JP Morgan is looking to grow its VC coverage team with hires in Miami, Salt Lake City, and Austin

Wall Street is racing to build meaningful ties with both snappy up-and-coming tech companies and the venture-capital world that supports them.

JP Morgan, the biggest US bank, is betting that beefing up its midmarket capabilities is the best way to create long-lasting client relationships with companies of all sizes. The firm last month nabbed five people – Carly Kiser, Sarah Peluso, Paula Root, and Navid Shahrestani from Silicon Valley Bank, as well as Jordan Litke from Bank of America –
to join the commercial-banking unit’s innovation-economy team.

JPMorgan’s investment bank works with large corporations and other blockbuster clients, but its commercial-banking unit provides small and midsize companies with credit, financing, treasury and payments, international-banking, and other financial services.

Melissa Smith, the head of specialized industries for middle-market banking, and Pamela Aldsworth, who leads VC coverage for middle-market banking, told Insider in an interview that the group’s growth and focus on the midmarket innovation economy has helped retain more clients in the long run.

Historically, JPMorgan had struggled to hold on to startup clients, who would leave for competitors when they grew, only to return to the firm when they were large enough to expand internationally or explore an initial public offering or other deal, Smith said.

Across Wall Street, firms are leaning into the middle market, with Bank of America expanding into smaller cities like Nashville, Tennessee, and Salt Lake City and Wells Fargo looking to build out its existing middle-market commercial-banking relationships as it revamps its investment-banking and capital-markets units.

By simplifying treasury services and payments platforms to meet smaller companies’ needs, and building out expertise specifically focused on early-stage lending and early-stage emerging merchants, the team in recent years has been able to keep tech clients at the firm throughout their entire life cycle, Smith said.

Expanding the group even further to work with the VCs and firms that invest in these early-stage tech companies has also helped.

“We’re not just serving the founders and the portfolio companies themselves,” Smith said.

“We have the ability to service the entire ecosystem, from portfolio companies to entrepreneurs to VC firms and VC partners,” she added. “It’s a small, tight-knit community, and we serve all their holistic needs, not just the early-stage companies themselves.”

JPMorgan’s VC-coverage team is expanding into tech hubs like Seattle and Boston, and the firm plans to hire in Austin and Salt Lake City

JPMorgan created a dedicated venture-capital-coverage team in 2019 by hiring four Silicon Valley Bank executives, including Aldsworth, to build it. But the firm has been making a dedicated effort to cover disruptive tech and life sciences since 2015, when it hired its first bankers focused on the space.

The firm declined to share exact head count for the group, but the middle-market-banking and specialized-industries business has a presence in the 50 largest regions by population in the US, and the innovation-economy team has “dozens” of dedicated bankers in 20 markets.

“We will continue to add bankers this year and next year to have boots on the ground to cover the almost infinite amount of companies,” Smith said. “Across our middle-market platform, we have ambitious growth targets, and the majority are on our innovation-economy side.”
The team is also focusing on geographic expansion as more and more tech companies pop up across the country and outside Silicon Valley.

The five hires announced last month are in New York, Boston, Seattle, and Los Angeles – which are all regions “exploding” with tech innovation, Aldsworth said – and the team is planning to make more hires this year in Miami, Salt Lake City, and Austin, Texas.

“We’re going to be growing very quickly in the next five years, so we wanted boots on the ground and the best people there,” Aldsworth said.

As different regions in the US emerge as hot spots for specific types of tech – like life sciences in Boston, digital media in Los Angeles, and fintech in San Francisco – the JPMorgan team’s focus on geographic expansion means that local bankers can work with local tech entrepreneurs and more easily identify emerging trends.

“We’re building out our regional hubs and putting bankers locally where our clients are,” Smith said.

Kiser, one of last month’s hires from Silicon Valley Bank, is in Seattle. She is already putting that ethos into practice six weeks on the job and “laser-focused” on players in the cloud-computing space.

“The businesses that are being built are very true to the DNA of the Northwest: cloud businesses and software businesses,” she told Insider, adding that there was an “incredible generation of talent” coming into the region and building these companies.

Seattle also has an interesting ecosystem of consumer businesses, Kiser said, and there are many startups being built around the consumer experience, many of which are software-first.

“This is an opportunity for us to bring expertise to how we’re scaling our software-first, cloud, and consumer businesses, and this is the vast majority of where my time is spent,” she said.

Outside Seattle, the innovation-economy team is homing in on healthcare IT – there’s a “ton of money” pouring into the sector, and the valuations are “mind-boggling,” Smith said.

JPMorgan is also interested in fintech startups focused on payments, cloud, and security, as well as agriculture tech, food tech, and other companies focused on the green economy, which have a healthy flow of VC funding and align with the firm’s sustainable-finance and climate team.

“Founders are increasingly thoughtful about who can serve all of their needs and help focus on growth potential when they choose a banking partner from the beginning,” Smith said. “So we’re hiring a lot, continuing to invest in our platforms and tech so we can serve these clients.”