

ZenPayroll, Inc.

DBA: Gusto; FKA: Switchboard Labs, Inc., the company provides cloud-based payroll, HR, compliance, and benefits services. The platform enables time tracking, integration, and access to employees for processing payroll from Web-enabled devices, such as smartphones and tablets. The company also provides access to employees and contractors to browse their previous pay stubs, review their payroll forms, and verify their personal details.

- **Address:** 525 20th St., , San Francisco, CA, 94107
- **Geographic Region:** Silicon Valley
- **Industry:** Business Products and Services, Software
- **SIC Codes:** 7372 - Prepackaged Software (reproduction of software)
- **NAICS Codes:** 511210 - Software Publishers
- **Legal Counsel:** Fenwick & West LLP
- **Company Website:** www.gusto.com/

Key Management

- **Dinsdale, Mike** - CFO
- **Reeves, Joshua** - Co-Founder, CEO, Director
- **London, Tomer** - Co-Founder, CPO, Director
- **Kim, Edward** - Co-Founder, CTO, Director
- **Reese, Lexi** - COO
- **Taneja, Hemant** - Director
- **Raimondi, Anne** - Director
- **Caughey, Maryanne** - Head of People Team

Investors

- 137 Ventures LP
- CapitalG
- DCVC
- Dragoneer Investment Group
- Emergence Capital Partners
- Fidelity Management & Research Company
- General Catalyst Partners LLC
- Generation Investment Management LLP
- Google Ventures (GV)
- Individuals
- Kleiner Perkins Caufield & Byers LLC (KPCB)
- MSD Capital LP
- Obvious Ventures
- Ribbit Capital LP
- Salesforce.com, Inc.
- Sheralo Ventures LLC
- T. Rowe Price Associates, Inc.
- Undisclosed Firm
- Y Combinator
- Y Combinator Continuity Fund

Investment Data

Date	Amount	Valuation	Est. Fully Diluted Shares	Preferred Price Per Share
07/16/2019	\$188.05	\$3,837,568,883	288,270,251	\$13.31
Preferred Price Per Share: \$13.31			Participating Preferred Cap: N/A	
Round: Series D			Anti-Dilution: Weighted Average	
Direction: Up Round			Redemption: No	
Liquidation Preference: Pari Passu			Cumulative Dividends: No	
Liquidation Multiple: 0 - 1x			Dividend Rate: 8.00	
Stock Type: Conventional Convertible			Reorganization: No	
Capped Participation: No			Pay to Play: No	
			Pay to Play Penalties: -	
Date	Amount	Valuation	Est. Fully Diluted Shares	Preferred Price Per Share
07/16/2018	\$135.07	-	-	\$7.60
Preferred Price Per Share: \$7.60			Participating Preferred Cap: -	
Round: Series C			Anti-Dilution: Weighted Average	
Direction: Up Round			Redemption: No	
Liquidation Preference: Pari Passu			Cumulative Dividends: No	
Liquidation Multiple: 0 - 1x			Dividend Rate: 8	
Stock Type: Conventional Convertible			Reorganization: No	
Capped Participation: No			Pay to Play: No	
			Pay to Play Penalties: -	
Date	Amount	Valuation	Est. Fully Diluted Shares	Preferred Price Per Share
10/11/2016	\$23.25	-	-	\$5.02
Preferred Price Per Share: \$5.02			Participating Preferred Cap: N/A	
Round: Series B			Anti-Dilution: Weighted Average	
Direction: Up Round			Redemption: No	
Liquidation Preference: Pari Passu			Cumulative Dividends: No	
Liquidation Multiple: 0 - 1x			Dividend Rate: 8.00	
Stock Type: Conventional Convertible			Reorganization: NO	
Capped Participation: No			Pay to Play: No	
			Pay to Play Penalties: -	
Date	Amount	Valuation	Est. Fully Diluted Shares	Preferred Price Per Share
03/23/2016	\$44.50	-	-	\$5.02
Preferred Price Per Share: \$5.02			Participating Preferred Cap: -	

