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MuleSoft Raises \$50M At \$800M Valuation To Dominate The \$500B Software Integration Market

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What's more fun than fighting in the trenches of the enterprise software battle between heavyweights like Salesforce.com, Oracle and SAP? Making money by helping their customers keep their heads straight as they choose from the menu of software systems, applications and APIs available, taking a piece of the \$500 billion spent annually on integration.

That's the thinking that led MuleSoft to get its name–for easing the difficulty of such IT "donkey work"–and it's also an approach that has earned the startup a large new funding round, as the San Francisco systems integrator has raised a new \$50 million round led by three name-brand venture firms, New Enterprise Associates, Lightspeed Venture Partners, and new investor Meritech Capital Partners.

The new raise, which also includes Hummer Winblad Venture Partners, Morgenthaler Ventures and Bay Partners, gives the startup a significant amount of cash to play with—it's still got much of the \$37 million it raised last year left unspent—while the MuleSoft's valuation has now more than doubled to just under \$800 million, CEO Greg Schott tells FORBES.

That puts the company on pace to join the ranks of billion-dollar tech companies in a matter of months, but Schott isn't impressed by his company's success yet. One group who are: enterprise software giants you might expect to want to choke MuleSoft out and make their own clone. And yet those companies are not only supporting what MuleSoft is doing, they're putting their dollars behind it. Salesforce.com and SAP Ventures are repeat backers, now joined by Cisco in the new funding.

MuleSoft is making money often from integrations that involve the sale of software from such companies. So why are they happy to have MuleSoft take a cut?

Schott basically explains a symbiotic relationship in which enterprise software salespeople are more effective the easier it is for their new customers to hit the ground running. That means strategic value for working with a deployment-focused company like MuleSoft, which eliminates the need for an internal IT department to write a bunch of new code to get the new systems to talk to the old. And that means that despite its rapid growth, MuleSoft isn't finding enemies in the market, just more potential partners. The enemy? The old faceless, and not very suspenseful, piecemeal "do it yourself" alternative.

MuleSoft's growing fast, with subscription dollars up 91% from 2012 to 2013, and 60% of its new revenue is coming from outside its traditional IT core, through SaaS and mobile units. "We are partnering much more strongly now with the big SaaS providers," says Schott. "We knew all along

that SaaS integration of end points would be a tremendous challenge for people. We didn't know just how strong that tail-wind would be for us."

Investors see the same, and while MuleSoff's platform has been used in 54 countries, the vast majority of the market remains untouched (the \$500 billion that Schott insists is the total global spend). NEA, which co-led the round, actually pitched it and wanted to lead alone, only to have to make room for the rest to play on the same terms. Not that NEA partner Scott Sandell is really complaining.

"You don't see these things come along every day so it's not surprising the insiders wanted to own more," Sandell says. "MuleSoft has hit the inflection point where you have a repeatable sales model and a clearly defined market opportunity. It's important to capture it, that's the spirit of this, to grow really fast."

So why take on \$50 million if cost of customer acquisition isn't too high and there's plenty left in the bank? The team is "pretty conservative," Sandell says, and more likely to go a bit faster if they can spend without seeing the bottom of their accounts. Schott, meanwhile, points to his sales staff and headcount as major areas to grow, especially internationally. The company has recently opened offices where it could use to staff up more in Sidney, Hong Kong, Singapore, Sao Paolo and Munich.

MuleSoft's growth and valuation, should it prove as healthy as Sandell argues, smacks of an eventual IPO, something to have on the radar for 2015. But at the company, Schott isn't much more impressed by the implications of going public than he is at the prospect of soon becoming a billion-dollar company. Unicorn status with a \$1 billion valuation? "Points on the line," he says. Would an IPO be enough to feel content with where the company's going? "It's still not there," Schott laughs.

So what's the company named after British developer jargon's end-game, if Schott gets his way?

The CEO says the company will have only really succeeded when it's become the name brand for its business like Oracle achieved with databases, SAP did for enterprise resource planning, and Salesforce did for SaaS.

"When that's happened and everybody knows, man. If we get to a point where any deploying company says, 'MuleSoft,' and everybody uses it, that's the big milestone. We think that's the way this should go down."

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