

VentureWire

Quickly Adding Customers, Xactly Takes In \$8M Series B

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Xactly Corp., which provides a Web-based sales compensation application for mid-market companies, secured \$8 million in Series B funding.

New investors Outlook Ventures and Spinner Asset Management LLC co-led the round. Existing investors Bay Partners and Rembrandt Ventures also participated.

The up round "more than doubled the share price" from the August \$4 million Series A, Xactly founder, President and Chief Executive Christopher W. Cabrera said.

Launched in October, Xactly's Web-based sales compensation application allows sales professionals who work on commission to go online to see their commission add up each day, for each sale. Sales reps can also view future commissions, "what if scenarios," Cabrera said. Without Xactly's software, employees don't find out how much commission they make until the next month, when they are paid.

Since October, Xactly has been adding two customers per week, on average, adding up to about two dozen. They include Covad Communications Group and Redback Networks Inc. "This is a huge, huge market," the CEO said.

Cabrera chose to raise more capital so soon after the Series A because of Xactly's rapid pace of customer acquisition. "We're signing customers even quicker than the business plan called for. The valuation we were getting was so high. It was kind of a no-brainer."

The new financing will be used to increase Xactly's sales, marketing and service organization, including new partners and more employees. With 33 employees, the company expects about 50 by the end of the year. Marketing will also be a major cost.

San Jose-based Xactly was founded in March 2005 by Cabrera and Satish Palvai, both former employees of incentive compensation management company Callidus Software Inc. Xactly sells a similar product to Callidus' enterprise software, but at a lower price point and using a hosted business model for mid-market companies.

Outlook Ventures Venture Partner Cindy Padnos was named to the Xactly board. A Spinner representative did not join the board.