

Guiding an Artificial-Intelligence-focused startup on its fundraising strategy



- **Market scan**
- **Peer benchmarking analysis**
- **Comparables analysis**

Business need

- A European provider of Explainable Artificial Intelligence solutions was looking for investments and wanted to assess its competitive strengths so it could pitch its differentiators to potential investors for fundraising.
- Considering the difficulty of estimating the value of artificial intelligence companies using standard valuation metrics, the client wanted to understand the key drivers of valuation in the market.

To identify the startup's competitive strengths so it could pitch to potential investors for fundraising.

The client outlined two key reasons for selecting RocSearch:

- Our experienced strategic and financial advisory team with a wide exposure in the tech space.
- Our extensive experience in conducting valuation and peer benchmarking exercises.

Approach & Methodology

- We conducted an extensive scan of companies in the broad AI/ Machine Learning space and short-listed 30 peer companies based on attributes such as "explainable AI" offerings and focus on the financial services sector. As part of the AI Landscape, we designed a value chain, benchmarked these companies across the value chain and mapped out the client's differentiators, sub-disciplines, value proposition and market focus against its comparable peers.

RocSearch benchmarked the client company against its peer group and assessed key valuation drivers and different growth scenarios.



- We analysed valuation multiples of the comparable firms to assess the valuation they had achieved.
- Further, we evaluated several funding rounds of the client's direct competitors and calculated the growth of valuation of each competitor in different funding rounds.
- We also assessed the key valuation drivers based on historical transactions to understand what had driven valuation and how it would evolve.

Business outcomes

- The study revealed how the valuation of AI companies had shown exponential growth after making acquisitions, strengthening their prospects for future fundraising.
- The client used insights from our presentation as "conversation starters" while pitching its unique selling proposition to its potential investors.
- The peer benchmarking exercise enabled the client to understand the key potential differentiators and whitespaces where it needed to expand its focus to gain a competitive edge in the industry.

The study revealed how the valuation of AI companies saw exponential growth after making acquisitions, strengthening their prospects for future fundraising.

About RocSearch

Founded in 1999, RocSearch has been a pioneer in empowering our clients to overcome challenges and realize their goals. Our strength is delivering research and advisory solutions through managed and dedicated teams that produce the expert intelligence our clients require to gain a true competitive advantage.

We draw on proven expertise to deliver consistent value across all types of business requirements: ranging from digitization and analysis of business, financial, or customer data to the provision of 'act-on' insights for the most challenging business problems.

Our longstanding client relationships bear testament to the enduring value we create, alongside our consistent reliability and absolute discretion. We take great pride that many of the brightest global companies rely on us to help them achieve top-line growth, operational efficiency and increased profitability.

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