Growth Accounting – IniTech

For this exercise, we constructed a dataset of a fake company IniTech (of TPS report fame) that is modeled after a variety of companies in the B2B marketplace. We purposefully set the dates to one year ago to avoid questions around how COVID-19 has affected the business. Just pretend that you're back in July 2019.

IniTech is an early stage startup that has raised $20MM to-date from several blue chip venture investors. The company's business model is similar to that of Upwork: it acts as a marketplace that connects employers in need of specialized labor with workers who have spare capacity. IniTech bills the employer directly (including a cut specifically for Initech), then in turn pays the worker. The amount Initech earns ("net take") from each job varies depending on the agreement it has in place with the employer. Some employers have negotiated lower take rates, and sometimes Initech has to pay a bonus to the worker for them to staff an urgent job.

The company has started fundraising its next round of financing, and it has shared with Tribe Capital three datasets as part of the diligence process. The files can be found here.

- A monthly income statement.
    - All numbers are based on thousands USD ($000).
- Revenue (and net take) by employer by month.
    - The columns of this CSV are:
        - Month: Month of activity
        - Employer_id: unique identifier for an employer
        - Market: the geographic market the employer_id operates in
        - Revenue: Revenue to Initech from employer_id in a month
        - Revenue_minus_direct_costs: Revenue to Initech after payout to worker (i.e. Initech's net take).
- Revenue (and net take) by worker by month.
- The columns of this CSV are:
    - Month: Month of activity
    - Worker_id: unique identifier for an employer
    - Market: the geographic market the worker_id operates in
    - Revenue: Revenue to Initech from worker_id in a month
    - Revenue_minus_direct_costs: Revenue to Initech after payout to worker_id (i.e. Initech's net take).

Using these datasets, how would you evaluate this investment opportunity? Some questions to consider as part of this exercise:
- How would you rate Initech's growth to-date? What are its headwinds/tailwinds going forward?
- How sustainable is the business model (worker-employer marketplace)? What is the behavior of employers/workers on the platform?
- If you could follow the company's progress for another year, what would you expect to see? What additional analysis would you want to conduct with an additional year's worth of data?