

2023 Data Management Report



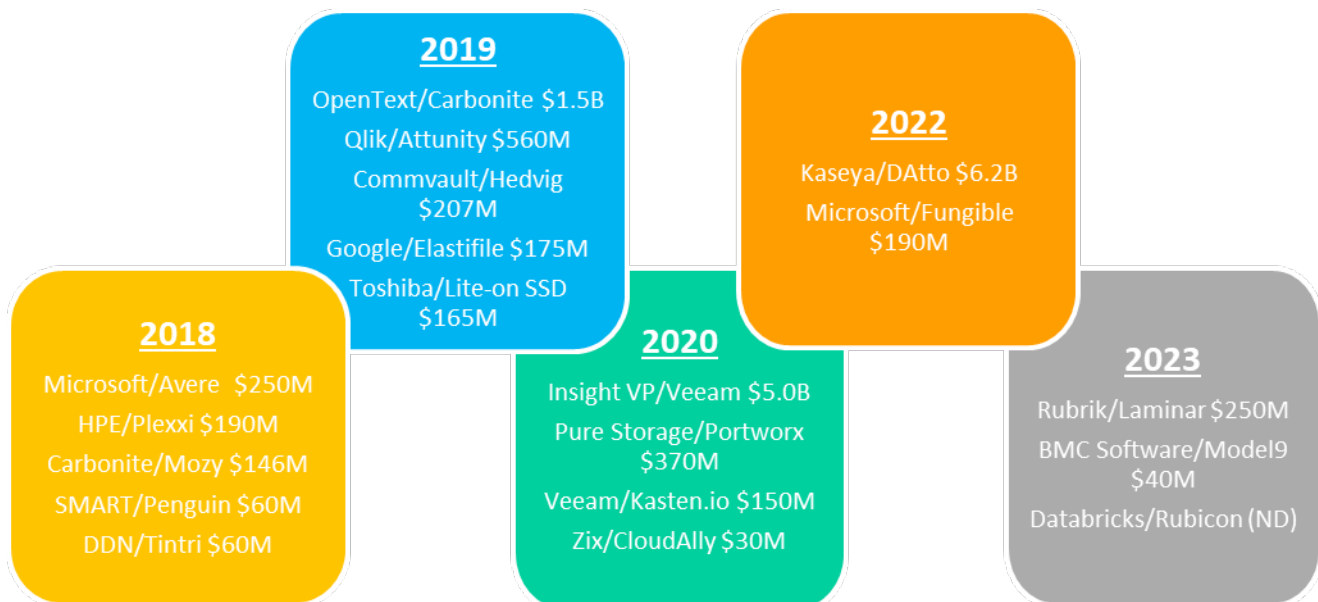
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2023 Data Management M&A Review

Data Management M&A remains stuck in first gear with just 11 announced transactions in 2023 compared to 13 in 2022. As with 2022, 2023 was dominated by smaller tuck-in trades. We attribute the M&A slow down to a few factors. #1 A large group of venture backed data management companies were in operational and financial improvement mode in 2023. As with other IT sectors, there was a clear push to profitability by their investors or at a minimum, cash flow breakeven. The message was clear: If you do not have to sell in 2023, then don't and hope that market conditions improve in 2024. #2 Strategic buyers are pushing back on inflated paper valuations of VC backed companies and are also demanding more market proof points and a clear path to profitability, if not already there. #3 Continued global instability with the Ukraine War and now the Gaza War dampened the appetite of many strategic buyers. Looking forward into 2024, we see a potential uptick in M&A as a number of data management start-ups have completed their restructuring and will be looking to exit in 2024. On the strategic buy-side, we are already seeing a material increase in activity in the month of January. Yes, we still have two wars raging with no clear end in sight but buyers seem to be getting comfortable with the uncertainty coupled with a mindset that we cannot delay innovation and progress through M&A for another year.

The largest deal of the year was Rubrik's acquisition of Laminar for an estimated \$250M. Laminar brings a proven security posture management platform to Rubrik, showing that Rubrik is committed to a much broader data management and security strategy. BMC picks up Model9 showing that mainframe back-up is still relevant and while not high growth, mainframe systems are still being sold. In the AI storage area, Databricks, a cloud based data science platform, acquires early stage stealth company Rubicon, showing the importance of data storage for all things AI related. Expect more M&A around AI storage and data management.

