SACRA

Hebbia

TEAM

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Hebbia

Hebbia is an enterprise AI-powered document search product.

#ai   #b2b

Details

HEADQUARTERS

New York, NY

CEO

George Sivulka

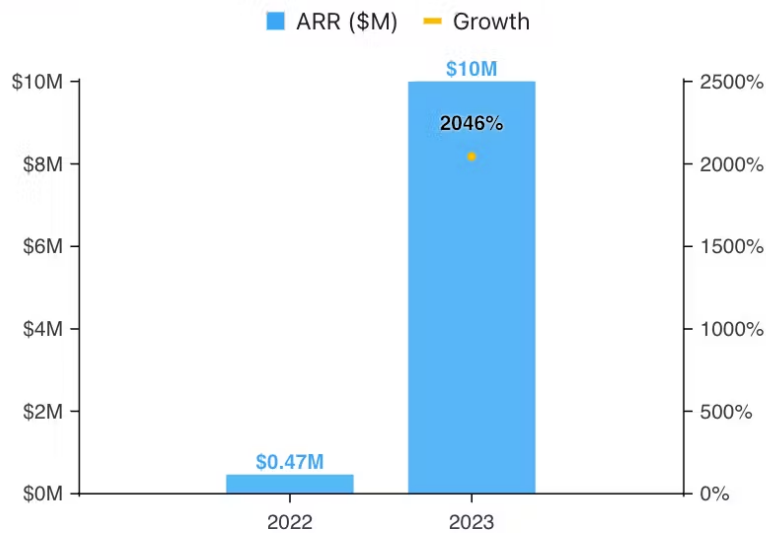| REVENUE	VALUATION	GROWTH RATE (Y/Y)
$13,700,000	**$700,000,000**	**30%**
2024	2024	2024

FUNDING

$161,100,000

2024

Revenue

Hebbia
Annualized recurring revenue (ARR)

Sacra estimates hit $13M in annual recurring revenue (ARR) as of June 2024, representing approximately 15x growth over the previous 18 months. The company's revenue grew from approximately $900K ARR in December 2022 to $10M ARR by December 2023, before reaching its current level.

Revenue is primarily generated through enterprise software subscriptions, with pricing reportedly comparable to annual Bloomberg Terminal subscriptions.

Hebbia has achieved particularly strong penetration in financial services, notably claiming that 33% of the top global asset managers by AUM are customers. Key clients include American Industrial Partners, Oak Hill Advisors, and Charlesbank in private equity, as well as strategic firms like Centerview Partners. The company has also expanded into government sectors, securing the US Air Force as a client.

Valuation

Hebbia was valued at $700 million during its Series B funding round in July 2024, led by Andreessen Horowitz. The company has raised a total of $161.1 million across four funding rounds, with the Series B accounting for $130 million. Key investors include Andreessen Horowitz, Index Ventures, Google Ventures, and Peter Thiel.

Based on reported ARR of $13 million as of June 2024, the $700 million valuation represents approximately 54x revenue multiple. The company achieved 15x revenue growth over the 18 months preceding its Series B raise.

Product
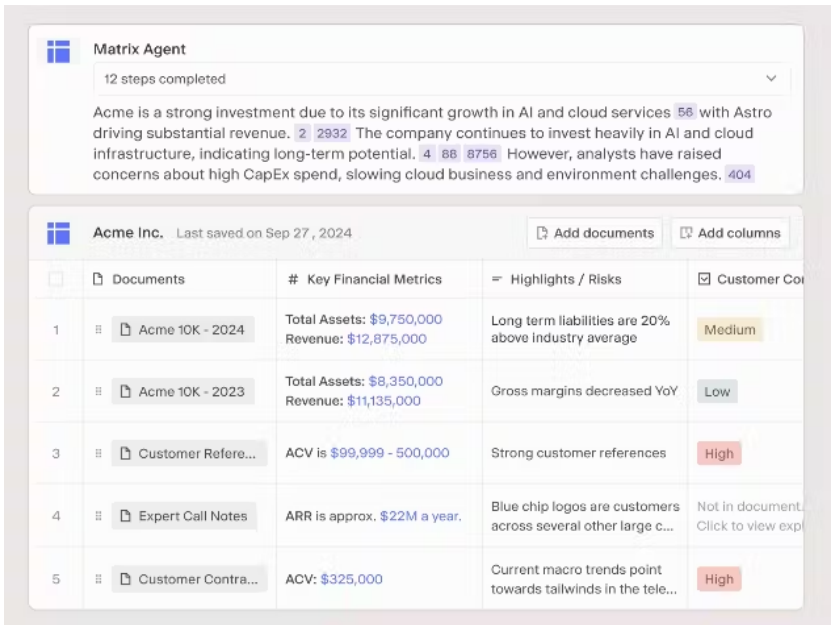
Hebbia was founded in 2020 by George Sivulka, who initially created a Jupyter Notebook with a neural information retrieval model to help former Stanford students working at Morgan Stanley analyze complex 400-page documents. This evolved into Hebbia's core product after Sivulka dropped out of his PhD program in computational neuroscience at Stanford to pursue the company full-time.

