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Target:  Bridge

Buyer:  stripe

Stripe is acquiring Bridge for \$1.1 billion the most strategically important transaction since the emergence of crypto

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Transaction Overview

On October 20, 2024, it was announced that Stripe acquired Bridge, an API-based stablecoin payment platform for \$1.1B.

Target: Bridge

Bridge offers the ability to easily integrate stablecoin-based payments via an Application Programming Interface (API). Essentially, Bridge's clients gain complete stablecoin-based payment capabilities by integrating a small amount of computer code into their applications, without needing to run or manage the underlying services. Bridge's services support a range of fiat currencies and existing stablecoins (USDC, PYUSD, USDT) while also enabling the creation of new stablecoins.

Bridge, along with other companies, is building a new set of global payment rails that offer instant settlement and can be used for B2B, B2C, and P2P payments. According to Sequoia Capital, one of the Series A lead investors, Bridge's payment volume reached an annualized run rate of over \$5 billion in August 2024. This volume suggests a revenue run rate of between \$5M - \$12.5M depending upon the fees charged, likely somewhere between 10bps-25bps.

According to The Information, one fast growing client is Airtm who help their customers pay contractors located across the world. An example includes data labeling and collection for AI applications. Often this work is done by individuals located in emerging markets. Airtm uses Bridge to make the payments using a stablecoin. If the recipient desires to convert into fiat, Bridge has relationships with local payment service providers, such as Bitso in Mexico and Yellow Card in Africa, to make the stablecoin / fiat conversion.

The company was founded in 2022 by Sean Yu and Zach Abrams, who previously sold Evenly—a Venmo competitor—to Block in 2013.

Following that, Yu became a staff software engineer at Airbnb, while Abrams served as Head of Consumer Products at Coinbase. Bridge has raised a total of \$58 million, with the most recent raise being a \$40 million Series A round in March 2024, co-led by RIBBIT, Index Ventures, Sequoia, and Haun Ventures Management, with participation from Artisanal Ventures, 1Confirmation, Zeal Talent Ventures, Bedrock, The Department of XYZ, Oak HC/FT, and Jonathan Golden. This round valued the company at \$200 million post-money. Bridge has approximately 45 team members.

Buyer: Stripe

Stripe provides businesses with APIs to accept online payments and manage their finances. Its platform supports payments, billing, invoicing, and other financial tools for businesses of all sizes. Today, Stripe has expanded its offerings to include global payment acceptance and fraud prevention.

In 2023, the company had 100 businesses processing over \$1 billion annually, accounting for 10% of its total payment volume. Revenue is projected to reach a \$500 million annual run rate in 2024. Stripe was cash flow positive in 2023 and expects the same for 2024. In March 2024, Stripe announced that it had surpassed \$1 trillion in total payment volume for 2023, a 25% increase compared to 2022.

Stripe's relationship with crypto has been mixed. The company stopped supporting Bitcoin payments in 2018 after deeming the asset too volatile and seeing low payment volumes. However, in 2022, Stripe launched a fiat-to-crypto on-ramp for consumers, which manages KYC requirements, payments, fraud, and compliance. In April 2024, Stripe announced that it was reintroducing crypto payments using stablecoins, stating that "Crypto is Back." This was followed by the official launch of its USDC and PYUSD payments platform last week.

Founded in 2010 by brothers Patrick Collison and John Collison, Stripe now has over 7,000 employees. The company has raised over \$9.4 billion, with key investors including Sequoia Capital, Thrive Capital, Founders Fund, General Catalyst, and Tiger Global. A \$600 million Series H funding round in 2021 valued Stripe at \$95 billion, and in 2023, it raised \$6.5 billion at a valuation of \$50 billion. As of July 2024, the company's valuation is believed to be **\$70 billion**, based on Sequoia's offer to buy shares at \$27.51.



Transaction Parameters

Stripe is acquiring Bridge for \$1.1B, 5.5x their Series A valuation of \$200M completed in March 2024 and likely well over 100x run rate revenue.

Previous comparable transactions include: Diem | Silvergate Bank for \$201M (Architect Partner's advised, [M&A Alert](#)), First Digital Trust | Fireblocks for \$100M ([M&A Alert](#))

Previous notable transactions bridging crypto and traditional finance include: Bitstamp | Robinhood ([M&A Alert](#)) and Simplex | Nuvei ([M&A Alert](#))

Strategic Rationale

This single acquisition allows Stripe to immediately become a major contender in digital asset-based payments, arguably well positioned against i) traditional payment players such as PayPal, Block and ii) the leading stablecoin providers Tether, Circle, and PayPal.

Architect Partners' Observations

The API model is popular because it provides application developers with a simple way to integrate capabilities, often with zero upfront costs. Typically, API-based businesses allow developers to use their services at very low or no cost until usage surpasses certain volume thresholds. This "plant a million seeds" strategy enables Bridge clients to experiment without financial burden, only incurring fees if they succeed.

This API model mirrors the approach Stripe has taken since its inception. Stripe followed the path set by companies like Plaid (banking account integration), Twilio (messaging API), PayPal (a pioneer in online payments), and Amazon Web Services (offering a wide variety of computing infrastructure), among others.

This transaction further demonstrates the growing recognition of stablecoin-based payments and their compelling benefits, which are increasingly being embraced by non-crypto companies. While most stablecoin use remains centered around trading and settlement, anecdotal evidence suggests that an increasing share of volume is now related to payments. Today, stablecoin usage is enormous. In the past 24 hours, the top two stablecoins (USDT and USDC) reported a combined volume of \$77 billion, accounting for the vast majority of all crypto trading volume.

We are just entering what could be a proliferation of stablecoins, although regulatory oversight may temper this trend. It's hard to envision a more fundamentally disruptive challenge to the traditional banking system: payments at scale without the involvement of a bank.

Sources

[PitchBook](#), [Stripe Website](#), [Bridge Website](#), [CoinMarketCap](#), [TechCrunch](#), [Yahoo Finance](#), [Bloomberg](#)