Viewpoint

3rd Quarter 2025 Letter

Dear Partners, LPs, and Friends,

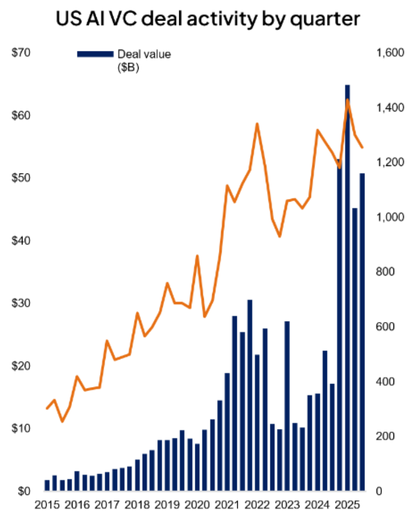
Liquidity is thawing as IPOs return capital, and AI remains the center of gravity with more dollars and faster exits. At Viewpoint, this year we finally have enough later-stage companies to compare against public comps—and a consistent yardstick to do it: Producer-Adjusted Gross Profit (PAGP). Using PAGP, the cross-checks with comps suggest our thesis and entry pricing are tracking toward attractive outcomes. Let’s jump in.

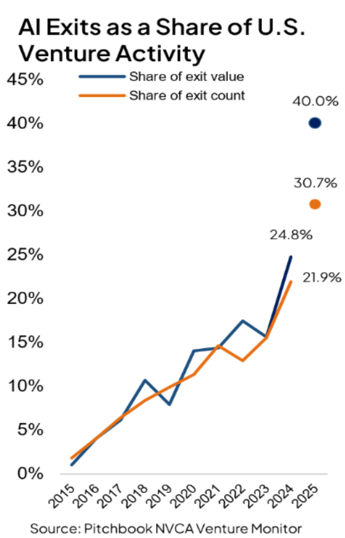
IPOs and AI

Pitchbook predicts that by the end of the year, 65% of all venture deal value will be in AI. I think that may be an underestimate. For instance, our portfolio companies are not classified as “AI deals” — but they probably should be.

Most AI discussions in enterprise center on cost takeout. In the producer-led markets we invest in—where producers are the human intermediaries (agents, brokers, advisors, owner-operators) who win and serve clients and therefore control demand—the upside is larger. AI does lower costs in our platforms, but more importantly it gives producers back time to sell, lifting revenue per producer and improving unit economics. The bigger effect is product-driven: AI makes it faster and cheaper to continuously improve the platform, which in turn makes it more attractive for net-new producers to join.

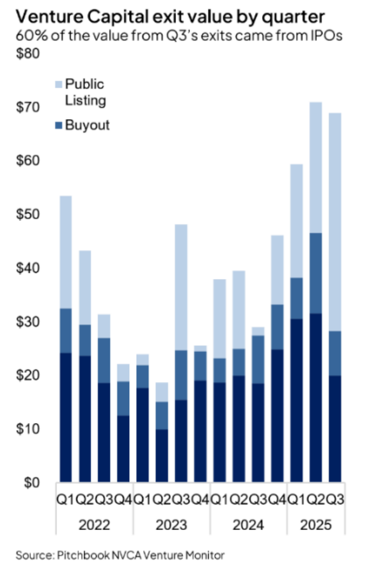
AI is driving another venture market trend that’s important to note: 40% of venture exits are in the AI space. It appears AI companies are being born, grown and sold far faster than the last generation of non-AI companies.





Some of these exits continue to be mergers or acquisitions. But across all venture in Q3, more exit value was generated through initial public offerings. There are far fewer IPOs than M&A transactions, but they tend to generate far larger outcomes.

This is potentially very good news for venture markets overall, given how many extremely large private venture-backed companies remain in the backlog. The potential of the IPO market opening and more of this capital getting unlocked could be a huge tailwind for venture after three years of constant headwinds. As capital starts to cycle back, the market’s task is discrimination, not optimism: which models merit durable premiums? That begins with a valuation method tailored to producer-platforms.



