



## VC pipeline still flowing to local tech firms

Online advertising firm [x+1] raised \$16 million in venture capital funding, while DataArt, which develops custom software, said it raised \$4 million in private equity funding.

**May 28, 2008** *Amanda Fung*

Some tech companies are still attracting wads of cash in these tough times. Two Manhattan-based firms on Wednesday announced sizable investments that will help them expand in their respective markets.

Online advertig firm [x+1] has raised \$16 million in venture capital funding. The nine-year-old firm, formerly known as Poindexter Systems Inc., will use the extra cash to enhance its two technology offerings: an analytics tool that helps marketers understand how effective online ad campaigns are, and a program that delivers ads to targeted audiences throughout different sites.

Most of the money came from Advanced Technology Ventures, a venture capital firm with \$1.6 billion under management. Existing investors in the company, Hudson Venture Partners and Blue Chip Venture Company, also contributed to the latest round.

As the online ad market becomes increasingly competitive, the company will need to differentiate itself from other players, such as Omniture Inc., its biggest competitor in the Web analytics space. It also competes with a number of online ad networks like Advertising.com. Spending on online advertising is expected to reach \$25.9 billion this year, up 23% from last year.

The 60-man shop currently has more than 50 clients that include Fortune 100 brand advertisers. The privately-held firm refused to disclose financials.

Separately, DataArt, which develops custom software for companies particularly in the financial services industries, said it raised \$4 million in private equity funding—the first time the company has taken outside money since it was founded in 1997.

DataArt will use the investment to expand sales and marketing efforts to companies in the online travel and telecom fields. Its clients include Standard & Poor's and BNP Paribas.

The 400-employee company acts as a tech consultant to corporations and does all of its tech research and development out of centers in Russia and the Ukraine. Last year, DataArt generated \$12 million in revenues, up 73% from a year earlier. It expects to make \$18 million to \$20 million this year.

London-based Tower Gate Capital led the round of funding and was joined by an unidentified Russian hedge fund and Manhattan-based Third Millennium Russia Fund.