

Guardian Analytics Locks Up \$9M For Secure Web Banking

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Guardian Analytics Inc. said it has secured \$9 million in Series C financing, building off a year of accelerating sales for its fraud-prevention software for banks.

New investor Sutter Hill Ventures led the round, with participation from existing investor Foundation Capital. The company declined to disclose the valuation.

Guardian Analytics sells software that "focuses on account takeover and identity theft that's enabled by online banking," said Terry Austin, the company's chief executive. It uses predictive behavioral analytics to detect fraud by comparing a customer's current behavior to past behavior.

"Fraud in online banking is a significant and growing problem," said Greg Sands, a managing director of Sutter Hill Ventures. But unlike credit card fraud, where a whole industry has evolved to fight it, there is no one else with a comprehensive solution to fraud that's generated by online banking, he said.

Los Altos, Calif.-based Guardian Analytics mostly competes against companies providing "point solutions" like authentication and fraud monitoring products that try to anticipate the characteristics of fraud in general, rather than on the level of the individual customer, Austin said. These products have "not been effective," he said.

A year ago Guardian Analytics had four or five customers, but it's since boosted that number to more than 20 and grown its revenue 300% in the same period, Austin said. Though he declined to disclose the company's revenue, Austin said its annual contracts range from \$20,000 to \$250,000.

The proceeds of the round will be used to start providing an alerting service based on information pooled through the company's software across institutions, and get its products integrated with companies that provide online banking technologies to financial institutions, Austin said.

Guardian Analytics previously raised \$7.25 million from Foundation Capital.

Sands of Sutter Hill Ventures has joined the company's board.