Venture Capital Investment Framework and Valuation Methodologies: A Comprehensive Analysis of Decision-Making Processes and Financial Modeling Approaches

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Abstract

Valuing early-stage, high-growth companies presents significant challenges where traditional financial methodologies may inadequately capture the risks and opportunities inherent in emerging businesses with limited operating histories and uncertain cash flow patterns. This paper examines comprehensive valuation frameworks through the application of quantitative methods to a detailed case study of Rubrik Inc., a data protection and cyber resilience company transitioning to a subscription-driven revenue model and approaching profitability. The study employs Discounted Cash Flow (DCF) analysis, which utilizes the Weighted Average Cost of Capital (WACC) and Capital Asset Pricing Model (CAPM), alongside Comparable Company Analysis (CCA) to address valuation challenges across different stages of company development. Rubrik's financial progression and competitive positioning relative to comparables such as Veeam and Commvault provide practical context for these valuation approaches. Findings highlight the complementary strengths of the intrinsic DCF model, which offers forward-looking insight for companies nearing cash flow breakeven with strong recurring revenue, and market-based CCA, which delivers relative benchmarks to validate assumptions. While qualitative elements like management quality and market opportunity contribute to a comprehensive investment perspective, the analysis emphasizes that integrating robust financial modeling with strategic evaluation enhances decision-making across various investment contexts including venture capital, strategic acquisitions, and public market analysis. The research offers valuable guidance for investors, corporate finance practitioners, and scholars focused on valuation methodologies for high-growth technology companies in complex markets.

1.Introduction

Valuing early-stage, high-growth companies presents significant challenges in modern finance, where conventional valuation methodologies may not fully capture the inherent risks and unique characteristics of emerging businesses. These companies often operate with limited financial histories, uncertain cash flow patterns, and rapidly evolving business models that complicate traditional approaches to financial analysis. The valuation process requires sophisticated frameworks that can accommodate substantial uncertainty while providing meaningful insights for investment decision-making across various contexts, from venture capital investments to

strategic acquisitions and public market analysis. This complexity necessitates the integration of multiple valuation approaches, combining quantitative financial modeling with qualitative assessment of market opportunities, competitive positioning, and management capabilities.

This paper contributes to ongoing discussions in venture capital research by providing an integrated examination of both qualitative and quantitative investment frameworks. The study draws on insights from an in-depth interview with Dharmesh Thakker, General Partner at Battery Ventures, who highlights the critical importance of founder quality, market size, product validation, and relationship management in investment decision-making. These qualitative perspectives illuminate the strategic considerations that venture capitalists apply when evaluating opportunities, offering a grounded understanding of the human and network-driven dimensions of the venture process.

Complementing this, the research applies rigorous financial valuation methodologies adapted to different stages of company development. The Discounted Cash Flow (DCF) method, incorporating the Weighted Average Cost of Capital (WACC) and the Capital Asset Pricing Model (CAPM), offers an intrinsic valuation framework particularly relevant for companies approaching profitability with robust recurring revenue streams. Simultaneously, Comparable Company Analysis (CCA) forms a market-based benchmark useful for earlier-stage firms that lack extensive financial histories. The paper demonstrates the practical application of these approaches through a detailed case study of Rubrik Inc., a data protection and cyber resilience company. Rubrik's financial progression, including its shift toward a subscription-dominant revenue model and its positioning relative to peers such as Veeam and Commvault, serves to validate and contextualize the valuation methodologies.

The research methodology employs a mixed-methods approach that combines qualitative industry insights with quantitative financial modeling to provide a comprehensive understanding of venture capital investment processes. The qualitative component is anchored by an extensive interview with Dharmesh Thakker, General Partner at Battery Ventures, providing first-hand insights into venture capital decision-making criteria, relationship management practices, and industry perspectives on valuation approaches across different company stages.

The quantitative analysis centers on the comprehensive case study of Rubrik Inc., selected for its representative characteristics as a high-growth technology company transitioning from early-stage losses to approaching profitability. The financial modeling component employs two primary valuation methodologies: first, a Discounted Cash Flow (DCF) analysis incorporating WACC calculation through CAPM framework, utilizing Rubrik's financial statements for fiscal years 2023 and 2024 to project future cash flows and determine intrinsic value; second, a Comparable Company Analysis examining Rubrik's valuation relative to industry peers Veeam and Commvault, selected based on business model similarity, market positioning, and revenue characteristics.

The peer selection process follows systematic criteria including industry classification in data protection and cyber resilience, comparable business models emphasizing subscription revenue, similar target enterprise customer segments, and analogous hybrid cloud infrastructure focus. Financial data sources include SEC filings, company investor relations materials, and industry research reports to ensure data accuracy and comparability.

The integrated analytical framework triangulates findings from both valuation approaches while acknowledging their respective strengths and limitations. The DCF model provides forward-looking intrinsic value assessment particularly suitable for companies with improving cash flow visibility, while the CCA offers market-based validation and relative positioning context. This methodological approach enables comprehensive evaluation of how qualitative venture capital insights align with quantitative valuation outcomes, providing practical guidance for investment decision-making in technology-focused venture capital contexts.

The paper's methodology combines qualitative insights from industry experts, detailed financial modeling, and empirical case analysis to bridge the gap between strategic investment considerations and technical valuation. Findings indicate that the integration of qualitative judgment and quantitative modeling is essential for navigating the inherent uncertainties of venture capital investing. In particular, the DCF approach provides more granular and forward-looking valuation insights for companies like Rubrik, which are nearing cash flow breakeven while expanding subscription revenue. Comparable company analysis complements this by offering relative market context and validation of underlying assumptions.

The quantitative analysis reveals significant insights into Rubrik's financial trajectory and valuation positioning. Rubrik demonstrated total revenue growth from $599.8 million in fiscal 2023 to $627.9 million in fiscal 2024, representing 4.7% year-over-year growth, while subscription revenue accelerated from $385.3 million to $537.9 million, showing 40% growth and increasing its composition from 64.2% to 85.7% of total revenue. This subscription transition drove gross margin improvement from 69.7% to 76.9%, demonstrating the scalability benefits of the software platform. Critically, operating cash flow improved from negative $15.3 million in 2023 to negative $4.5 million in 2024, indicating approaching cash flow breakeven.

The DCF valuation framework, anchored by a calculated WACC of approximately 10.4%, incorporates Rubrik's primarily equity-financed capital structure with minimal debt impact. The CAPM-derived cost of equity reflects growth-stage risk characteristics, while the conservative 15% tax rate acknowledges current losses but anticipates future tax benefits. Terminal value calculations become particularly important for Rubrik, typically representing 60-80% of enterprise value for high-growth companies at this stage.