Round: Series B

Anti-Dilution: Weighted Average

Direction: Up Round

Redemption: No

Liquidation Preference: Pari Passu

Cumulative Dividends: No

Liquidation Multiple: 0 - 1x

Dividend Rate: 8.00

Stock Type: Conventional Convertible

Reorganization: NO

Capped Participation: No

Pay to Play: No

Pay to Play Penalties: -

Date	Amount	Valuation	Est. Fully Diluted Shares	Preferred Price Per Share
12/04/2015	\$22.25	-	-	\$5.02

Preferred Price Per Share: \$5.02

Participating Preferred Cap: -

Round: Series B

Anti-Dilution: Weighted Average

Direction: Up Round

Redemption: No

Liquidation Preference: Pari Passu

Cumulative Dividends: No

Liquidation Multiple: 0 - 1x

Dividend Rate: 8.00

Stock Type: Conventional Convertible

Reorganization: NO

Capped Participation: No

Pay to Play: No

Pay to Play Penalties: -

Date	Amount	Valuation	Est. Fully Diluted Shares	Preferred Price Per Share
03/27/2015	\$41.60	-	-	\$2.81

Preferred Price Per Share: \$2.81

Participating Preferred Cap: -

Round: Series B

Anti-Dilution: Weighted Average

Direction: Up Round

Redemption: No

Liquidation Preference: Pari Passu

Cumulative Dividends: No

Liquidation Multiple: 0 - 1x

Dividend Rate: 8.00

Stock Type: Conventional Convertible

Reorganization: NO

Capped Participation: No

Pay to Play: No

Pay to Play Penalties: -

Date	Amount	Valuation	Est. Fully Diluted Shares	Preferred Price Per Share
02/19/2014	\$20.00	-	-	\$0.77

Preferred Price Per Share: \$0.77

Participating Preferred Cap: -

Round: Series A

Anti-Dilution: Weighted Average

Direction: Up Round

Redemption: No

Liquidation Preference: Pari Passu

Cumulative Dividends: No

Liquidation Multiple: 0 - 1x

Dividend Rate: 8.00

Stock Type: Conventional Convertible

Reorganization: NO

Capped Participation: No

Pay to Play: No

Pay to Play Penalties: -

Date	Amount	Valuation	Est. Fully Diluted Shares	Preferred Price Per Share
12/11/2012	\$6.10	-	-	\$0.23