Hebbia found product-market fit as an AI-powered productivity tool for financial services firms, particularly private equity analysts performing due diligence. The company specifically targeted sophisticated organizations dealing with large volumes of complex, unstructured data for high-stakes decision-making, including global private equity firms and asset managers.

The company's flagship product, Matrix, allows users to analyze large volumes of unstructured data across multiple document types simultaneously.

For example, PE analysts performing due diligence can use Hebbia to rapidly extract key information from virtual data rooms containing thousands of documents about potential acquisition targets. Instead of manually searching through files, analysts can ask questions like "What are the top 10 customers and how have they grown over time?" or "What are the key provisions in credit agreements?" Hebbia synthesizes answers from across the document corpus, potentially reducing analysis time from hours to minutes.

Matrix differentiates itself through its "data-grid" or spreadsheet-style tabular interface, which Hebbia positions as a more natural way to work with LLMs than the chat UI that has dominated LLM-based workflows. The platform can ingest data in virtually any format — slides, PDFs, spreadsheets — and automatically route queries to appropriate models. It then takes agentic steps to decompose queries and tasks and perform chains of actions or analyses on behalf of users.

Business Model

Hebbia is a subscription SaaS company that sells AI-powered document analysis software primarily to financial institutions, law firms, and government agencies.

The company prices on a per-seat, per-year basis, with sticker prices around $15,000 per seat annually, though some firms have negotiated rates as low as $3,000 per seat.

This pricing puts Hebbia in the premium enterprise software category, comparable to Bloomberg Terminal subscriptions.

The company's go-to-market strategy focuses on landing high-value enterprise accounts, particularly in financial services where it claims to work with 33% of the top global asset managers by AUM.

Hebbia has found particular traction in private equity due diligence use cases, where analysts need to rapidly synthesize information from thousands of documents in virtual data rooms. The company reports having achieved 90% market penetration among top PE firms, suggesting strong product-market fit in this vertical.

Hebbia's recent growth appears driven by both new customer acquisition and expanding usage within existing accounts. However, some of this revenue may represent pilot contracts rather than committed long-term usage, as many financial institutions are still in early stages of AI tool adoption.

Competition

The race to build the copilot for work
Enterprise search competitive landscape
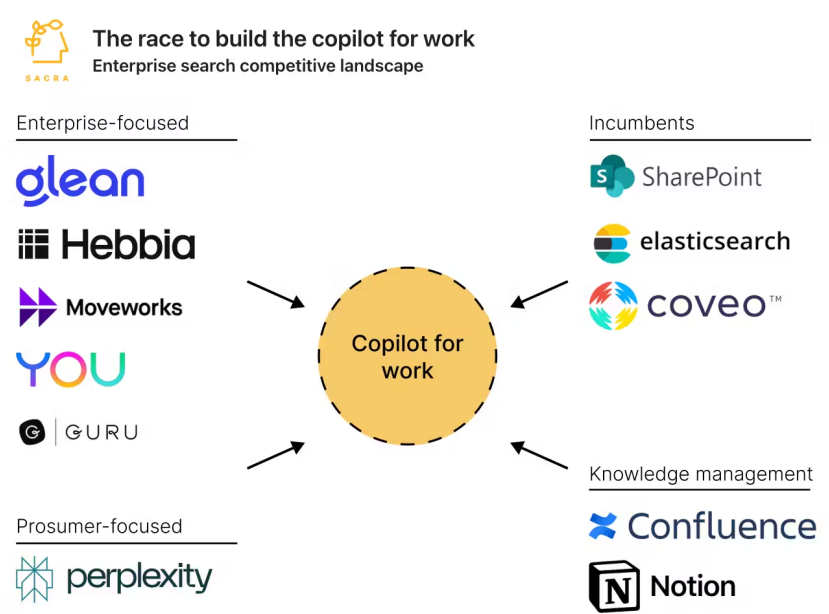
Hebbia operates in a market that includes enterprise search platforms, AI-powered document analysis tools, and knowledge management systems, with competition coming from both established enterprise software providers and newer AI-focused startups.

Traditional enterprise search providers like Microsoft SharePoint Search, Elastic Enterprise Search, and Coveo offer robust security controls and integration capabilities but generally lack sophisticated AI features.

