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Clarabridge gets \$12M from investors for expansion

Washington Business Journal - by [Darlene Darcy](#) Staff Reporter

Software company Clarabridge Inc. has raised a \$12 million third round of venture capital to boost operations and reach new markets.

The capital injection, which closed July 28, was led by Vienna-based [Grotech Ventures](#). Other participants included new investor Harbert Venture Partners of Richmond and existing investors [Intersouth Partners](#) of Durham, N.C., and Boulder Ventures of Owings Mills, Md.

Reston-based Clarabridge will use the new funds to build out its sales force, ramp up marketing efforts and invest in technology development — efforts the company's chief executive officer, Sid Banerjee, said position it to reach profitability by 2010.

He declined to disclose any specific financial results or projections.

Clarabridge's software takes unstructured information — from surveys, phone calls, e-mails and Web sites stored as text — and converts it into data that can be quantified and analyzed.

The company has targeted Fortune 1000 businesses in the hospitality, entertainment, retail and technology industries, where qualitative data about customers' experiences can provide insights for decision-making.

Banerjee said the size of the third round reflects the feedback from the broad customer base Clarabridge's software has attracted.

Company executives realized that raising between \$10 million and \$12 million "would get us to hitting maximum penetration of the market over the next couple years and to profitability by early 2010," he said.

Clarabridge, which spun out of Reston-based consulting company [Claraview Inc.](#) in 2005, raised its first round — \$3 million from Boulder Ventures — in early 2006.

Since then, Clarabridge has received more than \$19 million in venture backing, grown to nearly 100 employees, tripled its customer base and increased revenue by 500 percent in 2007, according to the company.

"It's exciting to see a group get the kind of traction they've gotten," said Don Rainey, partner with Grotech Ventures, who also led Intersouth Partners' investment of \$7.2 million in 2007 to support Clarabridge's strategy to target pharmaceutical, health related and retail customers.

Clarabridge "has a great management team that consistently beats their numbers," he said.



Joanne S. Lawton

CEO Sid Banerjee says he will use the funds from Clarabridge's third round of venture capital to charge up the company's technology development and marketing operations.

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Banerjee was vice president of McLean-based **MicroStrategy Inc.** from 1999 through 2001 before co-founding Claraview with Justin Langseth and Nithi Vivatrat in 2001.

“The trend that I think is accelerating this particular market is that it’s not just about selling the right product at the right price at the right place,” Banerjee said. “It’s about when [a customer] gets support from me or asks a question of me, am I delivering a high-quality service?”

Since June 2007 Clarabridge’s software has been offered as a Web-hosted application on a subscription basis, which now represents a majority of the company’s revenue.

The segment of the software market that includes Clarabridge’s text analytics technology is expected to grow at an annualized 8.1 percent for the next four years to more than \$7 billion by 2012, according to New York-based research company **Gartner Inc.**

Clarabridge’s expansion plans include targeting industries such as financial services, health care and telecommunications, which traditionally have not focused on analyzing data about the customer experience — the issue Clarabridge’s software addresses.

“When you raise the kind of round we’ve raised, you want to avoid trying to be all things to all people,” Banerjee said. “You want to make sure that you’re the right thing to the right people.”

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