



Venture Debt Financing for Strategic Acquisitions

“Our long term relationship with Hercules has allowed us to more proactively consider relevant opportunities for acquisition.”

*Payam Zamani, Founder and CEO
Reply!.com*

About

Reply.com is the leading marketplace for locally-targeted web traffic. The Reply! marketplace is a highly effective alternative to “pay per click” or “pay per impression” marketing solutions offered by major search engines and ad networks by accurately and efficiently connecting consumers with the most relevant local businesses. The company has enjoyed significant growth in terms of customer acquisition, revenue and profit over the past several years.

Challenge

Building upon strong profitable growth in the recent history, Reply! aimed to broaden its footprint to include notable owned and operated web properties that reach new audiences and business categories. Reply! management determined that the most efficient way to accomplish this was through strategic acquisition of other web properties. Reply! identified specific acquisition targets, but wanted to avoid diluting investor holdings.

Solution

To meet its strategic goals without diluting investor holdings, Reply! partnered with Hercules Technology Growth Capital to secure \$15 million in acquisition venture debt financing. These funds enabled the acquisition of targeted web properties, such as [LeadToRealty.com](#), and [Contractor.com](#).

Result

Then, in June of 2011, Reply! acquired MerchantCircle.com, the largest online network of local businesses in the nation. This transaction gives Reply! access to more than one million local business owners and 12 million unique consumer visitors per month. The MerchantCircle acquisition has already yielded significant improvements to the bottom line and positions Reply! as a major force in local online marketing.

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