Notable Transactions by Year



Source: SASI Analysis

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2023 Data Management M&A Details (\$M)

Date Announced	Buyer	Seller	Seller Description	Price	Seller Revenue	Price/Revenue
8/8/2023	Rubrik	Laminar	Provides data security posture management SaaS	\$250.0	\$ 20.0	12.50x
7/13/2023	Scalepad	Adept Managed Continuity	Provider of cloud based disaster recovery platform	ND		
6/21/2023	Databricks	Rubicon	Provides next generation of storage infrastructure for the AI age	ND		
6/14/2023	Hammerspace	Rozo Systems	Provides a parallel file system and Mojette Transform patented coding technology	ND		
4/26/2023	Thrive	Storagepipe	Provider of DR and backup SaaS	ND		
4/25/2023	BMC Software	Model9	Provides software-defined mainframe backup	\$40.0	\$5.5	7.27x
4/18/2023	Trusted Data Solutions	Assured Data Technologies	Provider of data management and protection services	ND		
3/7/2023	Akamai Technologies	Ondat	Provides cloud-based storage technology with a Kubernetes-native platform for running stateful applications anywhere at scale	ND		
2/24/2023	Cristie Software	Storix	Provides back-up and system recovery solutions	ND		
1/24/2023	DataCore Software	Object Matrix	Provides digital asset archiving solutions & will be part of DataCore's Periphery M&E division	ND		
1/19/2023	DigitalOcean	SnapShooter	Provides cloud based server backup management software	ND		

Source: SASI estimates and analysis

2023 Data Management Venture Funding Review

Venture Funding By Year

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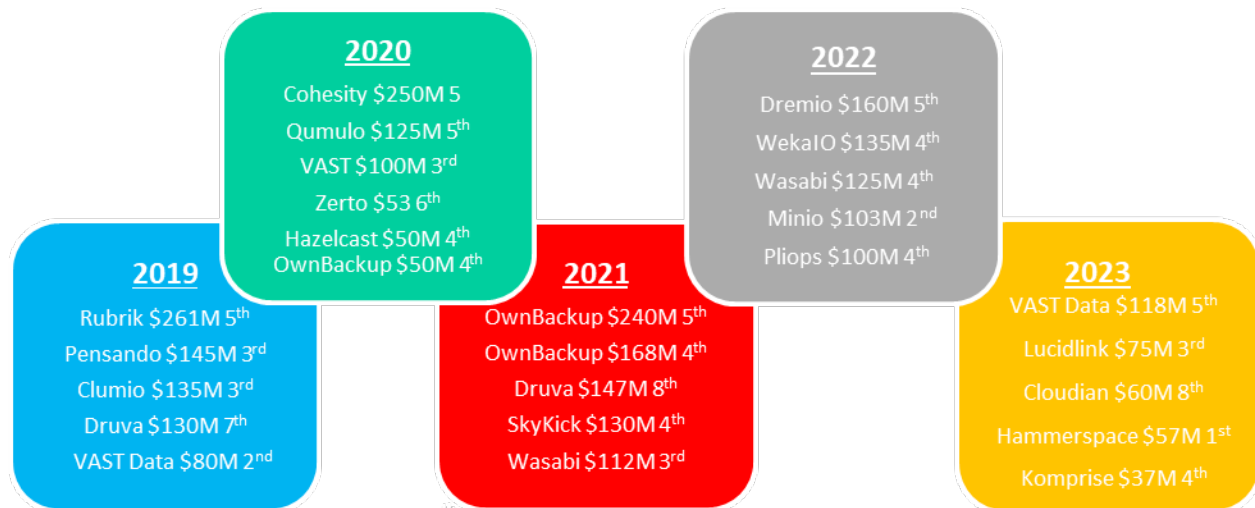


