B2B Marketplaces

Top 50 Ranking

2022

APPLICO

MEET **THE AUTHORS**

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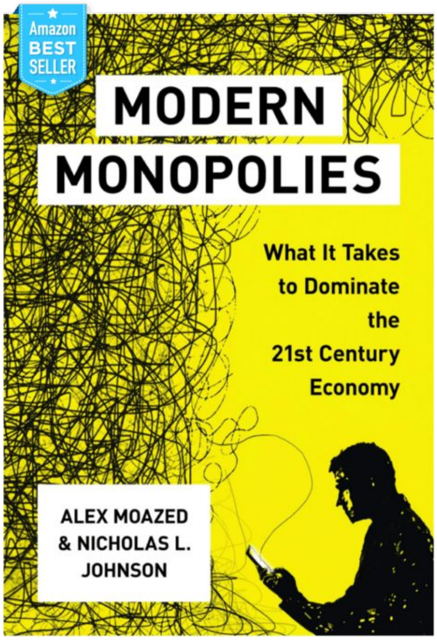
Founder and CEO
LinkedIn Profile

Alex Moazed is the CEO & Founder of Applico and co-author of the best-seller, "Modern Monopolies." As CEO, Alex oversees Applico's advisory and capital businesses which help large enterprises partner with tech companies. An advisor to NAW on Amazon's business practices, Alex's podcast, *Winner Take All*, covers the battle to fight back against big tech and win.

Nick Johnson
Managing Partner
LinkedIn Profile

Nick is a Managing Partner at Applico, where he works directly with Fortune 500 C-Suites and Boards to help them partner, invest or acquire their own platform businesses. He also oversees the company's research into platforms, and he has been featured in the Financial Times, Bloomberg, CNN, CBS, Reuters, USA Today, Buzzfeed to name a few.



THE DEFINING BOOK ON PLATFORMS

Alex and Nick are the **co-authors of Applico's Amazon-best seller** *Modern Monopolies.*

Modern Monopolies **explains the infrastructure and techniques** required to build a modern and successful tech platform business like Uber and Airbnb. The **book was recently recognized as an Amazon Best-Seller** and has been featured on Yahoo and Bloomberg.

TABLE **OF CONTENTS**

EXECUTIVE SUMMARY

Welcome to our second annual top 50 B2B Marketplace ranking! It's very difficult to build a successful marketplace, especially one in B2B commerce. This report seeks to highlight the top 50 B2B marketplaces as ranked by the Applico team and touch on industry insights gathered through our research.

Our 2022 ranking has 18 new entrants and 6 companies that graduated off the list because they were acquired or went public. As you would expect, B2B marketplaces had a phenomenal year of performance raising over **$2.2 billion in all of 2021**. And, in the first nine months of 2022, they raised over $1.7 billion with at least $330 million in Q3 '22.

Investors aren't the only ones taking notice however. Manufacturers, SaaS companies, large tech monopolies and incumbent B2B distributors – have all taken material action in the past year to get more involved with B2B marketplaces. Schneider Electric and General Mills have both invested in one of our top 50. Linear, SaaS tech companies are evolving their business model to be a marketplace or investing in marketplaces. And, B2B distributors are making a record amount of tech investments and tech M&A.

All of these topics and more are covered throughout this report. We also provide additional analysis like the growing importance of value-added services, fundraising, GMV and revenue insights as well as a list of honorable mentions.

RANKING METHODOLOGY

This report specifically focuses on independent, non-public B2B product marketplaces with primary operations in the US. Our honorable mentions list contains service marketplaces, linear tech companies with a small, but up-and-coming marketplace model, as well as European B2B product marketplaces.

We evaluate against a number of criteria like Scale, Monetization and Business Model, Competition, Market Size and Capitalization.

Our data and research sources are a mixture of industry relationships, publicly available information and databases we subscribe to like Pitchbook and Crunchbase.

TOP 50
B2B MARKETPLACE RANKING
Private US-based Product Marketplaces

1. Faire
2. JOOR
3. Indigo AG
4. Material Bank
5. Farmers Business Network
6. Provi
7. LeafLink
8. GrubMarket
9. Choco
10. VetCove

TOP 50

B2B MARKETPLACE RANKING

Private US-based Product Marketplaces

11-25

PartsTrader	Odeko	Zageno	Abound	PartsTech
Renorun	GoExpedi	Knowde	Felux	Moov
Reibus	Tundra	Nabis	Fictiv	B-Stock Solutions

26-50

Novi	OpenMarkets	Parachute Health	Quartzy	Fairmarkit
Bryzos	Yesler	Bluepallet	Asseta	RockAuto
Parts Geek	Notch	AMAST	Leaf Trade	Bttn
Finditparts	Silo	Net32	Full Harvest	Printify
ChemDirect	Gearflow	Mable	MacroFab	Pod Foods

ABOUT US

APPLICO

Applico is the Advisory and Capital firm to CEOs of large enterprises.

Our deep experience working in the supply chain with manufacturers, logistics providers and distributors - provides Applico a unique viewpoint on the role and maturation of B2B marketplaces.

A number of the marketplaces in our 2022 ranking are actively looking to collaborate with strategics.

However, enterprises need help clearing the fog and that's Applico's role as the digital sherpa to the enterprise CEO.

To learn more about Applico's advisory practice, visit http://www.applicoinc.com

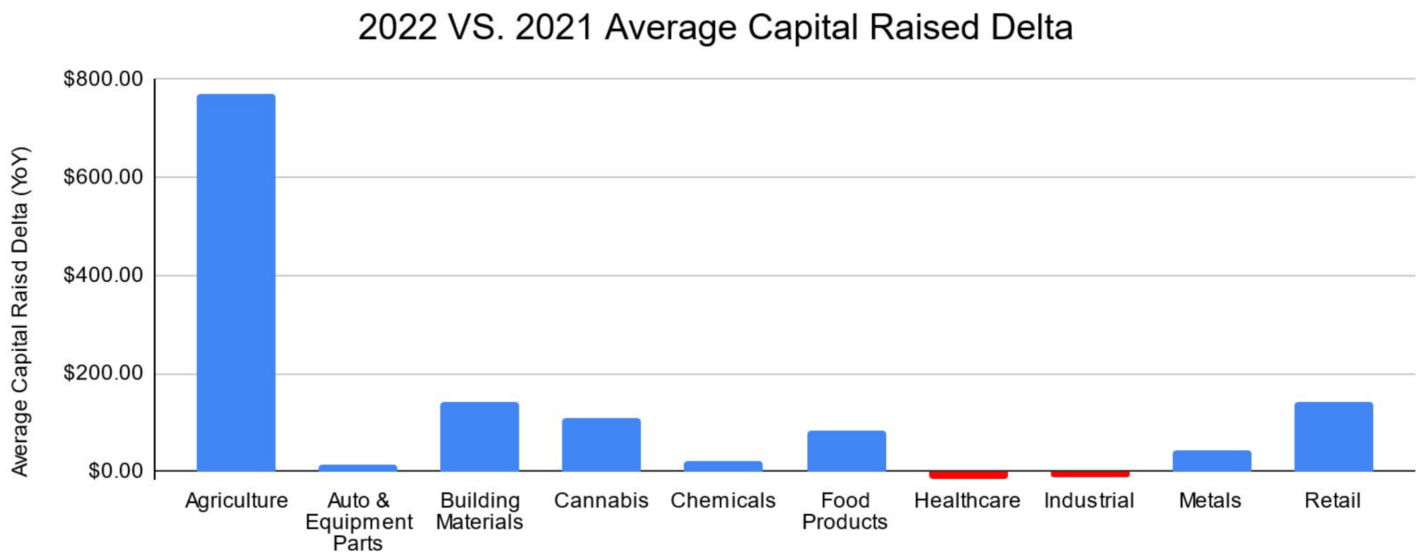
To learn more about Applico Capital, visit https://www.applicoinc.com/capital/

