



Xactly gets \$4M

by Stacey Higginbotham

Newly launched software provider **Xactly Corp.** has completed a \$4 million, oversubscribed first round of venture financing led by **Bay Partners** in Cupertino, Calif., and **Rembrandt Venture Partners** in Menlo Park, Calif. The valuation of the round was not disclosed.

As part of the funding, Gerald Casilli, general partner with Rembrandt Ventures, and Chris Noble, general partner with Bay Partners, will join the company's board. **Wilson Sonsini Goodrich & Rosati PC** represented Xactly.

San Jose, Calif.-based Xactly makes a hosted software that allows its customers to see compensation for their sales staff as deals close and lets salespeople track their commissions. It replaces Excel spreadsheets and other proprietary systems, said Christopher Cabrera, founder, president and CEO. The product can be integrated with the hosted customer relationship management software from salesforce.com Inc. Five out of six of Xactly's trial customers are also customers of salesforce.com.

Cabrera served as the senior vice president of operations for San Jose, Calif.-based **Callidus Software Inc.**, which makes compensation management software for large companies. While there, he saw a need for a less expensive product that performed similar functions for small to midsized business that couldn't afford to spend \$1 million on compensation and incentive software.

"We watched this on-demand, software as service model take hold, and we saw a need that wasn't getting met," Cabrera said. In March, he formed Xactly with an undisclosed amount of angel investment. Cabrera plans to use the current funding to expand sales and marketing, growing the firm's employees from 17 now to 30 by end of the year. Xactly should start generating sales in November after the launch of its product. The software will sell for about \$5,000 to \$7,000 a month.

Getting the financing was not a challenge for Xactly, even though it didn't yet have revenue, said Cabrera. He said he concentrated on choosing venture firms with people who have the contacts and management expertise that could help Xactly grow. Bay Partners' Noble, said Cabrera's experience and the product itself made it an appropriate investment.

"We like the deal because it's very straightforward. The people doing it are very appropriate; they understand the task and have the expertise," Noble said. "Plus, it's a great market, and they have the right model for it.