

## Press Release

# FRAUGSTER RECEIVES FUNDING BOOST FROM EARLYBIRD, SPEEDINVEST AND SEEDCAMP

- **German-Israeli online payment security firm raises \$ 5m for further international growth**
- **Transaction volumes hit \$ 15bn just 10 months after product launch**

**Berlin, January 16, 2017** – Fraugster, the company that has invented an Artificial Intelligence (AI) technology to eliminate payment fraud, has raised \$5 million in funding. Earlybird is the new lead investor in the company, alongside existing investors Speedinvest, Seedcamp and a large Swiss family office.

This latest round of investment will be used to hire new staff to support the international growth of the company, which is used by online merchants and retailers.

"We founded Fraugster because the entire payment risk industry is based on outdated technology" said CEO Max Laemmle. "Existing rule-based systems as well as classical machine learning solutions are expensive and too slow to adapt to new fraud patterns in real-time," he explained. "We have invented a self-learning algorithm that mimics the thought process of a human analyst, but with the scalability of a machine, and gives decisions in as little as 15 milliseconds. One of the reasons why we are so fast is because we've invented our own in-memory database technology which has no limitation on scale."

Earlybird partner Christian Nagel said: "We are very excited to be working with Fraugster. Their technology gives online merchants a new weapon in the fight against fraud. As more business continues to move to the internet, Fraugster's vision of a fraud-free world is one that we should all be working towards."

Michael Breidenbruecker, Partner at Speedinvest, added: "Artificial Intelligence based fraud prevention will be a significant part of internet infrastructure in the years to come. We believe Fraugster is well on its way to become a significant player in this space."

Online merchants lose more than \$ 16bn to fraudulent transactions every year. Most attempt to tackle this with anti-fraud solutions that are based on outdated technologies. However, older solutions tend to block many sound transactions, leading to false positives that cost the industry over \$ 275bn in 2015 alone. For every dollar lost to fraud, \$ 17 is lost through transactions that are wrongly turned down, leading to lower revenues for the merchant.

Fraugster was founded in 2014 by Max Laemmle, who previously co-founded payment gateway company Better Payment, and Chen Zamir, who has spent more than a decade in different analytics and risk management roles including five years at PayPal. The German-Israeli company is already handling almost \$ 15bn in transaction volume for several thousand international merchants and payment service providers, such as Visa. Fraugster spent more than two years refining its algorithms and improving its AI capability. Its technology learns from each transaction in real-time and can anticipate fraudulent attacks even before they happen.

Merchants using the technology have already seen significant improvements in reducing fraudulent transactions. Based on average performance, Fraugster can reduce fraud by 70 per cent while increasing conversion rates by as much as 35 per cent.

### About Earlybird

Earlybird is a venture capital investor focused on European technology companies. Founded in 1997, Earlybird invests in all growth and development phases of a company. Amongst the most experienced venture investors in Europe, Earlybird offers its portfolio companies not only financial resources, but also strategic and operational support as well as access to an international network and capital markets. With over EUR 800 million under management, six IPOs and 22 trade sales, Earlybird is one of the most successful venture capital firms in Europe.

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Further information is available at: [www.earlybird.com](http://www.earlybird.com), Twitter: <http://www.twitter.com/EarlybirdVC>, LinkedIn: [www.linkedin.com/company/earlybird-venture-capital](http://www.linkedin.com/company/earlybird-venture-capital) or Facebook: [www.facebook.com/EarlybirdVC](http://www.facebook.com/EarlybirdVC).

### About Fraugster

With offices in Berlin and San Francisco, Fraugster helps online merchants and retailers tackle fraud with modern technology. The company invented an Artificial Intelligence technology, which learns from each transaction in real-time and can anticipate fraudulent attacks before they happen. The German-Israeli company is already handling almost \$ 15bn in transaction volume for several thousand international merchants and payment service providers, such as Visa. With Fraugster, fraud can be reduced by 70 per cent while increasing conversion rates by 35 per cent. For more information, please visit [fraugster.com](http://fraugster.com).

#### Press Contact Earlybird

Catrin Schmidt  
+49 30 46 72 47020  
[press@earlybird.com](mailto:press@earlybird.com)

#### Press Contact Fraugster

Burlington  
Nadia Kelly  
[nadia@burlington.cc](mailto:nadia@burlington.cc)