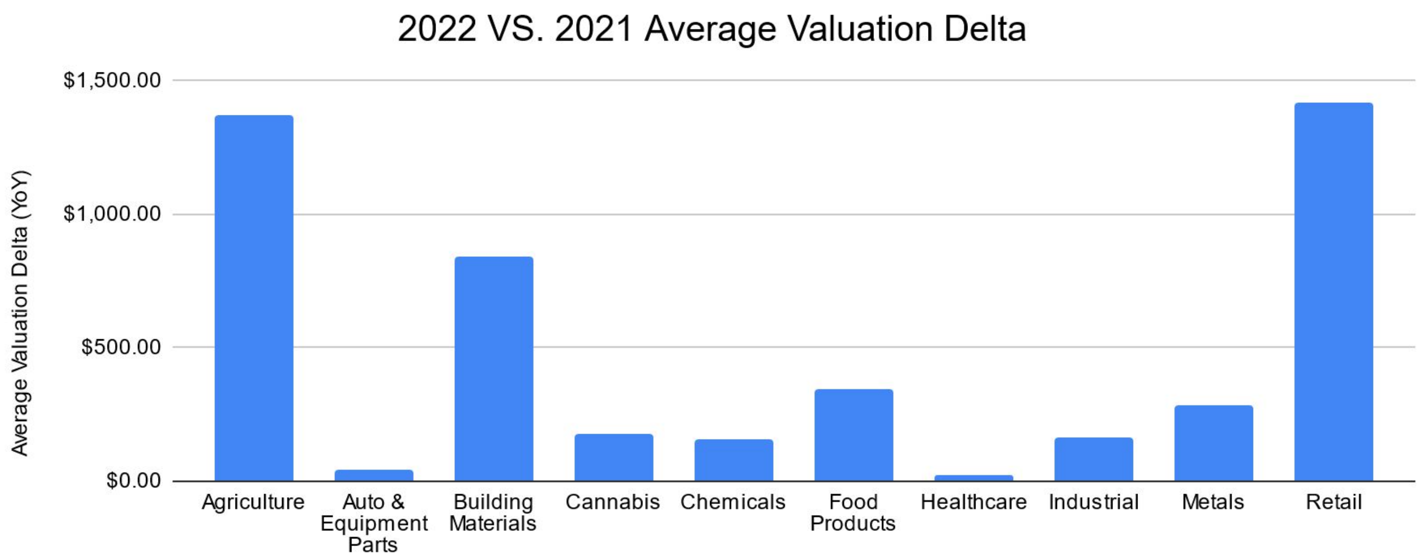
To signup for our B2B Distribution Tech Leadership newsletter, visit http://www.distributionleadership.com

