

# Onfleet & Lighter Capital: Alternative Financing Empowers Big Ideas to Meet Rapid Growth

HOW ONFLEET GREW FROM A DOZEN CUSTOMERS TO OVER A THOUSAND WITH  
NON-DILUTIVE REVENUE-BASED FINANCING & THE LIGHTER TERM LOAN.

**Founded:** 2012   **Employees:** 29  
**Location:** San Francisco, California  
**Lighter Capital Funding to Date:** \$1.226M

- Two Rounds of Revenue-Based Financing: \$726K total
- One Term Loan: \$100K with \$400K forward commitment

Onfleet CEO, Khaled Naim, first had the idea for Onfleet while working on his earlier company, Addy. With Addy, Naim's team was developing a better way for people to communicate locations in emerging markets for the purpose of delivery. In many emerging markets, people without functional street addresses cannot have goods delivered to their homes, presenting an insurmountable barrier to eCommerce for good-sized segments of the population. In this early stage of growth for Addy, Naim and his team saw a need for an end-to-end delivery software infrastructure that these emerging companies could use on their smartphones to more efficiently manage their delivery fleets. They soon decided to build this idea and they pivoted to Onfleet.



“We didn't want to raise from a large VC because we didn't want to lose control or our agility. We wanted to sustain ourselves with our own customer base and Lighter Capital was a great option to help us get to that point.”



**KHALED NAIM**  
CEO & CO-FOUNDER

## LIGHTER CAPITAL FINANCING

“We still wanted to figure out our ideal customer profiles and our go-to-market strategy. A large investor wouldn’t really align well with our company goals. There’s no better funding than revenue, so we decided to build a solid stream of revenue instead of continuously raising capital. We wanted to sustain ourselves with our own customer base and Lighter Capital was a great option to help us get to that point.”

Unlike many tech startups in Silicon Valley, Naim and his team did not seek a Venture Capital (VC) investment after launching. Naim wanted to grow his company’s revenue without giving up control or equity. He and his team were still defining their customer profiles and go-to-market strategy and they worried that a large investor would take away their agility at a critical stage of development.

This goal of organic, non-dilutive growth brought Onfleet to work with Lighter Capital. Onfleet first received \$400,000 of revenue-based financing (RBF) from Lighter in December 2017 and they pursued a second round of RBF a year later for just over \$325,000. They used these early rounds of financing to make critical hires, expanding their sales and engineering teams.

“With our first two financings from Lighter Capital, we chose revenue-based financing to help us get to a point where we were generating enough recurring revenue to balance any rates from the capital, and we quickly grew from about a dozen customers to over a thousand.”

Since first getting funding from Lighter, Onfleet has grown 3-4x and now employs a team of 29. In June 2019, Onfleet worked with Lighter for a third round of financing, this time deciding to pursue one of Lighter Capital’s two newly rolled-out financial products: the Lighter Term Loan. Onfleet received a \$100,000 Term Loan of growth capital with a \$400,000 forward commitment. Naim decided on the Term Loan instead of another round of RBF for the predictability that it offers small businesses with stable monthly payments.

“With our third financing from Lighter Capital, we chose the Lighter Term Loan because of its predictability. We know exactly how much we’re paying each month, regardless of seasonality in our business.”

Although they are still a young company, Onfleet is growing quickly and they are less worried about making payments in a down month than smaller tech startups might be. Onfleet sees large seasonal spikes in their revenue around the holidays when delivery volume rises, making it hard to predict their revenue. For Naim, the stability of a Term Loan is more important than the flexibility of RBF. Through non-dilutive funding from Lighter Capital, the team at Onfleet has been able to rapidly scale without giving up equity or board seats.

## ONFLEET'S RECOMMENDATIONS

Leading a tech-based startup in Silicon Valley, Naim sees too many entrepreneurs pursue VC funding without considering what is right for their company. Startup founders often race to land a series A investment as a mark of success for their business. Naim

believes that pressure is often wrongly put on founders to raise equity rounds instead of pursuing alternative sources of capital or different avenues for growth. He recommends that startups delay VC financing unless capital is your only constraint to cornering the market. This could allow you to make a more informed decision surrounding all of your possible options for raising capital, including whether venture capital is the right fit for your specific business in the first place. Delaying your equity round with non-dilutive financing could also lead you to increase your valuation and meet the growth expectations of a VC firm. Understanding the needs of your business and having a clear picture of the future could mean you ultimately decide to scale organically and retain control of your company, just like Onfleet.