

Box hits Wall Street with a bang after IPO

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People walk past the New York Stock Exchange on January 20, 2105

Cloud storage startup Box soared in its Wall Street debut Friday after a public share offering, pushing its market value to \$2.7 billion.

Trading under the symbol "BOX," the shares jumped 66 percent to close at \$23.23 on the New York Stock Exchange from the offering price of \$14 announced Thursday.

Box, one of the growing cloud storage firms along with rival Dropbox,

was founded in 2005 by University of Southern California student Aaron Levie and collaborators.

It now claims 32 million users including 275,000 companies.

The initial public offering raised \$175 million and could increase to \$200 million if options are exercised.

Box plans to use at least half of the capital for sales and marketing as well as developing new products, but has not ruled out acquisitions.

Over the nine months ended in October, Box revenues were \$154 million, with a net loss of \$129 million.

"Investors appear to be unconcerned either with the company's growing losses or its ability to succeed in what many believe is a commodity market for cloud-based storage," said Paul Ausick at the finance blog 24/7 Wall Street.

"For Box to live up to its triumph, it will have to compete and win against big players like Microsoft and Amazon.com that have offered cloud-based storage for increasingly lower prices."

Dropbox, one of the best-known cloud startups, has so far kept mum on IPO plans, but has raised venture capital that gives it an estimated value of \$10 billion.

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