



BigCommerce Holdings Inc - Daniel Lentz, Chief Financial Officer at BigCommerce

Interview conducted on August 18, 2023

Topics

BigCommerce, Finance, Leadership, Business Execution, Strategic Planning, E-commerce, Market Opportunity, Profitability

Expert Details

Tegus and BigCommerce have joined forces to provide deeper insights into the recently designated Chief Financial Officer of BigCommerce, Daniel Lentz. The conversation is moderated by Tegus and all questions are answered by Daniel Lentz, Chief Financial Officer of BigCommerce.

This call is a one-on-one conversation with a company's management team, facilitated as part of Tegus' corporate access program.

Forward-Looking Statements

This release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "estimate," "expect," "intend," "outlook," "may," "might," "plan," "project," "will," "would," "should," "could," "can," "predict," "potential," "strategy," "target," "explore," "continue," or the negative of these terms, and similar expressions intended to identify forward-looking statements. By their nature, these statements are subject to numerous uncertainties and risks, including factors beyond our control, that could cause actual results, performance or achievement to differ materially and adversely from those anticipated or implied in the forward-looking statements. Many of the risks and uncertainties that could cause actual outcomes and results to differ materially from those contemplated by the forward-looking statements are included under the caption "Risk Factors" and elsewhere in our filings with the Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the year ended December 31, 2022. Forward-looking statements speak only as of the date the statements are made and are based on information available to BigCommerce at the time those statements are made and/or management's good faith belief as of that time with respect to future events. BigCommerce assumes no obligation to update forward-looking statements to reflect events or circumstances after the date they were made, except as required by law.

Tegus

We are here today with Daniel Lentz, the newly appointed CFO of BigCommerce. Thank you so much for joining us.

Daniel Lentz, Chief Financial Officer at BigCommerce

Happy to be here.

Tegus

I guess to start, before we dive more into BigCommerce and your objectives in this new role, could you share with us a little bit more about your professional background prior to joining BigCommerce?

Daniel Lentz, Chief Financial Officer at BigCommerce

From an education point of view, I have focused on Finance throughout various degree programs. I did my undergrad in Finance at the University of Texas at Austin in the late 90s. I also got a MBA and a Master of Real Estate from Cornell in 2008. I focused on Managerial Finance and Real Estate Finance during my time there. I've always really liked Finance, and I've spent a lot of years doing this.

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From a professional background point of view, I'm a little different in some ways than other CFOs in that I've worked in several functions, not exclusively Finance. I started my career out of undergrad in enterprise sales at Dell. I spent most of that time focused on Fortune 1000 accounts in the New York City area that didn't have an extensive existing partnership with Dell. The focus was new account acquisition; I was trying to fight my way into the account.

After graduate school, I spent several years at Procter & Gamble, which was an absolutely amazing experience. I loved my time at P&G. In a lot of ways, it almost felt like another degree because P&G did such a great job developing people and finance leaders rotating through several different functions.

After my time at P&G, I spent a couple of years running a Biz Ops team that focused on data analytics and FP&A for RetailMeNot, which is an affiliate marketing company based here in Austin.

In 2018 I joined BigCommerce to run FP&A and help lead us through the IPO process. I was intrigued by the openness and flexibility of the platform and the opportunity that BigCommerce created to gradually move the business up market. It was also a unique opportunity to help lead the company to IPO-readiness and beyond, and I'm very thankful I chose to join the team. Post-IPO I picked up investor relations as well, and then took over for RA when he elected to retire a couple of months ago.

Tegus

Great. And what are some of the accomplishments from your time leading BigCommerce's finance team and investor relations efforts that you're most proud of?

Daniel Lentz, Chief Financial Officer at BigCommerce

Every single year has felt challenging for different reasons. Pretty shortly after I joined, we started finalizing our schedule to go through the IPO process, and I helped lead us through that process with a number of other outstanding folks within the team. It was a bit of a whirlwind, and we accomplished a great deal in a short amount of time to get the company ready to be public.

Navigating through the pandemic was another challenge to overcome. We had already completed our confidential filing, and we basically had the IPO completely ready to go. Then the COVID-19 pandemic kicked in, and we made a rapid switch to thinking about how we get another round of financing, how we can make sure that we're ready to IPO whenever the capital markets open up and become favorable again. Those were certainly stressful days, but our team really came together to lead through that. I'm proud of the leadership our team showed during that time and then going back through the IPO process, it was a lot to juggle certainly during a challenging and interesting time in the business. And I think leading through that process obviously is something I'm very proud of.

I'm also proud of the work that we've done over the course of the last year and a half. We have made tremendous progress towards improving profitability and cash flow, while continuing our investments in key initiatives like omnichannel leadership, B2B, continued growth in B2C, and international expansion.

