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TECHNOLOGY

Metro Atlanta startups see 381% VC funding bump in Q2 🔑

Fareed Khan is CFO of Surterra Wellness, which received $100 million in funding in the second quarter.
CLASSIC KIDS VIA SURTERRA WELLNESS

By Madison Hogan
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Atlanta Inno reports on the biggest local tech and startup stories. For more innovation news and to stay plugged into the city's ecosystem, check out Atlanta Inno and sign up for its daily newsletter, The Beat.

The second quarter of this year might have been the best quarter Atlanta has seen for venture capital raised in recent years.

Atlanta area companies raised $649.94 million from 38 deals in Q2, according to a new PitchBook and National Venture Capital Association breakdown. That's an increase of nearly 381% from Q1, when metro area startups raised $170.61 million.

The capital raised this quarter is the highest documented for the city in recent years, according to the Pitchbook data, which includes deals from 2013 to 2019. The highest amount of capital raised in the metro area prior to this quarter was $580.73 million in 2017 Q3.

Last year, Atlanta saw 35 deals and $226.36 million in capital raised in the second quarter. The funds this quarter are nearly three times more than what Atlanta raised this time last year.

In 2018, investors invested around $1.15 billion into Georgia companies across 120 deals. If we continue this trend of outperforming last year's funds, we will surpass that number, easily. Atlanta's top nine deals of 2019 Q2, according to Pitchbook, are:

1. Surterra Wellness – $100 million

2. Dispersive Networks - $87 million

3. SalesLoft - $70 million

4. Maxex - $38 million

5. FullStory - $32 million

6. Evident - $20 million

7. Clinigence - $19 million

8. STORD - $12 million

9. SoftWear Automation - $12 million

The most active Georgia venture firms listed in Pitchbook for the quarter were Noro-Moseley Partners, with a fund of $180 million, and BIP Capital, with a fund of $15 million.

19 Atlanta startups to watch

Atlanta Inno says these 19 startups are worth keeping a real close eye on in 2019.
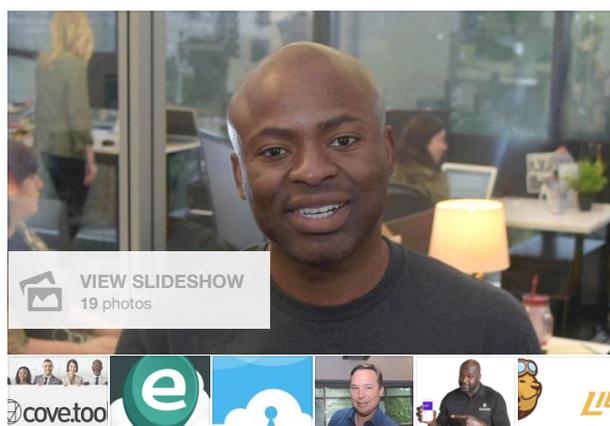
Nationally, VC investments in the first half of the year hit $66 billion — on pace to hit the record levels we saw last year. But the story of Q2 was largely about exits. The second quarter of 2019 set a quarterly record with $138.3 billion in exit value — bringing the total for the first half of the year to $188.5 billion.

And that could foreshadow future investment.

"This strong exit activity has produced strong distributions for LPs [limited partners], who are recycling that capital into new VC funds," the report said.

While many people have projected a market correction or even a recession. The data points to continued growth and strong funding for startups.

"Robust exit activity continues to drive positive net cash flows to LPs and improve aggregate performance for the VC ecosystem," John Gabbert, founder and CEO of PitchBook, said in a news release. "The unprecedented flood of newly liquid capital has already eclipsed every other annual exit value total, ensuring that 2019 will leave its mark as a pivotal year for the US VC industry."

ReactorWorks CEO launches new cloud automation platform in ATL

Matter, an Atlanta-based cloud automation platform that helps companies plan, code and ensure compliance, has just been launched.

Matter's cloud-automation and management platform helps companies migrate their initiatives and business to the cloud. Matter is a product of Atlanta-based ReactorWorks CEO John Peak, who built the platform based on his experience helping Fortune 500 companies migrate their business to the cloud.

"Now that we're in the marketplace we'll be focusing on expanding our sales organization to sell not just to enterprises but also to the MSP market [managed service providers, who manage information technology infrastructure for their customers] and other channels nationally," Peak told Atlanta Inno. "This is a massive opportunity to make the innovation that is the public cloud more accessible than ever."

Matter's office, located in the heart of Midtown at the Biltmore, employs six people and expects to grow the staff in coming months, Peak said. The company is not actively seeking funding at this time, but will look at raising capital in 2020.

Cloud migrations are no cakewalk, according to Matter representatives. The task is complicated and requires intensive research. More than half of all enterprises conducting cloud migration have reported a stalled or delayed migration attempt, according to a news release. A study found that global spending on pubic cloud services and infrastructure will double within the next five years.

"For the past 15 years we've watched companies take their journey to the cloud and knew there was a need for greater automation across the entire process and a way to make the generational innovation of cloud computing accessible to more businesses," Peak said in a statement. "The market continues to offer solutions that tackle one, or possibly two of the vital elements required to migrate or deploy critical applications to the cloud, and yet we see that more than half of all migrations are failed or stalled. Matter is the only cloud offering with end-to-end automation that also provides a single source of truth across the entire enterprise cloud migration process. Matter is the first and only DevOps Firewall."

Matter's planning module creates a deployment plan using a customizable scoring model that prioritizes applications based on business value while balancing complexity. This allows businesses to plan each migration and move the most valuable operations to the cloud first and foremost.

The company's provisioning module offers autonomous provisioning of cloud infrastructure which makes it easy to specify and auto-generate all the infrastructure components needed to deploy to the cloud. The startup claims it can reduce DevOps resource requirements by half.

The compliance module makes sure the cloud complies with all industry standards, regardless of industry, before they are deployed. The module also offers continuous infrastructural monitoring once it's live, in order to keep the cloud in compliance with adapting regulations.

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