

At any cost

Zilliant tapped an industry leader and widened its scope to move beyond a rut

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In business, pricing can make or break a deal. Nobody knows this better than the people at Austin's [Zilliant Inc.](#)

Zilliant, founded in 1999, makes data-driven pricing software for manufacturers and distributors. Still privately-held, Zilliant has garnered the attention of several investors, including [Austin Ventures](#), Trellis Partners, Cardinal Ventures and Panorama Capital. To date, the company has raised about \$40 million.

But aside from gaining investor approval, Zilliant has topped several fastest-growing lists, including Deloitte and Touche's Texas Technology Fast 50 program and Red Herring's list of top 100 privately held companies.

Zilliant is helping manufacturers stay competitive with their pricing, whereas in years past many manufacturers would cast a price and hope it would get some bites. Through Zilliant's software, companies know what the best price is for their wares, which in turn brings them more revenue.

Zilliant has signed on customers such as [Schneider Electric SA](#), [Insight Electronics Inc.](#), Acuity Brands Inc. (NYSE: AYI) and Software Spectrum Inc.

Judging by its fast trajectory to the top, it's hard to imagine the software company going anywhere but up. However, in its earlier years, Zilliant -- just like many Austin startups -- hit a plateau. It took a couple of years for the market to fully grasp what Zilliant was all about, and at one point, the company had to lay off a handful of employees.

But the company had market potential, according to analysts. In a report, research firm Gartner Inc. found that the pricing-management-software companies had penetrated less than one percent of the market.

In 2003, Zilliant looked to Greg Peters, former CEO of Vignette Corp., to expand the company beyond its rut. Peters, who also has a chief financial officer background, says when he was considering joining the company, Zilliant had a small product footprint, but the technology held a great deal of potential.

"I think it was the CFO blood in me that got me interested in Zilliant," Peters says. "I think every CFO in the world thinks the sales team is giving product away. But if you put

the proper systems in place, business people can make the right pricing decisions."

Once hired, Peters immediately got working on the company's marketing and business strategy, hiring former vice president of global consulting services at Manugistics, Al Payne, as the company's vice president of market development. Peters then raised a \$14.5 million round of funding to help with the company's expansion.

Things started taking off right after Peters joined. Peters continued to make additions to the management team, and the company added new features to its product. By fall 2004, the company had signed on six new customers with deals valued at more than \$10 million.

When Peters joined in 2003, the company had 35 employees. Now, Zilliant has 110 employees across the country.

With the U.S. market under control, the company has its eye on Europe. It plans to open an office in the United Kingdom in about a month -- its first office outside the United States.

Peters says Zilliant is opening the European office in response to "strong customer demand." The company already has some European customers. Peters says there's no secret sauce involved in making the company successful.

"It's the quality of our people, without a question," Peters says. "We have very strong people within our company. They're the ones driving our revenue growth."

Because it's still privately held, Peters declines to give exact revenue numbers, but the company's revenue has grown more than 400 percent during the first half of 2006, compared with the first half of 2005.

In 2005, Zilliant moved its headquarters to accommodate its growth, going from 9,800 square feet to 23,000 square feet. But even upping its space by 13,000 square feet wasn't enough. Zilliant is currently building out new space on its floor to fit more people, and will consider expanding into even more space within its building after that.

"We want to continue to grow and gain market share around pricing. We'll also continue to expand our product offerings," Peters says. "We think we've just barely scratched the surface with what the opportunity is here."

Zilliant Inc.

What the company does: Makes monitoring, data analysis and modeling software that helps companies determine the price of their products.

Employees: 110

Revenue: Up 400 percent in the first half over the same period in 2005.

Address: 3815 S. Capital of Texas Highway

Phone: (512) 531-8500

Web: www.zilliant.com

Email: info@zilliant.com

Lessons Learned

Employees are the foundation of a solid business.

Listen to your customers and the market.

Execute with passion.