

A Startup That Really Is One of a Kind

By Andy Gordon, October 29, 2020

Deal Details

Startup: SampleServe

Security type: Common equity

Round size: Up to \$250,000

Valuation: \$7,022,431

Share price: \$1.00

Minimum investment: \$99.00

Raise: Seed

Investment Portal: [Netcapital](#)

Deadline: December 17, 2020

Dear First Stage Investor,

Sometimes, there are companies you fall in love with at first sight. Today's recommendation -- SampleServe -- was *not* one of those companies.

SampleServe isn't going to save the world. It's not going to make our daily lives any better (at least not directly). And it's in the decidedly unsexy business of environmental remediation.

If you're looking for excitement, then SampleServe isn't the investment for you. But if you're looking for a company whose growth will ride the huge digitization wave... that saves its users significant time and even more significant money... and that is bringing badly needed change to a space that's been stuck in the early 1900's, then you're going to love SampleServe.

The projects SampleServe takes on usually last from six to eight years. Some last up to 30 years. So, the \$100,000 it collects from a customer the first year will still

be in play at least six years down the road. Amazingly, that's a worse-cast example.

SampleServe's traction shows that once companies use its product, they usually come back with more projects. "Land and expand" growth strategies have proven to be very effective in launching extended periods of rapid growth. It's far easier to expand from a base of existing/repeat customers than to rely on the constant acquisition of new customers.

The product is only a few months old, but SampleServe founder and CEO Russell Schindler says that customers are having a difficult time saying no to him.

The more you learn about SampleServe, the more you're convinced that this company is set up for success. So, let's hop on the learning curve. The first thing you need to know is how the company is disrupting its space.

What Does SampleServe Do?

SampleServe solves three big problems:

1. About a fifth of all gas stations suffer serious underground tank leakage that they're required *by law* to monitor and -- if necessary -- fix. All that monitoring is expensive and time consuming for the stations.
2. Environmental professionals spend about 40% of their time compiling data -- using hand-written notes! -- to generate graphics for contamination reports.
3. Large owners of dozens (if not hundreds) of gas stations want more visibility into the future. They want to know which stations need remediation not only in the present but in the months and years ahead.

Only SampleServe's multi-purpose platform fixes all three problems...

SampleServe offers a project management and communications tool on its platform that makes it easy for technicians and customers to coordinate. It's free. For workers taking samples in the field, SampleServe offers an app that prints out QR code labels for the sample bottles. It's also free. And there's a lab app that quickly scans those QR codes and logs in the sample bottles. And, yes, it's free too.

At this point, you're probably wondering if SampleServe cares about making money. You bet it does. The one missing part that's not free are the reports themselves. All states have laws on keeping track of underground leakages. And they all require reports. Most states require these reports on a quarterly basis.

SampleSolve has an automatic "Report Generator" that takes the data collected from the environmental samples and creates actionable graphic reports. Currently, it takes professionals anywhere from several days to a few weeks to produce reports. With SampleServe, it now literally takes minutes.

Aside from the time savings, the other huge benefit is cost savings. Historically, these reports cost between \$2,000-to-\$4,000.

SampleServe's price? They charge for each report based on how many samples are used in its creation -- \$15 per sample. Based on the national average of about 18 samples per report, SampleServe charges \$270.

Now, I'm used to seeing startups save users 20% or 30%. *But SampleServe has cut the price by more than 86%! As I said, the more you learn about this company, the more convinced you become that it makes an unusually strong early stage investment.*

And it's not only the price that makes SampleServe's "Report Generator" vastly superior to the competition. It's also the quality. Reports have zero typos and data entry errors. SampleServe also tracks "chain of custody." For every hand-off or change in ownership of a sample, SampleServe captures the person, time and location *in real time*. Its reports are based on iron-clad evidence that can't be faked.

And here's the cherry on top. Over time, SampleServe's data can be used to predict when and how much future remediation will be needed.

