KarmaCheck

Background Checks Reimagined

Beginnings of KarmaCheck

Eric Ly
LinkedIn Co-Founder

Eric was on a mission to verify user profiles and "bring truth to the Internet". He found that all background check companies were still slow, inefficient and unable to meet the needs of hyper growth companies.

Shaunak Mali
Checkr

Eric met Shaunak, another KarmaCheck co-founder, who was one of the original architects at Checkr and worked on the Uber relationship. He shared the same sentiments about the background check industry.
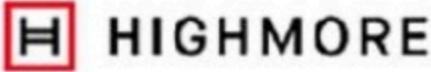
KarmaCheck Highlights
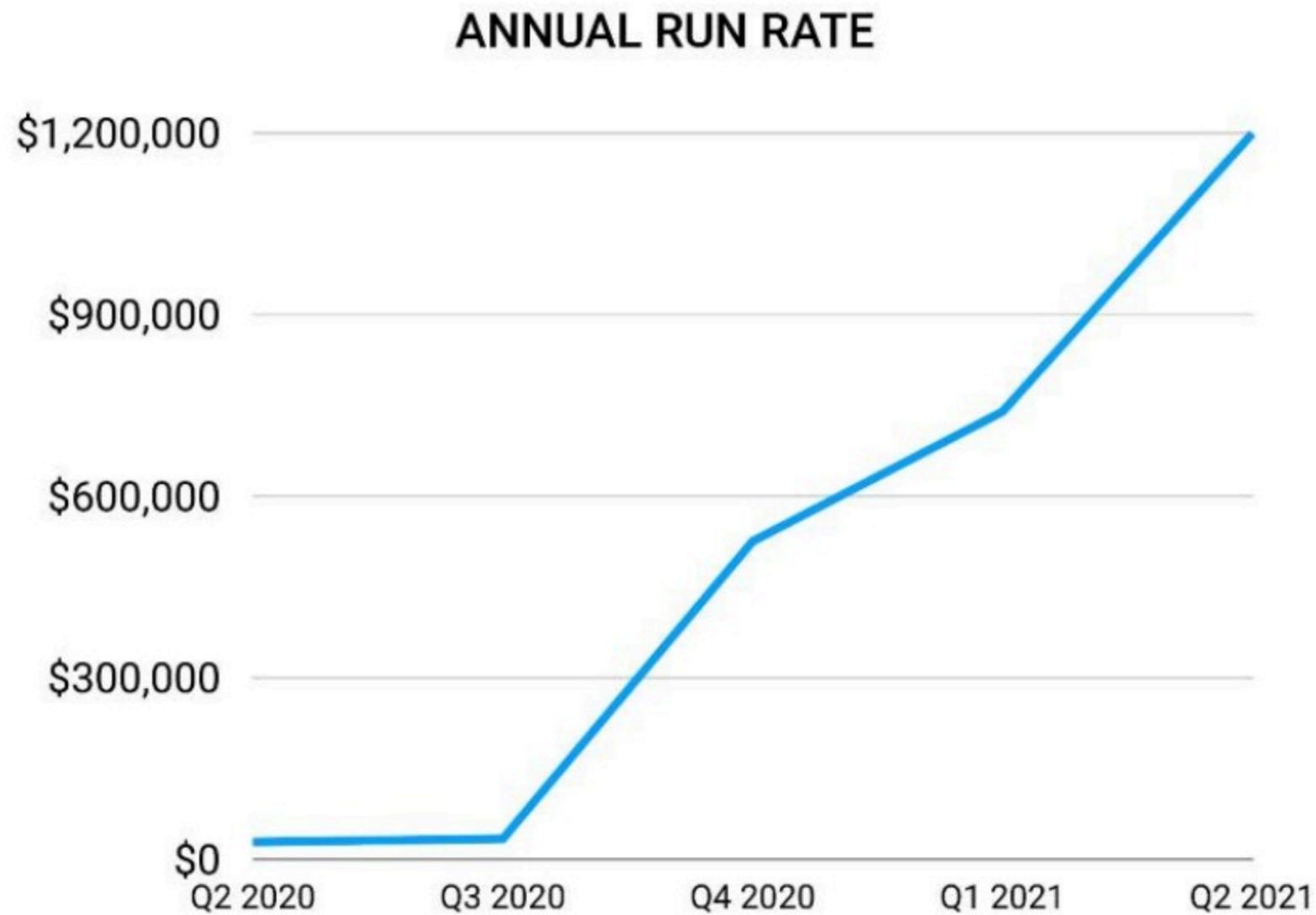
ANNUAL RUN RATE

