

Selected Case Studies







**Black
Ink
Business
Services**

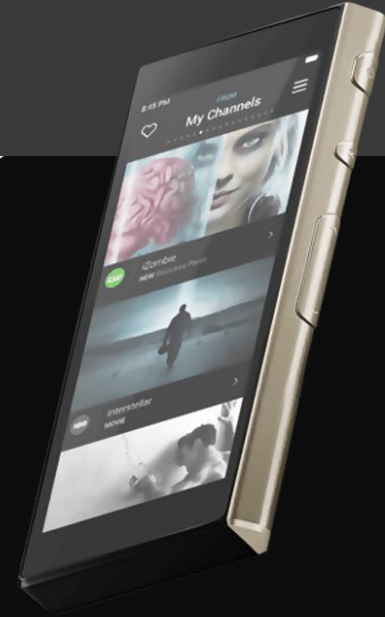
The logo for Black Ink Business Services features a thick black diagonal bar above the company name, which is written in a bold, black, sans-serif font.

How Black Ink Business Services helped Ray launch, grow and exit

When the founder approached Black Ink with the idea of starting a new venture and with the vision of bringing a consumer electronic product to the market, Black Ink kicked into gear. Based on the founders' prior experience successfully starting and exiting a company, he knew his time would be best spent on the product and talent. Black Ink handled a large portion of the day to day operations that typically eat up a lot of the founders bandwidth. Black Ink advised on how best to start the operations as well as how to never lose focus on building all functions to scale. As an exit approached Black Ink took the lead on all aspects of getting the company through Due-Diligence and to a deal.

Ray

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Ray's Background

Ray was a consumer technology company focused on developing the next generation of hardware and software products. The mission was to breathe new life into everyday objects. Their first creation, the Ray Super Remote, reimaged and reinvented the center of our entertainment lives. After hitting the market with rave reviews, groundbreaking technology, and many awards, Ray became eyed for acquisition. This led to Amazon acquiring the company.



THEIR CHALLENGE



Where to Start

When the founder came up with the idea of the Ray Super Remote, he had a strategy for the product and company. But, he needed to dive deeper into the administration of logistics such as manufacturing, distribution, inventory. It was also crucial to form the right legal entity and company structure for the business.



Solid Foundation to Facilitate Growth

The founder knew that no matter how great the product was, the company's success depended on seamless product delivery and the ability to support their customers. Within a very short period, the Ray Remote had gone from R&D to development to the production cycle; it needed a foundation that could support such rapid progress.



Protect What They Built

Ray Enterprises Inc. was building a product that required protecting Intellectual Properties and the Patent of the product's design. A lot of the value would be in the Intellectual Property.



A Seamless Supply Chain and Inventory Control System

The founder was aware that once the product was developed, managing different moving parts of the finished product inventory would be challenging - from ordering raw materials to delivering the final product to customer's doorstep.



Attract and Keep the Best Talent

Ray had the need to attract key talent in a competitive hiring environment where you must compete for it based company values, work environment, and equity opportunities.



To Be Ready For an Equity Event

With the founders eye on a future investment, or an exit, there was a demand to always have the company ready for an outside party to start due diligence.

OUR SOLUTION

Start-Up & Creation

The Black Ink team met with the founder to understand the company's mission and road map for the future product. Based on these conversations, the Black Ink team provided recommendations on the best entity structure which would meet the founder's goals. After deciding the entity structure, the Black Ink team managed the entire formation process of Ray Enterprises Inc. as well as maintained all compliance.

Build to Scale

While building the finance and operation system for Ray Enterprises Inc., the Black Ink team kept in mind the goals shared by the founder every step of the way. Black Ink knew from the beginning that Ray Enterprises Inc. would be dealing with international customers and vendors in high volume. Black Ink considered all of this while selecting the right GL Software as well as stand-alone AR, AP systems and inventory management systems. It was important to automate as much as possible so that the company could scale as fast as possible. All systems needed to sync with the website instantaneously to keep inventory up to date. Then the systems needed to swiftly pass information to the order fulfillment team so that orders were shipped on a timely basis. All this must be completed while populating the General Ledger in real-time.

