SECONDARY MARKET OPPORTUNITY

Databricks

A look at the data intelligence platform behind the modern AI stack, and what it means to gain indirect exposure to its shares on the secondary market today.

$277.04
Price per share, before fees

$205.9B
Implied valuation at deal price

$7.0B
Annualized revenue, July 2026

Secondary
Preferred, Series C class

8%
Management fee, one-time only

THE OPPORTUNITY

Key terms

This is a secondary transaction: the underlying Databricks shares already exist, they are not being newly issued by the company. You invest into a special purpose vehicle, which sits above one or more additional SPV layers that ultimately hold Databricks preferred stock, giving you indirect exposure to those shares rather than a position you hold directly. Here is what you would actually be paying for.

DEAL STRUCTURE

Company	**Databricks, Inc.**
Transaction type	**Secondary**
Share type	**Preferred**
Share class	**Series C Preferred**
Ownership structure	**Layered SPV**
Price without fees	**$277.04**

FEES AND VALUATION

Management fee (one-time)	**8%**
All-in price per share	**$320.17**
Ongoing management fee	**0%**
Carried interest	**0%**
Implied company valuation	**$205.9B**
Last primary round valuation	**$190.0B**
Implied premium to last round	**~8%**

WHAT DATABRICKS DOES

Databricks sells the software that large companies use to store, process, govern and build AI on top of their data, all from one platform rather than a patchwork of separate tools. It was one of the earliest companies to popularize the "lakehouse," a design that combines the cheap, flexible storage of a data lake with the reliability and structure of a data warehouse. Today it has extended that foundation into operational databases, AI agent development and, most recently, cybersecurity.

THE BUSINESS

What you would actually own a piece of

Founded in 2013 out of UC Berkeley's AMPLab by seven co-founders, Ali Ghodsi, Ion Stoica, Matei Zaharia, Patrick Wendell, Reynold Xin, Andy Konwinski and Arsalan Tavakoli-Shiraji, who together created Apache Spark, with Zaharia specifically credited as its original author. Databricks is based in San Francisco and led by co-founder and CEO Ali Ghodsi, with Zaharia serving today as the company's CTO. It now employs roughly 16,000 people across 30-plus offices worldwide.

THE CORE PLATFORM

At the foundation is Delta Lake, an open-source storage layer that adds database-grade reliability to data stored cheaply in the cloud, letting companies keep one copy of their data rather than duplicating it across a warehouse and a lake. Unity Catalog sits above it as the governance layer, controlling who can see and use which data and models across the company.

On top of that, Databricks sells managed Spark computing clusters, a notebook-style workspace for data teams, and Databricks SQL, a warehouse-style interface that lets ordinary business analysts query that same data without needing to write code.

WHERE THE GROWTH IS COMING FROM

Three newer product lines are where Databricks is pushing hardest. Lakebase, built on its 2025 acquisition of Neon, extends the platform into operational databases, the systems that actually run live applications rather than just analyzing past data. Databricks says more than 80% of the databases created on Neon's technology are now provisioned by AI agents rather than people.

Mosaic AI, built on the MosaicML acquisition, covers the full lifecycle of building and running AI models. Agent Bricks lets companies build their own AI agents on top of their governed data, backed by a multi-year, minimum $100 million partnership with OpenAI and native access to Google's Gemini models.

Most recently, Lakewatch, launched in March 2026, moves Databricks into cybersecurity as an AI-driven security monitoring product, built from two 2026 acquisitions.

HOW DATABRICKS MAKES MONEY

Databricks charges on consumption rather than seats: customers pay for the compute they actually use, priced in Databricks Units that vary by workload type, with GPU-heavy AI workloads priced at a premium. This means revenue grows automatically as a customer's data and AI usage grows, without a new sales negotiation each time.

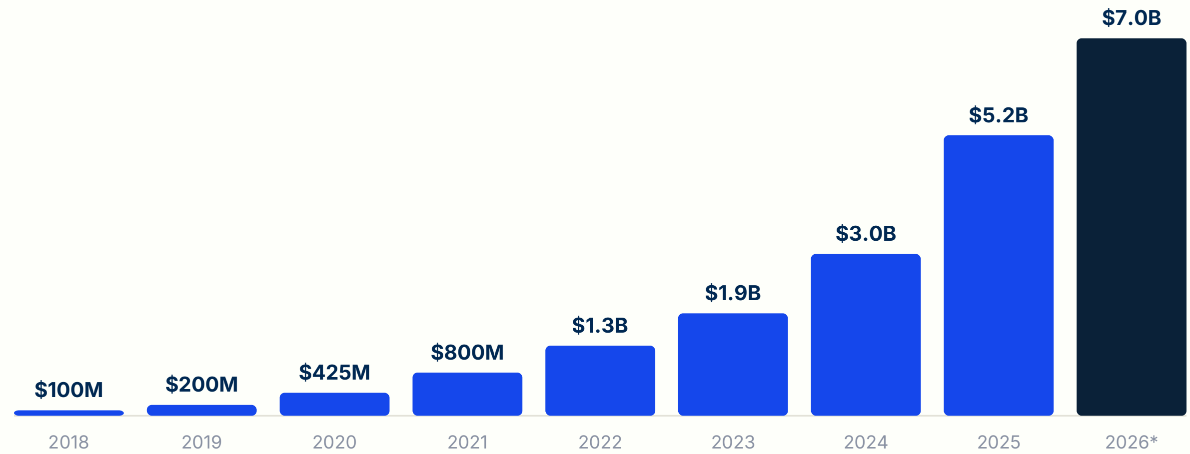
It also means switching away from Databricks gets harder the longer a customer stays, since their pipelines, trained models and governance rules all live inside the platform. Gross margins have historically run 70 to 80%, though rising AI infrastructure costs have put some pressure on that figure recently.

