Valuation Research

By: The Allocc Team

Allocc's Profile and Ambitions

Allocc is a deep-tech startup developing an **AI-centric Execution Orchestration Platform** for massive projects in heavy industries (Oil & Gas, Infrastructure, Defense, Nuclear, Renewables, Manufacturing). It plans to **charge via value-based pricing**, i.e. fees tied to the value unlocked by accelerating project delivery (not a traditional per-seat SaaS model). The founding team has decades of industry experience, and the **total addressable market (TAM)** is enormous (estimated at $445–$530 billion per year). The company's goal is to reach **$1 billion in annual revenue within 5 years**, underscoring a bold growth vision. However, Allocc is at a very early stage – **no MVP/prototype, no customer contracts or revenue yet**, only a detailed concept and a strong team. Given these factors, the company is seeking a **first funding round of $15 M** (for ~2 years of runway) at a **$120 M pre-money valuation**. This valuation may seem high for a pre-product startup, but similar deep-tech and AI enterprise companies have achieved comparable early valuations. Below, we present **benchmarks and rationale** to defend a ~$120 M valuation, supported by examples of Palantir-style startups, defense/industry tech platforms, and AI ventures with large TAMs and credible founders.

Benchmarks from Similar Deep-Tech Startups

Several analogous companies have secured high valuations in early funding rounds, despite minimal initial revenues. These examples illustrate that investors will back an exceptional team and massive opportunity even at the pre-product stage:

- **Anduril Industries (Defense Tech)** – Founded 2017 by Palmer Luckey (Oculus VR founder) to build AI-driven military systems. In its seed round, Anduril raised ~$17.6 M at a valuation of about **$88 M** . This was pre-product, reflecting confidence in the team and vision. Within two years, Anduril's valuation soared: a $41 M Series A in 2018, then a $122 M Series B in 2019 at **$1.04 B** (unicorn status) . By 2021 Anduril was valued ~$4.6 B and it continues to raise massive rounds (e.g. $1.5 B in 2022 at $8.5 B, and another $1.5 B in 2024 at $14 B) . Anduril's trajectory shows that a **strong founding team + defense/industrial focus + large TAM** can justify a high early valuation. Allocc is analogous in targeting mission-critical, high-value projects (like Palantir or Anduril do) – so a sub-$120 M valuation at seed is actually modest in comparison to Anduril's ~$88 M seed post-money in 2017 (especially considering today's market and AI hype).

- **Palantir Technologies (Data/AI for Govt & Industry)** – Palantir is the archetype of a deep-tech, value-based enterprise platform in heavy sectors. It took years to gain traction after its mid-2000s founding, but investors consistently bet on its long-term potential. By 2015 (over a decade in, with relatively few clients but very large contracts), Palantir was valued at **$20 B** . Notably, Palantir had only **125 customers after 17 years** of operation, yet its deal sizes were huge: **average revenue per customer was ~$5.6 M** in 2019 , and its **top 20 customers averaged ~$24.8 M each** in annual revenue to Palantir . This extreme value-per-client, enabled by solving costly problems for governments and global firms, drove Palantir's hefty valuation long before it had "SaaS-like" scale. Allocc likewise aims to deliver **massive value (time and cost savings) on mega-projects**, suggesting it could command large contract values. Palantir's **TAM was estimated around $119 B** in its

S-1, yet investors valued it in the tens of billions on the expectation it would capture a fraction of that. Allocc's TAM (>$445 B) is even larger, implying if it executes well, a multi-billion valuation is possible down the line – making ~$120 M at the start a reasonable entry point for investors.

- **Rebellion Defense (AI for Defense)** – A venture-backed defense AI startup founded in 2019 by former U.S. DoD officials and tech leaders. By 2021 (a couple of years in, likely still early in product deployment), Rebellion raised **$150 M at a $1 B pre-money valuation** (Series B) . This reflected investor belief in the team's credibility and the mission (applying AI to defense systems), despite limited revenue at that stage. The CEO noted a "new mindset" among VCs willing to back defense tech, as software becomes as crucial as hardware in modern defense . Allocc targets heavy industries including defense; it can ride the same trend of investors valuing companies as strategic **"must-win" platforms**. While Allocc's ask ($120 M pre) is far below unicorn level, Rebellion's case shows that **hitting $1 B+ valuation by Series A/B** is achievable in this space if early promise is strong.

