



## ***Remember Pets.com and its sock puppet? Investor LLR Partners isn't scared away.***

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By Scott Martin*

Break out that sock puppet, investors are backing online pet stores again.

Private equity firm LLR Partners said Monday that it has invested \$10 million in Pet Food Direct, an online retailer of pet food and supplies. The online pet store, formed in 1997, was started during the same era as high-profile dot-com flameout Pets.com, which immortalized its sock-puppet dog in commercials.

San Francisco-based Pets.com, backed by Amazon.com, laid off hundreds of employees and shuttered its retail operation in 2000. That came only after a splashy attempt to raise its profile as the No. 1 online pet store by purchasing a 30-second Super Bowl spot. Pets.com went public in February of 2000, raising \$82.5 million.

Rival Pet Food Direct attracted \$15 million in angel investment but in 1999 nearly went bust in the dot-com demise, just barely managing to stay alive, said LLR partner Howard Ross.

But LLR believes the climate has changed for online pet stores looking for a piece of the \$40 billion pet industry. "We're starting to show that in different vertical markets various online retailers are able to survive," Mr. Ross said. "They have the largest selection of pet food."

The funding from LLR will be used to help the Harleysville, Pennsylvania, company grow and provide new services and products for customers. Pet Food Direct is leaving open the option to consider acquisitions but named nothing specific.

Under the deal, LLR partners Howard Ross and Dave Reuter will join the Pet Food Direct board of directors.

Philadelphia-based LLR is a \$630 million private equity firm that makes investments ranging from \$10 million to \$50 million.