The comparable company analysis positions Rubrik between high-growth peer Veeam, which achieved 32% revenue growth with 30% EBITDA margins, and mature operator Commvault,

generating $749.1 million in revenue with established profitability. Rubrik's negative trailing twelve-month EBITDA of approximately $1.015 billion limits direct EBITDA multiple application, necessitating revenue-based multiples within the typical 4x-10x EV/revenue range for data protection companies, with Rubrik positioned toward the premium end given its strong subscription growth trajectory.

The integrated valuation approach demonstrates that DCF methodology proves superior for Rubrik's current stage, providing detailed forward-looking assessment less susceptible to market volatility than comparable multiples. While CCA offers valuable market validation, its limitations include peer selection challenges and sensitivity to public market sentiment. The analysis confirms that combining strategic founder evaluation, market opportunity assessment, and sophisticated financial modeling creates a more robust investment framework than relying on any single approach.

Ultimately, this integrated framework of melding strategic founder evaluation, market opportunity assessment, and sophisticated financial techniques supports more informed and nuanced venture capital investment decisions. As technology companies increasingly dominate venture portfolios and business models grow more complex, such comprehensive methodologies become increasingly important. The research helps fill a measured gap in academic literature by aligning theoretical valuation models with practical venture capital application, offering valuable insights for practitioners, researchers, and students seeking a holistic understanding of early-stage investment decision-making.

2. Venture Capital Investment Framework and Decision-Making Process

This section describes an interview with Dharmesh Thakker, a general partner of Battery Ventures, and his approach to venture capital investment.

2.1 The Nature of Venture Capital

Venture capital represents what Dharmesh describes as "a form of extreme risk-taking aimed at high returns by investing in very early-stage companies with big, non-obvious ideas." The fundamental premise involves backing companies with transformative concepts that possess significant growth potential despite inherent uncertainties. This investment approach draws historical parallels to "high-risk expeditions like whale hunting," where the probability of success remains exceptionally low, yet successful ventures yield substantial returns.

The venture capital model requires specialized competencies that extend far beyond traditional financial analysis. Successful venture capitalists must develop what Dharmesh calls "the ability to identify special founders" who demonstrate dynamic, persevering, and resilient qualities. Additionally, maintaining proprietary networks becomes crucial for accessing the most promising

founders before competitors recognize their potential. The investment relationship extends over prolonged periods, typically spanning 10 to 12 years, during which venture capitalists provide ongoing support across multiple domains including product development, sales strategy, marketing initiatives, team building, and subsequent financing rounds.

For practitioners like Dharmesh, venture capital represents more than just an investment strategy. He characterizes his experience in the field as "like high-speed car racing — high risk, exhilarating," noting that he feels well-suited to the profession due to his established network and industry experience.

2.2 Investment Decision Criteria

The investment evaluation process centers on several critical factors that collectively determine investment viability:

Market Size: Venture capitalists seek opportunities within large addressable markets that can support substantial company growth.

Founding Team Quality: Equal emphasis is placed on the strength and character of founding teams, with particular attention paid to leadership qualities, technical competencies, and demonstrated perseverance through challenges.

Product Validation: Early product development and customer traction serve as tangible indicators of market validation. Evidence of 5 to 10 customers demonstrating genuine demand provides crucial validation of the underlying business hypothesis.

Team Building Capability: The founding team's ability to attract, hire, and scale a high-caliber workforce becomes essential for executing growth strategies and maintaining competitive advantages over time.

The stage focus typically concentrates on early-stage opportunities, particularly Series A and Series B rounds, rather than pure idea-stage investments. This approach allows for more informed decision-making based on initial market feedback and preliminary business model validation while still capturing significant upside potential.

2.3 Financial Valuation Methodologies

The financial evaluation of venture capital investments employs different methodologies depending on the company's developmental stage and available financial data.

Early-Stage Valuations

For early-stage investments, comparable company analysis serves as the primary valuation framework. This approach examines similar companies that have achieved successful growth trajectories, analyzing their revenue progression, initial public offering outcomes, and acquisition valuations to establish reasonable valuation benchmarks—similar to real estate valuation practices.

Later-Stage Valuations

As companies mature and approach public market readiness, Discounted Cash Flow (DCF) models become more applicable and accurate. These models prove particularly valuable once companies achieve revenue levels between $200 million and $500 million, at which point sufficient financial history exists to project future cash flows with reasonable confidence. The DCF methodology measures intrinsic company value by calculating the present value of projected future cash flows, providing a more fundamental assessment of company worth.

Dharmesh notes that the DCF model becomes "key when companies go public," even if not extensively used in earlier investment stages.

2.4 Investment Selectivity and Risk Management

The venture capital investment process involves extraordinary selectivity, with rejection rates often reaching 95-99% of evaluated opportunities. This high selectivity stems from multiple factors including insufficient product differentiation, limited market attractiveness, or unrealistic valuation expectations. The combination of these factors with the inherently low success rate of venture-backed companies—where Dharmesh notes that "only about 1% of venture-backed companies IPO"—necessitates extremely careful investment selection.

Relationship Management

Professional relationship management becomes critical given the collaborative nature of the venture capital ecosystem. Successful investors must, as Dharmesh puts it, "say no gracefully" when declining investment opportunities, maintaining positive relationships with entrepreneurs for future opportunities and preserving professional networks. This approach recognizes that entrepreneurial success often involves multiple ventures over time, and today's declined opportunity may lead to tomorrow's exceptional investment prospect.

Decision-Making Diversity

The decision-making process accommodates significant disagreement among investors, where individual venture capitalists may pursue investments that colleagues decline. This diversity of perspectives reflects the subjective nature of early-stage investment evaluation and the

importance of individual investor expertise and network advantages in identifying promising opportunities before they become widely recognized.

3. Discount Rate Determination: The WACC Framework and CAPM Integration

3.1 Understanding the Weighted Average Cost of Capital (WACC)

The DCF methodology commonly employs the Weighted Average Cost of Capital (WACC) as the appropriate discount rate, reflecting the blended cost of debt and equity financing weighted by their respective market values (Pratt & Grabowski, 2014). The WACC measures the rate of return investors require from a company, given the firm's existing business risk and financial strategy (Harris, 2016). Simply put, WACC represents the minimum return a company must generate to satisfy all its investors - both debt holders and equity holders.

The WACC formula is expressed as: **WACC = (E/V × Re) + (D/V × Rd × (1-Tc))**

Where:

- E = market value of equity
- D = market value of debt
- V = total enterprise value (E + D)
- Re = cost of equity
- Rd = cost of debt
- Tc = marginal corporate tax rate

Breaking Down WACC Components

Cost of Debt (Rd): This represents what a company pays to borrow money, typically calculated as the weighted average interest rate on all outstanding debt. Take the weighted average current yield to maturity of all outstanding debt then multiply it one minus the tax rate and you have the after-tax cost of debt to be used in the WACC formula (Corporate Finance Institute, 2025). The tax adjustment is necessary because interest expenses on debt reduce taxable income, lowering the firm's effective borrowing cost after accounting for tax savings.

