



BANKING

How a Labor Day weekend on Lake Norman scored Charlotte a \$2 billion startup

BY AUSTIN WEINSTEIN

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20 years ago AvidXchange CEO Mike Praeger moved his company to Charlotte, NC on Tuesday, January 21, 2020 Praeger explained his reasons. With two decades of success in the Queen City, Praeger is still happy with the move. BY **JEFF SINER** ✉



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It might not have seemed like it at the time, but Praeger was staging a small, informal site selection competition — one that repeats every day in the minds of small business owners. It's a competition without formal bids or incentive packages, but it's one that cities across the country spend hours trying to win.

It didn't take long for Praeger to choose.

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When he visited Charlotte over Labor Day weekend in 1996, he and Cindy fell in love with the place and bought a lot on Lake Norman that weekend. It was the lake that sold him: it reminded him of back home in Wisconsin. He started AvidXchange with co-founder David Miller here in April 2000.

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Two decades later with Praeger as its CEO, AvidXchange is one of Charlotte's biggest technology companies. Yet to many it's still just a name. The accounts-payable startup has grown at an annual 40% clip in recent years, reaching a \$2 billion valuation this year.

In 2018, the company processed \$120 billion and made 9.5 million payments. With over 1,100 employees in Charlotte, it's got its sights on being one of Charlotte's name-brand firms. Praeger, 52, talked with the Observer this week about choosing Charlotte, McColl and scaling a business. Questions and answers are edited for clarity and brevity.



AvidXchange CEO Mike Praeger on Tuesday, January 21, 2020. Praeger moved his company to Charlotte, NC twenty years ago. Jeff Siner JSINER@CHARLOTTEOBSERVER.COM

Q: What do you say to those in Charlotte who ask “What exactly does AvidXchange do?”

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AvidXchange — we’re a software company. And we automate the accounts payable and payment process for middle market companies. So, simply speaking, we

joined a private equity venture firm, Summit Partners, in Boston. I was at Summit for three years then left and ran a software company in Boston that automated the tax-billing, tax-collection function for municipalities. And then when we sold that business in 1996, we're like "OK, we love Boston in the summers, not so much in winters. We can move anywhere, where do we want to move?"

Whenever we would run into people around the country from Charlotte, everyone was always super positive about the city...

One of the reasons why Charlotte was on the list was that we (his wife Cindy is also an entrepreneur) knew we wanted to do something entrepreneurial. But we wanted to do so in a city that had a great airport, had great weather, low cost-of-living — kind of all the traits that Charlotte had. But equally important to that was that it was supportive of the startup ecosystem.

Q: What's it mean for a city to be supportive of a startup ecosystem?

From early stage financing to supporting us as customers — for example our first customers that we had when we started AvidXchange were all local Charlotte-based companies. Levine Properties was our first customer as a real estate company. ... The city was incredibly supportive of the entrepreneurial ecosystem. Giving us opportunities, giving us space to have meetings — all those types of things. That was kind of important for us. That was a reason why we moved to Charlotte. ...

Even as a startup company, we've had great support from all the mayors of Charlotte, from a government perspective. But more importantly from the leadership, Hugh McColl was an early investor in AvidXchange.

Q: He's still an investor?

He's still an investor... He just came by right before the holidays, he had some paperwork. And I'm like "Hugh, man, why do you have a suit on?" He's like, "Mike,

He and I have had a number of conversations over the years. Really, (former Wachovia CEO Ed) Crutchfield and Hugh McColl, although they were competitors early on, they were the forces in terms of building the city. And Crutchfield is an investor in AvidXchange as well. We've (Praeger and McColl) had some conversations about how we continue the leadership that he provided this city and have it be so it's not just isolated to a handful of people, so that it's more diversified.

Q. The trend historically is that executives in this city are leaders — they guide the city in a lot of ways. Do you have any plans for that?

I think I try to do that already. I'm involved with entrepreneurial groups around Charlotte, like Queen City Fintech, Dan Roselli's group. I'm on the board of Charlotte Center City Partners, with Michael Smith and his team....I think that part of being an industry leader is almost making Charlotte a leading city.

Q: What does Charlotte need to become a more prominent city? Should it become a prominent city?

For Charlotte to be the best that it can be, I don't know if it has to be a city on the stature of like a New York or San Francisco. I don't think there's anything wrong with being that great second-tier city.

And I think while the city's progressed from a cultural perspective, I think one of my early complaints when we moved to Charlotte — I was just talking at Johnson & Wales, they kind of answered that question — when we moved here in 1997 there were very few downtown restaurants. You'd go down on a weekday or weekend after 6 o'clock at night and it was a dead zone. Johnson & Wales changed the entire culinary scene around Charlotte in terms of the number of restaurants and everything else.

Q: How many people are you hiring a year at this point?

gotten incentives for that expansion. Why do you seem to actively pursue incentive money when expanding your business?

We're being courted every day by people not only outside of Charlotte but also internationally. Just last week we were contacted by two European countries... we're constantly getting inquiries related to opportunities for us to expand our presence in various different areas. I think that we've come to the conclusion that we'd like to concentrate our efforts in Charlotte and Salt Lake City (the firm's [second headquarters](#)). But it has to be, at some level, a level playing field in terms of receiving the same type of support that we're able to get in another part of the country.

Q: You've discussed taking the company public in the past. What's the status of plans for a public offering?

We definitely think that for us to achieve our long-term potential we'll look to be a public company at some point. Usually the No. 1 catalyst for companies to want to be public is the need for capital. I think that we've been able to demonstrate that that's not an issue for us. We've been able to raise the amount of capital that we need as a private company. ...It'll be something that we continue to evaluate over the next couple years.

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AvidXchange CEO Mike Praeger on Tuesday, January 21, 2020. Praeger moved his company to Charlotte, NC twenty years ago. JEFF SINER JSINER@CHARLOTTEOBSERVER.COM

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BY DANIELLE CHEMTOB

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