

## Helping travel companies mine data, QL2 posts strong results

By John Cook on June 15, 2009 at 10:15 AM PDT



Don't tell QL2 that we're in the middle of a recession. The 9-year-old Seattle company, which provides business intelligence and pricing information to hotels, airlines and other travel, entertainment and retail companies, continues to grow despite the storm clouds in the economy. It just posted its 14th consecutive quarter of cash flow positive results and now has 278 marquee customers -- such as Expedia, Orbitz and Japan Airlines -- using the product. On track to surpass \$10 million in sales this year, QL2 also is in discussions with investment firms about ways to accelerate the business even further.

I chatted this morning with Chief Executive Russ Aldrich -- a former venture capitalist who assumed the top executive post at QL2 last summer -- to get the skinny on what's driving the growth and the secret behind what appears to be a very complex business. Aldrich explains the mission very simply.

"We essentially make sense out of a filing cabinet full of stuff, and that filing cabinet is most often the World Wide Web," said Aldrich, adding that customers utilize the tools to analyze pricing data from competitors.

For example, airlines employ QL2 to essentially "shop the Web" for route and pricing information from competitors.

"We go out and identify, harvest, collect, transform and do quality checks on that raw data that exists in the World Wide Web," he said.

QL2 does face competition in the business intelligence arena, including firms such as Connotate, Kapow Technologies, RivalWatch and Infare Solutions.

Aldrich said that QL2 was one of the first to embrace a software-as-a-service solution, whereas some of the rivals have built "old and stale" desktop and packages software products.

"We actually go inside a Web site, we are not on a Web site," said Aldrich. "Screen scraping technologies from other companies essentially look for pictures and try to gain data by understanding what they are looking at on the surface of the Web site. We actually go inside the Web site and interrogate what is in that Web site by executing code."

Companies utilize the QL2 technologies to figure out if rival firms are selling below market rates in the same geographic regions. QL2 boasts 105 airline customers, with that industry segment making up about 40 percent of the company's business.

In addition to analyzing data on behalf of customers, QL2 is producing compilations of data that it gleans from various industry segments.

QL2 has been bolstering its management team ever since Aldrich was appointed CEO. Earlier this month, the company named Kerri Bumgarder -- a 20-year veteran of Nordstrom -- as vice president of engineering. Earlier in the year, Rosie Hausler -- who previously worked at Likewise Software, Amazon.com and Jungle -- joined as vice president of marketing.

Next month, Phil Sabin -- who previously worked with Sur La Table and Amazon.com -- will join as chief financial officer.

Aldrich said that the company -- founded in 2000 as Caesius Software -- had pretty much grown "in spite of itself" from 2003 to 2008.

"A lot of times companies hit sort of mid-life bumps where the existing management team founders and others sort of run out of gas," said Aldrich, who previously served as managing director of Guide Ventures.

Aldrich said he started to re-position the company last year, streamlining operations, consolidating sales functions, focusing product group and bringing in new partners.

QL2 employs 180 people in Seattle, London, Atlanta and India, with 54 employees at the Pioneer Square headquarters.

With sales growing and the company heading toward profitability, Aldrich said he's started to hear from some of his old venture capital and investment banking buddies. QL2 has raised a little more than \$1 million since it was founded, though Aldrich said he's now considering outside capital to grow the business further.

Asked whether he might like to elaborate on what that might mean, Aldrich said "absolutely not."