PURPOSE®

ALKEMIO

CASE STUDY

This case study focuses on how Alkemio employed a cost-effective approach of raising steward-ownership aligned capital using economic rights. If you are interested in reading more on how Alkemio is double-locking its governance through a veto share or how its organizational design is supporting its mission, you can read on [here](#).

Case Study

ALKEMIO
CASE STUDY

HOW ALKEMIO USES A DUTCH FOUNDATION STRUCTURE TO REWARD BOTH CAPITAL AND TIME CONTRIBUTORS

Alkemio's path to steward-ownership

Many founders are faced with a dilemma in their early founding days – how to attract top talent while money is still tight? While some opt for schemes like ESOPs or similar equity compensations for early employees, not all of these remuneration models align with steward-ownership frameworks.

Alkemio, a purpose-driven organization based in the Netherlands with the mission to facilitate collaboration among changemakers through a digital platform, found a way to reward both financial backers as well as employees contributing their time within a steward-ownership framework. But let's start at the beginning.

Frustrated about the lack of progress collaborating on COVID-related challenges, co-founders Neil Smyth and René Honig founded Alkemio in 2020 in the Netherlands. "We believed that there must be a better and faster way of working together to make progress, especially in regards to the many fast-moving challenges in our lives", Neil recounts. "We rely on digital platforms for numerous aspects of our lives, be it for transportation, connecting with customers, or booking hotels. So, why not employ them to tackle complex issues?"

Neil Smyth and René Honig both have an international background with careers in bridging the tech and business worlds. Together they gathered a community of partners and built an organization to develop Alkemio as an open source SaaS-platform, alkem.io.

KEY FACTS

Location: The Hague, Netherlands
Founded: 2020
Turnover: 200 T. € (2023)
 # Staff: 15
In steward-ownership since: 2023

The challenges that are tackled on the platform are very diverse. For instance, the city of The Hague supports an inclusive labor market or the company Velokonzept is bringing stakeholders together to expand the sustainable cycling industry in Berlin.

Alkemio was set up as a single-entity foundation in 2020. However, it turned out very soon that a single entity structure would not be sufficient to safeguard Alkemio's purpose, raise capital and at the same time attract top talent.

In 2022, steward-ownership was identified as a governance form appropriate to address these concerns. Neil and René wanted to create a structure that would a) keep the leadership purpose-driven, and choose new leaders meritocratically, b) safeguard the venture through a veto share and c) be able to give out capped economic rights without having to give up voting power. It also had to be simple.

To achieve these goals, Alkemio opted for a Veto Share model and evolved the legal setup to a multiple-entity structure with a new child entity. The whole structure would be steward-owned.

Photo: Alkemio

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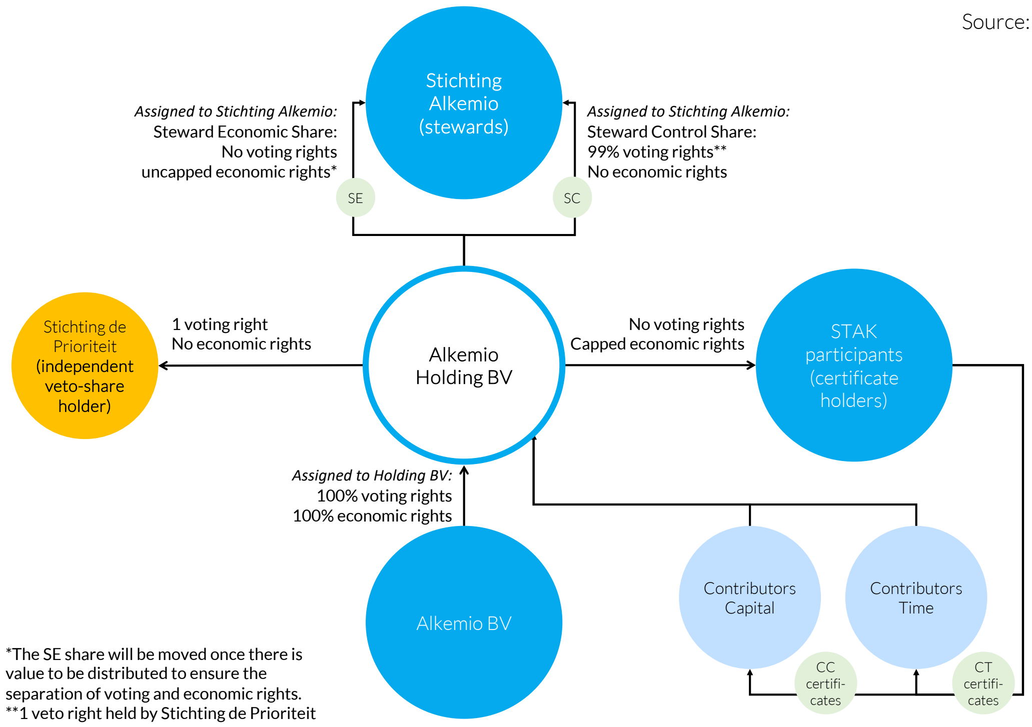
Source: Own Illustration