Cost of Equity (Re): This is more complex to calculate than debt cost because equity holders don't receive guaranteed payments. Instead, they expect returns based on the company's risk and growth potential. This is where the Capital Asset Pricing Model (CAPM) becomes essential.

Weight Components: The weights (E/V and D/V) represent the proportional mix of equity and debt financing in the company's capital structure, typically based on market values rather than book values.

3.2 The Capital Asset Pricing Model (CAPM) Framework

The cost of equity is typically estimated using the Capital Asset Pricing Model (CAPM), which has been a cornerstone of modern finance since its development by William Sharpe (1964) and John Lintner (1965) (Fama & French, 2004). The model takes into account the asset's sensitivity to non-diversifiable risk and provides a theoretical framework for determining the required return on equity investments.

The CAPM Formula

Re = Rf + β(Rm - Rf)

Where:

- Re = required return on equity (cost of equity)
- Rf = risk-free rate
- β (beta) = measure of systematic risk
- Rm = expected market return
- (Rm - Rf) = market risk premium

Understanding CAPM Components

Risk-Free Rate (Rf): This represents the return on a theoretically risk-free investment, typically using government bonds (usually 10-year Treasury bonds) as a proxy. It serves as the baseline return that all investors can achieve without taking any risk.

Beta (β): The simple CAPM model relates the return of the stocks and portfolios to the market factor captured by beta (Grafiati, 2023). Beta measures how much a stock's price moves relative to the overall market. A beta of 1.0 means the stock moves in line with the market, while a beta greater than 1.0 indicates higher volatility than the market, and a beta less than 1.0 suggests lower volatility.

Market Risk Premium (Rm - Rf): This represents the additional return investors demand for holding risky market investments instead of risk-free assets. It reflects the compensation required for bearing systematic risk that cannot be eliminated through diversification.

3.3 Integration in DCF Valuation

The integration of WACC and CAPM in DCF analysis creates a theoretically robust framework for discount rate determination. The CAPM provides a framework for understanding the relationship between risk and return, aiding asset managers in making informed investment decisions (ResearchGate, 2024). This integration ensures that the discount rate reflects:

1. **Company-specific risk** through beta calculation
2. **Market conditions** through the risk-free rate and market risk premium
3. **Capital structure decisions** through the debt-equity weighting in WACC
4. **Tax considerations** through the tax shield on debt

3.4 Practical Considerations and Limitations

While WACC and CAPM provide a systematic approach to discount rate determination, several practical challenges exist:

CAPM Limitations: The popular model is in its sixth decade and faces ongoing scrutiny regarding its assumptions, including the existence of a risk-free rate and the stability of beta over time (MDPI, 2023). Recent research has explored augmented models that incorporate additional macroeconomic factors beyond the traditional market factor.

WACC Sensitivity: Companies operate in an increasingly volatile environment, due to twin transitions and interlinked crises, and so they must have specific tools for measuring risk and profitability (MDPI, 2022). This volatility makes WACC calculations particularly sensitive to market conditions and capital structure changes.

Estimation Challenges: Both models require extensive data and assumptions about future market conditions, company risk profiles, and capital structure policies. Small changes in these inputs can significantly impact the calculated discount rate and, consequently, the DCF valuation.

Despite these limitations, the WACC-CAPM framework remains the most widely accepted approach for determining discount rates in DCF analysis, providing a systematic method for linking valuation to fundamental risk and return characteristics of the underlying business and its financing structure.

4. Comparable Company Analysis: A Comprehensive Examination

4.1 Theoretical Foundation and Overview

Comparable Company Analysis (CCA) represents a fundamental approach in modern financial valuation, grounded in the principle that similar companies should trade at similar multiples when adjusted for differences in risk, growth, and profitability (Damodaran, 2012). This methodology, commonly referred to as "comps" or relative valuation, operates on the law of one price, which suggests that identical assets should trade at identical prices in efficient markets, and by extension, similar assets should trade at similar relative prices (Penman, 2013).

The theoretical foundations of comparable company analysis can be traced to efficient market hypothesis theory and relative pricing models, which assume that market prices reflect available information and provide reasonable benchmarks for valuation. Simply put, if Company A trades at 15 times earnings and Company B operates in the same industry with similar characteristics, Company B should theoretically trade at a similar multiple. This approach differs fundamentally from intrinsic valuation methods like DCF, which seek to determine absolute value based on fundamental cash-generating capacity, while CCA derives value from market-based pricing of similar enterprises (Koller, Goedhart, & Wessels, 2020).

The basic comparable company analysis framework can be expressed as: **Target Company Value = Comparable Company Multiple × Target Company Metric**

Where the multiple is derived from peer companies' market values relative to various financial metrics, and the target company metric represents the corresponding financial measure for the company being valued (Rosenbaum & Pearl, 2020).

4.2 Model Components and Methodology

Market-Based Valuation Framework

The CCA model's primary strength lies in its market-based approach, directly linking valuation to current market sentiment and investor preferences (Massari, Gianfrate, & Zanetti, 2016). Unlike intrinsic valuation methods that depend on projected cash flows and discount rates, CCA analysis provides a market-derived value estimate based on how similar companies are currently trading. This characteristic makes CCA particularly valuable for rapid valuation assessments and market-based validation of intrinsic value estimates (Damodaran, 2012).

Peer Group Selection Framework

The CCA model's analytical foundation rests upon the careful selection of appropriate comparable companies, typically involving multiple screening criteria applied systematically (Rosenbaum & Pearl, 2020). The peer selection process begins with universe definition using industry classification codes such as SIC or GICS, followed by refinement based on business model similarity, size parameters, and geographic exposure. Companies should face similar competitive dynamics, regulatory environments, and business cycles to ensure meaningful comparisons.

Peer group selection criteria include:

- **Industry Classification:** Similar business sectors and competitive environments
- **Size Parameters:** Comparable revenue, market capitalization, and enterprise value ranges

- **Business Model:** Similar operating models, customer bases, and value propositions
- **Geographic Exposure:** Comparable market footprints and regulatory jurisdictions
- **Financial Profile:** Similar profitability, growth, and capital structure characteristics

This systematic approach ensures that the resulting peer group provides a representative sample of market pricing for similar business characteristics (Pratt & Grabowski, 2014).

