codesphere demonstrates a strong interest in solutions that simplify application deployment and scaling. This trend will likely persist, emphasising the need for DevOps tools that make the software deployment lifecycle faster and less resource-intensive.

Company Name	HQ City	Transaction Type	Transaction Amount	Organisation Description
<a href="#">SiMa.ai</a>	San Jose <sup>US</sup>	Series D+	\$70,000,000	With push-button performance, we enable effortless ML deployment and scaling at the embedded edge by allowing customers to address any computer vision problem while achieving 10x better performance at the lowest power.
Baseten	San Francisco <sup>US</sup>	Series B	\$40,000,000	At Baseten we provide all the infrastructure you need to deploy and serve ML models performantly, scalably, and cost-efficiently.
Firefly	Tel Aviv <sup>IL</sup>	Series A	\$23,000,000	Firefly is a Cloud Control Plane solution that enables DevOps, SRE, and Platform Engineering teams to rediscover their entire cloud footprint
Prismatic	Sioux Falls <sup>US</sup>	Series B	\$22,000,000	Prismatic, the world's most versatile embedded iPaaS, helps B2B SaaS teams launch powerful product integrations up to 8x faster.
NeuBird	San Francisco <sup>US</sup>	Seed	\$22,000,000	NeuBird's Hawkeye acts as an AI ITOps engineer, using generative AI to diagnose issues, contextualize potential reasons for the problem, share steps needed to resolve it, and even write code to fix the issue.

## OPEN-SOURCE IS IN PLACE

With **\$1.5b** (17% of the total raised), including \$640m for open-weight AI company Mistral\*, open-source startups managed to get their share of funding. But apart from a few large deals (like Vercel's \$250m series D), the majority of open-source startups are still in the early stages.

This indicates a **vibrant influx of new entrants**, with AI, DevTools and Data Management as the top product categories.

Company	Country	Sector	Deal size (\$m)	Deal type
Mistral AI	France	AI	\$640m	Series B
Vercel	USA	DevTool	\$250m	Series D+
Zama	France	DevTool	\$73m	Series A
Baseten	USA	DevOps	\$40m	Series B
Unstructured	USA	Data Management	\$40m	Series B
Defense Unicorns	USA	Security	\$35m	Series A
Coder	USA	DevTool	\$35m	Series B
Voxel51	USA	Data Management	\$30m	Series B
Qdrant	Germany	Data Management	\$26m	Series A
Cube	USA	Data Management	\$25m	Series A

\* While open-weight AI companies are not considered open-source since they don't release train in g code, original dataset, and other parameters, we decided to include them in this category since many investors consider them open-source.

## AI BROKE THE BANK

AI companies are prominently featured in the largest fundraising rounds, securing significant investments. Most of the top deals are **Series D+ rounds**.

Notable exceptions include H Company's large Seed round and Cognition's substantial Series A, which highlight exceptional market confidence in **foundational AI developers**.

With two companies in the top 10, **France** emerges as a notable player in the global AI landscape, underscoring its current attractiveness.

Company	Country	Sector	Deal size (\$m)	Deal type	Month
Anthropic	USA	AI	\$2,900m	Series D+	March
Mistral AI	France	AI	\$640m	Series B	June
Cohere	Canada	AI	\$450m	Series D+	June
CData	USA	Data Management	\$350m	Series D+	June
Lambda	USA	Cloud	\$320m	Series C	February
DeepL	Germany	AI	\$300m	Series D+	May
Vercel	USA	DevTool	\$250m	Series D+	May
Augment	USA	DevTool	\$227m	Series B	April
H Company	France	AI	\$220m	Seed	May
Cognition	USA	AI	\$175m	Series A	April

## TEAM USA LEADS US

**Y Combinator, Andreessen Horowitz, and Accel** lead the pack with the highest number of deals. This demonstrates their substantial influence and active engagement in the developer-first startup ecosystem, especially in early-stage investments.

