



ARE YOU WHO YOU SAY YOU ARE? PROVE IT

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Think about a database of 360 billion human identity attributes—names, addresses, dates of birth, credit behavior. That is what San Diego-based ID Analytics' has created with its enormous new ID Network. It's a sophisticated computer technology built to analyze payments and applications for loans, cell phones, and credit cards; it looks for fabricated names and addresses or anything that smells wrong.

Of course, scoring customers for credit-worthiness is something companies and merchants have been doing for thousands of years. Nowadays it's just done more efficiently.

Launched last month, ID Network is a real-time, cross-industry compilation of identity information. It includes records of two million frauds and eight million suspected frauds. In addition, ID Analytics maintains a "personal topology" in its database, holding information about an individual's characteristics and his or her connections to others. "It's unique technology that tells how people behave," says ID Analytics co-founder and chief product officer Mike Cook. "Fraud will never go away completely, but using the best methods it can be fought."

Cook and CEO Bruce Hansen founded ID Analytics in March 2002 to help fight identity theft. The company pioneered identity scoring technology where a broad set of consumer data can be used to gauge an individual's legitimacy. "We knew there can't be one single technology to prevent fraud. But we thought that if we could immediately see a person's address that has been involved in fraud, it would be a step forward," says Cook.

ID Network helps retailers, companies, and organizations quickly answer some burning questions about their customer: Are you who you say you are? Should we do business with you? How should we manage our relationship with you? ID Network knows, for example, how many times a certain name and its date of birth have been associated with a fraud incident. The company has also joined an academic study of techniques for tracking sex offenders, who often use phony addresses or identities.

"We protect the consumers. We have prevented millions of frauds. We do not have many competitors because we don't sell our data. And we take extremely good care of it," says Cook.

ID Analytics has approximately 100 employees, and is profitable, according to Cook. "We are even hiring, in this economy. That's why we are in San Diego, this is a great place to find good people." Cook now hints that the company is expanding into serving the healthcare sector.

Investors love the anti-fraud professionals, too. In June 2002, ID Analytics raised \$10 million in a Series A funding led by Canaan Partners and Trinity Ventures; A-1 and A-2 rounds in 2003 and 2004 brought in another \$9.5 million. That was followed by a Series B round in February 2006 that brought in \$5.2 million from Mission Ventures, Canaan, and Trinity. And in May 2007, the company raised \$20 million in a Series C round led by Investor Growth Capital, and including existing investors Mission, Canaan, and Trinity.

Surprisingly, your identity is more likely to be stolen by someone who knows you than by a stranger. So what do ID security professionals think about social media such as Facebook and LinkedIn, where the user is asked to reveal himself or herself to the world? ID Analytics' Cook says they are "great" and he uses them too. "But consumers have to be diligent. Everything you put online is visible to others. The more information you have open to public, the more you are open to risk."