

WhaleShark Said to Gain Value as High as \$1 Billion From Funding

by Danielle Kucera

WhaleShark Media Inc., a website that distributes online discounts, is joining Groupon Inc. in the top tier of venture-capital deals this year, with \$150 million in funding from Institutional Venture Partners.

The financing implies an \$800 million to \$1 billion valuation for WhaleShark, according to a person familiar with the deal, who wasn't authorized to speak about the private matter. WhaleShark joins the ranks of coupon rivals Groupon and LivingSocial.com in raising the most in venture funding in 2011. All have raised more than \$100 million in 2011, according to data compiled by Bloomberg.

WhaleShark will use the money to make acquisitions in the next year as it targets Web retailers, a part of the online- voucher market that Groupon hasn't entered, said Chief Executive Officer Cotter Cunningham. The company offers coupons that let consumers save an average of \$20 per purchase from 130,000 sellers, including Target Corp. (TGT) and Walgreen Co. (WAG)

"WhaleShark Media is a company primarily built on acquisitions," Cunningham, 49, said in an interview. "We're almost the exact opposite of Groupon. We focus mostly on national e-commerce brands. We don't have a huge sales force. Our coupons are much more like traditional coupons."

The \$150 million in funding puts WhaleShark in sixth place among communications and technology venture-capital deals this year, behind Groupon, with \$950 million; Facebook Inc., with \$500 million; LivingSocial, with \$400 million, Dropbox Inc., with \$250 million and Coupons.com Inc. with \$200 million, according to data compiled by Bloomberg.

Looking for Takeovers

WhaleShark, which was founded in 2009 and owns RetailMeNot.com and VoucherCodes.co.uk, has made eight acquisitions and plans two or three more in the range of \$1 million to \$50 million over the next 12 months, Cunningham said. While Austin, Texas-based WhaleShark is targeting companies in the online-coupon industry, it doesn't plan to start offering daily deals such as those provided by Groupon, he said.

RetailMeNot yesterday displayed offers from national retailers including Target, Urban Outfitters Inc. (URBN), J.C. Penney Co. and Walgreen.

JPMorgan Chase & Co. (JPM) is leading the financing round with Institutional Venture Partners. The hesitance of startup companies to go public in a slow economy is giving IVP more opportunity to invest, said Jules Maltz, a general partner at the firm who will join WhaleShark's board. Maltz also led investments in Dropbox and LivingSocial.

"IVP looks to invest in premier, late-stage companies," Maltz said in an interview. "RetailMeNot, LivingSocial and Dropbox are three of the fastest-growing technology businesses today."

WhaleShark will use some of the financing to add to its staff of 150, hiring about 50 people in Texas, about 10 in the U.K. and a few in Germany, Cunningham said.

WhaleShark expects revenue to top \$70 million this year, up more than 50 percent from 2010, Cunningham said. The company is profitable in the U.S. and U.K. and forecasts that earnings will grow "a little" more slowly than revenue, he said.