

ENTERPRISE

**Tech veteran Herscher
is helping FirstRain
search for success**

Profile

SIFTING data for Wall Street

BY ALISON R.G. VAN DIGGELEN
sanjose@bizjournals.com

Before Penny Herscher turned 45, she'd already sampled retirement and dabbled in venture capital and philanthropy.

But two years ago she was lured back into the entrepreneurial world to take the lead executive role at FirstRain Inc., a search technology company based in Foster City.

"What I love to do is build teams in interesting technology markets," says Herscher. "I'm a geek."

Herscher's intellect and track record impressed the founders of FirstRain so much that they persuaded her to take the reins in 2004. She made her mark as a vice president at Synopsys Inc. in Mountain View and led Sunnyvale-based Simplex Solutions Inc. as chairman and CEO to a successful IPO, followed by a sale to Cadence Design Systems in 2002.

"She was groomed and grown in Silicon



DENNIS G. HENDRICKS

VALLEY TRANSPLANT: CEO Penny Herscher moved FirstRain's headquarters from New York to the Bay Area.

Valley," says FirstRain COO, YY Lee. "She has the scrappy fighting attitude, a flexible mind and is willing to fly red eye to New York on the last middle seat in coach."

FirstRain sells research software as a service, charging an annual subscription to clients such as JP Morgan Asset Management, Tudor Investments Corp. and Principled Asset Management. Its technology emerged from research by founder Gaurav Rewari and several Princeton University colleagues who originally pursued a consumer orientated business model for processing data. Today, Herscher has changed the focus to the investment sector, offering custom search applications designed to deliver highly relevant information to each corporate client.

"She always makes big bets on how to make a huge sea change in the market," says YY Lee who worked with Herscher at Synopsys and Cadence. "She's not putting on a suit of armor to run the company and

meet with clients; she's charismatic, it's sincere: it's her."

Lee describes FirstRain as a tiny company selling to the absolute gold standard of Wall Street firms. "We're going to completely change how investment is done, using qualitative information off the Web," she adds.

"People in our industry are information hogs," says a representative from a major New York institution who declined to be named. "FirstRain gives us a custom matrix that combs the Web and sorts the qualitative information. Nothing compares to it; if there's a competitive product I'd have heard of it."

As well as being excited by the product and the business opportunity at FirstRain, Herscher was drawn in by her desire to be a role model for women in the workplace.

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PROFILE: FirstRain finds success by helping big investors refine the way they do their research

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Her grandmother was a primary science researcher at Cambridge University in England but wasn't granted a degree because she was a woman.

"That's so offensive," says the straight-talking Herscher, whose blue eyes blaze in the company's sunny conference room, overlooking Foster City's waterways. "That's why I'm a feminist."

And a bold one at that. When Herscher was vice president of marketing at Synopsys, she regularly breastfed her babies during business meetings.

"No one ever said anything, except an older woman, who was embarrassed and handed me a shawl," she says, her articulate dialogue punctuated by regular laughter.

She's also a frequent speaker at UC-Berkeley, Stanford University and Santa Clara University, and is proud of her role as a mentor to other women.

Although the company was founded seven years ago on the East Coast, Herscher transformed FirstRain by moving its headquarters from New York to Silicon Valley (though it retained a New York and New Delhi presence); restructuring the company and bringing in Silicon Valley venture capitalists, Oak Investment Partners.

"I wanted a VC that had long legs," says Herscher, but she declined to release funding details for the privately held company.

Bandel Carano, a partner at long established Oak Investment Partners who followed Herscher's progress since her Synopsys days, says he agreed to finance FirstRain after a short one-hour meeting.

"I was backing her leadership," says Carano, who describes FirstRain as "Google applied to a deep domain vertical market, hyper-charged."

As for competition, Herscher says the company's biggest obstacle is persuading top firms to try out the service.

