



## Silversmith Spotlight Absorb Software



*“We were the true definition of bootstrapped. We literally moved one of my children out of their bedroom and into the other’s so that we could start the company in the kid’s bedroom. And it grew from there. I’d love if my story serves as an inspiration for other entrepreneurs to start their own software dreams.”*

*- Mike Owens*

### Supporting the Growth of a Founder-Led Bootstrapped Business Into a \$500M+ Category Leader

At Silversmith, we look for problem solvers. We seek founders who have lived a problem, say to themselves, “there has to be a better way,” and when they find out there is not one, they have the drive to create a product that automates a previously manual, painful process. From that initial eureka moment, a company ultimately emerges through a confluence of market opportunity, technical expertise, founder vision, and sheer grit. Absorb Software is a perfect example of the type of company, and Founder & CEO Mike Owens is exactly the type of entrepreneur, with whom we love to partner.

Flash back to 2002, nearly 15 years before we had the opportunity to meet Mike Owens. After a 24-year career serving as a Lieutenant Colonel in the Canadian Armed Forces, Mike had found his second career creating education content for corporate employee development programs. As part of his role, Mike helped input the course content into learning management systems (LMS). As he did so, Mike realized that the end user experience was poor, with many courses suffering from low engagement because most LMS systems were antiquated, highly customized on-premise solutions. With a vision to create an intuitive SaaS LMS that could do justice to a high-quality course, while also enabling people who were not programming experts to manage the training material, Mike founded Absorb Software.

As is the case for many founders, the early days were not easy. Mike was not a programmer, but he taught himself how to code. Mike did odd jobs to pay the bills – building websites and developing e-learning content – while building Absorb Software from the ground up.

A couple of years later, Absorb had a working product, managed to grow from 3 to 25 employees, and built a solid customer base through a product-led strategy. With little-to-no resources put towards sales and marketing, Absorb grew its topline from \$1 million to \$5 million and by 2016 to \$15+ million, while always maintaining profitability. Mike knew he had a product that resonated with customers, but also understood that if he wanted to continue to scale Absorb, he would need more. More capital to fuel their growth, more executives to help Absorb scale, and more ideas in the Board room. Mike decided that for the first time Absorb would seek an outside investment partner, ideally one that understood Absorb's end market, the challenges associated with scaling a SaaS business, and most importantly, how to partner with founders.

Long before we had the opportunity to meet Mike Owens, Silversmith had identified Absorb as an attractive investment opportunity. As part of our regular efforts dedicated to Human Resources Technology, Silversmith had developed a Silversmith Blueprint around the Corporate Learning market. Our investment thesis had specifically identified the attractive opportunity within the Corporate LMS software segment. There were numerous tailwinds, including changes in labor force composition, expectations of employers catering to the needs of a millennial-dominated workforce, increasing skill gaps, and the emergence of new workplace models (in person, fully remote, hybrid) for employees. Importantly, corporate LMS was a large, multi-billion-dollar market already that was dominated by legacy solutions, and we believed the market would over time shift to multi-modal SaaS offerings to replace legacy solutions.

In a competitive process, Silversmith stood out to Mike Owens, owing to our domain knowledge outlined in the Silversmith Blueprint on the LMS market, and our wealth of experience partnering with founders in a collaborative manner. In the summer of 2017, Silversmith was selected as Absorb's first institutional investment partner and together, we were off to the races to build a scaled, global SaaS LMS leader.

*“Silversmith set itself apart by showing me how much they understood my business and outlined a vision for the future of the company. They really understood our business model and did not just come in with a predefined playbook like others did. Jim and Marc were also truly interested in Absorb and the people at the company. I knew from our first meeting they really wanted to know about the human component to the business which was important to me.”*

*- Mike Owens*

In a little less than four years, under Mike's leadership, Absorb successfully transitioned from a bootstrapped, founder-led company into a scaled, global enterprise with over 250 employees. By the end of 2020, the company had more than tripled its ARR from \$17 million to \$50+ million, grew its customer base to 1,400 customers in 34 countries, successfully integrated four accretive acquisitions, and through significant investments in sales and marketing, emerged as a category leader in the corporate LMS sector.

Mike's vision to further scale Absorb remains unabated, and we were thrilled when in May 2021, he welcomed Welsh, Carson, Anderson & Stowe (WCAS) as his new investment partner. The investment not only set a new milestone for the company with a valuation more than \$500 million, but also will enable him to continue to accelerate the company's growth and fuel innovation with more investments in Absorb's world-class SaaS platform. Having worked with Mike, we know that there are many significant milestones to come for Absorb and we will be cheering for him and the entire Absorb team with every win. We know Mike would love for his story to serve as an inspiration for other entrepreneurs to start their own software dreams – and so do we!

