STARTUP VALUATION REPORT

ElevenLabs (AI Voice & Speech Platform)

Prepared by: Omkar Mandve

Report Type: Valuation Analysis (Multi-Method)

Purpose of the Report:

To estimate a reasonable valuation range for ElevenLabs using multiple valuation methods and to document assumptions, revenue drivers, sensitivity analysis, and key risks.

Indexation (Table of Contents)

Company Introduction (for the front page)

ElevenLabs is a generative AI company focused on **high-quality speech synthesis and voice technology**, enabling users and businesses to generate natural-sounding voice audio at scale. The company's platform supports a range of use cases including **text-to-speech (TTS)** for content creation, product experiences, media localization, and voice-enabled applications. ElevenLabs is typically monetized through a combination of **tiered subscriptions**, **usage-based API billing**, and **business/enterprise pricing**, reflecting its positioning as both a developer platform and an enterprise-ready AI audio solution.

Report Objective

This report estimates a **reasonable valuation range** for ElevenLabs using **multiple valuation approaches** appropriate for high-growth technology companies. The goal is to triangulate value using market-based and model-based methods, document key assumptions transparently, and highlight the sensitivities that most influence the valuation outcome.

Valuation Approach Summary (quick bullets)

This valuation combines:

- **Market price signals** (where available) such as tender / secondary references
- **Revenue multiple approach** (EV/Revenue or EV/ARR framework)
- **Scenario-based valuation** using a multi-year revenue forecast and terminal value assumptions
- **Sensitivity analysis** to test the valuation across key drivers (growth, terminal multiple, discount rate)

Workflow used in this project

1. **Company profiling:** defined business model, monetization pathways, and value drivers relevant to an AI voice platform.
2. **Baseline assumptions:** set starting revenue level and growth-decay trajectory for a five-year forecast.
3. **Forecast build:** derived revenue projections using year-on-year compounded growth.
4. **Terminal value estimation:** applied a terminal revenue multiple to reflect mature, public-market style valuation.
5. **Discounting:** discounted terminal value back to the valuation date using a growth-stage risk-adjusted discount rate.

6. **Cross-method reconciliation:** triangulated results across methods and reconciled into a valuation range.
7. **Sensitivity testing:** assessed how valuation changes under different terminal multiples and discount rates.
8. The Excel breaks ElevenLabs' revenue into three primary streams: **Enterprise & Business contracts (~45%)**, **API usage revenue (~35%)**, and **Self-serve subscription plans (~20%)** (all % are analyst estimates due to lack of public segment reporting). It further maps how each stream converts product adoption into revenue via measurable KPIs like **ACV, retention/NRR, usage volume, conversion, churn, and upgrade rates**.

elevenlabs_revenue_drivers.xlsx

Method 1- ARR multiple valuation (market comps logic)

Public SaaS medians are much lower (e.g., ~4x median revenue multiple across many public SaaS names), but those public medians also reflect **much slower growth** than ElevenLabs. AI-exposed, high-growth companies can sustain **meaningfully higher** revenue multiples (example: Databricks' reported valuation versus revenue run-rate implies a much higher multiple than the public median).

Inputs (Assumed / Derived):

- ARR (Dec 2025): **$250M–$350M** (center: **$300M**)
- Multiple: **18x–26x** (center: **22x**, consistent with the tender if ARR ~$300M)

Output (ARR multiple range):

ARR \ Multiple	18x	22x	26x	30x
$250M	$4.5B	$5.5B	$6.5B	$7.5B
$300M	$5.4B	**$6.6B**	$7.8B	$9.0B
$350M	$6.3B	$7.7B	$9.1B	$10.5B

Recommended reasonable valuation range (fully diluted equity, "headline"):

≈ $6.0B to $9.0B (centered around **~$7–$7.5B**)

Why this range is reasonable: the company itself ran an employee tender at **$6.6B** valuation (Sept 2025) and stated it had **crossed $200M ARR** and expected to **top $300M by year-end**—which implies **~20–26x ARR** if ARR is ~$250–$320M.