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Data management venture funding drops to \$440M as the pendulum swung from larger late stage rounds to smaller first rounds of funding. In 2022, there were five rounds north of \$100M while in 2023, we just had VAST Data hauling in a \$118M 5th round of funding. In 2022, there were just two 1st rounds of funding and in 2023, that number shot up to ten, which is the highest number of 1st rounds in ten years. The ten early stage rounds are certainly a positive sign that there is more innovation and disruption to come in data management. Regarding the disappearance of larger late stage rounds, call it a bit of a 2021 and 2022 hangover where average round size ballooned to around \$65M and VCs were pouring money into unicorns with IPO dreams. In 2023, IPO dreams were put on hold and the push was on for these companies to get to cash flow breakeven ASAP. Hence, with no attractive exit options in 2023, it was survival time and making do with the cash you have on the balance sheet.

AI remains the hot topic and we expect more funding to flow into data management start-ups. VAST is emerging as a significant AI player, competing head to head with DDN and the larger systems vendors. Hammerspace, having raised a \$56.7M 1st round is also making a lot noise around AI and the next generation data platform. Cloud data protection SaaS also remains hot with Alcion raising two rounds of funding totaling \$39M along with Arpio raising a \$8.2M 1st round and Datamotive hauling in a 1st round of \$3.8M. A late stage round worth noting is object storage provider Cloudian, closing a \$60M round which brings it's total capital raised to \$233.1M.

Top Venture Rounds By Year



Source: SASI Analysis

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2023 Venture Funding Details (\$M)

Date Announced	Company	Description	Segment	Amount Raised	Round	Total Raised
12/6/2023	VAST Data	Provides data platform and storage solutions for deep learning & AI	Software/SaaS	\$118.0	5th	\$381.0
12/7/2023	Lucidlink	Provides a file collaboration platform to connect creative teams working on shared data sets	Software/SaaS	\$75.0	3rd	\$114.0
12/8/2023	Alcion	Provides AI based data backup solution for Microsoft 365	Software/SaaS	\$21.0	2nd	\$29.0
12/9/2023	Upmem	Provides Processing-In-Memory (PIM) silicon-based solution for data-intensive apps	Components	\$5.2	1st	\$5.2
12/10/2023	Hammerspace	Provides data storage management across the edge, DCs, and the public cloud.	Software/SaaS	\$56.7	1st	\$56.7
12/11/2023	Arpio	Provider of data and disaster recovery solutions for AWS	Software/SaaS	\$8.2	1st	\$10.4
12/12/2023	Filebase	Provides an object storage platform for decentralized storage	Software/SaaS	\$1.0	2nd	\$3.0
12/13/2023	Alcion	Provides AI based data backup solution for Microsoft 365	Software/SaaS	\$8.0	1st	\$8.0
12/14/2023	Folio Photonics	Provides optical data storage platform for enterprises	Software/SaaS	\$5.2	1st	\$5.2
12/15/2023	Datamotive	Provides cloud based cloud migration and disaster recovery solutions	Software/SaaS	\$3.8	1st	\$3.8
12/16/2023	Volumez	Provides a new architecture for block and file storage in the cloud.	Software/SaaS	\$20.0	1st	\$20.0
12/17/2023	Intrinsic Semiconductor Technologies	Provides NVM using RAM	Components	\$8.7	1st	\$8.7
12/18/2023	Impossible Cloud	Provides a cloud platform for decentralized, multi-service cloud solutions	Software/SaaS	\$9.4	1st	\$9.4
12/19/2023	Komprise	Provides unstructured data management and mobility software	Software/SaaS	\$37.0	4th	\$87.8
12/20/2023	Cloudian	Provides file and object storage for hybrid cloud data management	Software/SaaS	\$60.0	8th	\$233.1
12/21/2023	FilSwan	Provides a storage and computing infrastructure layers for Web3 developers	Software/SaaS	\$3.0	1st	\$3.0
YE 2023 Total Venture Funding				\$440.2M		
Average Round Size				\$27.5M		

About SASI:

SASI is a boutique strategic M&A advisory firm focused on IT Infrastructure services and software across networking, security, data management/protection and emerging cloud native architectures. For more information, please contact Managing Director, John Rotchford at john@sasillc.com, [linkedin.com/in/johnrotchford](https://www.linkedin.com/in/johnrotchford).