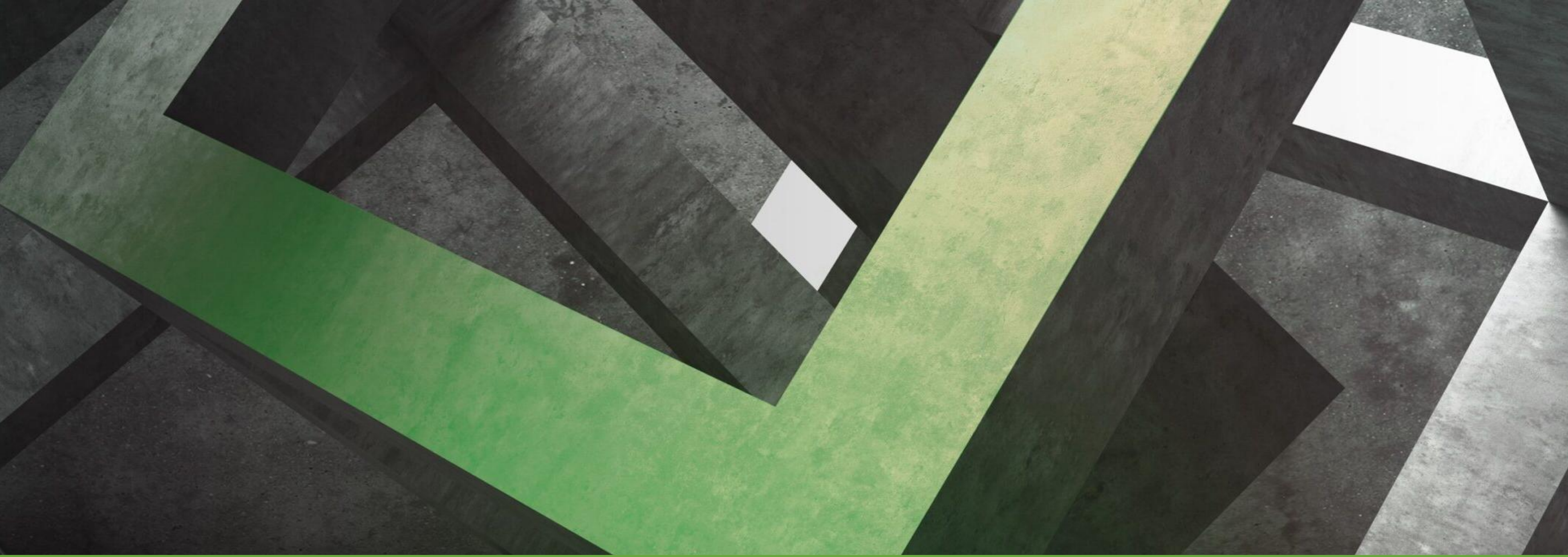


PARK SQUARE
EXECUTIVE SEARCH

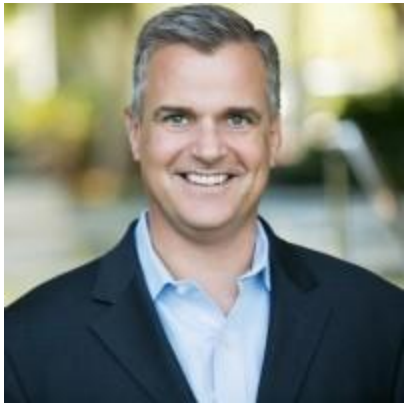
CEO Interview Series

Team Building in Private Equity-backed SaaS Companies

Ray Bixler, Chief Executive Officer, Sonar Software

Ray Bixler

Chief Executive Officer
Sonar Software



Kate Cook: Ray, tell us about what the situation looked like at SkillSurvey when you joined them.

Ray Bixler: I joined SkillSurvey in December of 2006. The company had raised a Series A from two venture capital firms in 2005 that ultimately didn't lead to the scale everyone expected, so they were looking for new leadership. They were generating less than $500,000 of usage-based non-recurring revenue. The ambition was to scale the business, but they were struggling to get traction.

