

INTERVIEW WITH BRUCE HANSEN, CEO OF ID ANALYTICS

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This week, the San Diego Software Council is holding their first annual Forum on Analytics, which focuses on the analytics industry, one of the high tech industries which has been booming in the San Diego area. To get a perspective on what exactly the analytics industry does, and to try to understand the growth of the industry in the region, we spoke with one of the firm's that is part of San Diego's analytics industry, ID Analytics. We spoke with Bruce Hansen, CEO of the firm. Bruce spoke with Ben Kuo.

What's the idea behind ID Analytics?

Bruce Hansen: ID Analytics is five years old--we founded the company in mid-2002. It's really centered around the notion that we could apply advanced analytics technology, and a unique business model to address identity fraud in the U.S. As you know, identity fraud is the largest single financial crime in the United States. Coming out of our history and background, we decided we could create a national network of shared identity information, and apply advanced analytics technology to that real-time network. The analytics would help participants in the network do a better job of insulating themselves from identity theft. Five years later, we've got 90 plus people, and we should have over a hundred by year end. We've turned the corner toward profitability, after having received about 45 million dollars of private investment into the company. We're now growing like a weed--it's been a fun ride, and now's the fun part.

Who are the venture capital firms behind your company?

Bruce Hansen: Our two initial backers were out of Silicon Valley, Trinity Ventures and Canaan Partners. Subsequently, we received investments from Mission Ventures, which is down here in San Diego. Ted Alexander of Mission is on our board. Most recently, we did an expansion funding round from Investor Growth Capital, about six months ago.

Who uses your technology?

Bruce Hansen: We went out and convinced the larger players in the credit card industry, retail industry, and telecom industry to participate in our network. We had four out of the five top wireless carriers participating in the network, and seven out of ten credit card companies also, with many other retail and retail credit players. That was the initial critical mass that built our network. Since then we have brought in other key players, such as Fidelity National, in the auto lending area, along with several hundred auto dealers who use us to screen applicants for auto loans. We've also gone over time into other places, including healthcare and many other areas.

San Diego seems to have lots of analytics firms, why is that?

Bruce Hansen: If you look at the family tree, almost every one of the analytics firms here stems back to HNC Software. I give the analogy to the tremendous amount of telecom firms here, most of which track back to Qualcomm. What initially happens, is a cornerstone company has success, gets large, and brings a critical mass of talent to a geographical region, which spawn startup companies. In the last fifteen to twenty years, that's happened in San Diego, which I think can lay claim to being the single largest hub for analytics companies in the country. Some are very well established--HNC Software, which is now a division of Fair Isaac, still has 400-500

people here. There's also a division of SaaS doing analytics. And then you have midsize firms like ID Analytics, and a whole host of new companies and startups. It's all from a critical mass of industry talent. We've also got a lot of talent from the university system here--particularly UC San Diego, and other universities in the area, which feed the intellectual horsepower we need. Companies here hire lots of people out of the local universities, and also have lots of intern programs. It's a confluence of factors that play into it.

Where are things going for you--what's next?

Bruce Hansen: We on the fast track, and growing very rapidly. We're very heavily capitalized, and we're now profitable. So, for us, it's continuing to leverage our core capabilities, and our unique network approach to identity information and combining that with our proprietary analytics technology. We're also extending that to other forms of risk management, for example credit risk management, and many other cases where we can help add more science to the business of decision making.