- **Helsing (Defense AI Platform)** – A European "AI for defense" platform (backed by Spotify's founder) that launched in 2021. Its **Series A was ~€102.5 M** (largely from Daniel Ek's fund) and it quickly became a unicorn: by 2023, Helsing raised a **$223 M Series B at a ~€1.7 B post-money** (about $1.8 B) . In 2024, it raised **$489 M more at a $5.4 B valuation** . These huge financings happened despite the company being only a couple of years old, again underscoring investor appetite for **AI platforms in defense/critical infrastructure**. Notably, Helsing's **pre-money valuation for the Series B was ~€1.5 B** , and the case was cited as possibly the largest European AI startup funding at the time.

Allocc’s positioning (AI orchestration for large industrial projects) is comparable in ambition – it sits at the nexus of AI and heavy industry, which is increasingly seen as a high-upside investment domain.

- **Mistral AI (Large-Scale AI Model Startup)** – Although in a different domain (generative AI), Mistral is a relevant benchmark for **pre-product, big-vision** startups. Founded by ex-Meta and Google researchers in 2023, Mistral raised an astounding **$113 M seed round at a $260 M valuation** (pre-money) – all with *no* product at launch . This is a clear example that an exceptional team tackling a **huge TAM** (in Mistral’s case, AI models for enterprise) can secure a valuation in the hundreds of millions right out of the gate. Allocc’s $120 M target is *less than half* of Mistral’s valuation, suggesting it’s not unprecedented even for a first round. The key parallel is **founder credibility** (Mistral’s founders had deep AI pedigree; Allocc’s founders have deep industry domain expertise) and a narrative that the startup could become a *category-defining platform* in a multibillion market.

- **Inflection AI & Anthropic (AI Labs with Star Founders)** – These companies show that **investors will fund vision and team aggressively** in the AI arena. Inflection AI, founded in early 2022 by DeepMind co-founder Mustafa Suleyman and LinkedIn’s Reid Hoffman, raised **$225 M in its seed round**, which **“vaulted the firm past the $1 B unicorn threshold.”** In other words, Inflection was already valued over $1 B with just an idea and a team at inception. Similarly, Anthropic (AI safety research startup by ex-OpenAI leaders) raised **$124 M in Series A (2021)** at an estimated **$500 M post-money valuation** . These are extreme cases in the AI field, but they reinforce a point: **pre-revenue tech startups with the right team and massive market potential can**

justify nine or ten-figure valuations early on. Allocc is not aiming for a unicorn valuation immediately, but it shares the pattern of a strong founding team targeting a giant, under-served market. A ~$120 M valuation is quite moderate when viewed against the backdrop of AI startups that investors have anointed as unicorns almost from day one.

- **Industrial AI and Enterprise Platforms** – There are other instances of enterprise tech startups (even those serving heavy industry) achieving high valuations quickly. **Uptake** – an industrial analytics startup in Chicago – reached a **$2.3 B valuation by 2017** after just a couple of years, following a $117 M funding round . This came on the back of the founder's credibility (Brad Keywell) and the promise of applying AI/IoT data to improve old-line industries. **C3.ai (formerly C3 IoT)**, founded by software veteran Tom Siebel, was valued around **$1.4 B by 2017** (Series E) even as it was still scaling revenue in the energy/industrial AI market. These cases show that **"digital transformation" platforms for energy, manufacturing, and infrastructure** can be valued like high-growth tech companies, not like traditional industrial firms. Allocc's focus on execution orchestration in heavy projects fits into this theme of bringing cutting-edge AI to industries that desperately need efficiency gains. Investors often benchmark against companies like Palantir, C3, or Uptake when valuing such startups – those benchmarks support a high valuation multiple on future potential rather than current income.

Trends in Investor Expectations for Deep Tech

The above examples highlight a broader shift in investor mindset over the past 5–10 years, which favors Allocc's case:

- **Willingness to Bet on Vision and Team**: Venture capitalists have grown more comfortable backing **pre-revenue deep-tech companies** at high valuations if the upside is enormous. This is especially true when the founding team has proven expertise or unique insight into the problem. The *scarcity* of truly world-class teams tackling trillion-dollar problems means that when one appears, investors compete and drive up valuations. In Allocc's scenario, the founders' decades of heavy-industry experience serve as a strong credibility signal. This is analogous to how **Founders Fund and others jumped to back Anduril's team** early (Palmer Luckey's reputation) at a generous valuation , or how a roster of top VCs wrote big checks to Inflection AI purely on Suleyman's and Hoffman's track record . Investors today often say they are **"team first"** in valuing early-stage startups – a great team in a huge market can command a valuation that front-loads a lot of future optimism.

