New $70 Million Investment in Aras

CIMdata Highlight

Earlier today, November 29, 2018, Aras announced they received a $70 million strategic investment led by Goldman Sachs Private Capital Investing (PCI) group, with participation from Silver Lake Kraftwerk, a fund of Silver Lake Management, L.L.C. (Silver Lake), and GE Ventures. As part of the transaction, Goldman Sachs will take a seat on the Aras Board of Directors. As with last year's $40 million investment led by Silver Lake, Aras states they will use the money to "expand operations, drive global growth, and extend technology leadership."

Another Big Vote of Confidence

The Goldman Sachs PCI group specializes in growth equity. The group invests directly using Goldman Sachs' capital. In contrast, other groups at Goldman Sachs may invest in companies through Goldman Sachs funds or private wealth management for 3rd parties. According to Aras, Goldman Sachs focuses on growth companies with significant barriers to entry, breakthrough technology, and experienced management teams. Silver Lake's inclusion in this D-round shows their continued confidence, especially considering the insight they gained with the board seat they acquired with last year's investment. CIMdata believes that Goldman Sachs was spot-on in their assessment of Aras. Developing a new PLM solution from scratch is hard, even given the native capabilities of modern platforms and advances in software development technology and strategy. This is shown by the lack of change in the top tier of PLM solution providers as reported in CIMdata's annual global PLM market research. Aras is the only market player to appreciably challenge the big-three providers and offer an alternative enterprise-scale PLM solution in the past decade.

In last year's announcement, CIMdata noted that large investments can be distracting, we were pleased to see that while Aras expanded significantly, doubling their head count to about 450 people, they still executed well, closing deals, while still moving their technology forward.

Plans

Aras plans to continue executing with its unique enterprise open business model. CIMdata has observed that it works well and once understood by customers they appreciate the value it provides. Aras used some of the money from the previous round to acquire Impresa MRO (Maintenance, Repair, and Overhaul) and Comet SPDM (simulation process and data management) to accelerate their platform expansion to support simulation and aftersales operations. CIMdata is looking forward to seeing how customers leverage these new capabilities to better manage their product lifecycles.

About CIMdata

CIMdata, an independent worldwide firm, provides strategic management consulting to maximize an enterprise's ability to design and deliver innovative products and services through the application of Product Lifecycle Management (PLM). CIMdata provides world-class knowledge, expertise, and best-practice methods on PLM. CIMdata also offers research, subscription services, publications, and education through international conferences. To learn more about CIMdata's services, visit our website at http://www.CIMdata.com or contact CIMdata at: 3909 Research Park Drive, Ann Arbor, MI

48108, USA. Tel: +1 734.668.9922. Fax: +1 734.668.1957; or at Oogststraat 20, 6004 CV Weert, The Netherlands. Tel: +31 (0) 495.533.666.