



American
Discovery
Capital



CASE STUDY

TOPS Software Success Story

Industry-Leading SaaS
Provider at an Inflection
Point of Growth and
Profitability

Investment Overview

- TOPS Software (“TOPS” or the “Company”) is the leading provider of SaaS “system-of-record” accounting, business management, and online resident engagement solutions to community associations and property management companies in the homeowners association (HOA) industry.
- Over several decades, the Company had accumulated an impressive customer list representing millions of homes across the United States, while acquiring a reputation for quality, innovation and thought leadership.
- However, in 2017, the Company was facing an important inflection point in its history: 1) TOPS’s founder, Jeff Hardy, desired to retire and transition the business to his two sons, Mike and Kevin, while realizing liquidity on the hard-earned equity he had built in his company, and 2) TOPS needed fresh investment capital and operational expertise to assist with the launch of its new SaaS product, TOPS ONE.
- ADC partnered with TOPS to provide a tailored investment solution which allowed Jeff to achieve his personal liquidity objectives, while injecting new growth capital and expertise to drive sales growth, M&A and new revenue channels, including electronic payments.



Business Overview

TOPS Software is a founder-run business based in Clearwater, Florida. The Company is the leading provider of accounting and community management software solutions to the homeowners association (HOA) industry.

- TOPS has a stable, entrenched customer base characterized by loyal, long-standing customer relationships with a high lifetime value.
- As the market leader in modern SaaS solutions for the HOA space, TOPS is poised to continue to drive growth and innovation in the industry.

Company Background

In the mid-1980s, Jeff Hardy, an accountant and property manager by trade, created the first software application for the HOA industry to record and automate the numerous and often complex financial and accounting transactions he experienced on a daily basis as an HOA property manager.

Out of these humble beginnings, TOPS Software was born. It eventually grew to become the largest and most trusted provider of software solutions to the HOA space and is responsible for the accounting and operational needs of tens of thousands of communities representing millions of homes in the U.S.

TOPS Software has become the largest and most trusted provider of software solutions to the HOA space.



Mike had gotten to know ADC over the years and was intrigued by the deep sector knowledge, operational experience and ownership culture at the firm.



In 2013, Jeff Hardy retired as CEO of TOPS and passed the role to his oldest son, Mike Hardy. Mike understood that while TOPS had successfully amassed the largest customer base in the HOA market, the technology landscape was rapidly changing with the advent of web-based, software-as-a-service (SaaS) technologies.

In response, Mike and the TOPS team embarked on a multi-year strategy to develop the HOA industry's first SaaS product, TOPS [ONE], which launched in 2017. Around the same time, Mike began discussions with ADC regarding a significant investment in TOPS.

A Tailored Solution

Like many family-owned businesses in the middle of generational transfers, Mike's dad was seeking liquidity in his ownership stake in TOPS to support his post-retirement lifestyle while Mike was looking for a financial partner to strategically grow and scale the business, with the eventual goal of achieving liquidity for his ownership stake as well.

Mike had gotten to know ADC over the years and was intrigued by the deep sector knowledge, operational experience, and—most importantly—the ownership culture at the firm. He felt these aspects of ADC would better align with the unique needs of a family-owned business than traditional private equity firms.

In December 2017, ADC structured a comprehensive solution which invested significant capital in TOPS to:

- Accelerate product innovation and the development of industry-leading products
- Invest in the sales and marketing and go-to-market strategy of the company, while supporting the customer success and operational needs of the business required to scale
- Assist the company to identify and acquire attractive companies that would expand TOPS's product capabilities and allow it to enter new markets
- Provide significant liquidity to Jeff Hardy and other founding shareholders
- Allow Mike Hardy and other key stakeholders the ability to retain meaningful equity in TOPS and align with ADC to maximize the value of their ownership stakes in the business

1.5m+

homes
acquired on
TOPS [ONE]
in 3.5 years

A Successful Partnership

During the three and a half years of ADC's investment in TOPS, the company enjoyed rapid growth, more than doubling its revenue over the time period. TOPS [ONE] quickly became the market-leading SaaS solution, adding over 1.5 million homes on the platform in just a few years' time and maintaining TOPS's reputation as the industry's thought leader and innovator.

In addition, TOPS launched several more products on the platform to expand the services it provides customers, including online resident portals, bookkeeping and accounting services, and electronic payments for HOA residents and vendors.

Finally, TOPS acquired three companies over the ADC hold period, further expanding the company's product suite and solidifying its position as the leading consolidator in the industry. In July 2021, ADC successfully exited its investment in TOPS, realizing a significant return for shareholders.



Deciding to take on a financial partner was something we wrestled with. For us it was really like bringing someone new into the family. In American Discovery Capital we found the right partner for us at the right time. ADC was excellent working with us as we launched a new product and helped us to professionalize the business. Through their partnership we've been able to see tremendous growth.

—Mike Hardy, TOPS CEO



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