

# Open Letter

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**Date:** 2024-02-28

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**Subject:** Anneal is shutting down

*To our users, supporters, advisors, and investors:*

Anneal was founded with the intention of bringing modern, efficient, collaborative tools to engineers in the advanced engineering sector. We sought to help accelerate the design and development of complex physical systems by reducing the administrative burden placed upon engineers; to make work easy to manage, to make information easy to find, to facilitate and foster open engagement, and to make engineering review procedures fast, painless, and traceable.

We sought to become the operating system for advanced engineering; to offer a generational advance in the ease with which the development of complex hardware systems could be orchestrated, akin to those delivered to software first by GitHub, then by GitLab, and now by Linear.

## Successes

Perhaps this was never what was in question, but we can build product. We built and released a complex, vertical-specific engineering management system of significant scope. We built an opinionated workflow management tool informed by the best performing engineering teams on the planet. We built tools for non-conformance management and reporting, for the real-time, multiplayer markup and annotation of 2D drawings, and for the review and annotation of 3D CAD. We built tools that let engineers assemble schematics and diagrams in context and with automatic version control, without ever leaving the app, and we built a comprehensive notifications system. We deployed  $\text{\LaTeX}$  rendering across the application—and we shipped this feature before GitHub.

We also built a great team. I may have started the company alone, but we managed to grow and evolve into a group of smart, capable engineers with relevant domain expertise and a complementary mix of skills.

I suspect this is the norm for founders, or certainly should be, but I also willed a significant amount of our company and our product into existence; something I remain proud of. I designed our architecture and I built V1 of the entire product—but I also designed our logo, wrote all of our copy, developed our website, assembled our pitch decks, authored our engineering productivity analysis and crafted our ‘method’, developed our documentation, and recorded our demo videos. I built our full-text search, our audit trail system, and our task board system. I implemented our drawing review tooling, built our parallel/perspective 3D view system, built our open drawing diff tools, and I wrote many of our blog posts.

Though I do not consider these real successes, it is worth recognising that beyond our ability to build product, we also gathered a reasonably long list of business and start-up awards. We raised capital to address a problem in a region where we had effectively zero prospective customers, and we secured entry into a highly competitive accelerator programme that was both staffed with world-class talent and legitimately useful. In helping us craft our offering, we also managed to garner the input of some incredible minds: aerospace engineering leaders, rocket scientists, motorsport engineers, and one Formula One team technical director.

Finally, we onboarded almost forty engineering teams—working on everything from bicycles to rockets.

## Failures

Our most significant challenge has been in Founder-led market engagement, typically highlighted as a critical step on the path to start-up success. Despite sustained effort, our attempts to engage the market failed to produce significant traction, and we failed to secure any highly engaged early users. The unfortunate reality is that I have neither significant profile nor network on which I could lean for early distribution, and we have been unable to persuade the market that we are a credible authority on the problem we seek to address.

Seeking an alternate path, we worked systematically through possible channels for engaging our audience. Our cold outreach efforts spanned LinkedIn, e-mail, telephone, and direct mail. We attended events, both as delegates and as exhibitors and speakers. We ran Google Ads and LinkedIn ads. We produced engineer-focused content and featured guest authors. We also provided free, engineer-focused widgets like our drawing diff tool. None of it worked.

Alongside our failure to establish a repeatable mechanism for reaching our target audience, we also found the space to be generally conservative and change resistant, and frequently outright opposed to—or prohibited from—the adoption of any new software.

In response to this, we sought out early-stage hardware companies, testing the thesis that organisations with less inertia might be more willing to adopt new tools. However, we found that the culture of these teams was largely comparable, with even small hardware start-ups expressing resistance to using software products from early-stage companies because of perceived vendor risk. This is particularly challenging with a product like ours, which would sit at the centre of engineering operations, rather than form a downstream system that is not mission critical. This effect was compounded by the fact that our tools would add less value to a small team with less management and operational burden arising from organisational scale.

Beyond the failure of our direct engagement attempts, I am now also inclined to think that our positioning has been too broad and non-specific, while the more detailed aspects of our positioning tend to overlap, to some degree, with incumbent PLM system messaging—even where both conceptual and functional differentiation exists. This effect has been accentuated by the market leading CAx vendors having, since our incorporation, also moved their offerings in our direction. Products from Siemens and Dassault Systèmes now purport to offer improved review, collaboration, and workload management functionality than was previously the case.

Lastly, though we have seen 39 organisations sign up to date, the majority of these remain single-user organisations, and have failed to exercise our more differentiated, domain-specific tools almost entirely.

## Winding Down

In Q4 of 2023, I took the view that we were not in a position to raise further capital, and we also faced critical cashflow issues. Fearing the inability to make payroll beyond January of 2024, I made the difficult decision to make all full-time salaried employees redundant, effective December 31<sup>st</sup>. Though our financial situation has since improved, I do not see any way forward for us as a company providing engineering management tools. As a result, I will begin the process of winding down our service with immediate effect.

## Thank You

Ultimately, I feel that the position in which we find ourselves is incredibly frustrating. Despite all of the challenges we have navigated, this still feels like an area with such substantial room for improvement that there could still be a business here—but given our experience to date, evidently not with me as the face of it.

I would like to express genuine, heartfelt thanks to the team who joined me along the way, who outsmarted me and kept me right—and to our users, supporters, advisors, and investors. Thank you for giving me your time and your advice, for exploring our product, for trusting in our vision, and for backing us throughout.

*Thank you,  
Nick*