

DENVER BUSINESS JOURNAL

www.denverbusinessjournal.com

AUGUST 12-18, 2011

THE NATION'S OLDEST WEEKLY BUSINESS JOURNAL

Channelinsight has found path to software sales

BY GREG AVERY / DENVER BUSINESS JOURNAL

Channelinsight, a Denver maker of sales-tracking software for the technology and manufacturing industries, has been on a tear in 2011.

And CEO Mark Geene hopes this year's success is just the start.

The company recently switched its name from InfoNow to Channelinsight.

It's hired 30 people this year, expanding to 110 employees. And it plans to open offices in the San Francisco Bay area and London this year — its first locations other than its downtown Denver headquarters.

It's a stark reversal from four years ago, when the company was slashing staff, losing money, was delisted from the Nasdaq exchange and was perilously close to shutting down after an announced merger plan fell apart.

"The transition is behind us, and that feels good," Geene said. "Now it's about expanding and growing the business. I don't even remember the company this was when I took over as CEO five years ago."

A strategy shift brought the business back from the brink and made it profitable, and Channelinsight posted 183 percent year-over-year revenue growth in the first half of 2011.

The privately held company doesn't disclose its revenue figures.

Channelinsight attracted \$10 million in venture capital investment in April, making its total \$21 million since 2007.

Channelinsight also has hired a new CFO and vice presidents for worldwide sales, technology and professional services in recent months to ready itself for growth.

Prior to four years ago, the company made custom software to help the sellers of technology hardware track sales through distributors and third-party resellers — so-called "channel sales."

In the two years after Geene took over, the company shifted to building a single, cloud version of its core software and gen-



KATHLEEN LAVINE | BUSINESS JOURNAL

Mark Geene is CEO of Channelinsight, which has hired 30 new employees this year and plans office openings in the San Francisco Bay area and London.

erating a recurring revenue stream from selling subscriptions to it.

Instead of the old business model of selling software development by the project, Channelinsight sells access to the steady stream of channel sales information from 5,000 technology and manufacturing sales businesses in 100 countries.

It offers clients ways to track their transactions from the first sales lead to the final delivery, and to analyze the discounts and incentive programs they offer to middlemen handling the product in between.

That's a big deal in a global technology industry that generates an estimated \$6 trillion in annual channel sales, Geene said.

"There's a multibillion-dollar growth opportunity out there," he said. "This company could be a several-hundred-million-dollar business."

The makers of tech products often have no contact with the businesses buying their wares. A printer, server computer or a semiconductor can pass through the warehouses

of an independent distributor and be sold via a third company.

"It's hard for us to connect to and understand who our end customer is," said Dan Petlon, chief information officer for Enterasys Networks, an Andover, Mass., company that sells Siemens communications systems to large businesses around the world. "The deal goes through a distributor and then a value-added reseller before it ever reaches an end customer."

Managing inventories and reseller incentive programs, or even knowing what products are being covered under maintenance contracts, is difficult without the kind of information made accessible through Channelinsight, he said.

"The reality is, we never did it before — at least not effectively," Petlon said.

The ability to track sold products by serial number could save Enterasys as much as \$10 million annually just in eliminating its cost of servicing things that aren't covered by customers' maintenance contracts, he said.