

ENVIVIO INC
Form S-1/A
March 15, 2012
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As filed with the Securities and Exchange Commission on March 15, 2012

Registration No. 333-173529

UNITED STATES SECURITIES AND EXCHANGE

COMMISSION

Washington, D.C. 20549

Amendment No. 5

to

Form S-1

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

ENVIVIO, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

3663
(Primary Standard Industrial
Classification Code Number)

94-3353255
(I.R.S. Employer
Identification No.)

400 Oyster Point Boulevard, Suite 325

South San Francisco, California 94080

(650) 243-2700

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Julien Signès

President and Chief Executive Officer

400 Oyster Point Boulevard, Suite 325

South San Francisco, California 94080

(650) 243-2700

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. "

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer " Accelerated filer " Non-accelerated filer x Smaller reporting company "

(Do not check if a smaller reporting company)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We and the selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell securities, and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MARCH 15, 2012

PRELIMINARY PROSPECTUS

Shares
Common Stock
\$ per share

This is Envivio, Inc.'s initial public offering. We are offering _____ shares of our common stock. The selling stockholders identified in this prospectus are offering an additional _____ shares of common stock. Envivio will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.

We expect the public offering price to be between \$ _____ and \$ _____ per share. Currently, no public market exists for the shares of our common stock. After pricing of the offering, we expect that the shares will trade on the Nasdaq Global Market under the symbol ENVI.

Investing in our common stock involves risks. See Risk Factors beginning on page 8.

	Per Share	Total
Initial public offering price	\$	\$
Underwriting discount (1)	\$	\$
Proceeds, before expenses, to us	\$	\$
Proceeds, before expenses, to the selling stockholders	\$	\$

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(1) In addition, we have agreed to reimburse the underwriters for certain expenses incurred in connection with this offering. See Underwriting. **To the extent that the underwriters sell more than _____ shares of common stock, the underwriters have the option to purchase up to an additional _____ shares from the selling stockholders at the initial public offering price less the underwriting discount.**

These securities are not deposits, savings accounts, or other obligations of any bank or savings association and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

The underwriters expect to deliver the shares of common stock to purchasers on _____, 2012.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2012.

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Through and including (the 25th day after the date of this prospectus) all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

You should rely only on the information contained or incorporated by reference in this prospectus. We and the selling stockholders have not authorized anyone to provide you with information different from or in addition to that contained in this prospectus. We and the selling stockholders are offering to sell shares of common stock and seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the common stock.

In this prospectus, Company, we, us, and our refer to Envivio, Inc. and its subsidiaries. Unless otherwise indicated, all information in this prospectus assumes no exercise of the underwriters' over-allotment option. The name Envivio is our trademark. We have a trademark application pending for Envivo Muse in the United States. This prospectus also contains trademarks and trade names that are the property of their respective owners.

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PROSPECTUS SUMMARY

You should read the following summary together with the more detailed information concerning our company, the common stock being sold in this offering, and our consolidated financial statements appearing in this prospectus. Because this is only a summary, you should read the rest of this prospectus before you invest in our common stock. Read this entire prospectus carefully, especially the risks described under Risk Factors.

Our Business

Overview

We are a leading provider of software-based IP video processing and distribution solutions that enable the delivery of high-quality video to consumers. Based on our unique video compression and advanced IP video networking technologies, our solution is designed to enable service providers and content providers to offer high-quality video anytime, anywhere across a broad array of video formats, networks, consumer devices and operating systems. We refer to this video experience as TV without Boundaries and believe it is one of the fastest growing components of the \$3.0 billion video infrastructure market. Our software-based solution offers flexibility to our customers, runs on industry-standard hardware and includes encoders, transcoders and network media processors, all controlled through our network management system.