$2M
annual run rate

179%
net revenue retention

125K+
screenings completed

100+ Satisfied Customers

Hourly	Domino's	McDonald's	Wing-Stop		
Healthcare	Clover	CAPSULE	BeneLynk	lume · twentyeight	WellRithms
Staffing	instant teams	Recruiter.com	Manpower	tryfacta · Persistent	METASYS TECHNOLOGIES
Logistics	TrueNorth TRANSPORTATION CO.	YOSHI	remoov	flux	
Tech	bark	aiden	DRATA	skale · CarpeDM	CarSaver · SVT ROBOTICS
Contact Center	nexrep	ACD Direct			
Finance	AVANTI	mosaic	HIGHMORE	resilience	

What Customers Are Saying

"KarmaCheck brought speed and transparency to background checks we didn't think possible. We could not be happier with the customer service, the ease of transaction, and candidate experience."

Lisa Hill
Resilience

"County checks were greatly reduced from weeks to hours, helping us place remote teams with customers faster and leading to more revenue and operational predictability."

Erica McMannes
Instant Teams

"We brought KarmaCheck into our onboarding flow and reduced candidate drop-offs to only 1 in 5."

Chris Carlisle
NexRep

"Their comprehensive screenings were what we needed for a complete solution with one vendor. API integration is second to none."

Christopher Chang
Lume Health

"KarmaCheck's industry-leading and efficiency-driven approach enables us to streamline the hiring process and eliminating unnecessary friction points that delay candidate placement."

Evan Sohn
Recruiter.com

Experienced Leadership

Eric Ly
CEO, Co-Founder

LinkedIn
B2B entrepreneur

Mark Lieberwitz
CPO, Co-Founder

Meltwater
15-year product lead

Shaunak Mali
VP Special Projects,
Co-Founder

Checkr
Strategy, operations

Tim Flanders
VP of Engineering,
Founding Team

Chordiant.
25+ years enterprise
software

Bo Mohazzabi
Head of Sales &
Customer Success

Amplitude
12+ years SaaS,
growth

Relevant Companies

	Vetty	Checkr	Certn	Truework	HireRight	First Advantage	Sterling
Company Stage	Seed	Pre-IPO (Accel)	Series A+	Series B (Sequoia)	Privately-Owned	Public	PE Owned, Pre-IPO (Goldman Sachs)
Valuation	$20M	$4.6B	$115M (As of 12/2020)	$150M (Estimated)	$2.65B (Estimated)	$2.96B	$7.7B (Estimated)
Revenue	N/A	$220M (Estimated)	$8M (As of 12/2020)	$3M (Estimated)	$482.5M	$530.4M	$1.4B
Target Segment	Full-time employment, staffing	Gig	International checks	Employment & salary verifications only; tenancy too	Full-time employment, staffing	Full-time employment, staffing	Full-time employment, staffing
Revenue Model	Pay-as-you-go	Pay-as-you-go	Pay-as-you-go	Pay-as-you-go	Pay-as-you-go	Pay-as-you-go	Pay-as-you-go

Thesis

01

Identity & credentialing need is accelerating for businesses to verify employees & customers.

02

Existing processes are inefficient in terms of speed, accuracy & cost, causing loss revenue, preventable fraud, and regulatory risk.