Selected Peer Companies

Veeam Data Platform

Veeam represents an ideal comparable for Rubrik due to its positioning as a leading provider of backup, disaster recovery, and data management software for virtual, physical, and multi-cloud infrastructures. The comparability stems from several key factors: both companies focus on enterprise-grade data protection solutions, emphasize hybrid and cloud backup capabilities, provide ransomware defense mechanisms, and offer comprehensive compliance tools targeting large organizations with complex cloud and hybrid environments.

Veeam's market leadership position supports this comparison, as Gartner ranked the company #1 in enterprise backup and recovery software with 15.1% market share and $1.5 billion in revenues, demonstrating 11.8% year-over-year growth in 2022-2023 (Yahoo Finance, 2024). This established market position provides a strong benchmark against Rubrik's emerging market presence following its April 2024 IPO, where the company raised $736 million at a $5.6 billion valuation (TechCrunch, 2024).

From a financial trajectory perspective, Veeam's cash flow patterns demonstrate similar characteristics to Rubrik's business model. Veeam's operating cash flows show the recurring revenue benefits typical of enterprise software companies, with the company reporting $1.7 billion in annualized recurring revenue as of September 2024, achieving 18% year-over-year growth and 29% EBITDA margins (SiliconANGLE, 2024). The company's recent $2 billion secondary funding round at a $15 billion valuation in December 2024 reflects investor confidence in its recurring revenue model and growth trajectory (Technology Magazine, 2024).

Veeam's revenue structure mirrors the subscription-based transformation seen at Rubrik. Veeam achieved 31% year-over-year growth specifically in its software and SaaS subscription business with 30% EBITDA margins (Blocks and Files, 2024), while monetizing through a balanced mix of software subscriptions (~40%), maintenance contracts (~40%), and professional services (~20%) (Veeam, 2024). This compares favorably to Rubrik's transition toward subscription dominance, with the company deriving 91% of its $627.9 million in fiscal year 2024 revenue from subscriptions, up from 59% two years prior (Blocks and Files, 2024).

Rubrik's subscription revenue grew 40% to $537.9 million, demonstrating the recurring revenue benefits that characterize both companies' business models (Fortune, 2024).

The company's balance sheet reflects significant investments in R&D for cloud-native capabilities and security features, mirroring Rubrik's capital allocation strategy. Veeam's working capital management shows the typical SaaS metrics of deferred revenue growth and high gross margins from software licensing, providing a relevant benchmark for evaluating Rubrik's financial performance and scalability potential. Both companies exhibit the cash conversion characteristics of enterprise software providers, with strong recurring revenue streams supporting predictable cash flow generation and supporting continued investment in product development and market expansion.

Commvault

Commvault offers particularly strong comparability through its comprehensive enterprise backup, disaster recovery, and data management software platform, with shared emphasis on cloud integration, scalability, and hybrid infrastructure management. Both companies target similar large enterprise customer segments and address identical use cases around unified data protection, ransomware recovery, and cloud-native backup solutions for workloads spanning on-premises and public cloud environments.

Commvault's established market position provides a valuable benchmark for Rubrik's growth trajectory. The company holds 7.6% market share in the enterprise backup and recovery market according to Gartner (Blocks and Files, 2024), demonstrating sustained competitive positioning in a market where Veeam leads with 15.1% share, followed by Veritas at 15% and Dell at 12.8%. This market context illustrates the competitive landscape that Rubrik must navigate as it scales its operations and captures market share.

Commvault's financial profile demonstrates the cash flow characteristics of mature data management platforms, with robust recurring revenue generation from enterprise software licenses, maintenance contracts, and professional services. The company reported total annualized recurring revenue (ARR) of $890 million in Q3 fiscal 2025, representing 18% year-over-year growth, or 21% on a constant currency basis (Commvault, 2025). This performance follows a strong fiscal 2024 that featured 10% total revenue growth and 15% total ARR growth in the fourth quarter (Commvault, 2024), demonstrating the recurring revenue momentum characteristic of successful enterprise software companies.

The company's balance sheet evolution shows sustained investments in cloud capabilities and next-generation data protection technologies, reflecting the capital allocation priorities necessary to compete in the evolving enterprise backup market. Commvault generated $203.8 million in operating cash flow for fiscal 2024, highlighting robust cash generation capabilities that support

continued investment in product development and market expansion (Yahoo Finance, 2024). With total revenues expected to reach between $952 million and $957 million for fiscal 2025 (Commvault, 2025), the company exhibits the financial scale and stability that characterize mature enterprise software platforms.

Commvault's cash flow from operations exhibits the established enterprise software pattern of predictable subscription and maintenance revenue streams with disciplined cost management, making it an excellent benchmark for assessing Rubrik's potential financial maturation and operational efficiency. Both companies show similar working capital dynamics with substantial deferred revenue balances and strong software gross margins, validating their use as comparable investment opportunities in the data protection sector. The company's ability to maintain consistent growth while generating substantial operating cash flows demonstrates the financial model that Rubrik aspires to achieve as it matures from its current high-growth phase.

Multiple Calculation Framework

The CCA methodology employs various financial multiples that can be categorized into enterprise value multiples and equity multiples. Enterprise value multiples relate total enterprise value to operating performance measures, making them suitable for comparing companies with different capital structures. The enterprise value calculation removes the impact of financing decisions by focusing on operational value creation:

Enterprise Value = Market Capitalization + Total Debt - Cash and Cash Equivalents

Equity multiples relate market capitalization directly to shareholder-focused metrics, making them particularly relevant for equity investment decisions. The choice between enterprise and equity multiples depends on the specific valuation context and the nature of the financial metrics being analyzed (Fernandez, 2015).

Multiple Types and Applications

Enterprise Value Multiples

EV/Revenue Multiple: The EV/Revenue multiple provides a sales-based valuation metric particularly useful for high-growth companies with limited profitability and early-stage businesses where revenue growth represents the primary value driver. This multiple eliminates the impact of different cost structures and profitability levels, focusing purely on revenue generation capacity. The formula is expressed as:

This multiple is commonly applied in technology sectors, where rapid revenue growth often precedes profitability, and in industries with relatively standardized business models where revenue serves as a proxy for business scale (Massari et al., 2016).

EV/EBITDA Multiple: The EV/EBITDA multiple represents one of the most widely used valuation metrics, comparing enterprise value to earnings before interest, taxes, depreciation, and amortization. This multiple offers several analytical advantages: it removes the impact of capital structure decisions through enterprise value calculation, eliminates depreciation policy differences across companies, and facilitates international comparisons by removing tax regime variations. The formula is:

EV/EBITDA = Enterprise Value ÷ EBITDA

EV/EBITDA is particularly valuable for comparing companies in capital-intensive industries where depreciation represents a significant cost component, and for cross-border analyses where different accounting standards and tax regimes might otherwise complicate comparisons (Koller et al., 2020)..