Preferred Price Per Share: \$0.23

Participating Preferred Cap: -

Round: Seed

Anti-Dilution: Weighted Average

Direction: Not Applicable

Redemption: No

Liquidation Preference: Not Applicable

Cumulative Dividends: No

Liquidation Multiple: 0 - 1x

Dividend Rate: 8.00

Stock Type: Conventional Convertible

Reorganization: NO

Capped Participation: No

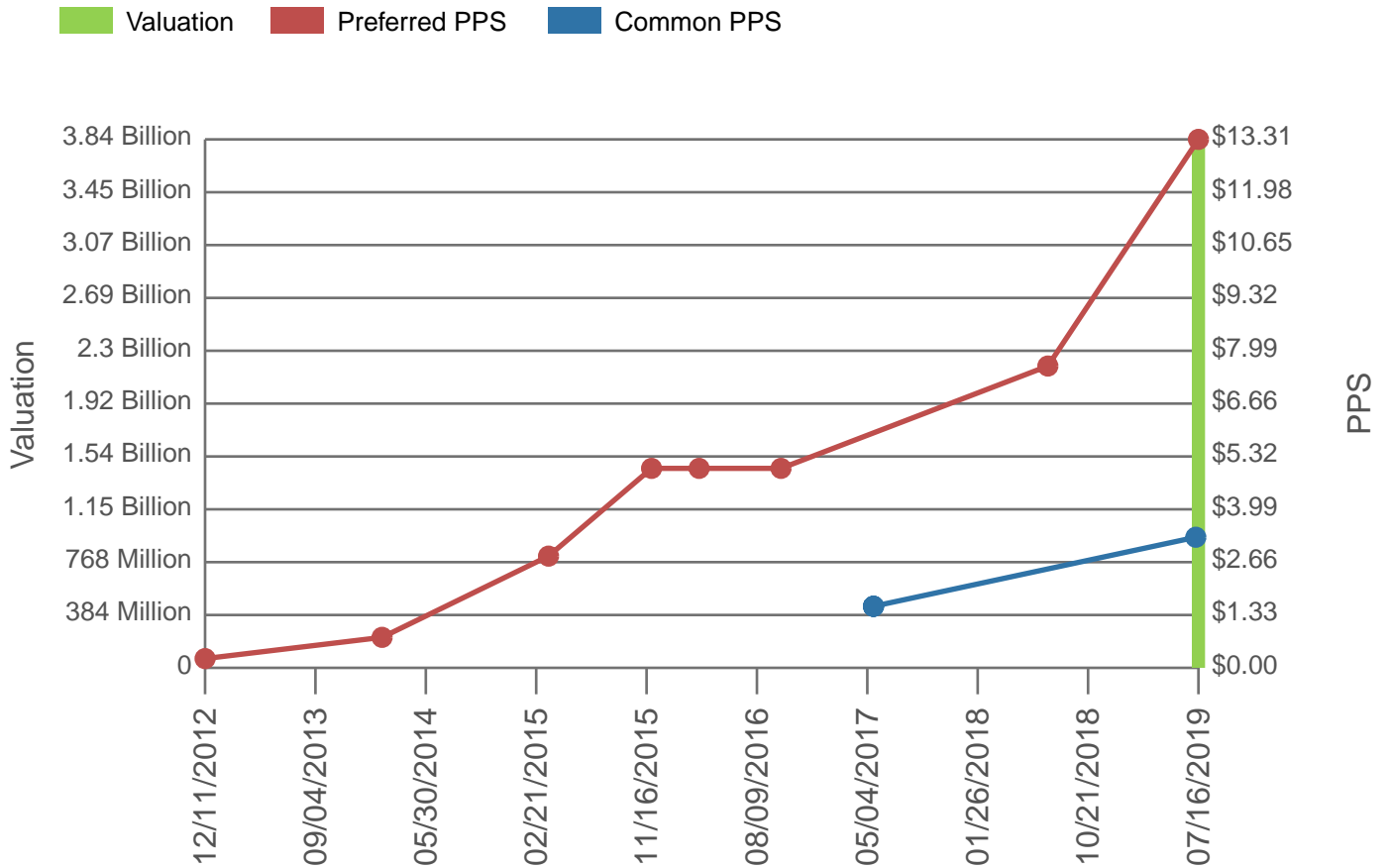
Pay to Play: No

Pay to Play Penalties: -

Fair Market Value per Common Share

Filing Date	Shares	Price per Share
07/12/2019	84,786,590	\$3.29
05/23/2017	23,400,000	\$1.55
05/23/2017	17,048,660	\$1.55

