



# Crunchbase: A Solid Start, But **Not Enough** to Cross the Finish Line

Crunchbase is a digital HQ for business information, from mergers and acquisitions to seed rounds and investor details. Originally focused on tracking and analyzing startup activity, the tech company now includes a variety of prospecting, lead generation, and communication tools, all still driven by data.

But how accurate is this data? And does it come close to telling the whole story?

For one, the data is self-reported by those with a vested interest in preserving the integrity of the company: founders and investors themselves. Each has their own horse in the race, so who's to say that these individuals wouldn't polish the truth a little to make their companies look better? Or withhold it altogether?

Forbes writer Edmund Ingham asked many of the same questions: "Is there a risk that large investment houses will neglect or refuse to upload information about the deals they are doing, skewing the overall picture?"<sup>1</sup>

Yes, in fact, there is.

Not only does Crunchbase's information come from potentially biased sources, but it also covers only a fraction of the relevant details regarding a founder or investor's background.

Sure, Crunchbase has gathered interesting statistics like how much money the average successful startup raised (\$41 million), sold for in an acquisition (\$155.5 million), and exited at (\$242.9 million).<sup>2</sup> But what about undisclosed agendas and relationships? Previous failed business ventures? Corporate crimes like embezzlement, fraud, wage theft, or much worse?

When you consider the breadth of information out there about a potential business partner or future investor—good, bad, and plenty of ugly—you'll start to realize that Crunchbase's fraction of relevance is practically negligible.

<sup>1</sup>Forbes. CrunchBase Is Such A Valuable Startup Analysis Tool, But The Problem Is It Has No Filter. <https://www.forbes.com/sites/edmundingham/2014/11/05/crunchbase-is-such-a-valuable-start-up-analysis-tool-but-the-problem-is-it-has-no-filter/?sh=1ea3b4284572>

<sup>2</sup>Crunchbase. CrunchBase Reveals: The Average Successful Startup Raises \$41M, Exits at \$242.9M. <https://about.crunchbase.com/blog/crunchbase-reveals-the-average-successful-startup-raises-41m-exits-at-242-9m/>

## What's Missing from Crunchbase?

Though driven by comprehensive data sets with insight into hundreds of thousands of public and private companies, Crunchbase falls short where it matters most: in-depth information that goes beyond numbers.

To illustrate everything that's missing from Crunchbase, let's look at what you can find when searching for the right investors<sup>3</sup> or investment opportunities:<sup>4</sup>



- **Active investors, filtered to match your needs** – Designed to identify entrepreneurs outside of your existing business circle, Crunchbase lets you search for investors according to filters like industry, number of investments or exits, location, and more. However, much of this data is volunteered by the users themselves or acquired through publicly available sources, which may be carefully curated to tell a certain story. Beyond that, an investor's exit count, for example, says nothing of the individual's behavior, ethics, or decision-making—it's just a number, with limited applicability.
- **Potential investments** – On the flip side, investors can also seek out information about emerging companies and their leaders. Crunchbase users can filter their searches based on location, investment amount, industry, previous funding rounds, and more to find new opportunities. Once again, these searches feature results based on public, readily available, and selective sources.

<sup>3</sup> Crunchbase. Find Investors. <https://about.crunchbase.com/find-investors/>

<sup>4</sup> Crunchbase. Find Next Investment. <https://about.crunchbase.com/find-next-investment/>



- **Founder profiles** – The founders’ profiles are updated by—you guessed it—the founders themselves, and almost certainly won’t include failed past ventures, shady dealings, or hidden intentions. Like a LinkedIn profile or paid promotional article, the information is carefully curated. Despite the fact that it’s one of the databases with the highest average coverage on company founders, Crunchbase still only reports 59%.<sup>5</sup>



- **Competitor performance metrics** – Users can check in on their competition and measure their own performance against comparable companies. For some, this will illuminate trends and innovations within the industry. For others, the statistical data on funding, revenue, and more can provide direction as to the “norm” in a particular market.



- **Changes in industry trends** – If you’re trying to invest in the “right” enterprise, it can help to monitor changing market trends and identify popular or growing areas. Crunchbase includes statistics about investment and revenue growth and will send you updates about the metrics of your choice on a specified timeline.

So what’s missing? Just about everything else, including reliable information you can confidently bet your business on.

<sup>5</sup> Technical University of Munich: School of Management. Benchmarking Venture Capital Databases.  
<https://deliverypdf.ssrn.com/delivery.php>

## How Accurate is Crunchbase, Anyway?

It doesn't take much digging to uncover the answer to this question. In the simplest terms, Crunchbase themselves has already admitted to the faults and gaps in their information collection system, stating on their own website: "Is the CrunchBase dataset 100% accurate? **No**. Does the dataset have gaps? **Yes**. Does the dataset contain some duplicate records? **Yes**."<sup>6</sup> (And yes, they bolded those answers themselves.)