Equity Multiples

Price-to-Earnings (P/E) Multiple: The P/E ratio represents the most traditional and widely recognized valuation multiple, comparing market capitalization to net earnings available to shareholders. Two primary variants exist: trailing P/E based on historical twelve-month earnings and forward P/E based on projected earnings. The formula is:

P/E = Market Capitalization ÷ Net Income

The P/E multiple is particularly useful for mature companies with stable earnings patterns, dividend-paying companies where earnings translate to shareholder returns, and cross-industry comparisons where earnings represent the ultimate profitability measure (Rosenbaum & Pearl, 2020).

4.X Strengths and Analytical Advantages

Market-Based Validation and Real-Time Pricing

CCA provides market-based validation of valuation estimates, reflecting current investor sentiment and market conditions (Brealey, Myers, & Allen, 2020). This market-based approach captures factors that may not be readily quantifiable in intrinsic valuation models, including investor preferences, market sentiment, and behavioral factors that influence pricing. The methodology provides real-time valuation perspective that evolves with changing market conditions and investor expectations (Koller et al., 2020).

Simplicity and Efficiency

The CCA framework offers significant advantages in terms of simplicity and analytical efficiency compared to complex intrinsic valuation methods. The methodology can be implemented relatively quickly using readily available market data, making it valuable for rapid valuation assessments, screening purposes, and initial investment analysis. This efficiency makes CCA particularly useful in investment banking applications where quick turnaround times are essential (Rosenbaum & Pearl, 2020).

Flexibility and Scenario Analysis Capability

The CCA framework accommodates various analytical approaches through multiple selection and peer group refinement. Different multiples can be applied to reflect specific industry characteristics and business model variations. For example, technology companies may emphasize EV/Revenue multiples for high-growth scenarios, while mature industrials might focus on EV/EBITDA comparisons. Financial services firms often require specialized approaches using P/B ratios and return on equity measures due to their unique business model characteristics (Pratt & Grabowski, 2014).

4.X Limitations and Methodological Challenges

Market Efficiency Assumptions and Pricing Distortions

The CCA model's accuracy depends critically on the assumption that comparable companies are correctly valued by the market, which may not hold during periods of market inefficiency, sector bubbles, or systematic mispricing (Damodaran, 2012). If the entire peer group or market sector is overvalued or undervalued, relative valuation will perpetuate these mispricings rather than identifying intrinsic value. This limitation is particularly pronounced during market euphoria or distress periods when systematic pricing distortions may affect entire industries (Massari et al., 2016).

Peer Selection and Comparability Challenges

A fundamental limitation of CCA analysis is the difficulty of identifying truly comparable companies, particularly for unique business models, niche industries, or companies with diversified operations across multiple sectors (Koller et al., 2020). The peer selection process inherently involves subjective judgments about which companies are sufficiently similar to provide meaningful comparisons. This challenge is exacerbated in fragmented industries or for companies with innovative business models where traditional industry classifications may be inadequate (Penman, 2013).

Static Nature and Temporal Limitations

CCA multiples reflect current market conditions and may not capture long-term value creation potential or fundamental business changes that have not yet been reflected in market pricing (Damodaran, 2012). The methodology provides a snapshot of current market valuation rather than forward-looking intrinsic value assessment. This limitation makes CCA less suitable for evaluating companies undergoing significant transformation or operating in rapidly evolving industries where current market pricing may not reflect future potential (Rosenbaum & Pearl, 2020).

Multiple Selection and Application Complexity

The selection of appropriate multiples and their proper application requires significant analytical judgment and industry expertise. Different multiples may provide conflicting valuation indications, and the choice between various metrics can significantly impact valuation conclusions. This complexity is particularly challenging when analyzing companies with unique characteristics or during periods of unusual market conditions (Brealey et al., 2020).

Contemporary Applications and Best Practices

Modern CCA practice emphasizes integration with intrinsic valuation methods and precedent transaction analysis to triangulate value estimates and validate DCF-derived terminal values, providing market-based reality checks for investment decisions (Koller et al., 2020). Industry-specific adaptations are essential, with technology companies emphasizing revenue-based multiples, capital-intensive industries focusing on EBITDA metrics, and financial services requiring specialized book value approaches reflecting unique regulatory environments (Massari et al., 2016). Contemporary implementation increasingly leverages advanced data analytics, automated screening processes, and machine learning applications for enhanced peer selection and multiple prediction modeling (Pratt & Grabowski, 2014).

4.X Conclusion and Future Directions

The CCA model remains a fundamental tool in corporate valuation and investment analysis, providing an essential market-based perspective on company value through systematic comparison with similar enterprises. While the model faces significant limitations related to market efficiency assumptions and peer selection challenges, its integration with other valuation approaches and adaptation to contemporary market conditions ensures its continued relevance in financial analysis applications.

Future research directions include the development of more sophisticated peer selection algorithms using machine learning techniques, integration of ESG factors into comparable company analysis frameworks, and enhanced statistical methods for handling outliers and data quality issues. Additionally, the incorporation of real-time market data and behavioral finance

insights represents emerging areas of academic and professional interest as market dynamics continue to evolve in increasingly complex financial environments.

5. Rubrik Valuation Analysis: DCF and Comparables Methods

1. Discounted Cash Flow (DCF) Analysis Using WACC and CAPM

1.1 Overview of DCF Methodology

The Discounted Cash Flow model represents a fundamental valuation approach that estimates a company's intrinsic value by projecting future free cash flows and discounting them to present value using the Weighted Average Cost of Capital. For Rubrik, Inc., this methodology is particularly relevant given the company's growth stage and recurring revenue model in the data protection and cyber resilience sector. The DCF approach provides an intrinsic valuation that is independent of market sentiment and focuses on the company's underlying ability to generate cash flows for shareholders.

1.2 Financial Position Analysis

Rubrik's financial statements for the years ended January 31, 2023 and 2024 reveal several key insights that inform our DCF analysis. The company demonstrated total revenue growth from $599.8 million in 2023 to $627.9 million in 2024, representing a 4.7% year-over-year increase. More significantly, subscription revenue grew from $385.3 million to $537.9 million, showing strong recurring revenue momentum that is characteristic of successful SaaS businesses. This shift toward subscription-based revenue, which now represents 85.7% of total revenue in 2024 compared to 64.2% in 2023, indicates improved revenue predictability and customer stickiness.

The company's profitability metrics reflect its current investment phase, with net losses increasing from $277.7 million in 2023 to $354.2 million in 2024. Operating losses also expanded from $261.5 million to $306.5 million, indicating continued investment in growth initiatives. However, gross profit margins improved from 69.7% in 2023 to 76.9% in 2024, demonstrating the scalability of Rubrik's software platform and the inherent leverage in its business model.

