

capital D Leads Investment in Phrasee

Morgan Stanley Expansion Capital and Keyhaven Capital Partners co-invest

- *[Phrasee](#) is an AI-powered natural language generation platform for online marketing, disrupting traditional methods of copywriting, leading to increased click-through and revenues for its customers*
- *capital D becomes first majority institutional investor in Phrasee, partnered with founders*
- *capital D's fourth platform investment since inception, and the second investment into a company with artificial intelligence core to its product.*

London – 16 March 2022 – capital D, the next-generation private equity fund manager investing in disruptive mid-market businesses across Europe, today announced it has acquired a majority stake in Phrasee (the “Company”). Investment Funds managed by Morgan Stanley Expansion Capital, together with a group formed by Keyhaven Capital Partners and family offices co-invested alongside capital D.

The capital D consortium have acquired a 64% stake in Phrasee with the founders and management holding the remainder.

Founded in 2015, London-based Phrasee is an AI-powered SaaS platform that revolutionises customer communication through brand language optimisation. Phrasee is disrupting the traditional role of the human copywriter/marketer using data science and a powerful proprietary natural language generation engine to generate, automate and optimise marketing language in real-time with superior performance.

Phrasee’s platform optimises e-mail, SMS, web and social media campaigns, by providing AI-generated optimised and brand safe language to clients, driving higher open and click-through rates, and sales. Phrasee’s clients are typically large, well-known enterprises across multiple business sectors in the United States of America and Europe.

As a result of the transaction, the consortium led by capital D will partner with Phrasee’s founders Parry Malm, Vic Peppiatt and Neil Yager to support the Company on the next phase of its impressive growth journey. The capital D consortium plan to support further development of Phrasee’s products across a wider range of customer-journey touchpoints and media channels, as well as to enhance its commercial organisation both in direct enterprise sales and customer success, and through establishing software vendor partnerships. This investment will also support Phrasee’s further expansion in the United States, a market already responsible for more than 60% of the Company’s sales.

Daryl Cohen, Partner, capital D, said: “Phrasee has developed a compelling AI-powered language generation platform that is revolutionising the way companies are engaging with their customers in real time. We are proud to become Phrasee’s partner and believe we can add material value in supporting its continued success.”

Pete Chung, Partner, Morgan Stanley Expansion Capital, said: “Phrasee represents a new generation of solutions combining both AI and business expertise to provide optimised solutions at exceptional scale. We’re thrilled to support Phrasee in its next stage of growth and look forward to working with the team to build Phrasee into a category leader.”

Sasha van de Water, Managing Partner at Keyhaven said: “We are excited to be partnering with capital D to invest in Phrasee. The platform has huge potential to disrupt the industry, and has a proven track record of successfully acquiring customers at pace. We look forward to supporting Phrasee with developing an even stronger customer proposition, transforming the way leading marketing teams operate for the better.”

Parry Malm, CEO, Phrasee, said: “We are empowering brands with the most advanced AI-generated brand language to optimise marketing performance and unify a brand’s customer experience. Our technology delivers millions in incremental revenue, and we are proud to call some of the world’s most recognised brands Phrasee customers.”

Malm added: “The capital D team brings incredible sector knowledge across AI and machine learning as well as an outstanding commercial network, which we’ve already seen in action during our short time working together. We plan to continue disrupting the way companies communicate with and market to customers across all their digital channels, and it’s awesome to have partnered with capital D on the next stage of our journey.”

capital D was supported by Deloitte for financial and tax due diligence, Crosslake Technologies for technical due diligence, and Squire Patton Boggs for legal due diligence. capital D’s legal advisors were Squires Patton Boggs and Priestley Soundy.

Results International Group acted as the sole and exclusive financial advisor to Phrasee. Phrasee’s legal advisors were Orrick, and tax advisors were Blick Rothenberg.

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About capital D

capital D is a next-generation private equity fund manager focussed on disruptive mid-market businesses across Europe. Capital D invests at the intersection of macro, technological and behavioural trends, in businesses which will be the winners of the disruption economy. capital D adds purpose and agility to traditional investment lenses and believes companies with those characteristics are better equipped to succeed.

capital D understands “what’s next” through an ecosystem comprising experts in digital, innovation and sustainability which creates unique investment opportunities. This involves leveraging the Firm’s strategic partnerships with Springwise, an innovation intelligence provider and Re_Set, a strategy consultancy for innovation, disruption and sustainability to source and identify innovative companies and themes as well as to help portfolio companies to stay at the forefront of disruption. Please visit www.capitalD.com

About Phrasee

Phrasee® revolutionises customer experiences by optimising the language brands use across the full customer journey. Its AI-powered SaaS platform brings together natural language generation, machine learning and dynamic optimisation, making Phrasee the only provider of its kind to generate, optimise, automate, and analyse language in real time. Phrasee boosts customer engagement and increases lifetime value for the world’s leading B2C brands – including Domino’s, eBay, FARFETCH, Groupon, Party City and Walgreens – all while adhering to companies’ unique brand standards and voice. Today, over 1 billion people across four continents have responded to Phrasee-generated language. For more info, please visit <https://phrasee.co/>.

About Keyhaven Capital Partners

Keyhaven is a specialist secondaries private equity firm dedicated to the European lower mid-market. With a diverse team, a network embedded in local markets and a flexible approach to deal making, Keyhaven works with niche industry leaders to accelerate growth, building robust, sustainable businesses that deliver for their investors, employees and local communities.

Since its foundation in 2003, Keyhaven has invested or advised on in excess of €2 billion and made more than 60 secondaries investments in Europe. For more information, please visit: <https://www.keyhavencapital.com/>

About Morgan Stanley Expansion Capital

Morgan Stanley Expansion Capital is the growth-focused private investment platform within Morgan Stanley Investment Management. Morgan Stanley Expansion Capital targets growth equity and credit investments within technology, healthcare, consumer, digital media, and other high-growth sectors.

For over three decades, Morgan Stanley Expansion Capital has successfully pursued growth investment opportunities and has completed investments in over 200 companies leveraging the global brand and network of Morgan Stanley. For further information about Morgan Stanley Expansion Capital, please visit www.morganstanley.com/im/expansioncapital.

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