

## Clear Skye receives acquisition interest as it closes raise, CEO says

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**Clear Skye** has received acquisition interest in the last two months from competitors in the market, but the **ServiceNow**-backed company sees significant growth ahead after its Series A raise, said CEO John Milburn.

The Emeryville, California-based security and compliance company announced a USD 4.95m Series A raise on 5 May. The four-year-old company will use 80% of that raise for go-to market operations as it is looking to grow 10x this year followed by 5x in 2021, said Milburn.

While declining to name specific bidders, Milburn said the USD 3bn identity governance and administration (IGA) market Clear Skye is in has many large players, such as **Oracle** [NYSE:ORCL], **Broadcom's** [NASDAQ:AVGO] **CA Technologies**, **IBM** [NYSE:IBM], **Sailpoint Technologies** [NYSE:SAIL] and El Segundo, California-based **Saviynt**.

With the company focused on growing and not an exit, Clear Skye anticipates raising a potential Series B in 2021, and Milburn may start conversations with investors as early as this summer. While the company has not finalized details of the round, Milburn said something between USD 12m and USD 20m is possible, with proceeds being used mainly for sales and marketing, as well as customer services. The round could include ServiceNow or other strategics, especially as Clear Skye's offering has gained notice and traction in the last three months, said Milburn.

Identity Governance and Administration platforms help IT departments manage policy and permissions on a network, helping govern what employees can access. Clear Skye differentiates itself by moving IGA off-premise and selling it as a SaaS solution, as well as being natively built for the ServiceNow [NYSE:NOW] platform, said Milburn.

The sector has seen some M&A and investment activity in the last year. Sailpoint acquired both **Orkus** and **OverWatchID** in October for a total of approximately USD 37m. This news service reported in March Saviynt could raise USD 50m to USD 60m in 2021 and conduct a larger round afterwards or could raise a large round followed by an IPO in 2021 or 2022, according to an SVP.

Future bidders for Clear Skye could include competitors looking to upgrade their technology, private equity, or even ServiceNow since Clear Skye is native to its platform and its SaaS offering makes the platform "stickier" with customers, said Milburn.

Before any type of exit, however, the company would like to build on its momentum, said Milburn, who has spent 20 years in the sector or adjacent ones with companies such as **Quest Software** and **Dell Software**.

When Milburn joined Clear Skye last fall, the company had single-digit customers but expects to be at 40 by the end of the year.

While the current pandemic does not help sales, Milburn said the problems with identity and administration has plagued companies for so long that the demand thus far has been significant. Nevertheless, the company likely will modify some of its hiring plans for the year as it watches what happens with the economy, he added.

Clear Skye also would like to continue to sign up channel partners, said Milburn. The company has now signed up 15 channel partners, mainly value-added resellers and system integrators specializing in identity, said Milburn. Clear Skye's sales are mainly driven by partners, he added.

The company's Series A was led by **Toba Capital**. Other participants included **Inner Loop Capital** and existing investor **ServiceNow Ventures**. The company has now raised north of USD 5m to date, said Milburn.

Clear Skye has 12 employees.

Morrison & Foerster LLP has served as the company's legal adviser, according to the California Department of Business Oversight.

by Chris Metinko