Driving the right balance between growth and profitability has been something that I've been leading for quite some time, even in my prior role before I was CFO. It has taken a lot of very difficult decisions and a lot of difficult execution, but we're off to a good start. We're nowhere near where we need to be or where I feel we can be as a business, but I'm very proud of the consistent improvement to margins and cash flows that we've shown over the course of the last 4 quarters. We've averaged over 400 basis points of operating margin improvement each quarter over that time, which is exactly what we said we would do, and I'm happy to have delivered that.

Tegus

How has your prior experience, both prior to and during your tenure with BigCommerce, prepared you for this role?

Daniel Lentz, Chief Financial Officer at BigCommerce

My experience as a quota carrying sales rep, my time in training in a lot of different roles at Procter &

Gamble, I think it gives me a really well-rounded experience that helps me lead as CFO and be a good business partner for our CEO Brent Bellm. I consider myself kind of a combination of general manager and CFO, at least in the way my brain thinks. I think part of that is my background being pretty heavy in outside sales and then spending a lot of time in data analytics as well. I think of myself, in a lot of ways, like a numbers-obsessed general manager.

I'm at my most comfortable when I'm diving into data and digging into analysis, and I really enjoy that part of the job. As I expressed earlier, fundamentally, I'm focused on profitable growth and strong returns for our shareholders. And I think if we execute on that goal, better opportunities for our employees, and better outcomes for all of our partners and our merchants will follow. I get as excited about improvements to working capital as my friends in sales do at landing a big deal. I think investors are going to find that I'm a fairly traditional CFO in that I'm laser-focused on the efficient investment of capital and focused on execution of the business.

Tegus

With these goals in mind, what would you say are your top priorities for the first 180 days? And what do you expect to be your focus areas as a CFO?

Daniel Lentz, Chief Financial Officer at BigCommerce

Well, I'd say first, Robert Alvarez, our prior CFO - left impossibly large shoes to fill. RA was far and away the best boss, mentor and trainer that I've had throughout my almost 25-year career. He was absolutely amazing, not just at the technical aspects of the job, but really in terms of leadership and culture. He was really inspiring.

I'm really focused on filling those shoes in the best way that I can. You can only be yourself and do your best to lead in your own style. Where I'm really, really focused is, again, on business execution, and I already know the business well. Were I stepping into the CFO role at a new company, there'd be a longer ramp up time for sure.

My focus has been and will continue to be on execution of our 2023 financial plan. We spoke at length in our last earnings call about 3 focus areas for the year. First is growing in the midmarket and enterprise, while stabilizing the small business area of the business and improving the financial returns in that area.

Second, getting to a break even on an adjusted EBITDA basis in Q4, and then growing from that point next year. And, finally, driving healthy cash flow generation. We haven't seen as fast a growth this year on the enterprise part of the business as we would like. A lot of that is macro driven, but obviously, we own our own execution - so it's going to be an area that we continue to focus on.

But again, right now my focus is delivering on our 2023 goals while building our plans for next year. This includes the metrics we track, the goals we want to set for the organization, and the concentration of resources in the right strategic areas so that we can continue to compete effectively against our competition.

Tegus

What are some of the challenges you anticipate as a CFO? And what do you think will be the keys to success for you in this role?

Daniel Lentz, Chief Financial Officer at BigCommerce

I think the most important thing to be successful in the role is to be able to clearly articulate our financial plan internally and externally, and drive really tight congruence between our market opportunity and our capital investment, focusing on efficiency and execution. I get a question fairly often from some of our institutional investors that say, well, BigCommerce is a comparatively smaller company, competing against a lot of very large conglomerates in the space. Given that, how can we [BigCommerce] continue to be effective and grow while being so much smaller than many of your competitors?

I've seen over the years a number of different examples where smaller companies that are more focused on

specific parts of the market are very successful, where they carve out their specific place in that market and say, this is the area where we're going to focus our resources and win. The smaller companies can be very, very successful with this strategy. What is that area of the market for us? We are an open SaaS platform. We are not out to vertically integrate against our partners. We are going to continue to focus our investments specifically on our platform, and then by being an open platform, it allows us to really go to market as an ecosystem in a lot of ways.

Nearly half of our leads come from either systems integrators, agency partners, or technology partners. And that's not just a choice because we think it's best for the merchant set that we're focused on. It's also a deliberate imperative for us to compete effectively as a smaller, more focused company.

