

Tallyrook

Series A Investor Data Room Summary

AI accounts-payable automation for mid-market distributors and manufacturers

Tallyrook, Inc. (a Delaware corporation) · Columbus, Ohio

Prepared for prospective investors · October 2026

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This summary contains forward-looking statements, including projected revenue, burn, hiring, and product timelines, that reflect management's current expectations and are subject to significant risks and uncertainties. Financial information is unaudited and prepared by management. This summary is not an offer to sell securities.

1. Company Overview and Investment Highlights

Tallyrook automates accounts payable for mid-market companies (\$50M–\$1B in annual revenue), starting with industrial distributors and manufacturers. The platform captures invoices from email, EDI, and PDF, extracts and codes them with AI, matches them against purchase orders and receipts, routes approvals, syncs to the customer's ERP, and pays vendors by ACH, virtual card, or check.

Highlights

- **\$4.1M ARR**, up **2.2x** year over year (September 30, 2026).
- **138% net revenue retention**.
- **Under 10-month CAC payback** and **70% gross margin**.
- 64 customers and \$1.4B of annualized payment volume processed through the platform.
- **SOC 2 compliant** and enterprise-ready, with nine enterprise opportunities (\$3.1M of ACV) in the pipeline.
- Proprietary AI extraction engine with 97.8% field-level accuracy.

The round

Term	Summary
Security	Series A Preferred Stock
Amount	\$14,000,000 (\$9,000,000 committed by the lead investor; \$5,000,000 remaining)
Pre-money valuation	\$70,000,000, fully diluted, including conversion of outstanding SAFEs and an option pool increase to 12% of the post-money capitalization
Liquidation preference	1x, non-participating
Board	Five seats: two common, two preferred (one Seed, one Series A), one independent
Target close	December 2026
Use of proceeds	Go-to-market expansion, product, and security and compliance (Section 10)

ARR, net revenue retention, CAC payback, and gross margin are management metrics; definitions appear in the section where each is reported.

2. Product and Architecture

Workflow

Stage	What Tallyrook does
Capture	Ingests invoices from a dedicated AP inbox, EDI 810 feeds, vendor portal uploads, and scanned paper
Extract and code	Extracts header and line-item fields and suggests GL coding from the customer's history
Match	Two- and three-way matching against ERP purchase orders and receiving records, with tolerance rules
Approve	Configurable approval chains by amount, department, and vendor
Sync	Posts approved bills to the ERP
Pay	ACH, virtual card, and check through a licensed payments partner; vendor onboarding and bank-detail collection

AI extraction engine

Field extraction is performed by a third-party foundation model accessed by API, using Tallyrook's prompt templates, layout pre-processing, and per-vendor correction memory. In Q2 2026 Tallyrook moved to a larger model to improve line-item accuracy; inference cost per invoice rose from \$0.09 to \$0.14. The company has not trained or fine-tuned its own model.

Metric	Value
Field-level extraction accuracy	97.8% on an internal benchmark of 2,000 invoices from 11 customers who opted in to the benchmark
Straight-through processing (no human touch from capture to approval queue)	61% of invoices, trailing 3 months
Invoices processed, trailing 12 months	2.8 million

ERP integrations

ERP	Integration	Customers
NetSuite	Built in-house	29
Microsoft Dynamics 365 Business Central	Built in-house	18
Epicor Kinetic	Through a licensed third-party integration platform	11
SAP Business One	Through a licensed third-party integration platform	6
SAP S/4HANA	Not supported; on the 2027 roadmap	—

Accuracy benchmark run by Tallyrook's engineering team in August 2026; not independently validated.

3. Revenue and ARR

ARR composition (September 30, 2026)

Revenue stream	ARR	September 30, 2025
Platform subscriptions	\$2,780,000	\$1,520,000
Implementation and onboarding fees	\$540,000	\$160,000
Payments revenue (virtual card interchange share and ACH fees)	\$780,000	\$180,000
Total ARR	\$4,100,000	\$1,860,000

Tallyrook calculates ARR as revenue in the most recent fiscal quarter multiplied by four, across all revenue streams. Implementation and onboarding fees are charged once per new customer (typically \$15,000–\$25,000). Payments revenue varies with customer payment volume and the share of volume paid by virtual card.

