CoProcure Nabs $22 Million Series A Led by Forerunner

CoProcure is leveling the playing field for businesses looking for a slice of the $2T local and state government market

SAN FRANCISCO—February 23, 2022—CoProcure, the first marketplace for state and local purchasing, announced today that it has raised $22 million in funding led by Forerunner Ventures, along with participation from Leadout Capital, Neo, and notable angel investors Marco Zappacosta, founder of Thumbtack; Dan Lewis, founder of Convoy; and Katrina Lake, founder of Stitch Fix.

On the heels of a landmark trillion-dollar infrastructure bill, CoProcure is powering the next generation of state and local purchasing for the government. Currently, these governments spend nearly $2 trillion each year using 1900s technology. CoProcure is disrupting this sector with a search-based marketplace serving $100M+ in estimated annual transaction value.

Government buyers use CoProcure to find “cooperative contracts” from the federal government, national purchasing cooperatives, states, and local agencies, all in one place and for free. CoProcure describes these as “shareable contracts” off which buyers can piggyback in order to expedite their procurement process. Today, 300 government agencies use CoProcure, and the marketplace is growing over 35% QoQ, spreading among governments by word-of-mouth with rapid adoption cycles and high retention.

CoProcure is initially addressing the estimated $190 billion cooperative contracts market, a fragmented industry with non-tech incumbents that are only satisfying a fraction of the demand. Governments already share contracts today, but most discovery and sharing happens through phone calls, emails, and existing professional networks. "Cooperative procurement—sharing the work you've already done on behalf of the public—is a legal best practice, and government employees are extremely collaborative,” says CoProcure Co-Founder and CEO Mariel Reed. “CoProcure is building the infrastructure to empower this spirit of collaboration on a massive scale."

Using a cooperative contract is a faster alternative to creating a new contract, which can take anywhere from four to 24 months using traditional methods. The slow pace of procurement deters many businesses from selling into the government sector. Professionals in the space already love CoProcure, because it reduces procurement time from months to hours.

Online marketplaces introduce new supply and lower the costs of transacting. CoProcure’s marketplace will help more businesses serve governments, which will in turn benefit those businesses and the public. “Many of the country’s best companies aren’t even considering selling into the government sector,” says Reed. “By reducing the costs of selling to the government, we’ll see more businesses compete to serve the public.”

CoProcure has a strong social mission grounded in the experiences of its co-founders, Reed and CTO Alicia Chen. Working on technology procurement projects, Reed served in the San Francisco Mayor's Office, where she got to see firsthand the impact of procurement decisions on the quality and speed of government services.

Chen came from the startup world as the first woman engineer hired at Dropbox, and eventually joined the Chan Zuckerberg Initiative in search of more impact-driven work. "I realized the scale of philanthropy is still so tiny compared to the scale of government," Chen said. "Governments have the funding and the mandate to deliver services where no clear business case exists."

Technology has fundamentally changed commerce in every sector except for the government, where trillions in spend is protracted by tight regulations, inherent challenges to scaling new tech, and the general status quo, explained Nicole Johnson, a partner at Forerunner Ventures who led the deal. "With CoProcure, we saw an opportunity to empower government to quickly make informed purchasing decisions online, while empowering small businesses to sell into this massive sector," she said. "Mariel and Alicia have phenomenal founder-market fit and we couldn't be more excited to team up with them as they transform government procurement."

Co-founders Reed and Chen are excited to build a big business that can also have dramatic social impact. "I talk to so many people in tech who expect to choose between the pace and culture of a high-growth tech startup or doing something good for their community," said Chen. "At CoProcure, we're innovating at the speed of a technology startup and achieving impact at the scale of government."

About CoProcure

CoProcure is a marketplace for the $2T state and local public procurement sector. The market for government spending is huge, but remains inefficient and largely offline. A public employee has better digital tools to hire a babysitter or buy a new outfit than to make an essential purchase on behalf of the public. By aggregating and organizing public procurement information, CoProcure expedites the purchasing process for governments and levels the playing field for businesses—all without selling to governments. For more information, visit https://www.coprocure.us.

About Forerunner Ventures

Forerunner Ventures is a VC firm focused on understanding the mindset of the modern consumer and identifying the companies poised to deliver what they need. With a strong pulse on the retail and commerce landscape, Forerunner invests in companies across sectors—from fintech to marketplaces, creator platforms to commerce enablement tools—as they reimagine how, why and with whom we transact. The firm's investments include Chime, Faire, Glossier, Away, Ōura, Curated, Dollar Shave Club, The Farmer's Dog, and Warby Parker, among others. For more information, visit forerunnerventures.com.

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