Price Per Share With Valuation



Valuation

Date	Valuation
07/16/2019	\$3,837,568,883.00

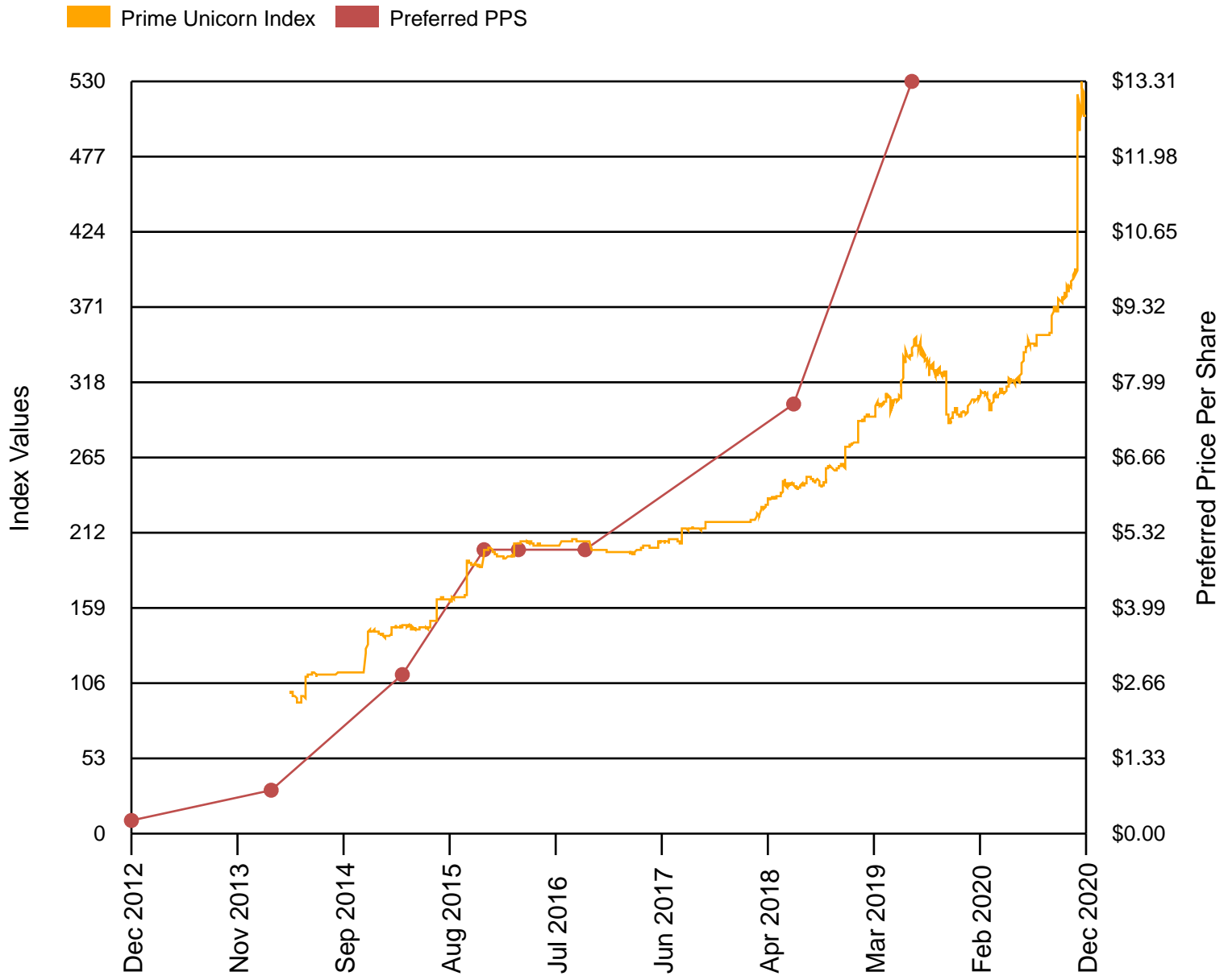
Preferred PPS

Date	PPS
12/11/2012	\$0.23
02/19/2014	\$0.77
03/27/2015	\$2.81
12/04/2015	\$5.02
03/23/2016	\$5.02
10/11/2016	\$5.02
07/16/2018	\$7.60
07/16/2019	\$13.31

Common PPS

Date	PPS
05/23/2017	\$1.55
05/23/2017	\$1.55
07/12/2019	\$3.29

Prime Unicorn Index



What Do The Deal Terms Mean?

Preferred Stock: A class of capital stock that may pay dividends at a specified rate and that has priority over common stock in the payment of dividends and the liquidation of assets. Many venture capital funds use preferred stock as their investment vehicle. This preferred stock is convertible into common stock.

Dividends: The payments designated by the Board of Directors to be distributed among the shares outstanding. The type of share determines the amount. On preferred shares, it is generally a fixed amount. With common shares, the dividend can be omitted if the Directors decide to invest the money in a capital expenditure or if the business is slumping. If the dividend is paid, the amount varies depending on the amount of cash on hand.

There are several types of dividends:

Cumulative—Missed dividend payments that continue to accrue.

Non-cumulative—Missed dividend payments that do not accrue.

Liquidation Preference/Multiple: The amount per share that a holder of a given series of Preferred Stock will receive prior to distribution of amounts to holders of other series of Preferred Stock or Common Stock. This is usually designated as a multiple of the Issue Price, for example 2X or 3X, and there may be multiple layers of Liquidation Preferences as different groups of investors buy shares in different series. For example, holders of Series B Preferred Stock may be entitled to receive 3X their Issue Price, and then if any money is left, holders of Series A Preferred Stock may be entitled to receive 2X their Issue Price and then holders of Common Stock receive whatever is left. The trigger for the payment of the Liquidation Preference is typically a sale or liquidation of the company, such as a merger or sale of assets.

