

HFS

HOT TECH

**HFS OneOffice™
Hot Tech: Klarity**

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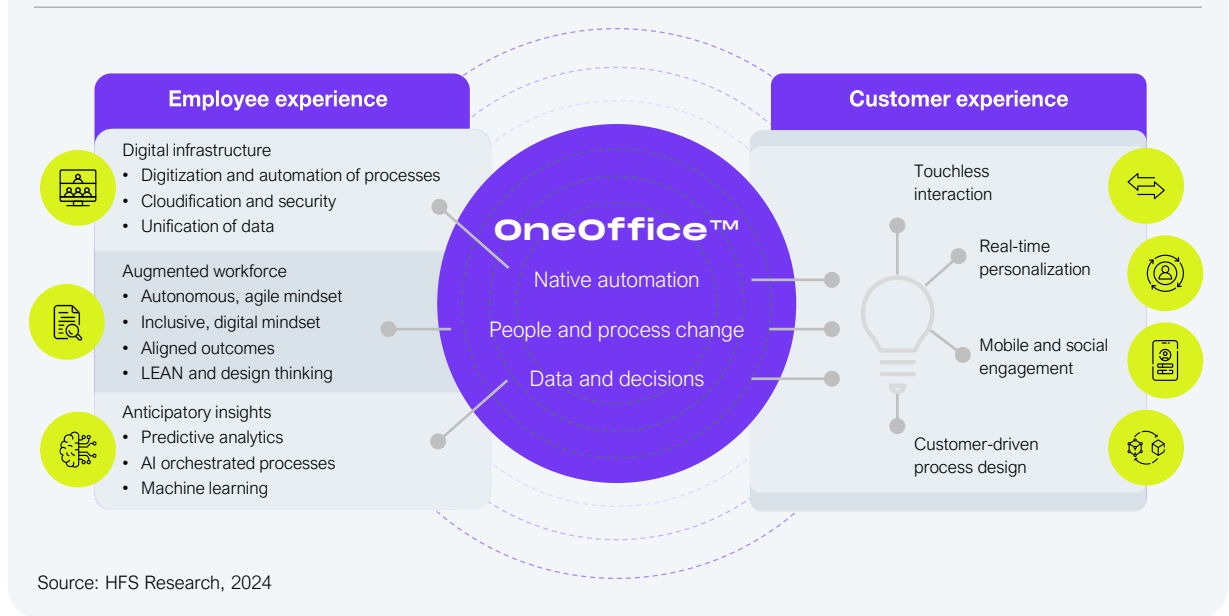
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Executive summary

HFS Hot Tech is an exclusive group of emerging players, each with a differentiated value proposition for the HFS OneOffice™ or HFS OneEcosystem™. This Hot Tech has been selected for its alignment with the HFS OneOffice, illustrated in the following exhibit.

Exhibit 1: The HFS OneOffice highlights the customer experience value benefits of enabling improved employee experience



HFS analysts routinely speak with many vibrant start-ups and emerging players. We designate a select few as HFS Hot Tech based on their offerings' distinctiveness, ecosystem robustness, client impact, financial position, and, in this case, impact on our OneOffice framework. HFS Hot Tech may not have the scale and size required to feature them in our Horizons reports, but they have the vision and strategy to impact and disrupt the market.

In the rapidly changing space of digital operations, enterprises realize they can't be everything to everyone. Those consuming third-party services, service providers, and technology providers need a smart ecosystem to thrive and survive in the future. HFS Hot Tech vendors are service and technology providers hand-picked by our analysts to help you flesh out your smart ecosystem with offerings that solve today's complex business problems and exploit market opportunities.

HFS Hot Tech vendors display truly differentiated offerings and out-of-the-box thinking that can be inspiring and useful. This report profiles one HFS Hot Tech selected through our rigorous five-step assessment. The HFS Hot Tech designation remains in place for one calendar year.

Every Hot Tech joining our program remains listed on our [exclusive and searchable database](#).

Klarity: A GenAI-native platform to fully automate back-office operations involving document understanding needs that have traditionally been offshored; currently specializing in accounting and compliance operations but is expanding to other functions

K L A R I T Y

In today's fast-paced business environment, enterprise leaders face the challenge of managing vast transaction volumes while ensuring compliance with complex regulations and maintaining operational efficiency. The stakes are especially high for companies in the technology sector, where the intricacies of revenue recognition, billing, and order management can quickly spiral out of control. Enter Klarity—a GenAI-native platform that cuts through the chaos, providing the tools to streamline operations, bolster compliance, and turbocharge efficiency.

Klarity's platform boasts a suite of general tools designed for reading documents and automating a subsequent process through reconciliation, calculation, and integration capabilities, which form the foundation of its functionality. Its suite of solutions effectively targets labor-intensive applications with its GenAI platform, automating complex data extraction and transformation and understanding tasks that traditionally require significant manual effort.

Key features and capabilities:

- **Automation of manual processes:** Klarity automates manual processes that require (1) the identification and review of critical document terms and (2) performing a process—matching document data to a system, calculating critical metrics, and producing business outcomes—booking orders, recognizing revenue, and approving transactions. This ensures that every transaction meets the defined criteria, reducing the manual effort typically involved in reviewing documents and manually completing processes.
- **Data extraction and normalization:** The platform's extraction capabilities are highly versatile, collecting data from unstructured documents in varying formats such as free text, long-running tables, disjointed tables, and signatures. Klarity leverages multiple extraction methods and metadata to define and configure the parameters required for these processes. This ensures that the underlying data in documents and systems is accurately collected, allowing for the execution of necessary checks and validations within the checklists.

