

Brooklyn, N.y.

Waterfront Media Takes In \$8M Venture Debt

By Lorie Konish

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Waterfront Media Inc., a health information Web site publisher, has raised \$8 million in venture debt financing through Hercules Technology Growth Capital Inc.

"It's funding that allows us to continue to grow," said Waterfront Media Chief Executive and co-founder Benjamin Wolin. The company, which will use the funding on audience and product growth, decided on debt financing because of "a combination of the terms of the debt as well as the relationship with Hercules," Wolin said.

Both Wolin and Hercules President and Chief Executive Manuel Henriquez declined to comment on the terms of the funding.

Based in Brooklyn, N.Y., Waterfront Media is responsible for Web sites including Everyday Health, a disease-specific site. Waterfront Media published The South Beach Diet book in 2004 and also runs the Web site by the same title. The company also provides Web site communities representing health brands including pregnancy-related What to Expect When You're Expecting, diet-related Zone diet and Sonoma diet, as well as the fitness-related sites of Jillian Michaels and Denise Austin.

Launched in July 2006, the Everyday Health site represents Waterfront Media's venture into the patient-targeted disease-specific content realm, a market that has seen increased interest from venture investors. The HealthCentral Network, another disease-specific content company, raised \$31.5 million in 2006 through Sequoia Capital, Polaris Venture Partners, the Carlyle Group and Allen & Co. LifeMed Media has raised almost \$16 million, according to VentureWire records, through Battery Ventures, Cross Atlantic Partners and Milestone Venture Partners, for its Web site and television diabetes-focused content. Most recently, PatientsLikeMe, which currently has a site for ALS, or Lou Gehrig's disease, raised a \$5 million Series A in February through Collaborative Seed & Growth Partners and the Invus Group.

Waterfront Media generates revenue for its sites through advertisements and subscriptions. Its Everyday Health site does not require a subscription fee, Wolin said. Waterfront Media ranked third in commercially-supported health information sites with 6.8 million users in February by ComScore, a provider of Internet traffic reports, under WebMD and MSN Health.

"The company will definitely raise more funds in the future," Wolin said, adding that the company is not currently focused on exit strategies. "We're just focused on building a great business right now ... the exit will take care of itself."

Hercules President and Chief Executive Manuel Henriquez said this venture debt gives the company funding that does not dilute the ownership of its management and investors, while simultaneously enabling its growth.

Hercules, which invests in both life sciences and technology, considers this a software technology investment. "For all of our companies, we look for an exit strategy in three to five years from our investment." Henriquez said Hercules would "certainly" provide future financing to the company "if the company continues to perform as it's doing."

Waterfront Media has raised \$12.5 million to date from BEV Partners, Neocarta Ventures, Rho Ventures, Time Warner Ventures and Village Ventures.

<http://www.waterfrontmedia.com>