I was Vice President of Sales at another HRIT software company at the time and SkillSurvey asked me to lead sales. I was not interested in that role, but we kept an open conversation. A few weeks later, the sitting CEO suggested that the board hire me as his successor, which is what happened.

Caity McGuirk: When you joined SkillSurvey, you were a first-time CEO with a strong go-to-market background. What was your first move from a team-building perspective?

Ray Bixler: I played to my strengths and what I know, which is building and executing a strong commercial strategy. I knew our product worked, but we needed to get systematic about a process to successfully sell it. This included refining the GTM approach, hiring the company's first-ever sales team, and establishing a healthy pipeline. In summary, the entire focus was on building fundamental sales processes.

Kate Cook: What balance did you strike in having a strategic vs. tactical focus in these early days?

Ray Bixler: In those early days, I was simultaneously a CEO, a sales rep, and soon a sales leader. I got myself in front of customers and focused on spinning up deals. This was partly because the company needed me to play this dual role to scale; it also benefited me because I got a firsthand view of the market and how customers behaved. Within the first six months I built a direct sales team of folks who had HR tech depth and had established relationships, which let them ramp up quickly.

Caity McGuirk: How did you know when the timing was right to bring on a sales leader?

Ray Bixler: Ray Bixler: I decided to deliberately delay bringing on senior sales and marketing executives until the business had sufficient early market traction and there would be something for sales and marketing leaders to expand upon and grow. I wanted to time the hiring of those leaders to coincide with a shift towards a more precise GTM strategy targeting specific customer segments. I needed to build a point of view on this first, in order to hire the right people with the domain expertise we needed. By 2009, we had grown to approximately $2 million in recurring revenue and selected healthcare – hospitals specifically – to be our primary customer vertical. I felt that a more narrow commercial focus would help us be more efficient in driving growth. Hiring executives with vertical experience allowed us to expand upon the initial go-to-market foundation we had established, and it freed me up so I could truly be a CEO and turn my attention to broader strategic issues.

Kate Cook: Did you achieve what you wanted with this hire?

Ray Bixler: Yes. Our sales and marketing leaders had the vertical market expertise we wanted and were very effective, and we experienced a period of significant growth through 2014, exceeding $15 million in revenue. We scaled from one hospital customer to over 1,400 in that short 5-year window. Once we started to scale, I knew we needed additional funding to drive the growth of the business to the next level.

By this time, our original investors were looking to get out and return money to their LPs. We reached an agreement with Primus Capital, who acquired a majority stake in SkillSurvey in December 2014.

"I wanted to time the hiring of our revenue and marketing leaders to coincide with a shift towards a more precise go to market strategy targeting specific customer segments. I needed to build a point of view on this first, in order to hire the right people with the domain expertise we needed."

"Making this upgrade [to a strategic CFO] unlocked tremendous possibilities when it came to driving operational growth. We could utilize data to identify opportunities for greater efficiencies and work cross-functionally to ensure we were making the right strategic decisions to win as a company."

Caity McGuirk: Did your needs in a sales leader change after Primus' investment?

Ray Bixler: Our initial revenue leader was critical in helping us achieve growth up to this point. However, it became clear to me that a different skill set was needed for the next phase as we shifted gears from mainly selling to one vertical to selling into many. We also started to expand our product suite. Both shifts required a different leader. I brought in what I call a "best athlete" Chief Sales Officer who was not an expert in HR tech. Rather, he was skilled around sales execution and driving net new sales at scale. I pulled customer success and post-sales out of the CSO's mandate so that he could focus principally on new logo acquisition which resulted in more growth. We surpassed $36 million in ARR by the time we sold the company in 2022.

Kate Cook: What about other functions outside of sales? How did the way you thought about leadership more broadly evolve as SkillSurvey grew?

