Fundraising

These 5 companies bootstrapped their way to big businesses while VCs came knocking

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@bayareawriter / 11:00 AM PST • January 9, 2023

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It may come as a surprise to some, but not every startup is clamoring to raise venture capital.

The reasons some founders shun the process of raising institutional funding vary based on individual circumstances. There are founders who don't like the idea of giving up equity. Others don't want to give up control of their operations and/or strategy. And there are many who want to hold on to both equity *and* control. Then there are those for whom raising venture capital is simply not as accessible, such as founders in emerging markets like Latin America.

There is no right or wrong way to grow a company. While some companies may stay bootstrapped forever, others decide after years of being in operation that maybe raising outside capital is not such a bad idea after all — especially if they are experiencing rapid growth.

Below are the stories of startups that were bootstrapped for years before going the M&A or venture route, as well as one that remains bootstrapped by choice:

- **Money Minx**, a fintech startup that turned down funding due to unfavorable terms and ended up getting acquired by another, larger fintech — venture-backed Arta.
- **Valcre**, a proptech startup that scraped together $13,000 to start its venture and waited six years to raise outside capital despite being approached regularly by investors.
- **10KC.com**, a Toronto-based networking and mentoring company that bootstrapped for eight years before opting to raise growth capital.

- **BairesDev**, an Argentinian-born software-outsourcing company with impressive financials and no plans to raise institutional funding.
- **HealthAtom**, a Chilean vertical SaaS company for healthcare SMBs that raised money after a decade in business to expand into embedded payments.

Money Minx — acquisition path

Husband and wife Hussein and Jessica Yahfoufi started San Diego-based Money Minx in 2020 with the goal of building a "personal finance OS" for every household. The platform was designed to help people track all of their investments — including crypto and NFTs — in one place, in whatever currency. The company claimed that its AI could also go a step further and help people spot opportunities in their portfolio, as well as catch potential risks. Money Minx also provides people with tools to create dashboards and reports.

When we spoke to the company in June of 2021 during its "soft launch" phase, the startup reported having grown from $15 million in assets tracked at the end of March of that year to $107 million by mid-May.

"My plan with Money Minx was that it was always going to be a bootstrapped business," Hussein told TechCrunch. "And as I started talking to our users, the more I realized that the problem that I was working on just kept getting bigger and bigger."

At one point, the couple declined a $1 million check from a family office that invests in startups because, Hussein said, the "terms were not good."

As the company grew, Hussein realized the endeavor required more of his attention, so in March 2022, he left his role as CIO of a fintech company in San Diego to focus full time on Money Minx. Soon after, the startup caught the attention of Caesar Sengupta, a former Google payments exec. Sengupta had started his own venture, Arta Finance, which in November announced it had raised $90 million across seed and Series A funding rounds.

Sengupta reached out to Hussein via email, noting that he used to run Google Pay and that a few of Arta's angel investors had mentioned Money Minx to him.

"Some of them were using Money Minx and felt that its functionality of providing a comprehensive and holistic view of one's finances will be highly useful for our members," Sengupta told TechCrunch via email. "It was suggested that Arta reach out to Money Minx about partnering."

But as it turned out, the discussion about Arta leveraging Money Minx's technology turned more serious.

"Ultimately, we were such a good fit and such a good match that we decided they would just make more sense for them to acquire Money Minx," Hussein recalls.

Indeed, Sengupta said that by the end of their first call, the two companies "were already discussing joining forces."

Terms of the deal were not disclosed, with Hussein saying only that his angel investors — who had collectively put up about $100,000 — were "pretty happy." The company's three full-time employees would join Arta's team. At the time of acquisition, Money Minx's user growth rate was at 18% month over month and assets tracked were around $404 million.

It was Arta's first acquisition, and Sengupta said his company "really liked Money Minx's approach to its user experience and were impressed by how they provide a comprehensive view of all assets, including alternative investments."

"This was something that was on our road map, so it was attractive to see if we could leverage the excellent work that had already been done by Hussein and team," he added. "We were always on the lookout for great opportunities to bring great technology and teams into Arta. By the time we spoke to Hussein, we had already explored and passed on a number of other potential acquisitions. Money Minx really stood out."

