SACRA

EQUITY RESEARCH

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Float

TEAM

Jan-Erik Asplund
Co-Founder
jan@sacra.com

Marcelo Ballve
Head of Research
marcelo@sacra.com

Float

[Visit Website]

Platform offering corporate cards and spend management solutions for Canadian businesses

#fintech #b2b

FUNDING

$92,600,000

2025

Details

HEADQUARTERS

Toronto, ON

CEO

Rob Khazzam

SACRA

Valuation

Float Financial has raised $92.6 million in equity funding since its founding in 2020, most recently closing a $50 million Series B in January 2025 led by Goldman Sachs Growth Equity, with participation from OMERS Ventures, FJ Labs, Teralys, and Garage Capital.

In addition to its equity financing, Float raised a $36.9 million credit facility in early 2024 to support customer lending via its virtual and physical corporate cards.

Product

Float is a Canadian spend management platform that replaces traditional corporate credit cards and manual expense processes with automated financial controls. Canadian businesses sign up online and link their business checking account, receiving approval within 24 hours for either a charge card model that debits their bank account daily or a 30-day interest-free credit line.

Finance administrators create virtual or physical Visa cards instantly through the dashboard, setting spending limits and merchant restrictions for each card. When employees make purchases, they receive SMS or Slack prompts to upload receipts, which Float's optical character recognition automatically processes to extract amounts, vendors, and tax information. The system auto-codes expenses to general ledger categories and can lock cards if receipts aren't submitted within set timeframes.

The platform enforces spending policies in real-time, blocking transactions that violate rules like spending limits or prohibited merchant categories. Managers approve high-value purchases through Slack or mobile app notifications. All transaction data syncs continuously with accounting software like QuickBooks Online, Xero, and NetSuite, turning month-end closing from a data entry exercise into a review and export process.

Float also handles bill payments by reading invoice PDFs and scheduling EFT or card payments, while processing employee reimbursements through e-transfers. The platform supports both Canadian and US dollar transactions, with multi-currency wallets for companies that pay suppliers in both currencies.

Business Model

Float operates a B2B SaaS model targeting Canadian SMBs and mid-market companies with 1-1,000 employees. The company generates revenue through monthly subscription fees rather than transaction-based pricing, differentiating it from competitors that rely heavily on interchange revenue.

The platform combines corporate card issuance with expense automation software, positioning Float as both a financial services provider and a software company. Float partners with Canadian banks for card issuance and payment processing while maintaining control over the user experience and policy enforcement through proprietary software.

The business model benefits from high switching costs once companies integrate Float with their accounting systems and establish spending workflows. Monthly recurring revenue provides predictable cash flow, while the subscription model allows Float to capture value from heavy card users without penalizing lighter users through per-transaction fees.

Float's focus on the Canadian market allows the company to optimize for local banking integrations, tax compliance requirements, and currency needs that global competitors struggle to address effectively. The company maintains lean operations with 63 employees supporting over 4,200 customers, indicating strong operational leverage as the platform scales.

Competition

Global spend management platforms

Ramp, Brex, and Airbase represent the most significant competitive threat with their full-stack approach to corporate spending. These companies have raised hundreds of millions in venture capital and can subsidize customer acquisition through high cashback rewards and aggressive pricing. Ramp has reached over $300 million ARR with 15,000+ customers, while Brex processes over $6 billion in annual card volume.

However, these US-based platforms face regulatory and operational challenges entering Canada. They must obtain local banking partnerships and comply with Canadian financial regulations, typically adding 12-18 months to market entry. Their USD-based card programs create foreign exchange friction for Canadian businesses, while integration with Canadian accounting systems and tax requirements remains limited.

Regional and specialized players

Jeeves has launched in Canada with multi-currency card capabilities, positioning on global reach for companies operating across borders. The platform charges higher foreign exchange spreads than Float's domestic focus allows, but appeals to businesses with significant international operations.

Divvy, now owned by public company BILL, could leverage BILL's existing Canadian accounts payable customer base of 19,000 businesses to cross-sell spend management services. This distribution advantage could accelerate market penetration if BILL decides to expand Divvy internationally.

Traditional financial institutions

Canadian banks like RBC, TD, and Scotiabank are responding to fintech competition by adding software layers to their existing corporate card programs. These incumbents have deep customer relationships, regulatory advantages, and can offer integrated banking services that standalone platforms cannot match.

However, traditional banks struggle with software development speed and user experience design. Their legacy technology infrastructure makes it difficult to offer real-time spending controls and seamless accounting integrations that define modern spend management platforms.

TAM Expansion

Product expansion

Float can expand into accounts payable automation by leveraging its existing customer relationships and transaction data. The Canadian AP automation market represents approximately $110 billion in annual processing volume, with most businesses still relying on manual invoice processing and check payments.

Working capital lending represents another natural extension, using real-time spending data to underwrite short-term loans and credit lines. Float's visibility into cash flow patterns positions the company to serve the $40 billion Canadian SMB lending market currently dominated by traditional banks.

Multi-currency treasury services could capture foreign exchange spreads from the $575 billion in annual Canadian imports. Offering USD accounts, hedging tools, and yield products on idle cash balances would increase revenue per customer while deepening platform stickiness.

Customer base expansion

Float's current customer base skews toward venture-backed SMBs under 250 employees. Expanding into the 14,000-company Canadian mid-market segment requires adding enterprise features like single sign-on, role-based controls, and ERP integrations for NetSuite and Microsoft Dynamics.

Traditional industries including construction, wholesale trade, and professional services show low corporate card penetration rates below 25%. Vertical-specific features like fuel cards or supplier-specific payment rails could unlock underserved credit demand in these sectors.

Channel partnerships with accounting firms and business banks could provide low-cost customer acquisition, similar to how US competitors use CPA networks for distribution. White-label arrangements could accelerate market penetration without direct sales investment.

Geographic expansion

A US market entry would increase Float's serviceable market by 10x, but requires obtaining US banking partnerships and compliance infrastructure including state lending licenses. The regulatory complexity and competitive intensity make this a significant undertaking.

UK and Australian markets offer more accessible expansion opportunities given similar Commonwealth legal frameworks and regulatory structures. Both markets show gaps in SMB spend management coverage that Float's proven model could address.

Cross-border functionality for Canadian multinationals could capture US dollar spending without full market entry, keeping interchange revenue in-house rather than losing it to US-based platforms.

Risks

US competition: American spend management platforms like Ramp and Brex have significantly more capital and could subsidize Canadian market entry through aggressive pricing and rewards programs. Their ability to offer 2-4% cashback promotions funded by venture capital could pressure Float's subscription-based model, forcing the company to compete on interchange economics rather than software value.

Banking disintermediation: Canadian banks could develop competitive spend management software or acquire fintech capabilities, leveraging their existing customer relationships and regulatory advantages. Banks can offer integrated services including lending, treasury management, and international banking that standalone platforms cannot match, potentially commoditizing Float's core value proposition.

Economic sensitivity: Float's growth depends on business formation and corporate spending levels, both of which decline during economic downturns. A recession could reduce new customer acquisition while existing customers cut spending limits and employee headcount, directly impacting Float's per-customer revenue and overall market expansion.

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