

# At long last, Box readies for Wall Street debut

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Nearly 10 months after Box filed for an initial public offering, the company is finally ready to make its public debut.

The Los Altos-based cloud storage company revealed Friday that it will sell at least 12.5 million shares at \$11 to \$13 apiece, raising up to \$162.5 million in the Bay Area's first IPO of 2015. With the pricing, Box restarts an unusually long-delayed public debut that raised questions about the company's financial health and the viability of the entire cloud storage industry.

CEO Aaron Levie summed it up in a tweet Friday morning: "Well that certainly took a while."

At the middle of the price range, Box is valued at \$1.4 billion - way down from the \$2.4 billion valuation TPG and Coatue Management gave the company in July after investing \$150 million. Box is expected to set its final share price Jan. 22 and begin trading on the New York Stock Exchange under the ticker symbol BOX on Jan. 23, according to Renaissance Capital, an IPO fund manager.

"We're incredibly excited for the coming year and the next phase of Box's growth," a Box spokesman said in a statement. The company sells software to businesses to store, transfer and manage data and documents in the cloud.

That Box has resumed its IPO suggests that the company has appeased

some investors by reining in spending - it had been hotly criticized for its burn rate. According to financial filings, Box spent 97 cents on sales and marketing for each dollar of revenue it made in the three months ending Oct. 31, down from \$1.38 for every dollar of revenue in March of last year.

"Over the last few quarters Box has successfully worked on lowering its sales and marketing costs," said Jillian Mirandi, an analyst at Technology Business Research.

Likely, Box also wants to take advantage of a market that has been very warm to tech IPOs, and, as Mirandi points out, the company also raises money an average of every seven months. Its last funding round was July.

Box is likely to be among the first three IPOs and the first tech IPO this year, kicking off what is expected to be a blockbuster year for public offerings from tech firms, according to data from Ipreo, a market intelligence firm. According to a study released this week by Chicago-based consulting group BDO USA, capital market experts and investment banks expect 2015 to either match or exceed 2014, which saw the largest number of IPOs since 2007 and the most money raised since 2000. Yet there is more cash to be made this year, as the study forecasts a 2 percent increase in U.S. IPOs, which could raise \$85 billion in total, about a billion more than last year.

Box could have listed shares by mid-April after filing for an IPO on March 24, but the company pushed out its [public debut](#) when tech stocks tanked in April, and then continued to delay amid skepticism over the company's financial health and whether it could compete with Microsoft, Amazon and Google. The tech giants last year rolled out supercheap cloud storage and management services, pressuring companies like Box to lower prices.

But there was a benefit to Box - by offering these services, analysts say, the tech giants have also validated cloud storage and sharing services as a viable product. That has likely helped Box win over more customers, jump-starting its IPO.

"Some customer are going to say these services (from Google and Microsoft) are not going to suffice for our needs," said Ezra Gottheil, an analyst with Technology Business Research. "So they'll go to Box. They are the leader among independent file storage and sync solutions."

Box's Wall Street debut could also be a boon for lesser-known [cloud storage](#) companies, as the high-profile and long-anticipated IPO will elevate the entire sector.

"It just creates excitement about the space, and we all benefit, Egnyte included," said Vineet Jain, co-founder and CEO of the Mountain View [company](#) that sells software that allows companies to store data both in the cloud and on premise. "If Box sells more, we sell more."

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