- **Massive TAM and "Winner-Take-Most" Markets**: When the target market is gigantic and relatively untapped by modern tech, investors apply a "size of opportunity" premium. Heavy infrastructure and energy projects represent **hundreds of billions in inefficiencies to be unlocked** by better execution. If Allocc's platform can even capture a small slice of that, the revenue could be extraordinary (e.g. a few percent of a $500 B TAM is tens of billions). Thus, investors value the *option* that Allocc becomes the dominant platform orchestrating projects across many industries. We see this logic in Palantir's valuation history – even with modest market share, Palantir reached a $20 B valuation because it was seen as the frontrunner for a very large problem space . Similarly, defense tech investors believe winners like Anduril or Helsing can eventually be worth tens of billions given defense budgets and needs. **High TAM can justify high early valuations** because the growth runway is so long. Allocc can point out that its TAM (>$450 B/year) is several times larger than, say, Palantir's or C3's stated TAM, implying huge headroom if its solution takes hold.

- **Value-Based Pricing = High Revenue Potential per Customer**: Unlike a typical SaaS product with small monthly fees, Allocc's value-based pricing means each customer contract could be extremely large (proportional to project value created). This resembles Palantir's and C3.ai's enterprise deals, which often run into **millions per year per deployment**. Palantir's top clients paid ~$20–50 M annually , and even its average customer was ~$6 M/year . If Allocc can accelerate, for example, a $5 B oil & gas project by 10% (saving $500 M of value), charging even a 5–10% cut of that value would yield fees of $25–50 M from **one project**. Thus, the *revenue scaling per customer* for Allocc could be dramatic. Venture investors factor this in – they're more likely to grant a high valuation to a company that has a plausible path to, say, $100 M in revenue with only a handful of flagship customers (as was the case with Palantir, Palantir had ~$100 M revenue with just 20 clients early on). In essence, Allocc is **not a volume play but a high-ticket, high-impact play**. That tends to come with higher valuation multiples because if the product works, the monetization is very robust. It's reasonable to argue that **traditional SaaS valuation medians (e.g. $10–$30 M pre-money at seed)** don't apply to Allocc – instead, its comparables are companies making transformative enterprise sales, where valuations of $100 M+ at pre-product stage have precedent.

- **Investor FOMO in AI and Critical Industries**: Over the last two years, there's been a surge of investor interest (and capital) in **AI startups and defense/industrial tech** startups. Even as broader markets cooled in 2022–2023, certain segments heated up:
    - **Defense Tech Renaissance**: Venture funding for defense and dual-use technology startups reached new highs. In 2024, defense tech companies raised ~$3 B (up ~11% from 2023) . High-profile rounds included Anduril's and Helsing's mega-rounds, but even earlier-stage companies began getting larger checks. VCs that once shied away from defense (due to long sales cycles or ethical concerns) have changed stance. As Axios noted, defense is "becoming more about code than combat," and a **"new generation" of VCs is eager to keep the West ahead with tech** . For example, after Anduril's success, many investors realized they missed Palantir's rise and **didn't want to miss the next Palantir**. This FOMO led to deals like Rebellion's unicorn round and others. Indeed, venture insiders observed that since 2022, investors **"have become far more intelligent about defense…and which problems are worth attacking,"** resulting in more efficient deployment of capital into this sector . Allocc, with its applicability to defense and critical infrastructure, can tap into this narrative. By citing how quickly defense tech startups like **Saronic** (autonomous naval vessels) hit a **$1 B valuation at Series B** , or how **Chaos Industries** (critical infrastructure tech) raised $145 M in one round , Allocc can show that investors are backing big visions in its arena. The expectation

now is that a few dominant platforms will emerge in the modernization of infrastructure/defense, so early entrants could be huge – a rationale for premium valuation.

