SCOTTIE VENTURES

Information Systems & Data Management Industry Report

Associates

Biplop Ghimire
Kay Cheng

Analysts

Mason Schultz
Aung Myint
Evan Lin
Atharv Gupta
Rohan Kapoor

Industry Overview

What is IS/DM?

Information Systems & Data Management (IS/DM) refers to the processes and technologies used to collect, store, organize, and manage data so it can support business operations, decision-making, and management strategy.

How IS/DM Works

IS/DM systems store structured data (tables), unstructured data (text, images, video), and semi-structured data across databases, data warehouses, data lakes, and file systems. Once stored, data is organized through modeling, integration, and transformation, making it accessible and useful for analysis.

Why IS/DM Matters

As data volume and complexity continue to grow, organizations with strong data management capabilities gain a significant competitive advantage through better insights and decisions.

Related Sectors

Data Analytics / Business Intelligence (BI): Focuses on analyzing existing data; IS/DM builds the foundation that enables BI.

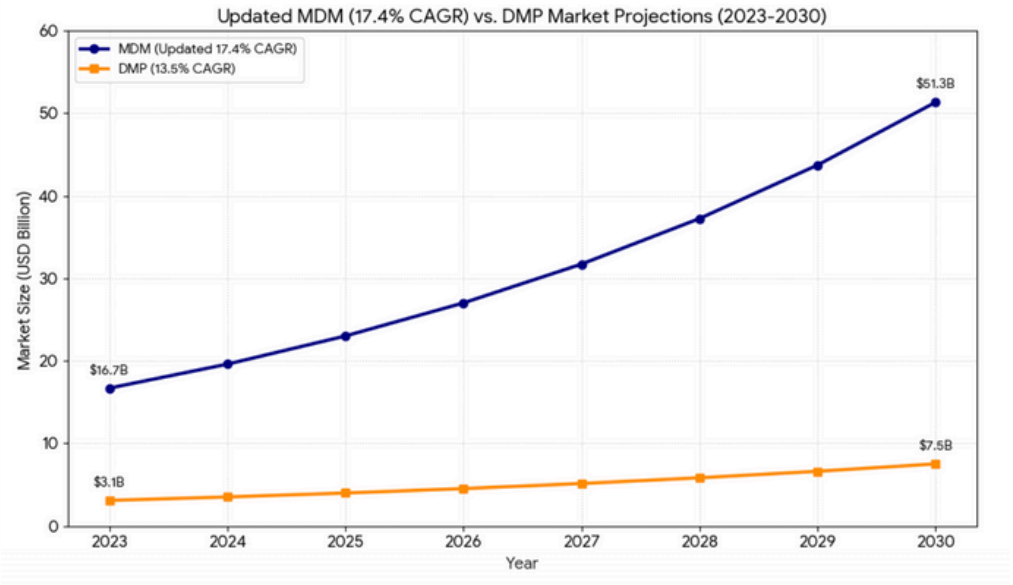
Data Integration: A subset of IS/DM that combines data from multiple sources into a unified, usable format.

Market Growth & CAGR

Market Size: **$110.53B** in **2024**, expected to reach **$221.58B** by **2030** (CAGR **12.4**%)

IS/DM Subsectors: Accelerating Growth: MDM (**17.4**% CAGR) and DMP (**13.5**% CAGR)

MDM: Master Data Management
DMP: Data Management Platform



Factors Driving Growth

- Exploding data volumes
- The shift to cloud and multi-cloud architectures
- AI-enabled automation
- Stricter data governance and compliance requirements
- Cross-industry digital transformation across finance, healthcare, manufacturing, and retail.

