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# Growing software business finds Providence hospitable

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Charlie Kroll, 33, sits in the corner of a cramped office at Andera. The Providence company of 85 employees has outgrown the two offices it now occupies on Westminster Street. Kroll began the business while he was a senior at Brown University.

The Providence Journal / Steve Szydlowski

PROVIDENCE — On “innovation walls” throughout the company’s multiple floors of office space in two

separate Westminster Street buildings, Andera employees post ideas they hope to turn into projects, seeking colleagues who want to work with them.

And once every couple of months, the interested employees stay after work and “code all night,” says CEO Charlie Kroll, who’s often among those who come in at 5 o’clock the next morning to watch those employee teams demonstrate the results of their all-night sessions.

Over 11 years, Kroll and his team have built a company that has attracted more than 500 financial institutions as customers for the software that allows them to open customer accounts online.

As the company continues to expand, it has outgrown its hodgepodge of office space, so Kroll, 33, just signed a lease on new office space in The Gateway Center, at 15 Park Row West. It’s the former American Express building, near the downtown train station. And for this CEO who hopes his 85 employees will grow to 200 within five years, there’s room to grow — the other half of the floor is empty. Kroll says it never crossed his mind to leave the capital city. He’s committed to staying in the city where he launched the company in his Fox Point apartment while a senior at Brown University. It’s a great place to raise a family, the father of two says.

It’s not easy, however, to find the right employees, Kroll says, citing that as the only reason that could have driven him to look elsewhere. He acknowledges there are “a lot more great people” as potential employees in places like Cambridge, Mass., and Silicon Valley. “But there’s also more competition there,” he says.

Plus, Providence has the advantage of multiple universities and a transportation system that easily connects the city to places beyond, he says.

“The only compelling reason [to leave] would have been access to people, and we have no compelling information we would find an easier time anywhere else,” he says.

Another reason companies leave Providence is they can’t raise or borrow the money they need to grow, Kroll says. But he says accessing capital hasn’t been a problem for Andera, whose annual revenue was between \$8 million and \$9 million last year.

The company raised \$2.5 million over eight years in four rounds of angel investments. It has gotten loans from the Rhode Island Economic Development Corporation, the state agency charged with creating and sustaining jobs; the nonprofit Providence Economic Development Partnership, the city’s economic-development arm; and The Business Development Company, a secondary lender funded by member banks.

Then last fall, Andera was among a handful of companies actively seeking a loan guarantee from the EDC under the newly created program that allowed the agency to award a \$75-million loan guarantee to 38 Studios, former Red Sox pitcher Curt Schilling’s company. After that loan sparked such controversy, the agency held off giving out more loan guarantees while it explored how to instead help smaller companies.

Kroll did not have time to wait for the EDC to determine how it might assist a company like his, so he sought venture-capital funding and a bank loan.

Andera announced the closing of a \$9-million investment led by Edison Ventures last fall, and then other venture-capital investors jumped in, increasing the amount raised to \$10.5 million. Andera also got a bank loan of up to \$5 million from Silicon Valley Bank, one of the few banks, Kroll says, that work with venture-

backed companies.

Those financial successes helped fuel the company's expansion.

"We're not looking for the EDC loan anymore," Kroll says.

More traditional, cash-flow types of businesses have a harder time accessing capital here because they're more likely to need traditional bank loans, Kroll says. But growth businesses like his are less reliant on those difficult-to-get loans, he says.

"In general, investors will go where the opportunities are," says Kroll, adding that they've found local start-ups — NABsys, Swipely and Shape Up The Nation, as well as Andera — to be attractive investments.

"Three to four years ago, you didn't see such a core of venture-backed companies [here]. But somehow, a core of us are pulling it together in the last year or so."

Now, Kroll can focus on his company's move to the second floor of The Gateway Center, which will increase the company's footprint from about 9,000 square feet to 15,000 square feet.

He expects having everyone on one floor will enhance the ways his employees collaborate, leading to even more innovations.

In June, the company launched its answer to the efforts of online frauds who want to open multiple bank accounts without being spotted by banks — a new program called FortiFI, which uses a complicated system of algorithms to flag suspicious transactions so banks can investigate further before opening an account online.

"That was not an accident," Kroll says of the way the company attacked fraud with new software. "An empowered person here said, 'We don't have to let this happen. We can stop this.'"

Kroll is turning his attention to the company's new office space, which will have an open floor plan without barriers between work spaces.

And yes, the innovation walls will travel with Andera into the new space.

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