- **Generative AI & Enterprise AI Boom**: The 2023 AI frenzy (post-ChatGPT) has spilled over into all AI-related startups. PitchBook data noted over $35 B invested in AI companies in just the first half of 2023 . Investors are exuberant about AI's potential *"from infrastructure inspection to language translation"* – importantly, that quote shows even traditionally "boring" applications like infrastructure are now hot areas for AI investment. The **multiples on AI startups have expanded**; many deals are being priced on the assumption of very rapid growth if the tech achieves its promise. For Allocc, which is fundamentally an AI orchestration engine for real-world infrastructure projects, this means it benefits from both the AI halo and the critical-industry halo. Investors in 2024–2025 expect that applying AI to massive physical industries could unlock value on the scale of what cloud computing did for software, and they are pricing startups accordingly. In short, **the market zeitgeist is favoring companies like Allocc**, making $120 M pre-money less of an outlier than it would have been a few years ago.

- **Funding Patterns: Larger Rounds for Deep Tech**: It's also worth noting that the **size of Allocc's raise ($15 M)** for a first round aligns with what we see in deep-tech startups that need significant R&D capital. Many traditional software startups might raise only $2–5 M in a seed round for an MVP, but deep-tech companies often start with **$10 M+ seed or Series A rounds** to build complex technology over a longer runway.

Examples include Element AI's $102 M Series A in 2017 (an unusually large early round at the time) and more recently, Mistral's $113 M seed. Allocc's ask of $15 M for a two-year runway seems reasonable given the complexity of developing an AI orchestration platform that can integrate with legacy systems and handle large-scale project data. Investors familiar with deep-tech **expect a higher burn rate and upfront investment** – and they compensate by giving a higher pre-money valuation so founders don't dilute too much in the first round. For instance, Anduril's ~$17 M seed at ~$88 M post implied ~20% dilution ; Allocc's plan (raise $15 M at $120 M pre) would dilute the founders by roughly 11–12%, which is even more founder-favorable. That signals to investors that the team is confident in its value. In practice, many high-caliber teams negotiating early financing aim to **retain majority ownership** through Series A, which often means pushing for valuations above $100 M if taking ~$10–20 M in capital. Therefore, Allocc's situation fits a **funding pattern where world-class teams get substantial capital at relatively high premoney valuations** to tackle big problems.

Valuation Range and Justification

Considering the above benchmarks and trends, a defensible valuation range for Allocc at this pre-product stage could be roughly **$100 M to $150 M pre-money**. Aiming at **$120 M pre ($135 M post-money with the $15 M raise)** sits in the middle of that range and is well-supported by comparables:

- **Not an Outlier**: A $120 M valuation is in line with early-stage peers in the deep-tech/AI domain. It is higher than a typical seed, but **lower than many marquee examples**. For instance, it's more conservative than Inflection AI's >$1 B, Mistral's $260 M, or Anduril's $1 B+ by Series B. It's closer to Anduril's seed ($88 M post) or Element AI's early valuation (reportedly a few hundred million). Given that Allocc's team has decades of domain experience (a strong intangible asset) and a clear plan to pursue a *multi-billion-dollar opportunity*, a nine-figure valuation can be defended to investors as **"fair, not crazy"** when stacked against what the market has recently paid for similar setups.

- **Upside Potential**: At $120 M pre, investors coming in now at $135 M post-money would be buying in at a valuation that assumes Allocc can eventually generate substantial revenue – but the upside is still extremely attractive. If Allocc achieves its goal of $1 B revenue in 5 years, even a modest tech multiple (say 5× revenue) would make it a $5 B company. More aggressive scenarios (10× revenue or strategic importance driving higher multiples) could put it well above $10 B. In either case, early investors at ~$135 M post would see **~37× to ~74× returns** if those outcomes materialize. This is consistent with venture investors' desired return profile on high-risk, high-reward deals. By comparison, an investor who backed Palantir early on (when it was valued in the low hundreds of millions) ultimately saw it grow to

~$40 B+ as a public company – **the risk was rewarded**. The same logic can be applied here: **a $120 M valuation now is a bargain if Allocc becomes the "Palantir of project execution"** in heavy industries. Therefore, framing the valuation in terms of future potential (with credible milestones) makes $120 M seem like a sensible entry point rather than an inflated number.

