



# Opportunities in Vertical Software Version 6.0

December 2024

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# What's Changed. Since Version 5.0, AI Has Gone Mainstream & Interest In Vertical Software Has Spiked.

## Why Now?

AI enables vertical software companies to “**sell the work**” vs. “**selling the workflow**” - this shift means higher ACVs and has created a second act for vertical SaaS.

This **expansion of the vertical opportunity** has led to outsize VC interest in the category since our last edition of this report in 2022.

## The Birth of Vertical AI

When ChatGPT broke through two years ago, vertical software quickly reoriented itself around AI's promise. The power of artificial intelligence - harnessed and delivered via industry-specific business applications - will be the catalyst for the next wave of vertical success stories.

## Software as a Service vs. Services as Software

Founders building for specific verticals have split into two camps: either i) selling an AI-native software platform or ii) selling specific services which are executed via AI. This tech-enabled services model often relies on outcome driven pricing instead of a SaaS subscription model.

# The Trend of Verticalization in Software Is Accelerating; We Continue To See Opportunity Across A Range Of Industries.

Industry	TAM	Growth Rate	Competition	Opportunity	Overall
Transport & Logistics	●	●	●	●	●
Hospitality & Travel	●	●	●	●	●
Insurance	●	●	●	●	●
Legal	●	●	●	●	●
AEC	●	●	●	●	●
Energy & Utilities	●	●	●	●	●
Education	●	●	●	●	●
Manufacturing	●	●	●	●	●

**Key**

- Positive / High ●
- Intermediate ●
- Negative / Low ●



# I. Transportation & Logistics /

# Recent Supply Chain Challenges Birthed A Wave Of T&L Startups. Corporate Emphasis On Sustainability & Reshoring Means New Problems to Solve.

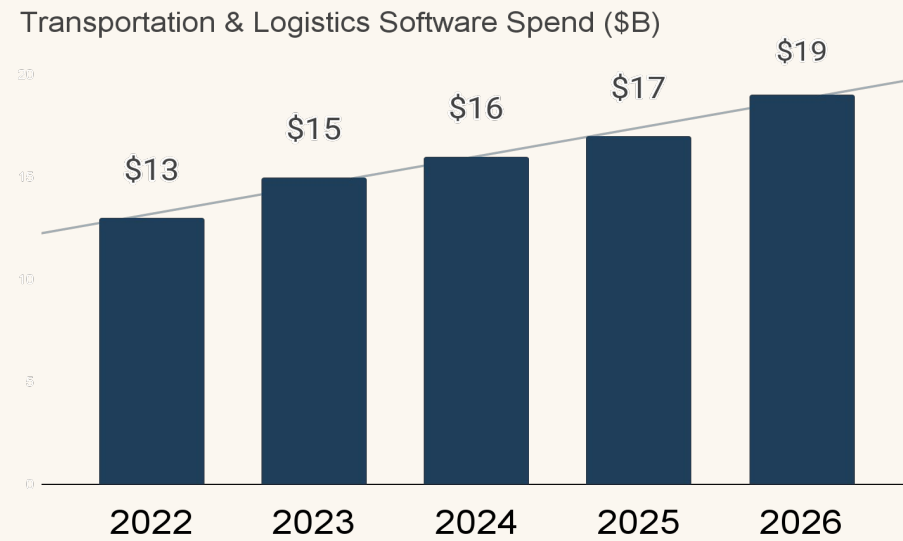
## Where We See Opportunity

- **Applying AI to freight and transportation ops.** These are industries that conduct business via unstructured emails, texts, and phone calls and require the kind of complex coordination that today's AI models excel at.
- **Corporate Sustainability.** The emphasis on tracking, monitoring, and mitigating corporations' environmental impact is an opening for new sustainability platforms.
- **Reshoring.** Geopolitical tensions and the fragility of cross-border transit has led many F500's to consider reshoring - managing the associated challenges will create a new subcategory of T&L software spend.

### Vertical Rating

Market Size	●
Market Growth	●
Competition	●
Investment Opportunity	●
Overall	●

## T&L SaaS Spend Projected to Keep Growing at a ~9% CAGR



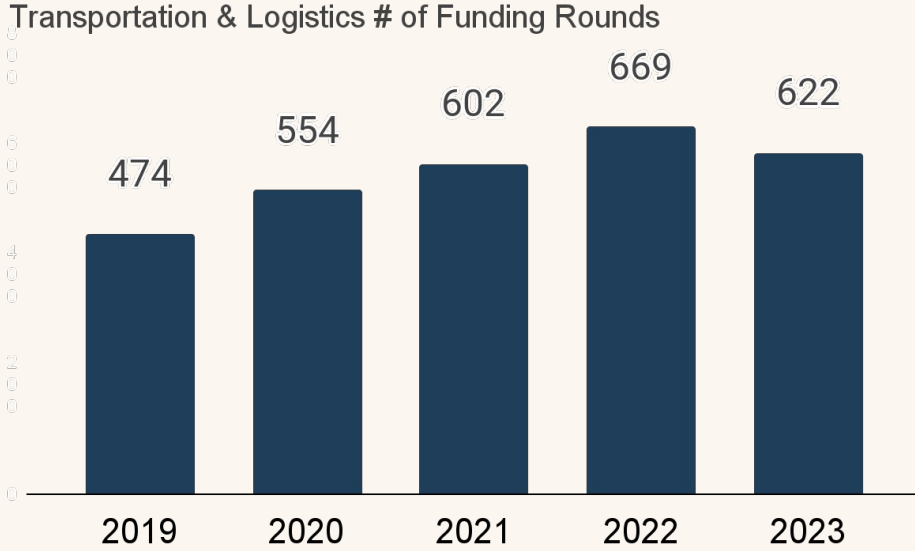
## Top Investors

SEQUOIA | albz | Accel

## Industry Leaders

Public	Private

## Funding Plateaued Post-COVID As Supply Chains Rebounded



## Major Trends

- Waymo is live in major US cities and transports thousands of fares to their destination everyday using fully autonomous vehicles. There will be a similar player in trucking but who it will be is still to be determined.
- 'Empty Miles' - where a truck returns empty post-delivery - historically drove up shipping costs. Freight marketplaces are now mainstream and solve this issue by matching drivers with live loads.
- Supply chain challenges that arose around COVID - including delays at ports, skyrocketing container prices, inventory issues, and labor shortages are still being worked through.

# Transportation & Logistics Software

## Disruptors & New Entrants



### Optimal Dynamics

Headquarters: New York  
Employees: ~72  
Founded: 2017

Optimal Dynamics is an AI-native platform designed to optimize the utilization of assets across a company. Their initial product is centered on optimizing load planning for trucking fleets. Optimal Dynamics reportedly saw net new bookings double YoY with 16K trucks under contract.

#### Investors

Fitz Gate Ventures, Bessemer  
Venture Partners, Westly Group

#### Funding

Total Funding: \$56MM  
Raised \$33MM in Q1 2022



Headquarters: New York  
Employees: ~240  
Founded: 2016

Inspectorio is a cloud-based, AI-powered SaaS solution for supply chain management. They recently released CAPA, a ChatGPT-driven generative AI tool for brands, retailers, suppliers, and factories dealing with supply chain challenges. Inspectorio's customers include large brands like Crocs, Target and Carter's.

