

Independent Sponsors Winning Auctions: Why They're Closing 27% of Lower Middle Market Deals



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February 8, 2026 | **CORPORATE**

Top reasons why independent sponsors are winning more auction processes in the lower middle market:

- 27% of closed auction deals (on the axial platform) were won by isponsors
- iSponsors targeting more niche investment banks and main street brokers who have deals tied to the isponsor's investment thesis
- Building a relationship with business owners in the process (the more interpersonal feel of the isponsor is often quite appealing to a business owner, as well as the industry expertise of the isponsor / their operating partner)
- Having support letters and a viable path to capital for the deal (i.e., concept often reflected in an LOI where the exclusivity period may have a date-based milestone tied to proof of funds)
- Avoiding "last dollar" sellers, and focusing on sellers concerned about legacy and interested in rollover equity can be ideal matches for isponsors (ie, we recently closed an isponsor transaction where the founding sellers stayed in for a 44% rollover equity position)

John Koepfel's commentary on his interview " [How to Win and Close Your First Deal as an Independent Sponsor](#) " with the *51 Labs* podcast.

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