- **Comparable Valuations**: We can explicitly cite that **similar companies at Allocc's stage have been valued in the 9-figure range**:
    - *"Anduril's seed round in 2017 valued the company at $88 million"* – and that was four **years** before it had any $1B revenue contracts (Anduril only recently hit ~$1B revenue in 2024). Allocc is asking for a valuation only ~1.4× that, which feels proportionate given time and market evolution.
    - *"Defense AI startup Helsing… previously raised €102.5M… pulled in another $223M in Series B… The pre-money valuation for Helsing was said to be €1.5 billion"* – a reminder that **within 2 years a strong deep-tech startup can justify a billion+ valuation**. Allocc is at the very beginning, so $120M is a step on that path, not the end.
    - *"France's Mistral AI raised a $113 million seed round at a $260 million valuation"* – evidence that top-tier investors have paid quarter-billion valuations for AI startups **with no product**, on the strength of talent and TAM. If questioned on the $120M figure, Allocc can point out it is asking **less than half** the valuation of Mistral's seed, yet is addressing a comparably large industrial AI

opportunity with an experienced team.

  - *“Rebellion Defense… raised $150 million at a $1 billion pre-money valuation”* (Series B) – showing that by the time Allocc reaches a similar stage (maybe after some pilots or MVP), a unicorn valuation is plausible. Thus, $120M pre-money now leaves room for new investors to roughly **8× their valuation by Series B** if Allocc executes well (not unreasonable given Rebellion’s trajectory). This sort of **step-up potential** makes the $120M pre-money attractive: it’s high enough to respect the company’s promise, but low enough that there’s plenty of headroom for growth in valuation through subsequent rounds.

- **Narrative and Credibility**: Ultimately, valuation in a first round is a storytelling exercise combined with market comps. Allocc can justify $120 M by crafting a narrative that **“we are building the Palantir for $500B worth of global infrastructure projects”**. Palantir itself is valued at ~$30–40 B today; if Allocc captures even a fraction of its target market, a similar or greater value is attainable. Moreover, the **founders’ reputations** significantly de-risk the execution in investors’ eyes – decades of industry experience mean they *understand the customer pain deeply and have the network to land initial projects*. This parallels how Founders Fund approached Anduril or how investors viewed Tom Siebel’s C3.ai: a bet on **proven operators** who can navigate selling to hard industries. Therefore, investors should expect to pay a premium for Allocc versus a generic early-stage startup, because Allocc comes with a unique combination of *huge market, seasoned team, and an innovative AI-driven approach*. A helpful framing: *“If a 21-year-old founder with a coding bootcamp certificate can raise $5M at $25M* *valuation for a social app, then a team of industry veterans with a plan to transform trillion-dollar industries certainly merits a valuation on the order of $100M+.*" This kind of reasoning resonates with many venture firms that focus on **deep tech** – they know the ceiling is higher, so the floor valuation will also be higher.

Conclusion: Why $120 M Pre-Money is Achievable

In summary, Allocc's target pre-money valuation of ~$120 million is **defensible and in line with market benchmarks** for companies of its caliber. Similar **Palantir-style and deep-tech startups have raised early rounds at comparable or higher valuations**, supported by their visionary goals and strong founders. The current investor climate – especially in AI, defense, and industrial technology – is receptive to big ideas and willing to **"pay up" for the chance to back the next category leader**.

By highlighting examples like Anduril's $88 M seed , Mistral's $260 M seed , and Rebellion's $1 B valuation , Allocc can show that its ask is grounded in precedent. Furthermore, emphasizing the **value Allocc can unlock** (e.g. potentially saving billions for customers, akin to how Palantir delivered outsized value per client) will reinforce that the pricing is based on real economic impact, not vanity. Investors ultimately want to see a **credible path to a billion-dollar company**, and Allocc's profile – huge TAM, bold revenue goal, expert team, and a unique AI-driven solution in a stagnant sector – provides that path.

Therefore, aiming at $120 M pre-money is justified. It gives new investors a fair entry for the risk (with the prospect of 10x+ returns if Allocc succeeds), while validating the startup's significance. By backing this valuation with **comparables, trend data, and a compelling vision of Allocc's future scale**, the founders can confidently defend it in negotiations. **The goal is to position Allocc not as a typical early-stage startup, but as a potential "soonicorn" in an area VCs now recognize as ripe for disruption – making $120 M a sensible starting valuation for the journey ahead.**

Resources

- https://forgeglobal.com/insights/blog/anduril-upcoming-ipo-news
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