The customer base is broad and increasingly concentrated at the top: more than 20,000 organizations use the platform, including 70% of the Fortune 500. Over 1,000 customers now run more than $1 million a year through it, with more than 100 spending over $10 million.

THE NUMBERS

Revenue, growth and how the valuation got here

■ANNUALIZED REVENUE, 2018 TO 2026



*Annualized run-rate as of July 2026. Source: Sacra estimates.

■GROWTH IS ACCELERATING, NOT SLOWING

Growth actually sped up through 2026: year-over-year growth was roughly 65% in the fourth quarter of 2025 and climbed to more than 80% in the second quarter of 2026, an unusual path for a company already at billions in revenue, where growth typically decelerates as the base gets larger.

Databricks has also kept adjusted free cash flow positive over the trailing twelve months. Net dollar retention, a measure of how much existing customers expand their spend, has stayed above 140%, meaning the existing customer base alone is growing revenue at a healthy clip before any new customers are even added.

■WHERE THE GROWTH IS CONCENTRATED

AI products reached a $1.4B revenue run-rate by the fourth quarter of 2025, about a quarter of total revenue at that point. Data warehousing, Databricks' more direct answer to Snowflake, crossed a $1.5B run-rate by mid-2026, growing over 100% year-over-year.

Lakebase, the newest product line, has already passed a $100M run-rate less than a year after its underlying Neon acquisition closed. All three are growing faster than the company average, which is part of why overall growth has been accelerating rather than fading.

THE NUMBERS, CONTINUED

How the valuation got here

Five capital events in under two years, each at a materially higher price than the last, and each drawing in a deeper bench of institutional investors.

DECEMBER 2024

Valuation reaches $62B.

SEPTEMBER 2025 · SERIES K

$1B raised at a valuation above $100B, up 61% from December 2024, co-led by Andreessen Horowitz, Insight Partners, MGX, Thrive Capital and WCM Investment Management.

DECEMBER 2025 · SERIES L

Over $4B raised at a $134B valuation, led by Insight Partners, Fidelity Management & Research and J.P. Morgan Asset Management, with participation from Andreessen Horowitz, BlackRock, Blackstone, Coatue, GIC, MGX, NEA, Ontario Teachers', T. Rowe Price, Temasek, Thrive Capital and others. By February 2026, total financing tied to this round exceeded $7B, combining roughly $5B of equity with about $2B of additional debt capacity.

JULY 2026 · TERM SHEET

Databricks signs a term sheet for strategic funding at a $188B valuation, led by existing investor Coatue.

AUGUST 2026 · STRATEGIC ROUND CLOSES

The round closes at $5B and a $190B valuation, above the term sheet price, led by Coatue with Blackstone, MGX and accounts advised by T. Rowe Price. New investors Sixth Street Growth, BOND, Clearlake Capital, Point72, Premji Invest and TPG joined alongside returning backers including Andreessen Horowitz, Fidelity, Franklin Templeton, GIC, Goldman Sachs Alternatives, Insight Partners, J.P. Morgan Private Capital, Morgan Stanley Investment Management, NEA, Ontario Teachers', Temasek, Thrive Capital and WCM. This is the round this deal is priced against.

A PATTERN WORTH NOTICING

Across its history, Databricks has raised roughly $25B in primary funding over 16 rounds from more than 100 institutional investors. The recent rounds were led or joined by large, career allocators rather than early-stage venture funds, Fidelity, J.P. Morgan, BlackRock, GIC, Ontario Teachers', Temasek among them. That is the profile of investor that typically shows up once a private company already looks like a durable, growing business, not a speculative early bet.

THE COMPETITION

Who Databricks is actually up against

Databricks doesn't have one competitor, it has a different one depending on which part of its platform you look at.

Snowflake

Its most direct rival, and the closest thing to a public comparison point available. The two started from different ends and are now converging: Snowflake has added machine learning and AI features, Databricks has built out SQL analytics for business users, and both are racing to be the default platform for enterprise AI workloads.

