



Fidelman & Co.



QUESTION

SMS Marketing Platform Valuation - ShopMessage & Attentive

INSIGHTS

- After raising \$13 million series A funding led by Bain Capital Ventures, Attentive's SEC filing showed that the \$13 million included \$2,024,071.25 of convertible promissory notes previously issued.
- Despite an extensive search, we found no publicly available evidence that ShopMessage has received any funding.

FINDINGS

An extensive search of the public domain indicates that ShopMessage may not have received any funding as the company's profile cannot be located on platforms that provide financial and funding data about startups as well as on business directories. This was still our conclusion after checking to ensure that ShopMessage is not operating under the canopy of another company.

For Attentive, we found that the first capital raised was [\\$2,024,071.25 \(1\)](#) between [2016 \(9\)](#) (its founding year) and [25th January 2018 \(1\)](#) (when it first raised its series A capital). We also found that Attentive raised these funds through convertible promissory notes, which are used when there [aren't enough bases \(12\)](#) to determine a company's valuation: when the company is [still an idea \(12\)](#). Below, is an outline of our research methodology detailing how we came to the above conclusions for both Attentive and ShopMessage.

The available information for both companies has been entered in the [attached spreadsheet. \(11\)](#)

Methodology

Since we were dealing with startup funding and valuation, we commenced our research from credible platforms that provide financial and funding data about startups such as Pitchbook, Craft, Angel.co, and Crunchbase. Our search through these platforms only proved relatively successful with Attentive, but not with ShopMessage as none of the platforms had any data on the company. We thought perhaps ShopMessage operated under the canopy of another company but our research showed that this was not the case through [ShopMessage's website \(6\)](#), and [profile of its founder \(10\)](#) on Crunchbase and LinkedIn. Even though we were able to find Attentive on these platforms, the available data was limited. For example, data from [Pitchbook \(9\)](#) such as original issue price, conversion price, percentage equity owned, which would have given us insights into how the company was funded and valued, was behind a paywall.

The next step was to conduct a press search for both companies, keeping in mind that we already had some information about Attentive. The possible avenues we explored include news articles, interviews with directors of the company, press releases announcing funding rounds, and general profiles on business directories. For Attentive, we were able to find various press releases and news articles announcing its series A funding [led by Bain Capital Ventures \(3\)](#), with participation from Eniac Ventures and NextView Ventures. All press releases examined for this deal did not give any insights on Attentive's valuation multiple or equity involved. While we also found some articles on ShopMessage, we found none that mentioned any funding details or transactions involving the company.

Our next strategy was to search through the Securities Exchange Commission's website,

as well as the state business registers where each company is domiciled: California for ShopMessage and New York for Attentive. Across all these organizations, we could not find any tangible information for ShopMessage, but we were able to locate [Attentive's filing \(1\)](#) with the SEC that covered details of its latest funding round, which we would discuss below. Despite extensive search through company websites and digging into company founders, we were unable to identify any funding information on ShopMessage. If the company has received any funding, then they have not made it public, but the lack of data on platforms such as Pitchbook and Crunchbase indicate that the company may not have raised any funding at all. As such, we have annotated the columns C, D, and E of row 8 with "N/A". On the other hand, while we were able to determine that Attentive did not have any valuation when it raised its first funds, we were unable to determine the amount of equity involved nor the date the capital was first raised.

FINDINGS ON ATTENTIVE

The press release announcing Attentive's latest funding round revealed that the company had raised [\\$13 million \(3\)](#) series A funding led by Bain Capital Ventures, with participation from Eniac Ventures and NextView Ventures. Attentive's Crunchbase profile showed that the total money it has raised so far was [\\$13 million \(4\)](#). However, Pitchbook notes that the last funding round was \$11 million. The answer to the difference was found in Attentive's SEC filing following the series A funding round. In the filing, Attentive noted that the \$13,024,066 offering sold "[include the conversion \(1\)](#) of \$2,024,071.25 of convertible promissory notes previously issued."

Convertible promissory notes are typically "[short-term debt that \(12\)](#) converts into equity, typically in conjunction with future financing round; in effect, the investor would be loaning money to a startup and instead of a return in the form of principal plus interest, the investor would receive equity in the company." One of the advantages of convertible promissory notes is that, "[it does not force \(12\)](#) the issuer and investors to determine the value of the company when there really might not be much to base a valuation on – in some cases the company may just be an idea."

The deduction from the aforementioned findings is that Attentive had raised [\\$2,024,071.25 \(1\)](#) in convertible promissory notes before receiving [\\$11 million \(9\)](#) in its series A funding. Our findings also indicate that this [\\$2,024,071.25 \(1\)](#) was not based on any valuation as they were simply convertible promissory notes. Since Attentive was founded in 2016 and the last funding round happened January 2018, we have added "Between 2016 and 25th January 2018" in column C, since details of Attentive's convertible promissory notes are not in the public domain.

Further readings on convertible promissory notes can be found [here \(2\)](#) and [here \(12\)](#).

SOURCES

1) SEC FORM D - Attentive Mobile

https://www.sec.gov/Archives/edgar/data/1730164/000123191918000009/xslFormDX01/primary_doc.xml

2) Convertible Promissory Note: Everything You Need to Know

<https://www.upcounsel.com/convertible-promissory-note>

- *"It allows companies to raise capital without having to put a valuation on their business right away. Often, if a company has just started or has not even launched yet, valuing the business is nearly impossible. In convertible debt financing, the investment is made without placing an explicit valuation on the startup."*

3) TapCommerce's founders are back with Attentive, a messaging startup that's raised \$13M

<https://techcrunch.com/2018/02/08/attentive-launch/>

4) Attentive | Crunchbase

<https://www.crunchbase.com/organization/attentive#section-funding-rounds>

5) ShopMessage CEO

<https://www.business2community.com/facebook/using-facebook-messenger-as-part-of-your-marketing-strategy-02140961>

6) ShopMessage | Marketing Automation for Facebook Messenger

<https://www.shopmessage.me/>

7) LinkedIn _ ShopMessage

<https://www.linkedin.com/company/shopmessage/about/>

8) Attentivemobile Competitors, Revenue and Employees - Owler Company Profile

<https://www.owler.com/company/attentivemobile>

9) Attentive Mobile Company Profile: Valuation & Investors | PitchBook

<https://pitchbook.com/profiles/company/225695-62>

10) Arjun Ohri | Crunchbase

<https://www.crunchbase.com/person/arjun-ohri>

11) SMS Marketing Platforms

<https://docs.google.com/spreadsheets/d/147K2hTGhQkjsGJCjONHX-L-tFmKdU4GS7EvkJYxCg2I/edit?usp=sharing>

12) Convertible Note | Examples and How It Works | SeedInvest

<https://www.seedinvest.com/blog/startup-investing/how-convertible-notes-work>