B2B MARKETPLACES
INSIGHTS

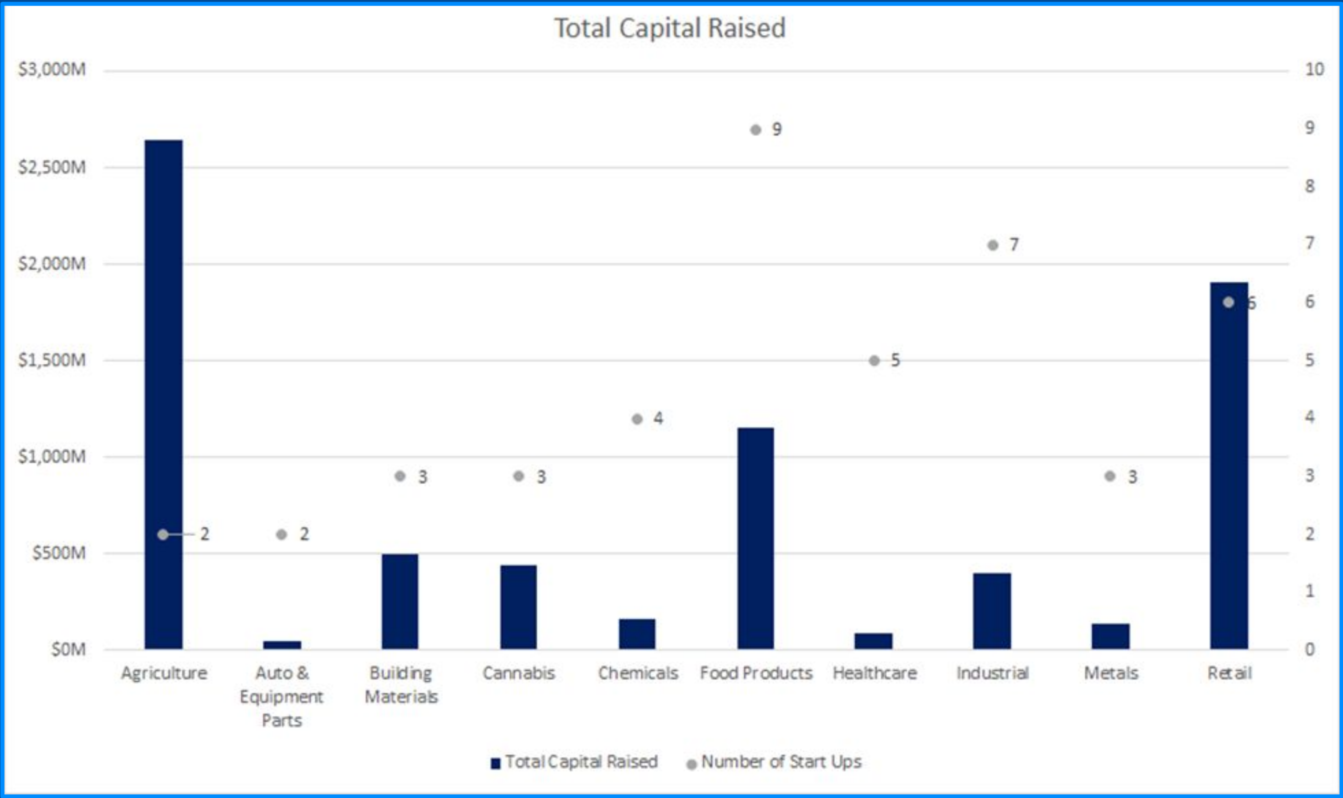
VALUATION

AVERAGE CAPITAL RAISED VS. AVERAGE VALUATION AND NUMBER OF STARTUPS





OF STARTUPS PER VERTICAL VS. TOTAL CAPITAL RAISED

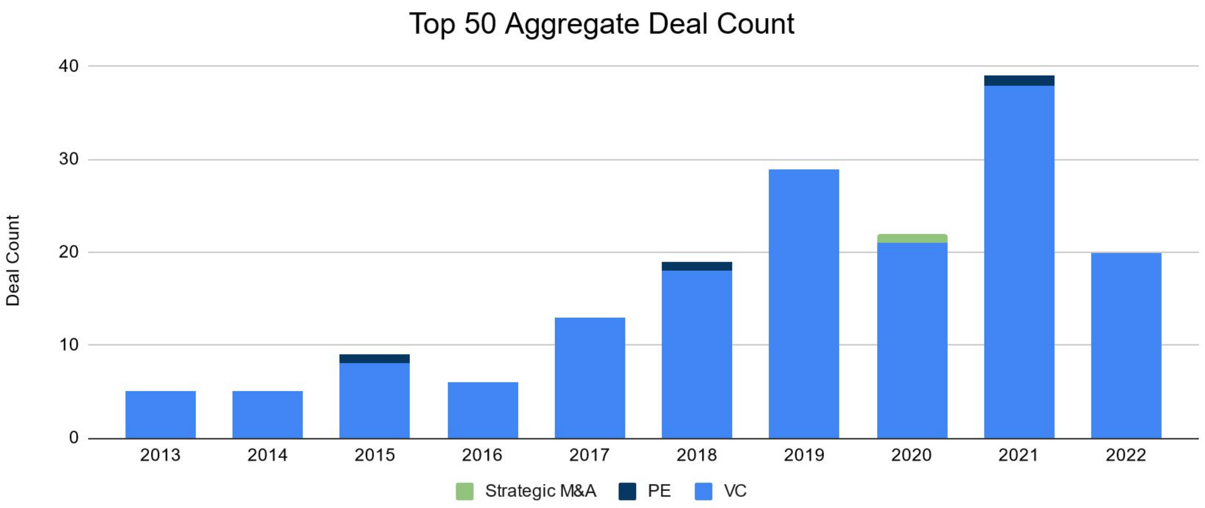


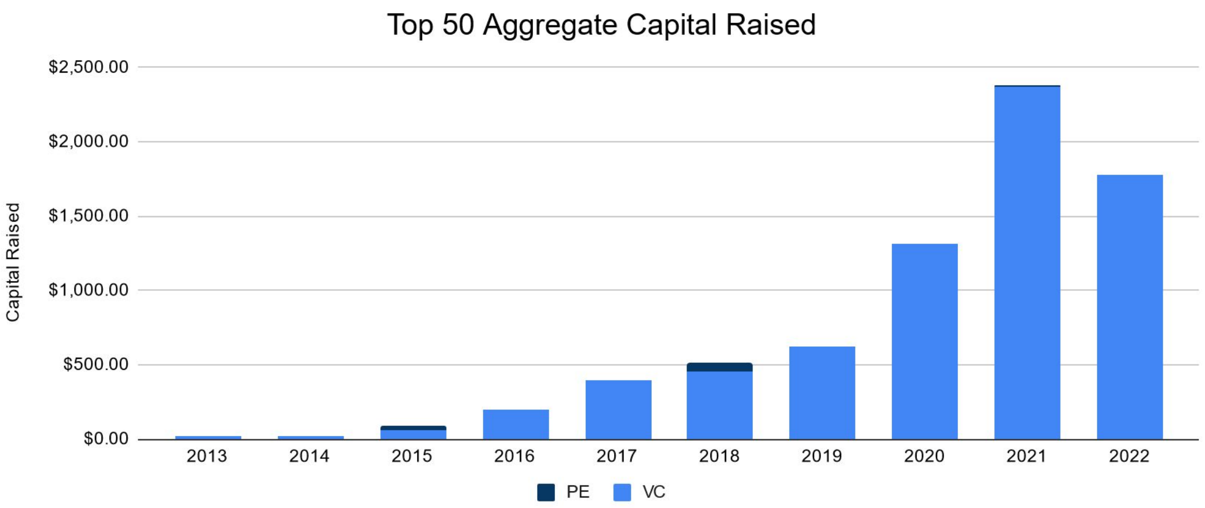
The previous page shows the **average** capital raised and valuation deltas, whereas this figure shows **total** capital raised. The difference seen between total capital raised and 21'-22' capital raised deltas in verticals like Retail, Cannabis, and Building Materials, occur where more mature marketplaces have raised massive rounds compared to smaller players, allowing the total capital raised within the vertical to be significantly higher.

The categories with fewer startups and less overcall capital raised show clear signs of future opportunities for growth.

Verticals with more mature companies will see low total capital raised, such as Autos and Healthcare, given these established marketplaces have found profitability or positive free cash flows.

TOP 50
AGGREGATE DEALS SINCE 2013

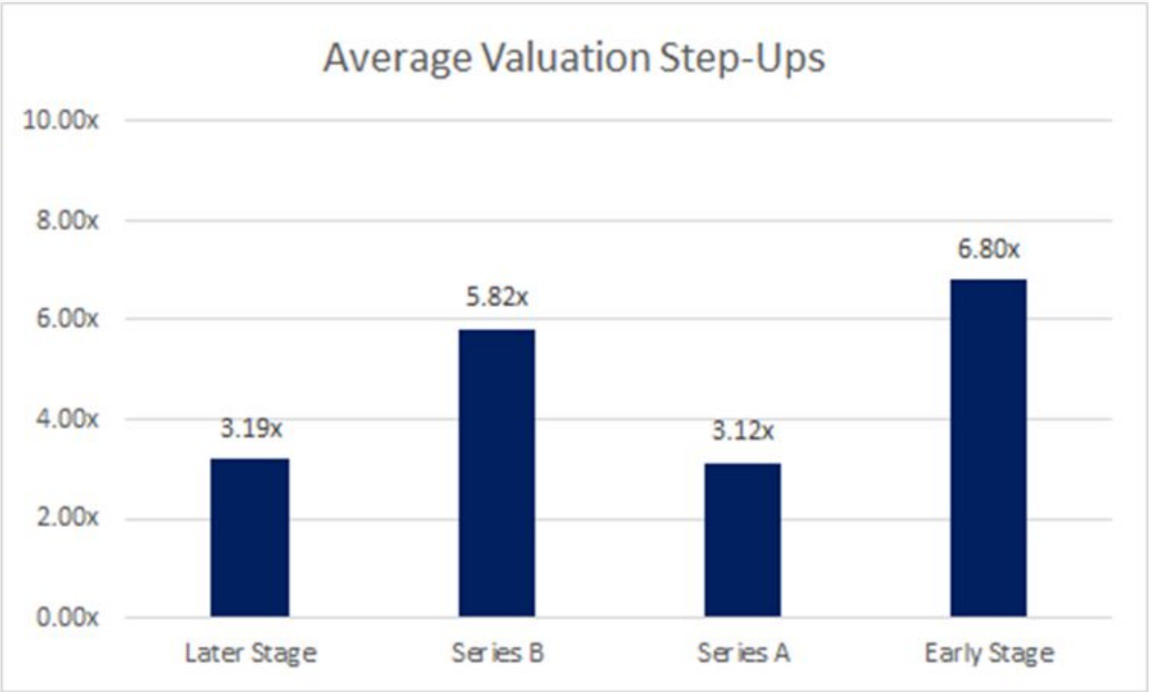




Our Top 50 list has demonstrated consistent growth in both deal flow and capital raised over the last ~10 years. This shows the ability for B2B marketplaces to be resilient to macro effects and economic cycles.

This data also reflects the infancy of many marketplaces that have established high tracking in recent years.

AVERAGE VALUATION
STEP-UPS



This figure outlines the step-ups expected for a premium B2B marketplace that looks to access the capital markets. A majority of companies in our Top 50 have recently accessed the capital markets and successfully closed fundraising rounds.

A couple mature marketplaces did not raise capital at all and are not reflected on the figure above.

We see a greater premium placed on larger marketplaces, understandably given the inherent risk of smaller marketplaces that are further from meaningful network or winner-take-all effects.

As expected, there were no clear signs of any down rounds within our Top 50 given 2021 was a record year for venture capital. Separately, companies that raised in 2022 were still at a premium. Given the record pace of venture, the potential increase of down rounds may be an interesting factor moving forward.

TOP 10

VENTURE CAPITAL FIRMS INVESTING IN B2B MARKETPLACES

#	Firm	Deals
1	FJ Labs	8
2	Y Combinator	7
3	Alumni Ventures	5
4	Tiger Global	4

Tied 5th at 3 Deals

- GGV Capital
- General Catalyst
- Andreessen Horowitz
- Sequoia
- Insight Partners
- Initialized Capital Management