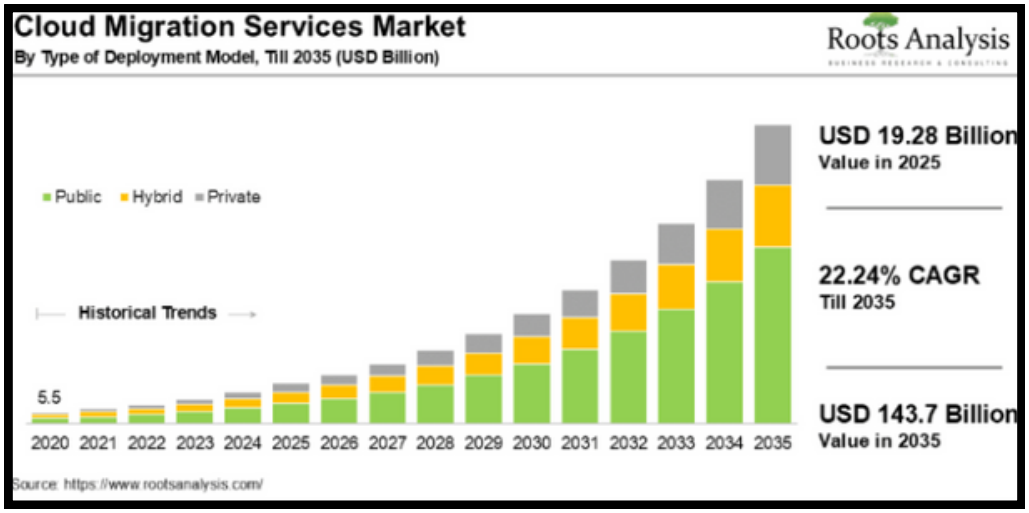
Key Trends

Trend #1: AI Becomes Everyday Infrastructure

AI is now embedded in daily products and workflows, driving massive demand for high-quality, scalable data systems.
Impact: Short-term surge in AI-ready data infrastructure; long-term fusion of AI and IS/DM platforms.

Trend #2: Cloud-First Modernization

Enterprises are replacing legacy systems with cloud-native IS/DM platforms built for scale, analytics, and integration.
Impact: Near-term migration and integration spend; long-term dominance of intelligent cloud-native platforms.



Trend #3: Data Governance & Trust

Stricter global privacy regulations are making governance, transparency, and compliance core IS/DM requirements.
Impact: Immediate investment in compliance tools; long-term rise of trust-driven data platforms.

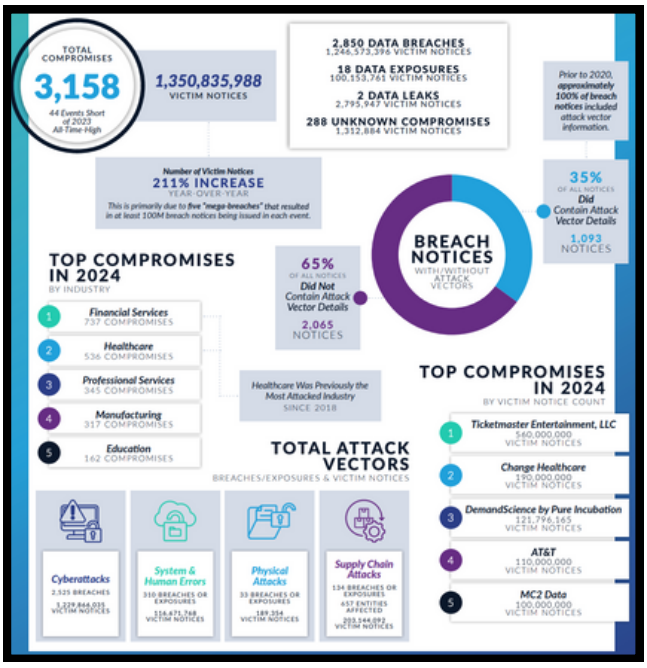
Headwinds

Data Increase Compromises Quality

As data volumes grow, maintaining accuracy, consistency, and usability becomes increasingly difficult. Small errors can scale into large distortions, leading to unreliable insights and flawed business decisions. Without strong governance, data sprawl reduces the value of analytics and AI.

Security Exposure and Breach Costs

Expanding IS/DM systems increase the attack surface for cybercriminals targeting sensitive enterprise data. Breaches result in significant financial losses, operational disruption, and reputational damage. Rising AI-related security risks further amplify the need for robust controls.



Regulatory Fragmentation and Data Residency

Global privacy regulations vary widely across regions, forcing organizations to maintain complex, localized data architectures. Compliance requirements increase infrastructure costs and slow data integration. These constraints limit flexibility in analytics and AI model development.

Tailwinds

Explosive Growth in Data Creation

Global data creation is rapidly accelerating, with total data projected to reach 181 zettabytes by 2025 (Rivery). As data volumes grow, companies increasingly treat data as a monetizable asset that drives revenue and competitive advantage. Firms like Amazon, Netflix, and Uber exemplify this shift, fueling demand for modern data management systems.

