

CASE STUDY

Expansion-Stage *Intel*-ligence:

Exploring the two-year partnership between API management provider Mashery and OpenView Venture Partners that ultimately led to its acquisition by an industry giant

MASHERY

In early 2011, Mashery, a provider of application programming interface (API) technology and services, stood before an enormous opportunity. The company's industry-leading API management software was already enabling numerous big businesses and developers to easily deliver data, content, and products across multiple devices, platforms, and communities. As the Internet continued its rapid evolution into a transient medium that was data and content dependent, Mashery was particularly well positioned to accelerate its growth and strengthen its market position.

Given the San Francisco-based company's track record (the number of developers using Mashery had grown from 35,000 in 2010 to 100,000 in 2011) and the incredible potential the API market presented, accessing the capital to fuel additional growth wasn't going to be a problem. The challenge would be finding an investor who could deliver something that Mashery needed more than money: a trusted partner with deep expansion-stage and SaaS expertise.

"We had gone through a few rounds of funding prior to 2011 and there wasn't a shortage of investors who we could tap into for our next round," Mashery CEO Oren Michels recalls. "But we didn't just want a partner with a checkbook. We needed to identify an investor who could also act as a mentor as we scaled the business — a firm that could help us recognize challenges before they became a problem and focus on the initiatives that really mattered at our growth stage."

Michels found that partner when OpenView Venture Partners founder and Senior Managing Director Scott Maxwell first described to him the Boston-based venture capital firm's collaborative, value-add investment approach.

"OpenView has exceeded my expectations in every way. The firm didn't make false promises and it didn't try to be everything to everyone. It knows who it is, understands what it's great at, and delivers value that goes well beyond the check that it writes."

Oren Michels, CEO, Mashery



Beginning with OpenView's initial \$8 million Series D investment in Mashery in May 2011, the two organizations worked together on numerous projects and initiatives. Below is a timeline of events that details OpenView and Mashery's partnership from start to finish:

May 2011: OpenView makes initial investment of \$8 million based on the hypothesis that the API management market would become all the more relevant in an increasingly data-driven world.

Q2 2011: OpenView conducts a keyword research project that delivers more than 100 target keywords to Mashery for its search engine marketing efforts.

Q2 2011: Mashery staff attends OpenView's product team leaders workshop to better understand product optimization, organizational design, and the overall product development process.

Q3-Q4 2011: OpenView heads a customer segmentation research project to identify and profile the best market segments among Mashery's current customer base, and implement a segment-focused go-to-market strategy.

Q3 2011: OpenView begins to build Mashery's first outbound lead generation program by hiring, training, and coaching four outbound lead generation reps over nine weeks.

Q4 2011: OpenView hires an additional lead generation rep. By the end of 2011, the team of five reps creates 300 new opportunities, contributing to 60 percent of new business booked by Mashery in the fourth quarter of 2011.

Michels remembers Maxwell promising that OpenView wouldn't be a bystander. The firm would leverage OpenView Labs, its in-house consulting team consisting of sales, marketing, research, and recruiting experts, to proactively work with Mashery to identify and address its biggest opportunities and obstacles. And, if everything went according to plan, strategic acquirers would eventually take notice.

"Investors will often tell you whatever you want to hear to get you to sign on the dotted line," Michels says. "With OpenView, I had an immediate sense that they meant what they said and saw that they had the track record in our space — and at our stage — to back it up."

For Maxwell, the reason for OpenView's interest in Mashery was simple: The company had a cutting-edge product in a market that was prepared to explode, and its management team's expectations, goals, and aspirations cleanly aligned with OpenView's investment philosophy. "When that's the case, there's no reason to try to act like something you're not," Maxwell says. "We believe in our approach and we felt like the services we offer could really help Mashery create much more efficient growth."

Two Years, Hundreds of Hours of Collaboration, and a Strategic Acquisition

Once a term sheet was signed, it didn't take Mashery long to take OpenView up on its value-add services.

Within weeks, the OpenView Labs team had conducted a targeted keyword research project, which helped Mashery's marketing team improve its search engine marketing efforts. Not long after, OpenView's sales and recruiting teams began working to build a remote outbound lead generation team that Mashery VP of Sales Roque Versace says was an absolute game-changer.

"We had an idea that outbound lead generation was going to be imperative to our long-term success," Versace says. "But the OpenView team knew how to act on that hunch and build a team in the most efficient way. Having that sort of expertise in your back pocket is enormously helpful."

Particularly, Versace says, because OpenView did much more than simply offer that expertise in a hands-off, advisory function. In fact, not only did OpenView spearhead the recruiting efforts that ultimately led to Mashery hiring eight new lead generation reps, it also housed, trained, and managed those reps for nearly a year out of the firm's Boston office. During that time, OpenView Director of Sales and Marketing Support Devon McDonald worked side-by-side with the reps to ensure they were properly supported and focused on the right activities.

The results of that incubation strategy were immediate and incredible. "By the end of 2011, Mashery's lead generation reps had set 300 appointments and driven 60 percent of new business booked during the fourth quarter," explains McDonald.

And while those numbers reveal the effectiveness of the initiative on its own, Mashery co-founder and VP of Human Resources Kirsten Spoljaric says the most impressive thing about the project is that the team has experienced no turnover in nearly two years, which she believes speaks to the quality of the candidates OpenView hired.