Key Employee Retention

The Black Ink team took the lead in designing employee benefits packages - including the construction of the Employee Stock Ownership Plan, selecting employee health/vision/dental insurance plans, and managing the 409a valuation process. The team was also able to help evaluate compensation packages for key employees.

Inventory Management

The Black Ink team helped vet inventory management systems that could handle different moving parts in the assembly process. From the PO creation, to invoicing for a sales order upon the delivery. All while at the same time keep the accounting system updated with COGS and Inventory value while maintaining GAAP. The Black Ink team assisted Ray in obtaining insurance specific to transporting the lithium battery material used in their device. This way, Ray could both protect themselves from potential liability and protect their inventory.

Prepare for an Exit

Black Ink invested upfront to perform pre-diligence and have a ready-to-go data room. This included having a strong accounting manual, up to date IP record-keeping, managing ESOP paperwork, and timely 409a valuation which allowed for Ray Enterprise to have an efficient due diligence process. Black Ink led the company throughout the due diligence process by taking the lead and acting as the main point of contact for Investment Bankers and Potential Investors. Black Ink was able to provide and fulfill all requests, and limited the founder's involvement when they were not needed. This way, founders were able to focus on their day to day business operation and get through the transaction with unnecessary distractions.

IP DELIVERABLES

Lead team for all Patents and Trademarks

Black Ink helped Ray with protecting IP and securing patents by both managing the relationship with the legal team and maintaining internal record-keeping of all the documents. Black Ink provided an IP strategy for Ray including comprehensive patent trademark and copyright advice, along with preparation of all filings for patents, trademarks, and copyright as Ray's business expanded.

- Founder pre-existing IP
- Employee Confidential Information & Intellectual Property Assignment agreements
- Independent Contractor/Consulting Services agreements
 - Protecting IP ownership
- Licensed IP and modifications/improvements
- Current or previous employers
 - Strategic IP Portfolio
 - Patents
- Led and oversaw all Provisional Patent application
- International protection
- Offense and defense against patent trolls
 - Trade Secrets
- Preserve confidentiality
- Limit and control access
 - Trademarks
- Check USPTO trademark database
- Secure federal trademark registration for enforcement
- Not merely descriptive
 - Copyright
- Original work of authorship
- Secure federal copyright registration for enforcement
- Understand 'Fair Use'





Aug 2014

ESOP

Met with founders and vetted equity options for key employees

Feb 2013

Structure

- Black Ink met with founders prior to the creation of an entity and evaluated the best company structure in line with the goals of the company
- Black Ink assisted in filing all necessary State and Federal Paperwork

01

Was the main point of contact with outside legal team to create all necessary plan documents for the Employee Stock Ownership Plan

