

Bandwidth's Kaestner part of \$3M funder by Nepal outfit with Durham ties

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Crowd-sourcing platform CloudFactory just raised \$3 million to expand its Durham-based sales and marketing team – a team thousands of miles away from its Nepal-based CEO.

And this time, [Henry Kaestner](#), co-founder of Cary's [Bandwidth.com](#) – who also started [Sovereign's Capital](#), is playing a big role.

According to CloudFactory CEO [Mark Sears](#), Kaestner is joined by the popular VRBO founder [David Clouse](#) in the Series A round. Other angel investors in the latest fundraiser include [Triangle Capital Corp.](#)'s (Nasdaq: TCAP) [Brent Burgess](#) and businessman Domenic Mancuso

Part of the money is going to be used to shore up the company's Durham sales and marketing operations, Sears says. But as Sears explains, the Triangle team wasn't supposed to be in Durham in the first place.

The beginning

Sears, the Canadian entrepreneur behind CloudFactory, thought he and his wife were on a two-week vacation in Nepal six years ago. “We fell in love with the people, the country and we met some amazing young computer engineers,” he says.

Sears, inspired by the local computer talent, decided to create a technology company and call Nepal home.

“We bootstrapped the company by building Web apps and Web platforms for other companies, startups in North America, and then we started on the side, CloudFactory about four and a half years ago,” he says.

Nearly three years ago, he had a team of 25 “cloud workers” in Nepal doing data entry. Today, the company has employees spread across countries such as Nepal and Kenya. CloudFactory is not yet cash-flow positive, and as Sears explains, the intake is being used as growth capital.

“Obviously, we’ve been able to keep our burn rate very, very low, been extremely efficient with our capital,” he says. “The whole point of the company is to find talent wherever we can in the world and to really try to plug in untapped talent into the global economy.”

The bulk of the “cloud workers” are part-time employees, working between 10 and 20 hours in their spare time.

“We provide this idea of cloud labor, the ability to send tasks to the cloud and have them completed by a compilation of machine intelligence and human intelligence,” he says, pointing to tasks such as audio transcription for [ESPN](#) and historical record entry for family tree websites. “There’s a lot of different applications actually that we are able to provide.”

While he’s not specific, he does say it’s cheaper doing business outside of the United States. On paper, the company's headquarters is in Hong Kong.

Doing business in Durham

But, as the company grew, so did the need for a sales and marketing team. For that, he looked to the United States – specifically the Bay Area.

Sears says [Adam Klein](#), chief strategist of American Underground, pitched Durham as an “it” location, changing

his mind.

But it was the talent he was actually able to hire in Durham that solidified the decision.

Its latest capital infusion will go toward building out that team. "We definitely want to grow in Durham," he says.

The sales and marketing office in Durham will house around 20 after the buildout, he says.

| *Lauren Ohnesorge covers information technology and entrepreneurship.*