



Accounting Software | Toronto, ON | Founded: 2009 | Employees: 128 | <http://www.waveapps.com>

PHONE: +1 (416) 521-9141
WIKIPEDIA: [https://en.wikipedia.org/wiki/Wave_\(financial_services_and_software\)](https://en.wikipedia.org/wiki/Wave_(financial_services_and_software))
BLOOMBERG: <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapid=109097669>
LINKEDIN: <https://www.linkedin.com/company/wave-hq/?originalSubdomain=ca>

COMPANY OVERVIEW

Wave Financial Inc. provides cloud-based integrated accounting software tools for micro-small businesses. The company offers invoicing, payroll, payment, and receipt management tools, as well as personal finance software. It serves freelancers, contractors, entrepreneurs, and owners of micro small businesses.¹ Over 3 million small business owners, in more than 200 countries around the world, rely on WaveApps to run their business.²

SENIOR MANAGEMENT

Kirk Simpson: Co-Founder and CEO (2010-Present); Mentor, The Next 36 (2015-Present). Previously: Co-Founder, Outdoorsica.com (2007-2011); Board Member, Sustainability Network (2008-2010); VP Sales and Business Development, Green Living Enterprises (2008-2010); Director, Strategic Alliances, Canoe.ca (2006-2008); Director, Business Development, St. Joseph Media (2000-2006); Co-Founder & President, Adventurelifestyle.com, (1997-2000). Education: Bachelor of Commerce – unfinished, University of Guelph (1989-1993).

Paul Marshall: Chief Operating Officer (2017-Present); Founder & Principal, Marshall Advisory Services (2014-Present). Previously: SVP Operations and CFO, Inluitive (2015-2017); Vice President APM, Bentley Systems (2012-2013); CEO, VP of Finance and Admin, Director of Finance, Ivvara Corporation (2005-2012); Finance, OpenText (2004-2005). VP Finance & Admin, THiNC iMi (2001-2004), VP Corporate Development, Capital Environmental Resource Inc (1998-2001). Education: CPA, CMA, CA, Finance, Accounting.

Les Whiting: SVP Financial Services (2012-present); President, Think Big Financial Services Consulting (2011-Present); President & Co Founder, Ruff Stuff Designs (2004-Present). Previously: Vice President, Sales & Marketing, Beanstream Internet Commerce (2010-2011); Director, Corporate Sales, First Data Corporation (2003-2010); Regional Sales Manager, Western Canada – TD Merchant Services (2001-2003). Education: Internet Marketing, University of British Columbia; Business Administration, MacEwan University.

HISTORY

Kirk Simpson and James Lochrie (ex-CPO) launched Wave Accounting Inc in July 2009. The inspiration for the conception of wave was born out of Kirk's commitment to helping Freelancers and Entrepreneurs manage their finances. As a serial entrepreneur himself he knows how difficult it can be to get started on your own.³ Wave acquired Small Payroll in November 2011 and Vuru.co in August 2012. Wave Accounting Inc became Wave Inc in December 2012 to emphasize the new services they offered.⁴

FUNDING

Wave has raised a total of \$80 million over 9 funding rounds from 13 Investors.⁵ Their lead investors are CRV, BDC Venture capital, Social Capital, Omers Ventures and BDC Capital corporation.⁶

KEY CORPORATE DEVELOPMENTS

Press releases: <http://wave.totemapp.net/>
May 7th, 2018: <https://techcrunch.com/2018/05/07/microsoft-pay-comes-to-outlook-integrating-stripe-braintree-sage-wave-and-more/>
Oct 12th, 2017: <https://betakit.com/rbc-integrating-waves-financial-services-platform-into-smb-banking-service/>

¹ <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapid=109097669>

² <https://www.crunchbase.com/organization/wave-financial#section-overview>

³ <https://moneyinc.com/10-things-you-didnt-know-about-kirk-simpson/>

⁴ [https://en.wikipedia.org/wiki/Wave_\(financial_services_and_software\)#History](https://en.wikipedia.org/wiki/Wave_(financial_services_and_software)#History)

⁵ <https://www.crunchbase.com/organization/wave-financial#section-funding-rounds>

⁶ https://www.crunchbase.com/search/principal.investors/field/organizations/num_lead_investors/wave-financial

