



Market Development

Nimsoft scores first funding round, reports continued growth

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Sector: [Enterprise Software](#) »»

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Event summary

Nimsoft, founded in 1998, has closed on its first funding round, raising \$10.3m from JMI Equity and Northzone Ventures. The company, though profitable and generating cash, will use the money as an 'insurance policy' as it pursues aggressive growth.

Nimsoft has filled out its executive team, adding both a VP of sales, Americas, and a CFO in the fourth quarter. The company intends to invest more heavily in marketing this year.

Nimsoft has close to 400 customers, up from 325 about six months ago. That includes between 80 and 90 managed service providers adding recurring royalty revenue to the company's top line.

The 451 take

Nimsoft continually assured us that it didn't need to take outside funding, and the company was clearly in no hurry to close its first round. We consider this initial funding a vote of confidence in the company's growth prospects, which will give Nimsoft a nice cushion as it pursues that growth. While the company's plans to drive growth – increased marketing efforts and continued product development – are a little underwhelming, Nimsoft continues to impress, in terms of winning larger deals and expanding its revenue streams through the management service provider channel.

Details

When we first caught up with Nimsoft last summer and heard about its planned first round of funding, the company assured us that any funding it took would be on its own terms. Six months later, Nimsoft has finally closed on that initial round, raising \$10.3m from JMI Equity and Scandinavian firm Northzone Ventures, with JMI providing the majority of the funds. Nimsoft, which is profitable and was on target to do at least \$15m in revenue last year, says it didn't need the money, but the funds will give it an insurance policy as it pursues growth more aggressively this year. The development of new product extensions and increased marketing activities will be the main ways Nimsoft drives that growth.

Nimsoft has between 80 and 90 managed service providers using its software to serve their own customers, including a major deal signed with Novell last month. Nimsoft realizes royalties from these deals. It recently rounded out its management team with the hires of Mark Harris as CFO and Ed Sterbenc as VP of sales, Americas. Harris was previously CFO at

DSLi and RiverSoft, while Sterbenc had most recently been EVP, worldwide sales, at Digital Fuel. Also in the fourth quarter, Nimsoft closed its two largest deals ever, including one that was more than \$1m. All told in that period, it secured 31 new customers, with 15 deals in excess of \$100,000. It gets 51% of revenue from the US.

Competitive landscape

Nimsoft says it sees Hewlett-Packard's OpenView as much as any other competitor, especially since HP bought Mercury Interactive, another regular Nimsoft competitor. Microsoft's System Management Server and Operations Manager, IBM Tivoli and BMC Software's Patrol are not far behind, and you can add CA Inc's Unicenter, Quest Software and NetIQ to that list.

Nimsoft's Nimbus product, which has no CMDB of its own, typically works in combination with those products as well. Other SLM vendors are out there, some like Oblicore and Digital Fuel, sell heavily into the service provider market, though those companies seem to be chasing larger, more complex deals than Nimsoft – as is Managed Objects. PS'Soft recently reestablished itself in the US, and does offer service-level agreement monitoring, though it seems more focused on its IT asset and service desk management, and its software license compliance applications.