Assumptions table (Given / Assumed / Derived)

Item	Value	Label
Series C (Jan 2025)	**$180M raised**; valuation **$3.3B**	**Given**
Employee tender (Sep 2025)	**$100M tender** at **$6.6B** valuation	**Given**

Item	Value	Label
ARR level	"surpassed **$200M ARR**"; expects **>$300M** by year end	**Given**
ARR "as of Dec 2025" (working estimate)	**$300M** (range **$250M–$350M**)	**Assumed**
EV/ARR multiple range (late-2025 private AI app)	**18x–26x** (wide check: **18x–30x**)	**Assumed**
Tender implied EV/ARR multiple	**$6.6B / $300M = 22x** (or **26.4x** if ARR $250M)	**Derived**
Discount rate for DCF-style scenarioing	**16%–22%**	**Assumed**
Terminal revenue multiple (2030)	**8x–12x**	**Assumed**

Series C (Jan 2025)

Value:

$180M raised; valuation $3.3B

- ElevenLabs raised **$180 million** from investors
- The company was valued at **$3.3 billion after the money went in** (post-money valuation)

Employee tender (Sep 2025)

Value:

$100M tender at $6.6B valuation

- Investors bought **$100M worth of shares from employees**
- No new money went into the company (this is secondary, not fundraising)
- The implied company value was **$6.6 billion**
- This reflects what **sophisticated buyers were willing to pay recently**
- Tender prices are often **closer to "real market value"** than VC round

ARR level

Value:

"Surpassed $200M ARR"; expects >$300M by year end

What ARR means

- **ARR = Annual Recurring Revenue**
- It's the most important metric for SaaS / AI subscription companies
- If you're making $25M/month in recurring revenue → ARR = $300M
- Most AI companies are valued as a **multiple of ARR**
- ARR reflects predictable future income

ARR "as of Dec 2025" (working estimate)

Value:

$300M (range $250M–$350M)

What this means

- The company expects to cross $300M, but hasn't reported final numbers yet
- Analysts don't assume the best case blindly
- Valuation = ARR × multiple
- Small changes in ARR → big changes in valuation

EV / ARR multiple range

Value:

18x–26x (wide check: 18x–30x)

- **EV = Enterprise Value** (total value of the company)
- **EV / ARR multiple** = "How many dollars investors pay for $1 of annual revenue"

Example:

- 20x multiple on $300M ARR → $6.0B valuation

Why 18x–26x?

- Late-stage **high-growth AI companies** trade very expensively
- The **$6.6B tender price implies a high multiple**
- But we allow downside in case growth slows or AI hype cools

Tender-implied EV/ARR multiple

Value:

$6.6B / $300M = 22x

($6.6B / $250M = 26.4x)

We reverse-engineer the tender:

- If ARR = $300M → investors paid **22× revenue**
- If ARR was only $250M → they paid **26× revenue**
- This is not guess — it's math, It tells us exactly how aggressive the market pricing is

Method 1 takeaway:

A "reasonable" late-2025 band from this method alone is roughly **$5.5B–$9.0B**, with **$6.6B** landing neatly at **$300M ARR × 22x**.

Method 2 — Scenario DCF-style valuation (growth + terminal multiple + discounting)

16%–22%

- It reflects **risk + time value of money**
- $1 earned 5 years from now is worth less than $1 today
- Higher risk → higher discount rate
- ElevenLabs is:

- Still private
- Competing in a fast-moving AI market
- Facing big platform risk (OpenAI, Google, etc.)

Public stable companies use ~8–10%

High-growth private AI companies use **16–22%**

Multiple	What it implies
~18x	Strong AI company, growth slowing
~22x	Elite AI SaaS, fast growth
~26x	Category winner, massive future upside
30x+	Extreme optimism / bubble pricing

This is **not** a precise DCF (we don't have margin, CAC(Customer Acquisition Cost), churn, or burn), but it's useful as a **sanity check** on what must be true to support today's valuation.

Start revenue proxy: $300M ARR

Why ARR?

- ElevenLabs is a subscription / usage-based AI company
- Revenue is recurring
- ARR is the cleanest "scale" metric
- 2025 revenue ≈ $300M

Growth assumptions

Year	Growth	Interpretation
2026	+70%	Still in breakout phase but beyond hyper-early acceleration
2027	+50%	Strong scaling continues; enterprise expansion + wider adoption
2028	+35%	Growth begins maturing; market adoption broad but slower
2029	+25%	Approaching "late growth" stage; competition and saturation show
2030	+20%	Stable scale-up growth similar to large software winners

- Every incremental % growth requires a bigger absolute revenue gain
- The market starts to saturate in early adopter segments
- Competition increases
- Operations, sales motion, and product maturity become limiting factors
- Constraints like compute cost, enterprise compliance, and support load start to matter

This is standard for elite SaaS / AI companies.