03

User-centric identity access will create a disruptive "winner takes all" trust layer for the Internet.

Why Now

01 — Increased workforce mobility and job turnover
- 25-30% of the US workforce are contingent workers.
- Millennials are one-third of US workforce and are 3x more likely to change jobs as previous generations.
- Freelance workers in the US increased by 3.5% between 2019-2020 even though total labor force decreased by 2.2%.

02 — Increasing use of contingent and flexible workforces
- Majority of large corporations plan to substantially increase their use of a flexible workforce.
- Gig economy gross volume (GV) grows from $297B in 2020 to $455B in 2023. 14.4% CAGR.
- Major growth sectors: transport, asset sharing, household & miscellaneous, professional services

03 — Increased identity data theft
- 23M (or 9% of population) experienced identity theft in 2018.
- Financial losses totaled $15.1B in 2018.
- FTC: 113% increase in identity theft reports in 2020.
- The pandemic and remote work may have made it easier to use stolen identities for background checks and access to consumer services.

04 — Heightened regulatory and compliance scrutiny
- Domestic regulations: FCRA, CCPA, IBIPA
- International regulations: FCPA, GDPR

What is KarmaCheck

✓ Designed for hyper growth companies and high-velocity hiring.

✓ Best-in-class background check tech stack & data architecture among antiquated products.
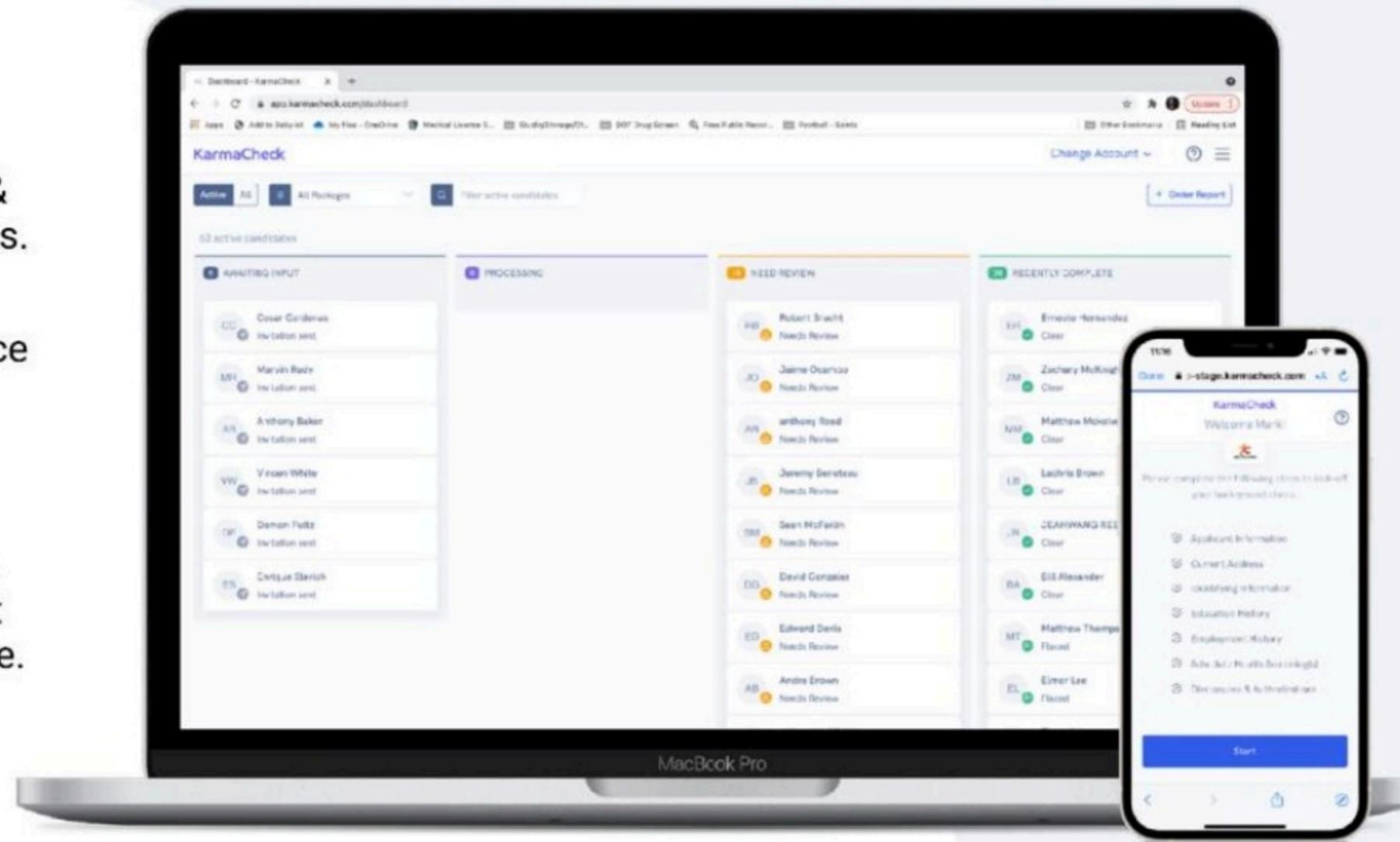
✓ Fast to instant checks, mobile-first experience & candidate dashboard.