"If there was one thing that happened over the last two years that I would say propelled us to where we are now, it was that lead gen initiative," Spoljaric says. "It wasn't just that OpenView hired, developed, and incubated that team for us. It was that they somehow managed to infuse our corporate culture into that team from 3,000 miles away. It really felt like a Mashery operation, which gave us the peace of mind to maintain our focus on a host of important initiatives and strategic projects."



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Kirsten Spoljaric, VP of Human Resources, Mashery

Q4 2011: OpenView creates target segment lead list of Mashery's top prospects in its target market segments for use in e-mail marketing and outbound lead generation.

Q4 2011: Mashery team members attend content marketing workshop at OpenView's Boston office.

Q1 2012: OpenView helps source, hire, and train a manager to head Mashery's lead generation program.

Q1 2012: OpenView recruits and hires three lead generation specialists to round out Mashery's lead generation team.

Q1 2012: Mashery executives attend Salesforce.com workshop at OpenView's Boston office, which features presentations from top Salesforce.com executives on how to efficiently scale an expansion-stage business.

Q2 2012: OpenView completes target partner research project, which reveals potential partnership and acquisition opportunities for Mashery's partnership strategy.

May 2012: OpenView funds \$5.5 million follow-on investment.

Q2 2012: OpenView conducts buyer insights research project to cultivate information from customers in Mashery's top market segment. The output is a better understanding of buyer roles and buying process criteria.

Q2 2012: OpenView identifies permanent office space for Mashery's Boston-based lead generation team, which marks the completion of the team's nearly year-long incubation in the firm's Boston office.

Q2 2012: Mashery team members attend user experience design workshop at OpenView's Boston office.

Q3 2012: OpenView conducts ecosystem partner research project to help Mashery understand all of its potential partnership opportunities.

Q3 2012: OpenView completes sales team assessments to help Mashery establish rules for advancing deals to the next stage and create a more accurate pipeline.

Q3 2012: Mashery sales team members attend lead qualification management workshop at OpenView's Boston office.

Q4 2012: OpenView proactively sources and hires Mashery's director of demand generation.

Q4 2012: OpenView completes enterprise SaaS pricing research project for Mashery that includes interviews with pricing experts at leading enterprise SaaS companies.

Q4 2012: Mashery team attends B2B marketing workshop at OpenView's Boston office.

Q1 2013: OpenView works with the Mashery team to interview and hire a senior director of sales operations.

Q2 2013: OpenView conducts numerous searches for open Mashery positions, and helps the company hire a client solutions manager, technical account manager, senior quality engineer, Salesforce.com administrator, and two technical support engineers.

April 2013: Intel acquires Mashery

Q2 2013: OpenView and .406 Ventures (an early investor in Mashery) co-host "MashBash" on OpenView's rooftop deck to congratulate and toast the Mashery team on its acquisition.

Some of those projects included further collaboration with OpenView on a number of other key initiatives — from a hefty customer segmentation project in late 2011 to in-depth enterprise SaaS pricing and buyer insights research projects in 2012. And over two years, Mashery executives, managers, and team members also attended six of OpenView's quarterly workshops on topics ranging from user experience design to lead qualification management.

Ultimately, those supplemental services and experiences — paired with Mashery's own strategic execution — helped lead to the moment that Maxwell and Michels envisioned two years earlier when OpenView and Mashery first became partners: In April 2013, Mashery was acquired by Intel.

"For me, the thing that speaks volumes about the OpenView team is that during our entire collaboration — including negotiations with Intel — the firm's lone focus was, 'Are we doing the right thing for the company and the team?'" Michels says. "If the answer was no, there wasn't any undue pressure to move forward anyway. You don't see that kind of patience with most investors. And when you're backed by that kind of leadership, it makes facilitating change a much simpler process."

By the numbers:

6

Number of OpenView workshops attended by Mashery staff

9

Number of major projects executed for Mashery

18

Number of positions recruited for Mashery

800

Number of hours of consulting work OpenView Labs completed on Mashery's behalf

1,000+

Number of touch points between the Mashery and OpenView teams



Members of the OpenView and Mashery teams celebrate the company's acquisition at the MashBash party in Boston.

A Relationship Forged by Experience, Relevance, and Value

With time to reflect on his company's two-year partnership with OpenView, Michels says his advice to expansion-stage entrepreneurs in a similar position to Mashery's in 2011 would be simple: Think about what you really need from an investor beyond capital and identify partners who align with your company's goals.

In that way, Michels believes the process of selecting the right investment partner is similar to clothes shopping.

"If you try on a piece of clothing from a flashy, expensive designer label and discover that it doesn't fit your figure or body type, you wouldn't buy it just to say you own it, would you?" Michels says. "Instead, you're going to choose a piece of clothing in your size and style that fits you, even if it's not from the brand that everyone's talking about."

In other words, it's critical to find and wear the shoe that fits, rather than the one that looks great from the outside, but leaves blisters all over after wearing it for just one day.

"Choosing a VC is all about stage relevance and the firm's ability to create real value for your company," Michels says. "In that regard, I'm proud to say that OpenView has exceeded my expectations in every way. The firm didn't make false promises and it didn't try to be everything to everyone. It knows who it is, understands what it's great at, and delivers value that goes well beyond the check that it writes. As an entrepreneur, that's all you can from an investment partner."



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