#### Investors

Insight Partners, Target,  
Endeavour, Twilio, Flexport

#### Funding

Total Funding: \$66MM  
Raised \$50MM in Q1 2022



### OVERHAUL

Headquarters: Austin  
Employees: ~350  
Founded: 2016

Overhaul is a supply chain risk management platform which recently released RiskGPT - this solution predicts, prevents, and responds to in-transit shipment risk. Overhaul is expected to track more than \$1 trillion in total moving cargo this year. The company has a 96% recovery rate for FTL cargo theft and an 80% lower loss ratio reduction compared to industry benchmarks.

#### Investors

Edison Group, Stifel Financial,  
Macquarie Capital, Abbey  
International Finance

#### Funding

Total Funding: \$145MM  
Raised \$45MM in Q1 2023



Headquarters: New York  
Employees: ~175  
Founded: 2018

Altana uses AI to study the entire supply chain for anomalies and identify potential risks and bad actors. It also empowers customers to share intelligence with one another without exposing their own sensitive business data. Altana has recently expanded partnerships with US Customs to help prevent narcotics from entering the US.

#### Investors

Activate Capital, GV, OMERS  
Ventures, AlleyCorp,  
Schematic Ventures, Prologis  
Ventures

#### Funding

Total Funding: \$122MM  
Raised \$100MM in Q4 2022



## II. Hospitality & Travel /

# Software Adoption Expanding in Hospitality & Travel Sector. The Industry Is Increasingly Open to AI Solutions Given The Challenging Cost Structure.

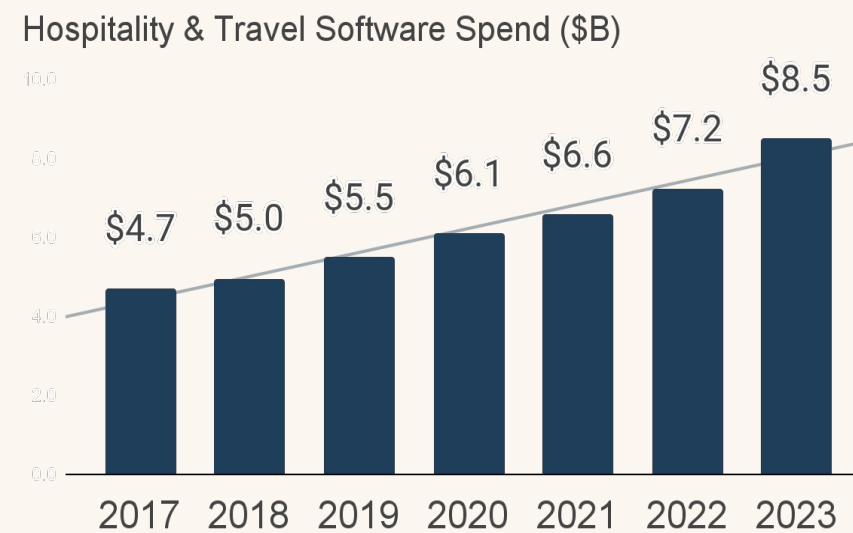
## Where We See Opportunity

- **Rollout of IoT, Robotics, and Voice AI.** These technologies could represent a second wave of tech adoption in the Hospitality & Travel industries. SaaS + Voice AI is an area we are particularly interested in.
- **Emphasis on Data and Analytics.** This is impacting H&T decision-making, driven by an uptick in the effectiveness of data to derive customer insights and is part of a wider shift towards data-driven operations.
- **Growing IT Budgets.** Bigger budgets mean openings for new products. CRM/loyalty systems are now common, but overall spend remains relatively low vs. other industries.

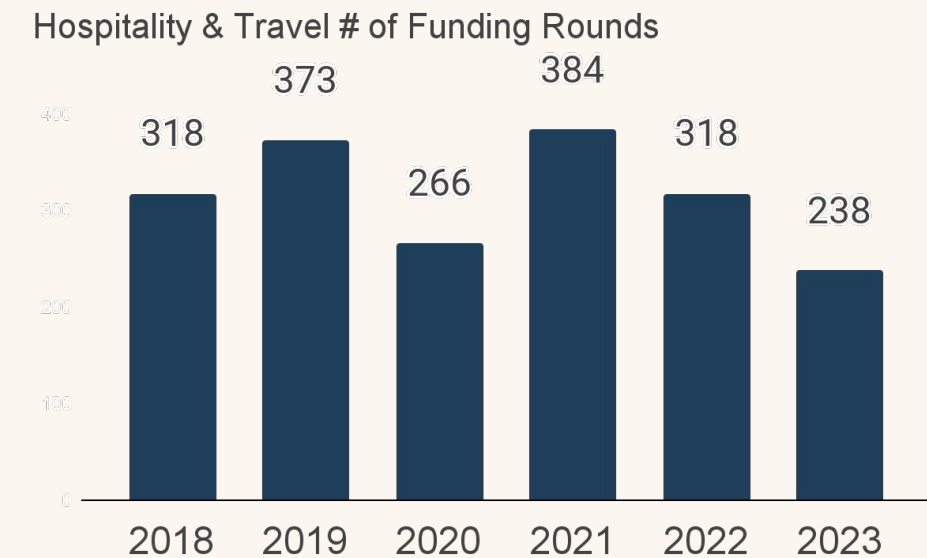
### Vertical Rating

Market Size	●
Market Growth	●
Competition	●
Investment Opportunity	●
Overall	●

## Hospitality & Travel SaaS Spend Growing At ~6% CAGR



## Deal Count Historically Down But A New Cycle Is Starting



## Top Investors



## Industry Leaders

Public	Private

## Major Trends

- Hospitality & Travel remains labor intensive. As an example, the average restaurant industry requires 12 employees per \$1MM revenue. The biggest pain point for this sector is labor costs and staffing performance.
- Most orders in restaurants are for drive-through (37%) and pickup (29%). Delivery accounts for only 8%. This represents an opportunity for tech adoption as most current tech leaders focus on delivery enablement.
- 1 in 4 hotel operators expect front desk headcount to decline over the next four years. This expectation is rooted in assumptions around technology's ability to provide human-level customer service.



# Hospitality & Travel Software

## Disruptors & New Entrants

# MEWS

Headquarters: Amsterdam  
Employees: ~950  
Founded: 2012

Mews automates hospitality operations to improve efficiency and maximize revenue. The company primarily serves hotels, hostels, serviced apartments, and hybrid properties. Mews offers a suite of products including property management, guest experience, payment processing, and point-of-sale solutions. With Mews, hotels can streamline operations and enhance guest satisfaction.

