

## **TRUEreq To Close Series A With \$1.5M, Makes Acquisition**

By Lizbeth Scordo <mailto:scordo@technologicp.com> 4/21/2004

Fresh off an acquisition, TRUEreq, a maker of subscription-based collaborative product lifecycle management software, plans to close a \$1.5 million Series A round of funding within a month and expects to begin raising Series B and C rounds soon after, to close all three before year's end, founder and Chief Executive Jonathan C. Miller told VentureWire.

TRUEreq has recently signed a letter of intent to acquire a venture-backed product lifecycle management firm based on the east coast, according to Miller. While Miller could not yet disclose the acquired company, he noted TRUEreq would gain employees, IP, and additional customers through the deal, set to close this quarter.

TRUEreq already has \$1.2 million in commitments in the A round, the majority from Singapore-based Upstream Ventures, with the remainder made up of funding from individual investors carried over from TRUEreq's seed round. Miller said the company began raising the round in September with a ceiling of \$1 million but extended it to \$1.5 million due to demand. The company plans to add another \$300,000 to the round prior to its close and is currently in discussions with additional investors.

On the heels of the A round, the company will begin raising the \$1 million Series B round with a pre-money valuation in the \$5 million range. Miller expects about one-third of the round to come from existing shareholders, with new backers contributing the rest.

"The Series B will get us to cash flow positive some time around mid 2005," he said. "It's not necessarily for rapid expansion but to give us security and to continue to grow as rapidly as we have been."

The company will then look to raise a Series C round, targeted at around \$6 million, before year's end.

"Since the B round takes us to cash flow positive, we'll be in a better negotiating position with VCs," said Miller.

The company currently employs a staff of 20 and expects to more than double that number by the end of next year.

It's been a busy 2004 thus far for TRUEreq. In addition to the fundraising and acquisition, the company also launched its first product in January. Twenty-four hours after the launch, TRUEreq signed on its first customer, CallTrex, a provider of outsourced call center technologies. TRUEreq has brought on two other customers since then, one of which is Propel, developer of an accelerator for dial-up Internet connections.

Miller projects \$1 million in revenue this year with that figure jumping to \$45 million in 2008.

To continue its current momentum, TRUEreq plans to launch version 1.1 of its product within the next couple of weeks. The new version will enable users to load spreadsheets into the TRUEreq platform to view from within the application, Miller

explained.

According to Miller, what differentiates TRUEreq's products from other lifecycle management applications is its focus on a company's whole staff, rather than just product development staff and engineers.

"You focus an entire organization on the product in order to get the products right," he said. "We're providing a set of applications to make it easy for everyone to participate in the process."

TRUEreq concentrates on enterprises with 500 to 2,000 employees and charges \$50 per user per month.

Prior to founding TRUEreq in March 2002, Miller served as vice president of product management and later chief community officer at PeopleLink, a provider of online collaboration and customer relationship management software. He also served as chief operating officer of Fortunecity Network, which he helped to grow to the the 26th largest property on the Internet. Additionally, Miller helped launch Flycast Communications and managed the Web advertising firm's product and marketing efforts.

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