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NEWS

Pro2Net gets \$15 million

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It's the season for layoffs and cutbacks at many dot-coms, but Seattle-based Pro2Net Corp. is prepping for expansion after raising \$15 million in third-round financing from some powerful allies.

Pro2Net offers products and services online to professionals in five fields -- accountants, attorneys, and insurance, financial and human resource professionals.

That may sound dry to some, but not to investors such as The Principal Financial Group of Des Moines, Iowa, the country's largest provider of 401(k) and other benefit plans to corporations.

"It's really important for us to be well positioned with these professionals that small businesses turn to for advice," said Principal Financial executive Allan Hemp. "We also want to learn more about e-commerce from them, as well as offering them financial expertise."

Investors in Pro2Net's latest financing also included business-to-business Web developer VerticalNet Inc. of Horsham, Pa. The 5-year-old company has raised \$7 million previously.

The new funding will allow the company to upgrade its technology, expand

A former Microsoft Corp. employee, Fitzpatrick has served on Pro2Net's board of directors since its inception. When the three company co-founders, Derek Doke, Shane Gillispie and Greg Sumner, went looking for professional management in August 1999, Fitzpatrick got the nod.

Since then, he has launched a number of initiatives to broaden the company's target audience and build up the company's management team. The human resources, finance, insurance and legal sites were added last December, and the company name was changed from AccountingNet Solutions Inc. to Pro2Net.

Former Preston, Gates & Ellis chief operating officer Mike Ostrem now serves in the same post at Pro2Net. Jennifer Bourgoin, a former executive at Great Plains Software Inc. in Fargo, N.D., became the company's vice president of marketing, and former Attachmate Corp. manager Dick Weisberg joined as vice president of sales.

The company's mainstay has been offering online training courses that professionals are required to take to stay certified in their fields. The number of courses has grown from 150 to 450 in the past year.

Fitzpatrick said the company's sites have 200,000 unique visitors per month, capitalizing on the high percentage of Internet use amongst the business professionals Pro2Net targets. The total potential audience worldwide in Pro2Net's five categories is around 10 million, Fitzpatrick said.

Another strong feature of the company's five Web sites -- which all run from the main Pro2Net portal -- is industry-specific content created by a stable of 100 freelance writers and a small in-house editorial staff based in New York. To oversee the content side of the business, Fitzpatrick lured recently arrived group publisher Rick Telberg from the nation's largest financial trade publications firm, Faulkner & Gray in Chicago.

Last week, Pro2Net added an e-commerce marketplace feature to all its sites, offering books, software and other items of interest to each of its five professional groups. Fitzpatrick said items are being added rapidly, and the marketplace will soon have more than 10,000 items.

Hemp said Principal Financial looked at several competitors in the field before

choosing Pro2Net.

"The others didn't have the depth or context for the professional community that Pro2Net has," he said.

Marketing for Pro2Net revolves around reaching out to the trade publications, trade shows and association events that professionals in the target fields read and attend.

"We already know the names, addresses and phone numbers of all of our potential customers," Fitzpatrick noted. "They're members of associations, state societies or trade groups."

Currently, the competitive landscape for Pro2Net is quite cluttered. There are hundreds of competing sites across the five professional areas Pro2Net targets.

"Going forward, many of those sites will consolidate or fade away as a handful of key players dominate the industry," Fitzpatrick forecast.

By focusing not on one professional area, but on a related group of five, Fitzpatrick is hoping Pro2Net will stand out from the pack.

Trends in these professions have brought increasing overlap in the various jobs, with lawyers providing financial advice, and old-line accounting firms such as Ernst & Young or Arthur Andersen providing a wide range of financial consulting services, for instance. These changes are causing CPAs and other professionals to have a growing need for information and training as their profession evolves.

"We sort of focus on the synergy between the five categories, and that's a new initiative," Fitzpatrick said. "We're serving the multidisciplinary professional. Outside of the U.S., you'll get legal, accounting and financial planning in one firm, but in the U.S. they've been in separate boxes."

This is why Pro2Net's expansion drive is focused overseas, where the company already derives about 10 percent of its business. Fitzpatrick hopes to use the new funding to build international traffic through the company's seven existing foreign-country sites. Then next step will be to develop content in each market that will be specific to professionals in that country.

Fitzpatrick said the company hopes to open offices in Great Britain and Japan to make this possible. Pro2Net has about 135 employees currently, and hopes to add 20 more over the next year.

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