### Investors

Kinnevik, Goldman Sachs Asset Management, Notion Capital

### Funding

Total Funding: \$340MM  
Raised \$100MM in Q1 2024

# ResQ

Headquarters: Toronto  
Employees: ~150  
Founded: 2018

ResQ offers an end-to-end repair and maintenance platform for restaurants with an initial focus on QSRs. With ResQ, restaurants can track and manage work orders, correspond and get bids from their vendors, schedule preventive maintenance tasks, and more.

### Investors

Canvas Ventures, Tiger Global, Golden Ventures, Homebrew, FJ Labs

### Funding

Total Funding: \$49MM  
Raised \$39MM in Q4 2021



# meez

Headquarters: New York  
Employees: ~30  
Founded: 2016

Meez is a platform designed for professional chefs to turn recipe content, such as videos and pictures, into an interactive database. The company's platform provides services such as food and menu costing, kitchen training, nutrition labeling, invoice processing, and inventory management. Meez is part of a wider trend to bring tech to the back of house.

### Investors

Craft Ventures, Struck Capital, AME Cloud Ventures, Derive Ventures, FJ Labs

### Funding

Total Funding: \$18MM  
Raised \$11.5MM in Q3 2022

# SLICE

Headquarters: New York  
Employees: ~850  
Founded: 2010

Slice operates as an online ordering and restaurant management platform. The company's platform allows users to order local pizza online or by phone, while providing restaurants an entire suite of tools to manage their business. Slice has reportedly passed \$100MM ARR.

### Investors

Cross Creek, GGV Capital, KKR, Primary Venture Partners, RiverPark Ventures

### Funding

Total Funding: \$120MM  
Raised \$40MM in Q2 2021



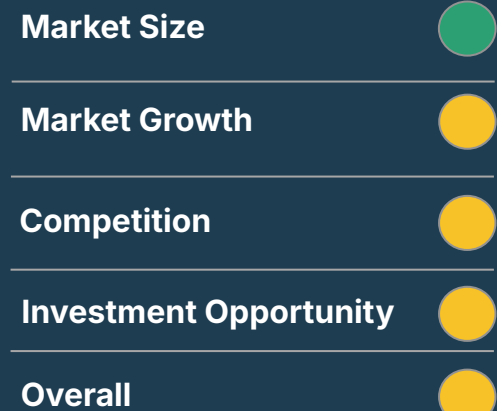
# III. Insurance /

# InsurTech has seen renewed interest at the application layer. Underwriting, risk management, and customer acquisition are all seeing next-gen entrants.

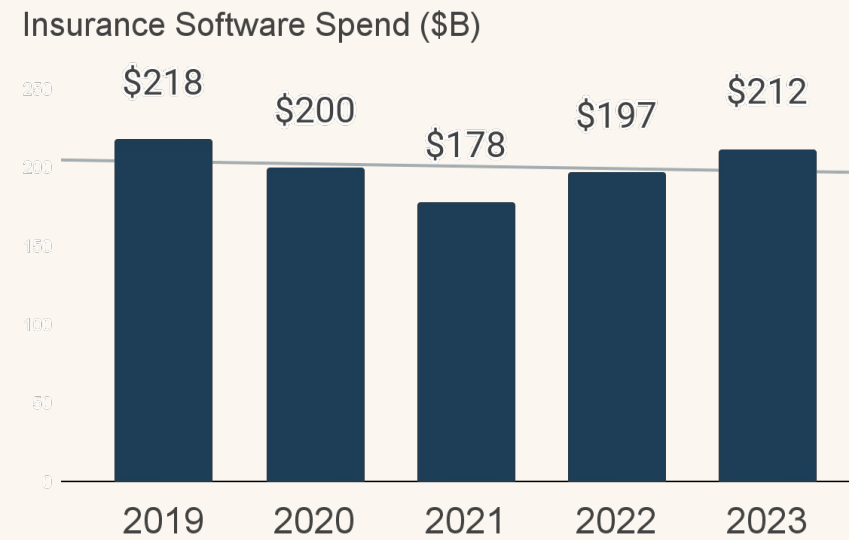
## Where We See Opportunity

- **Corporate AI Investments Are Increasing.** These are primarily focused on unlocking personalized recommendations, offering real-time quotes, managing claims fraud detection, and enabling predictive risk assessments.
- **Heightened Macro Risks.** The increased frequency and severity of climate change and cyber attacks are forcing insurers to explore novel approaches to underwriting.
- **New Pricing & Delivery Models.** Examples within the insurance sector include embedded insurance products, usage-based coverage, and predictive mitigation.

## Vertical Rating



## Insurance SaaS Spend Has Been Flat But We Foresee a Rebound



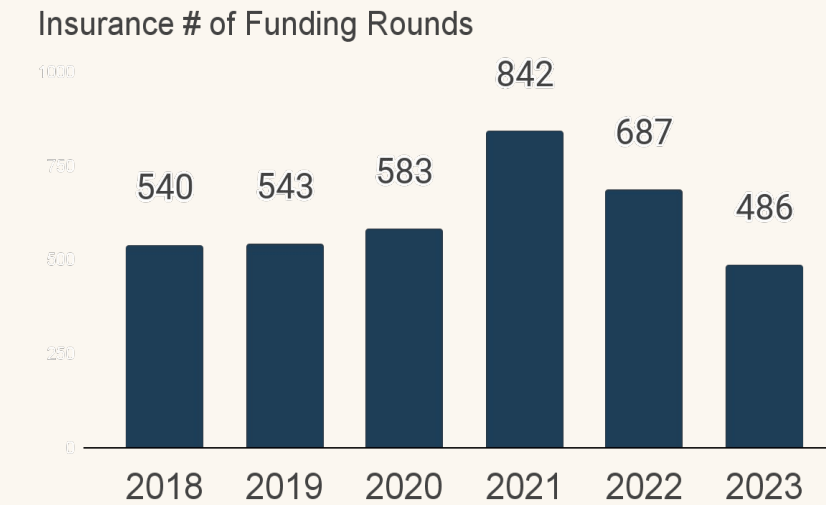
## Top Investors



## Industry Leaders



## InsurTech Macro Challenges Have Weighed on Deal Volume



## Major Trends

- Despite an overall decline in venture dollars flowing into InsurTech startups, there are signs of a changing tide. Early-stage funding for the category grew in 2024 with an emphasis on AI-centered and distribution-focused startups.
- Insurance incumbents are updating their tech stack, and increasingly willing to purchase software rather than building tools in-house, creating tailwinds for startups.
- While traditional climate change insurance (floods, crops, fire) has been risky for insurers, advanced modeling, new data sources, and risk mitigation techniques offer the possibility of new insurers entering the market.

# Insurance Software

## Disruptors & New Entrants



Headquarters: Denver  
Employees: ~225  
Founded: 2018

AgentSync provides compliance software to help insurance carriers and agencies streamline producer management and entities licensed to sell insurance products. Specifically, the AgentSync platform facilitates onboarding, compliance, and tracking & reporting. Through these tools, AgentSync helps insurers facilitate distribution, expand market reach and ultimately support growth.