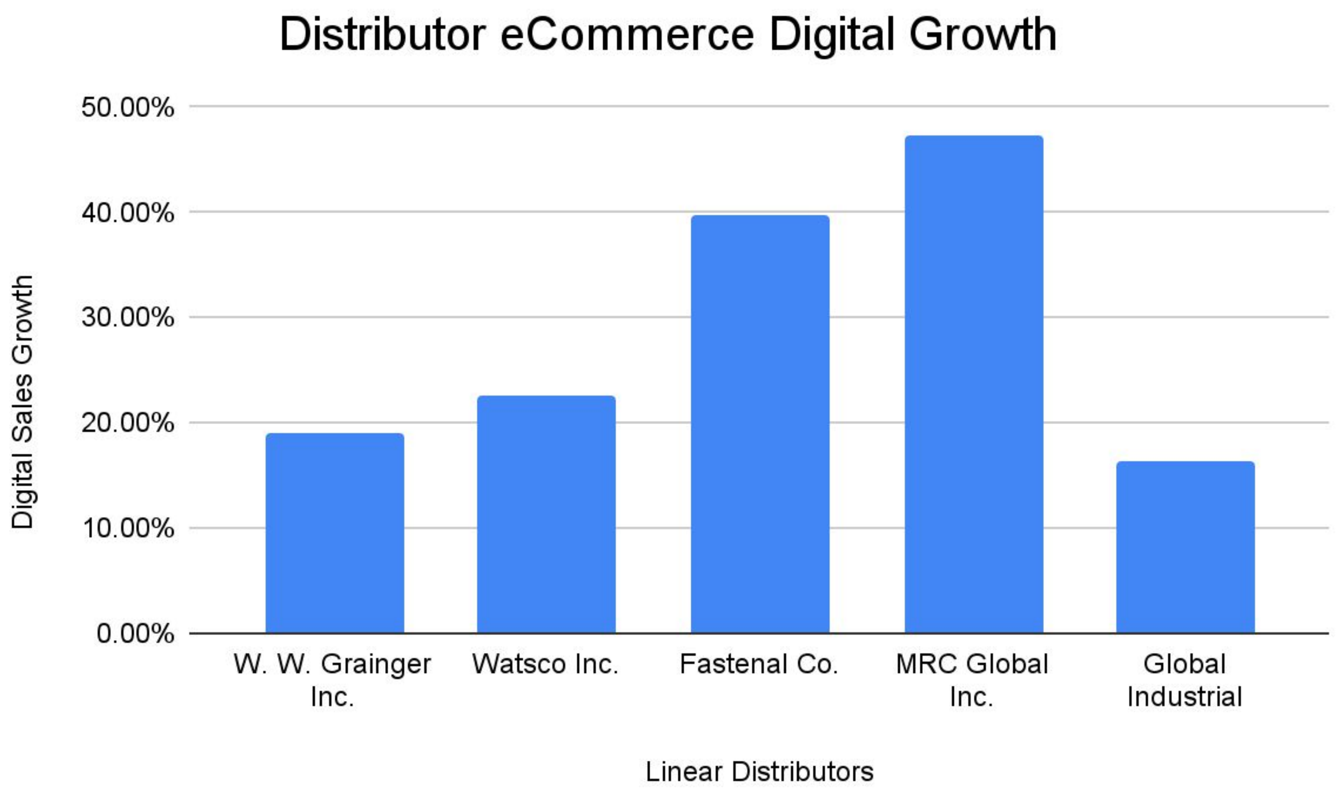
Lerer Hippeau, T.Rowe Price, and Haystack have been ousted for this year's debuts. The reshuffling was partially due to companies that had exited, but mostly from nearly 20 new marketplaces that debuted on our Top 50 list this year.

The average number of marketplaces per investors in the top 10 increased slightly from 3.4 to 4.2, potentially showing greater interest from institutions within B2B.

DISTRIBUTOR ECOMMERCE
VS. MARKETPLACE GROWTH

Many leading B2B distributors are reporting record-breaking numbers for their digital, ecommerce revenues. While these numbers are impressive, they are much smaller than what's expected from a B2B marketplace.

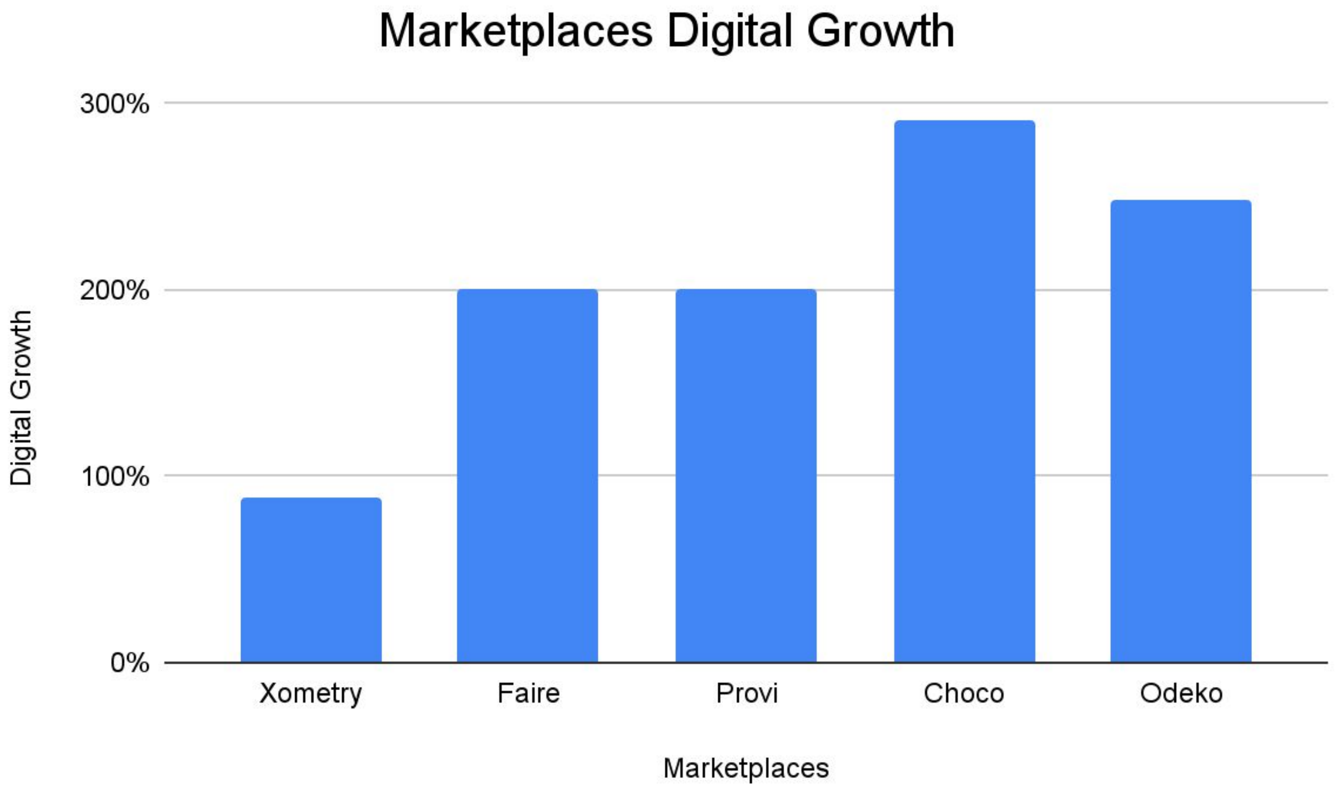
You'll see the range of 16-47% YOY digital revenue growth from our sample of leading distributors, with an average of 30%. As compared to a handful of our B2B marketplaces who have reported 90-200% YOY growth, with an average of 178%. All the B2B marketplaces are private, except for one, Xometry, so we have referenced publicly available data that they disclose about their revenue and GMV numbers over the past couple years.



