

Contractor Compliance & Lighter Capital: Building for Fast Growth

How Contractor Compliance scaled revenue with non-dilutive financing and responded to the COVID-19 pandemic

Founded: 2015
Location: Toronto, Ontario
698% ARR Growth Over 2 Years
475% Headcount Growth Over 2 Years

Contractor Compliance is an innovative software solution that helps businesses effectively collect, manage and re-qualify third party requirements. With Contractor Compliance, communication between hiring organizations and supply chain participants (contractors, suppliers & vendors) is streamlined to reduce time, save money, and eliminate complexity. Headquartered in Toronto, Ontario, the company was co-founded by Mark Bania, CEO, and Jeremy Brown, President. Contractor Compliance's mission focuses on promoting a healthier and safer working environment for everyone by enabling supply chain participants to comply with their customer's environmental health and safety expectations.

PATH TO PARTNERING WITH LIGHTER CAPITAL

Previously, Contractor Compliance's funding was purely bootstrapped. However, the company felt it was time to consider different funding options.



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MARK BANIA
CEO & CO-FOUNDER

“We explored a lot of traditional funding options such as banks and VCs,” recounts Bania. “Our company had a great customer track record for only being two-years-old and that brought some considerable interest from various sources.”

According to Bania and Brown, many of these traditional funding sources were impressed with the metrics Contractor Compliance had achieved in a very short period of time. That said, a longer track record demonstrating this level of success would have been helpful for Bania and Brown to achieve the valuation multiple they were looking for - something they are very confident their business can deliver upon.

“We started to search for non-diluted funding options,” recounts Brown. “We also had a friend and colleague that had shared their great experience of partnering with Lighter Capital. Lighter Capital’s knowledge of what we wanted to do with funding, and not giving up an exorbitant chunk of our company all looked promising to us.”

Contractor Compliance continued to evaluate other funding options and while some of the offers were attractive, Brown and Bania found that Lighter Capital provided the best comprehensive package for growth capital.

“Lighter Capital put more effort into understanding our business, how we’re not a standard SaaS company, and took the time to assess,” says Bania. “The Lighter Capital

team went above and beyond learning how our platform works and how we monetize and drive metrics.”

Through the due-diligence process, Lighter Capital was impressed with the capital efficiency of Contractor Compliance and plan for the business to reach \$5M of ARR.

The choice was clear for Contractor Compliance: partner with Lighter Capital.



SCALING REVENUE

From the first conversation to the actual receiving of growth funding, the process was only two months. Now, armed with this first round of external funding from Lighter Capital, Contractor Compliance immediately focused on revenue-generating projects like adding sales team headcount, investing in customer success and bolstering marketing activities.

“The Lighter Capital funding also helped us put more emphasis on the technology part of the business, adding development resources to the team, and investing more into our product platform,” adds Bania. “They took

the time to really understand our business, industry, and technology.”

In March 2020, the COVID-19 pandemic impacted the global health systems and the world economy. While many businesses struggled to adapt to the changing work and life landscape, Contractor Compliance’s agility was put to their advantage.

“We’re in health and safety software,” explains Bania. “Today, with COVID-19, it’s not just about maintaining a high standard for your staff but whoever interacts with your staff is important to the overall health and safety of your organization. Those third-parties of contractors, suppliers and vendors are equally important in terms of supporting the overall health and safety of everyone within an organization.”

Agility and pivoting are crucial for startups in this changing business landscape. Fortunately, Contractor Compliance already put agility into action from the start.

“As a SaaS startup, we practiced agility regularly and could shift our focus quickly,” adds Bania. “We had the opportunity to engage with companies deemed essential to help solve their new challenges of trying to get processes in place due to COVID-19.”

LOOKING TO THE FUTURE

With the Lighter Capital partnership in place, Contractor Compliance has more capital to concentrate on developing the business while augmenting their industry positioning for the next fund-raising steps.

“If you have a winning formula and strong metrics to back it up, teaming up with Lighter Capital is going to give you a very fair and honest amount of growth funding with no hassle,” says Bania. “You can spend more time running your business than arguing about valuation or justifying what your dilution might be. If you have a solid business model, Lighter Capital is a great avenue to explore.”

While the current global health crisis is impacting the economy, Contractor Compliance is confident that they made the right decision in teaming up with Lighter Capital.

“Agility was always in our DNA,” says Bania. “The pandemic has forced the world to be agile but we already had the experience of doing that proactively. When the time was right for us to make a move in the market, Lighter Capital was an easy way for us to get the growth funding we needed without diluting our control. Working with Lighter Capital has been a great experience.”

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