May 30th, 2017: <https://www.theglobeandmail.com/technology/toronto-startup-wave-accounting-inc-lands-24-million-venture-investment/article35149289/>

BUSINESS HIGHLIGHTS

STRATEGY

Wave targets micro-small businesses (MSBs), a group classified as having less than \$2,000,000 in revenue and between 0 – 9 employees. There are over 33 million MSBs in North America of which 50-60% use no accounting software at all (i.e. spreadsheets or shoe-boxes). 25% of MSBs fail in their first year. Of this 25%, 82% fail due to cash flow issues. This is Wave's sweet spot.⁷

Wave provides its software for free to over 3 million customers in more than 200 countries. Wave prides itself on allowing users to use the bulk of their services for free without tiers or limits indefinitely. Revenue for the company comes through their paid services. Being free is Wave's key success factor. It has several benefits. First, it allows Wave to develop a relationship with the business owner and a deep understanding of their financial life. Secondly, being free allowed Wave to acquire a critical mass, greatly reducing its customer acquisition costs, making them one of the first software companies to make the unit economics of going after MSBs profitable.

After acquiring a critical mass on their free platform, they offer additional complex financial services for a fee. Their payroll software and online payments processing makes cash flow more predictable and reliable. Moving forward, they aim to predict future cash flows, using transactional data they've collected over the years. Once they can predict the peaks and troughs of a small business's cash flows, they aim to allow small business to consume lending instruments to smooth out cash flow fluctuations. An example of this is a partnership with a OnDeck with the hope that they will be able to provide lending services directly through the Wave app.

PRODUCT

- Free Software: Accounting, Invoicing, Receipt Scanning
- Paid Services:
 - Online Payments from customers, to reduce accounts receivable and make cash flow in more predictable:
 - Customer Credit Card processing (2.9% + 30 cents per transaction)
 - Bank Payments (1% per transaction)
 - Payroll (\$20 monthly fee plus \$4 per active employee):
 - monthly price includes direct deposit, T4s, full tax remittances to the CRA, and Wave's payroll accuracy guarantee

TECHNOLOGY

Wave's technology is proprietary. Wave has also used strategic acquisitions to obtain technology. Wave integrates with an expense tracking software called 'Shoebboxed' and the e-commerce site 'Etsy'. Wave also produced mobile apps (Invoice/ Payments/ Receipts by Wave for iPhone and Android) to integrate with their online functionality. Finally, wave has partnered with RBC and offers its platform on RBC's online banking site.⁸

MARKETING & DISTRIBUTION

Recognizing the values of their risk adverse client, they market their basic services as free to build trust and reliability before offering additional paid services. Wave signs up 2000 customers a day, 95% through organic and unpaid distribution channels, which serves as proof of providing their service for free as an extremely effective marketing strategy.⁶ More recently, Wave has partnered with RBC, opening up another distribution channel to small businesses within the Canadian market.

COMPETITORS⁹

There are a few cloud-based accounting software institutions targeted at small and micro-business owners within North America:

1. [Kashoo](#) – (Vancouver, BC) Kashoo is a mobile and online accounting software that offers the cloud-based system for invoicing, expense tracking and bookkeeping for small business. They differ from Wave in that they do not offer their core services for free.¹⁰
2. [FinancialForce](#) – (San Fransisco, California) FinancialForce is twice as large as Wave in terms of revenue. They are an Enterprise Resource Planning system built directly onto the Salesforce CRM platform.¹¹

⁷ Wave Demo - <https://www.youtube.com/watch?v=Lfzfv5pyZPA>

⁸ [https://en.wikipedia.org/wiki/Wave_\(financial_services_and_software\)#Features_and_integrations](https://en.wikipedia.org/wiki/Wave_(financial_services_and_software)#Features_and_integrations)

⁹ <https://www.crunchbase.com/organization/wave-financial#section-competitors-revenue-by-owler>

¹⁰ <https://www.kashoo.com/>

¹¹ <https://www.financialforce.com/>

3. [Acumatica](#) – (Western US) Acumatica is a cloud-based management system that targets SMEs (Small to Medium business enterprises). Due to their focus on larger businesses and industry specific software, there is little overlap between Acumatica and Wave's target customers.¹²

¹² <https://www.acumatica.com/>