I think that can be an advantage where you really carve out where you want to win, which for us is merchants that want best-of-breed functionality with the flexibility to customize their tech stack for their business. If we can focus on owning that part of the market, and then over time show more and more people in the e-commerce industry that this is just the right way to run your business, then all of a sudden our slice of the total pie gets bigger over time because we commanded a leadership position in that area.

So I think the most important key to success for me is to make sure that the money that we're spending on the initiatives that we are staffing leads to a concentration of our resources in those areas where we've declared we want to win. We can't compete everywhere, we can't chase every market opportunity. We have to be disciplined. And I think ultimately that's my major responsibility.

BigCommerce is an outstanding company. We have really passionate employees that get up every day excited to try to help merchants be more successful. It's an absolutely huge market. We don't believe this is a winner take all the market. We have an award-winning product that has set us up for success. Ultimately what we're most responsible for is our execution of the goals that we're setting and being accountable to that for our shareholders. And that's going to be my main focus.

Tegus

Great, thank you. BigCommerce has revamped its cost structure and investment priorities with the goal of reaching breakeven by the end of Q4 on an adjusted EBITDA basis. As a CFO, what do you view as the critical milestones in order to make this happen?

Daniel Lentz, Chief Financial Officer at BigCommerce

Yes, like many other companies in tech, we made a tough decision to restructure our business and reduce costs in Q4 of last year. Our goal was to strike a balance between continued growth and profitability. We had very specific initiatives that we wanted to make sure that we were continuing to invest in. But we also knew going into the year that we were going to have to continue implementing aggressive cost control measures even after the restructuring in order to get to our goal of adjusted EBITDA breakeven by the end of the year.

Part of this cost discipline includes being methodical and careful about the roles that we add. We're still hiring, I think more than maybe some other companies within tech, but we're doing so in an even more disciplined manner. That's enabling us to be careful about growth in costs over the course of the year.

And I think, again, we've shown progress in this area. We just had our first quarter with positive free cash flow. To me, that's just a baseline requirement, the starting line of running a business well, but it's something we should be really proud of. But again, it comes back to execution. We need to deliver the top line growth, while controlling costs throughout the year to get to this goal. And, I'm confident we can do it.

Tegus

Thank you. Lastly, when not acting CFO of a global e-commerce SaaS company, what does Daniel Lentz like to do with his time?

Daniel Lentz, Chief Financial Officer at BigCommerce

Sometimes I'm surprised that folks are interested in knowing more about the people in these roles, not just who they are, kind of in a robot-like way, driving results. But I think sometimes it's important to know people

because they're the ones ultimately accountable for leading the company. So I would call out first of all, I'm coming up on my 24th wedding anniversary this December. I always have to start any response about my personal life by talking about my wife. I love my wife. She's absolutely incredible. So when I'm not at work, my first thought is -- all right, how can I just hang out and spend more time with her? I also have 3 kids - one in elementary school, one in middle school, and one in high school. I spend a lot of time just hoping that I'm being a good dad, not screwing them up too badly.

I think it's funny a lot of times as parents and what our kids don't understand is that in a lot of ways we're still the same people that we were in high school. But your children expect you to know what you're doing. And sometimes I feel like I do, sometimes I feel like I don't. But honestly, that's probably how most parents feel.

So I absolutely love my family. I am also really involved in my church, very passionate about that part of my life. In a lot of ways I would consider that the most central feature of my life, more so than my job or what I'm doing at work or anything like that. That's really the core of who I am.

There's almost a running joke inside of BigCommerce that I'm not really funny, which I think maybe me saying I'm not funny is slightly funny - in an awkward way. But I don't think I'm going to win any awards for amazing anecdotes about my crazy personal life. Like did you know Daniel's a skydiving enthusiast or a competitive athlete or he does stand-up comedy or anything like that.

I'm a numbers nerd that really enjoys running a business. This doesn't even feel like work for me half the time. The stress feels like work, but what I get to do every day in a lot of ways just feels like something I would choose to do for fun, even if it wasn't necessarily my job. Overall, I see myself as a steward of the role. I don't think any of this is about me. It's not about my personal career advancement or any of the rest of it.

We have a wonderful product that a lot of outstanding people have spent years investing in and building out, and go-to market teams that are helping merchants take advantage of what our platform can offer them. We are accountable to run a great product, so that those businesses can continue to grow and do the things that they want to do as well.

I see that as a very large responsibility and something that I want to be a really good steward of. Maybe that doesn't make for the most exciting story about my personal life, but I think it's a pretty good reflection of who I am, and how I operate.

Tegus

Awesome. Well, Daniel, thank you so much for taking the time. We're really excited to see you succeed in this role, and we hope to have you back here sometime soon.

Daniel Lentz, Chief Financial Officer at BigCommerce

Thanks a lot.

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