Widespread Adoption of AI and Machine Learning Tools

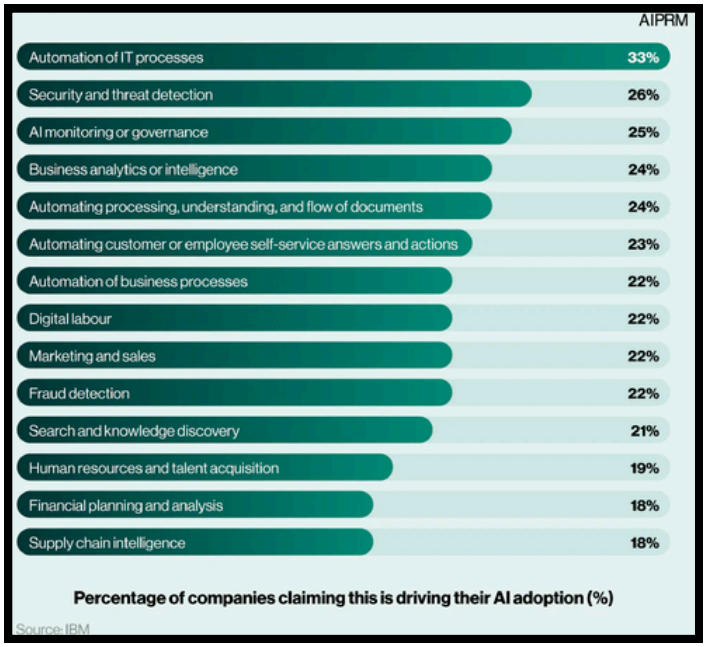
AI and machine learning have become core to modern organizations, enabling use cases such as personalization, forecasting, fraud detection, and automation. As reliance on AI-driven decisions grows, high-quality, accessible, and well-structured data is increasingly mission-critical. This is driving sustained investment in IS/DM platforms and AI-powered analytics tools that make reliable insights accessible across the enterprise (Cloudian).

Increased Focus on Data Privacy and Security

Artificial intelligence and machine learning are central to modern businesses, enabling analytics, prediction, and fraud detection. As organizations increasingly rely on AI-driven decisions, the quality and accessibility of underlying data have become critical. This reliance is driving strong demand for IS/DM platforms that support large-scale analytics and reliable data infrastructure, often alongside AI investments (Cloudian).

Rising Demands for Fast Computing

In industries such as finance, healthcare, and logistics, real-time data access is critical for competitiveness. As organizations shift toward distributed and edge computing, (where 75% of enterprise data is expected to be processed outside traditional data centers by 2025 (Comarch)) demand is rising for IS/DM tools that support low-latency pipelines, real-time analytics, and automated decision-making.



Modernization of Data Infrastructure

Advances in cloud-native databases, data lakes, and distributed storage systems are reshaping data management by delivering scalable, flexible, and cost-efficient support for analytics and AI workloads. With over 60% of organizations using data lake solutions (largely from AWS, Google Cloud, and Microsoft) firms are increasingly adopting unified platforms that integrate storage, analytics, and machine learning (Market.us).

Product Overview

What the IS/DM industry sells

Data Storage + Processing

Data storage and processing platforms act as centralized repositories for enterprise data. Cloud-based data warehouses allow organizations to store massive data volumes while scaling capacity as needed. These platforms organize data efficiently to enable fast and reliable access for analysis.

Data Integration Tools

Data integration tools gather data from diverse sources and standardize it into a consistent format. Automated pipelines continuously move cleaned data into centralized storage systems. This ensures data remains current, accurate, and ready for use across the organization.

Data Governance Tools

Data governance and security tools manage access, quality, and compliance across enterprise data. They track data lineage, enforce policies, and protect sensitive information. This layer helps organizations meet regulatory requirements and maintain trust.

Data Analytics Tools

Analytics and AI platforms transform raw data into dashboards, reports, and predictive models. They help organizations uncover trends and improve operational decisions. By enabling advanced analysis, these tools turn data into strategic value.

Ecosystem and Suppy Chain

Infrastructure Layer

Cloud providers supply the computing power, storage, and scalability that enable modern data management. Hardware manufacturers and data center operators provide the physical chips, servers, and facilities that process and store data. This foundational layer makes large-scale data operations possible.