Onboarded Anvil Analytics to perform a 409 a

03

05

Nov 2016

Investment Banker Cyndx brings Amazon to the table

07

Acquisition from Amazon

Apr 2013

Black Ink takes on the roles of Controller and CFO

02

May 2016

Onboard the M&A team from Cyndx Advisors

04

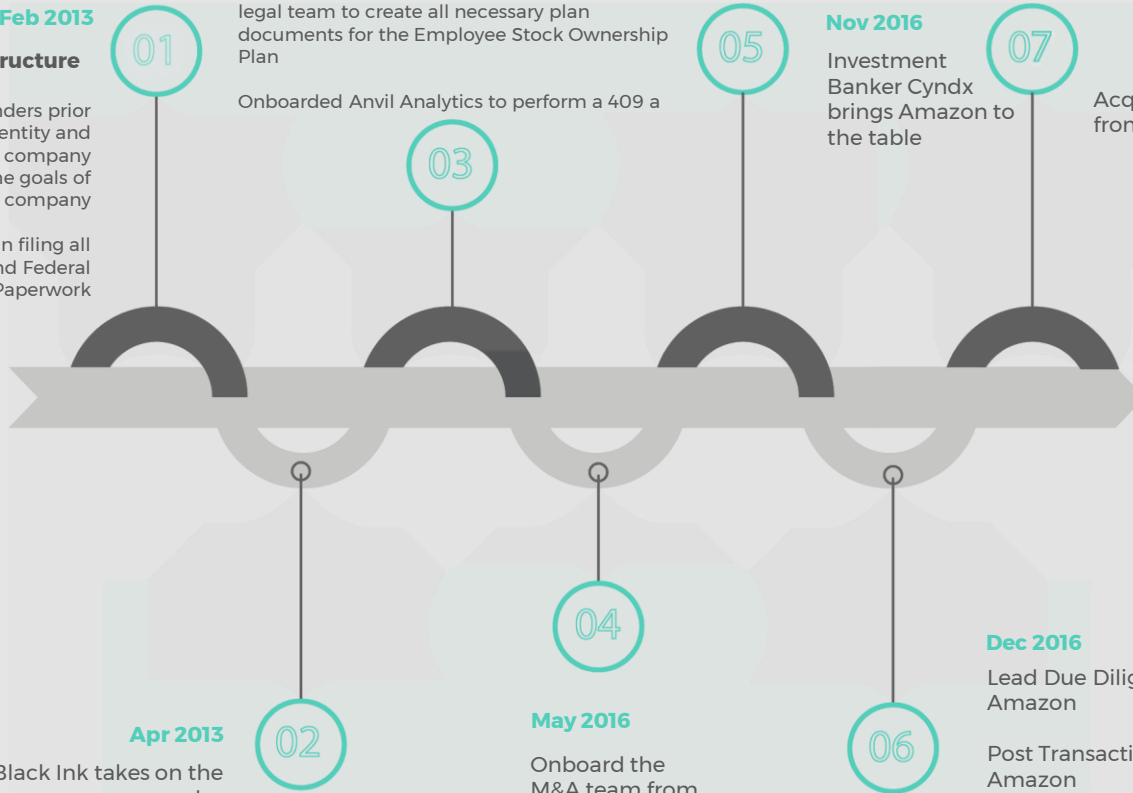
06

Dec 2016

Lead Due Diligence with Amazon

Post Transaction with Amazon

Ongoing Support with Amazon as Client





THE DELIVERABLES



Formed Ray Enterprises Inc. as well as necessary holding companies



Built strong and efficient accounting department from the ground up and played CFO and Controller role for Ray Enterprises Inc.



Launched Employee benefits including from designing the ESOP to managing ESOP plan on a regular basis.



Pre/Due Diligence

- Played a key role as the main point of contact on behalf of Ray Enterprises Inc. and handled all accounting related requests.
- Black Ink built financial model/investor deck along with Cyndx to present to potential investors.
- Played a supporting role and helped Ray Enterprises Inc.



Ongoing support since its inception till present



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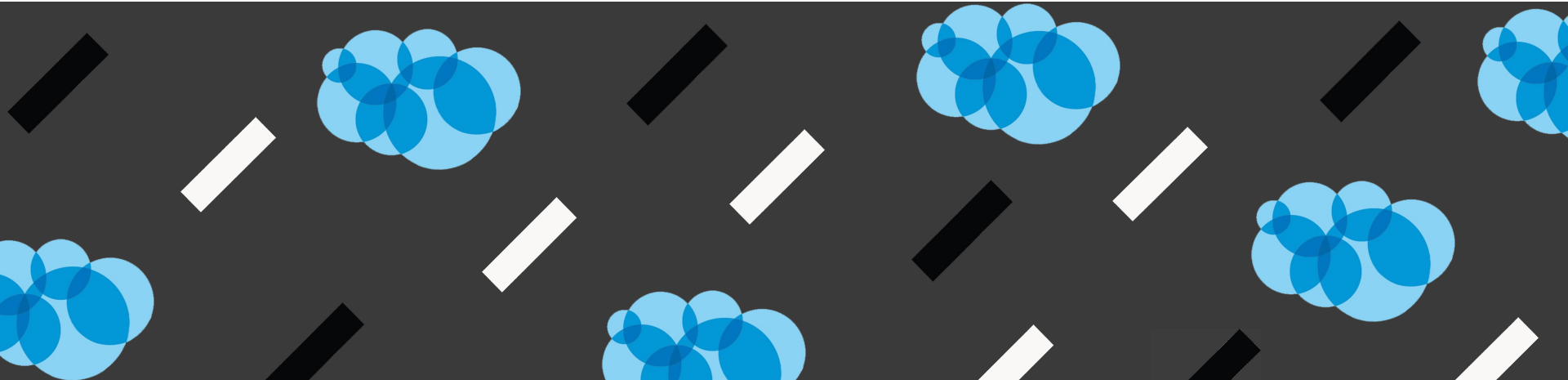
« Black Ink helped us start, grow and exit. They were there for us from day one to the due diligence process during the acquisition of our business. When we first started developing our product it was too soon to hire full-time employees to fill all of our operational and financial needs, but we also couldn't afford to let anything slip through the cracks. Whether it be a senior talent we were recruiting or an investor group we were courting, the details matter regardless of your company size or stage of growth. Black Ink represented us in our style, with our brand's personality. Their team crossed the T's and dotted the I's. They delivered when we needed it and when we were in the trenches they kept a lookout around the bend. Being able to have continuity in HR legal, operations, and financial services through all stages of growth has been invaluable.»

