September 1, 2024

Target: **BWARE LABS**   Buyer: **alchemy**

Alchemy Acquires Bware Labs for Undisclosed Amount

Author: Kenneth Yusuf
More Info: Steve Payne, spayne@architectpartners.com

Transaction Overview
On August 29, 2024, Web3 development platform Alchemy announced its acquisition of Bware Labs, also a Web3 development platform that provides blockchain infrastructure and API services, for an undisclosed amount.

Target: Bware Labs
Bware Labs is a Web3 infrastructure company that supports over thirty blockchain networks and operates more than 44 validators. The company serves over 100 enterprise customers, including CoinGecko, Fantom, and Connext. Bware Labs has formed strategic partnerships with leading blockchain projects such as Avalanche, Polygon, and Astar.

The company's key offerings include the Blast API, which connects developers to 101 networks and 48 chains, along with various validator and bridging services, faucet connections, and governance proposals. Other offerings include App Chains, an application-specific blockchain that allows developers to specify their projects' economies, governance, and consensus algorithms through features such as Enterprise Validator, dedicated RPC endpoints, and indexing.

In 2023, Bware Labs launched the $INFRA token.. The fully diluted market cap of $INFRA as of 9/1/2024 was $21.8M and the total circulating supply of 100M. Key allocations include 12.2M for the seed round, 12M for a Series A round, 20M for treasury, and 25M for protocol incentives.

Bware Labs was founded in Romania in 2021 by Flavian Manea, Alexandru Minulescu, Matei Popp, and Radu Enoiu, and now has over 45 employees, mostly developers/engineers. The company raised a total of $6.9M in token and equity funding, with $900K in a Seed round led by Ascensive Assets and $6M in a Series A round with investors such as The Spartan Group, Woodstock Fund, Nexo, and Nabais Capital. Bware was last valued at $50M post-money in their Series A.

Buyer: Alchemy
Alchemy is a Web3 development platform that provides blockchain infrastructure and tools, such as APIs, SDKs, and node management, to support the development of decentralized applications across multiple blockchains. Alchemy has facilitated over $100 billion in on-chain transaction volume, paid $1.5 billion in royalties to NFT creators, has had over 100 million end users, and supports projects such as OpenSea, Axie Infinity, Polygon, and WorldCoin.

Their main offerings include APIs that support tokens, NFTs, transactions, and Web3 development for developers and infrastructure for rollups, integrations, and subgraphs for various blockchains. The company supports enterprise, NFT, gaming, and DeFi projects.

Alchemy was founded in 2013 by Nikil Viswanathan and Joe Lau and now has over 280 employees. The company has raised $564M over five funding rounds in April 2019, December 2019, April 2021, October 2021, and February 2022, from lead investors such as Lightspeed Venture Partners, Silver Lake, a16z, Coatue, and Addition, as well as angel investors like Peter Thiel, Will Smith, and Reid Hoffman. Alchemy was valued at $10.2B post-money in their last funding round.

Transaction Parameters
Alchemy agreed to acquire Bware for an undisclosed amount but revealed that it is their largest acquisition to date, increasing their headcount by 25%.

Alchemy has announced it will not take over Bware's INFRA protocol and Bware announced that it will be stepping away from its role as a core contributor to the technology supported by the $INFRA token.

Strategic Rationale
Alchemy's acquisition of Bware Labs aims to enhance its blockchain infrastructure and expand globally. By integrating Bware Labs' Blast API and decentralized infrastructure, Alchemy strengthens its platform and broadens its customer base through Bware's existing partnerships with major blockchain networks like Polygon and Avalanche. Furthermore, the acquisition provides a path for Alchemy's expansion into Europe. Bware's presence in Europe, which is leading in crypto regulation via its MiCA rules, also offers a gateway to entry into other markets in the region.

Architect Partners' Observations
This transaction makes strategic sense for Alchemy. And as a leader in Web3 infrastructure with players like Consensys it has the capacity to start filling in holes in its delivery capabilities.

The Web2 hyperscalers all currently offer some Web3 infrastructure to developers (usually covering only a handful of chains), and we expect to see them more active in M&A as demand for Web3 grows.

Sources
PitchBook, Alchemy Website, Bware Website