

## **Service alerts clients to new Web postings**

**By Dick Youngblood**, Star Tribune  
January 20, 2006

Scott Burns and Zach Stabenow have some sagacious advice for the owners of startup companies who are facing a few years of low or no paychecks.

"If you're going to become an entrepreneur, marry a doctor," advised Burns, whose wife is an obstetrician.

"Or an engineer," offered Stabenow, whose mate is a chemical engineer.

With their wives keeping food on the table, Burns and Stabenow co-founded GovDelivery Inc., an e-mail service for local, state and federal governments that automatically alerts interested parties about new information being posted on client websites.

The St. Paul company was started in mid-2000.

Its proprietary software scans client websites hourly to detect content changes, then e-mails an alert to a list of subscribers who have indicated an interest in the topic.

Clients include the U.S. departments of state, agriculture and commerce and the British Parliament. In Minnesota, clients include Ramsey, Stearns and Olmsted counties, the cities of Minneapolis, St. Paul, Duluth, Burnsville and Chanhassen and the state departments of health and education.

The payoff: Revenue reached \$1.6 million in 2004 and was on track at year-end to nearly double this year.

Here's my favorite part: Despite the company's high-tech underpinnings, Burns and Stabenow don't know a subroutine from a Subway sandwich about programming. "We have no programming background whatsoever," Stabenow admitted. "But we did know what we needed, and we handed that design off to the programmers."

### **A different concept**

That simple? Well, maybe not, for the two actually started with a different concept. And the idea for the current business focus came, not from the partners, but from St. Paul officials.

Let's start at the beginning. Burns, a Duluth native, and Stabenow, a Twin Citian, met as downhill ski racers in Minnesota and Vermont and remained friends even after abandoning competition on the slopes.

Both wound up working for software companies, but in sales and marketing rather than the technical side. Nonetheless, Stabenow had an exceedingly interesting high-tech notion about a business he thought the two friends could start.

It was the result of conversations with his company's clients, who were concerned about keeping up with changes in the complex web of state and federal labor law that affects employers across the country.

His idea: a company he dubbed GovDocs with a website that would keep clients apprised of changes in labor regulations while also giving them easy access to the labor-law compliance posters and other documents they were required to display in the workplace.

The heart of that business was what came to be called "page-watch" software that scanned the websites of state and federal agencies, logged changes in, say, a minimum wage or health and safety regulation and automatically alerted clients via e-mail.

That's what caught the attention of St. Paul officials, who asked if Burns and Stabenow could set up a similar e-mail system to alert St. Paul residents who had indicated an interest in, say, snowplow schedules, road closures, park activities or city council agendas.

### **Focus on government**

Indeed they could. The new business, launched early in 2001, was called GovDelivery, which recently became the company's name as the government business surpassed the

GovDocs activities to become 70 percent of revenues.

Sales aren't the only gauge of growth: By the end of 2005, the company was sending 3 million e-mail alerts a month, up from 300,000 a month just a year ago.

Clients look on GovDelivery as both a service to constituents and a money-saving opportunity, Burns said. For example, the California Department of Insurance reported a first-year saving of \$250,000 just on the newsletters once sent to insurers operating in the state.

And the U.S. State Department has reported "significant savings" using GovDelivery to alert prospective job recruits of openings instead of paying for postings in publications. The founders started with \$15,000 apiece and kept the business going at first by taking little or no salary. And even as the business -- and their paychecks -- have grown, they still have several employees who earn more than they do.

"We'd rather put that money back into the business," Stabenow said.

In recent years, however, the thriving business has attracted private investors, including Twin Cities-based Dolan Media and the St. Paul Capital Fund. The new investors, who have plugged about \$3.5 million into the business, now own 75 percent of the company.

On the competitive front, there's both good news and bad news. The good news is that the company has no direct competition. Ditto for the bad news.

"It's been hard to educate the market about our service," Burns said. "We'd be happy to compete with someone who could help us with that job."

Dick Youngblood • 612-673-4439 • [yblood@startribune.com](mailto:yblood@startribune.com)