ASSIA aims to reach USD 100m and go public within two years, CEO says
By Stuart Newman
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ASSIA, a Redwood City, California-based DSL support company, could go public within two years, said John Cioffi, CEO.

The Northern California company grows on average 50% a year and generated “tens of millions” in sales in 2010 and “more tens of millions” in 2011, Cioffi said, without elaborating further. It was profitable in 2010 but it hired “like crazy” in 2011 and saw a slight loss, less than 10% of total revenue, because of its headcount increase, he said. It currently has 150 employees.

The plan has been to take ASSIA public since it was founded, Cioffi said. It received an acquisition offer about three years ago but decided it was too low. It occasionally sees acquisition interest from firms that service telecoms companies but is focused on the public markets, which present a “bigger opportunity,” he said.

Before filing the company wants to reach USD 100m in sales so it has some financial “protection,” Cioffi said. It would also like to scale its new products, including those in non-traditional telecom areas such as over-the-top TV - TV content delivered through set top boxes and internet applications - and video streaming over smartphones and tablets, he said.

The company would like to increase consumers’ awareness of the brand as this would put it in a different valuation range, he said. It has launched a consumer facing website, DSLPro.com, to assist with technical problems such as DSL or WiFi connections and the interface is likely to lead to new revenue opportunities, he said.

There are 400m DSL connections in the world and the company has 60m DSL customers under contract, which is 15% of the total world market, Cioffi said. It plans to expand sales in Eastern Europe, The Middle East and Asia, particularly China, he said.

The company is raising up to USD 20m in a funding round which will close in the next few months, Cioffi said. It has already raised USD 14m and more than half the round is being funded by Middle East investors related to telecoms, he said.

It has raised almost USD 43m in five rounds, about one every two years. The biggest round was its series D, when it raised USD 21m, in 2010.

Most of the company’s external funding has come from strategic investors, including network providers such as AT&T, Telefónica and T-Venture, the venture capital company of Deutsche Telekom. These telecoms companies each own 7% or less while Cioffi has a controlling interest in the company.

Venture capital investors include Swisscom Ventures, Sofinnova Partners, Sandalwood Partners, SFR Development and Mingly China Growth Fund. The venture capital firms have each invested USD 1m or less, he said.

ASSIA’s products improve the speed and quality of DSL and WiFi connections by giving network providers the ability to assess and fix problems in their services.

Ropers, Majeski, Kohn & Bentley provides legal counsel.