David Skokna, CEO and founder of Ray





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Case Study

How Black Ink Business Services helped Silverline transition into their next phase of growth.

After nearly ten years, Silverline's Financial Reporting was stagnant and needed a fresh approach while entering into its next period of growth. With an eye on expansion and the potential upcoming challenges of a possible deal, the founders wanted to avoid being bogged down in due diligence. They tapped Black Ink to address the need for better **Financial Reporting** while performing **Pre-Diligence**.



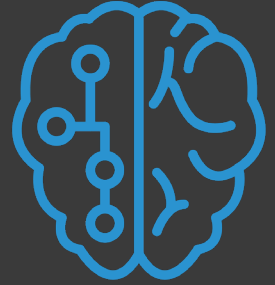
**Black Ink
Business Services**

Silverline's Background

Silverline creates unique digital experiences that transform the way our clients do business. As a Salesforce Platinum Partner, Silverline leverages best practices acquired through 1,200+ implementations, with significant expertise in the Financial Services and Healthcare industries. Our Industry solution focus combines Strategic Advisory, technical implementation, and ongoing Managed Services to enable organizations to achieve maximum value with the Salesforce platform. Additionally, Silverline offers CalendarAnything, a popular AppExchange application, and industry-proven Fullforce-certified accelerators.



Their Challenge



Lacking Financial Reporting

Founders lacked a reporting tool that gave them holistic view of their business at any given point of time. This level of reporting was needed to make informed business decisions primarily related to hiring staff, capital investments, and running “What If” scenarios and collaborating on ideas.



Lack of Transparency to KPI

Founders had noticeably minimal transparency to their real time business financials and its KPIs.



Access/Timely Reports

One challenge the founders were facing was obtaining timely reports. With growth, the complexities of the business’s reporting needs also grew - which often led to delayed and after-the-fact reporting. This hindered decisions based on real time reporting.

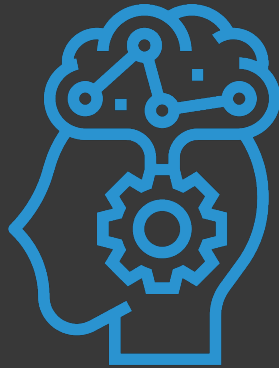


The Need to Retain Institutional Knowledge

There had been a small finance team for nearly ten years. Accounting processes were not well documented and the dependency on single individuals to perform important accounting functions had become problematic.