Brief structure overview (*if you want more details, read on [here](#)*):

Alkemio Holding BV, the central entity to the SO structure, was incorporated early 2023. It is a holding company that is used for raising capital. It also receives and re-distributes profits from Alkemio BV and is holding assets (IP). It is fully controlled by the Alkemio Foundation (Dutch: Stichting Alkemio), the board members of which are the steward-owners. In the initial setup, the board holds the economic rights, but this structure is subject to change. Once there is value to be distributed, the economic rights will be transferred to another entity to clearly separate economic rights from control rights.

One veto-right is held by Stichting De Prioriteit, a Dutch veto-share organization, holding the authority to veto an attempted sale of the company or any changes to the structure that would undermine the principles of steward-ownership.

The holding company fully owns the shares with voting rights and economic rights of Alkemio BV, the for-profit entity that offers Alkemio's services to the market. In the future, additional such entities could be set-up (i.e. when expanding to another country).

In need of an aligned design to raise capital

Neil was now searching for a cost-effective and lean legal setup through which he could receive capital contributions from many smaller investors based in different countries. From his experiences in the founding days of Alkemio, he expected to gather a large group of contributors, and needed a vehicle that would allow issuing shares with low transaction costs (i.e. no notary visit every time a share would be issued).

In addition, Neil wanted to show that it is possible to do good for society and do well economically. He decided to craft a profit participation plan for employees with a few tweaks to the classic startup model of distributing equity including voting rights. Such a plan would allow Alkemio to keep current costs lower while sharing upside with team members. It also has a key function to attract the right people.

Combining these considerations, Alkemio was set up to recognize two types of contributions a) Contributors Capital (CC), for financial contributions and b) Contributors Time (CT), for people that contribute their most precious resource: time. Dedicated share classes without voting rights were created for each.

The ability to cost effectively issue and manage the

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economic rights associated with the shares was addressed using a so-called STAK structure. The STAK (Stichting Administratiekantoor) is a special form of a foundation whose purpose is to hold company shares and re-issue them as so-called depository rights to investors. (*Since the STAK is a handy structure to finance steward-owned companies, we wrote a comprehensive review and its use in steward-ownership aligned finance, read on here*).

Through this STAK structure, Alkemio assigns two non-voting share classes (CC + CT certificates) to the STAK and the STAK in turn issues depositary receipts of the underlying shares to both time and capital contributors. These certificates (which are similar to shares) essentially are an entitlement to future dividend streams from Alkemio Holding, with a cap on the amount of dividend each certificate can receive. Importantly, anyone can become a Time or Capital Contributor, and shareholders of CC and CT certificates are treated equally. The mechanism used is simple, but differs from the standard venture capital approach (*for full details please refer to Alkemio's governance documents which are shared publicly*).

As the STAK transfers all dividends and other payments on the certificates held by the STAK to the time and capital contributors (i.e. economically there is no difference from being an actual shareholder apart from the cap on returns), it is essentially a pass through vehicle and as a result is not a taxable entity. Its primary role is to allow for more flexibility and lower operational costs in managing the holders of the capped economic rights. Raising funds through the STAK is the sole mechanism for fundraising employed at Alkemio; there are no other partial ownerships, emphasizing a design for simplicity with just one mechanism in place.

Fostering Trust, Community, and Future Growth through its SO-aligned framework

Through its newly set up STAK, Alkemio can offer capped returns, clarity, and transparency to a growing and diverse group of investors. As the holders of certificates do not have voting rights, the lock of the company's mission through the steward-ownership setup is critical to create trust among them. In addition, this structure serves the aim to build a strong community that shares the company's vision of empowering society. The design focuses on rewarding both capital and time contributions, while providing flexibility and scalability for the organization's future growth and impact. Bulgaria-based head of engineering Valentin appreciates the model: "It aligns rewards with the long-term success of Alkemio, and it creates employee ownership of Alkemio for so many people."

"There is still a lot that needs to be done," Neil reflects. "We need to expand the stewards and separate the control shares from the economic shares held by the steward-owners. But we are simply too small at the moment and do not have enough people involved. Along with the growth of the movement, this has to happen - not least to reduce dependency on my role in particular, serving as a steward, acting as CEO while holding economic certificates. But Rome was not built in a day!"

Photo: Alkemio

ACKNOWLEDGEMENTS

The content in this case study is based on extensive resources by the team of **Alkemio** as well as experiences from working with steward-owned companies.

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THANK YOU!

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