

## Ifbyphone, Inc.

*Management:* Irv Shapiro, chief executive officer and founder

*Venture Capital Partners:* Irv Shapiro, Apex Venture Partners, Origin Ventures, I2A Fund, Spring Mill Ventures, Second Century Ventures, River Cities Capital

*World Headquarters:* Chicago

Irv Shapiro, the founder, chief executive officer and chief technical officer of Ifbyphone Inc., is a serial entrepreneur. "I build technology companies," he says, simply. "My idea for Ifbyphone developed after thinking about HAL, the computer from 2001: A Space Odyssey. With the changes occurring in the telephone industry, it is now possible to add HAL like "intelligence" to any phone conversation. This enables businesses to manage, measure and automate phone interactions by utilizing tools similar to those used for web sites."

Since 1985, Shapiro has founded and nurtured three tech companies. First, he started Metamor Technologies Ltd., a computer consulting firm that grew to more than 500 consultants. It was sold in 1997 to Corestaff Inc., a large national provider of information-technology services and staffing. Two years later, he began Edventions Inc., which integrated elementary schools' in-school technology systems with the flexibility of Internet connectivity and support. Edison Schools Inc. bought it in 2001.

Ifbyphone followed in January 2005 after the 56-year-old Chicago native served a stint as chief operating officer of a \$500 million hedge fund. Ifbyphone is a Software as a Service (SaaS), voice-based marketing-automation platform that lets companies drive sales, measure marketing effectiveness, reduce collection cycles and improve customer experience.

The company's platform gives marketers an easy way to automate and measure their advertising spend from all their media efforts whenever the desired customer interaction is most likely to close if a consultation occurs between the company and the prospect. In effect, the Ifbyphone platform is pioneering the automation and measurement of online ads to consultative close, direct-response infomercials to consultative close, direct mail-to-inbound telesales close as well as retention and service-focused voice interactions.

### ***A Snapshot of Ifbyphone***

- ✓ Its Web-based voice applications deliver the value of marketing automation to any business that interacts with customers over the telephone.
- ✓ Revenue has grown at a compound annual rate that exceeds 200 percent a year since the end of 2007.
- ✓ It is CEO Shapiro's third start up.
- ✓ Employs 60, in sales, marketing and technology.

### **Telephone "Rodney Dangerfield" of Tech**

"We recognized that the telephone is the Rodney Dangerfield of technology – it gets no respect," says Shapiro. "But if I say I'm going to take away your computer or your phone, most business owners won't give up the phone. So we recognized an opportunity to make the telephone a more powerful component of business of any size."

“Fortune 500 companies routinely employ some of or all of our entire technology platform.. However, that technology has been priced out of the range of small-and-medium-sized businesses,” he adds. “We spent about 18 months developing an entire suite of Web-integrated voice applications that turn the phone into a powerful tool that generates sales leads, improves sales conversions and enhances customer service.”

The company’s revenue model applies a blend of SaaS and mobile phone usage plans. The fees are all affordable without major upfront costs. For example, a customer would license a set of applications together with purchasing a bundle of usage time and be billed monthly. Ifbyphone’s Web site, [www.ifbyphone.com](http://www.ifbyphone.com), offers a demonstration of the technology.

### **Partnered with Venture Capital Firms**

Ifbyphone has raised about \$18 million. Shapiro initially bankrolled the first \$1.5 million for two years during development of the Ifbyphone technology. Then in 2007, the company raised \$5.9 million in a Series A funding round from two Chicago-area venture capital funds, Origin Ventures and Apex Venture Partners, and Shapiro invested an additional \$500,000. Within two months, a second close of that funding occurred to accommodate an investment by I2A Investment Fund of Chicago. In the summer of 2008, Ifbyphone raised \$3.5 million, primarily for use in marketing and sales, from existing investors and from Spring Mill Venture Partners of Indianapolis and Village Ventures based in the East.

“The first thing that attracted us to Ifbyphone was a sound go-to-market strategy targeting SMBs that have a need to make Web sites more interactive to accelerate their e-commerce strategies,” said Wayne Boulais, a partner of Apex Venture Partners. Added Bruce Barron, a partner with Origin Ventures, “We have great confidence that Ifbyphone’s strong and experienced management team will be able to achieve the goals they have set.”

The investors furnished a diverse set of skills to Ifbyphone. Origin helped it establish a good financial structure, find the correct auditors and source financial talent to help it grow. Apex provided technical and product guidance, strategic business-model advice and broad market intelligence about competitors and customer needs. I2A has provided strategic guidance and also helps source local critical employee talent.

In a 2010 Series B capital round, Ifbyphone raised \$9.8 million, with proceeds used to scale its business, to grow the sales team, to enhance its product-development platform and for marketing. Investors were Shapiro, Apex Venture Partners, Origin Ventures, Spring Mill Ventures, i2A Fund, Second Century Ventures and River Cities Capital.

### **Ifbyphone’s Payroll has Grown to 60 from 3**

Ifbyphone didn’t release its suite of products actively until late 2007. Since then, revenues have grown at a compound annual growth rate exceeding 200 percent. As a result, the company now employs 60, up from just three at the time of the first venture capital/private equity investment; nearly all of the employees are based in Illinois. And

he specifically focuses on hiring “SWANS,” people that are S(marter) than average, hard W(orking), A(mbitious) and N(ice).

On Dec. 28, 2010, Ifbyphone bought Cloudvox, a hosted service that allows developers to place, receive, and control phone calls from their own software (including Python, Ruby, PHP, Java, C#, and simple HTTP/JSON).

During 2011 The National Association of Realtors initiated a collaboration with Ifbyphone to develop voice solutions for its 1.1 million members. On May 16, 2011, the company launched the first voice-based marketing automation platform specifically designed for the real-estate industry.

Shapiro says he is “an advocate for entrepreneurial endeavors for Illinois.” His Chicago base, which actually began in Skokie, gives him a “balanced” lifestyle, and there, he says, “I have access to really smart people with a sterling work ethic and access to transportation is excellent with the airport only 20 minutes away.” But, he notes that only a handful of early-stage funding partners exist in the Chicago area compared to 60-to-70 such early-stage investors on the West Coast.

### **Future Plans are Large**

Shapiro says his plans for Ifbyphone “are large.” He expects “at a minimum” that the company will become the leading provider of voice-based marketing automation solutions in North America.

As for his future plans, Shapiro says he’s “generally agnostic about what my exit strategy is.”

But he has told his children, including his 22-year-old son who considers him a “serial workaholic,” that Ifbyphone is his last entrepreneurial venture. “I would like to teach and write and stay intellectually engaged,” he says.

And what about the name “Ifbyphone”? He maintains it simply connotes the concept of a Web site that can be used as a phone to contact customers. “It’s *not* a takeoff of Paul Revere’s famous ride to warn his neighbors that the British were coming,” he says. “It’s not one if by land, two if by sea and three Ifbyphone.”

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The **IVCA Private Equity Profiles**, a continuing series of portraits of Illinois venture capital and private equity investments, spotlights companies that are emerging or proven successes. Each account furnishes information about the company and the private equity firm or firms that invested in it, illuminating the important role they play in nurturing the companies.

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