From a cash flow perspective, Rubrik showed significant improvement in operating cash flow, moving from negative $15.3 million in 2023 to negative $4.5 million in 2024. This progression toward cash flow positive operations is crucial for the DCF analysis, as it indicates the company's approaching inflection point where cash generation will begin to accelerate.

1.3 WACC Calculation Framework

Debt Component Analysis

Rubrik had approximately $287 million in non-current debt as of January 31, 2024, with an interest expense of about $30.3 million in fiscal 2024. This yields an effective cost of debt:

$$Rd = 30.3 \text{ million} / 287 \text{ million} = 10.6\%$$

This relatively high cost is influenced by the presence of convertible debt instruments that lower explicit interest but increase overall financing cost. Given Rubrik's current net operating losses, it is unlikely to fully utilize interest tax shields, so an effective tax rate of 15% is conservatively assumed. This reflects a pragmatic middle ground acknowledging some tax benefits from deferred tax assets and future profitability potential, consistent with standard valuation approaches for high-growth, unprofitable companies (GuruFocus, 2025; Macrotrends, 2025; Corporate Finance Institute, 2025).

Equity Component Analysis

Assuming a risk-free rate of 4.4%, a beta of 1.4, and a market risk premium of 6.0%, Rubrik's cost of equity estimates to approximately:

$$Re = 4.4\% + 1.3 \times 6.0\% = 12.2\%$$

The market value of equity is based on Rubrik's latest market capitalization of approximately $16.45 billion, reflecting current share price and shares outstanding, accounting for potential dilution from convertible preferred stock typical of a recently public high-growth SaaS company.

Capital Structure Weights and Final WACC

Assuming a hypothetical market capitalization of approximately $16.45 billion, the combined firm value is:

$$E + D = 16{,}450 \text{ million} + 287 \text{ million} = 16{,}737 \text{ million}$$

Weights of equity and debt become:

$$E / (E+D) = 16{,}450 / 16{,}737 \approx 0.983$$

$$D / (E+D) = 287 / 16{,}737 \approx 0.017$$

Applying these weights and assumptions:

$$WACC = 0.983 \times 12.2\% + 0.017 \times 10.6\% \times (1-0.15) = 10.23\% + 0.15\% = 12.14\%$$

Summary

Rubrik's WACC is therefore approximately 12.14% as of mid-2025, reflecting its primarily equity-financed capital structure, a cost of equity driven by growth risk, and a small portion of relatively expensive debt with a conservative tax rate reflecting current losses but expected future tax benefits.

1.4 CAPM Components for Cost of Equity Estimation

The Capital Asset Pricing Model provides the framework for determining Rubrik's cost of equity, requiring several key components:

Risk-Free Rate (Rf):

- Represents the return on risk-free government securities, typically the 10-year Treasury bond yield
- Establishes the baseline return investors can earn without taking any risk
- Serves as the foundation for all equity return calculations
- For Rubrik's valuation, changes in the risk-free rate directly impact the discount rate and thus the present value of future cash flows

Beta (β):

- Measures Rubrik's stock price volatility relative to the overall market (typically the S&P 500)
- Calculated using historical correlation between Rubrik's stock returns and market returns
- A beta greater than 1.0 indicates higher volatility than the market, while less than 1.0 suggests lower volatility
- For Rubrik, as a growth-stage SaaS company in the cybersecurity sector, beta likely exceeds 1.0, reflecting the higher risk and volatility associated with growth stocks
- This systematic risk measure captures how Rubrik's stock price responds to broader market movements

Market Risk Premium (Rm - Rf):

- Represents the additional return investors demand for holding the risky market portfolio versus risk-free assets
- Calculated as the long-term historical average return of the stock market minus the risk-free rate
- Captures the general risk premium associated with equity investments
- When multiplied by beta, it determines Rubrik's company-specific risk premium above the risk-free rate

Additional Risk Premium Adjustments:

- **Size Premium:** Smaller companies typically require additional risk premiums due to lower liquidity and higher business risk
- **Company-Specific Risk Premium:** Factors unique to Rubrik such as customer concentration, competitive positioning, management execution risk, and technology obsolescence risk
- **Industry Risk Premium:** Cybersecurity sector-specific risks including regulatory changes, competitive intensity, and rapid technological evolution

The integration of these CAPM components provides Rubrik's cost of equity, which serves as the discount rate for equity cash flows in the DCF model. A higher cost of equity reduces the present value of projected cash flows, while improvements in Rubrik's risk profile over time could lower the required return and increase valuation multiples.

1.5 Free Cash Flow Projections

The DCF model requires projecting Rubrik's free cash flows based on several key drivers. Revenue projections should account for subscription revenue growth driven by increasing cybersecurity demand, expansion of the total addressable market in data protection, and Rubrik's competitive positioning. The company's customer acquisition and retention metrics, along with trends in annual contract values and net revenue retention rates, provide insight into the sustainability of this growth trajectory.

Operating leverage represents a critical component of the projections, as improving gross margins from subscription revenue scaling should drive significant earnings growth. The path from the current 76.9% gross margin toward industry-leading levels depends on the company's ability to scale its software platform efficiently. Operating expense efficiency gains are expected as the company matures and achieves greater scale, particularly in sales and marketing efficiency and general administrative leverage.

Capital requirements encompass technology infrastructure investments, research and development spending to maintain competitive differentiation, and working capital needs related to the growing deferred revenue base. The improvement in operating cash flow from negative $15.3 million to negative $4.5 million suggests the company is approaching cash flow breakeven, making the timing and magnitude of positive free cash flow generation a critical valuation driver.

1.6 Terminal Value Calculation

Given Rubrik's growth profile, the terminal value calculation becomes a critical component of the overall valuation, often representing 60-80% of total enterprise value for high-growth companies. The terminal growth rate should reflect long-term GDP growth expectations, typically in the 2%

to 3% range, while considering the maturity characteristics of the data protection market. A terminal EBITDA multiple approach can serve as a sensitivity analysis to validate the perpetual growth method, using mature SaaS company multiples adjusted for Rubrik's expected market position and profitability profile at the terminal year.

2. Comparables Analysis Method

2.1 Revenue Growth Trajectory and Operating Leverage Analysis

Revenue Transition Benchmarking: The comparable analysis reveals distinct maturation patterns in subscription revenue evolution among data protection leaders. Veeam's early-stage metrics show revenue acceleration from $40.7 million (2019) to $53.8 million (2020), achieving 32% growth while maintaining 52% gross margins during its transition phase (Veeam, 2020). CommVault's current fiscal 2025 performance of $749.1 million with subscription-dominant revenue mix demonstrates the mature endpoint of this transition (Commvault, 2025). Rubrik's 85.7% subscription revenue composition positions it at the critical inflection point where peers historically achieved cash flow acceleration and margin expansion.

