

## Commerce

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### Battery Ventures Jump-Starts Avalara With \$20 Million in Capital

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Retailers often have a hard time figuring out how much customers need to pay in sales tax.

Not only does it depend on what state or country the customer lives in, but now consumers are also increasingly shopping on the phone, so it also depends on where the purchaser is — down to the city block — and where the packages are being shipped.

“Our system knows those kinds of things, and can calculate it on the fly. It’s a technology solution to a problem that has been around forever,” said Avalara founder and CEO Scott McFarlane.



The company told **AllThingsD** that it has raised \$20 million in fresh capital. The round was led by Battery Ventures, and will be used to fuel the company’s growth, including domestic, international and mobile opportunities.

Based in Bainbridge Island, Wash. — just a short ferry ride away from Seattle — Avalara has 275 employees and has been around for almost a decade. It not only provides the service to physical retailers, but also to some online retailers through third-party vendors, such as point-of-sale systems or other platforms, such as eBay’s Magento.

McFarlane said there are more than 10,000 businesses using its solutions, and more than 200 manufacturers have chosen to use Avalara as its tax platform. Other companies competing in the space include ADP’s Taxware and Thomson Reuters’ Sabrix.

For the most part, customers won’t even know they are using Avalara — but in general, the company’s profile has been raised as other companies, like Amazon, bring the issue of paying sales tax online into the spotlight. McFarlane said that Avalara will help conduct almost a billion transactions this year, and on a busy day during the holidays it will conduct 500 transactions a second.

The company has now raised a total of \$69 million from investors, including the Benaroya Company, Pioneer Venture Partners and Sageview Capital. Part of a previous round, about \$10 million, was used to buy out existing investors.

Correction: The total amount Avalara has raised in capital has been updated to be correct.

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