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Target: **first**

Buyer:  **Fireblocks**

Fireblocks' acquisition of First Digital

Author: Arjun Mehra, arjun@architectpartners.com
More Information: Elliot Chun, elliot@architectpartners.com

Transaction Overview

On February 16, 2022, Fireblocks announced the [acquisition](#) of the stablecoin and digital assets payment platform, First Digital.

Target: First Digital

First Digital is a payments platform focusing on the use of the Diem and Celo stablecoins to enable cross-border and merchant transactions. First offers an API that is compatible with existing payment processes allowing both payment service providers and merchant acquirers to process payments in digital asset currencies.

Launched in 2017 out of Israel, First has raised \$22mm to date with investments from iAngels, Scale-Up Ventures, and Target Global - all of which sold their stake in the acquisition. First was led by CEO Ran Goldi, who after the acquisition is now VP of Payments at Fireblocks.

There are two branches of competitors for First Digital: stablecoin specific companies including the Circle (USDC), Tether (USDT), and Gemini (GUSD); and digital payment networks including Central Bank Digital Currencies, Block, Solana Pay, Stellar, and Algorand.

Buyer: Fireblocks

Fireblocks is a digital asset custodian and cryptocurrency infrastructure provider. With 900+ clients, Fireblocks services clients ranging from Banks, Market Makers, and Exchanges to Hedge Funds, Lending Desks, and Neobanks.

While Digital Asset Custody is the largest component of Fireblocks as a company, they also offer products across DeFi, Payments & Stablecoins, and AML/KYC.

Founded in 2018, Fireblocks was created in Israel and is led by CEO and Co-Founder Michael Shaulov, who with Fireblocks' 300 employees have amassed over \$45 Billion in assets under custody. To date, Fireblocks has raised \$1 Billion in financing, with investments from Paradigm, Coatue, Ribbit Capital, Sequoia, and DRW Venture Capital. This acquisition is stemming off of Fireblocks' most recent round, a Series E in January, where they raised \$550mm at a \$8 Billion valuation; that round was led by D1 Capital Partners and Spark Capital.

Transaction Parameters

While transaction details were not disclosed, it was estimated that the acquisition was \$100mm, with First Digital's employees transitioning to roles within Fireblocks.

Comparable crypto payments M&A transactions include Silvergate | Diem (\$200M, [M&A Alert](#)); Stellar | Wyre (ND); NYDIG | Bottlepay (\$290M, [M&A Alert](#)); Voyager | Coinify (\$99M, [M&A Alert](#)); Nuvei | Simplex (\$250M, [M&A Alert](#)); Binance | Swipe.io (ND, [M&A Alert](#)).

Strategic Rationale

Fireblocks has raised significant funding, and is using its war chest to fill product gaps. Payment rails and controlling the movement of assets builds on Fireblocks custody solutions. Fireblocks will have a key segment of the value chain in-house and further its vision as the all-in-one infrastructure provider. Several of Fireblocks key competitors offer this service in fiat and crypto, so Fireblocks can also remain competitive.

A previous [partnership](#) between Fireblocks and First Digital, to enable payments with the Diem network, allowed for an initial familiarity between the two organizations. Uptake & use by Fireblocks' clients proved to be worthwhile to capture all of the revenue.

Architect Partners' Observations

Digital asset infrastructure is becoming highly competitive. There are still "first mover" advantages to be had, and several firms are jostling for this benefit.

Critical to growth is ensuring a full suite of products. The crypto trading ecosystem is unique in that players of all stripes can grab more & more segments of the value chain. Unlike equities, where everything is highly segmented, one crypto firm can reach across nearly all segments.

Inorganic growth is often the quickest way to build out the platform. We have seen this happen several times, including NYDIG's (who provides crypto custody) acquisition of Bottlepay, representing a crypto-native company acquiring crypto payment capabilities leveraging the Bitcoin Lightning network.

We expect this trend to continue as well funded firms use their capital to continue this expansion.

Sources

[Fireblocks Website](#), [First Digital Website](#), [AP Insights](#), [Crunchbase](#), [PR Newswire](#)