

Investors Are Clamoring To Buy A Slice Of Snapchat

Investment from Alibaba, others values popular messaging service at \$16 billion

By DOUGLAS MACMILLAN Updated May 30, 2015

The demand to own private shares in Snapchat Inc. has become so fierce that its newest investors are willing to receive second-rate stock in exchange for their money.

As standard practice, venture-capital investors typically receive preferred shares when they invest, meaning they receive certain rights over common stockholders. Those privileges can include voting rights and, perhaps most important, getting paid back first in the event of an acquisition or liquidation.



Only earlier investors, which include a number of venture-capital firms ...and Institutional Venture Partners, own preferred shares.

The messaging service on Friday revealed in a filing with the Securities and Exchange Commission that it has raised about \$537 million in new funding from investors. The financing values Snapchat at \$16 billion, said a person familiar with the matter, a 60% bump from its previous round in December...

Including the new round, Snapchat has now raised a total of more than \$1.1 billion in funding... **But it has only seriously started generating revenue this year....**

News of the funding comes days after Chief Executive Evan Spiegel said at a technology conference that he has [a plan for an initial public offering](#) but offered no details about its timing. Mr. Spiegel also said this week that he has no desire to field any acquisition offers.