Money Minx co-founders Hussein and Jessica Yahfoufi. ***Image Credits:*** *Money Minx*

Valcre — raised growth and venture capital

Valcre, an appraisal platform for the commercial real estate industry, was founded in 2016 by a group of technologists and valuation professionals who had collectively scraped together $13,000. The goal was to simplify a "very complicated, time-intensive process" for commercial appraisers, said co-founder and CEO Lucas Rotter.

Over time, the company has steadily grown its business — experiencing triple-digit growth year over year on average, according to Rotter. Rather than seek outside capital, its team chose to use its revenue to fund Valcre's growth.

That choice wasn't due to lack of interest, Rotter said. The company was "approached often" by investors over the years, "typically one to two times per month."

"I've had conversations with different venture capital firms, private equity firms, growth equity firms and even companies interested in mergers and acquisitions," he recalled. "While we never found the perfect fit for our company, and more importantly our clients, this gave us the opportunity to understand the landscape of the market, while learning what we did and did not desire in a capital partner."

The COVID-19 pandemic and related increase in demand for appraisal services was the catalyst that led Valcre to ultimately seek outside capital. In mid-November, the San Diego-based startup announced it had raised $12.7 million in its first institutional round of funding. Avenue Growth Partners led the financing, which included participation from Second Century Ventures.

At the time, Valcre said that in the previous 12 months, its software was used to facilitate more than 50,000 CRE appraisals. Enterprise customers include Avison Young, Kidder Mathews, Apprise by Walker & Dunlop, RSM and CohnReznick.

Valcre, Rotter said, aims to significantly reduce time spent on property research and manual data entry. The platform touches every aspect of the appraisal process — from research and inspection to analysis and report writing.

Since the height of the pandemic, the company claims to have experienced a nearly 300% increase in recurring revenue and that it was cash-flow positive before raising the Series A. Its motive for raising capital was to “accelerate growth,” nearly double its staff of more than 50 — especially in sales and marketing — and build out additional business lines, according to Rotter.

10KC.com — raised growth capital

Toronto-based 10KC.com, a “talent experience” platform, was founded in 2014 with inclusivity being top of mind. Its goal, according to co-founder and CEO Dave Wilkin, was to help “*all* employees unlock opportunity through meaningful connections” through networking, mentorship and skill development.

Wilkin says he was driven to start 10KC.com, which was previously known as Ten Thousand Coffees, from his experience as an LGBT+ entrepreneur who grew up in a rural town and went to college on a scholarship.

The company helps client companies with initiatives such as establishing their hybrid/decentralized culture post-COVID, “meeting and exceeding” DEI (diversity, equity and inclusion) mandates, as well as driving employee engagement, retention and inclusion. It operates with a SaaS model. The company’s customers include General Electric, Nike, Johnson & Johnson, PwC, RBC and AIG, among others.

Over the last few years, 10KC.com turned down term sheets from venture and private equity firms “to focus on growth and efficiency and avoid the ‘grow at all cost’ approach that most VCs push in an effort to build a generational, smart-growth company,” Wilkin told TechCrunch.

“Back then, bootstrapping was totally frowned upon,” he recalled, “with many VCs calling us a ‘hobby business’ despite 10KC.com having 100%+ YoY enterprise growth, best-in-class customer retention and being cash-flow positive through strong customer referral, stickiness and building a product clients love.”

In a 2022 post-pandemic world, though, many companies were “setting but NOT achieving their diversity goals.” So in mid-October, 10KC.com announced it had raised $56 million in growth funding led by Five Elms Capital.

“We decided to raise because 10KC gained a clear product-market fit coming out of COVID,” Wilkin said. “We chose growth equity because it offers the best of both PE and VC by offering a middle ground that supports the 10KC team, product and our mission to grow smart and not at all costs.”

For Wilkin, starting the company was a mission to help those for whom networking did not come readily or naturally.

“I learned the hard way that if you don’t have a network or mentors, you don’t have career or learning opportunities. I knew absolutely nobody in the industry, I had no career connections and coming out taught me the importance of diversity and inclusion,” he told TechCrunch. “If it wasn’t for a scholarship, I would not have had the opportunity to go to a top-tier university.”

