Lynch-backed Featurespace in talks about Visa takeover

A British fraud detection company backed by Mike Lynch, the technology entrepreneur who died this week, is in talks about a sale to Visa, the American payments giant, worth hundreds of millions of pounds.

Sky News has learnt that Featurespace, which was founded in 2008 and is headquartered in Cambridge, is in advanced negotiations about a deal.

Estimates of its potential value varied this weekend, but one insider said it could be worth more than £700m, while another said it could ultimately be worth less than that.

Sources cautioned, however, that a deal had yet to be formally agreed and could still fall apart.

News of the prospective deal comes just days after Mr Lynch's death on Bayesian, the superyacht he owned, alongside his daughter Hannah and five others, including the former Prudential chief executive, Jonathan Bloomer.

One investor said the sale to Featurespace would highlight again the role that Mr Lynch had played in backing successful British start-ups.

Mr Lynch's investment firm, Invoke Capital, owns a small stake in Featurespace, while he served as a non-executive director of the company for 11 years.

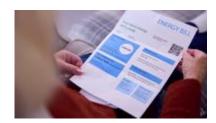
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It is said to have reduced its interest in recent years to help fund the legal case which ultimately saw him acquitted of fraud over the \$11bn sale of Autonomy, the software company he founded, to Hewlett-Packard in 2011.

In a tribute to Mr Lynch published on the company's website this week, Featurespace said it was "devastated by the loss of Mike Lynch".

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"It is a high statistical probability that Featurespace wouldn't be a thriving technology company without Mike.

"Our co-founders, Professor Bill Fitzgerald and Dave Excell, were inspired by Mike's combination of intellect and commercial acumen.

"They benefitted from his friendship and guidance.

"Mike's personal investment in Featurespace supported the development of an invention that has proved fundamental in the progress of AI [artificial intelligence] and he served as a non-executive director for over 10 years from 2008 — 2019.

"Mike was a true champion of the UK technology sector, including the need for greater diversity, and advocated for many female leaders — including our CEO Martina King."

Featurespace specialises in fraud detection and counts HSBC, NatWest Group and Worldpay among its customers.

Clients outside the banking sector include Betfair, which is owned by Flutter Entertainment.

Demand for its services has grown amid an explosion in financial scams, which have become increasingly sophisticated in recent years, costing banks billions of pounds to refund customers.

It makes Adaptive Behavioural Analytics software, which uses machine learning to detect and prevent fraud in more than 180 countries.

Featurespace, which is run by former Yahoo! And Guardian Media Group executive Martina King, has raised in the region of £100m from investors in a series of funding rounds.

Among its other shareholders are Insight Venture Partners, IP Group, Chrysalis, Mission OG and Highland Europe, some of which rank among the world's most prominent early-stage investors.

Mr Lynch also played a key role in setting up Darktrace, the

cybersecurity company which recently agreed to be taken over by Thoma Bravo, the private equity firm, in a £4.25bn deal.

This weekend, Italian prosecutors said they would consider manslaughter charges as part of their investigation into the sinking of the Bayesian.

Visa said it did not comment on speculation, while Invoke declined to comment and Featurespace did not respond to a request for comment.