Customers

Metric	Sept 30, 2025	Sept 30, 2026
Customers	41	64
Average subscription ARR per customer	\$37,100	\$43,400
Annualized payment volume	\$0.5B	\$1.4B

Largest customers by subscription ARR

Customer	Segment	Subscription ARR	% of subscription ARR	Current term ends
Customer 1	Industrial distributor, \$900M revenue	\$610,000	21.9%	March 31, 2027
Customer 2	Food-service distributor	\$118,000	4.2%	June 30, 2027
Customer 3	Plastics manufacturer	\$96,000	3.5%	January 31, 2027
Customers 4–10	Various	\$462,000	16.6%	Various
Top 10		\$1,286,000	46.3%	

Customer 1 accounts for 41% of payment volume processed through the platform. Its contract terms are excerpted in Appendix A.

All figures unaudited. Revenue recognized monthly for subscriptions; implementation fees recognized on go-live.

4. Retention

Net revenue retention — 2024 cohort

Tallyrook's reported 138% net revenue retention is measured on the cohort of customers who signed between January 2024 and March 2025.

Cohort	Customers	Subscription ARR at signing	Subscription ARR, Sept 30, 2026	NRR
Jan 2024 – Mar 2025	18	\$760,000	\$1,049,000	138%

The cohort excludes four customers who signed in the period and later churned. Customer 1 (signed March 2025) is included.

Trailing-twelve-month subscription ARR bridge (all customers active September 30, 2025)

Component	All customers	Customer 1	All other customers
Subscription ARR, September 30, 2025	\$1,520,000	\$430,000	\$1,090,000
Churn (6 customers)	(\$120,000)	—	(\$120,000)
Contraction	(\$19,000)	—	(\$19,000)
Expansion	\$290,000	\$180,000	\$110,000
Same customers, September 30, 2026	\$1,671,000	\$610,000	\$1,061,000
Net revenue retention	110%	142%	97%
Gross revenue retention	91%	100%	87%

New customers added \$1,109,000 of subscription ARR over the same period (29 customers), bringing subscription ARR to \$2,780,000.

Logo churn

Six of 41 customers active on September 30, 2025 churned in the following twelve months (15%). Reasons recorded by Customer Success: two acquired by companies on other systems, two moved to a corporate card platform's bundled AP product, one ERP migration to an unsupported system, one cited extraction accuracy on handwritten and multi-page freight invoices.

Customer 1's expansion was the addition of a dedicated support and onboarding line (\$180,000 per year) at its April 2026 amendment; see Appendix A.

5. Go-to-Market and Unit Economics

Team and motion

Outbound-led sales to controllers and CFOs, supported by ERP-partner referrals. The team is five account executives, two sales development representatives, and one solutions engineer, led by a VP of Sales hired in January 2026. Median sales cycle is 5.5 months for mid-market deals and 8 months for enterprise deals. Win rate on qualified opportunities was 24% over the trailing twelve months.

CAC payback

Input (trailing 12 months)	Value
Marketing program spend	\$612,000
New customers	29
Customer acquisition cost (program spend ÷ new customers)	\$21,100
Average new-customer subscription ARR	\$38,200
Software gross margin (Section 9)	70%
CAC payback	9.5 months

CAC excludes sales and marketing salaries, commissions, and benefits (\$1,858,000 over the same period). Total sales and marketing expense was \$2,470,000 (Section 9).

Pipeline (September 30, 2026)

Stage	Weighting	Opportunities	ACV	Weighted ACV
Discovery	25%	61	\$3,050,000	\$762,500
Demo / evaluation	40%	42	\$2,310,000	\$924,000
Security review	60%	14	\$2,640,000	\$1,584,000
Contracting	80%	5	\$1,200,000	\$960,000
Total		122	\$9,200,000	\$4,230,500

Enterprise segment

Nine opportunities with companies above \$1B in revenue total \$3.1M of ACV. Six are in the security review stage, with an average of 94 days in stage. Two enterprise opportunities were lost in Q3 2026; both prospects cited the lack of a SOC 2 Type II report. Weighted pipeline uses Tallyrook's standard stage weightings and has not been adjusted for historical stage conversion.

