



VentureWire Professional

Breach Security Unearths \$6M Series B



By [Erica R. Davis](#)

5/31/2006

Breach Security Inc., which offers Web application security appliances, has received a \$6 million Series B round to finance increased sales and marketing efforts in response to rising revenue.

New investor Sid R. Bass Associates led the round with existing investor Enterprise Partners Venture Capital participating.

In August 2004, Breach Security Inc. raised a \$7.5 million Series A round from Enterprise Partners, Pitango Venture Capital, Evergreen Venture Partners and Ascend Technology Ventures. The Series B round increased Breach Security's valuation, but "barely," Breach Security President and Chief Executive Marc Shinbrood said.

Shinbrood said Pitango, Evergreen and Ascend didn't have room for follow-on capital for the new round. Evergreen Partner Adi Gan, a Breach Security board member, didn't immediately respond to an email confirming Shinbrood's assertion. Pitango and Ascend don't hold seats on Breach Security's board.

Breach Security makes and sells application security software, packaged within an appliance, which protects corporate and government Web applications. The company's flagship product, BreachGate WebDefend, is a Web application firewall providing protection against Internet hacking attacks, such as identity theft, information leakage and insecurely coded applications.

Carlsbad, Calif.-based Breach Security got its start in 2004 when it purchased the assets of Gilian Technologies Inc., an Israeli computer security firm.

The company has generated revenue since the fourth quarter of 2004, Shinbrood said. Breach Security generated under \$1 million in revenue in 2005; the CEO projects \$3 million to \$5 million for all of 2006.

"Going from less than \$1 million to \$5 million in one year in revenue, we'll spend the capital on sales and marketing," Shinbrood said.

Focusing on the U.S., the company will explore new territories within the country, but will also investigate new opportunities in Europe and other parts of the world. Using both a direct and an

indirect sales model, Breach Security has been sold to about 15 customers including TradeBeam Inc., Bayer AG, NetVision Ltd., the U.S. Department of Defense and the Department of Health and Human Services.

The company will also hire new salespeople with the funding. Breach Security currently has about five sales staff and Shinbrood expects to bring the total to about a dozen by the end of the year.

Competitors include Nasdaq-traded F5 Networks Inc. and venture-backed Imperva Inc. Imperva closed a \$17 million Series C round in May from Greylock Partners, U.S. Venture Partners, Venrock Associates and Accel Partners.

Sid R. Bass Associates Partner Perse Faily is expected to join Breach Security's board.

Shinbrood predicts one last round for the company prior to an exit, although he declined to predict when that might occur, saying it could be "tomorrow or two years from now."

<http://www.breach.com>