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By Andrew Baltazar

Cutting-edge software keeps Chicago Web sites up and running

Jason Rexilius and Dan Ratner met just days before NBC's Today Show featured Ratner's Web site, Sittercity.com. Ratner anticipated that Sittercity, a Chicago business that connects parents to babysitters, would gain popularity thanks to national TV exposure, but he also feared the increased traffic could slow the site down to a crawl.

"Jason had a solution for us, and with his help we actually weathered the storm reasonably well," Ratner said. "We did more business in one day than we normally do in one month." The company is located near Chicago and Wells at 213 W. Institute Place.

In the last couple of years, Rexilius has become a prominent member of Chicago's rapidly growing technology community, mostly Web entrepreneurs in their 20s or 30s. His Chicago-area customers say his new business, HostedLabs LLC, which opened just last year, is on the cutting edge of Internet software technology, rivaling offerings from Silicon Valley. The company is temporarily headquartered at 210 S. Clark Street.

HostedLabs is a Web service that helps eliminate slowdowns and outages on high-traffic Web sites, by using a new software delivery concept called "Platform-as-a-Service." It combines a variety of services required to operate a Web site, including hosting, data storage, database and global traffic routing.

Between 2004 and 2006, Rexilius, now 34, used \$25,000 of his own funds to start the company – his first – and build the software that runs the HostedLabs service.

In 2007, HostedLabs' first year of sales, the company booked \$190,000 in revenue through a combination of consulting and monthly fees from its three customers.

This year, however, Rexilius predicts sales will jump to \$200,000 per month and about \$2.5 million total. That figure could rise further, he believes, as more companies adopt his Web platform throughout the course of the year.

"This year is all about selling, and we'll actually be profitable by the end of the year," he said.

Two more companies have committed to shifting to the HostedLabs platform, and Rexilius currently expects 15 more to be on board by the end of 2008.

Rexilius also predicts that an additional 80 companies will use pieces of Rexilius' service, as HostedLabs this year begins allowing Web companies to choose from individual offerings taken from HostedLabs' full-service package. For instance, Web sites could opt to use HostedLabs' traffic routing feature, without also having to pay for its hosting and database services.

To help him deal with the company's growing customer base, Rexilius hired three full-time employees and two contractors in recent months, and he's on the lookout for a customer relations coordinator.

"For Chicago, we are a real technology company rather than a Web company that is accelerated by technology," Rexilius said. "For example, Sittercity.com isn't a technology company; their business is helping parents find care for their children. Our business is actually technology, and building a company like that in Chicago is pretty tough."

Matt Smith, founder and CEO of Chicago-based Sagacity Corp., said his user-generated Web site, Complaints.com, needed constant maintenance and occasionally suffered from outages before he switched to Rexilius's service last year.

"Now, I'm able to do so many more value-added things," Smith said. "I'm spending more time on the content of the site and addressing business issues. I think it has freed up 90 percent of my day to do other things for the site."

"I don't have to worry about hardware. I don't have to worry about the database. I can just focus on my Web site."

Rexilius was able to design software that decentralizes Web site data by mirroring the data onto servers around the globe. User traffic -- Web site visitors -- gets routed to the nearest datacenter to improve the site's performance. If that datacenter becomes inoperable, the traffic automatically will be transferred to another datacenter.

So, if a datacenter in Illinois that hosts the Web site Complaints.com experiences an outage, visitors are seamlessly routed to another location, such as Bangalore, India, without service interruption, and Web site visitors can continue to use the Web site.

Rexilius began developing the HostedLabs software in 2004 after working as a Web architect with Bank One's capital markets sector, where he helped build Web portals for the bank's customers and traders.

"Capital markets is probably one of the most demanding spaces for Web applications," Rexilius said. "Performance and availability is everything. If you lose one transaction, you could lose \$5 million in profit."

"There was a general thrust at the bank to try and come up with a platform that could service all of the commercial bank, retail bank and capital markets," he added. The idea

was easier said than done, Rexilius asserted, as each of those markets had different technology requirements ranging from fast network performance to high availability.

The challenge drove Rexilius to create HostedLabs. After building the company and fine-tuning its technology for the last four years, Rexilius says he finally sees a market emerging for this kind of Web platform.

Ratner of Sittercity said Rexilius's software worked so well after the Today Show traffic rush that he spent much of last year transitioning the rest of the Sittercity systems onto the HostedLabs infrastructure. Now, the Sittercity team is able to devote the bulk of its time to the site's content rather than maintaining the technology.

"For us, it was a major distraction before HostedLabs," Ratner said. "Our core business is not building high-capacity Web servers. Our core business is in providing the highest quality babysitting matchmaking services."