Our Solution



- **Reorganized Charts of Accounts**

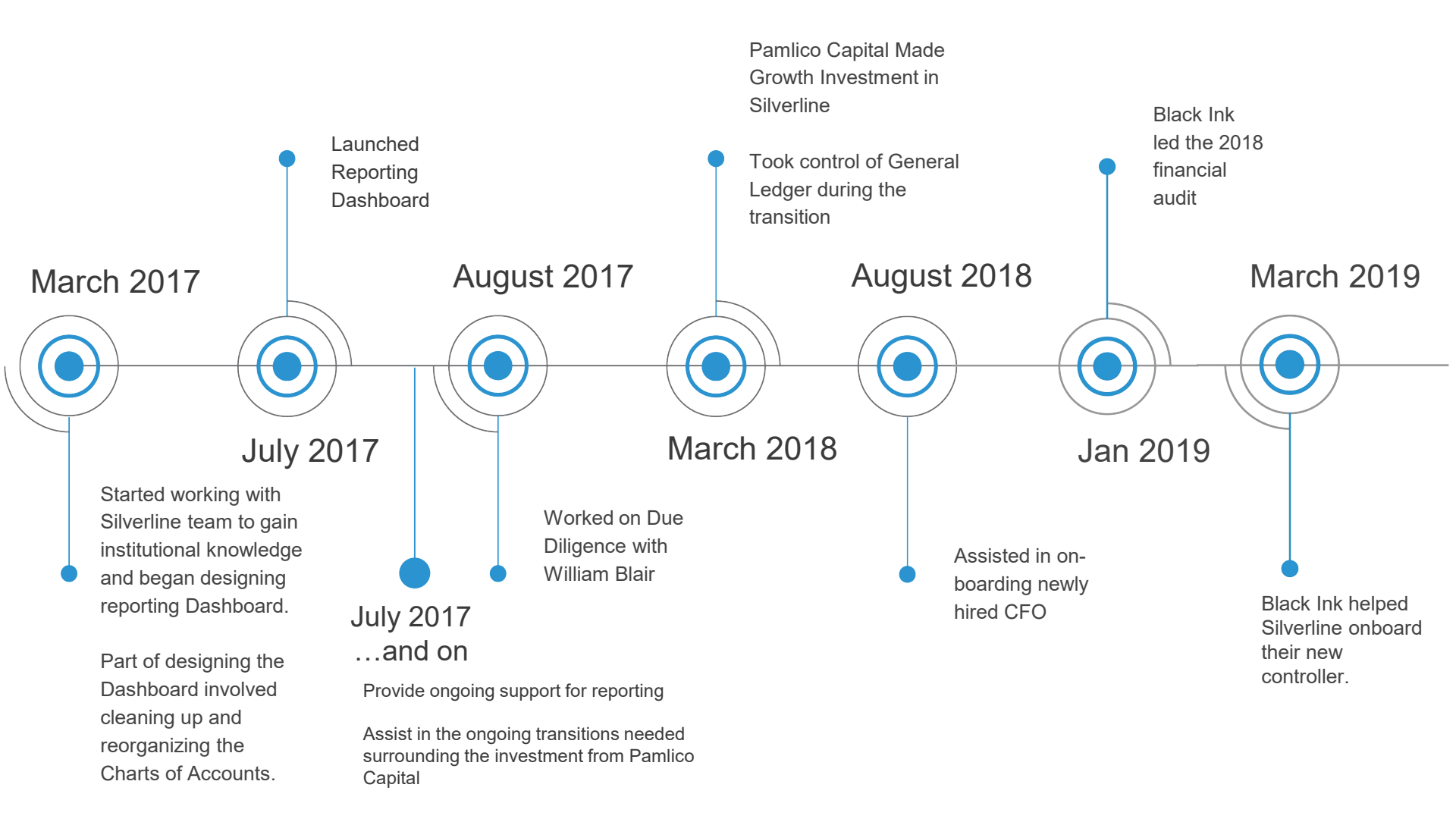
As part of creating a new reporting tool for Silverline, we reorganized the charts of accounts to be industry-specific which added in giving an overall picture of the business with an option to drill down reports by department. Black Ink was able to condense a five-page-long income statement to one and a half pages without losing any reporting functions.
- **Dynamic Reporting Dashboard**

Black Ink designed a Dashboard with Dynamic Reporting in Google Sheets, achieving the goals below:

 - Provided a holistic view of the business with forward-looking projections.
 - Created planning tools to run 'What if' scenario analysis.
 - Generated readily available reports within G Suite.
 - Improved monthly close turnaround time to less than two weeks which led to stakeholders reports being delivered on time.
- **Accounting Manual**

In order to mitigate risk of being dependent on small staff's ability to document accounting tasks, Black Ink acquired institutional knowledge throughout the process and worked as a team with Silverline to document accounting policies and procedures. This allowed recommendations of new processes in real time. This documentation was also used as a guide to onboard new staff on the internal accounting team.
- **Pre-Diligence**

With an eye on a potential investment in the near future and with first-hand knowledge of the amount of bandwidth needed from leadership for due diligence, Silverline's founders tasked Black Ink with getting the house in order before third-parties started any due-diligence. Black Ink began building out a data room with all boilerplate requests prior to the engagement of an investment bank. When inquiries came in from potential investors, Black Ink took the lead on all requests. Once a deal was in the works we continued to take the lead with no needed bandwidth from the department leaders up until a deal sheet was signed. Leadership had far fewer distractions as a result, as well as a smoother and expedited flow for the transaction.



March 2017

Started working with Silverline team to gain institutional knowledge and began designing reporting Dashboard.

Part of designing the Dashboard involved cleaning up and reorganizing the Charts of Accounts.

July 2017

Launched Reporting Dashboard

July 2017

...and on

Provide ongoing support for reporting

Assist in the ongoing transitions needed surrounding the investment from Pamlico Capital

August 2017

Worked on Due Diligence with William Blair

March 2018

Pamlico Capital Made Growth Investment in Silverline

Took control of General Ledger during the transition

August 2018

Assisted in on-boarding newly hired CFO

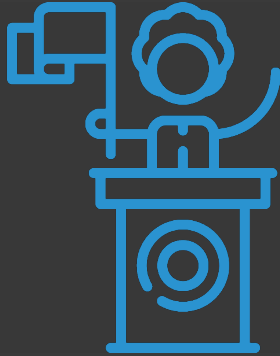
Jan 2019

Black Ink led the 2018 financial audit

March 2019

Black Ink helped Silverline onboard their new controller.

The Deliverables



- Fully functional dynamic reporting tool which partners use on a regular basis for planning and for making informed business decisions.
- Reduced key person risk in the finance department by acquiring institutional knowledge, and drafted accounting policies and procedures.
- Pre/Due Diligence
 - Played a vital role as the main point of contact on behalf of Silverline. Black Ink quarterbacked all accounting related requests. From building custom reports as per investor's request to walking the investor's team through the internal accounting processes.
 - Played a supporting role and helped Silverline through the transactions successfully.
- Helped founders build a finance team including the onboarding of a CFO and Controller.
- Led Annual Finance Audit with an outside firm and freed up internal bandwidth.
- Black Ink team analyzed and evaluated Silverline's internal system integration from Concur and Salesforce to QuickBooks and identified potential areas for improvement. Black Ink then worked with Software developers to make it happen, which resulted in an improved quality of the data in financial statements and improved overall efficiency in accounting functions.
- Black Ink launched other 3rd party apps to integrate into accounting functions to gain overall efficiencies.
- Ongoing Support since initial engagement in early 2017.



DON'T TAKE OUR WORD FOR IT

“Silverline went through a period of impressive growth, and Black Ink was there for us when we needed help scaling our financial processes. Black Ink took on the heavy lifting, so that the executive team and I could trust the data when making important decisions.”

— [Gireesh Sonnad, CEO and Co-Founder of Silverline](#)



RESPIRE
breathe easy again



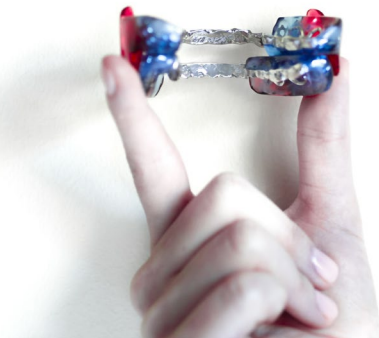
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HOW BLACK INK BUSINESS SERVICES HELPED RESPIRE GROW A SCALABLE BUSINESS MODEL WHILE NAVIGATING A PARENT COMPANY