Data Management & Analytics Layer

Data platforms store, organize, and process information from diverse sources such as transactions, sensors, and user behavior. These systems clean and integrate data so it can be analyzed effectively. Analytics and BI tools then convert processed data into insights, predictions, and visualizations.

Partners & Integrators

System integrators connect tools across vendors and tailor solutions to business needs. Managed service providers maintain systems, ensure performance, and handle compliance. Independent software vendors and data providers extend functionality and enrich datasets.

Standards, Governance & Collaboration

The ecosystem is held together by shared standards, secure protocols, and regulatory frameworks like GDPR and SOC-2. Open-source communities promote interoperability and reduce vendor lock-in. Collaboration enables innovation while maintaining trust and reliability.

End-to-End Value Chain

From raw data generation to insight-driven decisions, each layer supports the next. Cloud infrastructure enables platforms, platforms enable analytics, and analytics drive business action. This creates a continuous feedback loop where data fuels smarter decisions and ongoing improvement.

Customers

Customer Overview

IS/DM tools are used across nearly every major industry to automate workflows, improve decision-making, and manage complex data environments. As organizations generate more data and adopt AI-driven processes, these tools have become essential backend infrastructure. Their value lies in speed, accuracy, and scalability.

Finance

Financial institutions rely heavily on IS/DM tools for market analysis, risk modeling, fraud detection, and workflow automation. Data platforms support faster, data-driven decisions in trading, investment banking, and compliance. Analytics tools and financial data platforms provide real-time, high-quality insights that are reshaping the industry.

Healthcare

Healthcare organizations use IS/DM systems to securely store and manage patient data over long periods. These tools power electronic health records, streamline hospital operations, and support fraud detection in medical claims. Increasing AI adoption further raises the need for reliable, well-governed data systems.

Retail

Retailers use IS/DM tools to manage inventory, analyze purchasing behavior, and personalize marketing strategies. Business intelligence and analytics platforms help identify trends and forecast demand. This enables more efficient product movement and improved customer targeting.

Manufacturing

Manufacturers apply IS/DM tools for predictive maintenance, operational efficiency, and process optimization. Data modeling helps monitor machinery performance and improve planning across teams. While adoption is still growing, these tools are increasingly critical for efficiency and cost control.

Customers Cont'd

Why Demand Is Growing

Rising consumer expectations and competitive pressure are pushing companies to operate faster, cheaper, and smarter. IS/DM tools handle large-scale backend tasks (from security to analytics) at speeds humans cannot match. As AI raises performance standards, demand for robust data systems continues to accelerate.

Trading Comps & Precedent

Five IS/DM companies were selected to represent both established leaders and innovative growth players aligned with cloud, automation, and data-driven trends. This mix provides a balanced benchmark for evaluating sector valuation and performance.

Average valuation multiples across the peer group are EV/Sales 4.44x, EV/EBITDA 21.61x, EV/EBIT 26.99x, and P/E 11.98x, with medians of 3.26x, 28.10x, 18.57x, and 2.39x. These multiples indicate investor expectations of solid revenue growth alongside improving profitability and operational efficiency.

Overall, the selected companies are well positioned within IS/DM and serve as reliable comparables for assessing valuation and investment opportunities in the sector.

Company Name	Market Data (mm)			Financial Data (mm)				Valuation (mm)			
	Price	Market cap	EV	Sales	EBITDA	EBIT	Earnings	EV/Sales (x)	EV/EBITA (x)	EV/EBIT (x)	P/E (x)
Informatica Inc.	24.85	7662.80	8040.00	1680.00	280.90	163.70	10.40	4.79	28.62	49.11	2.39
NetApp	111.57	22271.40	21460.00	6590.00	1644.00	1436.00	1171.00	3.26	13.05	14.94	0.10
Teradata Corporation	27.76	2587.20	2780.00	1650.00	283.00	197.00	118.00	1.68	9.82	14.11	0.24
MongoDB	365.58	29730.00	1480.00	2210.00	52.00	79.70	78.60	0.67	28.46	18.57	4.65
Oracle	226.99	647101.40	767620.00	59020.00	24463.00	18577.00	1240.00	11.80	28.10	38.20	52.54
Average								**4.44**	**21.61**	**26.99**	**11.98**
Median								**3.26**	**28.10**	**18.57**	**2.39**

Competetive Analysis

Data Storage and Processing
AWS, Azure, and Google Cloud

Data Integration Tools
Power BI and Tableau

Data Governance Tools
FiveTran and Informatica

Data Analytics Tools
OneTrust and BigID

Market Share

The IS/DM market consists of three main segments: data infrastructure, analytics, and governance, each with a different competitive structure.

