

## Latka Report 002: The 95% Club

### ### Your Paid Items ###

[1 Excel File detailing](#) revenue, founding year, and equity splits of the 95% club. Easy for you to sort, filter, analyze.

**9** interviews where 95% club members share how they kept so much while still hitting millions in revenue.

1. [Printful](#)
2. [ECRS](#) (this is a gem very few know about)
3. [Fundapps](#)
4. [PlusThis](#)
5. [Lumen5](#)
6. [DirectIQ](#)
7. [HelloBox](#)
8. [UTM](#)
9. [GreenRope](#)

**3** more examples of founders who got paid bigtime using a secondary round  
Centro did \$120m, 50% was secondary

1. [BounceEx](#) did a \$37m round in 2018. **\$8m of that was paid out to founders**/early employees. \$29m went to help the company grow.
2. [Animoto](#) did a \$30m round in 2011 with Spectrum Equity. **\$10m of that went to founders**
3. [Bullhorn](#) raised \$26m in 2008 with **\$12m in ARR**. Most of that round got paid directly out to founding team in a secondary deal.

[35 companies listed](#) by equity ownership, revenue, founding year. All members of the 95% club.

A SaaS founder in the workflow management space that just hit \$10m in revenue and still owns 100% (Answer: [ProcessMaker](#))

Enterprise Mailchimp competitor fights off big acquisition offer to keep 96% of his \$3m revenue company. (Answer: [Knak](#))

Thought social media tools are dead? This founder does over \$1m a year and owns 100% outright. (Answer: [Kontentino](#))

### ### Your Paid Items ###

No one talks about SaaS founders who have **kept 95%+ control** of their business.

Enter the “**95% Club**”.

I went to twitter and my email list to find examples.

Scott Brandley, CEO of ShopperApproved got back to me quickly:

*“For us, our freedom is way more valuable than money - even if that means that we don't grow as quickly.”*

The customer reviews tool passed [\\$6m in revenue](#) and Brandley feels, *“Ultimately, we're able to do with 50 people, what VC companies do with 500, and still stay highly competitive in the industry.”*

Lets take a look at other founders who've kept 95%+ equity.

## Sole Founders Who Own 100% Today

Traditional wisdom says a developer and a business person make the best founding team. Always at least 2 co-founders. These sole founders **ignored that advice** and are thriving.

- Casey Sullivan found **scheduling app Bookafy** in 2015, [passing \\$1.1 million](#) in annual recurring revenue (ARR) in 2019. Highly competitive space with others like Acuity Scheduling and [\\$60m ARR Calendly](#). He owns 100%.
- Razvan Girmacea built and sold two companies before founding **Competitors.app** to help brands monitor competition. He's hit [\\$60k in ARR](#) with a team of 5.
- Mike Oddo built a point solution software focused on the **Real Estate industry** and has quickly scaled to [\\$3.2m in ARR](#). He owns 100%.

## How to Buy-Out Co-Founders

Sometimes Co-Founders disagree on vision and one has to go.

- If you want to buy out your co-founder, use a **409a valuation** or 3rd party to set price.

- If you don't get along and **need to split**, but can't agree on who will leave, structure buyout this way: *"this is the valuation, either you buy me out or let me buy you out at same price"*.
- Poonam only owned 70% of Iyka then bought back 30%. She now controls 100% of a [\\$720k ARR business](#).
- DirectIQ was founded in 2002 and bootstrapped to \$500k in ARR. When a partner wanted to exit, Baris Ergin used his savings to buy out his partner instead of taking on a VC. [Ergin now owns 100%](#).

Co-Founder buyouts happen all the time but are rarely discussed publicly. Don't be scared of them.

## Typical Equity Splits

The most dilutive moments in a companies life (not related to a raise) are when you pick your cofounders on day 1 and if/when you choose to set up an employee stock option pool (ESOP).

- [This SaaS company](#) chose to go the "equal and fair route" right down the middle. 3 co-founders own 33% each. Just passed \$1m run rate.
- Michael Cooney and his partner split equity 50/50 for their company [WhatConverts](#) which hit \$1.5m in revenue this year.
- Wingmantracker is doing [\\$75k in ARR](#) today and co-founders split 50/50.

Don't "default" to equally splitting equity among co-founders if you're just trying to avoid a tough conversation. You're getting married.

If someone is truly bringing more to the table, an even split won't work long term.

## Giving Your Employees Stock (ESOP's)

For founders looking to retain top talent without paying gobs of cash, equity works nicely as an incentive. Set up an ESOP (employee stock option pool) to do this like these founders.

13% ESOP helps Stacy at SwoopTalent retain top employees. [Founders own 83%](#), advisors own the last 4%.

ESOP's are typically set up to be 10-15% of the company early on.