When the CEO of Respire approached Black Ink, he knew he needed help moving the company toward reaching its full potential. Due to the perspectives he had gained while fulfilling the roles of bookkeeper and CFO, the CEO knew he would need someone knowledgeable in accounting who could help revamp the companies' current systems and processes. Coupling all of this with the need for solid Business Intelligence and some housekeeping, he knew that within a year Respire would be seeking a partner in order to grow the business. Black Ink was brought in as a partner and began to rethink the functions of the back-office and accounting, while also preparing Respire for a close examination from potential investors. Respire needed to be prepared to put their best foot forward while raising capital and preparing for an investor, and Black Ink was able to assist in their endeavor.



ABOUT RESPIRE



Respire was formed in March 2010 with a business model for providing a range of top quality, functional devices to make sleep apnea treatment available to more people than ever before.

Following the initial years of success, the company has never been in a better position to capitalize on the opportunities in the market. Respire has built a solid operational foundation and has a strong management team to create products and services that drive growth in the marketplace.

Respire was acquired by Whole You, Inc. in 2014, a Mitsui Chemicals Company. Whole You brings a wealth of resources and knowledge to help drive us forward in the next phase of our growth.

This new partnership will help provide the market with industry-leading products and services over the coming years.



THE CHALLENGE

Off-Board Day to Day Accounting Functions from CEO

After four years of the CEO managing all day to day accounting functions for the company, it was time to scale. As with many start-ups, the founders wear many hats. Prior to Black Ink's engagement, nearly all day to day accounting and bookkeeping functions had been performed by the CEO. Both his role and the company's needs had outgrown his ability to manage these functions and continue to grow the business.

Business Intelligence Needs

While the company grew, so did the need for a clearer picture of the company finances. This became increasingly apparent as the founders started to plan for growth and a potential investment. Should an investor show interest, Respire would need to have the correct Business Intelligence that could anticipate and answer questions from potential investors.

Sales, Marketing and Ordering System Needed

After five years of managing customer relationships on spreadsheets and calendars, as well as handling all orders flowing directly through QuickBooks, the need arose for a new system. In addition to the typical functions of a customer relationship tool, Respire required a solution for tracking orders from sale to delivery. There was a need for many team members to have access this system across offices while still integrating it with the General Ledger.

Pre-Diligence and Due-Diligence

As Respire actively searched for a potential equity partner, they wanted to ensure their finances and procedures were both in order and well documented prior to sharing sensitive information with potential suitors.

Compliance with new Partner

After the transaction with Mitsui and WholeYou, Respire needed to be able to report into a publicly traded company with tight closing dates.



Take control of General Ledger Maintenance and CFO Functions

Black Ink took responsibility for the QuickBooks file and accompanying financial schedules which included managing all day to day bookkeeping needs. Black Ink performed an audit on the books starting from the entity formation to date while working alongside the tax accountants to address each issue with limited impact to the company and shareholders. This ultimately warranted a revamping of the Chart of Accounts and moving the company to GAAP Standards, which included proper Accrual Accounting and Inventory Documentation.



Buildout new Budgeting Process and Reporting Decks

Black Ink met with the Stakeholders of Respire as well as the new partners in order to outline the different reporting needs of Respire's different departments. After classifying the needs and wants of each Stakeholder, Black Ink designed a reporting deck with pathways to address everyone's needs. We then began a reporting cadence with management, as well as redesigned the budgeting process.



Onboarding and integrating the industry standard program *Magic Touch*

After assisting in vetting several CRM and Order Solutions there was a consensus to onboard Magic Touch Software. The process involved migrating all historical and current client data from QuickBooks Enterprise to Magic Touch. Black Ink then ran both QuickBooks and Magic Touch for two months before moving entirely over to Magic Touch for all orders, and syncing data directly to the General Ledger in order to make certain that the new systems had redundancy while working out any issues with the new systems.