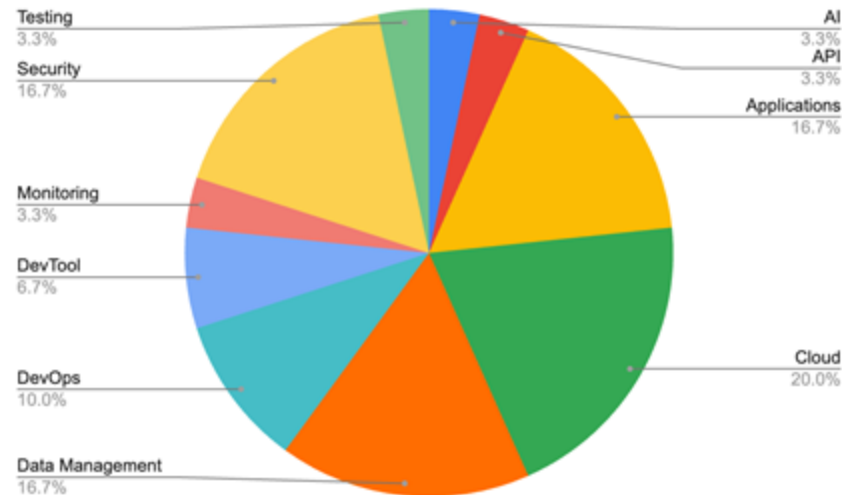
The majority of these leading investors are based in the US. This correlates with Silicon Valley being the top city to raise funding and the fact that **US investors are investing more and more in Europe.**

Company	Country	Deal count
Y Combinator	USA	11
Andreessen Horowitz	USA	10
Accel	USA	9
Sequoia Capital	USA	8
Lightspeed Venture Partners	USA	6
Index Ventures	Europe	6
SV Angel	USA	5
Redpoint Ventures	USA	5
General Catalyst Partners	USA	5
Amplify Partners	USA	4
Greylock Partners	USA	4
Coatue Management	USA	4

## INFRA IS FUELING M&A

Just **30 Developer-First M&A transactions** happened in H1 2024, for a total (disclosed) amount of **\$9.1b**, with the Cloud, AI, and Data Management categories being the most represented in the number of transactions and the (disclosed) deal value.

IBM's acquisition of HashiCorp for \$6.4b, Databricks' acquisition of Tabular for \$1b and NVIDIA's purchase of Run:AI for \$700m highlight the significant value placed on advanced **cloud infrastructure and data management solutions**, which are serving as a base for enterprise AI deployments. These transactions represented over 30% of the volume and 80% of the estimated amounts spent.



M&A by Category - Number of Transactions



## A TALE OF TWO MULTIPLES ↔

The analysis of disclosed transactions reveals different truths for different companies. Winners of the M&A game like Run:AI, Deci AI and Tabular managed to get **stellar EV/Revenue multiples** and a premium on their last round valuations, emphasising the strategic importance of data and infrastructure companies in future enterprise AI deployments.

On the other hand, several companies ended up selling for less than their last round's valuation, including former AI darling Inflection (once valued at \$4b), indicating a **much tougher fundraising environment** after the ZIRP era.

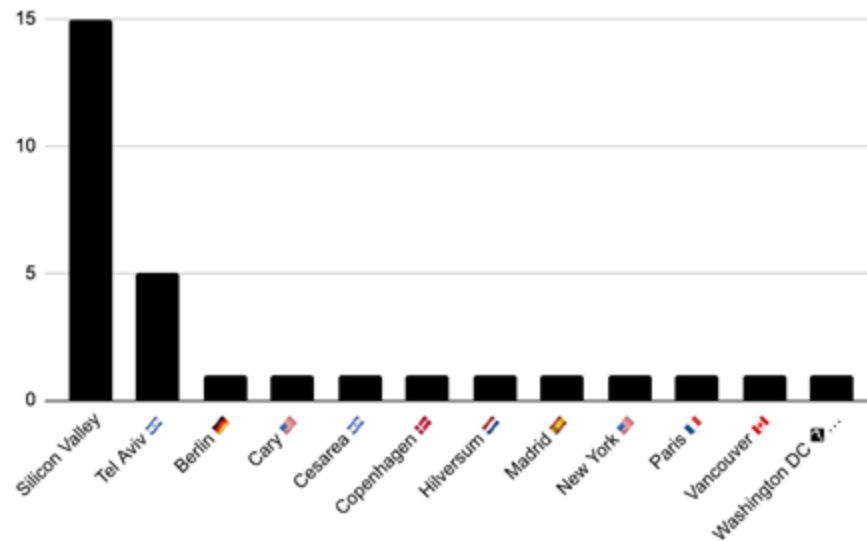
Company	Acquiring Company	Transaction Amount	Revenue *	EV/Revenue Multiple	Last Round Valuation *	Premium on Last Round Valuation
HashiCorp	IBM	\$6.4b	\$583m	11.14x	\$5.5b	1.2x
Tabular	Databricks	\$1b	\$3m	333x	\$120m	8.3x
Run:AI	Nvidia	\$700m	\$30m	23x	\$375m	1.9x
Inflection AI	Microsoft	\$650m			\$4b	0.16x
Deci AI	Nvidia	\$300m	\$15m	20x	\$100m	3x
Oxeye	GitLab	\$35m	\$3m	11.6x	\$25m	1.4x
Codefresh	Octopus Deploy	\$28m	\$27.5m	1x	\$130m	0.21x
Argilla	Hugging Face	\$10m	\$1.3m	7.7x	\$28m	0.35x

