



Insights

AVP Investment thesis Ethyca

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Investing in Ethyca and the Future of Automated Data Privacy Compliance

The status quo for managing data privacy is reactive and unclear. Organizations face mounting pressure from increasing consumer data protection laws across jurisdictions, compounded by intensified scrutiny over private data usage due to the rise of AI technologies.

Historically, compliance efforts have been shackled by manual processes and checklists, leaving organizations struggling to identify sensitive data, respond to requests, and ensure proper data storage and usage. The result? Inefficiencies and compliance gaps that leave organizations vulnerable to reputational damage and hefty fines.

Ethyca is changing the game. Their platform empowers enterprises to achieve and maintain data privacy compliance at scale. With a comprehensive suite of tools, Ethyca automates critical functions such as data mapping, consent management, and data subject requests. What sets Ethyca apart is its innovative privacy as code solution - aptly named *Fides* after the goddess of trust - that integrates seamlessly with developer workflows, enabling organizations to automatically enforce privacy policies.

Deployed as a control plane within a company's data infrastructure, *Fides* monitors data flows between databases, applications, service providers, and AI models. It scans base code to understand what data is collected and automatically categorizes data elements, masking any sensitive data as it flows into databases. By embedding privacy checks into CI/CD workflows, *Fides* ensures compliance is woven into the development process from the start. The company is the brains behind *fideslang*, an open-source data taxonomy that empowers compliance as code.

At AVP, we are excited to announce our investment in Ethyca, partnering with Aspenwood Ventures to lead a \$10 million funding round, joined by existing investors such as Addition and Founder Collective. Our decision to invest is underpinned by a long-term thesis: as private data collection continues to rise, so too will the regulations protecting consumers. With enterprises increasingly leverage proprietary data to anticipate and meet consumer needs, the demand for sophisticated engineering tooling to handle private data will soar. Ethyca is uniquely positioned to meet this critical demand.

A recent Cisco study underscored the importance of data privacy in cultivating customer trust, with an overwhelming 94% of organizations emphasizing that customers would not purchase from them if their data were not adequately protected¹. Our conversations with dozens of data privacy software buyers at enterprises highlighted widespread dissatisfaction with current solutions, often seen as lacking robust backend infrastructure for comprehensive data privacy management. Moreover, there is a clear shift towards proactive risk mitigation, emphasizing the need for engineering solutions rather than relying solely on legal and compliance teams.

Against this backdrop, Ethyca's automated compliance is vital for bridging critical compliance gaps and fostering trust between organizations and their stakeholders.

We were particularly impressed by the team's deep expertise in data privacy and technical sophistication. Founder Cillian Kieran, who previously led a 100-person digital transformation consultancy, brings invaluable experience, having developed data governance strategies during the early days of GDPR with global CPG companies.

Feedback from customers underscores the team's deep understanding of legal regulations and complex database architectures, translating into a seamless experience for both technical and non-technical stakeholders.

Ethyca has gained the trust of leading enterprises, including The New York Times, SurveyMonkey, and Mozilla. By automating compliance and equipping engineers with the tools to protect valuable data assets, Ethyca is paving the way for a new era of enterprise data privacy compliance. We at AVP are thrilled to support Ethyca's vision and look forward to the journey ahead.

1. <https://www.cisco.com/c/en/us/about/trust-center/data-privacy-benchmark-study.html>

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