### Investors

Craft Ventures, Valor Ventures, Anthemis, Tiger Global

### Funding

Total Funding: \$161MM  
Raised \$50MM in Q4 2023



Headquarters: San Francisco  
Employees: ~130  
Founded: 2020

Nirvana Insurance provides auto insurance solutions for the trucking sector that reward safe driving and connected operations. Nirvana's AI-powered platform leverages real-time IoT data and advanced analytics to generate near instant quotes, usage-based pricing, and continuous risk monitoring with financial incentives for safe driving.

### Investors

Lightspeed Venture Partners, General Catalyst, Valor Equity Partners, Elad Gil

### Funding

Total Funding: \$82MM  
Raised \$57MM in Q4 2023



Headquarters: Pleasanton  
Employees: ~275  
Founded: 2019

Cowbell provides cyber insurance products geared towards SMBs. Their platform boasts several innovative features including: continuous risk assessments, underwriting, and real-time risk insights. This ultimately lets them offer customizable policies that align with the changing cyber landscape. With Cowbell, SMBs can enhance insurability and optimize premiums.

### Investors

Anthemis, Nyca Partners, Permira

### Funding

Total Funding: \$148MM  
Raised \$125MM in Q4 2023



Headquarters: New York  
Employees: ~25  
Founded: 2020

Sixfold AI provides tools to improve the accuracy, efficiency, and transparency of insurance underwriting. Harnessing Generative AI, Sixfold's platform processes underwriting guidelines, extracts relevant risk information, and offers tailored solutions. Sixfold is focused on property, casualty and life insurance.

### Investors

Bessemer Venture Partners, Salesforce Ventures, Scale Venture Partners

### Funding

Total Funding: \$22MM  
Raised \$15MM in Q2 2024



## IV. Legal /

# Legal Tech Has Seen Outsized VC Attention Given The Potential of Generative AI To Transform Legal Research and Document Drafting.

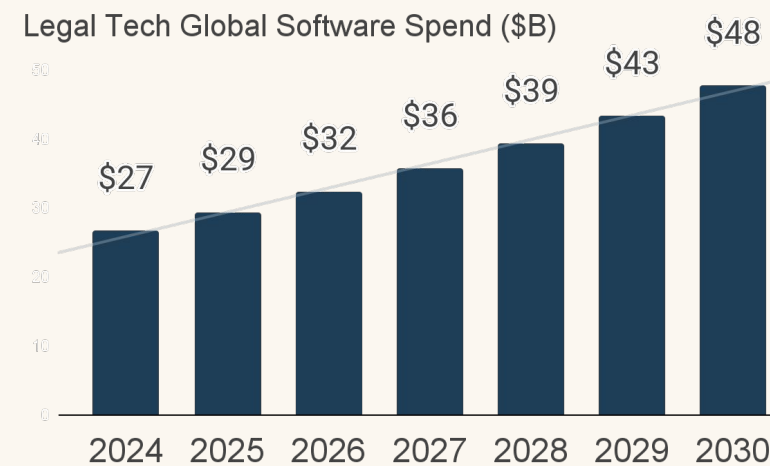
## Where We See Opportunity

- **Big Law Augmentation.** Law firms are increasingly exploring AI-native software as a means of growing lawyer productivity. The promise of this technology has helped it overcome the inherent skepticism of software that has plagued past generations of LegalTech.
- **Not just law firms.** In-house legal teams are projected to grow spend on legaltech 3-4x over the coming 24 months.
- **Plaintiff vs. Defendant.** Plaintiff-side and SMB lawyers that can understand and deploy AI solutions can supercharge the volume of clients and matters they can take on.

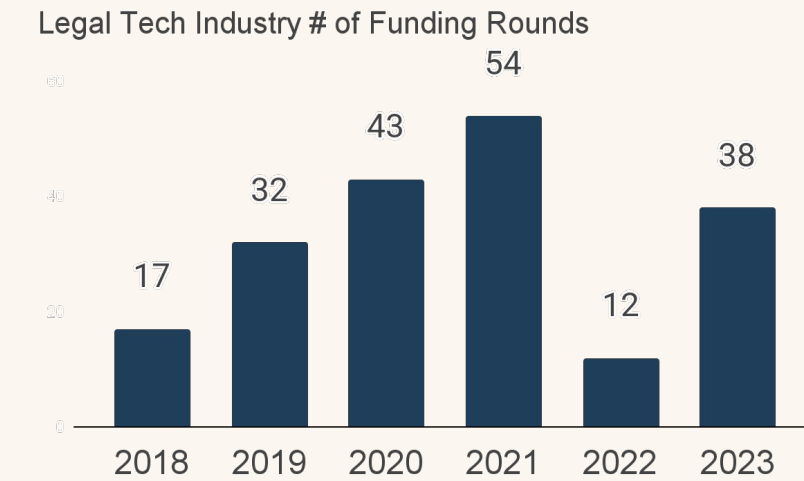
## Vertical Rating



## Once Seen As Slow to Digitize; LegalTech Spend Is Ramping



## LegalTech Is Seeing Renewed Venture Interest Due to AI



## Top Investors



## Industry Leaders



## Major Trends

- AI and Machine Learning are being used to enhance legal research, automate document drafting, and provide predictive analytics.
- Law firms are increasingly focused on security; hackers have identified law firms as an attractive attack vector and firms are adjusting accordingly.
- As digital natives become the default client, lawyers are improving client engagement and services delivery through new portals and collaboration tools.
- Law firms and legal departments are adopting cloud-based solutions for better efficiency, scalability, and remote access to services.

# Legal Software

## Disruptors & New Entrants



Headquarters: Toronto  
Employees: ~60  
Founded: 2018

Spellbook is a legal software startup that offers an AI contract drafting tool for lawyers. The technology, which is powered by large language models such as OpenAI's GPT-4, is optimized for contracting performance and has been trained on legal datasets. The company has also expanded its product line with the launch of Spellbook Reviews, a new contract analysis solution.

### Investors

Inovia Capital, Thomson Reuters Ventures, LegalTech Fund

### Funding

Total Funding: \$32MM  
Raised \$20MM in Q1 2024



Headquarters: San Francisco  
Employees: ~300  
Founded: 2019

EvenUp is a provider of AI-based legal case management solution with an initial focus on automating aspects of personal injury litigation with the potential to expand into other plaintiff-side specialties. EvenUp is rumored to have ARR in the \$40-\$50MM range.

### Investors

Bessemer, Crossbeam, Tribe, Dash Fund, Signal Fire

### Funding

Total Funding: \$220MM  
Raised \$135MM in Q4 2024



Headquarters: San Francisco  
Employees: ~200  
Founded: 2022

Harvey is an AI platform that provides lawyers with a copilot for research and document drafting. It is one of the breakout legal GenAI companies and offers a unified and intuitive interface for core legal workflows, allowing lawyers to describe tasks and ask questions in plain English instead of using a suite of complex and specialized tools for niche tasks.