"Our evangelical sales force have 30 seconds to convince them it's possible and valuable," says Herscher. Part of that is proving FirstRain's superiority over other conventional research sources.

"Consumer engines fall short on specific results," explains founder Gaurav Rewari. "They try to boil the entire ocean...satisfy all humanity."

Sandy Bragg, president of Integrity Research in New York, and part of FirstRain's advisory board, also cites Relevance Corp. (recently acquired by AOL), Monitor 110 Inc. and Instant Information Inc. as offering services in the same general area, but with different approaches and with specific foci such as hedge funds.

"FirstRain is in a fast growing segment," says Bragg. "Investors are focused on harnessing investment insights from the deep Web; FirstRain has been quick off the mark and is fast in getting clients signed up."

He adds that FirstRain's service might ultimately be a valuable addition to certain strategic investors, such as Goldman Sachs, looking to diversify their research capabilities.



PENNY ANN HERSCHER

FirstRain Inc.
President and CEO

Born: Palo Alto
Age: 47

Education: B.A. with honors in mathematics from Cambridge University, England

Experience: Chairman and CEO, Simplex Solutions; Chief marketing officer and general manager, Cadence Design Systems; vice president at Synopsys Inc.; R&D engineer with Texas Instruments and Daisy Systems.

Awards: Highest Leaf Award 2007, Women's Venture Fund

Residence: Cupertino

Family: Married to Bret Herscher with two children, ages 13 and 15

Interests: Gardening, theater and international travel

Business Hero: Margaret Thatcher

Business Bible: The Art of War by Sun Tzu

Philanthropy: Anita Borg Institute (promoting women in technology) and California Community Partners for Youth, CCPY (helping at risk youth in San Jose)

Herscher anticipates an IPO or acquisition in 2-4 years but says that the 140-employee company is not yet profitable. Revenue in the last year more than doubled, however; and she expects to be profitable by 2009.

Although Herscher grew up in England, she was born in Palo Alto, and spent the first five years of her

In her own words

On feminism:

I have a fundamental belief that the world won't be sane until men share equal power with women. It's important for us as a species. We're complementary, community oriented, less confrontational. Few women run technology companies; I can demonstrate that a woman can do it and build an egalitarian culture.

Lessons learned:

I still get angry when I'm disrespected as a woman. I've learned that it's not about me. I can process the anger in two minutes; then it's a mind game. It mystifies me why it's still happening in Silicon Valley. It's the over 40 set. There aren't enough data points; if more people work with professional women, the more they get that there are benefits.

life in the Bay Area when her father was working as an engineer with GTE Sylvania. She sports pearl earrings and necklace, a trademark of her hero (former Prime Minister) Margaret Thatcher.

While living in Knightsbridge, her very first job was selling evening wear at the prestigious Harrods department store in London.

"There was a lot of Saudi money," laughs Herscher, her British accent now barely audible. "I got very intimate with burkhas."

After completing her math degree at Kings College, Cambridge, and marrying an American Ph.D. grad, she soon realized that her options were limited in England: a career counselor advised her to concentrate on teaching or banking. The couple moved to the Bay Area in 1983.

"We didn't have two beans; remodeling a trashed fixer upper was our hobby," says Herscher and admits that the work-life balance was incredibly hard for the first 12 years of family life, while her husband also had a high-powered career.

"I often step back and wonder at the stress the children were under," says Herscher. She's always involved them in her business life, and while leading the Simplex IPO, she had to be on the road and away from her 8 and 10 year olds for an entire month.

"I sat them down and explained it was as if I needed fertilizer to grow an orange tree," she says. "I had to go and sell future oranges to get fertilizer."

Today her husband has chosen to stay home with their two teenage children, and her advice to ambitious people: marry someone who is supportive.

"I'm more relaxed now," says Herscher. "I'm driven by opportunity, not fear of failure."

ALISON R.G. VAN DIGGELEN is a freelance writer based in San Jose.