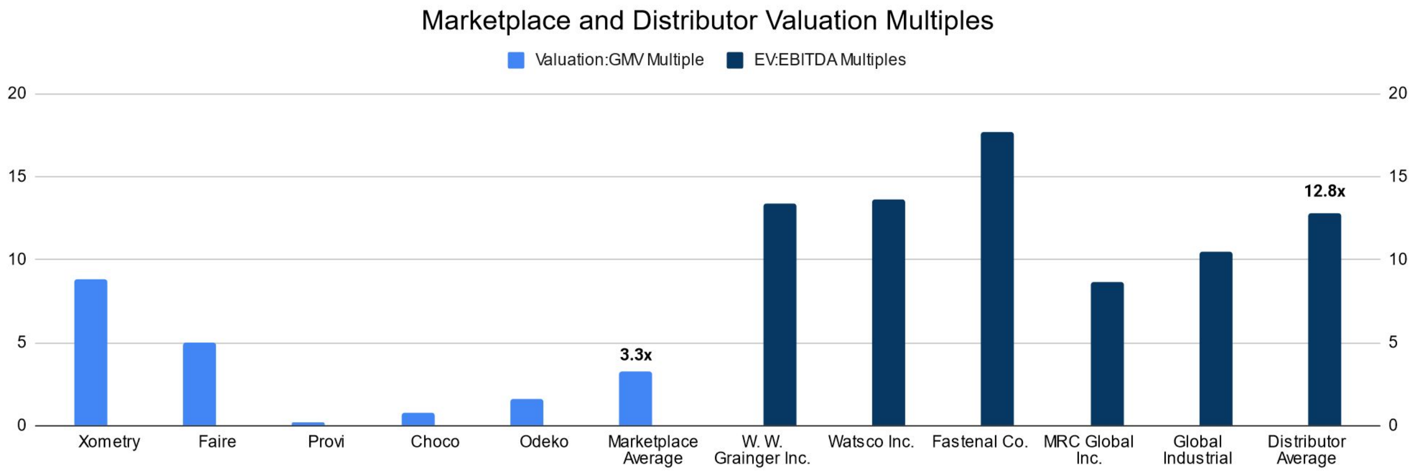
The other thing to note is that only a couple of the distributors' eCommerce revenue grew faster than the rest of their business (MRC Global & Fastenal). The others had similar overall revenue to digital revenue growth rates.

DISTRIBUTOR ECOMMERCE

VS. MARKETPLACE GROWTH cont.



Extreme, sustained growth is expected of startups that are valued on a revenue, or – even better – a GMV multiple. If the growth slows, so does the valuation and fundraising prospects.



SAAS
TO MARKETPLACE

Everyone wants to be a marketplace, including SaaS, Software-as-a-Service, companies. The SaaS business model is to sell a subscription to use their software like Procore, Paradigm, Acculynx, Kojo, Bluon, Mirakl, Enable, Bushel, Rosie, Salesforce, and many others.

However, marketplace businesses command higher multiples, better defensibility, higher profit margins once at scale – and, ultimately, greater valuation and capital raising prospects – as laid out in our book, Modern Monopolies.

Schneider Invested in Kojo's $39mm Series C

So, it's to no surprise that we are seeing an abundance of growth stage SaaS companies trying to become marketplaces. It makes logical sense. A SaaS company can use its existing customer base as a launchpad to capture a second user base – giving them a 50% head start to complete the marketplace Evolution.

Generally, the SaaS company starts with the customer and then backfills the producer. The customers are already procuring a great deal of supplies – except those transactions occur outside of the product. So, the SaaS company offers its customers a free procurement capability and recruits suppliers and producers to join the marketplace.

The startups can subsidize these investments and raise investor capital on the promise that – at scale –the marketplace can charge a take-rate against the transaction or charge for additional value-added-services, or both.

We also see this happen in reverse. Grubmarket, one of our top 10 B2B marketplaces for a second year in the row, offers a SaaS ERP tool at wholesaleware.com to produce distributors. Grubmarket started out as a B2B food marketplace and then expanded to roll-out its cloud ERP tool as a SaaS product.

Lesson for B2B Distributors: Be Wary.

With the exception of closed B2B marketplaces, distributors should be skeptical of B2B marketplaces. Which means, distributors should also be inquisitive of SaaS companies' long-term growth objectives. In the summer of '21, Builders First Source acquired Paradigm for $450 million, a SaaS tool for contractors and dealers. The largest tech acquisition in the history of B2B distribution.

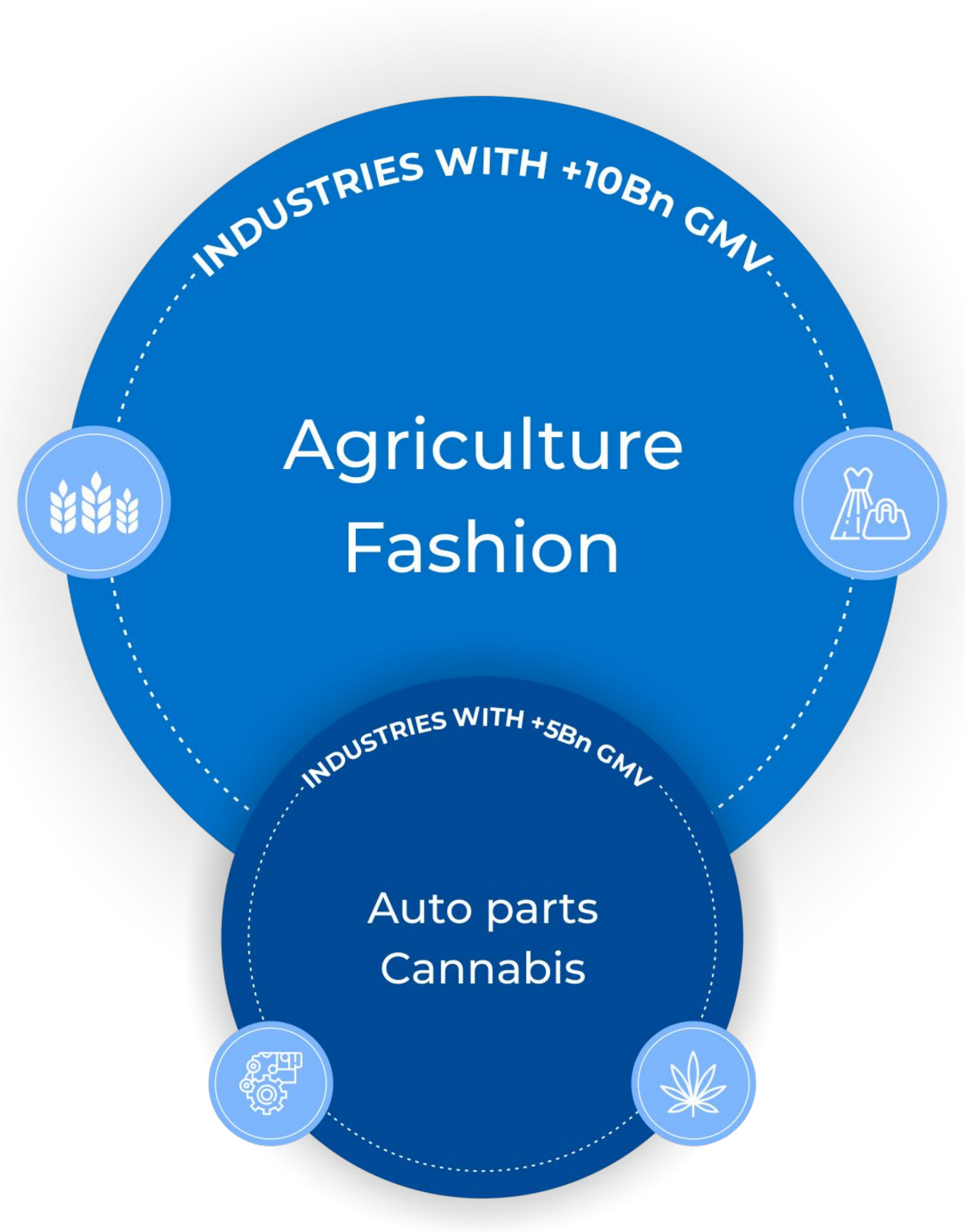
Earlier in '22, Ferguson invested in and struck a strategic partnership with Bluon, the leading SaaS tool for HVAC contractors. Bluon, one of our honorable mentions, regularly touts its growing marketplace of HVAC suppliers and distributors.

And, in September '22, Kojo received an investment from Schneider Electric. In Kojo's press release announcing the fundraise, they cite doing over $1 billion GMV in bids on the platform. Kojo's SaaS tool is used by trade contractors in the electrical, HVAC, plumbing and other sub-trade verticals.

These are just a few public examples of SaaS tools receiving strategic support in their marketplace journey – they are more which haven't been publicly announced.