We enable service providers and content providers to deliver linear broadcast and on-demand video services to their customers via multiple screens, such as tablets, smartphones, netbooks, laptops, PCs and TVs. We offer service providers and content providers the ability to deliver high-quality video to their customers either across their managed networks or outside the boundaries of their network over the open Internet, referred to as over-the-top, or OTT. Our customers include mobile and wireline telecommunications service providers, cable multiple system operators, or MSOs, direct broadcast satellite service providers, or DBSs, and content providers, which includes broadcasters and content publishers, owners, aggregators and licensees. We have sold our solution to over 300 end-customers to date in over 50 countries. We distribute our products and solutions globally through a network of channel partners, which includes leading telecommunications systems integrators throughout the world, as well as through our own direct sales force.

Industry Background

In the early 1990s, consumers began to experience the first digital TV technology evolution when it became possible to transmit significantly more TV channels while utilizing the same amount of bandwidth compared to analog TV. As a result, new service offerings emerged such as direct broadcast satellite TV and digital cable TV, and the channel offerings available to consumers grew from a few channels to hundreds of channels. In the mid 2000s, the second wave of digital TV technology evolution began, fueled by new connected devices and increased access to broadband Internet through wireless and wireline networks. As this technology matured, it became possible for service providers and content providers to deliver video content to a broad array of devices over mobile and broadband networks. This new era of digital TV technology enables service providers and content providers to deliver, and consumers to enjoy, a high-quality video experience anytime, anywhere.

We believe the growth in demand for TV without Boundaries is being driven by several key consumer trends, including demand for increased quality and quantity of video content, demand for video-enabled Internet Protocol, or IP, connected devices, growth in global broadband users and the shift in how video is consumed in the home. Service providers and content providers must continue to launch innovative new service offerings in order to address evolving consumer trends. Traditional telecommunications service providers are competing with MSOs and DBSs by offering bundled services where consumers can enjoy a single service package and monthly bill covering broadband Internet, voice and video services, or triple play, and additionally bundling mobile as a fourth service, or quad play. Service providers who also operate mobile

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networks can leverage their dual-network presence to offer innovative video services. Broadcasters and content owners, including BBC, ESPN and HBO, have broadened their means of distribution to consumers beyond the linear broadcast business model to include direct OTT distribution. In addition, new business models from emerging content providers, including Hulu and Netflix, have circumvented traditional video delivery models to reach consumers directly via OTT delivery.

Limitations of Existing Technologies

We believe that existing technologies designed to enable video delivery are largely either engineered solely for broadcast-centric applications serving standard TVs or engineered solely for web delivery of content. Products designed only for broadcast-centric applications do not address the growing diversity of devices and networks, and products designed only for web delivery of content do not address the technical requirements of traditional broadcast TV or provide the quality, reliability and manageability expected by service providers. Although the video delivery models of service providers and content providers historically have had different offerings, consumers are increasingly demanding a similar video experience across all of their devices. As video service offerings converge and traditional video delivery solutions attempt to address the needs of their end users in a single solution, the delivery of video increasingly requires new architectures which can fit within newly deployed datacenters and can accommodate delivery of high-quality video across multiple networks to multiple devices with the flexibility to adapt to a rapidly evolving market.

The Envivio Solution

Our software-based solution enables the delivery of a converged multi-screen service across mobile, broadband, managed or open networks, allowing service providers and content providers to offer consumers the same high-quality experience across multiple devices and networks. We utilize a unified software architecture on standards-based rack-mounted or blade servers in headends or datacenters that provides a scalable and flexible video delivery platform to service and content providers. We believe our software-based solution offers the following key benefits to our customers:

Provides a high-quality video experience We have designed a solution that enables the delivery of video to consumers for viewing on multiple screens while maintaining a high-quality video experience. This is done through advanced video encoding algorithms, networking and adaptive streaming technologies irrespective of whether video is delivered across mobile networks, managed video networks or OTT.

Addresses complexities of multi-screen video delivery Our solution addresses the complexities of the service provider and content provider ecosystem by providing a platform to effectively enable delivery of video over mobile and IP networks to a wide array of device and operating system combinations in a number of display formats and resolutions.

