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ANDREW ROSS SORKIN

SMS Assist, a No-Glamor Start-Up, Becomes a Unicorn

By LESLIE PICKER JUNE 7, 2016

Chicago's latest unicorn is all about grit.

Unicorns – or private, venture capital-backed companies that are valued above \$1 billion – are often defined by flashy new technology or millions of users, and often based in Silicon Valley. But the ones based in the Midwest have tended to be more about sprinkling digital dust on the dirtiest industries.

SMS Assist connects property managers with outside vendors, such as snow removal services, landscapers and window washers, through a cloud-based digital platform. SMS's customers include retailers like Family Dollar and O'Reilly Automotive, as well as real estate operators, such as Colony Starwood Homes.

Using the SMS technology, a snowplow serviceman can take pictures with his phone before and after the work is done and submit them to the property manager to show a task is completed. All invoicing is done through SMS's cloud-based technology, and ratings are given to all vendor to assess their work. It allows companies with a lot of offices or real estate a way to keep tabs on the upkeep of properties.

On Tuesday, SMS announced that it had raised \$150 million in new capital from the same Goldman Sachs team that invested in Uber, Facebook and Spotify, according to a news release. The new round, its Series D, sets SMS's valuation at \$1 billion, a spokesman for the company said.

That is almost double its valuation from a year ago, when a previous round of fund-raising was led by Insight Venture Partners. In the current market, private companies have had a difficult time raising capital at higher valuations, as investors have become pickier, looking for more reasons — such as profitability — to sink their money into something.

“This is a huge market opportunity, yet historically, the sector has lacked innovation and customer needs were largely unmet,” Christopher Dawe, co-head of venture capital at Goldman Sachs Investment Partners. “SMS Assist stands out to us as the only player delivering a scalable solution that improves both quality and transparency to its customer base while at the same time reduces costs.”

Michael Rothman founded SMS about 13 years ago, using the “bootstrap” method — which means he got started without much outside financial help. In 2008, a close friend invested \$2 million, and several years later, he received his first infusions of capital from institutional investors, the Huizenga Group and Pritzker Venture Capital Group.

“SMS Assist is a profitable company experiencing explosive growth,” said J. B. Pritzker, the managing partner of Pritzker Group, in the statement on Tuesday.

Mr. Rothman is a serial entrepreneur of sorts — always in the industrial services industry. One of his businesses was sold to Waste Management, while another, Kenny Industrial Services (which managed coatings and cleanings for industrial customers), made some acquisitions and reincorporated under the name K2 Industrial. In 2003, he left to start SMS.