\* Revenue amounts per Dealroom.co estimates, except for HashiCorp

## TEL AVIV KEEPS UP WITH SV IL

The **concentration of acquisitions in Silicon Valley**, where 15 of the 30 transactions occurred, highlights the Valley's significance as a strategic advantage for M&A activities. Being situated in Silicon Valley facilitates easier identification and integration of startups by major tech firms in the area.

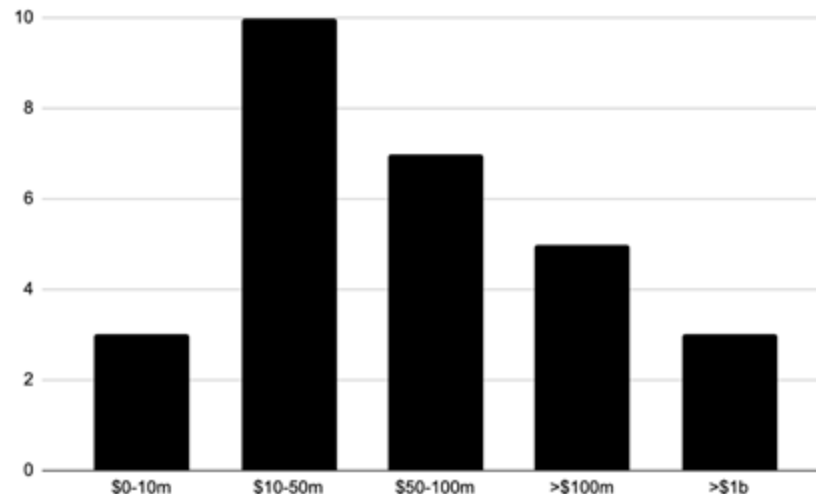
**Tel Aviv** is the second most frequent headquarters location, with five acquisitions, highlighting Israel's reputation as a significant centre for high-tech development, especially in fields such as security and AI.



## M&A IS FOCUSED ON EARLY-STAGE 🌱

Two-thirds of the transactions occurred for companies whose last round's estimated valuation was under \$100 million, including **13 transactions for valuations under \$50 million** (almost 50% of all transactions). This shows a strong interest from acquirers for early-stage, often pre-revenue startups.

The significant number of transactions involving companies valued below \$50 million could suggest a challenging fundraising environment or overly optimistic initial valuations during ZIRP.



## PUBLIC COMPANIES & UNICORNS

**Public Companies and Unicorns** represented two-thirds of the acquirers, with prominent tech giants such as IBM, Microsoft, Nvidia, and Google and unicorns like OpenAI and Airtable actively acquiring startups.

While public companies have made substantial acquisitions, they are also venturing into territories traditionally dominated by smaller players, including unicorns. This **strategic “hunting” in smaller companies’ turf** signifies a shift towards diversifying their innovation sources and capturing emerging technologies at their nascent stages.

