

CloudFactory raises \$65 million to prep and process data sets

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AI and machine learning algorithms require data. Lots of data. But the bulk of that data is of no use if it isn't first labeled by human annotators. This predicament has given rise to a cottage industry of startups, including Scale AI, which recently raised \$100 million for its extensive suite of data labeling services. That's not to mention Mighty AI, Hive, Appen, and Alegion, which together occupy a data annotation tools segment that's anticipated to be worth \$1.6 billion by 2025.

CloudFactory is yet another vying for attention. It's the brainchild of serial entrepreneur Mark Sears, who in nine years grew it from a small-time data prep solutions company to an international conglomerate with offices in the U.K., U.S., Nepal, and Kenya. (CloudFactory is headquartered in Reading.) Today the company announced that it has raised \$65 million in a growth equity round that brings its total raised to \$78 million.

"The future of AI and machine learning innovation will be driven by people, and we believe our focus on people has been the biggest contributor to our growth," said Sears. "A company can have the best tools, but people are the critical factor in determining the quality of data feeding these algorithms. By valuing our workforce above all else they become more engaged in their work and, using the best tools, deliver the highest quality data for our customers."

CloudFactory taps a small army of workers around the world to label, augment, and enrich AI testing and validation corpora, using over 100 different computer vision and natural language understanding toolkits. These workers tag and annotate images, audio

clips, and videos on which semantic, syntax, and context detection algorithms can be trained, pursuant to customers' needs and wants.



Above: CloudFactory workers in Kenya.

Image Credit: CloudFactory

That's only the tip of a rather large use case iceberg. CloudFactory offers image annotation services from bounding boxes and semantic segmentation to 3D point cloud and sensor fusion, as well as document tagging for up to millions of files and transcription aided by optical character recognition. The company's cloud workforce offloads data prep for geospatial algorithms by annotating satellite images and drone photography, and processing for sentiment analysis by structuring data based on distinguishable opinions and emotions.

CloudFactory works with clients to gain an understanding of their businesses and their projects' nuances. It selects data processing teams through multi-level assessment, after which the clients deliver to these teams remote and in-person training sessions. Through a process of daily sprints and iterative feedback loops — plus paired learning — CloudFactory scales data prep as required while ensuring quality with focus techniques and real-time monitoring. The aforementioned client gets visibility into each step with a workspace featuring visualization and collaboration tools.

CloudFactory's platform is tool-agnostic and designed to integrate with a range of web-based, cloud-based, and on-premise platforms. That's in addition to an in-house microtasking platform, which combines task atomization and automation to scale to

high-volume workflows. Also on tap is a plan — Shield Plus — that delivers secure devices, software, and IT protocols, as well as dedicated working spaces with enhanced physical security.

CloudFactory is careful to draw a distinction between itself and controversial competitors like Cognizant. It claims that it vets every worker for “skill” and “character” and that it provides them with growth and training opportunities that “naturally result in high-quality work.” Specifically, it offers leadership opportunities and enrichment programs, in addition to unspecified “metric-driven” bonuses.

CloudFactory’s over 130 clients include more than 11 autonomous vehicle startups, like NuTonomy and Embark, as well as corporate heavy hitters like Microsoft. Among the others are biometric software provider Facetec and mobile rewards platform developer Ibotta, as well as Pilot.ai (which offers a drop-in AI solution for computer vision apps) and GoSpotCheck.

To date, CloudFactory has completed over 150 projects, and it now processes “millions” of tasks a day.

Sears said the funding from this latest round, which was furnished by FTV Capital with participation from Weatherford Capital, will be used to improve the growth and educational opportunities available to CloudFactory’s employees. He says it’ll also be used to accelerate the company’s sales and marketing efforts globally as it invests in new technologies and capabilities that provide greater automation and increase efficiency.

“As AI technology continues to grow rapidly, the need for high-quality data to feed complex AI systems is crucial,” said FTV Capital partner Alex Mason, who plans to join CloudFactory’s board of directors, along with Abhay Puskoor and Weatherford Capital partner Sam Weatherford. “CloudFactory is poised for tremendous growth across many industry verticals where executives are clamoring for data labeling capabilities that meet superior quality standards and are consistently delivered. We are excited to partner with CloudFactory’s proven management team, who have the unique vision and exemplary execution skills to achieve their business goals and successfully fulfill their mission.”