✓ "One API to rule them all" for background checks and beyond: Occupational Health Screenings (OHS), Identity Verification (IDV), Motor Vehicle Record (MVR), licenses, credit checks, social media checks, self-pay & more.

✓ Industry first and only subscription packaging.
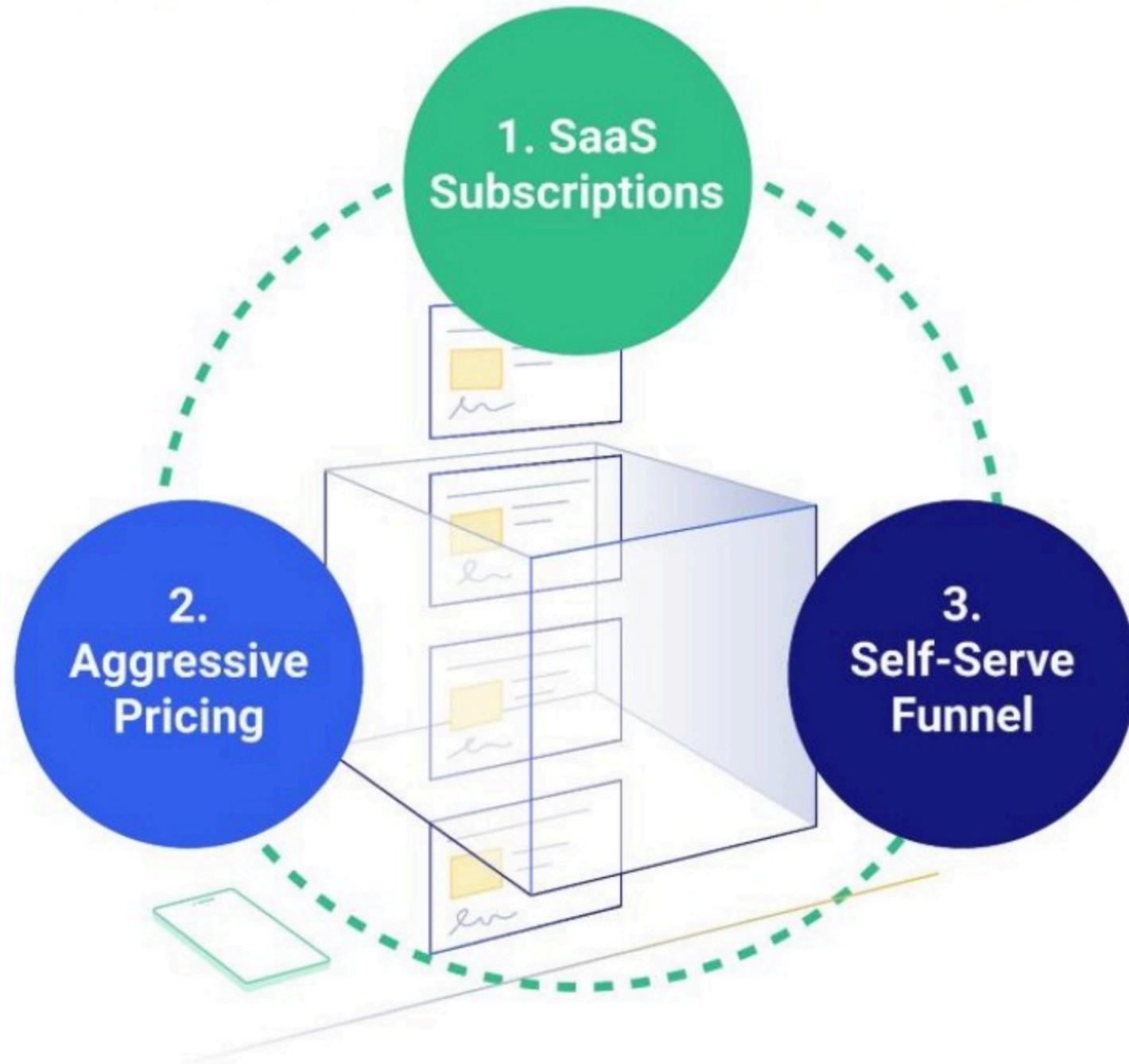
Relevant Total Addressable Markets