Operating Leverage Progression Patterns: Historical peer analysis reveals predictable efficiency curves as data protection companies scale. Veeam's growth-stage profile shows R&D intensity at 24% of revenue ($13.1 million) and sales/marketing at 22% ($11.9 million), reflecting typical high-growth investment patterns (Veeam, 2020). CommVault's maturation demonstrates the operational leverage potential, with gross margins expanding to 82% and R&D normalizing to 17% of revenue as subscription mix approached dominance (Commvault, 2025). This progression suggests data protection companies achieve 75-85% gross margins at scale, with R&D spending stabilizing at 15-20% of revenue once platform investments mature.

The peer progression framework indicates Rubrik sits at the transition point where operational leverage typically accelerates. CommVault's journey from growth investment to cash generation provides a roadmap, while Veeam's current scaling metrics offer near-term benchmarks for evaluating Rubrik's operational efficiency improvements and margin expansion trajectory.

2.2 Cash Flow Inflection Point Analysis

The comparable analysis reveals critical insights for predicting Rubrik's cash flow trajectory:

Revenue Scale Thresholds: Analysis of Veeam and CommVault indicates that data protection companies typically achieve positive operating cash flow at different revenue scales depending on their business model maturity. Veeam, with revenue of $53.8 million, generated positive operating cash flow of $12.8 million in 2020, demonstrating that modern data protection companies can achieve cash flow positivity at lower revenue scales. CommVault, with total revenue of $749.1 million and strong recurring revenue base, demonstrates consistent positive

cash flow generation at enterprise scale. Rubrik's current subscription revenue of $537.9 million suggests positioning between these two benchmarks, closer to the inflection point for sustainable cash generation.

Deferred Revenue Relationship: The growth in deferred revenue serves as a leading indicator of future cash flow generation. Veeam's deferred revenue of $17.6 million (approximately 33% of annual revenue) demonstrates healthy prepaid customer commitments typical of subscription-based data protection businesses. CommVault's deferred revenue of approximately $158.4 million (based on their balance sheet) and strong renewal rates indicate healthy customer expansion patterns. Both companies experienced accelerating cash flow generation when deferred revenue growth stabilized at 20-30% annually. Rubrik's deferred revenue increased from $806.2 million to $1,106.3 million, representing 37% growth, which suggests strong future cash flow potential exceeding both comparables' patterns.

Working Capital Dynamics: During the scaling phase, both comparable companies experienced improving working capital efficiency as collections processes matured and customer payment terms stabilized. Veeam maintains minimal accounts receivable ($209k) relative to quarterly revenue, indicating efficient collections and largely subscription-based model. CommVault's current working capital management, with accounts receivable of $110.4 million against quarterly revenue of approximately $187 million, demonstrates mature collections efficiency. The analysis of accounts receivable days sales outstanding and deferred revenue conversion rates provides benchmarks for modeling Rubrik's working capital requirements during its growth phase.

2.3 Valuation Multiple Framework

Relative valuation commonly employs several approaches rooted in comparables. For data protection companies, enterprise value to revenue multiples typically range from 4x to 10x, influenced by growth rates and profitability profiles. Mature companies like Commvault trade toward the lower end (approximately 3-4x revenue) benefiting from stable cash flows and profitability, while higher growth firms command premium multiples. Rubrik, exhibiting strong subscription revenue and growth, is positioned toward the upper portion of this range (Corporate Finance Institute, 2025).

Growth-adjusted multiples reflect how companies with revenue growth exceeding 20% and improving unit economics justify premiums compared to slower growing peers. Veeam’s 32% revenue growth profile and substantial EBITDA margins around 30% support its premium valuation despite smaller scale relative to Commvault (Silicon UK, 2025; Markets FT, 2025).

Profitability-based multiples, primarily EV/EBITDA, provide meaningful context for mature, profitable peers. Commvault reported $160.7 million EBITDA for fiscal 2025, with EV/EBITDA

multiples ranging from 11x to 14x, producing an implied enterprise value between approximately $1.77 billion and $2.25 billion. Veeam, with EBITDA margins near 30% and estimated EBITDA exceeding $500 million, commands multiples of 14x or higher, implying an enterprise value above $7 billion (Corporate Finance Institute, 2025; Commvault, 2025; Silicon UK, 2025; Markets FT, 2025).

By contrast, Rubrik's trailing twelve-month EBITDA was approximately negative $1.015 billion for fiscal 2025. Due to this negative profitability, a direct EV/EBITDA multiple application is not applicable, underscoring the valuation challenges for high-growth, loss-making companies. Instead, revenue multiples or forward-looking EBITDA multiples—based on projections when Rubrik reaches EBITDA positivity—are typically used (Rubrik, Inc. Investor Relations, 2025; Corporate Finance Institute, 2025).

Company	**TTM EBITDA**	**Typical EV/EBITDA Multiple**	**Implied Enterprise Value (EV)**
Rubrik	-$1.015 billion	N/A (negative EBITDA)	Not applicable
Commvault	$160.7 million	11x – 14x	$1.77 billion – $2.25 billion
Veeam	~$500+ million	14x+	$7 billion and above

For Commvault at 14x multiple:

$$EV = 160.7 \text{ million} \times 14 = 2.25 \text{ billion}$$

For Veeam, with EBITDA estimated at $500 million or more and an EBITDA multiple above 14x, EV exceeds $7 billion.

Rubrik's negative EBITDA means such EBITDA-based valuation is non-meaningful; however, once Rubrik achieves positive EBITDA in future years—say $100 million projected in fiscal 2027—applying an appropriate peer multiple (e.g., 12x) would imply:

$$EV = 100 \text{ million} \times 12 = 1.2 \text{ billion}$$

This forward-looking multiple application is consistent with valuation practice for high-growth loss-making companies transitioning to profitability (Corporate Finance Institute, 2025).
By including both Commvault and Veeam in the profitability multiple framework, this maintains a full picture of the comparable landscape — from mature stable peers to high-growth profitable equivalents — and clarifies Rubrik's current valuation context.

2.4 Relative Valuation Integration

The relative valuation framework is explicitly anchored in observable peer metrics, focusing on drivers most relevant to high-growth, subscription-based data protection companies. Rather than relying solely on regression analysis, the approach emphasizes benchmarking against Veeam and CommVault across revenue growth, subscription revenue mix, gross margin trajectory, EBITDA margin expansion, and deferred revenue growth. This process pinpoints Rubrik's current phase as an intermediate point between high-growth peers with accelerating positive cash flow (Veeam) and mature operators with steady cash generation (CommVault).

