

# Austin American-Statesman

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## Austin's WhaleShark Media Raises \$150 Million to Expand Network of Coupon, Deal Sites

by Lori Hawkins

Austin-based WhaleShark Media will announce today that it has raised \$150 million to aggressively expand its network of coupon and deal websites. The investment vaults the Austin company's total venture capital haul to \$300 million.

"We're good at acquisitions, and our goal with this money is to go out and buy more online coupon and deal sites," said Cotter Cunningham, WhaleShark founder and CEO. "Having a little dry powder in the bank helps negotiate with the sellers."

The only other Austin company believed to have raised a larger amount of equity investment is vacation rental website operator HomeAway Inc., which received \$404 million before its initial public stock offering in June.

WhaleShark's investment came from J.P. Morgan Asset Management and Institutional Venture Partners. Previous investors in the company include Austin Ventures, Norwest Venture Partners, Adams Venture Partners and Google Ventures.

Founded two years ago, WhaleShark is one of Austin's fastest-growing startups.

It has acquired eight coupon websites in four countries, making it the world's leading online marketplace for coupons and deals. The sites, which include Deals.com, CouponShare.com and CheapStingyBargains.com. In December, it purchased RetailMeNot, an Australian company that runs one of the top coupon sites in the world, with more than 95 million unique visitors.

Combined, the sites provide discounts, coupon codes, free trials and other retail offers from more than 130,000 merchants.

WhaleShark is on track to post \$70 million in revenue this year, up 50 percent from a year ago, and is profitable, Cunningham said.

Its model differs from daily deal sites such as Groupon and Living Social, which offer steep discounts on local, once-a-day deals.

WhaleShark's main customers are large companies such as Macy's, Dell Inc. and Wal-Mart, and deals often entail free shipping or \$5 or \$10 off a purchase. The

company generates revenue through advertising on its sites and through commissions from merchants.

The new funding will be used to buy U.S. and international websites, Cunningham said.

"We think it will take 12 months or so to spend the money. Acquisitions are hard — sellers change their mind, and other bidders pop up. They don't come together in a day or two," Cunningham said. "We're in preliminary conversations with a handful of people, but some we haven't started even talking to."

The online coupon space is becoming increasingly crowded, with hundreds of small websites offering a variety of discounts, and larger companies, such as WhaleShark, Austin-based Vertive and San Francisco-based Performance Marketing Brands, seeking to grow by acquiring them.

"It's a very fragmented market, and one of the things we like is that while WhaleShark is the biggest company, they still have a lot of room to grow," said Jules Maltz, a general partner with Institutional Venture Partners, which is based in Menlo Park, Calif.

Maltz said his firm previously invested in HomeAway, "and when we saw another great company in Austin focused on disrupting a multi-billion-dollar industry, we wanted to be part of it."

WhaleShark has 150 employees, including 90 in Austin, and expects to add at least 50 more here over the next year. It's hiring in areas including engineering, marketing and product management.

The company frequently is mentioned as a candidate for an IPO, and the market has been receptive to some consumer Internet offerings. Last week, Chicago-based Groupon raised \$700 million in its IPO.

Cunningham said WhaleShark is in no rush.

"Our investors like what we're doing, and we're under no pressure to go public," he said. "Right now we're working hard, and we're super focused on growing our niche and getting as big as we can be. It wouldn't surprise me if it's something we're talking about more in a year."