



EQUITY RESEARCH

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Anrok

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Anrok

Software for SaaS companies to automate sales tax calculation, filing, and compliance

#b2b #taxes

[Visit Website](#)

Details

HEADQUARTERS

San Francisco, CA

CEO

Michelle Valentine



FUNDING

\$54,300,000

2024

Valuation

Anrok raised a \$30 million Series B in April 2024 led by Khosla Ventures at a \$250 million post-money valuation. The company has raised \$55 million in total funding across three rounds: a \$4.3 million seed in June 2021, a \$20 million Series A in March 2022 (valued at over \$100 million), and the recent Series B.

Key investors include Sequoia Capital, Index Ventures, and Khosla Ventures, with participation from angel investors including Karen Peacock (former Intercom CEO) and David Faugno (former Qualtrics CFO). Sequoia and Index co-led both the seed and Series A rounds, with all major investors participating pro-rata in subsequent rounds.

Product

Anrok is a cloud-based sales tax compliance platform built specifically for software companies. Finance teams at SaaS businesses connect Anrok to their existing billing systems (like Stripe, QuickBooks, Chargebee), payment processors, and even HR systems (like Rippling or BambooHR) through API integrations. Once connected, Anrok automatically monitors where the company has tax obligations—both from sales activity crossing revenue thresholds and from having remote employees in different states.

The platform continuously tracks these nexus thresholds across all 45 US states with sales tax (and 80+ international jurisdictions) and alerts finance teams when they need to start collecting tax in a new location. When a threshold is crossed, users can initiate registration in that state directly through Anrok, which handles the paperwork using pre-populated company information and only requesting state-specific details.

For day-to-day operations, Anrok's tax engine automatically calculates the correct sales tax rate on each invoice or transaction in real-time. This calculation accounts for complex edge cases specific to software—like home rule cities where Chicago taxes software but Illinois doesn't, or states like Connecticut that distinguish between B2B and B2C sales. The calculated tax gets added to customer invoices automatically through the billing system integration.

At the end of each filing period, Anrok prepares and files the required tax returns with each state, remitting payments on the company's behalf. Finance teams can review returns before filing if desired, but the process is designed to run automatically in the background. The platform also manages exemption certificates for tax-exempt customers and provides audit-ready reporting showing all tax collected and remitted.

The typical user is a Controller or CFO at a software company who logs into Anrok's web dashboard to monitor tax exposure across jurisdictions, view filing calendars, and ensure compliance without needing to track changing tax laws manually. What started as a US sales tax solution has expanded to cover global VAT/GST compliance and recently added support for physical goods, recognizing that many software companies now sell hardware alongside their digital products.

Business Model

Anrok operates a usage-based SaaS model that combines a monthly subscription fee with a percentage of transaction volume. The pricing structure starts with a free Starter tier for companies under \$5M in annual revenue, allowing early-stage startups to monitor their tax exposure without upfront costs. As companies grow and cross tax thresholds, they upgrade to paid plans (Core and Growth tiers) that charge a base monthly fee plus approximately 0.25-0.30% of taxable transactions, capped at 0.19% of managed revenue for larger customers.

This hybrid approach aligns Anrok's revenue with customer growth—as clients expand into more states and process more transactions, Anrok's fees scale accordingly. The model creates natural land-and-expand dynamics where a startup might begin on the free tier and eventually become a six-figure annual customer as they scale to hundreds of millions in revenue across dozens of tax jurisdictions.

The company delivers value as an outsourced tax compliance function, eliminating the need for dedicated tax staff or expensive consultants. All core features—tax calculation, filing, registrations, and integrations—are included in the base offering rather than charged as add-ons, differentiating from legacy providers that nickel-and-dime for each state filing or integration. State registrations, which competitors often charge \$500-1,000 for, are included free as part of the service.

The go-to-market combines self-serve onboarding for smaller companies with direct sales for enterprise accounts. The free tier acts as a lead generation engine, capturing startups before they have tax obligations and priming them for conversion when compliance becomes mandatory. Larger deals involve dedicated onboarding managers and technical consultations for complex integrations. Distribution benefits from investor networks—Sequoia, Index, and Khosla's portfolios provide natural referral channels to high-growth SaaS companies experiencing tax compliance pain.

