

**The News**

# Investors pull the trigger on \$7.5M in ShotSpotter funding

BY EMMA RITCH

Heard a gunshot? Chances are, ShotSpotter Inc. already knows about it.

The Mountain View-based company is projecting a 225 percent increase in revenue this year because of a growing demand for its technology, which alerts police in less than 10 seconds to the location of gunfire within 25 yards.

The growth of the business is attracting new investors and clients. ShotSpotter announced a Series D round of \$7.5 million on June 17, bringing total funding to \$30 million in equity and \$5 million in debt in the past five years.

Venture capitalists are hesitant to invest in companies that serve government clients, but this late-stage investment was safe because the technology has proven effective, and ShotSpotter has established clients, said Matthew Howard, general partner of Norwest Venture Partners, which invested in the recent Series D round with The Westly Group and Broidy Capital Management.

Previous investors include the Band of Angels, City Light Capital, Claremont Creek Ventures, Labrador Ventures, Lauder Partners and Levensohn Venture Partners.

The company claims to hold more than 90 percent of the market share for gunfire-detection systems and is looking to expand its business globally this year.

ShotSpotter doesn't disclose financial information, but ShotSpotter President and Chief Executive Officer James Beldock said revenue grew 450 percent in 2007 and 200 percent in 2006. The company, which isn't profitable, will have several cash-flow-positive months this year and expects to be profitable in 12 months.

ShotSpotter began selling its product globally this year. The infusion of new funding will allow the company to expand its efforts to target a \$9 million international market this year in Latin America and the United Kingdom.

"Slowly but surely, gunshot-location technology is becoming a requirement for law en-



DENNIS G. HENDRICKS

**ON THE SPOT:** CEO James Beldock, with customer solutions manager Dana Kirsch, has 35 ShotSpotter systems nationwide and plans to expand into Latin America and the UK this year.

forcement agencies to do their jobs properly," Beldock said. "We've gone from being a science project to being a mission-critical tool in the first 12 to 13 years of the business."

ShotSpotter has 35 systems in the United States, with clients such as the cities of East Palo Alto and Oakland, as well as the FBI and the U.S. Air Force. Beldock expects ShotSpotter to serve 50 cities by the end of the year.

ShotSpotter's acoustic system includes 15 to 20 sensors per square mile on rooftops and light poles. If at least three sensors detect a loud sound, the technology uses triangulation to pinpoint where the gunshot occurred.

There are roughly 80 gunshots per night in the 100 square miles that ShotSpotter monitors.

"With those sensors, we pick up all sorts of noises — dogs barking, birds tweeting, cars backfiring, fireworks going off," Beldock said. "The whole ballgame is detecting everything and filtering out what doesn't matter."

The system's cost can vary. Washington, D.C., recently paid \$1.6 million to expand its system from 11 square miles to 17, making it ShotSpotter's largest system. Oakland paid

\$366,920 in 2006 for the system.

ShotSpotter outsources assembly of its products to a facility in Fremont, and expects to double its output in 2008, Beldock said.

The bulk of its revenue comes from installation, but ShotSpotter charges companies 15 percent of the up-front cost per year for ongoing maintenance.

That maintenance includes ShotSpotter performing forensic analysis for court cases, which it has done about 10 times in the past year.

ShotSpotter also recently unveiled a new product to allow police officers in the field to hear the gunshot and see the location, an advantage over the current technology that displays that information to the dispatcher, Beldock said.

## AT-A-GLANCE

**SHOTSPOTTER INC.**  
1060 Terra Bella Ave.  
Mountain View, CA 94043  
650.960.9200  
www.shotspotter.com  
**Employees:** More than 50  
**Revenue:** Not disclosed; not profitable  
**Growth:** 450 percent in 2007  
**Funding:** \$30 million, including \$7.5 million on June 17