Key Drivers that would change these numbers significantly

Growth would be HIGHER than this if:

- Voice becomes a default interface layer for AI agents

- Enterprise adoption accelerates faster than expected
- ElevenLabs becomes a dominant platform embedded in many products (high switching cost)
- Strong expansion revenue keeps NRR high (>140%)

Growth would be LOWER than this if:

- Voice AI becomes commoditized → price drops → revenue growth slows
- Foundation model providers bundle voice for cheap/free
- Regulatory restrictions slow adoption (deepfake concerns)
- Compute costs rise, limiting profitability and growth

Base revenue (2025) = $300M

Then each year:

$$\text{Revenue}_{t+1} = \text{Revenue}_t \times (1 + \text{Growth Rate})$$

Revenue forecast (derived)

Year	Growth	Formula	Revenue (Exact)	Revenue (Rounded)
2025	–	Given	300.000M	$300M
2026	70%	300×1.70	510.000M	$510M
2027	50%	510×1.50	765.000M	$765M
2028	35%	765×1.35	1,032.750M	~$1.03B
2029	25%	1.03275×1.25	1.29094B	~$1.29B
2030	20%	1.29094×1.20	1.54913B	~$1.55B

So by 2030:

ElevenLabs must plausibly be a $1.5B+ revenue company.

Method 2:Takeaway

ElevenLabs' ~$6–9B valuation is reasonable only if it sustains strong growth toward ~$1.5B+ revenue by 2030 and the market continues to value top AI software businesses at ~8–12× revenue rather than letting multiples compress.

Method 3 — Terminal value (what the company is worth at maturity)

What "terminal" means

- In DCF, you don't model forever
- You say: "What would the company be worth in 2030 if it's mature?"

What this assumption says

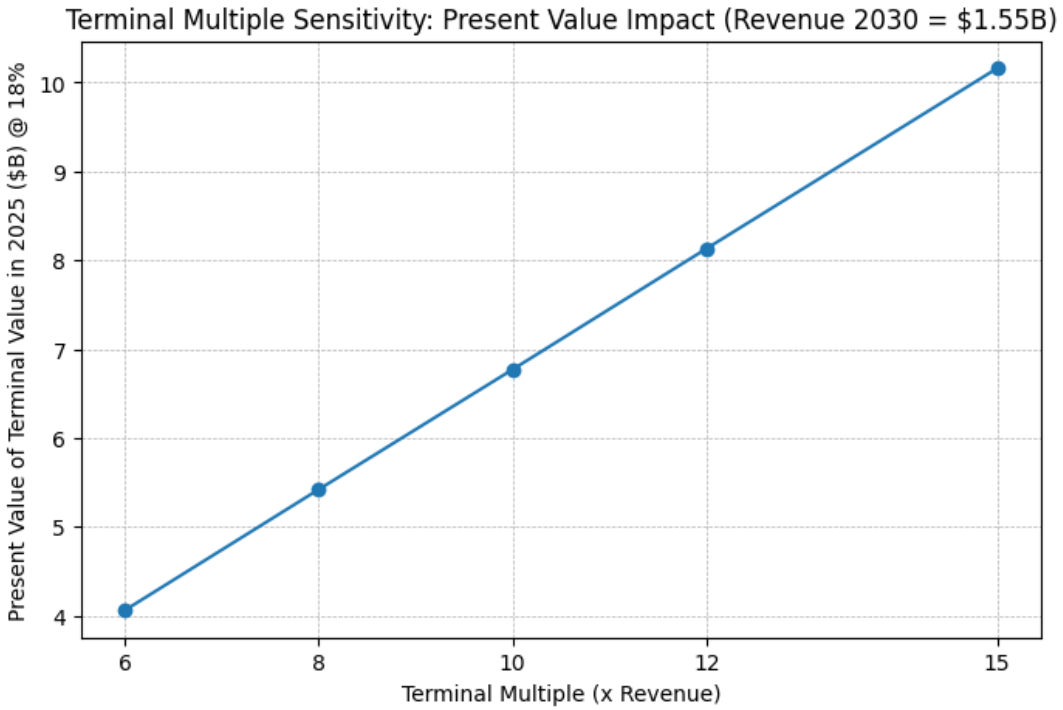
- By 2030, ElevenLabs is no longer "hype-stage"
- It's a large, stable AI software company
- Such companies trade at **8–12× revenue**, not 25×
- Prevents unrealistic infinite growth
- Forces valuation discipline