Provides scale with carrier-class reliability Our solution is designed to meet the stringent requirements of service providers and is highly reliable, highly scalable and meets top industry certifications.

Ingests and delivers video in a broad array of formats Our software-based solution is compatible with all major video formats across all major codecs, resolutions, frame rates, bitrates and transport profiles. We accommodate the transport of video through different networks, such as broadband and mobile networks, or traditional cable and satellite broadcast networks.

Leverages existing datacenter infrastructure for enhanced video delivery Using our proprietary software-based solution, service providers can leverage their existing datacenter infrastructure to deliver enhanced video services without having to deploy additional costly hardware elements.

Optimizes video distribution architecture Our solution is designed to optimize bandwidth and to ensure that video is delivered to the consumer in a highly efficient manner. Our solution adapts video content at each edge location distributed throughout the network, eliminating the need for service providers to repetitively deliver the same video content in different formats from the core of the network to the edge, which consumes valuable capacity and resources.

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Enables new service monetization Our solution also allows paid or ad-supported services to be delivered to multi-screens. Our video content protection and linear ad-insertion technologies are tailored for multiple devices, allowing service providers to offer subscription-based or ad-based business models for multiple devices.

Our video processing and distribution solution is based on a suite of products built upon a proprietary software platform that we have developed for more than a decade. By combining this proprietary software platform, which conforms to international telecommunications standards, with the latest generation of industry-standard servers and other third-party products, we have created an innovative suite of video delivery products addressing multi-screen video applications.

Our Growth Strategy

Our objective is to become the leading multi-screen video delivery solution to service providers and content providers. The key elements of our growth strategy are:

Capitalize on our early commercial leadership We intend to exploit our lead in commercialization of our video processing and distribution solutions to expand our footprint of customers across leading service providers and content providers.

Continued innovation of our software-based, multi-screen solution We intend to leverage our core IP video technology strength to develop new products with enhanced software-based capabilities to further demonstrate the value of our solution and increase our long-term revenue opportunities.

Increase our share of our customers network footprint We intend to expand our relationships with our customers by offering additional products, including the addition of mobile or IPTV capabilities or the extension of our services to new geographies or content offerings.

Maximize our sales distribution capabilities to add new customers We intend to further broaden our customer and geographic presence through expanded channel partnerships with new and existing partners. We also intend to further develop our direct sales capabilities to capitalize on the emerging and rapidly growing OTT market.

Extend our solution through complementary products We intend to develop new products and features for our customers through internal development, potential acquisitions and partnerships.

Risks to our Business

Our business is subject to numerous risks and uncertainties, including those identified in Risk Factors immediately following this prospectus summary, that primarily represent challenges we face in connection with the successful implementation of our strategy and the growth of our business. We compete in rapidly evolving markets and have a limited operating history, which make it difficult to predict our future operating results. In addition, we expect a number of factors to cause our operating results to fluctuate on a quarterly and annual basis, which may make it difficult to predict our future performance. Such factors include the capital spending patterns of our customers, our dependence on our channel partners, our lengthy sales cycle, our reliance on a limited number of suppliers and our competition.

Corporate Information

We were founded in 2000. Our principal executive offices are located at 400 Oyster Point Blvd., Suite 325, South San Francisco, California 94080, and our telephone number is (650) 243-2700. As of January 31, 2012, we had 146 full-time employees. Our website address is www.envivio.com. We do not incorporate the information on, or accessible through, our website into this prospectus, and you should not consider any information on, or accessible through, our website as part of this prospectus.