Data infrastructure is highly concentrated, with AWS, Azure, and Google Cloud holding over 65% combined market share, while Snowflake and Databricks lead within their specialized niches. Analytics is more distributed, led by Power BI (~36%), followed by Tableau and Qlik, with smaller cloud-native tools gaining traction. Data governance is split between legacy and modern providers, primarily Informatica, Collibra, and Alation.

Data Infrastructure/Processing	
Company Name	Market Share (%)
AWS	31
Microsoft Azure	25
Google Cloud	11
Snowflake	1
Databricks	1

From: Synergy Research Group – Cloud Infrastructure Market Share Report

Data Analytics & Visualization	
Company Name	Market Share (%)
Microsoft Power BI	36
Tableau	20
Qlik	6
Looker (Google)	5
Sigma Computing	1

From: Gartner – Magic Quadrant for Analytics & Business Intelligence Platforms

Data Governance	
Company Name	Market Share (%)
Informatica	17
Collibra	15
Alation	12
IBM Data Governance	10
OneTrust	5

From: Gartner – Magic Quadrant for Data Quality & Data Governance

Fivetran

Fivetran is an Information Systems and Data Management (IS/DM) company that helps organizations move and organize their data more efficiently. Founded in 2012, the company provides automated data integration tools that transfer data from a wide range of sources (such as business applications, databases, and cloud platforms) into centralized data warehouses for analysis.

Fivetran's main value comes from automating the data pipeline process, allowing companies to keep their data consistently updated without needing extensive engineering work. By handling data synchronization and schema changes automatically, Fivetran reduces errors and saves time for data and analytics teams.

Today, Fivetran is a key part of the modern data stack and is used across industries including finance, technology, and healthcare to support reporting, forecasting, and data-driven decision making.

CASE STUDY:

Financial Analysis

Revenue Growth, Scale & Unit Economics

Revenue & Growth

- ARR: $325M (2024) vs. $200M (2023) → ~63% YoY ARR growth
- ARR growth has accelerated for two consecutive quarters
- Revenue YoY growth: 33%, significantly above IS/DM industry benchmark (8–15%)

Unit Economics & Profitability

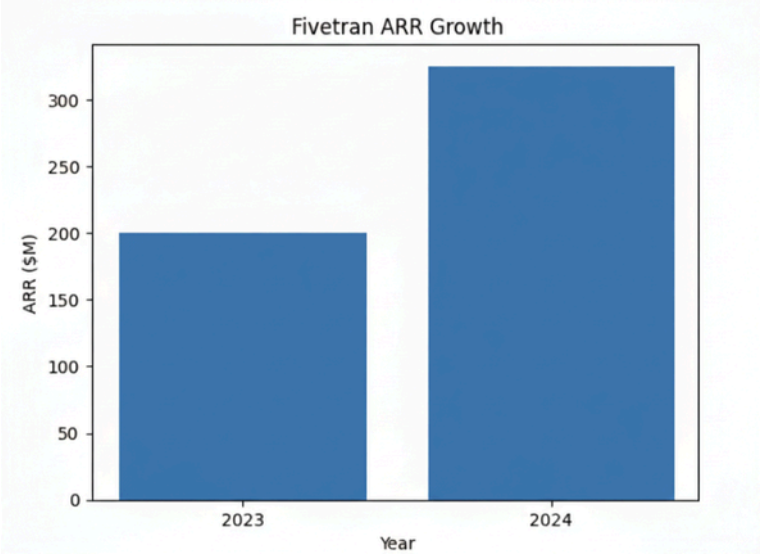
- Customer acquisition engine generating >75% IRR, indicating strong LTV/CAC
- Shifted from ~$100M annual cash burn to capital-efficient growth
- Most recent year: Cash balance increased by $60M+

2025E Profitability Outlook

- Projected revenue: $432M
- EBITDA margin: 18%
- EBITDA: $77.8M

Capital Efficiency

- WACC: 10.5%
- Returns materially exceed cost of capital, supporting long-term value creation