This is the future that gas stations so desperately need. Take Speedway (recently bought by 7-11) for example. It keeps track of its 4,000 gas stations -- as required by law. And it knows that 900 of them currently have leakage problems. It also knows which of its leaking sites represents the highest liability *this month*.

But what about next month, the month after or the month after that? Speedway can only make some rough guesses about the future needs of its stations. In this

day and age -- of AI and analytics using data to make accurate predictions and guiding corporate priorities -- this is inexcusable.

SampleSolve is the *only* company in the position to offer oil companies and gas station owners this capability... as soon as next year.

The Market is Huge

Time for some quick math. There are 135,000,000 environmental samples taken every year in the U.S. Using an average of 18 samples per report, that translates into about 7.5 million reports. They cost -- based on today's inefficient system of billing these reports by the hour -- between \$2,000 and \$4,000. Using \$3,000 as the midpoint, SampleServe is addressing a market worth \$22.5 billion.

However, SampleServe's reports cost \$270 -- based on charging \$15 per sample and assuming an average of 18 samples per report. These much lower prices reduce the market size to just over \$2 billion.

SampleServe is leading the charge to help the industry digitize. *It's going to happen.* The benefits are too big and too obvious for the industry to ignore.

SampleServe is the only game in town right now. It's attacking a hopelessly inefficient market with an irresistible offer. And it's working. With very little money going toward marketing, the company is adding one project a day to its platform. Samples are entering its platform at a 35%-37% growth rate. You can be sure that five years from now, it'll have serious competition. At the moment, though, it has a substantial headstart on the competition.

Given all this, SampleServe's aim to capture 10%-to-20% of the market is very doable. If anything, it's on the conservative side. But let's take the lower end of its projections and say it captures 10% of the market. That would make SampleServe a \$200 million a year business. At an equally conservative 5X multiple, its valuation would be \$1 billion.

Admittedly, this is somewhat speculative. But that's what early investors do... engage intelligently and thoughtfully in speculation about possibilities way down the road. And that speculation should always err toward caution.

So I don't mind that our projections don't include the possibility of expanding into additional verticals -- even though that's likely to happen. SampleServe's platform can address new use cases with only minor tweaking. And it's already testing the waters by beta-testing services for drinking water sampling, cannabis sampling and soil sampling.

Our projections don't include non-U.S. markets either. And SampleServe has ongoing projects in South Africa, Australia and Canada.

There are no guarantees here. To assume the company (or any early-stage startup) will experience no setbacks in a five-year journey is wishful thinking. As I write, SampleServe is running several pilots. Some are for very large companies. Russell fully expects the pilots to go well. They all have so far. But you never know. SampleServe is a new company. And every customer wants proof that its platform works. SampleServe must continue to execute at a high level. It can't afford any missteps.

Under Russell's experienced leadership, it hasn't had any ones of note so far. A geologist for 33 years, Russell has founded several environmental companies and holds seven patents.

Up to now he's bootstrapped SampleServe. And now the company is primed to take the industry by storm. To do this, he's raising \$500,000. And he wants half of that to come from crowdfunders.

The company is in the classic pre-hockey stick growth phase. A lot of those samples entering the platform under free pilot projects are about to be converted to paid. Serious revenue growth is just around the corner. Now is the perfect time to invest.

Good investing,

Andy Gordon
Co-founder, *First Stage Investor*

How to Invest

Go to the SampleServe investment page on [Netcapital.com](https://netcapital.com). If you don't have an account on Netcapital, you'll be prompted to create one. Then follow the steps and fill out the required information. This shouldn't take more than a few minutes. Then click on the orange box that says "Invest."

Now choose the payment method that works best for you to transfer the funds. Your money will be held by an escrow agent until the deal closes, when it will be transferred to SampleServe, and you will officially own a piece of this exciting company.

Risks

SampleServe is an early-stage investment. And like all such investments, there's some risk involved. Do not invest money you can't afford to lose.

Also, remember that these types of investments are not liquid, meaning you can't buy or sell your stake easily. If and when an exit opportunity arises, you'll be informed immediately.