



VC Firm Seeks Advice on Next-Gen Master Data Management Solutions

SITUATION

The Michigan Angel Fund (MAF) based out of Ann Arbor, MI is a for-profit pooled professionally managed angel fund that focuses on Michigan based companies. SearchLite was approached by MAF to conduct due-diligence on a Michigan start-up focused on cloud based master data management (MDM) software. The company had a partnership with Cloudera, one of the major providers of data solutions, and was supported by Casey Cowell, founder of US Robotics which created the world's first modem for personal computing.

Traditional, legacy based MDM solutions have been on-premise, and have been limited in their ability to process unstructured/internet based data. Newer, cloud based solutions such as Reltio and Dell Boomi have begun to gain traction. These solutions are typically more cost-effective and easier to deploy than traditional solutions.

ACTION

The main question on the client's mind was whether or not the start-up possessed a key differentiator that would drive market adoption. To answer this question, several interviews were conducted with the employees of the start-up, including the co-founders. Partners were interviewed, e.g. from Cloudera, as well as current customers. SMEs well established in the field, including one that had consulted for Reltio, were interviewed to obtain an unbiased opinion on the state of the industry as well as the start-ups potential competitive

A competitive analysis matrix was created that included both legacy and cloud based MDM solutions. Detailed historical data was collected and analyzed for two comparable companies in order to validate the start-ups revenue projections for the next 5 years.

RESULTS

Key findings from the project included:

- Market assessment of Cloud-based MDM solutions
- Competitive landscape of 7 similar solutions
- Summary of key insights from primary interviews
- Historical analysis of the financial performance of two comparable companies
- A projected market share for the start-up over the next 5 years

Our analysis revealed the start-up **did not** possess a differentiator. However, we found that the niche, cloud-based companies were the biggest drivers of growth in MDM solutions (CAGR ~ 15%), and there was room for additional players given the total market size (\$10B) and uniqueness for each solution.

In addition, we confirmed Reltio as the closest analog, showing strong growth over the past 3 years (>15%)

Immediately after our report, MAF was able to make a go/no-go decision with investing