

Finance & Commerce

St. Cloud-Based eBureau Closes on \$12M Funding Deal

By Mark Anderson

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The company plans to use the money to expand its sales and marketing efforts.

A St. Cloud company that specializes in online technology that analyzes consumer data has raised \$12 million in a second round of financing.

Three-year-old eBureau raised most of the money from Redpoint Ventures, a Menlo Park, Calif.-based firm and a leading investor in consumer Internet and online marketing businesses.

Redpoint partner Chris Moore announced that he would join eBureau's board.

eBureau's first major backer, Minneapolis-based Split Rock Partners, provided the remainder of the second-round cash, bringing its total investment in the company to \$10 million, according to Michael Gorman, a managing director at Split Rock and another eBureau board member.

The cash infusion will be used to build eBureau's sales force and to market the technology that it has been developing since 2004.

The technology includes a platform that stores and analyzes much more consumer data than current platforms and an analytical application that delivers online, real-time advice on whether consumers match a business' customer or search criteria.

One product helps financial companies comb quickly through databases to spot transactions where identity theft or fraud may be occurring. Another helps collection companies evaluate risk and repayment opportunities in debt portfolios.

In addition, eBureau has tools that can help companies recognize and select the best sales leads out of large inventories of names.

Former Fingerhut executive Gordy Meyer is eBureau's CEO and founder.

After he left Fingerhut in 1993, Meyer founded RiskWise, which created predictive risk management products for financial and telecom companies. LexisNexis acquired RiskWise in 2000. Many members of Meyer's eBureau team worked with him at RiskWise.

Meyer said his 40-employee company will add another 10 to 15 workers during the next 12 months, mostly marketing and sales positions.

"We're the first into this market, and that means that we have to do a lot of education with customers. We need to show them that what we have will deliver value to them, and that means loading their data and running the programs" for up to two months.

Meyer wouldn't disclose revenue figures, but he predicted the company will break even in 2008.

Split Rock, which frequently invests for five to seven years but has stayed with companies for up to 10 years, will take a patient approach with eBureau, Gorman said.

"We think the opportunity here is very large, and we want be sure that they have the time to realize that potential," he said.

Split Rock and Redpoint both have a strong presence in the online marketing and consumer Internet business sectors that eBureau will be serving.

Redpoint and Moore were investors in Right Media, which was acquired recently by Yahoo! and in MySpace.

Split Rock, which was founded by several members of the former St. Paul Venture Capital in 2004, was a major investor in LowerMyBills (sold to Experian in 2005), QuinStreet and MyNewPlace, all companies that serve online markets.

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