

Company: [REDACTED]

Description: User analytics for large language model-based products

INVESTMENT SUMMARY

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- Founders' deep experience in field
- First-mover advantage
- Proven SaaS-based business model
- Pickaxe strategy
- Fast-growing and likely enduring target market
- Interesting, if unproven exit potential

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- Founders unproven in for-profit sector
- No established barriers to competition
- No secured IP/patents
- Unproven product/market fit or large need for such a solution (yet!)
- Little-to-no investment or exit trend data

MOST SALIENT DETAILS¹

FOUNDERS

Both [REDACTED] have deep experience in the user analytics and AI spaces, with past success in non-profits but none in for-profit startups.

BUSINESS MODEL
& GO-TO-MARKET

Follows a proven SaaS-based B2B and B2D subscription model. Given the potentially hype-driven investment growth in generative AI companies, it is smart for [REDACTED] to leverage a pickaxe strategy rather than become another horse in the race. Additionally, the company targets all businesses leveraging LLM-based products, not just startups, so the model may withstand any post-hype investor pullback.

DIFFERENTIATION

Benefits from first-mover advantage; Customer feedback loop can lead to a stickier product than future competition; Locking customers in early can lead to a strong brand-based defensive moat; However, the solution itself is not deep-tech based or patent-protected, so [REDACTED] must establish barriers to entry ASAP.

MARKET SIZE

Generative AI could go from a \$40 billion market in 2022 to a \$1.3 trillion one by 2032, according to Bloomberg Intelligence. Investment dollars in the space are up 464% YTD over all of 2022. Deals are down 40%, which shows more money going into fewer businesses and a potentially positive maturing of the market and ability to pay for tools like [REDACTED]. There is potential for the space to become overheated, but there is little question on the long-term viability of the technology and therefore the core use case for [REDACTED]'s offering.

INVESTMENT
TRENDS

Startups serving generative AI developers are so new, there is little investment data available. Nearly all investments in the generative AI space in the last 12 months have been in two categories: Infrastructure/foundational models (72% of dollars; 11% of deals) and generative AI applications themselves (28% of dollars; 89% of deals).

EXIT TRENDS

Accordingly, there have been no exits to date. However, it is not difficult to imagine that the myriad of large product analytics providers would be interested in the technology/customers of a healthy business specializing in generative AI products.

ADDITIONAL QUESTIONS

- 1) Where will early sales efforts focus and when will the customer base include larger, enduring customers?
- 2) Can [REDACTED] expand its analytics offering to non-LLM based generative AI, or other AI products?

¹ For questions, supporting data, or additional requests, please contact [REDACTED]