Ray Bixler: When SkillSurvey was a smaller company, we had a Controller/Vice President of Finance leading our finance organization. He was capable, tactically oriented, and knew how to execute finance and accounting on a day-to-day basis. He could prepare the data needed to help me drive decision making at a strategic level. He eventually became our CFO. He stayed for a few more years after Primus came on board as a sponsor but had to leave for personal reasons, which allowed me to hire a new, more strategic CFO. This moment allowed me to experience what working with a truly strategic Chief Financial Officer was like, which was a fundamental difference maker. Making this upgrade on the executive team unlocked tremendous possibilities when it came to driving operational growth. We could utilize data to identify opportunities for greater efficiencies and working cross-functionally to ensure we were making the right strategic decisions to win as a company.

Caity McGuirk: What about the product and technology functions?

Ray Bixler: Since I don't have a strong technical background, I find it critical that I can completely trust and depend on my CTO. Unlike go-to-market, it is not an area where I am fluent and can jump into the weeds to drive problem solving. As we scaled the business in rapid fashion, from both a revenue and product perspective, I learned how some product and technology leaders default to thinking that the only solution to rapid growth is by adding more people, when a different mindset is needed. Similar to building out a GTM strategy, building strong P&E processes can lead to better solutions than just adding more people. Also, as a company scales, organizationally, bifurcating product from technology is important, so bringing on a strong product leader to work with a strong CTO is important.

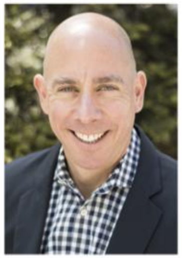
I believe it is critical for a non-technical CEO to maintain excellent relationships with senior technology leaders in their professional network. As CEO of Sonar Software now, I tapped into my network to recruit our CTO.

Kate Cook: How have you applied the lessons you learned from SkillSurvey in your role today as CEO of Sonar Software?

Ray Bixler: I have learned that it takes courage to look at the factual data of someone's performance and track record plus their propensity to be a culture-fit within the ELT and overall company to ultimately guide your decision-making around when an organizational change is needed. Executive turnover is inevitable; it is a necessary part of the story when building a company. CEOs should embrace organizational change and be comfortable with it. Sometimes executive departures come exactly at the natural points of inflection for a business when the need for change is obvious. Sometimes executive departures take you completely by surprise, and sometimes you as a CEO must have the awareness and courage to proactively make the changes necessary for the business to succeed. A takeaway from my SkillSurvey experience would be to lean into the assumption that there will be a need to drive organizational change from time to time and not expect it all to happen organically.

"Executive turnover is inevitable; it is a necessary part of the story when building a company. CEOs should embrace organizational change and be comfortable with it."

PARK SQUARE TECHNOLOGY LEADERSHIP TEAM



Aaron Lapat, Managing Partner

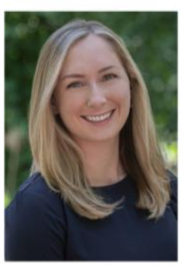
Aaron provides executive talent management counsel to CEOs, boards, and investors. He leads searches with leading private equity firms and their portfolio companies. His vertical expertise spans the technology sector, from software and cloud, including AI and Big Data; to technology enabled services. From a functional perspective, Aaron's search engagements focus on the CEO and C-suite, including commercial, technical and financial leadership.

Kate Cook, Managing Partner

Kate partners with Chief Executive Officers, board members and investors to recruit executive leaders in the technology ecosystem. Kate has experience recruiting across the C-suite with an emphasis on go-to-market, finance, and technology executives. Her industry experience is centered on working with B2B enterprise software and tech-enabled services companies. She has worked with the portfolio companies of growth equity, venture capital and private equity firms across the US, as well as in Europe and Asia.

Sean Cantarella, Partner

Sean leads executive level searches for private equity sponsors and their portfolio companies, as well as growth-oriented public companies. He is experienced working with software and technology-enabled services businesses. Sean places Chief Executive Officers and their direct reports, including senior leadership in the finance, technology, product, and commercial functions.



Caity McGuirk, Principal

Caity develops and manages candidates through the search process and works closely with our clients across the SaaS, tech-enabled services, and infrastructure sectors to ensure searches run flawlessly from launch to closure. Her functional experience includes recruiting board members, CEOs and C-suite executives across the finance, commercial, and technical disciplines. Caity is also Head of Candidate Development, where she manages the recruitment, training, and development of Park Square's Associate team.