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Isaac M. O'Bannon • Nov. 09, 2021

Zenwork, a provider of digital tax compliance and regulatory reporting software for businesses everywhere, today announced that it has closed a $163 million minority growth equity transaction led by Spectrum Equity, a leading growth equity firm focused on internet-enabled software and information services companies. The investment will enable Zenwork, operating under the Tax1099 and Compliancely brands, to accelerate product innovation and meet growing business demand for modern, automated technology solutions that address regulatory compliance and power electronic filing and information management.

Zenwork helps businesses everywhere manage compliance at a time when changing state and federal mandates and a surge in the gig economy workforce have created new, complex tax reporting burdens. The company offers its customers modern, cost-effective solutions that transform resource-intensive, manual processes into highly automated, digital experiences. Zenwork currently serves over 100,000 small businesses nationwide, including 30,000 CPA firms, as well as large enterprises such as Allbirds, Berkshire Hathaway, Mars, Payoneer, and Rover. The company has been growing rapidly, adding 40,000 new clients in each of the last two years and

processing millions of electronic filings and over 12 million business identity and

vendors, and suppliers nationwide. A fast-growing area of employment in the US economy, independent contractors require significant, ongoing federal and state tax informational reporting. Zenwork's Tax1099 offering is an IRS-approved, cloud-based platform that automates e-filing and e-delivery of IRS and state forms, including 1099s, 1095s, W-2s, and more. Tax1099 drives significant digital workflow and automation benefits for businesses of all sizes and CPA firms filing on behalf of business clients, and is fast becoming the partner of choice for large digital companies looking for a modern, API-native solution. Compliancely is Zenwork's newest platform powering real-time business identity verification and tax compliance checks, with significant momentum addressing business onboarding and compliance checks for some of the world's largest, most sophisticated e-commerce and payments vendors.

"As a bootstrapped company, Zenwork has achieved remarkable success to date by focusing relentlessly on the digital tax reporting and onboarding requirements of its diverse customer base. With millions of businesses subject to tax informational reporting and likely to adopt e-filing over the coming years, we see a massive opportunity for Zenwork to build on its market leadership position through product investments and innovation. With this significant new investment, we look forward to partnering with Sanjeev and the rest of the Zenwork team on their ambitious growth plans."

In conjunction with the transaction, Adam Margolin and Cameron Ghorbani of Spectrum Equity will join Zenwork's board of directors.

Latham & Watkins LLP served as legal advisor to Spectrum Equity. Kutak Rock LLP served as legal advisor and Vista Point Advisors acted as financial advisor to Zenwork.

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