## Get an "Exit" Without Getting "Acquired"

If you want to keep running your company, but want chips off the table, you can sell a chunk of the business but retain control like Greg Mercer did at JungleScout last year.

Called a Secondary offering.

- When **Cognism** did their [\\$12m round at \\$80m valuation](#) in March this year, **\$5m went straight to founders** while the other \$7m went to the company balance sheet to drive growth.
- When **Genially** raised \$4m in February this year, \$2m of it went to the founders in a secondary offering. The company has **\$2m in the bank** right now and is [currently raising \\$10m](#).
- **Shipmonk** has only raised once. Of that \$10m round, [50% went out to founder Jan Bednar](#) - an early payday and smart way to de-risk your personal exposure to the business. \$5m stayed on the balance sheet to drive growth. Look for more news from them shortly.

You don't have to be "huge" to do a secondary. Genially was at a \$3m run rate when they took \$2m off the table.

All founders should remember secondaries as an alternative to getting paid without having to sell your entire company.

Maybe you'll IPO 10 years later and get the "double dip" (another pay day).

## Founding Teams Who Own 100% Today

Founders and employees own 100% of the business.

- Maropost took 9 years to hit [\\$36m in revenue](#) and the early team is reaping the rewards controlling 100% of the business. Marketing and automation platform.
- ECRS is the definition of slow, patient growth founded in 1989 by Pete Catoe and now bringing in [\\$27m per year](#). He owns 100% of his ERP tool.
- [This ad tech platform](#) does **\$24m annually**. Founding team has retained 100% ownership.
- Printful is on track to pass [\\$100m this year](#), likely doing **secondary soon** but founders own 95%+ for now.

**### Your Paid Items: 35 More ###**

*All sourced from CEO mouth directly via my interview. Then confirmed via email on November 12th (last week). They all own 95%+:*

1. Processmaker does 10500000 in annual revenue, founded in 2008.
2. Fundapps does 9999996 in annual revenue, founded in 2010.
3. Jivochat does 7992000 in annual revenue, founded in 2012.
4. Shopperapproved does 6000000 in annual revenue, founded in 2010.
5. Risevision does 4200000 in annual revenue, founded in 1992.
6. Greenrope does 2700000 in annual revenue, founded in 2010.
7. Plusthis, does 2368000 in annual revenue, founded in 2014.
8. Whatconverts does 1512000 in annual revenue, founded in 2015.
9. Learnifier, does 1500000 in annual revenue, founded in 2014.
10. Hyperlogs does 1200000 in annual revenue, founded in 2017.
11. Lumen5 does 1200000 in annual revenue, founded in 2017.
12. Mywifi Networks does 1152000 in annual revenue, founded in 2015.
13. Bookafy does 1056000 in annual revenue, founded in 2015.
14. Leaddyno does 1056000 in annual revenue, founded in 2012.
15. Convertri does 1020000 in annual revenue, founded in 2015.
16. Conveyour does 840000 in annual revenue, founded in 2016.
17. Lyka does 720000 in annual revenue, founded in 2019.
18. Getemail does 588000 in annual revenue, founded in 2016.
19. Directiq does 450000 in annual revenue, founded in 2002.
20. Vested.io does 432000 in annual revenue, founded in 2017.
21. Cryptotrader does 336000 in annual revenue, founded in 2017.
22. FusionAuth does 300000 in annual revenue, founded in 2007.
23. Veedeeo does 300000 in annual revenue, founded in 2013.
24. Getcredo does 299520 in annual revenue, founded in 2013.
25. Automationlinks does 242400 in annual revenue, founded in 2017.
26. HelloBox does 187200 in annual revenue, founded in 2018.
27. Contentellect does 179712 in annual revenue, founded in 2018.
28. Linkody does 132000 in annual revenue, founded in 2012.
29. Utm does 100000 in annual revenue, founded in 2017.
30. Missinglettr does 96000 in annual revenue, founded in 2017.
31. Orangedox does 90000 in annual revenue, founded in 2015.
32. Yanomo does 72996 in annual revenue, founded in 2014.
33. Competitors.app does 60000 in annual revenue, founded in 2018.
34. Ipgeolocation does 60000 in annual revenue, founded in 2018.
35. Gohighlevel does 36000 in annual revenue, founded in 2018.
36. SellerSEO does 28800 in annual revenue, founded in 2018.
37. Feedbear does 2160 in annual revenue, founded in 2018.

## **But Nathan.....**

*Nathan we're about to run out of cash, we have to raise capital!*  
Spend less money.

*Yeah, but these will never be billion dollar businesses*  
Who cares? The path to a \$3m business that you control is way easier to execute than fighting for a billion dollar exit for the next 10-15 years of your life.

*Nathan why are you so negative towards VC?*  
I'm not. I just think raising VC gets over-celebrated and controlling 100% of a smaller business is under-celebrated.