Fast-growing unicorn expands in Europe

US-based Thrasio, a company that acquires high performance Amazon businesses and then scales them, has expanded its recent 200 million euros commitment to 500 million euros. It will use this money to acquire ecommerce businesses in Germany and further expand its growth across Europe and beyond. One of its latest acquisitions is that of Bonstato, a private label brand incubator from Germany that sells on the marketplaces of Amazon in Europe. About 96 percent of Bonstato's revenue comes from this popular ecommerce platform. Ken Kubec, VP acquisitions, believes Bonstato are a good fit for Thrasio, and outlines their plans for continued expansion.

Thrasio was founded in November 2018 by Carlos Cashman and Joshua Silberstein with the aim to acquire Fulfilment by Amazon (FBA) ecommerce businesses and then scale them. This creates an 'everybody wins' situation, according to Thrasio. Sellers receive more money through earnout incentives and their products end up in the hands of even more consumers, all over the world.

The company has grown extremely fast. In early January of this year, it raised another $500 million in debt, and a month later, completed another round of financing, adding $750,000,000 to i ts balance sheet, underscoring its status as the largest acquirer of Amazon businesses and giving it the financial resources to continue its aggressive acquisition path. The fresh capital comes from banks, including JP Morgan Chase, Goldman Sachs, BlackRock, Barclays, UBS, Credit Suisse and RBC. It brings its total funding to more than $1 billion, the majority of which was raised in the last year.

Mr. Kubec says they have acquired some 100 businesses since they started in 2018. Each of these acquisitions is scaled up and supported, with Thrasio making improvements in marketing and supply chain, for example. "We have our own in-house marketing, creative, branding, and supply chain organization that handles all advertising and marketing for our brands, as well as a global supply chain team," Mr. Kubec points out.

He adds: "We look for leaders in their respective categories, based on Reviews, Grading and Rank on Amazon. From a product perspective, we favour products that people use every day: a spatula or an umbrella, for example. We don't want to get involved in fads."

The companies that Thrasio acquires typically are owner-operator businesses. "Our thesis is that solo entrepreneurs have their own skillset in specific areas but not in all of them," says Mr. Kubec. "They can scale but not on every level. They need working capital, inventory. On paper they're making a profit but as they're growing they invest all of their profit into their business. So their payday doesn't come until they sell the business."

Considering that the rule of business is that successful integration of an acquired company takes three to six months, the speed and volume of acquisitions completed by Thrasio in under three years is pretty impressive. "It took us numerous acquisitions to build out the migration process," says Mr. Kubec. "It's now very well defined. But what's interesting about the Amazon ecosystem is that it gives access to all important performance data. So that's a big part of the due diligence process already covered. It allows us to move at a very rapid pace."

Thrasio takes the same acquisition approach in Europe, where the company recently acquired Bonstato, a private

label brand incubator which focuses almost uniquely on Amazon. According to Mr. Kubec, they're well positioned for internationalisation as Thrasio's international infrastructure and scale drive growth for local teams in every location. The company's ramping up its international efforts quickly, starting in Europe, and expects to continue expanding across the globe. "We want to be leaders in all of Amazon's marketplaces," says Mr. Kubec.

Thrasio's rapid growth has attracted plenty of attention and, inevitably, copycats are emerging. Heroes, a European e-commerce business operating a similar model to Thrasio, recently raised $65 million in a funding round.

"We knew that once we made a splash and opened up the hood of what we're doing there'd be fast followers," says Mr. Kubec. "But we have spent three years building our platform and that gives us a strong lead. Besides, this is not a zero sum game. In the US alone, there are over 30,000 businesses on Amazon, and 200 billion in turnover is generated by third party sellers. We've acquired a hundred now. So we're not even scratching the surface." Yet he warns: There's a fallacy out there that what we're doing is easy. But it's not. Actually operating the brands is very difficult. We've focused on building out operational prowess."

With the experience of evaluating more than 5,000 Amazon companies, acquiring more than 100 top-rated brands, and managing the scale of over 15,000 category-leading products, the brands in Thrasio's portfolio outperform almost every other seller on Amazon and see an average 156% annualised EBITDA growth.

Meanwhile the pandemic has given yet another boost to the e-commerce industry globally. Mr. Kubec expects this to unwind as vaccination programmes progress. "But overall the industry has grown as the pandemic has brought on many first time online shoppers."

The biggest challenge for Thrasio, in his view, is managing growth. "We're the fastest company ever to get to a one billion USD valuation. In under three years we've grown our team from eight people to 850. It's not easy to keep your culture in place, especially at a time when most of us are still working remotely, but we've done an exemplary job thus far."

THRASIO

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