Valuing Producer-Platform Businesses

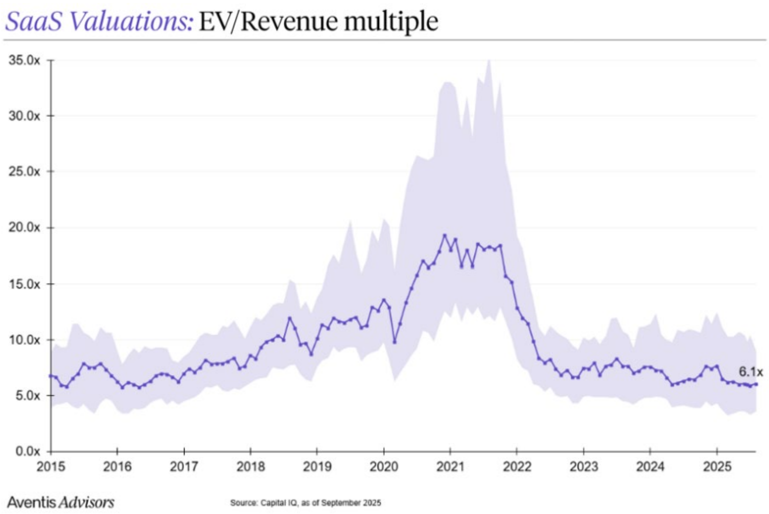
Over the last quarter, the team at Viewpoint has spent a lot of time getting smarter about the best way to communicate to other investors how to value the producer-platform businesses we invest in.

Nailing down exactly what a company is worth — its enterprise value — is more difficult than we might think. Public companies, of course, have their stock bought and sold on public markets daily. But in private markets like venture, there are no daily tapes or closing values. Instead, venture investors look for a metric that is constant across companies, such as revenue or profit --and then determine how much similar companies are priced as a multiple of that metric.

The two most common metrics used are gross revenue and EBITDA (earnings before interest, taxes, depreciation, and amortization), which is a measure of company profitability. In reality, neither works as an indicator for Viewpoint's thesis-fit companies, which are software-plus-services platforms that aggregate producers, attract demand through those producers, and then connect to suppliers. It's a very specific business model requiring a specifically suitable value metric. So, we set out to find a better way to measure this kind of enterprise value, or EV.

Why Not Revenue?

A lot of venture capital investments are valued based on revenue, particularly Software-as-a-Service businesses. In theory, once a SaaS company builds its product and scales up, it quickly generates enough revenue to overcome its fixed business costs, leading to ever-increasing profits. SaaS firms have gross margins of 70%-80% because their cost of goods sold (direct expenses like cloud storage fees) are so low. That means that management gets to choose how to use the 70 or 80 cents left from every dollar of revenue. Typically, the answer is to spend it heavily on research and development (to make the product better) or sales and marketing in search of rapid growth



When calculating the enterprise value of a SaaS startup, venture investors look at how quickly its revenue is growing. If the growth rate is high, the profits will eventually come. As you can see, excluding some exuberant times (2019-2021), investors in SaaS companies are typically willing to pay about $6 for every $1 of revenue.

At the producer-platform companies which Viewpoint invests in, however, revenue isn't so elucidative. In many cases, revenue figures include a lot of money that must be paid out to the producer (the advisor, agent, broker, or real estate team using the platform). For instance, the financial advisors using the Farther platform get 60% to 70% of the total client revenue that flows through its investing platform. PLACE, the platform for real estate sales teams, has a similar problem: All of the teams' revenue appears on PLACE's top line, even though much of it is paid out to agents in the form of commissions.

In both cases, a dollar of revenue does not equal a dollar that the company can redeploy. Nor is the percentage they can deploy the same from company to company. That is the core problem preventing revenue from supplying a reliable estimate of enterprise value.