6. Market and Competition

Market size

Measure	Estimate	Basis
Total addressable market	\$12B	~200,000 U.S. companies with \$10M–\$1B revenue × \$60,000 average annual spend on AP software and payments
Serviceable market	\$2.3B	~38,000 distributors and manufacturers with \$50M–\$1B revenue × \$60,000

Company counts from a commercial firmographic database. The \$60,000 average annual spend is a management estimate; current average subscription ARR is \$43,400.

Competitive landscape

Category	How they compete	Tallyrook's position
Horizontal AP automation suites	Broad feature sets, established brands, large partner networks	Deeper PO matching and freight-invoice handling for distributors
Corporate card and spend platforms	Bundle AP automation at no subscription charge and earn interchange on card spend	Better ERP depth and matching; cannot match on price
ERP vendors' native AP modules	Adding AI invoice capture inside the ERP; no separate system to buy	Faster to deploy, works across multiple ERPs
AP outsourcing (BPO) firms	Offshore keying and processing at a per-invoice price	Lower cost per invoice at scale

Win/loss (trailing 12 months, qualified opportunities)

Primary loss reason	Share of losses
Corporate card platform's bundled AP product (price)	38%
No decision / stayed with current process	27%
Horizontal AP suite	19%
Security or compliance requirements	9%
ERP not supported	7%

Pricing and switching costs

List pricing is a \$3,500 monthly platform fee plus \$0.45 per invoice above 5,000 invoices a month. Customers configure approval rules, vendor records, and ERP mappings in Tallyrook; all data can be exported to CSV at any time, and the ERP remains the system of record for posted bills.

7. Security and Compliance

Tallyrook processes vendor invoices, vendor bank details, and payment instructions, and holds OAuth tokens with write access to customer ERPs. Data is encrypted at rest and in transit; cyber insurance limit is \$2,000,000.

Certifications and testing

Item	Status
SOC 2	Type I report issued April 2026 (point-in-time design of controls). Type II observation period began June 1, 2026 and runs six months; report expected Q1 2027.
Penetration test	Third-party test completed August 2026: 0 critical, 2 high, 5 medium findings. High: (1) the invoice-attachment download endpoint authorized requests by attachment ID without checking the requesting user's organization, allowing cross-customer access to attachments given a valid ID; (2) multi-factor authentication not enforced for customer administrator roles. Both in remediation as of September 30, 2026.

Security incident, January 2026

A misconfigured cloud storage bucket used for an export feature made invoice PDFs belonging to three customers publicly readable for 11 days. An independent security researcher reported it. Tallyrook closed access, notified the three customers, and found no evidence in access logs of downloads other than the researcher's. Two of the three remain customers.

Controls

Control	Current state
Dual approval for vendor bank-account changes	Available; configurable per customer; off by default. Enabled by 23 of 64 customers.
Vendor bank-detail verification	Micro-deposit verification for new vendors; changes to existing vendors are not re-verified
Production access	Four engineers hold standing administrator access to production; access reviews quarterly
Security ownership	Head of Engineering, with a part-time virtual CISO contractor (10 hours per week). No dedicated security staff.

Subprocessors and data handling

Invoice images and extracted text are sent to the foundation-model provider (Section 2) for extraction. Tallyrook is negotiating a zero-data-retention agreement with that provider; under current terms the provider may retain inputs for up to 30 days for abuse monitoring. Customer MSAs list the provider as a subprocessor.

8. Team and Organization

Leadership

Name	Role	Background
Mara Ostlund	Co-founder and CEO	Eight years in AP and procure-to-pay product management at a mid-market ERP vendor
Rafael Oyelaran	Head of Engineering (since August 2026)	Joined Tallyrook in 2022 as a senior engineer; previously a backend engineer at a payroll software company
Kendra Whitcombe	VP of Sales (since January 2026)	Regional sales director at a horizontal AP automation vendor
Open role	VP of Finance	Finance currently handled by a fractional CFO firm

Founder transition

Co-founder and CTO Devin Achterberg left the company in July 2026 for personal reasons. He designed the extraction pipeline and the NetSuite and Business Central integrations. Under his separation agreement he retained 2,250,000 vested shares of common stock, received 12 months of accelerated vesting, and agreed to a six-month advisory arrangement at five hours per month. He has no ongoing operating role.

