Postscript

TEAM

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Postscript

SMS marketing tool for Shopify merchants to drive sales and customer engagement

#conversational-marketing   #ecommerce

Details

HEADQUARTERS

San Francisco, CA

CEO

Adam Turner

REVENUE	VALUATION	GROWTH RATE (Y/Y)
$78,000,000	**$636,000,000**	**77%**
2023	2023	2022

FUNDING

$111,810,000

2023

Revenue

Postscript
ARR & ARR Growth Rate

$78.0M

↑ 47.2% YoY
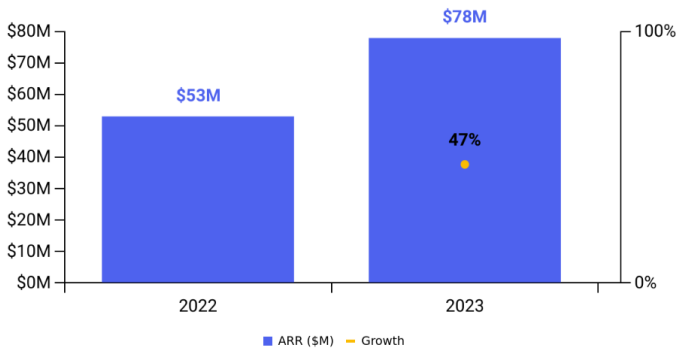
Source: Sacra   Updated: Dec 31, 2023

The company has raised a total of $137.98 million across multiple funding rounds, with its most recent being a $65 million Series C in June 2022. Key investors include Greylock, Twilio Ventures, and 01 Advisors, with additional participation from Expanding Capital, m]x[v Capital, Accomplice, Elephant, and OpenView in the Series C round.

Valuation

Sacra estimates that Postscript hit $39M in annual recurring revenue at the end of 2022, up 77% from $22M at the end of 2021.

It's used by a wide range of ecommerce brands, from small boutique businesses to digitally-native brands like Olipop, Hydrant, and Dr. Squatch, to well-known retailers like Kopari and Native. Postscript's customer base on Shopify has more than doubled to over 8,500 brands.
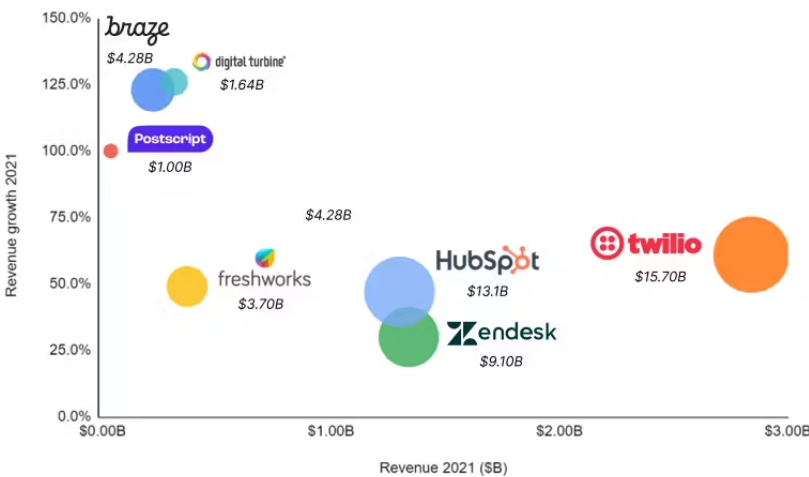
Since launching in 2019, Postscript has achieved significant customer growth (400% YoY). These brands send hundreds of text messages, generating around $500M in attributed revenue. As most of them are on Shopify, Postscript is a member of the exclusive Shopify Plus Certified App Program.

Valuation

Postscript was last valued at $636 million during its Series C funding round in April 2022. At $39M in 2022 revenue, this represented an 16.3x revenue multiple.

Postscript has raised $106.2M from notable investors such as Greylock, Y Combinator, Twilio Ventures, and 01 Advisors The company's valuation is unknown, but it was on last year's Forbes Next Billion-Dollar Startups list.

The median multiple for SMS marketing companies in Q4 2021 was 6.9, but the volatility is quite high. For instance, Braze, a customer engagement platform for multichannel marketing has a multiple of 13.05, while Twilio, which enables users to build messaging flows into their application, has a multiple of 3.64.

Business Model

Postscript's business model scales around a function of per month per SMS. This differs from companies, like Cartloop, which charge clients based on the revenue they garner using their SMS marketing, making Postscript one of the more affordable options for Shopify store owners.

Postscript has four packages: free, growth, professional, and enterprise. Inbound messages are free, and prices include all carrier fees. It starts at $0.01 per message, cheaper than the likes of SMSBump ($0.0149 plus monthly platform fees that begin at $19) and Attentive (a lot of hidden fees).

Installs for Postscript on Shopify have risen 26.5% YoY. Click through rates in messages sent by merchants on the platform range between 7.5% and 40%, much higher than the average email engagement rate of 2%. This partnership has helped Postscript corner a niche, but it's seeking to expand into other markets to diversify revenue streams.

