

Profitect Raises \$5.5 Million from Genesis Partners and Cedar Fund

Profitect developed unique software for retailers which increases profits through detection and prevention of inventory and margin losses

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Profitect announced a second financing round of \$5.5 million, co-led by Genesis Partners and Cedar Fund. Cedar was the main backer in the company's first round of \$3 million and invested in this second round as well.

Profitect offers a comprehensive suite of software solutions for profit increase through loss prevention, fraud detection and compliance assurance for the retail chains worldwide.

The Suite provides detects and alerts on loss events, providing their root cause analysis and automated guidance for corrective actions and prevention, ranging from individual activities for specific stores or products to enterprise wide best practices.

The Profitect Suite is a modular solution, delivering sustainable loss reduction of 15%-25%. This solution uniquely offers visibility across the retail enterprise covering the stores and the supply chain, and spanning all operational areas of the retailers: from the POS, through store inventory, delivery and receiving, DC and Warehouse, and purchasing.

Retail Industry suffers from 1%-3% losses due to shrinkage and operational damages (source: NSRG), while their net profit is often at similar rates. According to David Even-Haim, Profitect's CEO, in light of this data, loss reduction drives significant positive impact on the profits of the retailers.

The Profitect suite provide extensive, in-depth sophisticated analysis of all transactions and entities (employees, products, stores, regions, etc.), including loss scorecards, benchmarks and trends, as well as a unique solution bank used for recommended actions, based on the vast experience accumulated by Profitect professionals. Even-Haim says: "The Profitect suite addresses all loss types, including shrink, waste and damages, and margin losses – by analyzing and monitoring all loss factors. This is combined with a quick, modular solution deployment which is non-disruptive to the existing retailer's IT landscape".

Profitect was founded in 2007 by CEO David Even-Haim and CTO Omer Matityahu, both former employees of the Dutch consulting company Global ICTS, where they executed successful loss prevention projects for many global retailers, including K-Mart, Rite-Aid, Carrefour, Makro, and more. They developed the Profitect Software Suite leveraging knowledge and experience accumulated through over a decade of consultancy work in this area.

Profitect's clients currently include Blue Square, Israel's second largest supermarket chain, as well as large Israeli retail chains such as the "Yellow" (part of Paz) and "Menta" (part of Delek) convenience store chains and Co-Op Israel supermarkets. Profitect also won a project with a subsidiary of the German retailer Metro AG, and has completed several successful pilots with leading retailers in the UK and the USA.

"This financing round will enable us to continue extending our product offering as well as expand our sales and marketing activities in Europe and the USA. We are currently in advanced sales processes with several prospective clients, either directly, or through regional and global partners", added Even-Haim.

Profitect, based in Tel-Aviv, plans to recruit 15 positions, which would almost double the number of employees in the company.

Eddy Shalev, Managing Partner at Genesis Partners fund, said: "This investment is in a company which has a unique solution, responding to critical needs of the global retail market, hence having a large growth potential. The deployment effort of the solution is minimal, while driving a significant financial benefit to the retailer, almost instantly."

Amnon Shoham, Managing Partner at Cedar Fund, said: "We believe in Profitect, in its product and its market potential, and this is why we invested in the company during its inception, supported its ongoing activity, and we took a significant part in this round as well". He added: "We have been working closely with Profitect, and are actively assisting it with its U.S. market approach from our Boston office. Cedar Fund tends to invest at the early stage while continuing to invest in our portfolio companies as their business progresses".

About Genesis Partners

Genesis Partners is a leading Israeli venture capital firm focused on early stage companies in the information and communication technology (ICT) sectors. Established in 1996, Genesis Partners manages over \$600 million in capital commitments and has made over 80 investments with 28 successful exits, including AudioCodes (Nasdaq: AUDC), ClickSoftware (Nasdaq: CKSW), Fundtech (Nasdaq: FNDT) and Modem-Art (acquired by Agere). Genesis Partners has strong ties to the Israeli entrepreneurial community and the global technology industry, and a strong team of venture professionals with extensive experience in venture capital, technology, operations and entrepreneurship.

For more information visit - www.genesispartners.com.

About Cedar Fund

Cedar Fund is a venture capital firm, investing in early stage, Israel-related high technology companies since 1997. With over \$325 million under management and a quality investment track record, Cedar invests in outstanding entrepreneurs pursuing high growth markets with distinguished technologies in the telecommunications, networking, Internet-infrastructure and enterprise software areas. While investing in all stages, Cedar Fund's early stage expertise includes Pre-Seed®, seed and first round.

For more information visit - www.cedarfund.com.