INSIGHTS

VERTICALS WITH $10B+ and $5B GMV



WHICH VERTICALS
SHOULD EXPECT MARKETPLACE DISRUPTION

AGRICULTURE maintains the highest average valuation and capital raised. This is understandable given higher GMV from higher average order values relative to other verticals. The top two agriculture marketplaces, FBN and Indigo, have had their own struggles to achieve sustainability. The additional fundraises of $300mm in the past year will help them bridge the gap along with new management and greater focus. These marketplaces are seeing increased competition from other tech companies like one of our honorable mentions, Bushel, a SaaS tool with a marketplace dynamic.

FOOD AND BEVERAGE has seen a lot of activity. Provi and SevenFifty merged to create a single, dominant player in the liquor distribution space. They have filed a federal antitrust complaint against incumbent B2B liquor distributors Southern Glazer's Wines and Spirits (Southern) and Republic National Distributing Company (RNDC), the two largest wine and spirits distributors in the United States.

B2B Food marketplace Grubmarket raised at a $2 billion valuation and received investment from General Mills. We are seeing greater support from manufacturers investing directly into B2B marketplaces. Choco is also a sizeable competitor. Smaller B2B food marketplaces in our top 50 ranking have also raised or are raising additional Capital.

RETAIL B2B marketplaces like Faire and Joor continue to be some of our highest ranked B2B marketplaces. Faire, for the second year in a row, is our #1 B2B marketplace. NuOrder, in our top 10 from last year, was acquired by Lightspeed – a point of sale provider. Other smaller B2B marketplace competitors are also in our top 50 ranking.

The above categories have unicorn leaders and smaller competitors. It's not a question of if, but more a matter of who will achieve breakout scale and sustainability in the coming couple of years.

WHICH VERTICALS
SHOULD EXPECT MARKETPLACE DISRUPTION cont.

Auto Parts and **Cannabis** are the next two verticals in terms of maturity. B2B marketplaces for cannabis have no incumbent distribution to contend with - yet a myriad of legal issues to navigate. And, auto part marketplaces have unique capitalization structures and also a flavor of B2C and B2B dynamics. For these reasons, these verticals are not as mature as the first three verticals, but are fast followers.

Buildings Materials and **Industrial** will have a fundamental sea change in the next 2-5 years. The reason for the broad range is because these two categories have multiple verticals within them. Some verticals will experience disruption much sooner than others. In Building Materials, a lot of the GMV is still based on quotes and bidding as opposed to more transactional eCommerce type of transactions. The bidding and quoting transaction model is prone to platform leakage. We see this dynamic existing with a number of the building material related B2B marketplaces in our top 50 ranking and in our honorable mentions. In Industrial, there are B2B marketplaces like Xometry and Fictiv focused on small, batch manufacturing as well as B2B marketplaces more focused on the long tail of products like Fairmarkit or big and bulky like GoExpedi.

MANUFACTURERS
SUPPORTING B2B MARKETPLACES

With the exception of closed marketplaces, most B2B marketplaces have long-term aspirations to cut out distributors entirely and source directly from the manufacturers.

With 20+ years of evidence in the B2C market, it is still a surprise how bold manufacturers have become in their support of disruptive, B2B marketplaces. Especially because incumbent manufacturers haven't fared very well in the Amazon dominated world of B2C. Leading brands like Nike have had multiple issues participating on Amazon and have ultimately pulled all their products off the platform. As a result, Amazon doesn't police fakes and counterfeits as greatly as they did when Nike participated. And, many new, direct-to-consumer brands have quickly gained share against incumbent brands once access to the consumer is democratized.

Here are a few examples from food, construction and metal of manufacturers supporting B2B marketplaces:

General Mills invested in Grubmarket, a B2B food marketplace, in September '22 when the top 10 B2B marketplace raised $120 million at a valuation of over $2 billion.

Schneider Electric invested into RenoRun, the equivalent of Instacart for same-day construction materials to the jobsite. Schneider invested in RenoRun's later stage VC round in September 2021

Metal mills are actively supporting and supplying two of our top 50 B2B marketplaces in the metal industry.

There's no channel conflict for a manufacturer to sell direct to the customer. There's much more channel conflict to support and participate in competitive B2B marketplaces.

MARKETPLACE ENDGAME

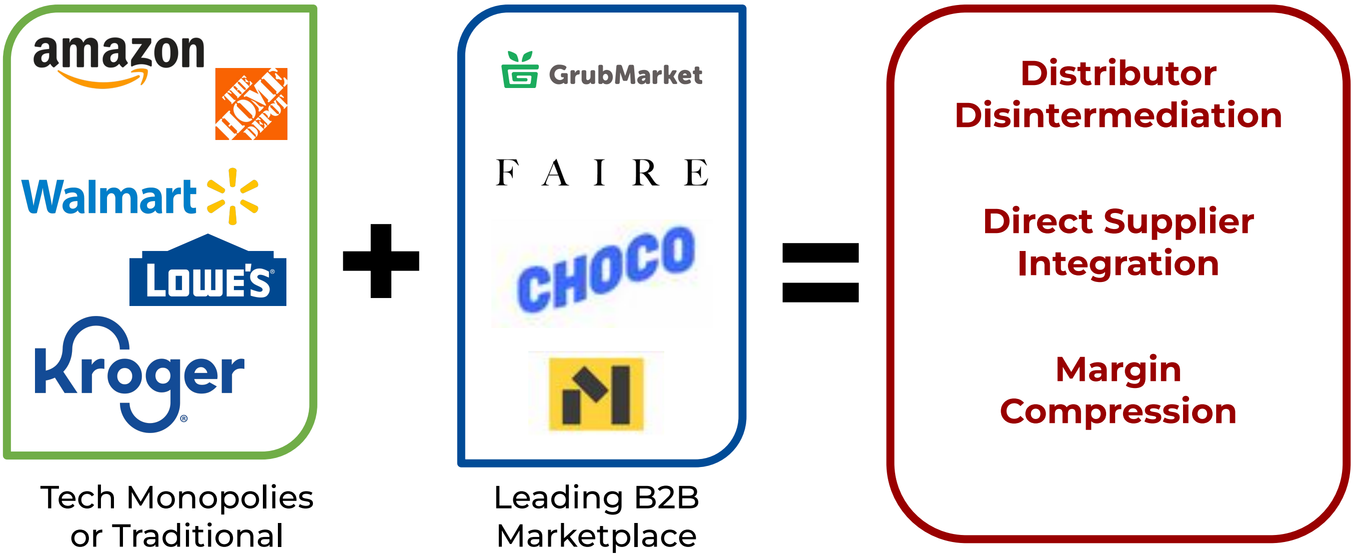
Importance of Applying Pressure on Manufacturers

Clearly, the manufacturers supporting B2B marketplaces are very large, if not the largest players in their respective verticals. They have made the strategic decision to embrace increased channel conflict and to forge ahead with their B2B marketplace aspirations.

By working with one specific marketplace, instead of all of them – they are king-making. They are choosing the marketplace that the industry should hold in high regard. A less conflicted approach would be to work with a handful of marketplaces and give equal access. But, we don't see manufacturers doing that.

Manufacturers are king-making B2B marketplaces which are investor-owned. This means that the investors have control of the board. And, when a large purchase offer comes from a big tech monopoly – the board will take that offer. These VC board members have a fiduciary duty to their LP's to accept the offer. And, it doesn't seem like manufacturer CVC (corporate venture capital) divisions are receiving material governance in the marketplace to prevent such a scenario.

To summarize, the actions of these manufacturers seems reckless and the upside too insignificant. We understand why the investment professionals at the CVC do the deal – they stand to earn a handsome return... but at what cost?



Tech Monopolies or Traditional Competitors

Leading B2B Marketplace

CULTURE
OF INNOVATION IN COMPLIANCE

It's important for large enterprises in B2B distribution and the supply chain to become more agile, but still manage risk.

We see an increased need for internal compliance departments to work collaboratively with outside experts and peers. By collaborating with external compliance professionals who have already worked with marketplace and tech startups, large enterprises can help avoid pitfalls that others have already figured out how to navigate.