### Investors

Sequoia, OpenAI, Kleiner Perkins, Conviction Partners

### Funding

Total Funding: \$148MM  
Raised \$125MM in Q4 2023



Headquarters: San Francisco  
Employees: ~500  
Founded: 2014

Ironclad is a contracting platform that helps transform contract processes by automating workflows and approvals. Its platform also automatically identifies key terms and entities, turns contracts into code, and allows users to search, tag, and manage their contracts to help legal, sales, and operations teams streamline the way they create, store, and combine contracts as intelligence assets.

### Investors

Franklin Templeton, Bond, Sequoia, Accel, Haystack, Lux, Arrive, Emergence, YC

### Funding

Total Funding: \$335MM  
Raised \$150MM in Q1 2022



# V. Architecture, Engineering & Construction (AEC) /



# Mid-Market & SMB AEC Firms Are Finally Digitizing. Advances In Computer Vision Models Positioned To Solve Data Capture Challenges On The Job Site.

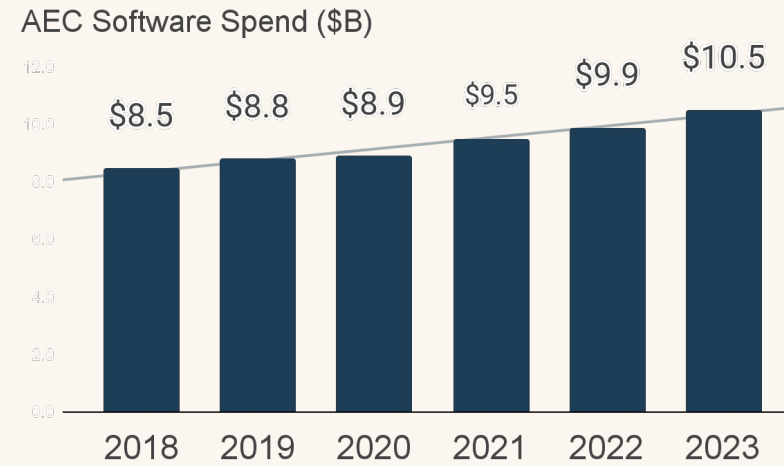
## Where We See Opportunity

- **Downmarket Digitization.** Nationwide GC's have adopted platforms like Procore and Autodesk but the mid-market and subcontractors are still in the early innings of digitization.
- **The Multimodal Moment.** With advances in computer vision models, we see an opening for new AI-driven platforms for OSHA compliance and project monitoring.
- **Construction Apps.** Other areas where we see innovation include project design, schedule optimization, site inspection, quality assurance, and collaboration.

### Vertical Rating

Market Size	<span style="color: green;">●</span>
Market Growth	<span style="color: green;">●</span>
Competition	<span style="color: orange;">●</span>
Investment Opportunity	<span style="color: yellow;">●</span>
Overall	<span style="color: green;">●</span>

## AEC Software Has Steadily Grown; We See AI As A Catalyst



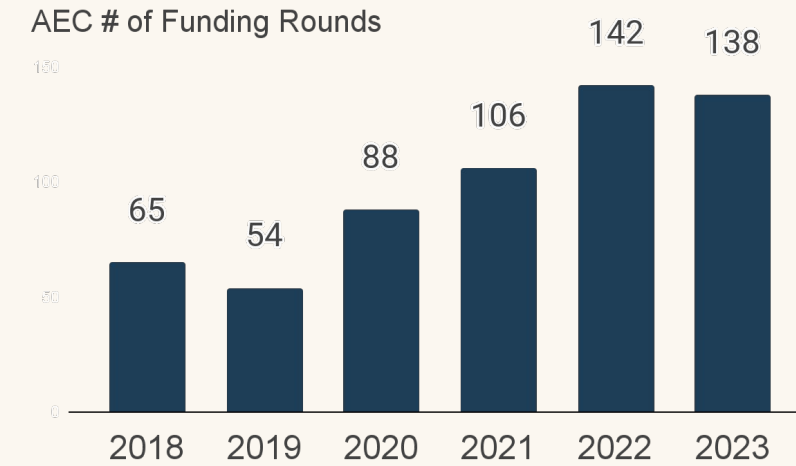
## Top Investors



## Industry Leaders



## Venture Funding of AEC Startups Has Proven Resilient



## Major Trends

- Last year saw AEC firms continue to struggle with macro challenges - namely, higher interest rates, inflation, and labor shortages.
- In spite of these challenges, there are demand tailwinds in the US from projects associated with chip manufacturing, clean energy facilities, and national infrastructure.
- AEC firms face continued struggles to grow efficiently due to industry dynamics: fragmentation, low IT spend, and entrenched ways of working. These firms will increasingly prioritize digital transformation, harnessing the power of AI, IoT, and AR/VR to improve processes and efficiencies

# AEC Software

## Disruptors & New Entrants



### Higharc

Headquarters: Durham  
Employees: ~140  
Founded: 2018

Higharc provides a comprehensive platform to streamline the design, sales, and construction process for homebuilders. In order to reduce manual work, improve efficiency, and enhance the homebuyer experience, Higharc provides tools for automating home design, real-time customization, and automated purchasing and estimating.

#### Investors

MetaProp, Lux Capital, Vertex Ventures, Fifth Wall

#### Funding

Total Funding: \$80MM  
Raised \$53MM in Q1 2024

### PermitFlow

Headquarters: Milpitas  
Employees: ~50  
Founded: 2021

PermitFlow helps developers, builders, and contractors manage the entire construction permit process, from preparation to approval. Their platform ensures error-free permit applications and increases transparency and predictability in a historically opaque market.

#### Investors

Kleiner Perkins, Initialized Capital, Altos Ventures, YC

#### Funding

Total Funding: \$37MM  
Raised \$31MM in Q1 2024

### BUILD OPS

Headquarters: Santa Monica  
Employees: ~250  
Founded: 2018

BuildOps provides contractors with an all-in-one field services management suite. Their platform aims to streamline operations between office staff and field technicians, and offers features including: scheduling, dispatch, invoicing, CRM, project management, and reporting.

#### Investors

Fika Ventures, MetaProp, 01 Advisors, 1984 Ventures

#### Funding

Total Funding: \$99MM  
Raised \$50MM in Q2 2023

### Rundoo

Headquarters: Redwood City  
Employees: ~220  
Founded: 2021

Rundoo is an all-in-one software solution for suppliers of building materials. Today, most suppliers in these industries (e.g., paint stores, lumber yards) still rely on on-prem systems. Rundoo's cloud-based platform enables supplier to modernize their business operations and provide a better experience for customers.

#### Investors

Bessemer Venture Partners, CRV, Sequoia Capital, Quiet Capital

#### Funding

Total Funding: \$18MM  
Raised \$11MM in Q2 2024



# VI. Energy & Utilities /

# Utilities Are Retooling For New Energy Sources. Business Needs Around Asset Performance, Compliance, and Analytics Are Catalysts For IT Spend.