It was his view that companies and colleges alike “could do way better” to help scale the power of mentors and networks.

“That’s why we built 10KC.com,” Wilkin said.

10KC.com co-founders Elliott Garcea and Dave Wilkin. ***Image Credits:*** *10KC.com*

BairesDev — bootstrapped with no plans to raise funding

BairesDev, a self-described “nearshore tech solutions company,” was founded in 2009 by Paul Azorin and Nacho De Marco, two close friends who met in their early 20s as software engineers.

The company started as a side hustle in Buenos Aires and has grown to become one of Latin America’s largest under-the-radar companies, with annual recurring revenue of $338 million in 2022, a 71.1% increase from its 2021 ARR of $198 million. In the third quarter, it notched earnings of $92.2 million, up 65% from $55.9 million in the 2021 third quarter. Its annual revenue has grown by triple digits for the last three years, on average.

The all-remote software outsourcing company hasn’t raised a penny of venture capital money since its inception. And it has no plans to do so.

“When we founded the company, raising capital in Latin America for startups was pretty difficult, so we built forward without it. We didn’t just want to build a company — we wanted to provide opportunities for talented people, many of whom come from remote areas in Latin America,” De Marco told TechCrunch. “We knew if we could automate our company’s core processes, we could grow while controlling costs.”

BairesDev created a machine-learning hiring process that builds, matches and deploys “the best possible team” for each project before machine learning was cool, according to De Marco.

“It’s better, faster and more efficient than doing it manually,” he said. “We can have complete, top-notch software engineering teams ready to deploy for a project in only about two weeks.”

In 2022, BairesDev added 227 clients just in the U.S. alone and currently has 445 clients worldwide across over 100 industries, from Fortune 500 companies to startups. Customers include Google, Pinterest, eBay, ViacomCBS, Johnson & Johnson, Abbott

Laboratories and Coca-Cola.

The BairesDev team is made up of over 4,000 people, including 3,000 software engineers distributed in over 40 countries — 90% of which are based in Latin America.

“Since the establishment of BairesDev, we’ve focused relentlessly on process automation, recruiting top talent and delivering for our clients,” De Marco told TechCrunch. “It turns out those three factors are a recipe for success. A lot of our business comes from existing clients who are happy with our work.”

HealthAtom — raised venture funding

HealthAtom, a vertical SaaS company for healthcare SMBs, grew to $5 million in annual recurring revenue in 2022 and achieved profitability as a bootstrapped company.

This month, the Chilean startup announced it had raised its first institutional financing since its 2012 inception — a $10 million round led by Kayak Ventures.

HealthAtom aims to help healthcare SMBs with the entire management of their business — from scheduling to health records to invoicing to payrolls. It has 6,500 customers — mostly small and medium-sized clinics — in 20 Latin American countries. It processed more than $1.2 billion in GMV in 2022.

The company decided to raise money so that it could accelerate growth and expand into embedded payments — a move that would earn it transactional revenue — and insurtech, according to founder and CEO Roberto Leon.

The startup, he said, has been profitable, with an EBITDA of 20% to 30%. The plan now is to reinvest all EBITDA and round proceeds into what he described as “profitable growth opportunities.”

Since HealthAtom’s software is the company’s operating system, it is able to move to adjacent verticals fairly quickly, thus increasing its total addressable market, noted Cristóbal Silva Lombardi, a partner with Kayak Ventures. Other firms participating in the financing include FJ Labs, Soma, Amador, Taram and a group of angel investors.

As the fundraising environment continues to be a challenging one, it will be interesting to see if more previously bootstrapped companies decide to venture into outside funding. Perhaps being forced to operate more capital-efficiently has led to better unit economics, which today is more attractive than ever to investors.

Is it the bootstrapper’s time to jump on the venture treadmill?

Hello and welcome back to Equity, a podcast about the business of startups, where we unpack the numbers and nuance behind the headlines. This is our Wednesday show, where we niche down to a single topic, think about a question and unpack the rest. This week, Natasha and Alex asked: Is it the bootstrapper’s time to jump on the … Continue reading

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