Product

Postscript is a SMS platform that helps Shopify stores connect with customers via text. Brands can segment lists, generate deep data flows, and manage subscriptions. Its standout feature is automations, personalized messages based on consumer behavior that are sent following a specific customer action, such as 'fulfillment created' and 'order in transit'. Users have a long list of options to filter their triggers, resulting in more efficient workflows.

Prior to automations, users must build a list of compliant subscribers. There are four ways to do so on Postscript: keywords, pop-ups, opt-in links, and QR codes. For keywords, users are able to add custom fields, coupon codes, and discount links, but the process is slow. In terms of pop-ups, one unique feature is inclusion and exclusion of certain pages where the pop-up can be shown. QR codes are a tool that many SMS marketing tools lack. Postscript lets users export their QR code as a scalable SVG file.

Postscript offers a diverse selection of integrations, including Zapier, Klaviyo, and Zendesk. However, as a whole, the solution isn't as in-depth as other alternatives. The UI for two-way conversations is less detailed, and it doesn't come with pre-built campaigns or a drip campaign builder, curbing the number of creative opportunities for users to interact with subscribers.

Competition
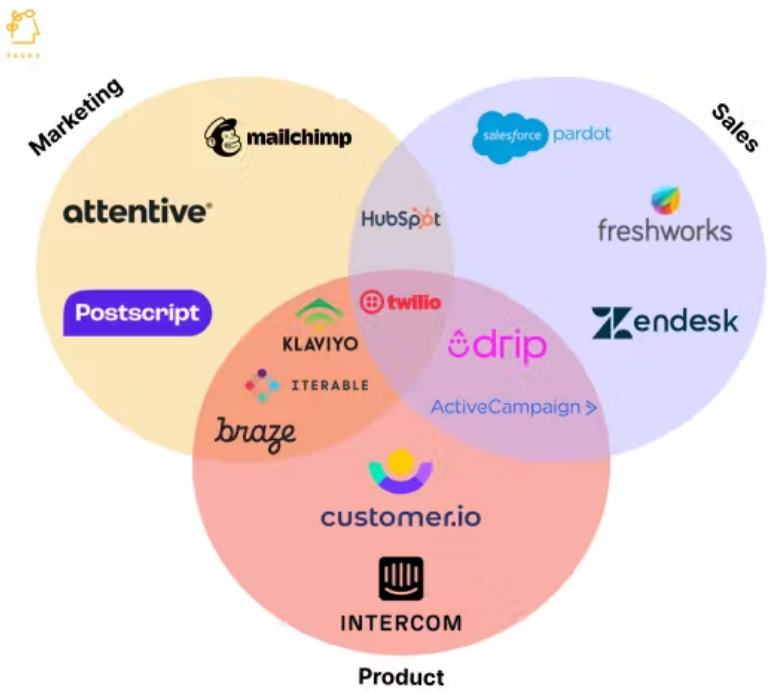
Postscript is competing in a space that's quickly becoming saturated. Large customer communication management platforms that do a little bit of everything and niche startups are all fighting for market share.

Marketing-centric organizations

These companies, including Postscript, deliver marketing solutions, some of which are automated, through different kinds of digital channels, from email to mobile. They primarily sell to businesses seeking to personalize and scale outreach. Mailchimp is easy to use and its analytics are detailed, the ideal combination for non-technical members.

Product-centric organizations

These platforms focus on the user experience and tend to be more user-friendly and flexible. For example, Customer.io allows customers to set up and automate promotional emails, while running transactional emails at the same time. This is beneficial because customers can trigger a promotional email without interfering with system emails.

Sales-centric organizations

These tools are designed for sales management. They help customers close more deals and streamline the sales process. Zendesk Sell is a CRM that requires minimal onboarding and is a unified place for salespeople to organize their contacts, deals, and calendar.