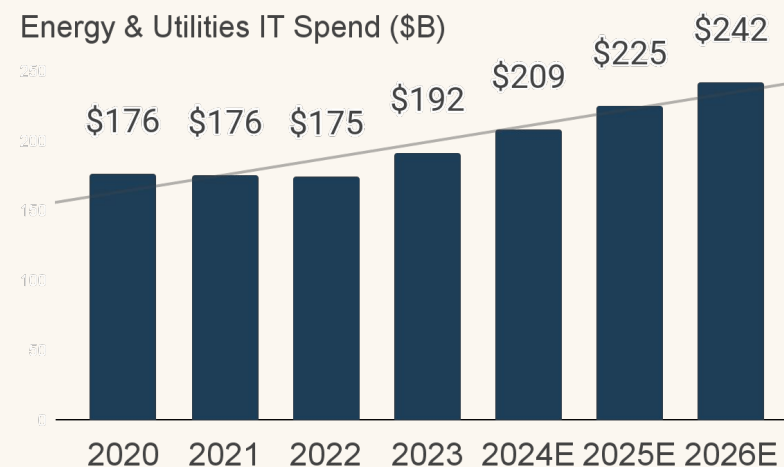
## Where We See Opportunity

- **Advanced Analytics.** Falling cost of IoT sensors, cloud, and AI can power software that brings analytical rigor to challenges like asset performance and predictive maintenance.
- **Compliance Solutions.** Energy is highly regulated and generative AI can automate away burdensome reporting requirements.
- **Remote monitoring software.** Prevalent in the wind, solar, gas, and battery sector. Currently dominated by legacy equipment manufacturers and services companies.

## Vertical Rating

Market Size	●
Market Growth	●
Competition	●
Investment Opportunity	●
Overall	●

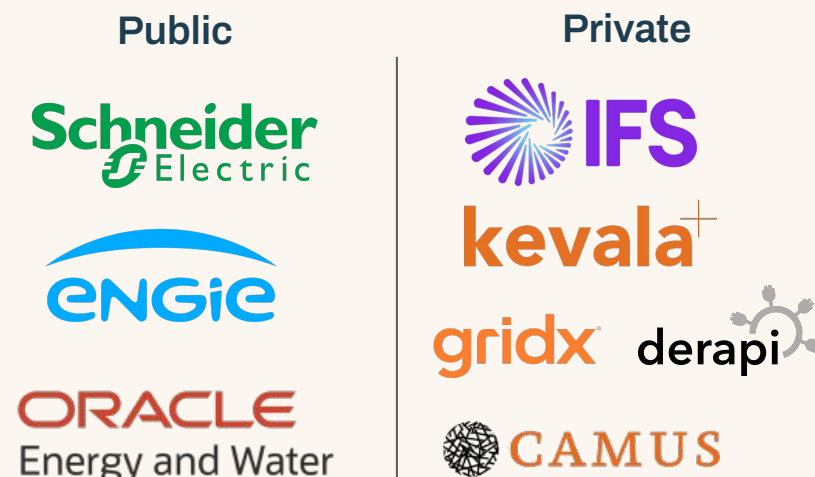
## Shifts In Energy Generation Leading to IT Investment



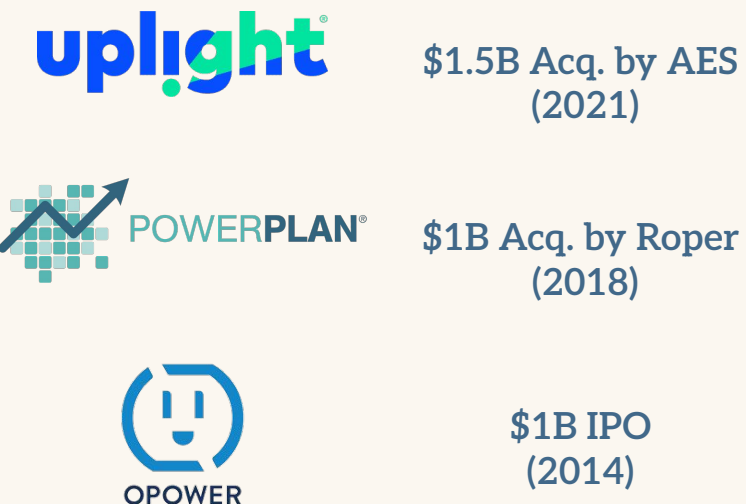
## Top Investors



## Industry Leaders



## Representative Exits



## Major Trends

- The last 24 months have seen a resurgence of interest in nuclear power generation to fill the gap between green and brown power generation.
- Compliance burdens faced by energy producers and utility operators are creating an opening for back-office reporting and project management tools.
- Growth in wind farms and solar arrays has led to a wave of venture-backed companies building asset and grid management solutions.
- EV adoption and the build out of charging stations creates opportunities for software to manage this fast growing infrastructure category.

# Energy & Utilities Software

## Disruptors & New Entrants



Headquarters: San Francisco  
Employees: ~10  
Founded: 2022

Blumen Systems focuses on industrial and renewable project development. The company offers a platform that automates the process of project diligence and reporting, enabling users to generate comprehensive plans from basic project files. It provides services such as remote site analysis, customized reports, and data management, primarily to energy developers, engineering and construction firms, and hard asset investors.

### Investors

Susa Ventures, Caffeinated Capital, Haystack, Overture VC

### Funding

Total Funding: \$7.6MM  
Raised \$6.4MM in Q3 2024



Headquarters: San Francisco  
Employees: ~75  
Founded: 2014

Kevala is a company that focuses on grid intelligence in the energy sector. The company offers a cloud-based data analytics and visualization platform that provides insights for optimizing grid operations, integrating distributed energy resources, enhancing system reliability, and planning for zero emission vehicle infrastructure.

### Investors

C5 Capital, Thin Line Capital, Elemental Excelsior

### Funding

Total Funding: \$24MM  
Raised \$21MM in Q3 2023



Headquarters: Boston  
Employees: ~75  
Founded: 2015

Raptor Maps develops advanced analytics, insights, and productivity platforms. It offers a range of services including the creation of digital twins of solar sites, aerial thermal inspections, data normalization, and mobile tools, all aimed at standardizing and comparing data across installations, increasing performance, reducing risk, and improving return on investment.

### Investors

Blue Bear Capital, Buoyant Ventures, Maverix PE, YC

### Funding

Total Funding: \$28MM  
Raised \$35MM in Q4 2024



Headquarters: San Francisco  
Employees: ~100  
Founded: 2018

WeaveGrid works with utilities and electric vehicle (EV) owners to enable and accelerate the electrification of transportation. It provides a software solution that solves several EV-grid integration challenges for utilities, helps integrate renewable energy resources, and saves utility customers money on their bills.

### Investors

Activate Capital, Breakthrough Energy Ventures, Coatue, Emerson Collective

### Funding

Total Funding: \$78MM  
Raised \$28MM in Q4 2024



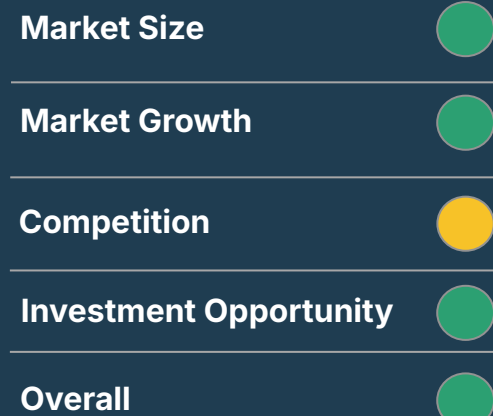
## VII. Education /

# GenAI and Shifts in Educational Formats Are Strong Tailwinds. Funding in EdTech Has Declined Post-COVID But We Anticipate A Rebound.

