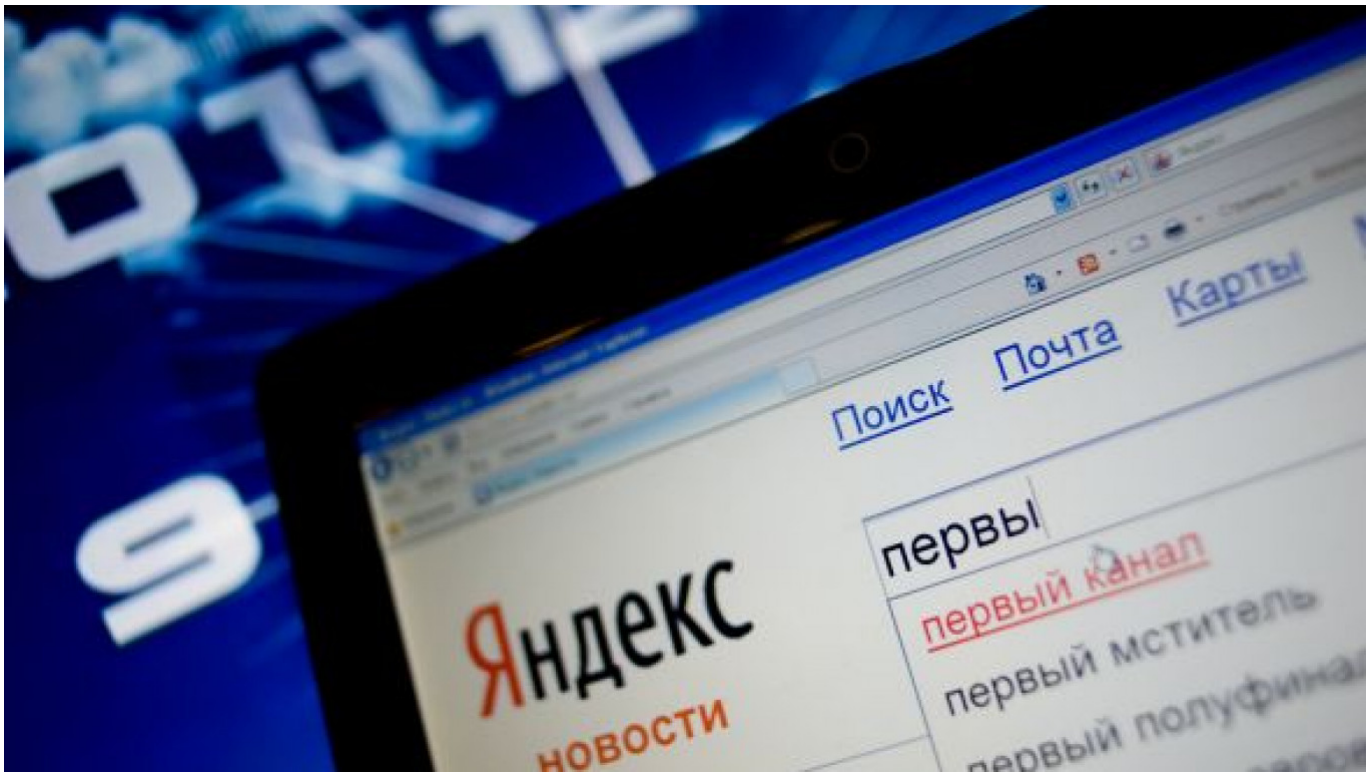
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Online Advertising Firm Gets $10M

By Rachel Nielsen

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The Russian search engine market is a competitive sector, with Yandex, Google and Mail.Ru jostling for market share.

Venture investment firm iTech Capital has placed $10 million into SeoPult, a company offering Internet marketing tools to small online businesses, to assist the startup's expansion in Europe and Southeast Asia.

The venture round, which is Moscow-based SeoPult's first outside funding since its launch in 2008, also will be used to bolster product development in contextual, targeted and social media advertising, SeoPult co-founder Igor Artemenko said.

The startup, which is profitable and has paid quarterly dividends to shareholders since 2009, has about 70,000 individual paying customers, plus customers using free web tools, he said in a telephone interview. Overall, about 200,000 websites for small and medium-sized businesses in Russia, Ukraine, Belarus, Kazakhstan, and Poland use SeoPult services, according to Artemenko and iTech Capital.

The launch of SeoPult services for companies in Thailand will occur in September, while a launch in Indonesia is expected by year's end. Spain is the next European country targeted for a SeoPult entrance, Artemenko said.

The startup provides tools for SEO, or search-engine optimization, which makes an online listing for a business appear more prominently in Internet searches. SeoPult products are designed to let companies create electronic marketing campaigns and draw potential customers to their websites through SEO and online ad placements.

Nikolai Davydov, an iTech Capital investment manager who joined SeoPult's board as a result of the deal, said SeoPult "is the clear market leader" in Russia. He said many U.S. companies in SEO are "not entering non-English-speaking markets," leaving many opportunities.

Davydov said he anticipates that SeoPult — and therefore its shareholders — eventually will cash out in an initial public offering, either in Hong Kong or in London.

He wouldn't disclose the size of iTech Capital's stake in SeoPult, but iTech Capital generally tries "to acquire either a super minority (25 percent and more) or majority stake in portfolio companies," it says on its website.

GoalEurope.com, a technology consultancy and publication, cited an anonymous source close to the investment deal to report that SeoPult is valued at more than $100 million. Davydov said, "Their valuation is close enough."

Some of the $10 million will go toward hiring employees or buying out local competitors in the Asian and European countries where it plans to expand, Davydov said.

SeoPult has about 100 employees in Russia, Ukraine and Thailand. Artemenko wouldn't estimate how many more will be hired as a result of the venture round, saying it depends on market development.

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