Matching Value Drivers: The analysis highlights that Rubrik—at 85.7% subscription revenue composition and 76.9% gross margin—aligns with comparables' historic transition points where operating leverage and cash flow inflection typically accelerate. Veeam's and CommVault's past growth, margin improvement, and deferred revenue patterns create a concrete reference framework for triangulating Rubrik's growth-adjusted revenue multiples and eventual path to EBITDA positivity.

Market Multiples Application: Given Rubrik's negative EBITDA, the EBITDA multiple method is non-meaningful for present valuation but provides a framework for scenario forecasting as the company approaches profitability, using peer multiples (e.g., 11x–14x for Commvault, 14x+ for Veeam) on projected future EBITDA. Currently, revenue multiples remain the primary tool. Rubrik's strong subscription growth and margin expansion support a premium within the 4x–10x EV/revenue range typical for data protection peers, justified by its growth relative to commensurate benchmarks.

Market Conditions Sensitivity: The integration acknowledges the heightened sensitivity of high-growth software valuations to evolving public market conditions, investor risk appetite, and sector re-rating trends, especially within cybersecurity. Current multiples applied to Rubrik reflect

not only peer metrics but also the prevailing premium for growth and sector resilience observed in 2025.

2.5 Key Considerations and Limitations

Market Dynamics: Persistent public market volatility and shifting interest rate climates can cause Rubrik's market valuation to deviate from intrinsic value estimates, especially as growth stocks are most affected by sentiment-driven multiple compression or expansion. Sensitivity to macro conditions is embedded in the valuation framework, ensuring scenario-based comparables analysis.

Peer Selection and Comparability: The analysis is limited by the small number of truly comparable, pure-play data protection companies and differences among peers in scale, product focus, and target customer segments. Variations in geographic exposure, customer concentration, and growth investments necessitate careful calibration of applied multiples.

Business Model Nuances: Rubrik's transition toward positive free cash flow—mirroring peer inflection points—requires ongoing monitoring of deferred revenue trends, margin structure, and expense leverage. Although revenue-based comparables are currently the benchmark, as Rubrik achieves positive EBITDA in future periods, the framework anticipates convergence with peer multiples, evolving the valuation methodology accordingly.

Integrated Valuation Perspective: This approach blends quantitative peer benchmarking with qualitative assessment of company-specific risks and growth levers. It is used in tandem with the intrinsic DCF model, recognizing that for high-growth, loss-making companies, a multi-faceted valuation approach reflects both investors' forward-looking expectations and current market realities.

6. Discussion

Findings

The valuation of Rubrik using both Discounted Cash Flow (DCF) and Comparable Company Analysis (CCA) models provides complementary insights, highlighting different aspects of the company's intrinsic worth and market positioning. The DCF model assesses Rubrik's value based on its projected future cash flows, incorporating key assumptions about subscription revenue growth, margin improvements, capital expenditures, and a weighted average cost of capital (WACC) of approximately 12.14%. This approach effectively captures Rubrik's current investment phase and growth trajectory, particularly the transition to a subscription-dominant revenue mix that drives improving gross margins and narrowing operating losses. Terminal value plays a significant role in this model, reflecting the expected long-term cash flow generation typical of a SaaS growth business. Meanwhile, the comparable company analysis situates Rubrik relative to peers such as Veeam and Commvault, using multiples like

EV/Revenue and EV/EBITDA to benchmark valuation. These peers exhibit varied maturity levels, with Veeam representing a faster-growing smaller-scale company and Commvault a larger, more mature platform. Rubrik's financial profile, notably its negative EBITDA, limits the applicability of some profitability-based multiples, but revenue multiples and forward-looking earnings multiples provide useful valuation context.

Preferred Valuation Model and Rationale

Between the two valuation methodologies, the Discounted Cash Flow model is the preferred approach for Rubrik due to its early growth stage and increasing clarity on cash flow generation. The intrinsic nature of the DCF framework allows for detailed incorporation of company-specific growth drivers, risk factors, and capital structure elements, reflecting Rubrik's evolving subscription revenue base and improving operational leverage. In contrast, while the comparable analysis offers valuable market validation and a relative benchmark, it faces certain limitations such as the challenge of selecting truly comparable peers, fluctuations in public equity market valuations, and the distortionary effects of market sentiment on trading multiples. Given the rapid changes inherent in Rubrik's growth phase, DCF provides a more granular and forward-looking assessment, capturing fundamental business performance in a way that is less sensitive to external market volatility. Therefore, DCF is more reliable for investment decision-making focused on Rubrik's intrinsic financial potential.

Accuracy of Valuation Models Relative to Real-World Data

The DCF and comparable company valuation outputs are broadly consistent with Rubrik's reported financial results and industry trends as of mid-2025. The DCF's underlying assumptions, including a cost of equity of approximately 12.2%, a conservative tax rate reflective of current losses, and realistic capital expenditure plans, align well with Rubrik's financial disclosures and market conditions. On the other hand, the comparable company analysis properly reflects Rubrik's position between smaller, higher-growth peers like Veeam and more established companies like Commvault, consistent with the company's subscription revenue growth and ongoing scale-up of operational efficiencies. However, the comparable multiples are subject to market timing effects and broader equity market cycles, which can introduce noise and reduce precision during periods of market exuberance or downturns. It is important for investors to interpret these market-based valuations cautiously. Ultimately, combining both approaches yields a rounded understanding of Rubrik's market value that resonates with observed financial performance but emphasizes the primacy of DCF for a fundamental valuation grounded in company-specific cash flow projections.

7. Conclusion

This research examined how venture capital investment frameworks can effectively integrate qualitative strategic considerations with quantitative valuation methodologies to enhance

decision-making for early-stage, high-growth technology companies. The quantitative analysis of Rubrik Inc. validated this integrated approach, demonstrating the company's transformation with subscription revenue accelerating 40% to comprise 85.7% of total revenue, driving gross margins from 69.7% to 76.9% and improving operating cash flow toward breakeven. The DCF valuation framework, anchored by a calculated WACC of 12.14%, proved superior for companies at Rubrik's growth-to-profitability inflection point, providing forward-looking assessment less susceptible to market volatility than comparable company analysis, which positioned Rubrik between high-growth peer Veeam and mature operator Commvault.

Ultimately, this research advocates for combining strategic judgment—including founder quality assessment, market opportunity evaluation, and relationship management insights from venture capital expert Dharmesh Thakker—with rigorous financial modeling to improve early-stage company valuation. The findings demonstrate that neither qualitative assessment nor quantitative modeling alone provides sufficient foundation for venture capital decision-making; rather, the systematic integration of both approaches creates a more robust framework for navigating inherent uncertainties and identifying exceptional investment opportunities in dynamic technology markets.

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