December 14, 2023

Calgary’s technology industry is exploding, with buzzworthy companies setting up shop in a city historically known for oil and gas.

A name on the lips of those tapped into the tech industry is ZayZoon, a Canadian success story that recently raised US$34.5 million in a series B financing deal with the help of BLG. Partner Cameron MacCarthy’s conversation with ZayZoon co-founder and CEO, Darcy Tuer, offers some friendly advice for startups, including why ZayZoon and other aspiring tech businesses are finding success in Calgary.

Cameron: It’s hard to believe it’s been seven years since you and Craig first introduced me to Tate and we discussed this business idea. You’ve been on an incredible journey since inception. I think startups would appreciate hearing some of the lessons you learned from starting ZayZoon.

Darcy: First, I’d say the success of a tech company is tied to who you are. It’s important to first establish your why — why you’re doing this in the first place — and then bring in the right people that understand and can execute on that why. I always say that you’re the average of the five people you spend the most time around. Investors are investing in the CEO, the founders, and the teams they assemble.

My second piece of advice is to deliberately build relationships that aren’t just transactional. Calgary’s network is about three degrees of separation. It’s a connection-based city, and the ZayZoon team has spent over 15 years crafting those personal and professional connections to allow us to grow to the level we’re at today.

But forming connections isn’t just about what the other person can do for you. It goes deeper. It’s about sharing your story and message with people and learning from each other. Whether you’re an oil and gas company, a wealth services company, or a hair salon, your dream is to do something and then you entice people to come along on that journey with you.

Cameron: Why did ZayZoon set up in Calgary?

Darcy: My entrepreneurial career started here, and I love this city. If I think high level, building ZayZoon is a way to build enterprise value in Calgary, to support future entrepreneurs and to create an amazing environment for my kids and other people’s kids. That’s my why. I want people to see something purposeful happening here — that it’s a place where successful businesses are driving the economy forward.

Cameron: In your experience, what is the biggest challenge for startups when raising capital?

Darcy: One of the most beautiful things about starting your own company is you can use it to create an outcome for yourself. Where it gets tricky is when you confuse your personal goal — like being independently wealthy — with the company’s success.

For ZayZoon to continue growing, we needed to raise institutional capital. We needed to swing for a home run, not just a base hit. It was 20 times the work, and our chances of connecting with the ball were smaller. But we’d already hit a single or a double. We wanted more.

One of our institutional investor says that what we’ve done is like winning a gold medal; that’s how hard it is to get to our stage. The bad news is that we have to win gold again. We’ve just signed up for five to seven more years of pain and suffering with no guarantee of success — which isn’t a great fit if our personal goal is to walk away wealthy.

Luckily, I sat my founders down prior to signing the term sheet and we agreed that what drives us isn’t the monetary outcome. I’m not saying that money isn’t valuable to us — it is. But we want to have an impact. Our institutional investors tell us the most successful companies they’ve backed have been started by people who want to be part of something bigger than them, part of something that has a purpose. Not just making money.

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Cameron: So founders need to intentionally define success and then measure outcomes against that definition?

Darcy: Exactly right. If you're a strong founder, you've mapped out your big hairy audacious goal for the company, then compared it to your personal goal and asked yourself: can those two things exist in the same universe?

Cameron: One thing that's been critical to the ZayZoon journey is finding the right advisors at different stages of the business. How do you choose advisors to help your business succeed?

Darcy: There are a lot of smart, competent advisors that can help complete the task at hand, but picking an advisor should be based on alignment of values.

At ZayZoon, we focus on four core values: hustle (getting tasks done in a timely manner), mastery (keeping yourself up to speed and educated), being people driven (employees are our most important asset) and trust (doing the right thing). All the co-founders embody the same core values, and we can align and realign in a powerful way even though we're now a company of over 100 people and counting.

BLG — and particularly you, Cameron — were the right legal advisors for ZayZoon because you showed you wanted to see ZayZoon succeed and could bring the right people to the table. At the series B stage, we wanted a lawyer who understood the ask, made things easy for non-lawyers to digest, and knew how to negotiate. BLG felt like an extension of the founders and CEOs — like a legal co-founder of sorts.

No matter the stage your startup is at, if you make your core values the driving force behind your work and relationships, your circle of advisors will be the right fit.

Cameron: Let's talk about Long Calgary. Spearheaded by your ZayZoon co-founder, Tate, this initiative is about bringing people together, making connections and growing Calgary's tech ecosystem. I was at Long Calgary's successful inaugural event and it's clear how this movement can help our economy. Can you tell us more about Long Calgary and speak to your vision for it?

Darcy: Most people don't realize Calgary's long-term future is tied to the community's support of entrepreneurship. Entrepreneurs represent three per cent of the population but create about 84 per cent of jobs. Unfortunately, there's not always a way for entrepreneurs to support each other and their companies.

Long Calgary is going to give startup founders and execs an opportunity, not only to network, but to invest in startup companies in a responsible, prudent way. This is going to be important as we see the massive transfer of wealth from the Baby Boomers to younger generations, particularly in Calgary, which has more sideline capital per capita than most cities in Canada. The by-product of giving entrepreneurs access to different investment opportunities is that we start to build and enrich the incredible startup ecosystem in this city.

Any parting words for new entrepreneurs?

I've been an entrepreneur for 23 years, and I'll simply say that every successful entrepreneur is in the hurt locker from the start of the journey to the end. If you love that, it doesn't feel like work. I would challenge every new entrepreneur to lean into the things that you're great at. If you can solve important problems and you embrace the challenge, you're on the right track.

BLG's Future of Law series captures the perspectives of industry leaders on the biggest issues facing law and business over the next decade and beyond with the goal of starting conversations and supporting action in organizations across Canada. The year-long series was created in honour of BLG's 200th anniversary in 2023-2024.

By: Cameron MacCarthy

Key contacts

Cameron MacCarthy
PARTNER & NATIONAL CO-LEADER, BLG BEYOND COFOUND

Calgary
CMaccarthy@blg.com
403.232.9421

Andrew Hennigar
PARTNER

Vancouver
AHennigar@blg.com
604.632.3548

Louise K. Lee
PARTNER

Calgary

LoLee@blg.com

403.232.9408