In a slightly more complex analysis of their information acquisition methods, their data sources are limited and, in some cases, inherently biased, coming from four primary sources:<sup>7</sup>

- **Global investment firms** – Perhaps needless to say, the 3,500 investment firms that submit regular updates to Crunchbase have a clear incentive to provide the kind of information they want to have publicized.
- **Members of the community** – Crunchbase users, including executives, entrepreneurs, and active investors, can submit details about companies featured in the database. Not only could this information be positively biased, but it also opens up opportunities for vindictive or retaliatory reporting, further obscuring the truth.
- **AI algorithms** – Their machine learning algorithms don't actually source new information, but they do validate and confirm it. Any inconsistencies will be flagged and addressed by Crunchbase's team.
- **Crunchbase's data experts** – As another source of data confirmation, human analysts scan and approve the available data as well.

<sup>6</sup> Crunchbase. CrunchBase Meets Excel, Discover Your Own Insights. <https://about.crunchbase.com/blog/crunchbase-meets-excel/>

<sup>7</sup> Crunchbase. Where does Crunchbase get their data? <https://support.crunchbase.com/hc/en-us/articles/360009616013-Where-does-Crunchbase-get-their-data->



Another Crunchbase page also cites “publicly available sources” and “various data partners” as information-gathering channels.<sup>8</sup> It’s hard to assess the value or reliability of said “sources” and “partners,” but the simple fact is that Crunchbase uses a crowdsourced model.

This reporting model leads to sampling, among other, biases. On Crunchbase specifically, you’ll find more young, up-and-coming companies than long-standing enterprises, as well as those that have raised more significant capital already, according to a comprehensive review of the accuracy and coverage of various VC databases.<sup>9</sup>

When asking the question, “How well do startup databases reflect actual information?” it seems that many users aren’t too worried, accepting the inconsistencies and gaps in coverage because they believe it’s the best option they have.<sup>10</sup>

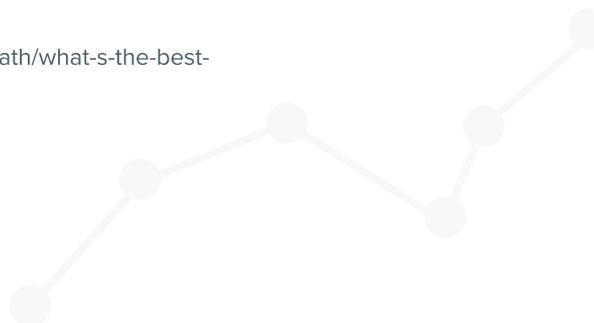
But what if that wasn’t the case?



<sup>8</sup> Crunchbase. How does Crunchbase get my information? <https://support.crunchbase.com/hc/en-us/articles/360001360088-How-does-Crunchbase-get-my-information->

<sup>9</sup> Technical University of Munich: School of Management. Benchmarking Venture Capital Databases. <https://deliverypdf.ssrn.com/delivery.php>

<sup>10</sup> Medium. What’s the best startup/VC database? <https://medium.com/@andreretterath/what-s-the-best-startup-vc-database-8237fc189830>



## Ferret: Making Up A Large Portion of the Missing Pieces

Where Crunchbase falls short, Ferret jumps ahead.

Ferret, defined by relationship intelligence rather than simply statistical data, provides a much more comprehensive picture of investors, founders, and individuals. As an invaluable due diligence resource, the AI-powered information system provides a number of tools that Crunchbase and others don't—or can't—give you, such as:

- **Automatic, always-on monitoring** – Ferret updates you with timely, risk-relevant notifications that allow you to act fast and make sound business decisions, as opposed to daily or weekly email updates from Crunchbase or others. In the fast-paced world of business relations, it might be too late by the time you uncover an investor's sordid, corrupt history.
- **Contact syncing for relevant updates** – By integrating your Apple contacts (and soon, Android, too), you can automatically monitor the activity of those within your network, without searching and tracking them individually.
- **More than financials** – Exit count and investment amount provide some degree of insight, but it doesn't include *qualitative* assessments, such as personal reputation, criminal activity, archived (“scrubbed”) news articles, and buried court records. Ferret shows you the nitty-gritty truth that others may have tried to hide, going well beyond what you'll learn from Google Alerts.
- **Relationship and reputation intelligence** – Above-board partnerships are usually easy to find online—but what about those seedy connections? Ferret can illuminate previous business connections, partners, and undisclosed interests, agendas, or alliances—whose pocket are they *really* in?



## How Does Ferret Compare to Crunchbase and Its Competitors?

Crunchbase isn't the only VC database of its kind, though it is often lauded as the most accurate and effective, which speaks volumes about the quality of its competitors.