Financial Analysis Continued

Valuation, Capital Position & Strategic Outlook

Valuation & Capital Structure

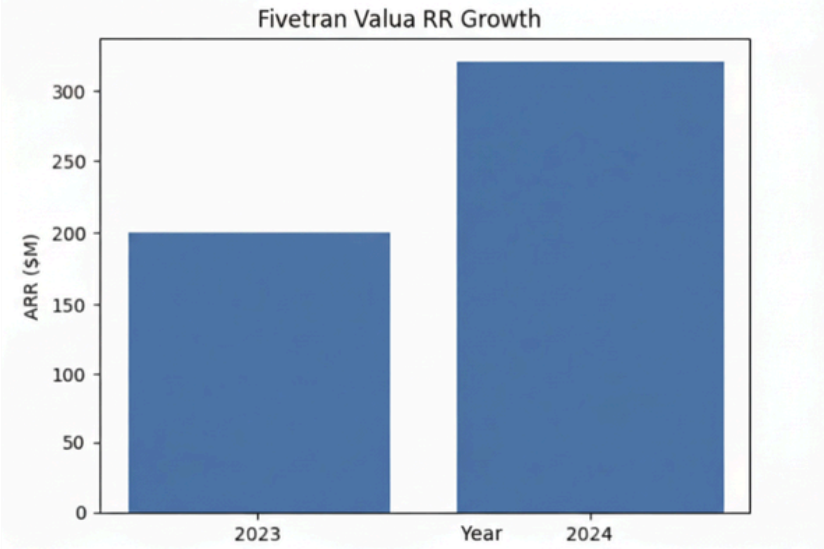
- Pre-money valuation: $1.08B
- Post-money valuation: $1.2B
- Capital raised: $700M+ equity, $125M debt
- Cash on hand (2022): ~$200M (~16.7% of post-money valuation)

Strategic Development

- All-stock merger with dbt Labs (Oct 2025), creating a vertically integrated data infrastructure platform
- Combined entity expected to generate ~$600M in annual revenue
- Post-merger company projected to be near cash-flow breakeven, improving financial sustainability

Strategic Implications

- Merger strengthens position across the end-to-end modern data stack
- Scale and integration expected to drive operating leverage and margin expansion



Risks of Investment

- **Platform Dependency Risk:** Heavy reliance on third-party APIs (e.g., Salesforce, NetSuite, Shopify) exposes Fivetran to potential disruptions from API changes, access restrictions, or pricing shifts.

- **Competitive Pressure:** Rapid innovation from competing ETL/ELT vendors and improving in-house data pipeline solutions could compress margins and slow customer growth.

- **Scalability & Fit Risk:** As customers scale, some may outgrow Fivetran's fixed or consumption-based pricing and prefer more customizable integration solutions, where Fivetran is less differentiated.

Reasons To Invest

- **Strong Traction:** Over 750+ customers, including well-known brands such as Forever 21, CrossFit, and Urban Outfitters, demonstrating broad market adoption.

- **Favorable Market Tailwinds:** Strong alignment with key industry trends, including SaaS proliferation, growth of cloud data warehouses, and increased demand for data-driven decision-making.

- **Best-in-Class User Experience:** Simple two-step onboarding significantly lowers the barrier to entry compared to traditional ETL tools, enabling rapid deployment.

- **Rapid Time-to-Value:** Customers can move from contract signing to live data pipelines within hours rather than weeks or months, accelerating ROI.

- **High Switching Costs:** Deep integration into customer data pipelines creates strong product stickiness, supported by long-term contracts and high renewal rates.

- **Attractive Unit Economics:** Recurring subscription revenue, high gross margins, and low marginal costs per additional customer support scalable profitability.

Due Diligence Questions

- **Profitability:** With $159M raised and a $1.2B valuation, is the business currently profitable, or does it still rely on investor capital to fund operations? If not yet profitable, what is the projected timeline and path to profitability?

- **Third-Party API Dependency:** How dependent is the company on the stability and availability of third-party APIs, and what contingency plans exist for partner rate limits, outages, or discontinued connectors?

- **Competitive Landscape:** Who are the primary competitors within the ETL/ELT and data integration space, and how does the company differentiate to ensure long-term defensibility against similar products?

- **Technical Leadership & Security Expertise:** How does the company mitigate risks associated with limited founder-level technical expertise in IS/DM and data security, and how is this expertise represented within the broader leadership team?

- **ARR Growth & Sustainability:** How has ARR evolved recently, what factors have driven growth, and how sustainable is the current ~33% year-over-year growth rate?