Internal compliance departments can be wary of the liability to distribute third party inventory, to use third party fulfillment, GMV accounting and the overall concerns with M&A tech investing. However, the go/no-go decision needs to be made *faster* than is traditionally happening inside of large enterprises. The solution is to inject outside thinking with relevant expertise that is often missing from an organization's internal compliance departments. A legal team should be talking to other lawyers. An accounting or credit team should engage with peers at another distributor enterprise with similar professionals.

We suggest these ideas to inject a fresh perspective and provide your internal departments appropriate outside resources:

- Ask **tech startups** directly for **referrals** to other distributors' teams that they are working with
- Use **industry associations** to find other distributors' compliance departments who are working with tech startups and marketplaces
- Engage **outside counsel** familiar with doing tech M&A and/or handling marketplace liabilities

There are specific rankings of law firms with tech M&A experience. These law firms have experience in navigating the liability that comes from selling third party inventory, using third party fulfillment tech providers, and with integrating tech providers' solutions.

TOP 50 AGGREGATE GMV VS. AMAZON BUSINESS: *AMAZON GAINING*

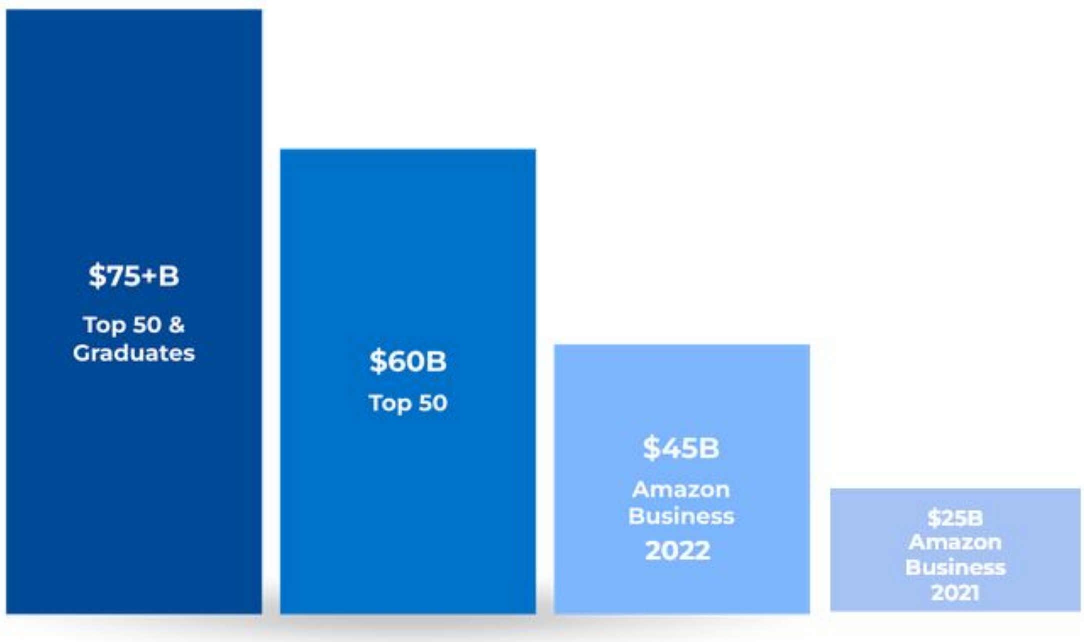
Our Top 50 aggregate GMV is estimated at $60-$75B annually, while Amazon's GMV is likely in the $40-50B range. BofA projects Amazon Business to reach $83.1B by 2025, implying a compound annual growth rate (CAGR) of nearly 30%.

Applico internal estimates are above Wall St. with our projected $100+B in Amazon Business GMV by 2025. Our previous above the street estimates were realized to be true when Amazon Business claimed $15B in 2019 alone, 50% above the street.

Our aggregate Top 50 GMV numbers have declined from last year's $75+B given the high profile exits of NuOrder, Xometry, Lumi, Architizer, and MFG.com. These graduates accounted for well over $15B GMV. If the graduates are included in the Top 50 GMV numbers, then the overall GMV is roughly the same as last year's guidance. We believe the lack of material increase is that some of the B2B marketplaces with the largest GMV have focused more-so on revenue generation than GMV growth. For example, our agricultural and retail oriented B2B marketplaces are rolling out additional value-added services and "end-to-end" transaction flows which allow the marketplace to earn increased revenue for each $1 of GMV transacted. We've seen these types of marketplaces focus much more efforts on those opportunities in the past year as a result.

It is disconcerting, however, to see the Top 50 Aggregate 2022 GMV be almost the same as 2021's numbers while Amazon Business continues to gain ground. Given our Top 50 are independent, their need to focus on building a sustainable business model and generating revenue gives an advantage to Amazon Business' ability to focus on GMV growth.

In 2020, all US retail eCommerce surpassed $861B, and Amazon accounted for roughly 44% of all US retail e-commerce and 30% of US e-commerce. B2B Marketplaces are approximately 1/10 the size of retail e-commerce sales.



B2B MARKETPLACES
THE RANKING

B2B MARKET INSIGHTS

TOP 50 MARKETPLACE RANKING

#	STARTUP		RANKING CHG	CATEGORY	URL	CAPITAL RAISED
1	FAIRE	Faire	0	Retail	faire.com	$1,510.00M
2	JOOR	JOOR	↑1	Retail	joor.com	$82.65M
3	indigo	Indigo AG	↓1	Agriculture	indigoag.com	$1,710.00M
4		Material Bank	Debut	Building Materials	materialbank.com	$323.84M
5	FBN	Farmers Business Network	0	Agriculture	fbn.com	$929.33M
6	PROVI	Provi	Debut	Food Products	provi.com	$124.30M
7	leaflink	LeafLink	0	Cannabis	leaflink.com	$378.99M
8	GrubMarket	GrubMarket	0	Food Products	grubmarket.com	$440.89M
9	CHOCO	Choco	↑3	Food Products	choco.com	$282.44M
10	vetcove	VetCove	↓4	Healthcare	vetcove.com	NA

The 2022 Top 10

Faire continues to hold the top spot in our Top 50 Ranking two years in a row. They earn a 20% "take rate" on their GMV, which is rumored to be in the $1-2 billion range. With their last fundraise at a $12.5 billion valuation, that provides Faire a roughly 30x revenue multiple. Faire's suppliers are, arguably, more commoditized and have less brand equity - hence, they are willing to pay a 20% take rate. Can Faire's business model scale to capture more, higher-end brands?

B2B MARKET INSIGHTS

TOP 50 MARKETPLACE RANKING

#	STARTUP		RANKING CHG	CATEGORY	URL	CAPITAL RAISED
11-25	PARTSTRADER	PartsTrader	↓ 11-25	Industrial	partstrader.com	$30.00M
	ODEKO	Odeko	Debut	Food Products	odeko.com	$171.82M
	ZAGENO	Zageno	Debut	Retail	zageno.com	$87.93M
	ABOUND	Abound	Debut	Retail	helloabound.com	$61.22M
	PARTSTECH	PartsTech	Debut	Auto & Equipment Parts	partstech.com	$16.39M
	RENORUN	Renorun	Debut	Building Materials	renorun.ca	$164.11M
	GoExpedi	GoExpedi	Debut	Industrial	goexpedi.com	$75+M
	knowde	Knowde	-	Chemicals	knowde.com	$91.95M
	Felux	Felux	Debut	Metals	felux.com	$24.10M
	MOOV	Moov	Debut	Industrial	moov.co	$44.85M
	Reibus	Reibus	↑ 11-25	Metals	reibus.com	$101.05M
	tundra	Tundra	-	Retail	tundra.com	$41.47M
	NABIS	Nabis	Debut	Cannabis	nabis.com	$33.40M
	fictiv	Fictiv	-	Industrial	fictiv.com	$195.62M
	B STOCK	B-Stock Solutions	Debut	Retail	bstock.com	$73.20M