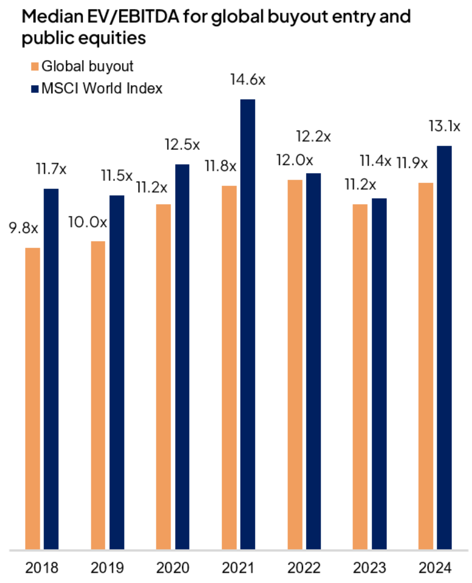
The question isn't what hits the top line; it's what the platform controls after compensating producers and direct delivery costs.

And why not EBITDA?

The scorecard private equity uses, by contrast, is EBITDA because profits are prioritized above growth. These deals, where existing businesses are being bought to be restructured or merged, are often financed with debt, and it's easier to get loans for profitable companies. Profitability, and growth in profitability, also represent how everyone else will judge them.

So how much are investors willing to pay for $1 of profit? On the MSCI World Index — an index of medium and large public companies in developed markets — the ratio has remained stable between 10.5x and 13x for every $1 of EBITDA. Non-public buyout firms (like private equity), currently value companies around 12x-13x of their EBITDA.

For Viewpoint, however, EBITDA makes even less sense than gross revenue as a metric. For our Producer-Platforms, it is a strategic imperative to grow faster than their competitors. As we've discussed in prior letters, our companies gain tremendous advantages from scale, even more so than SaaS businesses. Profitability is not a priority in the near term.



Source: Global Private Market Report – McKinsey 2025

Enter Producer-Adjusted Gross Profit (PAGP)

We needed a way to cleanly compare the financials of our thesis-fit companies — and those we might invest in. We also needed a consistent formula for tracking their performance. Finally, we wanted our metric to stress the pool of money available for strategic decision-making, which is essential for the rapid growth we require. What we came up with is Producer-Adjusted Gross Profit (PAGP).

PAGP = Revenue – (Producer Split + Cost of Goods Sold)

- Revenue: Revenue recognized at the platform level, including all amounts collected before producer payouts.
- Producer Split: Contractual payments to producers (advisors, agents, teams) for originating or servicing clients.
- Cost of Goods Sold: Direct delivery costs tied to the core technology product, such as data, payments infrastructure, and cloud hosting.

(Methodology note: We arrived at PAGP bottom-up from GAAP lines to isolate redeployable economics (revenue minus producer split and COGS), and we use it ex-ante to underwrite new investments, alongside standard lenses such as EV/Revenue and EV/EBITDA for triangulation.)

Note that we are not deducting from revenue the cost of the many human services that our startups also provide to producers. Replacing human work with technical workflows is a strategic choice. Our experience is that labor-hour costs can be engineered down with improved product and AI. But we didn't want our way of valuing companies to reward them for cutting services or for diverting R&D. When automation arrives, the platform's margin expands. This is precisely the value we expect and look to underwrite.

As a metric, PAGP captures what we actually care about in a way that can be applied across the portfolio and enables comparisons with other companies.