Headcount (September 30, 2026)

Function	Headcount	Plan, December 2027
Engineering and product	17	30
Sales and marketing	10	23
Implementation and customer support	7	12
General and administrative	4	6
Total	38	71

Board

Current board: Mara Ostlund, Devin Achterberg, and one Seed investor representative. At the Series A close, Devin Achterberg will step down and the board will expand to five seats (Section 1).

9. Financial Statements

Management accounts, unaudited. Trailing twelve months ended September 30, 2026.

Line item	FY2025 (calendar)	Trailing 12 months
Subscription revenue	\$1,410,000	\$2,050,000
Implementation and onboarding revenue	\$290,000	\$510,000
Payments revenue	\$260,000	\$640,000
Total revenue	\$1,960,000	\$3,200,000
Hosting	\$150,000	\$210,000
AI model inference	\$170,000	\$395,000
Payment processing costs	\$110,000	\$260,000
Implementation staff	\$230,000	\$340,000
Customer support	\$140,000	\$205,000
Total cost of revenue	\$800,000	\$1,410,000
Gross profit (gross margin)	\$1,160,000 (59%)	\$1,790,000 (56%)
Research and development	\$1,920,000	\$2,640,000
Sales and marketing	\$1,610,000	\$2,470,000
General and administrative	\$880,000	\$1,280,000
Net loss	(\$3,250,000)	(\$4,600,000)

Software gross margin, as reported in Section 1, is subscription revenue less hosting and AI model inference: $(\$2,050,000 - \$210,000 - \$395,000) \div \$2,050,000 = 70\%$.

Cash and burn

Metric	Value
Cash, September 30, 2026	\$3,400,000
Net burn, September 2026	\$610,000
Net burn, trailing three-month average	\$560,000
Venture debt outstanding	\$1,500,000 (Section 11)

Inference cost per invoice rose 56% in Q2 2026 after the change to a larger extraction model (Section 2). Implementation staff were 46% utilized on billable onboarding work over the trailing twelve months.

10. Plan and Use of Proceeds

Projections

Metric	Dec 2026 (forecast)	Dec 2027	Dec 2028
ARR (Section 3 definition)	\$4,600,000	\$10,500,000	\$22,000,000
Customers	70	150	290
Headcount	42	71	96
Average monthly net burn (year)	\$590,000	\$1,050,000	\$720,000

The plan assumes Customer 1 renews at its current subscription ARR, two of the nine enterprise opportunities close in the first half of 2027, the SOC 2 Type II report is issued in Q1 2027, and an SAP S/4HANA integration ships in Q3 2027.

Runway

Management expects the Series A to provide **30 months of runway**, reaching cash-flow breakeven in Q2 2028 without additional financing.

Use of proceeds

Use	Share	Amount
Go-to-market: account executives, sales development, ERP-partner channel	45%	\$6,300,000
Product and engineering: SAP S/4HANA integration, line-item accuracy, payments	35%	\$4,900,000
Security and compliance: SOC 2 Type II, first security hire	10%	\$1,400,000
General and administrative	10%	\$1,400,000
Total	100%	\$14,000,000

Projections prepared by management with its fractional CFO firm. Net burn figures are after revenue.

11. Capitalization and Prior Financings

Fully diluted capitalization before the Series A

Holder	Security	Shares	% of fully diluted
Mara Ostlund	Common	4,200,000	40.1%
Devin Achterberg (former CTO)	Common	2,250,000	21.5%
Seed investors	Seed Preferred	2,600,000	24.8%
Employees	Options outstanding	1,050,000	10.0%
Unallocated	Option pool	300,000	2.9%
Venture lender	Warrant (common)	78,000	0.7%
Total		10,478,000	100.0%

Excludes SAFEs, which convert in the Series A.

