VANTAGE LEGACY CAPITAL / INVESTMENT RESEARCH

Databricks

The enterprise lakehouse investment case

March 2023 information set
$38B last announced financing benchmark

Historical reconstruction • Prepared October 7, 2026
Vantage's first SPV: February 2023 (user-provided). Actual transaction terms unverified.

A strong business thesis still requires price discipline

Proceed to confirmatory diligence; negotiate the entry price.

Why investigate

A shared data foundation can support analytics, engineering and machine learning across enterprise workloads.

Why be selective

The 2021 financing mark is a dated preferred-equity benchmark, not proof of an attractive secondary entry.

Base case at a $38B-equivalent entry

1.52x gross / 1.39x net / 6.8% net annualized return

Sources: S1–S6; M1 illustrative model. Company-reported metrics; no actual SPV returns asserted.

Established scale, with important financial gaps

$38B

Post-money equity benchmark

Series H • August 2021

>$1B

Annual revenue run-rate

Reported • August 2022

9,000+

Organizations

Company report • March 2023

The underwriting gap

Public adoption signals do not establish current revenue, retention, margins, burn or preference-stack economics. Obtain company financials and the actual security documents before committing.

Sources: S1 (Aug 2021); S2 (Aug 2022); S4 (Mar 7, 2023). Metrics have different measurement dates.

More workloads on one governed data foundation

01 Shared data layer

Unify data preparation, analytics and machine learning; reduce duplicate work and handoffs.

02 Governance and pipelines

Unity Catalog and Delta Live Tables add controls and managed workflows around enterprise data.

03 Production machine learning

Model Serving general availability expands the path from model development to real-time applications.

04 Earned customer retention

Open formats can help adoption. Durable retention must come from performance, reliability and value.

Sources: S3–S4. Commercial benefits and switching-cost arguments are analyst hypotheses.

March news expanded the investment thesis

Date / event	What was known	What it did not establish
March 7 Model Serving	Managed real-time ML deployment; company-reported enterprise reach	Paid adoption, inference margin or incremental revenue
March 8 SAP Datasphere	Partnership aimed at connecting business data with the lakehouse	Booked revenue or measured customer conversion
March 24 Original Dolly	Early open-model experimentation and enterprise AI optionality	Mature generative-AI revenue or later commercial-use claims

Underwrite the existing data platform; treat emerging AI upside as unproven.

Sources: S4 (Mar 7); S5 (Mar 8); S6 (Mar 24). These events postdate the February SPV.

Competition makes execution and margins decisive

Alternative	Competitive pressure	Databricks proof point
Snowflake	Analytics budgets, consumption optimization and expansion	Win rates; workload economics; customer expansion quality
Cloud platforms	Infrastructure bundling and existing procurement relationships	Performance, governance and cross-cloud customer value
Internal / open stacks	Control, flexibility and perceived lower software cost	Lower operating burden and faster production deployment

Snowflake’s March 2023 outlook called for 40% fiscal 2024 product revenue growth—a useful demand signal, not a Databricks forecast.

Sources: S3; S7 (Mar 1, 2023). Competitive implications are analyst assessments; no trading comps asserted.

At $38B, the upside case does the heavy lifting

Assumption / result	Downside	Base	Upside
Run-rate CAGR / exit multiple	30% / 8x	45% / 12x	60% / 16x
Cumulative dilution	35%	25%	20%
Year-five run-rate	$3.71B	$6.41B	$10.49B
Exit equity value	$29.70B	$76.92B	$167.77B
Gross MOIC / annualized return	0.51x / –12.7%	1.52x / 8.7%	3.53x / 28.7%
Net MOIC / annualized return	0.50x / –13.0%	1.39x / 6.8%	2.97x / 24.3%

Assumptions: $1B starting annualized run-rate; $100k invested plus 2% upfront fee; 20% carry on profit above invested principal. No annual expenses or taxes modeled.

Source: M1 companion model. Secondary purchase; zero terminal net cash. Figures rounded; scenarios are not forecasts.

The biggest risks have specific diligence tests

Risk	Evidence needed before commitment
Entry price and share class	Per-share price, fully diluted cap table, preferences and transfer approvals
Growth and consumption	Monthly revenue bridge, cohort expansion, retention and concentration
Margins and future financing	Workload gross margins, cloud commitments, burn, cash and funding plan
Competition and AI execution	Customer calls, win/loss data, production AI spend and licensing controls
Liquidity and LP economics	Transfer rights, hold-period sensitivity, fees, carry and exit waterfall

Source: Analyst diligence framework. No diligence findings or contractual protections are assumed.

Approve diligence; condition investment on verified inputs

Business case

Enterprise data workloads and adoption justify deeper review. Verify retention, workload margins and current financial performance.

Price case

The default base case falls below a 20% net hurdle. Its conditional entry ceiling is $19.74B versus the $38B benchmark.

Starting run-rate sensitivity changes the conclusion

At $1.5B / $2.0B hypothetical starting run-rate, the same hurdle implies $29.61B / $39.48B entry ceilings. Neither is a March revenue claim.

Next: obtain current financials, confirm security rights, and replace assumed SPV terms.

Source: M1. Conditional price ceilings are scenario outputs—not fair-value opinions or executable quotes.

Sources, scope and historical controls

S1 Databricks • Aug 31, 2021 — Series H financing announcement

S2 TechCrunch • Aug 5, 2022 — Contemporary revenue run-rate reporting

S3 Databricks • Dec 16, 2022 — Lakehouse product and governance review

S4 Databricks / PR Newswire • Mar 7, 2023 — Model Serving release and enterprise footprint

S5 SAP • Mar 8, 2023 — Datasphere launch and partnerships

S6 Databricks • Mar 24, 2023 — Original Dolly announcement

S7 Snowflake • Mar 1, 2023 — Fiscal 2023 results and fiscal 2024 guidance

M1: Companion returns model; illustrative assumptions, no actual Vantage performance.
U1: User-provided first-SPV date: February 2023; March news is a subsequent update.
Cutoff: March 31, 2023. Excludes later revenue releases, acquisitions, financings and the April Dolly update.

Full clickable URLs in the companion memo and source URLs in presentation notes. Prepared October 7, 2026.