

## Twitter Thread by Michael Sutyak



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**There are few things as important as a business model when setting up a company. In many ways, more important than the product itself.**

**Because of that, I give it a lot of thought (both for my own projects and my clients). A thread. ■**

1/ ■ I looked at data provided by [@GrowjoUS](#) in order to determine which companies grew the fastest in 2020 and their predictions of the world's fastest growing companies for 2021. [@GrowjoUS](#) used different growth indicators to compile the list.

2/ ■ I looked at the top 80 by the ranking criteria that [@GrowjoUS](#) used.

Then I layered on my own assessment of their respective business models. Here are are the main takeaways.

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1. ■ The most prominent business model on the top growth list was SaaS (either freemium, or in combination with another business model like insurance).
2. ■ Subscription hardware and B2B2C are examples of fairly new business models making their marks in terms of growth..

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3. ■ Traditional business models like wholesalers and providers of financial services were underpinning products built with new technologies

4. ■ On the financial services front - spread businesses and credit card/debit card models were prominent

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5. ■ Marketplaces still work when paired with the right supply

6. ■■ More complicated solutions operate on a per project basis, and scale based on complexity and number of seats

7. ■ Traditional business models still win, and many new cos still use old models

## Details■

### 6/ ■ SaaS for growth:

Based on the growjo growth model, it appears that SaaS is the surest way to achieve speed in terms of growth in revenue and valuation. [@airtable](#), [@figma](#), [@loom](#), [@circleCI](#) are the main companies on this list using “freemium SaaS” as their business model.

7/ The majority of the other SaaS businesses on this list are Tech Services industry. Among the top ranked are [@Bigidsecure](#) [@Labelbox](#) [@Fivetran](#) Gong [@PacketFabric](#) <https://t.co/scZ7YF7HOV> [@finix](#) .

8/ Many of these use the traditional per seat model, but there are also instances of charging per message, etc... as in the case of [@attentivemobile](#). Or taking a percentage per transaction, as in the case of [@fast](#).

9/ ■ Other interesting cases of the SaaS model were combinations with other models. The insurance model made several appearances on this list. Extend, PielInsurance and Coalition use a combination model with SaaS and Insurance.

10/ It's not surprising to see insurance companies on this list - Warren Buffett learned very early on that it is likely the best model ever created for generating revenue.

### 11/ ■ Subscription Hardware:

The other interesting trend on this list is the emergence of the subscription hardware combination. These companies make revenue from selling hardware as well as charging a subscription for their ongoing software service (like Tempo).

### 12/■ B2B2C:

The final trend in subscriptions is this new idea of using B2B2C to maximize growth and revenues. The most prominent companies on this list using the B2B2C model is [@calm](#), [@modernhealthco](#) , and [@LyraHealth](#) .

### 13/ ■ Traditional Business Models:

The other big takeaway from this list was that there were two main business models that are being used by these fast growing companies: wholesale and financial services. In many cases, the products were new, but the business models were old.

### 14/ ■ Wholesalers:

Wholesalers were very prominent on this list, including CrescoLabs GoExpedi GrowGeneration ImpossibleFoods VentureGlobal AppHarvest GOAT PerfectDay and Faire.

15/ Wholesaling is a popular business model in food, likely due to the difficulty of pulling off D2C in this space and the perishable nature of food.

#### 16/ ■ Financial Services:

One thing I noticed was the use of new technologies to re-integrate existing business models that are tried and true. One business type, the spread business, was well represented. A spread business is a company that uses rate arbitrage to make money.

#### 17/ ■ Spread Businesses:

A great example of this is [@BlockFi](#) . They make money by borrowing capital at a certain rate (the interest rates it pays to users) and lends it a higher rate (the interest rates it offers for BTC/ETH/GUSD loans).

18/ Other companies that are on this list in this vein are Figure, [@humaninteresthq](#) [@bluevine](#) .

#### 19/ ■ Credit/Debit Cards & Banking:

Other companies in the financial services are using riffs on credit cards and debit cards to make money, offering slightly better rates or benefits than their traditional competitors.

20/ Great examples of this are [@Chime](#) , a company that makes money from its debit card product by charging merchants for transactions. Dave also does something similar.

21/ Riffs on credit cards are also very popular, with Deserve, Brex, Margeta and Upgrade leading the charge. They all make some use of making revenue from charging merchants, rather than users. Some, including Brex, charge an annual subscription fee as well for membership.

#### 22/ ■ Marketplaces:

The Marketplace model was also represented. Companies like Landing Dutchie [@SonderMind](#) Park+ all were on the list and used the marketplace model. One company, [@ApplyBoard](#) , used a marketplace model paired with a rev. share model based on placement.

#### 23/ ■ Per Project:

More complicated solutions generally used a “per project” model. The pricing model generally scaled based on the scale of the project or the number of seats required. Often times, this was set as a one time payment.

24/ These “per project” companies included [@SmartRentdotcom](#) GeoVerra [@ungork](#) [@CxCyber](#) Effectual Mileway.

If you want to see the list I put together of the business models for the top 80 growth companies projected for 2021, feel free to DM me and I'll provide it. ■

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