Pre-populated Data Room with common Due Diligence Requests

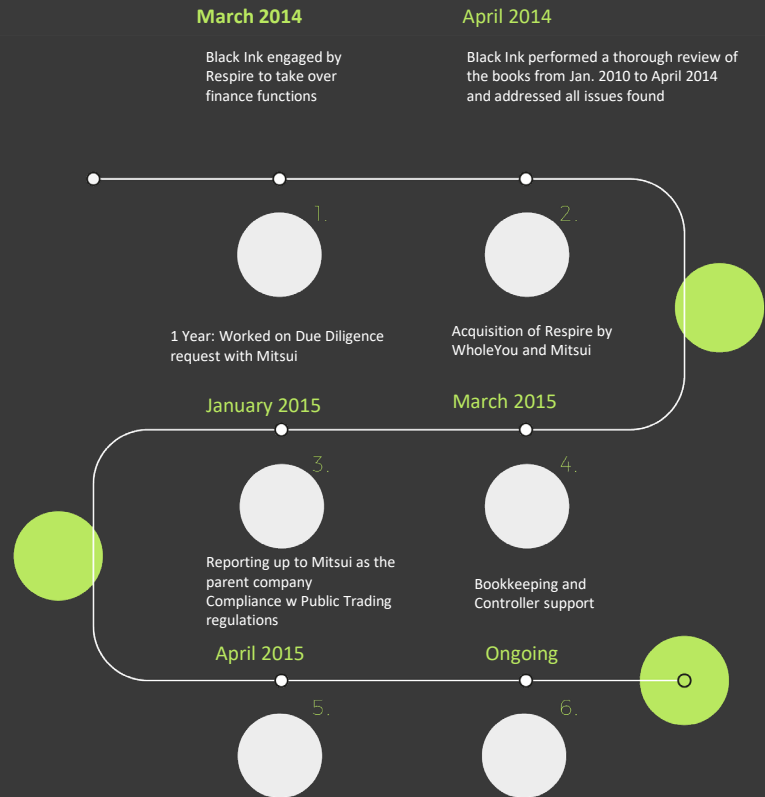
Black Ink worked with Respire to prepare them for a potential investors. To do this, they needed to ensure that various financial reports and KPIs were being tracked and documented. Having worked on the client side of several transactions, Black Ink was able to create a data room pre-populated with reports prior to an initial requests. This allowed for Respire to fulfill Due Diligence requests very quickly, as many items were already prepared and ready to share. This increased the efficiency and decreased the overall time spent on the Due Diligence portion of the transaction.



Adopt all Required Standards

With Respire's new parent company being a publicly-traded company in Japan, it was necessary to adopt all required standards to be compliant with Japanese Nikkei. Black Ink reviewed all processes and worked with the parent company to adopt compliant processes and standards.

THE TIMELINE





THE DELIVERABLES

- Reviewed four years of Books and cleared up any issues found
- Launched MagicTouch and integrated with QuickBooks to gain efficiencies and improve accuracy while keeping financials current.
- Led Annual Financial Audit with an outside firm
- Led three-year Sales Tax audit
- Designed and maintained all Financial Models and Budgets
- Led the drafting of the Employee Handbook and Benefits Package
- Prepared accounting manual as per Mitsui/Whole You's request to comply with their internal policies
- Led the Due Diligence process and played a key role as the main point of contact on behalf of Respire. All accounting requests were directed to Black Ink, from providing investors with custom reports to giving a break-down of the internal accounting processes.
- Ongoing Daily Support and day to day General Ledger Maintenance since March 2014



DON'T TAKE OUR WORD FOR IT

"As the CEO and founder of a growing company, I'm being pulled in all directions on a busy schedule. I need to prioritize my time on projects that are revenue-generating and that I have the best skill set for, and bring in experts in other areas. Bookkeeping is one of those areas. Having gone through an acquisition with Mitsui Chemicals Inc., Black Ink was able to lead the due-diligence data gathering, allowing me to focus on the negotiations. Black Ink has taken a huge weight off my shoulders and has been able to grow with us as we scale"

David Walton, CEO, and founder of *Respire Medical*





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