

Friday, February 10, 2017

Interview with Mike Whitmire, CEO and Co-founder, FloQast



Story by Benjamin F. Kuo

For today's interview, we sat down and talked with **Mike Whitmire**, the CEO and Co-founder of Los Angeles-based **FloQast** (www.floqast.com), a developer of financial close management software for enterprise accounting. Mike tells us about the company, who uses its software, as well as how he was initially turned away from the Amplify.LA accelerator--which only inspired him to keep working on making his startup a reality and go from just an idea, to a real company. The company, which started in 2014, now has over 40 employees. The company is venture backed by Polaris Partners, Toba Capital, Amplify.LA, Wavemaker Partners, and Danmar Capital.

What are you working on?



Mike Whitmire: We've built something called close management software. One of the really cool part of this company, is we are a company of accountants, and we've built close management software for accountants, by accountants, which helps them close their books faster and more accurately.

How did you get into this?

Mike Whitmire: It was borne out of my own background. I'm a CPA, and I got my start in the audit practice of Ernst & Young, and was working for years on the audit side of the table. I moved over to work in software-as-a-service, at Cornerstone OnDemand, before its IPO. We were about a year out from our IPO when I joined, to work inside accounting. The company had a lot of moving parts, and was growing really quickly, and I was number five on that accounting team. The idea for FloQast really came from the experience we had in that department, which grew to about 50 people. It's was really about herding cats and getting everyone on the same page, and making sure you could get the financials out on time. In particular, we had an issue with the process of reconciliation, and I helped to automate that as well. After a few years of frustration with the problem at Cornerstone, I saw the problem in front of my face, and decided to build the software to solve that problem.

Wasn't there anyone else doing similar software?

Mike Whitmire: Actually, our big competitors is also in LA, Blackline Systems. We're not an accounting system. Lots of people get confused with packages like QuickBooks or SAP. We work in parallel with those accounting systems. Think of us as a collaboration and workflow and team management solution. We integrate with ERP systems, and pull out all the data you need, and automate the reconciliation process. The big difference between us and our competitor in Woodland Hills, is they were founded in the late 90's, and have been at it for awhile. We are both trying to solve the same problem, but really are approaching it differently. They've solved it at the enterprise point point, where we are at the mid-market. Our product was built specifically for the mid market, and we've been riding the wave of IT budgets, which are starting to open up, and companies are really quickly signing up because this is a big pain point, from their perspective. Once we get on their radar, they're usually amazed, and buy from there.

How long has your software been available?

Mike Whitmire: We put the first version of our software out in 2014, and got a couple of beta clients. We took it to the market in January of 2015. In our first year of selling, we brought on over 50 clients, and last year we had 170 customers, and we now have about 40 employees. From a revenue perspective, we've seen 300 percent, year-over-year growth.

So we understand you went to Amplify.LA, didn't make it in, but they later let you back in?

Mike Whitmire: The very first meeting I had with them, I was introduced to one of the partners. I had lunch with him, telling him about my background and the market opportunity that existed here. He comes from a SaaS background, and enterprise software. He said, this is great, and said they were really interested in getting more enterprise customers. However, he said—we can't just give you money, you've got to find a co-founder, and have a product, and get some customers on board first. So I said, okay, I'll go make that happen. Six months later, I had those three things, pitched the partners, and I was in there in July of 2013.

What's the biggest lesson you've learned so far as an entrepreneur?

Mike Whitmire: It's all about product, market, fit. The very first product we built got us into Amplify, but we ended up scrapping that entire platform. The reason why, was we hadn't approached the problem from the right angle. We put a lot of work, and took in money, but ended up scrapping that platform and building a complete new one. I wish, if I could change one thing, that I would have figured out product, market, fit before Amplify and taking money. We would have been able to been more effective, and retained a greater percentage of equity. I think the most interesting learning experience I've had, from building up the company, is how my role has changed over time. I went from the first person, doing everything, to a few of you, and you're still doing everything, to now where we have managers of managers. It's weird having to remove yourself from the equation, especially as an accountant used to micromanagement and auditing. It's tough to get away from. I struggled with that, as we hired people and started to grow the business. However, I figured out that if you hire great people, and leave them alone, that's the best way to get results.

What's the next big thing for you?

Mike Whitmire: The next big thing for us is continuing to scale. We have a product that people love. If you read our reviews and customer satisfaction scores, it's very clear we've found product market fit. It's a matter of continuing to sell, and scale. We actually opened up a second office in Columbus, Ohio, to serve as our East Coast sales office, and we're building out our sales force here in Los Angeles. That helps us serve both sides of the country. We will be adding more

customers, and thinking about how we go wider, and other things we can do, provide deeper integration with accounting systems, and with new third party providers. From the product perspective, we're focused on our core application and solving that pain point, and in time we'll go wider and start solving other problems around the close.

Thanks, and good luck!

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