SoftBank Faces Challenges Raising Latest $100 Billion Fund

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The focus of this article is on the recent failure of the tech giant SoftBank to raise the desired target of funds for its latest venture. The failure is due to the shift in the interests of the largest investors of the funds (Gottfried & Strasburg, 2019). Investors are more interested in investing startups at a later stage in their life and that too directly rather than paying commission fees to another party. Other issues include governance and lack of transparency. However, SoftBank continues to reject its failure and has taken the services of Cantor Fitzgerald LP to help in raising the funds. The company also rejects accepting smaller investments.

Cantor has started holding meetings with large investors in order to develop the required fund and has hinted that pooling money from a large number of smaller investors is still an option on the table. At the same time, SoftBank, willing to contribute fifty percent of the total fund, is facing a tough time in managing that much amount of funds. However, the Vision Fund is likely to succeed based on the success of the first round and the high return the company was able to offer.

The CEO of SoftBank wants a more diverse pool of investors to prevent any investor from having excessive decision-making power. The two largest investors of the first round of the Vision Fund have yet to finalize their decision on continuing their investment or backing out from the fund. At the same time, the success of SoftBank Vision Fund is still doubted by many as majority of the profits of the fund are only on paper. However, the CEO of SoftBank continues to invest in various technology startups across the globe. This is an indicator of the success the CEO of SoftBank expects the second round of the Vision Funds to be. This may be a sign of success for various investors allowing the company to succeed in its second round as well.

Reference

Gottfried, M., & Strasburg, J. (2019, June 02). Softbank faces challenges raising latest $100 billion fund. Retrieved June 05, 2019, from https://www.wsj.com/articles/softbank-faces-challenges-raising-latest-100-billion-fund-11559491540