

# CASE STUDY



How Liongard advanced confidently from seed to growth stage funding with the support of proper GAAP accounting



## Overview

Some years ago, we had the opportunity to work with a tech startup who needed some rather advanced bookkeeping services.

Houston's tech startup scene was growing and, at the time, many founders worked together at an accelerator in the heart of downtown. This first client started passing our name around and as a result we had the good fortune to meet Joe Alapat, CEO, and Vincent Tran, COO, of Liongard.

Liongard is a SaaS startup providing IT Automation for Managed Service Providers. When we met Joe and Vin, they were in the seed stage of existence and putting together a team as they developed their product.

Our client happened to witness Joe in a moment of frustration with QuickBooks.

He was feeling stress - and understandably so. Joe had so many other important things to do to scale the business, but the books needed to be right - for compliance reasons and to present to potential investors.



**"It's unusual that an outsourced accounting firm can handle both the transactional tasks of accounting and the control issues of proper GAAP accounting"**

**- Josh Tabin, CFO**

**In the seed stage of a startup, the founders wear many hats. There's lots to do and not enough hours in the day.**

If you're a tech founder who has experienced the seed stage (or you're in it currently), you know that sweat equity is the name of the game.

**Scaling startups need to have their accounting in order as they are often funded by investors who want timely financial results on a regular basis.**

Basic compliance is just the beginning of the required accounting support. You want to feel confident your vendors are experts in their fields and can hit the ground running. Understanding the nuances of a startup - what happens when, the appropriate data that is expected - sets us apart from a traditional accounting firm.

We connected quickly with Joe and Vin and set up a discovery meeting. Amy met with the team and developed a plan to take care of their immediate bookkeeping needs. This plan involved:



## **01 Diagnosing the state of their QBO file:**

In this phase, we learn the history of the client by analyzing the balance sheet. We learn about their operations - what they sell, how they sell it, what they spend their money on, how they spend it. We prepare a list of follow up questions and meet with the client again to flush out the Scope of Work (SOW).

## **02 Developing a Scope of Work (SOW):**

What did they want us to take off their plate? What accounting tasks needed to be done that they didn't know about? In this phase of the engagement, we estimate the length of time to get the account fully on-boarded barring no surprises.

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### **What we learned:**

We learned with Liongard that these two steps are crucial for all clients. We've since made these two steps our standard process for every client before submitting a proposal. This mitigates surprises and sets expectations before the engagement begins.

## **We spend a good amount of time with the decision makers of a tech startup in the first month, gathering information and setting up systems.**

This may seem like a lot at the start, but this initial time investment enables us to move quickly and makes the whole process more successful in the long run.

There may be some clean up work to do, and it usually comes to light during this

first month. We make sure to sort out any mess, because if the bookkeeping isn't right, the rest of the accounting and financial reporting isn't right.

We have some processes that are set, for example we know every client will benefit most from using QuickBooks Online. We customize the services by layering on additional staff and the supporting apps that are appropriate for the client in the stage they're at - like payroll, expense tracking, corporate credit cards, etc.

## **It takes a lot for a small business to commit to spending money for outsourced accounting**

Tech startups are no different.

Many founders are bootstrapping the business and every dollar counts. When we immediately start providing solutions for their pain points and begin taking tasks off of their to-do list, their shoulders relax a

little bit and they start to feel relieved.

It was easy to begin working with Liongard because of their energy and optimism - and we could really start to see the relief setting in after taking the task of QuickBooks out of Joe's hands.

He expressed the value and peace of mind in knowing the books were taken care of:



**“The best part of working with Walker Agency is that they take full ownership of the areas they commit to. They are a part of our team and require very little guidance. On top of taking care of their tasks, they keep a watchful eye on related areas. I recommend them to anyone who wants to regain their peace of mind.”**

**- Joe Alapat, CEO & Founder, Liongard**

## Beyond the basics, we discussed how we would grow with Liongard as their scaling needs grew

When we first started working with the Liongard team, we talked them through a plan to:

- Start relieving some pressure by taking the basic bookkeeping needs off their plate
- Grow with them until they needed to build out their own accounting department.

With their cooperation and careful implementation of efficient processes, we've been able to help them beyond the anticipated end point. This allowed them to invest in other employees who could focus on sales, marketing and engineering.