Some companies are hybrids with Iterable and Braze being two examples. The former has a software that gathers consumer data and automatically sorts consumers into segments. It then sends customized messages based on the relevant information via email or text. The latter is similar in that it captures customers across the digital media spectrum and uses different sources to interact with users and send them targeted messages. Both companies give users broader utility than Postscript, which solely concentrates on SMS marketing.
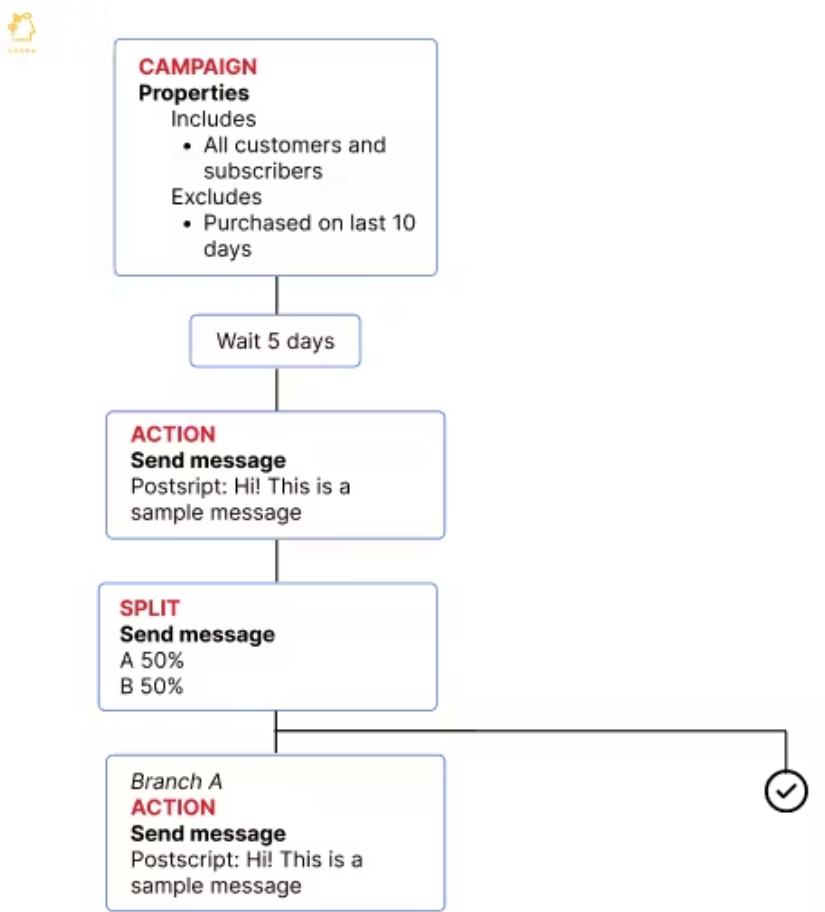
TAM Expansion

Steadily growing market

The global SMS marketing software market is forecasted to hit $24.7B by 2028 from $5.6B in 2021 at a CAGR of 20.4%. Surging popularity of social media and the rise of online shopping are driving growth. Additionally, email performance has plunged 45% over the past five years, spurring the emergence of text messaging as a key marketing medium.

SMS marketing isn't the norm yet, but it's becoming more relevant. 83% of people received a text from a business in 2020. Furthermore, 61% of marketers planned on boosting SMS marketing budgets last year. Companies that help brands create personalized and behavior-targeted text messages, like Postscript, are poised for growth.

New features

Last year, Postscript introduced campaign flows, which allow users to send multiple messages over the span of several days or weeks, all part of the same campaign. This feature eliminates the need to build separate campaigns when sending follow-up messages, saving resources and improving organization.

Other highly requested features that Postscript recently released are Browse Abandonment and Cart Abandonment. The former is triggered when a subscriber views a product page, while the latter is activated when a subscriber adds a product to their cart but fails to begin the checkout process. Both tools require no manual coding and have 35+ filters so users can tailor messages.
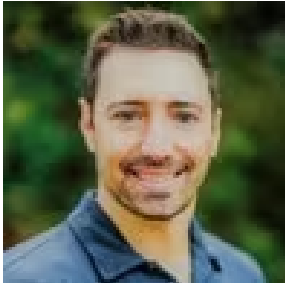

Platform expansion

As of now, Postscript is compatible exclusively with Shopify stores. However, the plan is to create an API that enables deeper integrations into other Shopify plugins. The company wants to work with some of its best customers on other platforms, reaching a varied base of audiences and increasing network effects.

Fundraising

Round	Date	Amount ($M)	Valuation ($B)	Investors
Series C	6/2022	$65.0M		01 Advisors, Twilio Ventures, Expanding Capital, m]x[v Capital
Series B	3/2021	$35.0M		Greylock, Elephant VC, Larry Fitzgerald
Seed	12/2019	$4.5M		Accomplice, Ali Capital, Y Combinator
Pre-seed	3/2019	$1.7M		1984 Ventures, Y Combinator

Risks

Lack of features

Postscript's automation is robust, especially considering its price point. However, the platform offers limited campaign creation options, and many critical analytics for Shopify businesses are unavailable. Additionally, there are few custom fields for personalized messages. Postscript will struggle to attract enterprises that are willing to pay more for higher customization if it doesn't provide more flexibility.

Strict regulations

SMS marketing is highly regulated. Businesses must get permission from customers before sending messages. Failure to do so can cost owners up to $1,500 per message. Thus, a lot of brands, in particular major ones, are hesitant to rely on this strategy, making it challenging for Postscript to move upmarket.

Team

Alex Beller

President & Co-Founder

Adam Turner

CEO & Co-Founder

Mike Manheimer

Chief Marketing Officer

David Pickel

Chief Financial Officer

Funding Rounds

Series C

Share Name	Issue Price	Issued At
Series C-1	$2.81	May 2023
Series C	$2.81	Jun 2022

Series B

Share Name	Issue Price	Issued At
Series B	$2.06	Mar 2021

Series A

Share Name	Issue Price	Issued At
Series A-3	$0.20	Dec 2019
Series A-2	$0.10	Dec 2019
Series A-4	$0.06	Dec 2019
Series A-1	$0.01	Dec 2019

Figures sourced from the latest Certificate of Incorporation we have available.

DISCLAIMERS