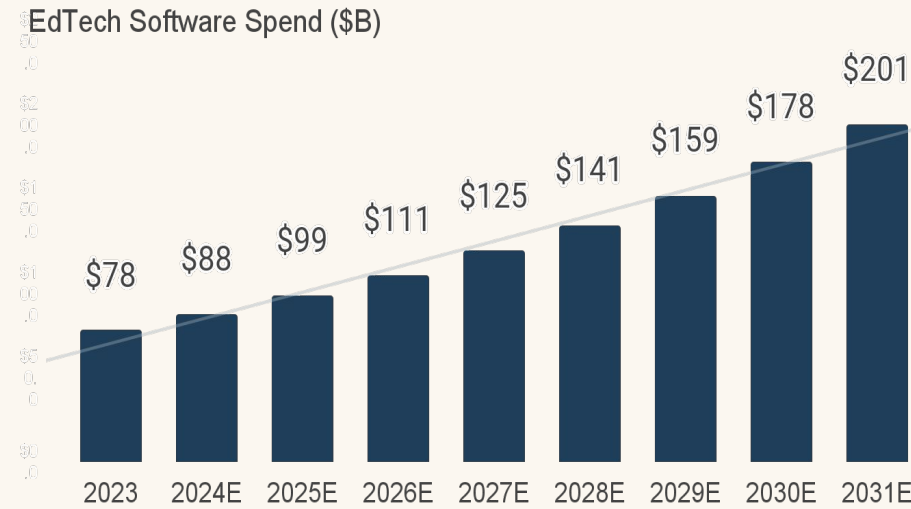
## Where We See Opportunity

- **Legacy Admin Tech.** Systems of record for educational institutions at the college/high school level are often +15 years old. We expect a new wave of educational ops platforms to come to market.
- **Tailored Interactive Education.** Gamification and personalized learning support through GenAI are becoming increasingly popular.
- **Non-Traditional Education.** Homeschooling and parent involvement in K-12 ed is skyrocketing. Software to facilitate non-traditional education has strong tailwinds.

## Vertical Rating



## EdTech Software Growth Will Continue As Schools Digitize



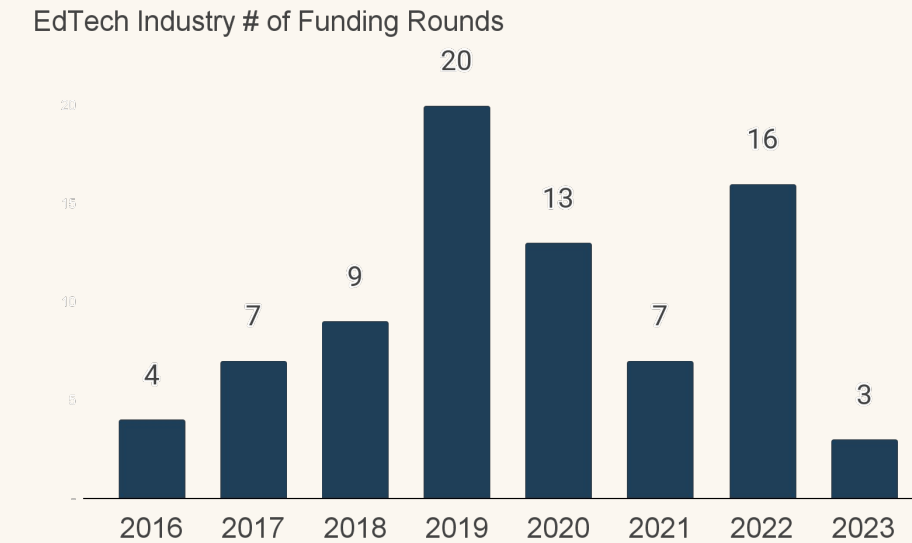
## Top Investors



## Industry Leaders



## Funding for EdTech Has Historically Been Uneven



## Major Trends

- Schools are actively exploring AI to provide tutoring and supplemental instruction. Today's AI capabilities are already capable of providing 1-to-1 tutoring at almost no marginal cost to the student or institution.
- Early child education is adopting platforms for easy communication and collaboration between parents and students throughout the school day. Parents expect greater visibility throughout the school day.
- VR/AR platforms - particularly for vocational schools - are providing new methods for experiential learning. Simulation-based learning will lower the cost of providing meaningful vocational education.

# Education Software

## Disruptors & New Entrants



Headquarters: San Francisco  
Employees: ~450  
Founded: 2014

Brightwheel is a software platform for early childhood education providers. With Brightwheel, childcare centers can accept payments, manage internal operations, plan lessons, and help staff to communicate with families and administrators.

### Investors

Notable Capital, Bessemer, Addition, Lowercase, Eniac

### Funding

Total Funding: \$88MM  
Raised \$55MM in Q1 2021



Headquarters: San Mateo  
Employees: ~100  
Founded: 2016

Swing Education provides a platform to match substitute teachers with roles at K-12 schools. With Swing, substitutes can find new teaching opportunities and schools can draw upon a deep bench of highly-qualified substitute teachers.

### Investors

Owl Ventures, Google Ventures, Apex Partners, Reach Capital

### Funding

Total Funding: \$60MM  
Raised \$38MM in Q2 2023



Headquarters: Santa Monica  
Employees: ~350  
Founded: 2015

Quizizz is an education-based platform that offers engaging gamified quizzes and interactive lessons to any learner. Quizizz is used by teachers in over 120 nations today with students answering more than 300 million questions on Quizizz each week.

### Investors

Tiger Global Management, Nexus Venture Partners, Prime Venture Partners

### Funding

Total Funding: \$47MM  
Raised \$32MM in Q3 2021



Headquarters: Montreal  
Employees: ~2000  
Founded: 2014

Paper provides digital tutoring access to K-12 schools; they partner with schools and provide access to 24/7 academic support, personalized tutoring, and college prep materials and guidance. Paper sells primarily into school districts as a means of staff augmentation.