BACKGROUND SCREENINGS

$13B
With $7B whitespace for new products & services, international opportunities.
Long Term **CAGR: 6%**

$6B
Current Market Spend
56M Checks Per Year

CONSUMER IDENTITY ACCESS MANAGEMENT (CIAM)

$23B
Consumer onboarding in financial services, healthcare and other industries.
CAGR: 14.9% until 2025

$7B
Current Market Spend

Go-To-Market For "Winner Takes All"

Our "winner takes all" strategy builds Data Re-Use quickly with three unique first-for-the-industry approaches consisting of:

1. SaaS subscriptions
2. Aggressive pricing
3. Self-serve funnel

SaaS Subscriptions

01 KarmaCheck launched subscriptions and pioneered the industry's first and only subscription model for background checks.

02 Subscription packaging promotes exclusivity over the multiple provider problem and retention afflicting the pay-as-you-go model.

03 While the competition worries about retention and revenue predictability, we focus on optimizing core SaaS metrics (LTV, CAC).

04 Pay-as-you-go customers represent upsell opportunities to subscriptions in the pipeline.

179%
net revenue retention

5.6
LTV-CAC ratio

3 mos.
sales cycle

Aggressive Pricing

01 Pricing is a factor in the background check market.

02 KarmaCheck's pricing is designed to acquire data for Data Re-Use quickly to disrupt the market.

03 Operating model ensures we don't lose money while we capture both data and customers.

04 Pricing optimized for future profits while the competition is engaged in the margin & mark-up game of pay-as-you-go.

20%
or more cheaper from existing automations

40-50%
cheaper in self-serve funnel

14-16 mos.
to profits based on CAC

Self-Serve Funnel

01 Acquires small and mid-market customers fueling expansion into enterprise market.

02 First and only-in-the-industry instant account provisioning allows customers instant access to checks vs. at several days of other funnels leading to highest conversion rates.

03 Contrasts with more costly salesperson-based selling motion of the competition.

04 Unused checks from subscriptions form still healthy margins.

05 "Growth loop" captures intent through performance marketing and enables revenue from channel to be re-invested into exponential scaling of customer acquisition.

$113 CAC
below $300 CAC implies positive growth loop

$563 LTV

65%
gross margins