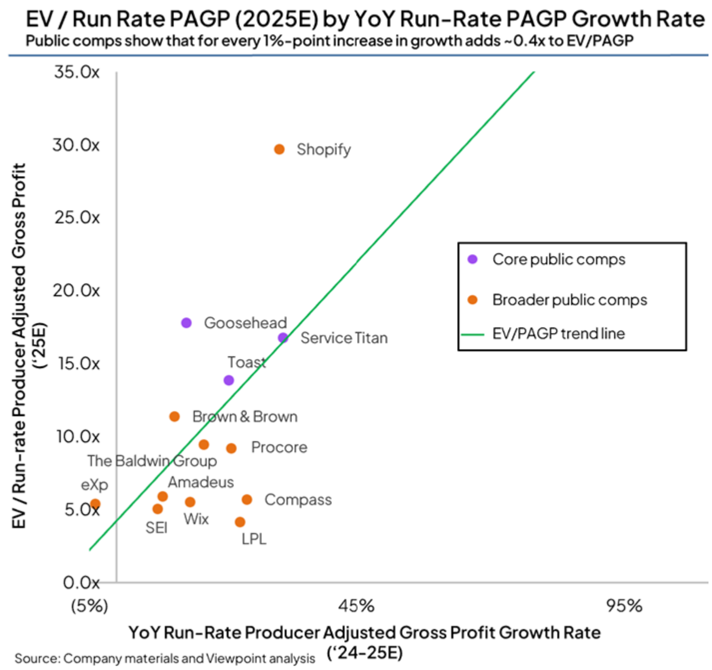
PAGP also represents the right pool of money for us to focus on. Our Producer-Platforms companies look to grow quickly, which can be driven by each company using multiple levers. Some focus on sales and marketing while others rapidly improve the product, which leads to lower customer acquisition cost. Viewpoint is never prescriptive about how our portfolio companies pursue growth. Although we believe we understand our specific business model better than any investor in the world, our founders, by definition, understand their specific business and market better than we do.

What PAGP reveals about Enterprise Value

There are two ways to make money. You can hope someone pays a richer price later for the same dollar of business, or you can grow the business so there are many more dollars to price. We choose the latter. As PAGP grows, value comes from scale—not from hoping the market pays more per dollar at exit.

To understand what future investors might pay we can look at companies that are comparable to those in our portfolio.

Over the past year, we determined which publicly traded companies are the most comparable to Viewpoint's thesis-fit businesses. Three are true "core" matches: Goosehead (NASDAQ: GSHD), ServiceTitan (NASDAQ: TTAN), and Toast (NYSE: TOST). They are each tech-enabled, holistic "operating systems" for a specific subsector of small business — insurance, HVAC/plumbers and restaurant owners. They all aggregate fragmented producer bases and monetize throughput. These are precisely the dynamics we target in Viewpoint's portfolio.