Prior financings

Round	Date	Amount	Key terms
Seed Preferred	May 2023	\$3,500,000	\$14,000,000 post-money. 1x liquidation preference, participating, uncapped . Protective provisions require Seed majority consent to any senior or pari passu security.
Post-money SAFEs	February–April 2025	\$3,000,000	\$22,000,000 post-money valuation cap, no discount. One \$500,000 SAFE carries a most-favored-nation provision.
Post-money SAFE	March 2026	\$250,000	\$18,000,000 post-money valuation cap, issued to an angel investor
Venture debt	June 2025	\$1,500,000	Interest-only until June 2027, then 18 months of amortization. Minimum cash covenant of \$2,000,000. Material-adverse-change event of default. Warrant for 78,000 common shares.

Series A conversion (management estimate)

At the \$22,000,000 cap, the 2025 SAFEs convert into approximately 13.6% of the pre-Series A capitalization. Conversion shares for the March 2026 SAFE and the effect of the MFN provision have not been calculated. The \$70,000,000 pre-money valuation includes SAFE conversion and the increase of the unallocated option pool to 12% of the post-money capitalization.

12. Legal Matters and Risk Factors

Customer payment-fraud dispute

In May 2026 a customer (a building-products distributor, \$48,000 subscription ARR) paid \$186,000 to a fraudster after a vendor's bank details were changed in Tallyrook following a business email compromise at the vendor. The customer had not enabled dual approval for bank-account changes. In August 2026 the customer's counsel sent a demand letter alleging that Tallyrook's default settings were negligent and seeking reimbursement. Tallyrook disputes the claim. The customer's MSA limits Tallyrook's liability to fees paid in the prior 12 months. Tallyrook has notified its cyber insurer. The customer has not renewed or cancelled; its term ends December 31, 2026.

Other matters

- No other pending or threatened litigation.
- Tallyrook's payments are processed by a licensed payments partner; Tallyrook does not hold money-transmitter licenses and relies on the partner's licenses and program agreement, which the partner may terminate on 90 days' notice.
- All current employees have signed invention-assignment agreements. Devin Achterberg's invention-assignment agreement was signed in March 2022, after he began building the extraction pipeline in late 2021.

Selected risk factors

- Customer concentration: Customer 1 represents 21.9% of subscription ARR and 41% of payment volume.
- Dependence on a third-party foundation-model provider for extraction; pricing or terms changes affect margins.
- Corporate card and spend platforms offer competing AP products at no subscription charge.
- Enterprise sales depend on completing SOC 2 Type II.
- Payment fraud through the platform may expose Tallyrook to customer claims and reputational harm.
- Loss of the payments partner would interrupt payments revenue.

Appendix A. Customer 1 Master Subscription Agreement — Excerpts

Master Subscription Agreement dated March 15, 2025, as amended April 1, 2026, between Tallyrook, Inc. and Customer 1.

§2.1 Term

The initial term runs through March 31, 2027 and renews for successive one-year terms unless either party gives notice of non-renewal at least sixty (60) days before the end of the then-current term.

§2.4 Termination for Convenience

Customer may terminate this Agreement for convenience on ninety (90) days' written notice at any time after September 30, 2026, without payment of fees for the remainder of the term.

§4.2 Fees (Amendment No. 1)

Line item	Annual fee
Platform subscription (all entities)	\$430,000
Dedicated support and onboarding: two named Tallyrook implementation specialists assigned to Customer's subsidiaries	\$180,000
Total annual fees	\$610,000

§4.5 Most-Favored Pricing

If Tallyrook offers any customer of comparable or smaller invoice volume a lower per-invoice or platform price, Tallyrook shall extend that price to Customer prospectively from the date it was offered.

§11.3 Change in Systems

Customer has informed Tallyrook that it is evaluating a migration of its ERP to SAP S/4HANA, with a decision expected in the first quarter of 2027. If Customer migrates, Tallyrook's obligations are limited to the ERPs supported at the time of the migration.

Appendix B. Contacts

Investor questions: Tallyrook, Inc., Columbus, Ohio, attention of the CEO. Investors should consult their own legal, tax, and financial advisors before investing.