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Young Eugene tech firm provides needed solution

**Bloomberg
Businessweek**

Reprint – The Register-Guard, Eugene, Ore.

June 23, 2013 – For years, the PGA Tour has offered members of the military and veterans free of deeply discounted tickets to its gold tournaments and special events.

But it hasn't been easy. People had to show proof of their service to the volunteers working at the gate, who weren't always familiar with various military ID cards and paperwork.

The PGA Tour also tried having people apply online for vouchers that they could download and use for admission. But those were getting resold," PGA Tour spokesman Marc Raiken said.

This year, the PGA Tour happily handed off the verification chore for some of its major tournaments to a Eugene start-up called SheerID.

Consumers seeking the special offer are directed to a website SheerID designed and hosts for the PGA Tour, where they enter their name and date of birth. SheerID asks the U.S. Department of Defense to confirm the military service. Once confirmed, consumers pay a \$1 service fee and print their ticket or voucher for entrance to the PGA Tour event.

Last month at the Players Championship at the TPC Sawgrass course near Jacksonville, Fla., more than 10,000 people with military affiliations received free or discounted tickets to watch the pros golf, as well as complimentary food and drinks in the military hospitality tent – a package that would cost up to \$150 to \$200 a day per person, Raiken said.

Calling the event "a huge success," Raiken said SheerID "solved a huge problem for us. It solved the customer service issue of how to get this offer into just the hands of the military."

There were other advantages, as well.

"It made it so much smoother at the gate," Raiken said. People would show their ID, and "we knew since they went through the SheerID process they were good to go. We could just hand them their ticket and they could go watch some golf. It made the whole customer experience so much better."

It also gave organizers a good estimate of how many people to expect, which helped in budgeting and planning for the military hospitality tent.

Since its founding in June 2011, SheerID has built a customer base of about 50 clients, including warehouse retailer Costco and e-commerce giant Amazon.com, which was SheerID's first customer. SheerID charges those merchants and other companies and organizations that use its services a fee for each check SheerID performs.

SheerID has 17 employees and two openings for software engineers. It is on track for revenues of \$4.4 million this year and has been "flirting" with profitability, which it may hit later this year, said Jake

Weatherly, one of the company's founders and main owners. The others are David Shear and Marci Hansen. All three previously worked for Palo Alto Software, a business planning software developer in Eugene.

SheerID, which developed software that can instantly verify someone's status as a member of the military, among other affiliations, is a product of the Open Technology Business Center, a nonprofit incubator for high-tech startups in Beaverton.

In the business planning world, you're going to make mistakes, Weatherly said. "The Incubator (allowed) us to accelerate those mistakes, surrounded by experts, "such as attorneys, accountants, former CEOs of publicly traded companies, angel investors, venture capitalists, and serial entrepreneurs.

Based on his background in customer service/experience, Weatherly said they he knew that verifying customers' eligibility for promotions targeted to specific groups, such as college students, was a time-consuming hassle for businesses and could end up making consumers feel like second-class citizens instead of VIPs.

So, he said, as he and Shear brainstormed early on, "We worked really hard to understand the size and scope of the market. Is it just students, or others? Slowly but surely it become an anything-you-belong to problem."

"Any ID card ... you could have in your purse or wallet we want to verify instantly," he said.

To build the company, SheerID raised \$2.7 million in two rounds of financing, Weatherly said. The company has about seven investors – all Oregonians, except for one Californian.

"They are all different kinds of people," former oil and gas executives; a dentist/rancher in Bend, a couple of big construction contractors – "mostly people who have exited companies they've built, looking to diversify," Weatherly said.

"The tie that binds is they're all very open, honest, willing to give feedback and willing to work with us directly," he said.

One of SheerID's early challenges was to develop verification software that could be integrated into clients' websites instead of using a process that shunted online shoppers to a totally different website for verification, which Weatherly called "a formula for losing business."

SheerID clients said they and their customers like the consistency of that customer experience.

"It allows us to integrate basically seamlessly, so users aren't jarred by you're with Tableau Software, then SheerID, then (back to) Tableau," said Jason Schumacher, academic marketing coordinator for Tableau Software, a Seattle-based developer of software that enables users to analyze data quickly and easily.

"It's consistent image and branding," Schumacher said. "It's very, very smooth."

Tableau has been working with SheerID over the past few months to verify customers' eligibility for a free Tableau software license, worth \$2,000, for students and teachers, from kindergarten to university level.

“Our entire goal here is to make Tableau accessible to both students and faculty” to help them with their students and teaching, while building brand awareness, he said.

Before working with SheerID, Tableau’s process of verifying eligibility was “very manual and haphazard,” Schumacher said. “It didn’t allow us to scale very well.”

Now that they process is automated with SheerID, “we’ve seen an amazing upswing in traffic in terms of students gaining access to Tableau,” he said.

Tableau investigated a handful of verification services before choosing SheerID, “but there were a number of factors that led us to back to SheerID,” Schumacher said.

“All the other services were doing things manually,” for example, requiring customers who wanted the academic discount to scan their IDs and send them in, he said.

SheerID also was more responsive than other service Tableau contacted, Schumacher said.

Schumacher said he initially emailed SheerID at about 6 p.m. on a Friday evening, and he received a return email within an hour, and set up a time to talk on the following Monday.

“I didn’t get that response from other vendors we reached out to,” he said.

Susan Lieber Smith, marketing director at Individual Software, another SheerID client, said SheerID provided not only the technology to enable the software publisher to offer a 60 percent discount to military members, veterans and their immediate families, but help on how to publicize the discount in the military community.

“We were interested in pursuing two new audiences: students and the military,” she said. “But the only way we could do that – reaching out to them with a special everyday discount – was through some method of verification.”

“SheerID has been extremely helpful to us,” Lieber Smith said. “They worked side-by-side with us on the technical side integrating this into our website and worked hard with us on (public relations) support, reaching out to the military audience, using blogs and social media to get the word out.”

So far, SheerID has arranged real-time access to databases to verify members of the military and veterans, college students, and K-12 teachers and administrators. The company can access enrollment records for 20 million students at 3,779 U.S. colleges and universities, and a database of K-12 educators covering 3.8 million teachers and administrators across the country, Weatherly said.

For the past year and a half, the company has been working to line up data partners to have access to a database to every faculty member and administrator at U.S. colleges, Weatherly said.

Some of the data is publicly available, but much of it requires exclusive relationships with data partners, he said. Depending on the relationship, some partners make the information available to SheerID because they think the discounts are valuable to their members. Other data partners charge for the information, some ask for a small revenue share, and a handful charge a per-request fee, he said.