

ID Experts Catches \$27M to Detect Identity Fraud

By

CAT ZAKRZEWSKI

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A 13-year-old identity-fraud protection company has raised \$27 million in Series B funding as cyber breaches rise and organizations seek to remediate the damage they cause.

Identity Theft Guard Solutions LLC, which does business as ID Experts, raised funding \$10 million in January. Trident Capital Cybersecurity and private equity firm Peloton Equity led the round with participation from BlueCross BlueShield Venture Partners and the SandBox Advantage Fund. The company's total funding to date is \$37 million.

Trident Partner Sean Cunningham said the Portland, Ore., company gained traction a year ago when the U.S. government awarded it a \$133 million contract to monitor the identities of 21.5 million Americans who were swept up in the Office of Personnel Management breach. The company is monitoring credit and identity theft for employees who enrolled for up to three years.

Mr. Cunningham said ID Experts has been able to set itself apart in a market where many companies are focused on credit monitoring. He said ID Experts provides more services, including monitoring theft related to social security, driver's licenses, insurance and medical records.

"Breach remediation has not had as much technology," Mr. Cunningham said.

Hackers are increasingly targeting health care records because they are much more valuable than credit card information or other personal identifiers in the black market. Criminals can attract exponentially more for health records because they cannot be changed as easily as credit card numbers and can be used for expensive medical procedures and prescriptions.

Mr. Cunningham said Trident was interested in the company because of the work it had already done with healthcare organizations.

With the addition of healthcare-focused Peloton Equity in this round, the company will double down on this market. Ransomware -- or attacks that block access to data until money is paid -- have been on the rise, particularly in hospitals, as highlighted by the attack at Hollywood Presbyterian Hospital earlier this year.

ID Experts now offers a service it calls Midas, which aims to reduce medical identity theft. The company works with several Blue Cross and Blue Shield companies to provide identity services to their customers.

The company also offers its consumer service, MyIDCare, to more than 3 million individuals. Though many breached companies offer identity fraud monitoring services for a year or two after a breach, many consumers have to pay for their own once such services expire.

Mr. Cunningham, Peloton Equity Partner Ted Lunberg and Principal Justin Yang will join the company's board of directors.

Write to Cat Zakrzewski at cat.zakrzewski@wsj.com