B2B MARKET INSIGHTS

TOP 50 MARKETPLACE RANKING

#	STARTUP		RANKING CHG	CATEGORY	URL	CAPITAL RAISED
26-50	novi	Novi	Debut	Chemicals	noviconnect.com	$51.78M
	OpenMarkets	OpenMarkets	↓ 26-50	Healthcare	openmarketshealth.com	$4.25M
	Parachute Health	Parachute Health	↓ 26-50	Healthcare	parachutehealth.com	$15.40M
	QUARTZY	Quartzy	↓ 26-50	Healthcare	quartzy.com	$31.86M
	Fairmarkit	Fairmarkit	Debut	Industrial	fairmarkit.com	$77.41M
	bryzos Your Online Steel Marketplace	Bryzos	-	Metals	bryzos.com	$15.20M
	YES LER	Yesler	↓ 26-50	Building Materials	goyesler.com	$10.15M
	bluepallet	Bluepallet	-	Chemicals	bluepallet.io	$12.73M
	ASSETA	Asseta	-	Industrial	asseta.com	$1.66M
	ROCKAUTO.COM	RockAuto	-	Auto & Equipment Parts	rockauto.com	NA
	Parts Geek	Parts Geek	-	Auto & Equipment Parts	partsgeek.com	NA
	notch	Notch	Debut	Food Products	notchordering.com	$23.95M
	AMAST	AMAST	Debut	Building Materials	amast.com	NA
	Leaf Trade	Leaf Trade	↓ 26-50	Cannabis	leaf.trade	$24.75M
	bttn	Bttn	Debut	Healthcare	bttnusa.com	$26.55M

B2B MARKET INSIGHTS

TOP 50 MARKETPLACE RANKING

#	STARTUP		RANKING CHG	CATEGORY	URL	CAPITAL RAISED
26-50		Finditparts	Debut	Auto & Equipment Parts	finditparts.com	$30.00M
		Silo	↓ 26-50	Food Products	usesilo.com	$37.00M
		Net32	↓ 26-50	Healthcare	net32.com	$12.00M
		Full Harvest	-	Food Products	fullharvest.com	$40.03M
		Printify	-	Retail	printify.com	$53.12M
		ChemDirect	Debut	Chemicals	chemdirect.com	$8.59M
		Gearflow	-	Industrial	gearflow.com	$10.28M
		Mable	-	Food Products	meetmable.com	$17.60M
		MacroFab	-	Industrial	macrofab.com	$41.68M
		Pod Foods	-	Food Products	podfoods.co	$17.35M

MISSING FROM THIS YEARS RANKINGS

We highlight the B2B marketplaces who graduated from our 2021 list

- Lumi, a packaging supply chain platform for online brands, was acquired by Navar
- Bulletin, a curated wholesale marketplace featuring clothing, was acquired by Emerald Holding.
- Sevenfifty, a beverage platform, was acquired by Provi who also made our Top 50 list this year
- NuOrder, a fashion based platform, was acquired by Lightspeed POS
- Architizer, a platform for architects, was acquired by Material Bank who also made our Top 50 list this year
- MFG.com, a custom manufacturing marketplace, was acquired by Shapeways
- Xometry, a platform that offers manufacturability feedback on custom parts is now public

Removed but not acquired? Why?

A majority of the companies we removed from our Top 50 list were omitted due to limited signs of strong growth relevant to emerging marketplaces. It is likely many of these companies are still healthy, but lacked available data that demonstrated outperformance.

Lastly, the only company on our Top 50 list last year to shut down was Medinas Health.

HONORABLE MENTIONS

Rental Marketplaces

Bigrentz

Dozr

Equipment Share

Marketplaces Outside of U.S.

Ankorstore

Chemondis

Kemiex

Rekki

Mono mono

New! - Applico's 2023 EU Top 25 Marketplaces Ranking

Predominantly SaaS Business

Bluon	Bushel powered
Enable	Kojo
Mirakl	

RESEARCH
METHODOLOGY

SCALE Scale is measured as traction in filling each side of the marketplace to generate both supply and demand. One of the best measurements of marketplace scale is GMV, gross merchandise value, the aggregate measure of total sales facilitated by the marketplace. Some industries like Agriculture – have very high aggregate marketplace GMV because the average order value (AOV) is much higher relative to other industries. Total number of suppliers, buyers, and SKUs are other indicators for sizing a marketplace. These increases in these metrics can be tracked over time through websites and press releases.

MONETIZATION Companies who monetized with a meaningful take rate scored at the top of the monetization criteria. A take rate is the percentage of each transaction that goes through the platform that the marketplace keeps as revenue. Being able to charge a meaningful take rate at scale suggests the marketplace provides a lot of value to both sides of its network and has strong defensibility. It also substantially increases the profit potential of a marketplace compared to other methods of generating revenue. Advertising revenue could also be another path for a marketplace to have a high margin revenue stream. Other monetization strategies such as a recurring subscription, value-added services, SaaS fees or revenue derived from being a reseller scored lower than companies who had a higher proportion of take rate revenue.

COMPETITION In our methodology, companies who successfully compete and grow in a crowded industry are favored more highly than companies who are operating in less competitive markets. Similarly, companies that are not one of the top two to three marketplaces in a crowded industry were ranked lower.

COMPETITIVE ADVANTAGES/BARRIERS TO ENTRY/MOAT
Companies that have successfully built competitive advantages such as meaningful scale, first-mover advantage, unique inventories, or are offering an attractive or unique arrangement for users such as credit terms, financing, etc. were ranked more highly.

MARKET SIZE Companies operating in larger markets with more greenfield opportunity were considered to be more favorable than those in smaller, more niche markets that have less potential GMV to be captured.

CAPITALIZATION Companies who successfully raised meaningful capital to scale their platforms, as well as those that were perceived to be profitable, were ranked higher than those that had less success or traction in fundraising or generating sustainable revenues. Further, startups with recent deal flow ranked well given the difficulty to raise capital within the current climate.

INVESTOR BACKING This metric was a minor factor, but companies in the rankings who successfully attracted reputable and successful investors were considered to have an advantage over their peers.

DATA SOURCES A combination of the below data sources were used to identify companies and to collect data to inform the ranking:

- PitchBook
- Crunchbase
- Company Websites
- Publicly available information
- Industry sources and relationships

ENTRY CRITERIA The following factors were requirements for consideration into the ranking:

- US Operations: The ranking is based upon a marketplace's business within the United States. However, a marketplace does not have to be headquartered in the US to qualify for the ranking.

- Product Marketplace: The marketplace has to be transacting products, not services. Rental marketplaces were excluded. Companies with few suppliers not actively growing their installment base were excluded. Marketplaces that sold cars, rather than auto parts, were excluded, as they are typically not included in assessments of the B2B Distribution market.

- Independent Company: The marketplace is a private company and has not been acquired by another entity.

Glossary of Terms

Gross Merchandise Value (GMV) - The sum, in monetary value, of all merchandise sold through a marketplace. This metric is typically used for digital marketplaces to measure the health of the business and total throughput it facilitates.

Product Marketplace - A platform that connects buyers and sellers of physical goods with each other and facilitates a transaction.

Linear Business - A company that creates a product or service and sells it to a customer. Value flows linearly and in one direction through the company's supply chain. These businesses are generally asset heavy.

Platform Business Model - A business model that facilitates the exchange of value between multiple user groups, typically consumers and producers. These businesses are asset-light.

Platform Type - A group of platforms in which the core transaction facilitates the same kind of value being exchanged. Figuring out which platform type a business model fits into is one of the first steps in platform design.

Revenue-to-GMV Ratio - By standard accounting rules, GMV does not count as revenue for a marketplace. Marketplace revenue is the portion of a transaction that the marketplace retains via a take rate, or the revenue it can earn by selling other value added services or advertising. Comparing the ratio of a marketplace's revenue to the GMV it facilitates is a useful metric to understand how much of the value created the business is able to retain as revenue.

Take Rate - The percentage of each transaction facilitated that the marketplace retains as revenue. A typical take rate for B2B marketplaces would fall between 1%-15%, depending on the vertical.

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