

Revenue-Based Financing Drives Greater Revenue Growth and Expansion of Digital Product Line

Klarinet Solutions Case Study

Background

Klarinet Solutions, founded in 2010, offers a full range of SharePoint Intranet consulting services, custom development, and managed services for workforce engagement. The company specializes in three market segments: (1) biopharma life science, (2) legal, (3) financial institutions. Klarinet's target companies typically have over one hundred employees and their largest client includes 14,000 employees worldwide—making their product, offerings, and services global. The company's plans for growth are focused on expanding their offerings and adding recurring revenue streams from each client, which is Klarinet Solutions' overall mission and goal—to better support its clients.

Building a Sustained Foundation

One of the last projects Linda had before venturing out on her own revolved around a “work-at-home office opportunity.” The shift came because they could see that the brick-and-mortar companies were going to be a thing of the past. Shortly after, Linda created Klarinet Solutions to help her clients be a part of the new wave of business. At the time, changes with Microsoft's tools empowered small companies to compete with the large ones in a cost-effective way. With the landscape shifting, Klarinet Solutions empowers their clients to be able to leverage those tools to build and gain efficiencies and compete on a larger scale. Linda's company has become very mobile and Klarinet Solutions' tools and services are tailored to ensure that communication between people and teams is easily achieved no matter where they are in the world.

Business Growth Challenges

Klarinet Solutions was bootstrapped— attempting to grow the company from personal finances or its operating revenues. The company was small and restricted by limitations of human capital, which included three partners and part-time consultants to help deliver on some of the solutions. The strategy of hiring contractors allowed the company to meet its short-term goals but it was not fulfilling the company's bigger vision. The company's growth was stagnant and had not seen progress over a five-year period due to several aspects of their business that were limiting, such as:

- Flat mid six-figure revenues for (3) years
- Transactional lumpy sales. Competed mostly on sales
- Small Founding Team

Linda, Founder and CEO, has been in the IT industry for 25 years—specifically, as a VP and CIO in the insurance software industry. Before Klarinet Solutions, Linda grew her previous employe from \$69M to \$500M in a 10-year period through an extensive virtual business model, which included running all of their clients' software for their claims processing and people in the field. Linda values her experience in this industry because it provided the foundational frameworks that would lead her to success with Klarinet Solutions.



Linda Amaro
Founder & CEO
Klarinet Solutions



Solution: Flexible Growth Capital with Revenue-Based Financing

Klarinet Solutions' numbers were not trending in the direction the industry was going. Businesses were transitioning to virtual offices much quicker than Linda had anticipated and Klarinet Solutions was not able to capitalize on those accounts. Linda participated in the Founders First CDC Bootcamp growth accelerator and realized that she and her IT partners did not naturally excel in the areas of sales and marketing, despite their many years of cumulative experience. Through the Bootcamp accelerator, Linda identified the goals and metrics that they could not deliver on, further augmenting their lack of visibility. "You don't know what you don't know," said Linda. She goes on to say that the Bootcamp accelerator showed her how to execute on the areas Klarinet Solutions lacked, whether it was through shoring up or by bringing on additional resources. The team at Founders First CDC provided advice and guidance that made a huge difference for Linda and her team.



"What is attractive about RBF is that it was scalable to the revenue coming in, to the cash coming in, so that we didn't feel overwhelmed having to make the payment. The flexibility with RBF repayment doesn't force us to choose between making a payment or paying our team. The sliding scale is what sold us, that it's adjustable according to what we could do that month."

Linda Amaro Founder & CEO, Klarinet Solutions



Path to Partnering with Founders First Capital Partners

Klarinet Solutions compared traditional and other forms of financing before committing to revenue-based financing (RBF). There were two things that specifically drove Klarinet Solutions to RBF. First, they didn't want to lose control of their business. Linda has invested a lot of time developing the company's tools, delivery, and processes. In her previous corporate experience, Linda shared her great knowledge with others to make money and this time she wanted it for her and her team, who had worked so hard over the years. Second, Klarinet Solutions sought strategic advisory support, and that is exactly what Founders First Capital Partners offers in conjunction with funding.

Founders First Capital Partners introduced Klarinet Solutions to experts that guided the company. "They were worth every penny that Klarinet Solutions would spend because the company was not at a point where we could hire a full-time person in each of the areas where they were flat," said Linda. Founders First Capital Partners' funding and strategic advisory support provided Linda with the best of both worlds.



Results

Through revenue-based funding, Klarinet Solutions has grown their revenue by 2.5 times over the course of two years, which has been significant for the company. As a result, they have been able to hire new, key people and within two years, Linda was able to double the size of their staff. This allowed the company to augment the areas where they were weak and even bring in new resources that completed the picture. Klarinet Solutions is now on track to reach 10 times growth.

Since their investment by Founders First Capital Partners, Klarinet Solutions has experienced the following growth:



New SAAS Analytics
and Digital Workforce Products



Revenue grew 2.5x
within 24 months.
Revenue pipeline \$1.5 million



4 new revenue streams,
2 new recurring revenue streams



Expanded team to 2.5x
persons since 2017

About Revenue-Based Financing

Blending the best parts of Bank Debt and VC Funding, Revenue-Based Investment can help take your business to the next level, without the worry of losing control. We focus on revenue generating service-based businesses seeking up to \$1M in capital funding to execute on their growth opportunities.

Contact Us to Learn More

Want to learn more about RBF and whether it's a good fit for your company? Talk to us at Founders First Capital Partners. Call us at **(858) 264-4102** or email us **rbf@flstcp.com**

