

Video streaming player pioneer Roku seeks \$100M in IPO

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Video streaming player pioneer Roku is going public, hoping to raise money to expand into more households and fend off competitive threats from bigger technology companies.

Roku listed a \$100 million fundraising target in a Friday regulatory filing. But that figure is likely to change after its investment bankers gauge the demand for its [initial public offering](#) of stock. Companies typically complete their IPOs two to four months after filing then getting approval from government regulators.

The documents provided the first peek at Roku's finances and other previously confidential information.

Like many young tech companies, Roku is still unprofitable. Last year, it lost nearly \$43 million on \$399 million in revenue. Since its 2002 inception, Roku has amassed \$244 million in losses.

The Los Gatos, California, [company](#) boasted 15 million active users at the end of June, but that number doesn't reflect the total audience that watches online video through its streaming players, which are usually connected to large-screen televisions. That's because multiple players can belong to the same account. People streamed 9.5 billion hours of video on Roku players last year, according to its IPO documents.

Roku generates most of its revenue from selling its streaming players, but it's increasingly bringing in money from advertising and

commissions from subscriptions and other transactions made on its devices. In an attempt to broaden its audience, Roku said it may cut the prices on its players and try to increase its revenue from advertising sales.

Pursuing that strategy may require more money, one of the reasons that Roku is going public now. The company currently has about \$70 million in cash.

That isn't much to combat Amazon, Google and Apple, Roku's deep-pocketed rivals in the video-streaming player market.

Even though it's much smaller, Roku has emerged as the U.S. market leader in streaming players, with a 37 percent share during the first three months of this year, according to the market research firm Park Associates. Amazon Fire TV ranked second with a 24 percent market share, followed by Google's Chromecast at 18 percent and Apple TV at 15 percent.

Most of Roku is currently owned by Anthony Wood, its founder and CEO, and Menlo Ventures, a [venture capital firm](#). Wood, who previously invented one of the first digital video recorders, owns a 28 percent stake in Roku and Menlo Ventures has a 35 percent stake.

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