Competition

Legacy tax platforms

Avalara dominates the broader sales tax automation market with comprehensive solutions spanning retail, manufacturing, communications, and other industries beyond software. Their platform offers extensive global coverage and deep features but requires significant configuration to handle SaaS-specific edge cases. Implementation typically involves dedicated IT resources and substantial onboarding time, with pricing that becomes expensive as companies add states, integrations, or filing volumes.

The generalist approach that makes Avalara valuable for brick-and-mortar retailers creates friction for software companies. Users must manually configure rules for software taxability, home rule cities, and subscription-specific scenarios that Anrok handles automatically. Legacy platforms also lack modern automation features like anticipating filing frequency changes or providing real-time nexus monitoring integrated with HR systems.

Platform-native solutions

Stripe's acquisition of TaxJar and subsequent launch of Stripe Tax represents the most direct competitive threat within Anrok's core market. Stripe Tax offers simple one-click activation for companies already processing payments through Stripe, with transparent transaction-based pricing around 0.5% per transaction.

The key limitation is scope—Stripe Tax only calculates tax on Stripe transactions, leaving companies with revenue from other sources (ACH payments, invoices through other systems, marketplace transactions) to find additional solutions. This platform lock-in works for simple B2C SaaS businesses but breaks down for B2B companies with complex billing arrangements across multiple systems.

Direct SaaS competitors

Zamp emerged in 2022 as Anrok's most direct competitor, targeting the same SaaS tax compliance problem with similar end-to-end automation. Having raised \$10M in Series A funding and reached mid-millions in ARR serving 400+ companies, Zamp validates the market opportunity while competing head-to-head for the same customers.

Zamp differentiates through partnerships with accounting firms like Baker Tilly and Withum, positioning itself as both a direct solution and a backend for CPAs managing multiple clients. This channel strategy could help Zamp capture the long tail of smaller businesses that prefer working through their existing accountants rather than adopting software directly.

TAM Expansion

Global market penetration

While Anrok started with US sales tax compliance, the platform now supports tax calculations and filings across 80+ international jurisdictions. International expansion represents a natural growth vector as US software companies increasingly sell globally and need unified compliance across borders.

The international opportunity differs from the US market in key ways—most countries have single national tax rates rather than thousands of local jurisdictions, making compliance technically simpler but requiring local expertise for invoicing requirements, data privacy rules, and payment mechanisms. For a typical SaaS company generating 20% of revenue internationally, adding global tax compliance could increase Anrok's revenue per customer by 15-25%.

Physical goods and hybrid commerce

Anrok's 2025 expansion to support physical goods represents a strategic broadening beyond pure software sales. This evolution recognizes that technology companies increasingly operate hybrid models—an AI company selling both API access and on-premise hardware, or a SaaS platform shipping physical devices to enable their software.

Supporting tangible products multiplies the addressable market by opening up e-commerce and direct-to-consumer brands that have historically used incumbents like Avalara. While this requires building new capabilities around product taxability matrices and exemptions, it allows Anrok to serve the full scope of modern technology companies rather than forcing them to use multiple tax solutions.

Channel partnerships and platform embedding

Partnering with accounting firms and fractional CFO networks could dramatically expand Anrok's reach to businesses that prefer working through trusted advisors rather than adopting software directly. By providing white-label or co-branded solutions to these partners, Anrok could capture thousands of smaller businesses without direct sales costs.

The recent Stripe App launch demonstrates another growth vector—embedding Anrok's capabilities within other platforms where businesses already operate. Similar integrations with major billing platforms (Chargebee, Recurly), ERP systems (NetSuite, QuickBooks), or marketplace platforms could make Anrok the default tax engine across the financial stack.

Risks

Competitive platform integration: Major platforms like Stripe, Shopify, and Square are increasingly building native tax capabilities through acquisitions or internal development. If these platforms achieve sufficient functionality for their ecosystems, they could limit Anrok's growth within those walled gardens, forcing the company to focus on enterprises with complex multi-platform needs.

Regulatory complexity: Anrok's business depends on accurately interpreting and implementing constantly changing tax laws across thousands of jurisdictions. A significant compliance error or failure to update for new regulations could damage customer trust and create liability exposure that undermines the company's value proposition of removing tax risk.

Economic sensitivity: The usage-based revenue model ties Anrok's growth directly to its customers' sales performance. A downturn affecting SaaS spending would simultaneously reduce Anrok's revenue per customer while potentially limiting new customer acquisition as startups delay expansion into new markets that would trigger tax obligations.

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