### Investors

Sapphire Ventures, SoftBank Vision Fund, Reach Capital, IVP

### Funding

Total Funding: \$390MM  
Raised \$270MM in Q1 2022





# VIII. Manufacturing /

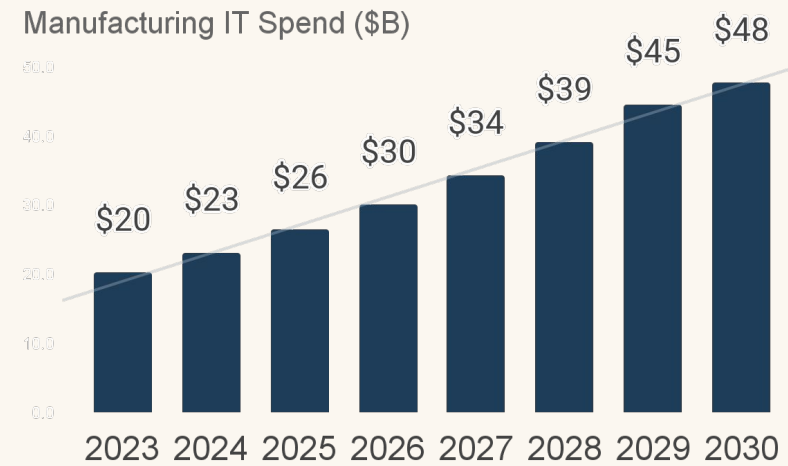
# Manufacturers Are Betting On The Fusion of AI Software & Robotics. Today's Manufacturing Startups Shifting From Selling SaaS to Running Factories.

## Where We See Opportunity

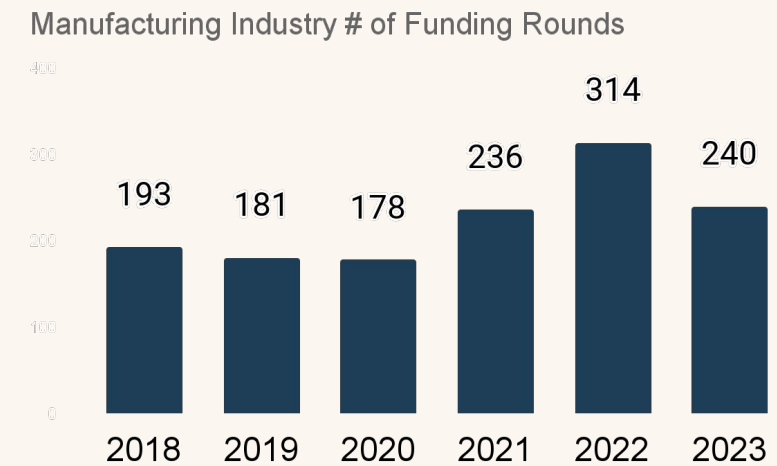
- **AI-Driven Insights.** The ability of foundation models to act as like a human analyst will open up new wave of software companies leveraging sensor data to drive production and efficiency gains.
- **Upskilling and AR Training.** There is a looming shortage of skilled manufacturing professionals as Baby Boomers age out of the workforce. New training software can go beyond act like a copilot and provide a digital apprenticeship.
- **On-Demand Production.** Given the success of Xometry, we expect to see additional verticalized tech-enabled contract manufacturers coming online.



## Robotics & Process Digitization Will Power Continued Spend



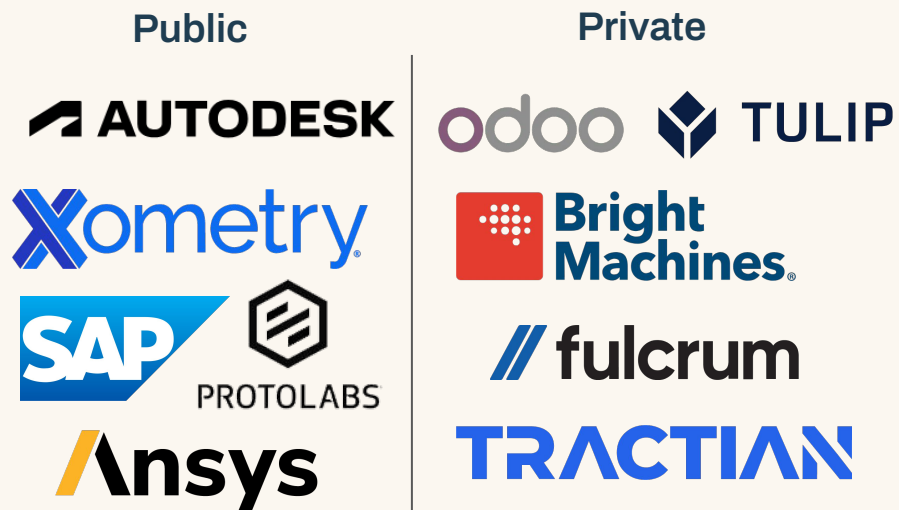
## Rise of Manufacturing-Focused VCs Is A Big Funding Tailwind



## Top Investors

**SCHEMATIC BCV**

## Industry Leaders



## Major Trends

- The fusion of AI-software with robotic workers is not far off and we will see tech-forward manufacturers experiment with this in the same way we saw in the e-commerce logistics space (e.g., Amazon).
- Cybersecurity will continue to grow - with manufacturers adopting more software and operating increasingly cloud-first, they need to take appropriate steps to defend themselves from bad actors in order to safeguard sensitive data and maintain operational continuity amidst growing threats.
- Many ERPs for SMB and mid-market manufacturers have been backed by VCs over the past few years, time will tell how ready the long-tail of the industry is for digitization.

# Manufacturing Software

## Disruptors & New Entrants



Headquarters: San Jose  
Employees: ~30  
Founded: 2021

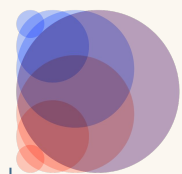
Squint is a Manufacturing Intelligence platform that uses AI and AR to capture expert knowledge, unlock operator performance, and analyze production insight. The company has pioneered the world's only "open world" AR product, allowing users to create and orient AR content anywhere, instantly, without the need for QR codes or 3D models.

### Investors

Sequoia Capital,  
Menlo Ventures

### Funding

Total Funding: \$19MM  
Raised \$13MM in Q3 2023



## Daedalus

Headquarters: Germany  
Employees: ~60  
Founded: 2020

Daedalus is building highly-automated manufacturing facilities to produce precision parts on demand. The company positions itself as a tech-enabled contract manufacturer using a combination of proprietary software and robotics to provide a next generation contract manufacturing experience.

### Investors

Khosla Ventures, NGP Capital,  
Addition, YC

### Funding

Total Funding: \$41MM  
Raised \$19MM in Q1 2024



Headquarters: Palo Alto  
Employees: ~110  
Founded: 2017

Landing AI is a Palo Alto-based company pioneering data-centric AI solutions for the manufacturing industry. Its flagship product, LandingLens, is a computer vision platform that automates visual inspections and defect detection to enhance quality control and production efficiency.

### Investors

Snowflake Ventures, Samsung  
Catalyst, Intel Capital, Insight  
Partners

### Funding

Total Funding: \$57MM  
Raised Undisclosed Amount in Q2 2024



Headquarters: New York  
Employees: ~45  
Founded: 2017

Oden Technologies sells AI-native analytics software to help manufacturers leverage their existing data to drive performance improvements on the production line. With Oden, inexperienced operators can quickly get up to speed on any production process.

### Investors

EQT, Atomico, Navigate  
Ventures, Nordstjernan Growth

### Funding

Total Funding: \$58MM  
Raised \$28MM in Q1 2024



# Thank You

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