

# Dallas Business Journal

## EXCLUSIVE REPORTS

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### Make me a match

**Growth equals expansion for online dating firms**  
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Explosive growth in the online dating world is pushing two locally based players into bigger digs.

Industry leader [Match.com](#) is seeking about 60,000 square feet of space within a roughly four-mile radius of its Richardson headquarters. At the same time, upstart [True.com](#) just took over 25,000 square feet at Williams Square in Las Colinas. Formerly named [TrueBeginnings.com](#), the company expects to double in size by the end of next year and has built expansion options into its new lease.

Both companies are benefiting from the burgeoning use of Web-based matchmaking services. According to Jupiter Research, a Connecticut-based Internet research firm, Americans will spend about \$400 million with online dating companies this year -- a figure that's expected to reach \$642 million by 2008.

Besides competing for new customers, Match and True are also romancing local employees. True claims a "significant number" of its 110 employees formerly worked for Match. The jilted Match is now seeking to take depositions from four of them, to see if contracts were broken or trade secrets revealed.

About 200 of Match's 300 employees work at the company's headquarters in Richardson, where company officials say they've narrowed their office search to three options: expanding in their current facility along the President George Bush Turnpike, moving to another Richardson building or to one in Plano.

Match, whose current 40,000-square-foot lease runs out in February, says the new space will accommodate around 400 people. The company is predicting a 10% to 15% annual growth rate in its number of employees over the next three to four years, according to Paul Wolfe, vice president of human resources.

The new lease may include options for an additional 10,000 to 15,000 square feet, Wolfe said. Though a timeline hasn't been set in stone, the company wants to relocate by year's end.

Mike Kennedy, principal with BOKA Powell, and David Gunderson, managing partner of Centerpoint Advisors Ltd., are helping Match evaluate its space needs and will design and oversee construction of the new interiors.

There's good reason to expect that Match will need all that room.

#### **'Significant investments'**

Between its 2000 and 2003 fiscal years, Match's annual revenue grew more than 600%, from \$29.1 million to \$185.3 million. In the first quarter of this year, ended March 31, Match reported operating income (before amortization) of \$6.3 million and revenue of \$48.8 million. At that point, it had a little more than 1 million paid subscribers, making it the largest service of its kind.

The company is a unit of New York-based InterActiveCorp., a conglomeration of various Internet and other properties run by media maven Barry Diller. Match does not break out many more specifics of its financial results, though Tim Sullivan, who has been its president for about three years, said the business is cash-flow positive.

Sullivan said the growth of online dating has been driven largely by Match, which in turn has made "significant investments" in its business to keep up with demand. The company has forged partnerships with America Online, MSN and other large Internet players, helping run those firms' matchmaking services, among other things. Match began touting its services three years ago via national television spots and has since moved into other areas of TV and radio. This week, it rolled out what Sullivan calls its biggest ad push ever, a multimillion-dollar campaign on cable television and radio.

Meanwhile, the company has added various bells and whistles to its core services, including a "physical attraction test" that assesses what types of people a given individual is attracted to, along with the frequency with which those types are found in the population at large. Beyond that, Match has developed sophisticated mathematical algorithms to better serve the roughly 12 million people who use the site.

According to Jupiter Research, about 30 million Americans use online dating services, giving Match a 40% share of that market.

Officials at True, whose site went live in November, won't provide specific membership data, but say it has "hundreds of thousands" of current users and a goal of attracting several million.

The company was started by Herb Vest, longtime owner of financial services firm H.D. Vest Inc., which was acquired by Wells Fargo in 2001. According to Scott Fowler, CFO at True, Vest was looking for a way to improve society.

"We went into this business to help reduce the national divorce rate," he said.

#### **'Huge' growth**

Before launching the True.com Web site, the privately held company spent millions to develop a comprehensive compatibility model that's independently certified by the American Psychological Association and endorsed by Psychology Today magazine. Fowler said True is

the only online dating company that does criminal background screening on all members. It also requires users to verify that they're single.

"The goal is to prevent criminals and married people from using our Web site," Fowler said.

Most of True's advertising is done online. It also paid more than \$1 million to fund a "Red White and True" USO concert series at military bases in Germany, Italy and the Persian Gulf featuring country music star Toby Keith and rocker Ted Nugent.

The company previously occupied space at the Solana business park in Westlake, where it expanded three times last year. It moved to the 16th floor of the central tower at Williams Square after scouring other options in the Las Colinas submarket.

Nora Hogan and Robert Deptula with NAI/Stoneleigh Huff Brous McDowell represented True in its search. The company ended up doing a long-term, 25,200-square-foot sublease from an unidentified tenant represented by Doug Carignan at The Staubach Co.

Fowler said True expects to have 150 employees on board by the end of the year and 200 or more by the end of 2005.

"We have some expansion options here and that's one of the reasons we chose the space," he said. "I've been told online dating is the second-highest revenue generator among subscription-based Internet industries, behind porn. The growth in this industry is huge."

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