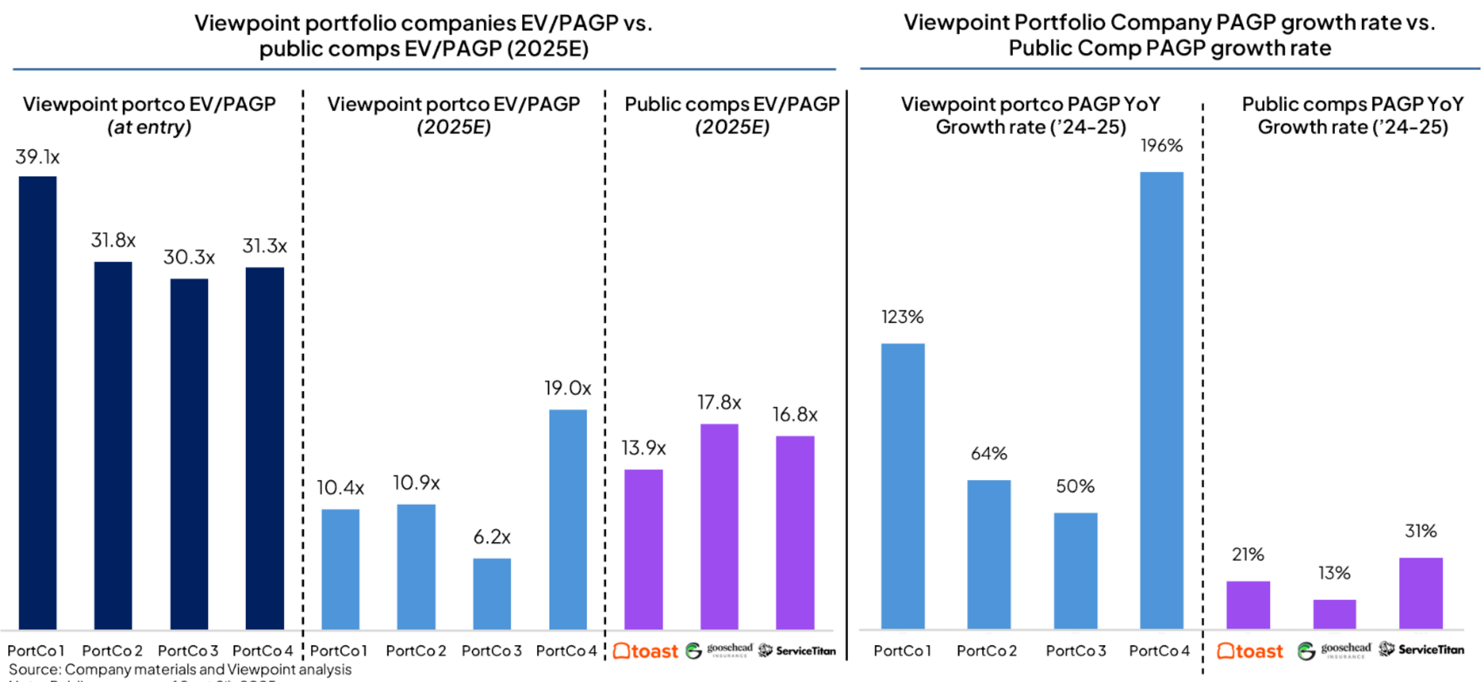


Source: Company materials and Viewpoint analysis

We also assembled ten public comps that resemble producer platforms but differ in key ways—prioritizing M&A over organic growth, running on 15+-year-old infrastructure, focusing on D2C brand-building to drive demand, operating mainly as back-office infrastructure, or serving digital-only SMBs rather than brick-and-mortar.

We put those three core comps and 10 broad comps on a graph, where the Y axis is EV/PAGP multiple, and the X axis is PAGP growth rate year-over-year. This allows us to see how public markets effectively value PAGP Growth. What we found is that each +1 point of PAGP growth is associated with ~0.4x higher EV/PAGP.

So how are we doing?



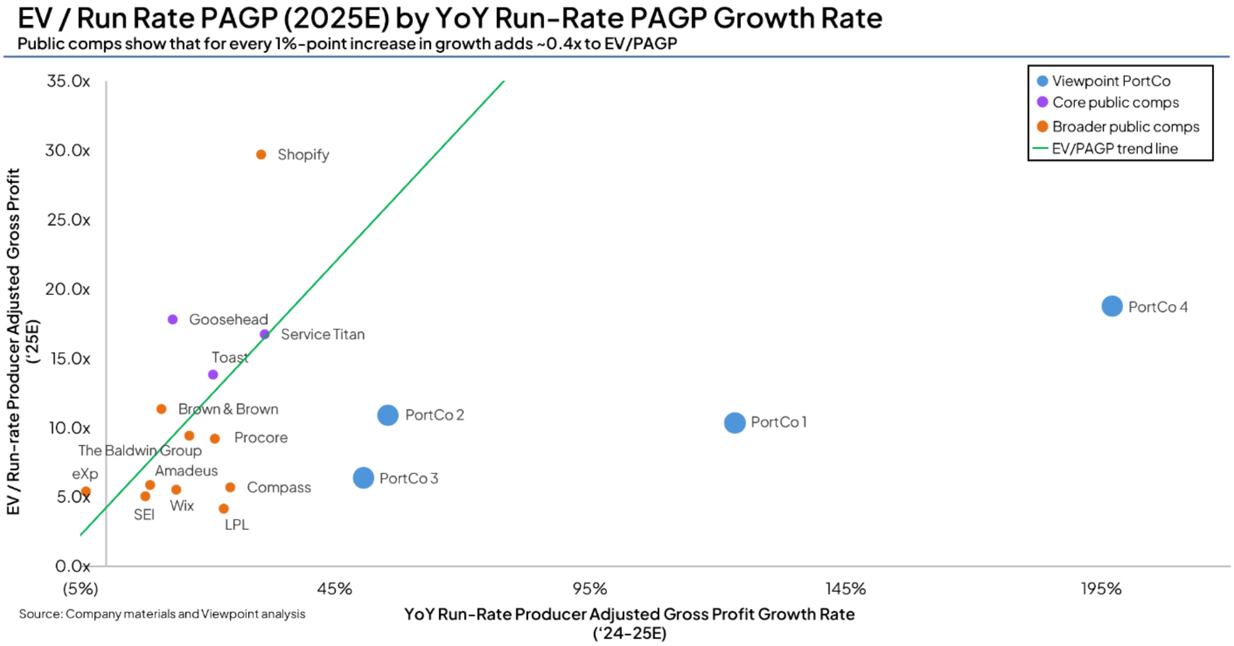
Source: Company materials and Viewpoint analysis
Note: Public comps as of Sept 8th, 2025

