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Company:  **BitGo**

Subsector: Investment & Trading Infrastructure

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## Transaction Overview

On August 16, 2023, BitGo raised \$100 million in Series C funding from new strategic investors at a \$1.75B valuation.

## Company Description

BitGo is an NYDFS-regulated qualified custodian (QC) providing custody, financial services, and core infrastructure to over 1,500 institutional clients globally. The company is the leading crypto custodian, processing 20% of all Bitcoin transactions by value, and has top-tier clients such as Nike, Bitstamp, Pantera, eToro, and Mysten Labs. Since the beginning of 2023, new clients have grown by over 60%.

BitGo has three core offerings: 1) custody, 2) prime brokerage services, and 3) BitGo settlement network (Go Network). BitGo's core custody offering includes hot, cold, and self-custodial wallets along with a "wallet-as-a-service" offering for web3 applications that creates and manages wallets for end-users. Launched in May 2020, BitGo Prime offers trading, lending, liquidity, and staking services to institutional clients. Since launch, staking services have increased by 40x. Earlier in 2023, the BitGo Settlement Network or Go Network was launched, seeking to replace the void left by the shutdown of SEN and Signet. Through BitGo Trust accounts, institutional clients can instantly transfer and settle digital and fiat assets. BitGo has created a closed-loop system that keeps clients' assets in a secure, qualified custodian (BitGo) and enables them to have full BitGo Prime interoperability (trading, lending, staking, etc). Currently, OTC desks, exchanges, hedge funds, broker-dealers, lenders, payment processors, and security token issuers are actively utilizing the platform.

BitGo was founded in 2013 by Mike Belshe and Ben Davenport and is headquartered in Palo Alto, California. The firm has ~100 employees and is led by CEO Mike Belshe.

## Funding

The company has now raised a total of \$169.5M over seven funding rounds, with their Series B funding of ~\$43M, led by Valor Equity Partners, taking place in December 2017. The current Series C round puts their valuation at \$1.75B. Previous investors include Goldman Sachs, Galaxy Digital, and DRW.

BitGo plans to use the funding for strategic acquisitions in the fintech infrastructure and services space and global expansion. The company had plans to acquire Prime Trust in June, however, that acquisition was terminated due to Prime Trust's bankruptcy.

## Competition

BitGo competes with other crypto custody and infrastructure firms, as well as groups involved in payments. Some examples include Fireblocks, Copper, Anchorage Digital, Komainu, Coinbase Custody, Hex Trust, and BCB Group.

## Architect Partners' Perspective

The main theme driving this capital raise is simple: trust wins.

BitGo continues to be a trusted custodian for the institutional digital asset ecosystem and has been since its inception in 2013. Since its founding, there have never been any security breaches or incidents that would lead to mistrust. While many others struggle with hacks and security, BitGo has thrived, with increased client onboarding by 60% since January 2023 driving a 20% AUC increase.

Another consideration impacting the crypto trading sector is the US regulators considering separating the various functions of crypto execution (execution, custody, lending, etc) to help reduce counterparty risk for crypto customers. Nasdaq's decision to not pursue crypto custody is a clear sign that this regulatory concern is real and roles within the trade lifecycle of crypto are becoming more clear.

Today the market dynamics of late-stage crypto financings continue to be challenging. By this time last year, there had been 56 capital raises greater than \$100M totaling \$12.9B in capital raised. This year to date there have been only 8 deals greater than \$100M totaling \$1.2B in capital raised. The reason for the large downturn is that despite the negative crypto market pressures, venture capitalists are still requiring significant growth to invest. With the vast majority of late-stage crypto companies seeing declining revenues, only a select few can raise capital.

## Sources

[PitchBook](#), [Company Website](#), [Press Release](#)