Conventional Convertible Preferred Stock: A type of preferred stock that can also be referred to as Non-Participating Preferred Stock. This preferred stock typically receives a liquidation preference prior to the common stock, and does not participate on an as-if-converted basis with common stock in any remaining proceeds of a defined liquidation event. Upon such a liquidation event, holders of Conventional Convertible Preferred Stock must choose whether to receive their liquidation preference or convert their shares to Common Stock in order to participate in the pro rata distribution of assets.

Participating Preferred Stock: A preferred stock entitles the owner to receive a predetermined sum of cash (usually the original investment plus accrued dividends), and also allows its holders to participate on an as-if-converted-basis with the common stock holders in any remaining proceeds of a defined liquidation event. The holder need not elect to convert or receive the liquidation preference, hence the name double dip. The right, however, to double dip may be capped at, say, the recoup of sale proceeds no greater than 2X, or two times the liquidation preference; to make more, the holder must convert.

Anti Dilution Protection: Contractual measures that allow investors in convertible preferred shares an automatic reduction in the conversion price, meaning more common shares on conversion, if a subsequent round is a down round, thereby mitigating down round dilution.

Full Ratchet Anti Dilution: The sale of a single share at a price less than the favored investors paid reduces the conversion price of the favored investors' convertible preferred stock to the penny, for example, from \$1.00 to 50 cents, regardless of the number of lower priced shares sold.

Weighted Average Anti Dilution: The investor's conversion price is reduced, and thus the number of common shares received on conversion increased, in the case of a down round; it takes into account both: (a) the reduced price and, (b) how many shares (or rights) are issued in the dilutive financing.

Learn more about Weighted Average Anti Dilution

Pay-to-Play Provisions: A Pay to Play provision is a requirement for an existing investor to participate in a subsequent investment round, especially a Down Round. Where Pay to Play provisions exist, an investor's failure to purchase its pro-rata portion of a subsequent investment round will result in conversion of that investor's Preferred Stock into Common Stock or another less valuable series of Preferred Stock.

Redeemable Preferred Stock: Redeemable preferred stock, also known as exploding preferred, is redeemable at its cost plus accrued dividends, at the holder's option after (typically) five years, which in turn gives the holders (potentially converting to creditors) leverage to induce the company to arrange a liquidity event. The threat of creditor status can move the founders off the dime if a liquidity event is not occurring with sufficient rapidity.

Post-Money Valuation: The valuation of a company immediately after the most recent round of financing. For example, a venture capitalist may invest \$3.5 million in a company valued at \$2 million pre-money (before the investment was made). As a result, the startup will have a post-money valuation of \$5.5 million.

View more private company financing terms in VC Experts Glossary.

Overview

The Prime Unicorn Index is a modified market cap price return index that measures the share price performance of U.S. private companies valued at \$1 billion or more. The index provides empirical data to asset managers and financial advisors interested in tracking today's private capital markets. The index is designed for use in the creation of financial products and as a performance benchmark.

Index Methodology

The rules for component eligibility, index composition, calculation, and maintenance are based on the Prime Unicorn Index Methodology. The index universe includes all US private companies with market valuations that are equal to or greater than \$1 billion. Component eligibility and price inputs are derived from publicly available information, such as federal filings (e.g., Form D), state filings (e.g., amendments to Certificates of Incorporation, Limited Offering Exemption Notices, Employee Plan Exemption Notices) and company disclosures (e.g., press releases, other public statements). The index calculation model is based on actual or derived prices of preferred stock and common stock, which are validated by the index operations team. Corporate actions, such as bankruptcies, stock splits, reorganizations, mergers and acquisitions, and spinoffs are monitored on a daily basis. Index values are calculated for each day, but distributed on a weekly basis each Thursday. The index is reviewed and reconstituted on a quarterly basis on the third Wednesday of each January, April, July and October. For more detailed methodology information, please see the Prime Unicorn Index Methodology Guide.

The Prime Unicorn Index was designed and developed by Lagniappe Labs and Level ETF Ventures' Prime Indexes group. The Prime Unicorn Index Committee provides oversight of index calculation and maintenance, as well as ongoing evaluation of the index methodology and related rules.

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