As of late August 2026, Snowflake traded at roughly a $116B market value against about $5.0B in trailing revenue, near a 23 times revenue multiple, well below the roughly 29 times multiple this deal implies for Databricks on its $7B run-rate. That gap is explainable: Databricks is growing revenue at close to 80% year-over-year versus Snowflake's roughly 30%, but it also means this deal is pricing in continued outperformance, not just a snapshot of where the business is today.

The hyperscalers

AWS, Microsoft Azure and Google Cloud each sell their own competing data and AI services, and each has a structural edge Databricks doesn't: they can offer free data movement within their own ecosystem and bundle costs into broader enterprise contracts. The relationship with Microsoft is genuinely two-sided, since Databricks runs on Azure while also competing with Microsoft's own Fabric platform. Google has taken a more cooperative approach, integrating its Gemini models directly into Databricks rather than only competing with it.

Specialized AI platforms

A newer set of companies, including Palantir, focus on narrower, industry-specific AI applications rather than a general-purpose data platform. Databricks' pitch against them is consolidation: one governed platform instead of a collection of point solutions that all need to be separately connected and secured.

Cybersecurity incumbents

With the March 2026 launch of Lakewatch, Databricks now competes with Splunk (owned by Cisco), Microsoft Sentinel and CrowdStrike's Falcon LogScale in security monitoring. These incumbents have deep, established footholds inside enterprise security teams, but Databricks' angle is that customers already routing their security logs through Databricks for analytics can turn on Lakewatch without standing up any new infrastructure, a real cost and switching advantage against having to adopt a separate, standalone security vendor.

WHY SOPHISTICATED INVESTORS KEEP BUYING IN

The case institutional money is making

Every round since 2024 has been led or joined by large, discerning institutional investors, Coatue, Blackstone, T. Rowe Price, MGX, Fidelity and J.P. Morgan Asset Management among them. Here is the growth story they are underwriting.

FOUR NEW MARKETS BEYOND THE ORIGINAL PLATFORM

- **Operational databases.** Through Lakebase and its Neon acquisition, Databricks is pushing into the roughly $100B market for the databases that run live applications, not just the ones that analyze past data, a category it barely touched two years ago.
- **AI agent development.** Agent Bricks, backed by its OpenAI and Google partnerships, positions Databricks to earn a share of enterprise spending on AI agents themselves, not just the data infrastructure underneath them, and its Tecton acquisition adds the real-time data feeds those agents need to act on.
- **Cybersecurity.** Lakewatch gives Databricks a credible, low-cost entry into the security analytics market by reusing data its customers are already sending it, rather than requiring new infrastructure spend.
- **Industry-specific bundles.** A Delta Sharing partnership with LSEG brings ready-made financial datasets directly onto the platform, while partnerships with SAP and Palantir open additional distribution into specific industries.

THE UNDERLYING THESIS

Put simply, the bet being made across four consecutive funding rounds in under two years is that Databricks is no longer just a data infrastructure vendor, it is becoming the default governed layer that enterprise AI runs on top of. Each new product line, operational databases, agents, security, verticals, extends the size of the budget it can capture inside a customer it already has.

Growth accelerating alongside the company turning free cash flow positive is an unusual combination that supports paying up for it, which is consistent with this deal's roughly 8% premium to Databricks' own August 2026 primary round.

WHAT COULD GO WRONG

Risk factors

No growth story is risk-free. These are the factors most likely to matter to how this investment plays out.

BUSINESS RISKS

Dependence on the hyperscalers it competes with

Databricks runs entirely on infrastructure rented from AWS, Microsoft Azure and Google Cloud, the very companies it competes against with its own data and AI services. Any of the three could change pricing, restrict access, or simply prioritize their own competing platforms, and Databricks would have limited ability to respond.

AI capabilities becoming a commodity

Open-source AI models and tools are improving quickly and are often free. If that trend continues, some customers may choose to build their own tooling rather than pay for Databricks' integrated, proprietary platform, which would pressure both pricing and Databricks' ability to differentiate itself from cheaper alternatives.

The platform is genuinely hard to run

Getting real value from Databricks requires real technical expertise. Companies without a mature data engineering team, particularly in the mid-market, may struggle to implement it well, which caps how far adoption can spread beyond the most technically sophisticated organizations.

RISKS SPECIFIC TO BUYING ON THE SECONDARY MARKET

Illiquidity

Databricks is privately held with no public listing. There is no guarantee of when, or whether, an IPO or acquisition occurs, and until one does, there is no established market to sell this position into if you need to exit early.

Limited information relative to a public company

As a secondary buyer, you rely on the same public research, press coverage and disclosed round terms used to build this report, not on audited financials or direct access to company management the way primary institutional investors in these rounds typically have.

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