CloudFlare Fires Up $20M Series B For Safer, Faster Websites

By Scott Denne   7/12/2011

With its service growing rapidly since its launch last fall, CloudFlare Inc. has announced a $20 million Series B funding that will be used to help build its website security and performance services.

New Enterprise Associates led the round, which closed in November. Pelion Venture Partners and Venrock, which a year earlier provided the company with a $2.1 million Series A, also participated in this round.

Matthew Prince, CloudFlare's co-founder and chief executive, declined to disclose the valuation, but he said it wouldn't tell you much about the company today, as the amount of traffic that runs across its system is 20 times larger now than when the round closed. In the last month, more than 10% of the world's Internet users passed through its network and it saw a 28% increase in the pages it protects over the last two months, the company said.

CloudFlare's software was originally designed to secure websites by automatically sharing data about cyber-attacks among them so that each one would benefit from the knowledge about an attack on any member of the community.

It also can double the speed a website is delivered, a part of the service that it came into accidentally but is now the reason that 75% of its customers come to it, Prince said.

Most security products introduce latency by standing in front of network traffic, and the company was very focused early on in making sure that its service didn't do this, Prince said. But when it turned on the beta version in March 2010, it found "not only were we not slowing down websites, but all the things we had done to stamp out latency were actually speeding up websites," he said.

However, the opportunity in front of the company goes well beyond just a performance and security boost, said Scott Sandell, a general partner with New Enterprise Associates. Since a website is directing all its traffic through the CloudFlare network, the company could potentially become a sort of operating system for the Internet, said Sandell, who was previously a product manager for Microsoft Corp.'s Windows 95.

CloudFlare has recently begun to sell applications from third parties on its website that offer capabilities such as click analytics and performance monitoring.

The proceeds of the round will be used to buy more equipment to run the service. It currently operates out of 12 data centers across the globe, up from five at the time of its public launch, and expects to add equipment to the existing ones as well as new facilities, Prince said.

CloudFlare also plans to add more tiers to its services before the end of the year. It currently offers a free and pro version, which has additional security and reporting features, and plans to add business and enterprise versions which are likely to include tighter defenses against denial-of-service attacks and services to assist in the transition to IPv6, Prince said.

Sandell has joined the San Francisco-based company's board as a result of the round.

http://www.cloudflare.com