

Leverton

Founded 2012 | HQ New York, NY | <50 employees (est.) | \$300M revenue (est. for MRI Software)

Over its short life span, Leverton has carved out a solid niche for itself in the real estate software market. But what sets Leverton apart is, in our analysis, that it has built its own (patented) AI stack. This is an approach that appears to go beyond traditional capture and content analysis.



The Company

Leverton was founded in Berlin, Germany, in 2012, and the company landed its first customer, a real estate private equity firm, in 2014. Leverton raised around \$15 million in venture funding from DAH Beteiligungs and Anyon Holding over two rounds, the first in 2015 for approximately \$5 million, and the second in 2017 for \$10 million, before being acquired by Ohio-based MRI Software in July 2019. MRI made another eight acquisitions in 2019 alone.

MRI Software is, in turn, owned by private equity firms TA Associates and GI Partners. In 2015, GI Partners acquired MRI Software; in 2017, TA Associates bought a substantial stake in the business.



The Technology

In basic terms, Leverton uses AI to extract relevant data from incoming documents (unstructured and structured). It reviews and analyzes that data, then makes it available in

a structured data repository; the repository can also be integrated into existing business applications such as SAP, Box.com, Salesforce, etc. or exported to Excel or PDF. In principle, this is what many other capture products do.

What interests us most about Leverton is that their approach is built upon a homegrown AI technology stack, with the firm currently holding five US patents. The firm has developed a full-stack automated data extraction system that is particularly well suited for analyzing complex contract and document elements. At first glance, Leverton appears to be a modern document capture company, but a more in-depth reading of the technology reveals much more than basic capture.

Looking first at the capture technology element of Leverton, we noted that it does not rely (as do almost all capture vendors) on traditional optical character recognition (OCR) functionality. Instead, it has built its own proprietary OCR. Further, it has developed its own natural language processing (NLP) and deep learning capabilities. This approach is highly unusual, as most of its competitors

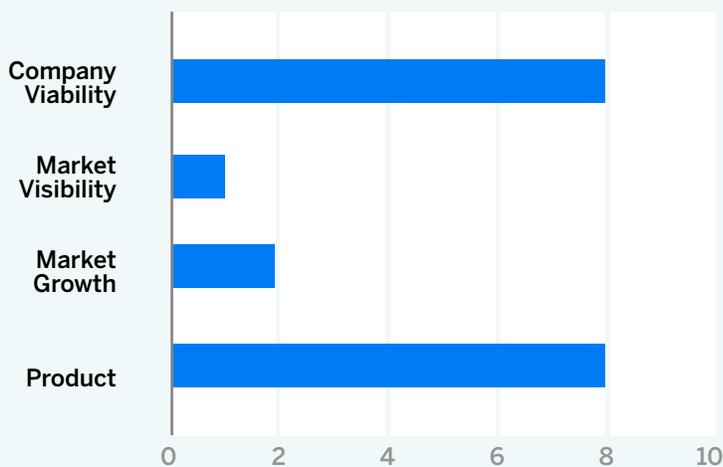
rely on third-party machine learning and OCR capabilities. Traditional third-party OCR rules-based tools (for example), though widely used, have limited capabilities and do not handle poor-quality documents – or for that matter, foreign languages – well. Leverton claims to have overcome these limitations by creating its technology using deep learning. The firm claims that its system learns quickly, often using fewer than 200 document examples. It has pre-trained the system for many standard document types and can support over 25 different languages.

Deep learning is a controversial area of AI,¹ but at Leverton, it is thankfully used appropriately. For example, deep learning is used to capture the nuances of complex grammatical syntax structured in text. Deep learning systems train and learn by example, in contrast to traditional rule-based systems. The use of deep learning in this kind of situation can dramatically increase the accuracy and speed of the data captured, as long as the reviewed data is correct to begin with. Whether it is a structured or unstructured document, the ability to learn by example has its pros and cons, something Leverton is aware of and tries to improve upon.

Our Opinion

Over its short life span, Leverton has carved out a solid niche for itself in the real estate software market. But what sets Leverton apart is, in our analysis, that it has built its own (patented) AI stack. This is an approach that appears to go beyond traditional capture and content analysis. Leverton's AI products are equally applicable across a range of sectors that deal with complex documentation, such as employment, insurance, and healthcare. Leverton is essentially a start-up (fewer than 50 employees) that operates within a much larger organization, albeit a start-up that now has

Figure 1
Leverton Assessment



access to much bigger markets and financial resources than previously. Today, though, the firm's brand recognition beyond real estate is limited. Figure 1 shows our assessment of Leverton across four categories.



Advice to Buyers

Leverton is a strong contender for consideration in any situation where long and complicated documentation, legal or otherwise, needs to be captured and analyzed. The automation that Leverton can provide may negate the need for expensive outsourcing of such work to BPOs.

Though clearly any customer of MRI Software will become aware of Leverton over the coming year, the firm's reach should become broader than that. We have noted that Leverton AI is now being embedded (white-labeled) in other commercially available capture products, and buyers may want to research whether their existing suppliers leverage or plan to leverage Leverton technology.

SOAR Analysis

Strengths

- Deep AI engineering expertise
- Appropriate leverage of deep learning AI techniques

Aspirations

- Move beyond real estate into broader markets
- Set a new standard for OCR and capture in the industry

Opportunities

- Automate complex contract analysis
- Extend into other industry sectors

Results

- Patented, highly differentiated technology
- Growing footprint in real estate

Endnotes

1 See our Analyst Note, "Enterprises beware of Deep Learning," at <https://www.deep-analysis.net/enterprises-beware-of-deep-learning/>

About Deep Analysis

Deep Analysis is an advisory firm that helps organizations understand and address the challenges of innovative and disruptive technologies in the enterprise software marketplace.

Its work is built on decades of experience in advising and consulting to global technology firms large and small, from IBM, Oracle, and HP to countless start-ups.

Led by Alan Pelz-Sharpe, the firm focuses on Information Management and the business application of Cloud, Artificial Intelligence, and Blockchain. Deep Analysis recently published the book "Practical Artificial Intelligence: An Enterprise Playbook," co-authored by Alan and Kashyap Kompella, outlining strategies for organizations to avoid pitfalls and successfully deploy AI.

Deep Analysis works with technology vendors to improve their understanding and provide actionable guidance on current and future market opportunities.

Yet, unlike traditional analyst firms, Deep Analysis takes a buyer-centric approach to its research and understands real-world buyer and market needs versus the "echo chamber" of the technology industry.

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About the Author

Alan Pelz-Sharpe is the founder of Deep Analysis. He has over 25 years of experience in the IT industry, working with a wide variety of end-user organizations like FedEx, The Mayo Clinic, and Allstate, and vendors ranging from Oracle and IBM to start-ups around the world. Alan was formerly a Partner at The Real Story Group, Consulting Director at Indian Services firm Wipro, Research Director at 451, and VP for North America at industry analyst firm Ovum. He is regularly quoted in the press, including the *Wall Street Journal* and *The Guardian*, and has appeared on the BBC, CNBC, and ABC as an expert guest.