Terminal multiple: 10× revenue

This assumes:

- Public-market style valuation applies
- Because forecasting beyond 5 years becomes highly uncertain.
  Instead, we treat the company in year 2030 like a "public company":
- Terminal Value $=$ Revenue$_{2030}$ $\times$ Terminal Multiple
  If 2030 revenue is **$1.55B**, then:
  $\mathrm{TV} = 1.55\mathrm{B} \times 10 = 15.5\mathrm{B}$
  In 2030, the company could be worth **$15.5B** (before discounting back to today)
- **10× is a realistic long-term multiple for a high-quality software company** that still has decent growth, strong margins, and durable moat — but is no longer "hypergrowth".
- Terminal value assumes the business is **mature**, so the multiple must be consistent with **public-market pricing**, not venture hype.
- A 10× revenue multiple typically implies:
  1. Growth rate in 2030: around 15–25% - Public markets pay higher multiples when growth is still healthy.
  2. Gross margins: typically 70–85% - Software / API businesses with high gross margin get high multiples.
  3. Strong retention / durable demand - High NRR, low churn, sticky platform usage.
  4. Category leadership - A company seen as a platform, not a feature.
- Why not higher (like 15× or 20×)?
  A 15×–20× terminal multiple would mean the company is still being valued like it is in growth-stage private markets.For terminal value, that would require extremely strong conditions:
  1. 30%+ growth even in 2030
  2. very high margins
  3. very high predictability
  4. strong market expansion
  5. little risk of disruption
- Why not lower (like 4× or 6×)?
  1. Public markets value slower growth SaaS at:
  2. 3×–6× revenue when growth is low (5–15%)
  3. margins are weak
  4. churn is high
  5. business is commoditized
- **10× is a common "quality SaaS / software leader" terminal range**
  1. Even in traditional SaaS valuations, terminal multiples often range:
  2. **6×–8×** = good but average
  3. **8×–12×** = high quality software leaders
  4. **12×+** = exceptional, still fast-growing, category-defining
  5. So **10×** is not extreme — it's in the middle of a **high-quality mature software band**.

Terminal Sensitivity Chart



Assumptions used

- Revenue in 2030: $1.549B (from your forecast)
- Terminal Value (2030) = Revenue(2030) × Terminal Multiple
- Discount rate: 18%
- Discount period: 5 years (2025 → 2030)

Discount factor:

$$(1 + 0.18)^5 = 2.286$$

Present Value of Terminal Value:

$$\mathrm{PV}_{2025} = \frac{\mathrm{TV}_{2030}}{(1.18)^5}$$

18% Discount Rate.pdf

Method 3:Takeaway:

Using a 10× terminal revenue multiple assumes ElevenLabs matures into a high-quality, durable AI software platform valued like a strong public SaaS leader—so small changes in that multiple (e.g., 6× to 15×) can swing today's valuation by roughly ±40–50%.

Outputs (illustrative):

- **Bear:** ~$2.8B (growth cools sharply + lower terminal multiple)
- **Base: ~$7.2B**
- **Bull:** ~$12.6B (faster growth + higher terminal multiple)

These scenario outputs support the idea that **$6–$9B** is plausible **if** growth remains strong and the "AI premium" multiple doesn't collapse.
Important: If you tell me gross margin + burn + retention, I can turn this into a much more defendable cohort/operating DCF.

Reconciliation into one range
I'd weight the methods like this (given the info we have):

- **50%**: tender transaction anchor (strongest real-market signal)
- **35%**: ARR multiple framework (best standard method for this type of company)
- **15%**: scenario DCF sanity check (most assumption-heavy here)

That reconciliation lands at:
Final working range (late 2025): $6.0B to $9.0B
Most likely "fair" center: ~$7–$7.5B

Risks & caveats (what could move valuation down/up fast)
Key downside risks (multiple compression drivers)

- **Commoditization / price pressure** in voice models (if buyers see voice as interchangeable).
- **Competition** from foundation model providers and well-funded voice/agent platforms.
- **Regulatory and trust/safety risk** (deepfakes, impersonation misuse) impacting adoption, distribution, or compliance cost.
- **Unit economics unknowns** (compute costs, gross margin, enterprise support costs) could reduce long-term margins.
- **Secondary vs primary mismatch**: tender pricing can differ from a new equity round due to liquidity dynamics, security type, and investor appetite.