Company Name	HQ City	Category	Acquiring Company	Acquirer Type
HashiCorp	San Francisco <sup>US</sup>	Cloud	IBM	Public Company
Inflection AI	Palo Alto <sup>US</sup>	AI	Microsoft	Public Company
Tabular	San Jose <sup>US</sup>	Data Management	Databricks	Public Company
D2iQ	San Francisco <sup>US</sup>	Cloud	Nutanix	Public Company
Run:AI	Tel Aviv <sup>IL</sup>	Cloud	Nvidia	Public Company
Deci AI	Tel Aviv <sup>IL</sup>	Cloud		
Rockset	San Mateo <sup>US</sup>	Data Management	OpenAI	Unicom
Multi	San Francisco <sup>US</sup>	Applications		
Split	Redwood City <sup>US</sup>	Testing	Harness	Unicom
Airplane	San Francisco <sup>US</sup>	DevTool	Airtable	Unicom
Balsa	San Francisco <sup>US</sup>	Applications		
TruEra	Redwood City <sup>US</sup>	Security	Snowflake	Public Company
Wb	Tel Aviv <sup>IL</sup>	Security	F5	Public Company
Qwak	New York <sup>US</sup>	DevOps	JFrog	Public Company
Uizard	Copenhagen <sup>DK</sup>	Applications	Miro	Unicom
PopSQL	San Francisco <sup>US</sup>	Data Management	Timescale	Unicom
Verta	Menlo Park <sup>US</sup>	DevOps	Cloudera	Public Company
Codefresh	Mountain View <sup>US</sup>	DevOps	Octopus Deploy	Unicom
Argilla	Madrid <sup>ES</sup>	Data Management	Hugging Face	Unicom
Oxeye	Tel Aviv <sup>IL</sup>	Security	GitLab	Public Company
StackState	Hilversum <sup>NL</sup>	Cloud	SUSE	PE-owned
Calypnia	San Francisco <sup>US</sup>	Monitoring	Chronosphere	Unicom
Helios	Tel Aviv <sup>IL</sup>	Security	Snyk	Unicom
Speedb	Cesarea <sup>IL</sup>	Data Management	Redis	Unicom
Cameyo	Cary <sup>US</sup>	Applications	Google	Public Company

## PREDICTIONS FOR THE NEXT 6 TO 12 MONTHS

### 1. AI Funding Surge

AI will continue to dominate funding as more developers leverage foundational and specialised small models to create innovative applications, driving further growth and diversification in the AI sector.

### 2. Emergence of Copilots

The integration of AI copilots across various categories, such as DevOps and QA, will gain momentum. These tools, by automating routine tasks and enhancing efficiency, will not just assist engineers but also transform software development practices.

### 3. Increase in M&A Transactions

We expect the number of M&A transactions to rise, driven by consolidation efforts from dominant players aiming to acquire breakthrough companies with proven product-market fit and by the need to acquire talent and technology assets from companies that have exhausted their funding runway.

## METHODOLOGY

### 1. A proprietary platform for fundraising and M&A transactions

Avolta.io is Avolta's proprietary platform that systematically gathers and synthesises data across multiple sources for transactions involving technology companies. This report is based on Avolta.io's data filtered out for developer-first companies.

### 2. Scope of Research



Our research encompasses a broad spectrum of developer-first companies spanning multiple sectors such as AI, API, Applications, Cloud, Data Management, DevOps, DevTool, Monitoring, Security, and Testing. This comprehensive approach allows us to capture and analyse trends across different stages of company maturity and technological focus.

### 3. Data Sources and Verification

- Primary Data: Collected directly from company releases, investor presentations, and direct communications (including information on LinkedIn).
- Secondary Data: Sourced from industry-leading databases such as Dealroom.co and Crunchbase, supplemented by insights from our network of industry insiders.

## ABOUT

### About the Author

Hi  My name is Daniel Jarjoura, a software engineer turned tech investment banker. Engaging with developers has been the common thread in my career. I was trained as a developer, managed developers, educated developers, and helped developers start companies  I'm now a Managing Director at Avolta, a boutique European investment bank, advising CEOs of developer-first companies on M&A and growth fundraising operations. You can learn more about me [here](#).

### About Avolta

Founded in 2012, Avolta is a leading European tech advisor for M&A and fundraising. Since its inception, it has completed more than 100 deals and handled a total volume of €2bn for clients that include some of the world's most pioneering startups in their sector.

Thanks to cross-disciplinary expertise in tech and finance, Avolta assists its clients in all capital transactions, including M&A, fundraising, and LBOs. Founded by tech entrepreneurs, Avolta is committed to understanding its clients' concrete concerns. Our mission: Be at the heart of market issues, optimise key information, be creative in the search for counterparties, and maximise value to shape the finest deals.