

Gray Falcon Continues Growth Momentum with Lighter Capital

How Gray Falcon scaled revenue with non-dilutive financing

Headquarters: Lehi, Utah
Industry: Software
Lighter Capital funding: 3 rounds
Total funding: \$229K
ARR Growth YoY: 580%



Gray Falcon protects large and small brands from illegitimate 3rd party sellers on Amazon, eBay, and Walmart.com. Headquartered in Lehi, Utah, Gray Falcon utilizes AI, automation and other innovative technologies to solve what many considered to be “unsolvable” gray market challenges and to solve them more effectively and efficiently than other brand protection offerings in the marketplace.

In late 2018, CEO Trajan Bayly, along with co-founders Mike Ballard and Brandt Madsen, created a solution to deal with gray market sellers for online brand protection.

“It all began with the recognition that gray market sellers aren’t afraid of being sued,” explains Bayly. “They know how much time and expense it requires companies to litigate only to then face the challenge of enforcing judgements. But, these sellers are afraid

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TRAJAN BAYLY
CEO

of a negative impact to their online stores. So, we decided to create technology to combat these rogue sellers using marketplace sanctions as a deterrent.”

LOOKING AT THE REVENUE-BASED FUNDING PATH

Gray Falcon’s history of funding was entirely bootstrapped. In early 2019, the company had traction in the marketplace and was operating profitably. With an eye on growth, the company began to examine different funding options.

“We started to talk with institutional investors,” recounts Bayly. “Utah has an active tech investment community so it was natural for us to explore our local VC and angel options.”

The Gray Falcon leadership team had also heard about the benefits of revenue-based financing.

“A former colleague had taken the revenue-based financing path,” explains Bayly. “The more we talked to VCs, the less excited we got about institutional investing at this stage of our growth. We were already wary of how much ownership and control we’d be giving up and the investor teams were not getting deep enough in our business model to reassure us that their involvement would be more helpful than harmful.”

Meanwhile, Bayly and his partners looked for alternative financing options looking for a financing partner that understood their business and market potential.

“It was an unhappy experience until we met with Lighter Capital. The team truly engaged us to understand what we were doing. Lighter Capital was the only financing partner that impressed us.”

PARTNERING WITH LIGHTER CAPITAL

From the first call with Lighter Capital, Bayly found the prospects of teaming up with Lighter Capital appealing and an easy solution to raise the growth capital that Gray Falcon was looking for.

“Lighter Capital was excited about our business model and our technology,” says Bayly. “Unlike everyone else, Lighter Capital got it. The team did their due diligence, researched the industry, talked with some of our customers, and took the time to know us.”

In March 2019, two months after the first telephone call between Lighter Capital and Gray Falcon, the company received its first round of revenue-based funding.

“That growth capital was put into sales and marketing as well as investments within our technology,” says Bayly. “Startups face the enormous challenge of the unevenness of cash flow, but with this first round, we were able to put that money directly towards truly igniting our growth.”

LIGHTER CAPITAL EMPOWERS GRAY FALCON WITH GROWTH MOMENTUM

Often, with startups and funding, it’s all about fortuitous timing. In December 2019,

Gray Falcon welcomed several significant customers and was considering investing more time and money into additional product and technology development.

“Coincidentally, Lighter Capital reached out to us to see how we were doing,” recounts Bayly. “The second round of funding went extremely fast and we were able to put a lot of investment into technology and marketing. This helped us a lot.”

In March 2020, the COVID-19 pandemic impacted the world’s health and economy. Now, more people were purchasing goods online and the Gray Falcon technology platform was becoming more critical for online brand protection.

“Lighter Capital reached out to us in the Spring of 2020 to see how we were doing during the pandemic and asked if there was anything that we needed,” says Bayly. “Again, Lighter Capital contacted us at the right moment. We signed another significant customer and the marketplace was teeming with opportunity. The timing was ideal for an additional round of funding.”

Gray Falcon closed its third round of Lighter Capital funding in July 2020; and in doing so, had more fuel to accelerate its growth.

With the Lighter Capital partnership in place, Gray Falcon looks forward to further enhancements to their product, adapting to the changing

marketplace, and keeping up with the needs of a quickly growing customer base.

When asked about sharing advice to startups considering the revenue-based funding path, the Gray Falcon CEO says, “We didn’t waste time in going after VC funding that might not exist. Lighter Capital was there at the right time, studying our business, being an easy source for non-dilutive funding, and it continues to be a great partner to work with.”

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