So, how does Ferret stack up?

- **Crunchbase vs. Ferret** – According to a review of the most popular startup databases, Crunchbase is said to rank first in its “value for price.”<sup>11</sup> With a limited Starter plan for \$29 monthly, a more comprehensive Pro plan for \$49 monthly, and a customizable Enterprise plan at a company-tailored price point, Crunchbase falls behind Ferret's more affordable and more inclusive offering for \$40 a month. Plus, Crunchbase upcharges for a number of add-on features, ranging from an additional \$29 to \$79 each month.
- **VentureSource vs. Ferret** – Another of the highest-ranked VC databases, VentureSource, recently acquired by CB-Insights, still exhibits glaring data inaccuracies and sampling biases, including a propensity to oversample companies with larger fundraising rounds and larger valuations, plus companies based in California<sup>12</sup>. Beyond that, they only report 9% of company founders, while Ferret can give you everything you'd want to know about any individual—founder, investor, or otherwise.
- **Pitchbook vs. Ferret** – Pitchbook reports only 25% of post-money valuations and is highly inaccurate (more so than any other VC database in the same study) in promptly reporting financing rounds. As for sampling biases, they're much more likely to include US-based enterprises, new companies over old ones, and funding rounds with more significant capital raises.<sup>13</sup> Ferret's AI, on the other hand, is constantly analyzing hundreds of thousands of reliable sources to generate relevant, targeted notifications for risk-averse users.

<sup>11</sup> Medium. What's the best startup/VC database? <https://medium.com/@andreretterath/what-s-the-best-startup-vc-database-8237fc189830>

<sup>12</sup> Technical University of Munich: School of Management. Benchmarking Venture Capital Databases. <https://deliverypdf.ssrn.com/delivery.php>

<sup>13</sup> Technical University of Munich: School of Management. Benchmarking Venture Capital Databases. <https://deliverypdf.ssrn.com/delivery.php>

The AI-based relationship intelligence platform also has exclusive access to one of the most trusted, comprehensive information sources in the industry: NominoData's proprietary risk management data,<sup>14</sup> including details about sanctions, negative news, name variants, compliance breaches, human trafficking, money laundering, and more.

Before Ferret, this wealth of intelligence was only accessible to insiders in the finance sector—now, it's in the hands of anyone with big decisions to make and lots at stake.

## Ferret: the Only Relationship Intelligence Database

Beyond sampling biases, data gaps, and glaring inaccuracies, Crunchbase and others like it exhibit a fatal flaw that goes beyond the statistics: they can't give you the full picture.

In real-time, Ferret updates you with all the information you need to make a sound business—or personal—decision: criminal records, news archives, fraud accusations, bankruptcies, ethical failings, shady partnerships, and just like Crunchbase, financial and investment history.

From a vast collection of verified, reputable sources, Ferret helps you find the information that's going to make all the difference—and make or break your business venture.

<sup>14</sup> The SaaS News. Ferret Secures \$4 Million in Seed Round. <https://www.thesaasnews.com/news/ferret-secures-4-million-in-seed-round>



# Sources:

Forbes. CrunchBase Is Such A Valuable Startup Analysis Tool, But The Problem Is It Has No Filter. <https://www.forbes.com/sites/edmundingham/2014/11/05/crunchbase-is-such-a-valuable-start-up-analysis-tool-but-the-problem-is-it-has-no-filter/?sh=1ea3b4284572>

Crunchbase. CrunchBase Reveals: The Average Successful Startup Raises \$41M, Exits at \$242.9M.

<https://about.crunchbase.com/blog/crunchbase-reveals-the-average-successful-startup-raises-41m-exits-at-242-9m/>

Crunchbase. Find Investors. <https://about.crunchbase.com/find-investors/>

Crunchbase. Find Next Investment. <https://about.crunchbase.com/find-next-investment/>

Technical University of Munich: School of Management. Benchmarking Venture Capital Databases. <https://deliverypdf.ssrn.com/delivery.php>

Crunchbase. CrunchBase Meets Excel, Discover Your Own Insights. <https://about.crunchbase.com/blog/crunchbase-meets-excel/>

Crunchbase. Where does Crunchbase get their data? <https://support.crunchbase.com/hc/en-us/articles/360009616013-Where-does-Crunchbase-get-their-data->

Crunchbase. How does Crunchbase get my information? <https://support.crunchbase.com/hc/en-us/articles/360001360088-How-does-Crunchbase-get-my-information->

Medium. What's the best startup/VC database? <https://medium.com/@andreretterath/what-s-the-best-startup-vc-database-8237fc189830>

The SaaS News. Ferret Secures \$4 Million in Seed Round. <https://www.thesaasnews.com/news/ferret-secures-4-million-in-seed-round>