

Home-Sourcing Call Centers Net LiveOps \$28M

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LiveOps Inc. has raised \$28 million in a Series C financing to support the continued expansion of its outsourced call-center services with new products and service lines.

The deal gives LiveOps a post-money valuation of somewhere between \$250 million and \$280 million, according to a person with knowledge of the deal. New investor Benchmark Capital led the round, joined by Menlo Ventures and CMEA Ventures, the backers involved in LiveOps' \$22 million Series B in 2003.

The round is the latest sign of the growing maturity of the profitable LiveOps and its business model. In December, LiveOps installed as its chief executive Maynard Webb, former chief operating officer at online auction giant eBay Inc.

"This is an unusual later stage investment for us," said Bill Gurley, a general partner with Benchmark. "We do about 70% of our deals with first money in," he said, "and the other 30% we use opportunistically. Having an executive heading in [to LiveOps] that we've worked with in the past kind of made the investment a no-brainer."

Webb, 51 years old, was actually introduced to LiveOps by Gurley in August 2006. "It was a software-as-a-service model, which is something I like to do," Webb explained. "The community aspects and the whole home-agent piece of the business felt very eBay-ish to me."

When it was initially created by company chairman Bill Trenchard, LiveOps was a provider of customer service agents who worked from home. In 2003, LiveOps merged with a call center technology provider that allowed it to provide additional functionality on top of its outsourced services.

Now, LiveOps generates somewhere between \$75 million and \$100 million in revenue by providing call center services to over 150 customers. Anyone from housewives to students can sign up to become a part-time customer service representative via LiveOps. The San Jose-based company vets its potential customer service agents before adding them to its roster of call center operators. And as a marketplace for services, the company allows its users to set their own hours.

"It is a meritocracy and we only provide more work if you do a good job," Webb said. Further, "the concept of enabling people to work on their terms and in a meritocracy is not limited to the call center space," Webb continued. "There is huge potential here for all kinds of distributed work."

Webb said the company, founded in 2000, will use the funds for "strategic investments and acquisition opportunities."

San Francisco investment-banking firm Savvian Advisors acted as financial advisor to LiveOps on the transaction.