Here's what support looks like at each stage:

### 2017 Seed Stage

- Onboarding and Clean Up: Items identified in the discovery phase were corrected and the bookkeeping was brought up to date.
- Monthly Bookkeeping: For about a year, we maintained Liongard's simple set of books, monitored an Accounts Payable inbox, paid their approved bills, and ran payroll. Customers were few at this point and invoicing was automated. We worked with their tax accountant at year end and provided the data they needed to prepare the tax return.

### 2018 Early Stage

- Operations were ramping up. Liongard's product (appropriately named "ROAR") was continuously improving and sales were picking up.
- The monthly accounting was becoming more complex and investors were showing interest in the financials.
- Liongard's books were converted to accrual basis and accounting processes were updated to accommodate a more sophisticated set of books.
- A fractional CFO started working with Liongard, Josh Tabin.
- Liongard continued the funding life cycle for startups by issuing a convertible note and completed a Series A round of funding.
- Walker Agency had 3 team members assigned to this account - accounts payable, accounts receivable and a fractional controller.

# 2019/ 2020

## Growth Stage

- Josh Tabin joined Liongard as its full-time CFO. He was charged with building out the finance department to get ready for a Series B round of funding.
- The volume of transactions increased over 100% for accounts payable and the accounts receivable support increased three-fold as Liongard's sales started taking off. Walker Agency was involved weekly with cash management and forecasting reports.
- WA added a 4th accountant to Liongard's account to assist with payroll and sales commission calculations.
- Third party apps were introduced to assist with accounts payable approvals and expense report management.
- Walker Agency assisted the CFO in drafting accounting policies for internal controls.
- Spring 2020, the company put together a data room for potential investors and Walker Agency assisted with the accounting portion of due diligence.
- In May 2020 (in the middle of a pandemic), Liongard successfully completed its Series B round of funding.
- Fall 2020 we worked directly with the client's auditors to complete the initial Accounting Review required by third party financing sources.
- Liongard quickly became our largest client - requiring more assistance as the company continues to grow sales and add employees. We were starting to feel a strain on the accounts receivable/billing side of the business and suggested they hire a billing clerk. Accounts Payable was still manageable at this point.
- The monthly close was completed in 10 business days to accommodate the CFO's reporting obligations to the board of directors.

# 2021

## Growth Stage ramping to Mezzanine Stage in the funding cycle

- The finance department is filling out nicely and the client is in the final stages of moving to a new billing platform.
- Billing is now handled internally by the client and is a separate arm of the finance department. Walker Agency assists to ensure payments are posted accurately and monitors the A/R aging reports. The client handles billing issues and customer service interaction with the customer.
- The fractional controller participates in weekly management meetings and is "on call" for the CFO as necessary.

- A budgeting process is introduced by the CFO and Walker Agency's fractional controller creates monthly "budget to actual" reporting packages. The reports are presented in monthly finance meetings to department heads.
- Spring 2021, Walker Agency works directly with Liongard's auditors to complete the first full audit required for compliance.
- The monthly close is completed in 6 business days to accommodate the CFO's reporting obligations to the board of directors.
- Walker Agency continues to provide additional compliance support to the CFO. The fractional controller is at capacity with assignments. The CFO and Walker Agency decide to put a six month plan together to hire a full-time controller. The current thought is that the fractional controller will continue to work with Liongard during the transition period, then our responsibilities will be primarily transactional.





Liongard is a dream client. They believe in the product they're selling, they're committed to their customers, and they empower and celebrate their employees. Working with Liongard has made us a better accounting agency. All along, they've treated us as part of their team while appreciating the talents we bring to the table. We've been proud to see them grow and to be able to support them through significant growth.

Here's what Josh Tabin, CFO, had to say about the experience:



"Our greatest takeaway after working with Walker Agency is the scope of work that the group was able to manage. We completed our first external audit without any issues due to the detailed processes that the Walker Agency put in place.

My advice to any early stage company looking for accounting support is to ensure the credentials of the firm they select are able to scale up with the needs of a fast growing business. Too often I have seen early stage funding derailed by inaccurate and incomplete accounting, something we never experienced when working with Walker Agency."

If you're a rapidly growing tech business and you don't have time for the drama of inaccurate and incomplete accounting, **fill in our form** to get in touch.

We can keep up with your pace.

