

Gunderson Grows Head Count 30% in 'Banner Year' Driven by Tech and Life Sciences Boom

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By Jessie Yount

What You Need to Know

- Gunderson Dettmer increased its head count by one-third to 422 lawyers including 110 partners in 2021.
- Revenue and head count grew substantially in growth equity, M&A and public companies practices, firm leaders said.
- The firm said its practices are expected to continue growing as clients grow their own businesses.

Tremendous demand from tech and life sciences clients fueled a historic year of growth in 2021 for Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, according to firm leadership.

The firm grew its lawyer head count in the period by one-third to 422 attorneys, which includes 110 partners.

Gunderson was already active in dealmaking, and in 2021 it saw its deal value for venture financings increase 107%. As more of

the firm's long-term clients became late-stage companies, and investor interest surged, M&A and IPO activity also ticked up.

"I can qualitatively say it was a banner year for the firm," managing partner David Young said. "In a normal year, some practices are up and some are down. Last year, everything was up."

The firm declined to provide revenue and profit figures for 2021.

Gunderson's growth, according to Young, is directly in line with the firm's venture capital and growth equity clients, which continue to raise larger funds at a faster clip. In turn, this phenomenon has driven growth for companies, many of which are choosing to remain private longer, access more investment funds as a private entity, and



(l-r) Andrew Luh, Alexa Belonick, David Young and Steve Baglio of Gunderson Dettmer.

Courtesy photos

ultimately look to grow via acquisition and become buyers themselves, he said.

As a result, Young said, growth was abundant in the firm's mergers and acquisitions, public companies and growth equity practices, all of which nearly doubled or doubled revenue in 2021 compared to 2020.

Throughout 2021, the firm added seven lateral partners, such as Michael Allers from Kirkland & Ellis and Vinson & Elkins' Wes Watts, the latter of whom is the founding partner of the firm's new outpost in Austin.

Gunderson also elected 15 new partners in 2022 in its largest

partner class in history. By comparison, the firm elevated just six to its partnership in 2021. Within the firm's new partner class, nine are women and people of color. Women and minorities now represent one-third of the firm's entire partnership. That's an improvement from three years ago, when it was 25%.

The new partners are located all over the firm's footprint, in New York, Beijing, Singapore, Northern California, Boston and Los Angeles. Young said more than half of the new partner class spends a significant portion of time serving late-stage and public company clients and growth equity investors, which reflects substantial growth in the three aforementioned practice areas.

Growth Areas

Gunderson is well-known for its market-leading position in work involving venture and growth equity-backed companies. The firm has been ranked the No. 1 law firm globally by Pitchbook every year since 2013.

In the just first three quarters of 2021, Gunderson guided clients in over 1,400 venture financings valued at about \$124 billion, according to Pitchbook. (Full year data is not yet available.) By comparison, the firm completed 1,203 financings valued at over \$60 billion in 2020 and 1,088 financings valued at over \$46 billion in 2019.

Gunderson routinely handles about 200 M&A transactions for clients, according to the firm, but practice revenue has continued to grow alongside increasing deal value and complexity.

In 2021, the firm advised on 22 publicly announced M&A deals valued at over \$10.6 billion, up from 10 publicly announced M&A deals valued at over \$9.2 billion in 2020, according to data provided by Refinitiv. That compares to just five publicly announced M&A deals valued at around \$350 million in 2019.

But public information only reveals part of the picture, as many of the firm's clients participate in confidential transactions.

Gunderson's M&A activity in the third quarter of 2021, for instance, landed it on Pitchbook's M&A league tables, with a recorded 40-plus deals valued at nearly \$8 billion. The firm advised clients including Frame.io in its \$1.275 billion acquisition by Adobe; Course Hero in its acquisition of CliffsNotes and Quillbot; and ServiceChannel in its acquisition by Fortive Corp.

"Growth has really been driven by the success of the firm as a whole as we've nurtured clients through their entire life cycle," said Andrew Luh, chair of the mergers and acquisitions practice at Gunderson.

The practice's head count is up from three attorneys in 2019 to

more than 20 today. That number reflects attorneys dedicated exclusively to M&A transactions but doesn't include general corporate attorneys who also have significant experience handling M&A transactions, Luh said.

It's a parallel story for the public companies practice, according to Alexa Belonick, who joined the firm as a partner from Morrison & Foerster last March.

"It's been growth in tandem with the needs coming from our client base," she said. The firm quadrupled its public companies team in the past two years to about 40 attorneys, dedicated exclusively to the capital markets needs of its pre-IPO and public companies, or who have recent and significant experience with public offerings.

The firm in 2021 advised on six IPOs with a total of \$2.3 billion in proceeds, as well as four deSPAC transactions. That's compared to two publicly announced IPOs with a total of \$1.2 billion in proceeds in 2020, according to Refinitiv.

While that's still a fair share of the market—according to Refinitiv, a total of 2,097 IPOs raised \$402 billion in 2021—Young said he's expecting growth to continue as clients grow and stay with Gunderson.

"As we analyze the business growth and scale of our private company clients, we see an accel-

erating pipeline of potential IPO candidates that our team will continue to work closely with as they navigate their transition to the public markets,” Young said. “In light of this pipeline, we expect both our public offerings/public companies team and the number of client IPOs will continue to grow.”

On the investor side, Gunderson’s growth equity practice—which occupies a middle ground between venture capital, hedge fund investing and buyout-style private equity—saw an “explosive” amount of activity in 2021, according to Steve Baglio, chair of the growth equity practice at Gunderson.

Baglio noted that the growth equity practice began in 2000 after the dot-com bust, when investors hailing from hedge funds and merchant banks became interested in early-stage investing and technology. But in recent years it has blossomed beyond expectations, he said.

Gunderson developed “what we would consider to be a market-leading expertise and reputation representing these growth investors. And, in the several years after that, we’ve been fortunate to leverage our reputation and expertise

as the number of funds in the space and amount of capital committed to these growth investors increased dramatically,” he said.

Today, the firm touts a roster of growth equity clients including Tiger Global, Greenoaks, Dragoner, Coatue, Addition, Viking Global, D1 Capital, Thrive Capital, Altimeter Capital and Prosus Ventures.

A Different Model

Gunderson attributes much of its success to its intentionally tight focus on corporate transactions for companies and related parties, which is attractive to both prospective laterals and clients, according to Young.

“Our focus enables us to have a differentiated story to lateral attorneys that are looking to change firms,” he said, noting Gunderson appeals to laterals looking to make partner and those seeking law firm experience before moving in-house or onto other career opportunities.

Luh added that Gunderson tends to differentiate itself in terms of its personality and lawyering style as a firm.

“Because Gunderson is wedded to the technology industry and wedded to being founder-friend-

ly, we are able to attract lawyers that are more entrepreneurial,” he said.

Though other large firms continue to build full-service capabilities to handle all of their clients’ needs, Young said Gunderson’s model is more deeply aligned with its clients.

“I think there’s tension, when, for example, a litigation matter comes in and an attorney feels obligated to refer the matter to someone inside of the firm,” Young said of the full-service approach. “Our model eliminates that tension. We help the client find the right lawyer for the job.”

Belonick agreed, noting the narrowed focus was part of what drew her to the firm. Client relationships can become altered at full-service firms because while cross-selling is beneficial internally, it does not always yield the best representation for the client. Nor does it always align with how clients think about using legal services, she said.

“We’re different by design and intentionality,” Luh said. “And we’re existence proof that not everyone has to follow the same department store model to run a successful firm.”