On an EV/PAGP basis, Viewpoint's initial investments were made at multiples meaningfully above our core comps. We entered our positions between 30x and 40x PAGP, compared with market multiples between 13x and 18x. However, as the earlier comparable mapping helps show, growth rate of PAGP matters a lot when assessing a company's "fair" market value. Our companies are growing far faster than their comps. By the end of this year, our companies' run-rate growth rates will be between 50% and 200%. Projected growth rates at our public market comps are between 13% and 31%.

To keep the comparison clean, we limit this section to the four Viewpoint portfolio late-stage producer-platforms, where EV/PAGP maps directly to underlying economics. Three holdings are earlier-stage and three aggregate demand through adjacent models, so this lens is less informative today; Goodwin and Tern should be ready to include in 2026.

Given these growth rates, our initial EV/PAGP entries have already compressed below most core comps. The one outlier is our most recent investment, which has had less time to compress—while also growing PAGP the fastest.

When we map our companies onto the comparables chart, we can see our entry points were rational for the growth profiles.



Illustratively, if outside investors applied the regression-implied multiples to our four companies today, our $84M cost basis would mark to ~$339M (a ~$255M uplift, ~4.0x MOIC).

To be clear, the point isn't that "4.0x" is the correct mark; it's evidence the engine is working—PAGP is compounding quickly. We back producer-platforms where improving flywheels and widening moats lower the burden of precision. Even if we're only half—or one-fifth—right on forward assumptions, outcomes remain attractive. Our weighted-average time since initial investment across these four positions is ~1.5 years, leaving several years of compounding ahead; even with conservative multiples versus public comps, the math still works.

We don't need that to happen tomorrow for us to be successful and deliver the returns we want to our LPs. As these companies continue to grow quickly, our initial investment becomes a better and better bet.

Three takeaways. First, faster PAGP growth tends to earn higher EV/PAGP, so an entry that looks "expensive" can become fair—and then cheap—as the engine scales. Second, revenue and EBITDA miss what matters here; PAGP tracks the dollars the platform actually keeps and can reinvest. Third, strong flywheels mean we don't need perfect forecasts: with years of growth ahead, cautious marks can still produce strong absolute returns.

A Big October and End of Year

We're coming off a strong InsureTech Connect. We hosted our fourth annual strategy, corporate development, and innovation summit with 200+ senior insurance executives, where discussions centered on AI's impact across distribution and operations. For C-suite attendees, we prepared 40+ matchmaking reports; leveraging AI this year, our team reduced prep time by ~95% versus prior years.

Next, we head into our first founder retreat. We've learned a great deal by observing our companies, but we haven't shared those lessons efficiently across founders. This retreat brings ~20 thesis-fit founders from different markets together to exchange what's working, compare playbooks, and build cross-portfolio relationships. We'll report back on outcomes in the annual letter.

As always, thank you for your ongoing partnership and support.

Fondly,

Drew Aldrich, Managing Partner

Viewpoint

Thank you!

www.viewpoint.vc

hello@viewpoint.vc