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SenSage taps Mitsui for \$10M

by Clifford Carlsen

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SenSage Inc., a San Francisco-based security information management, or SIM, software maker, raised \$10 million in a third funding round intended to expand marketing of its products, which allow customers to maintain real-time monitoring and logging of security events without compromising the performance of large databases.

SenSage began fundraising in January and received a lead investment from New York-based Mitsui & Co. Venture Partners Inc. Previous investors Canaan Partners and Sierra Ventures, both of Menlo Park, Calif., and Battery Ventures of San Mateo, Calif., also contributed to the round. SenSage raised about \$1 million from its founders before landing Sierra and Battery as investors in its \$5 million Series A round in July 2002.

The latest round, expected to be SenSage's last, comes at an increase in valuation from its \$9 million B round of July 2003. CEO Jim Pflaging would not disclose how much the round was up, but said the increase reflected the company's progress and the prominence of its market.

"This was an up round, and I don't think the climate of the venture market made so much difference as the space we are in," Pflaging said. "We sit at the confluence of security, compliance and network efficiency, and solve a problem people have known about for some time but haven't been able to crack."

SenSage's three years of revenue production was a strong selling point in marketing the current round, according to Pflaging, who added that the company attracted multiple term sheets. "The bar is continuing to rise in terms of due diligence, and investors want proof that you are performing," Pflaging said

Mitsui managing director Richard See said he informed Pflaging of his firm's interest in investing in SenSage about six months before the company started raising money.

"We had been tracking the space for a long time and pursued the company because of what we had heard from financial services and insurance people," See said. "Other SIM products have good external threat mitigation but haven't scaled without affecting performance. SenSage's products mean customers don't have to make a trade-off between storing data and conducting analysis."

Pflaging said Mitsui was a particularly attractive investor because of its strategic ability to help SenSage expand sales globally. According to See, Mitsui works very closely with its portfolio companies on establishing operations in Asia and will conduct market research and make customer introductions for SenSage in Asia.

SenSage began late in 2001. Its software operates on a dedicated server and collects, stores, and analyzes massive logs of security events.