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## Case Study Update: ShippingEasy Bought By Stamps.com For \$55 Million



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Less than a week has gone by since we ran a [two-part case study](#) on the challenges faced by Austin, TX shipping software subscription company [ShippingEasy](#). Now the four-year-old firm is being acquired in a \$55 million cash deal by its much larger and more established competitor, [Stamps.com](#). Based in El Segundo, CA, Stamps.com trades publicly on the NASDAQ. While ShippingEasy targets online sellers and makes it possible to use various carriers including FedEx, UPS, the U.S. Postal Service and regional carriers, 20-year-old Stamps.com caters to the mass

market and offers just one carrier, the USPS. Last year Stamps.com's revenue was \$213 million. Our two earlier pieces on ShippingEasy traced how CEO Katie May had faced down a crisis, when she realized in December 2013 that the company that had offered her its top job four months earlier, had a product that was a complete failure. Barry Cox, the chief technology officer she had hired to help her tweak the software and iron out customer complaints, diagnosed the problem and told May she needed to ditch ShippingEasy's product and start over. That meant taking the software offline for at least three months and scrambling to write new software with a newly hired tech staff. May wondered whether she should just shut the company down and pay back \$2 million she had helped raise from investors. "I was not looking for a day one startup," she recalled.

But she loved her staff and the company had a strong customer base that seemed willing to put up with endless glitches. May took the plunge and her software engineers worked around the clock for three months to build a bare-bones product. After introducing it in April 2013, the tech staff kept improving the product and releasing updates for the next year. In 2014, revenue hit \$1 million. Last year the company crossed from the red into the black, and this year it was expecting revenue of \$10 million. Talks between Stamps.com and ShippingEasy grew out of ShippingEasy's relationship with [Endicia](#), another online shipping and postage software

company, which Stamps.com acquired in March 2015 from Newell Rubbermaid for \$215 million in cash. Endicia is ShippingEasy's technology partner, providing the smaller company with U.S. Postal Service labels. May says Stamps.com was interested in buying her business because ShippingEasy specializes in ecommerce services. "Stamps.com helps every type of consumer," she says. "We're specialists."

May, 49, says she will stay on as CEO of ShippingEasy through at least the end of 2018. But she will likely remain in her post much longer. "I could see myself here through retirement," she says.

Link:<http://www.forbes.com/sites/susanadams/2016/06/23/case-study-update-shippingeasy-bought-by-stamps-com-for-55-million/#12cb04653634>