Glean, valued at $4.6B, has emerged as a direct competitor with its AI-powered enterprise search platform that connects to various enterprise applications. Glean has achieved stronger market penetration, reaching $75M ARR in early 2024 compared to Hebbia's $13.7M, and focuses on broader enterprise adoption across industries rather than Hebbia's initial focus on financial services.

Both companies emphasize security and permissions management, though Glean has built deeper integrations with enterprise systems.

AI-Enabled Document Analysis

Large cloud providers are increasingly offering enterprise-ready AI services that compete with aspects of Hebbia's offering.

Microsoft's Azure ChatGPT playground provides a secure environment for document analysis within the widely-adopted Azure ecosystem.

Databricks offers Lakehouse IQ for enterprise knowledge management, while Dataiku's Answers product helps companies build customized LLM and RAG-powered retrieval engines. These solutions benefit from existing enterprise relationships and integration with core systems, though they typically lack Hebbia's specialized features for financial analysis and document comparison.

Emerging AI Infrastructure

A new category of companies is emerging to provide the underlying infrastructure for AI-powered enterprise applications.

Companies like Anthropic and OpenAI offer large language models with expanding context windows that could potentially reduce the need for specialized information retrieval systems.

Meanwhile, vector database providers like Pinecone and Chroma enable companies to build their own RAG-based search solutions. Hebbia has positioned itself against this approach, claiming RAG fails to answer real-world questions effectively and promoting its alternative search capability that uses parallel processing and mimics human problem-solving.

TAM Expansion

Hebbia has tailwinds from the rapid proliferation of enterprise SaaS applications and growing demand for AI-powered workplace tools, with opportunities to expand into adjacent markets like enterprise knowledge management, workflow automation, and intelligent workplace assistants.

Enterprise Search and Knowledge Management

The core enterprise search market that Hebbia currently serves represents just a fraction of their total opportunity.

As organizations increasingly struggle with fragmented knowledge across hundreds of SaaS applications, Hebbia's ability to unify and make this information accessible positions them to expand into broader knowledge management.

Their deep integrations with enterprise systems and sophisticated permissions management create strong barriers to entry, while their AI capabilities enable them to move beyond simple search into areas like automated documentation, knowledge base creation, and institutional memory preservation.

AI-Powered Workplace Assistant

Hebbia's evolution from search tool to AI-powered workplace assistant represents their largest growth vector. Their unique position - having access to and understanding of enterprise data across systems - enables them to build increasingly sophisticated AI assistants that can handle complex workplace tasks.

Beyond just finding information, Hebbia could expand into meeting summarization, email management, project tracking, and automated workflow creation. This positions them to capture share in the emerging enterprise AI assistant market, estimated to reach $40B+ by 2027.

What makes Hebbia's expansion potential particularly compelling is their data advantage. Every search query and interaction helps train their models to better understand organizational context and user intent.

This creates a flywheel effect - as more companies adopt Hebbia, their AI becomes smarter, making their product more valuable and harder to replicate. Their expansion strategy appears focused on leveraging this advantage to build an end-to-end platform for enterprise knowledge work, rather than just point solutions for specific use cases.

Risks

Three critical risks facing Hebbia:

1. Pilot Revenue Vulnerability: The company's rapid revenue growth (15x over 18 months) appears heavily driven by financial institutions piloting AI tools. With limited organizational maturity around AI procurement, much of Hebbia's current $13.7M ARR likely represents pilot contracts rather than committed long-term usage.

As enterprises move past initial AI experimentation and demand clearer ROI metrics, Hebbia could face challenges converting pilots to sustained enterprise deployments, potentially leading to significant revenue volatility.

2. Commoditization of Core Technology: Hebbia's early differentiation came from enabling non-technical users to analyze large document sets.

However, rapid advances in LLM context windows (like GPT-4's expanded capacity) and enterprise-ready offerings from cloud providers (Azure's ChatGPT playground, Databricks Lakehouse IQ) are eroding this advantage. The company's high pricing (comparable to Bloomberg Terminal subscriptions) may become harder to justify as basic document analysis capabilities become commoditized.

3. Product-Market Misalignment: While Hebbia claims 90% market penetration among top PE firms, user feedback suggests their product may be overshooting market needs. Forum posts indicate the software can be buggy and doesn't add significant value beyond baseline GPT-4 capabilities.

This disconnect between Hebbia's sophisticated feature set and actual user requirements could limit expansion beyond initial pilot deployments, especially given the premium pricing.

Funding Rounds

Series B

Share Name	Issue Price	Issued At
Series B	$32.1513	Apr 2024

Series A

Share Name	Issue Price	Issued At
Series A	$7.05	Sep 2022
Series A-2	$2.11	Sep 2022
Series A-1	$0.576	Sep 2022

Figures sourced from the latest Certificate of Incorporation we have available.

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