- **Integration and compatibility:** Klarity's integration flow is system-agnostic, functioning seamlessly across various CRM, CPQ, CLM, ERP, and other business systems. The platform provides flexible integration options, including its in-house iPaaS platform via Workato and compatibility with third-party solutions such as Tray, Celigo, Boomi, and MuleSoft. This flexibility ensures smooth data transfer and integration without the need for custom API development, making Klarity easily implementable in diverse IT environments.
- **Advanced calculations and reporting:** The platform also offers advanced reporting capabilities to maximize its AI value. Klarity's AI analysis feature allows users to interact with and visualize data through a chat interface, acting as a personal data analyst. Additionally, the platform's search capabilities, including semantic search, enable users to filter results based on specific checklist values and document types and understand the meaning behind search terms. This provides deeper insights into contract language variations and non-standard terms, going beyond traditional tools such as Tableau and Excel.

Clients boast their ability to enhance efficiency and accuracy in revenue accounting and contract management without increasing headcount

HFS spoke to Zoom and DoorDash, two of Klarity's clients, to understand the impact of its solutions. Both companies have experienced notable improvements in their operations, showcasing Klarity's potential.

Zoom initially implemented Klarity for revenue accounting, particularly for managing complex SaaS technology contracts and orders. The outcome was highly positive, with Klarity enabling faster deal closures and real-time identification of critical contract terms, significantly reducing the need for a large offshore team. Anmol Garcha, head of order-to-cash strategy and operations, highlighted, "Klarity allowed us to close deals and identify terms that may have negatively impacted revenue in near real time." This efficiency improvement enabled the team to scale without increasing headcount and provided substantial value in smaller M&A activities by identifying contractual issues during integration. While Klarity is still in the proof of concept (POC) phase for order processing and management, Zoom continues to evaluate its fit into the overall workflow and architecture.

DoorDash began using Klarity for revenue recognition and automating capturing and summarizing key contract terms. This implementation allowed for significant team scaling without the need for increasing staff, as Gordon Lee, the chief accounting officer, remarked, "Klarity was able to take away so much work from the team." The structured data aggregation improved data management and mining for accounting and sales teams, supporting internal sales processes with empirical data and accurate contract summaries. This efficiency also enhanced audit processes by providing readily accessible summarized information, allowing accountants to focus more on critical reviews and business support. Looking ahead, Gordon sees potential in Klarity 3.0 and new product features, expecting further enhancements to fully automate and integrate with broader business processes such as procurement and payables. DoorDash looks at Klarity as an alternative model for managing its F&A operations.

HFS' take

We chose Klarity as an HFS OneOffice™ Hot Tech due to its contributions to enhancing customer and employee experience—achieved by reducing manual workload, ensuring compliance, and providing transaction processing through advanced AI capabilities. Klarity's GenAI-driven platform addresses some of the most pressing challenges enterprise leaders face today—extracting data from unstructured sources, automating entire BPO processes end-to-end, ensuring compliance, and maintaining operational efficiency. By automating document-centric tasks and streamlining operations, Klarity improves real-time data flows and supports rapid decision-making across front, middle, and back-offices. This integration promotes unified operations and enables a more agile, responsive, and efficient business environment, aligning with the core principles of the OneOffice framework.

Recently, Klarity raised \$70 million in Series B funding, which will be used to hire top talent in

engineering, product development, and go-to-market (GTM) teams, expand its customer base, and enhance its AI automation platform. The goal is to automate document-centric tasks, reduce operational expenses, and increase client efficiency and compliance.

Klarity is a promising AI platform that effectively bridges the gap between labor-intensive document understanding tasks and advanced automation. Its focus on financial processing, revenue assurance, back-office operations, robust general tools, and specific outcome-oriented solutions positions it well in the market. Success will be measured by its ability to build targeted services and form strategic partnerships, paving the way for seamless integration and widespread adoption. With substantial funding and a clear strategic direction, Klarity is poised to make significant strides in enhancing operational efficiency and compliance for enterprises across various industries

Vendor fact sheet

- **Founded:** 2017
- **Headquarters:** San Francisco
- **Key executives:** Andrew Ontos, CEO & Cofounder; Nischal Nadhamuni, CTO & Cofounder
- **Number of employees:** 134
- **Funding source:** Series B funding
- **Number of clients:** 60+
- **Key clients:** Zoom, Doordash, Colgate, CrowdStrike, Cloudflare, RingCentral, and Genesys
- **Domain:** Artificial intelligence, order-to-cash workflows, and BPO automation
- **Solutions portfolio:** Document understanding, process documentation and Intelligence, and process automation
- **Industry coverage:** Across all industries

The HFS Hot Tech report team

Author



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Dana Daher is an Associate Practice Leader for HFS Research. She leads research in employee experience, including employee experience (EX) services, emerging technology, energy and utilities, and sustainability. Before joining HFS, Dana's experience included leading IT research, advisory, and consulting services in IT strategy, digital transformation, innovation management, and IT governance.

Hot Tech Program Lead



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David is an Executive Research Leader at HFS and Editor-in-Chief of the HFS Hot Tech program. He also leads our OneOffice™ Emerging Technology Practice, is our strategic lead on Generative AI, Web3, and metaverse, and covers automation and employee experience. He is a published author (*The 10 Principles of Open Business*, Palgrave-Macmillan), a former tier-1 consulting director, and a digital strategy and innovation expert with leadership experience in start-up, scale-up, and enterprise digital transformation.

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