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THE OFFERING

Common stock offered by us	shares
Common stock offered by the selling stockholders	shares
Common stock to be outstanding after this offering	shares
Over-allotment option	The underwriters have an option to purchase a maximum of _____ additional shares of common stock to cover over-allotments, if any. All of the shares subject to the option would be sold by the selling stockholders. The underwriters could exercise this option at any time within 30 days from the date of this prospectus.
Use of proceeds	We intend to use the net proceeds received by us from this offering for working capital and general corporate purposes, including further expansion of our sales and marketing efforts, continued investments in research and development and for capital expenditures. In addition, we may use a portion of the net proceeds of this offering for acquisitions of complementary businesses, technologies or other assets. However, we do not have agreements for any material acquisitions at this time. See Use of Proceeds. We will not receive any of the proceeds from the sale of shares to be offered by the selling stockholders. See Principal and Selling Stockholders.
Risk Factors	See Risk Factors beginning on page 8 and the other information included in this prospectus for a discussion of factors you should consider carefully before deciding to invest in our common stock.
Proposed Nasdaq Global Market symbol	ENVI
The number of shares of common stock that will be outstanding after this offering is based on 20,157,728 shares outstanding as of January 31, 2012, and excludes:	

2,328,935 shares of common stock issuable upon the exercise of outstanding options as of January 31, 2012, at a weighted average exercise price of \$1.15 per share, and 263,768 shares of our common stock issuable upon vesting of outstanding restricted stock units as of January 31, 2012;

516,269 shares of common stock, all of which are currently outstanding, that were issued primarily to employees located in France through stock purchase agreements and paid for by issuances of promissory notes. These shares are legally issued and outstanding, but are not included in stockholders' equity (deficit) as these shares are subject to repurchase by us under the terms of the applicable stock purchase agreement or subject to forfeiture under the terms of the applicable promissory note to the extent such note has not been repaid. We have a right to repurchase these shares at the original purchase price paid for the shares upon termination of employment of the holder of such shares to the extent the shares are then unvested. We also have a security interest in these shares under the terms of the promissory notes that remain outstanding. We do not intend to repurchase these shares in connection with this offering. For

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additional information about these shares, please see Note 8. Stock Option Plan Stock Purchase Rights and Common Stock Purchase Agreements contained in our audited consolidated financial statements included in this prospectus;
36,000 shares of common stock, on an as-converted basis, issuable upon the exercise of outstanding warrants to purchase convertible preferred stock, which warrants will convert into warrants to purchase common stock immediately prior to the completion of this offering, at a weighted average exercise price of \$12.50 per share; and
924,162 shares of common stock reserved for future issuance under our 2010 Stock Incentive Plan and 200,000 shares of common stock, subject to increase on an annual basis, reserved for future issuance under our 2012 Stock Incentive Plan, which will become effective in connection with this offering.

Unless otherwise indicated, all information in this prospectus assumes:

that our amended and restated certificate of incorporation, which we will file in connection with the completion of this offering, is in effect;

the conversion of all outstanding shares of our convertible preferred stock into an aggregate of 6,988,120 shares of common stock, effective immediately prior to the completion of this offering;

the conversion of all outstanding shares of our Series 1 common stock into an aggregate of 1,006,206 shares of common stock, effective immediately prior to the completion of this offering; and

no exercise by the underwriters of their over-allotment option to purchase up to additional shares of common stock from the selling stockholders.

All share numbers presented in this prospectus give effect to the 1-for-10 reverse stock split effected on June 10, 2011.

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We derived the summary consolidated statement of operations data for fiscal years ended January 31, 2010, 2011 and 2012 from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future. The following summary consolidated financial data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our audited consolidated financial statements and related notes included elsewhere in this prospectus.

	Year Ended January 31,		
	2010	2011	2012
	(in thousands, except share and per share data)		
Consolidated Statement of Operations Data:			
Revenue	\$ 16,288	\$ 30,004	\$ 50,646
Cost of revenue	7,482	11,504	18,492
Gross profit	8,806	18,500	32,154
Operating expenses:			
Research and development	4,908	5,152	6,728
Sales and marketing	6,980	8,886	16,206
General and administrative	5,309	6,449	8,561
Total operating expenses	17,197	20,487	31,495
Income (loss) from operations	(8,391)	(1,987)	659
Interest expense, net	(850)	(270)	(134)
Other income (expense), net	86	(61)	237
Income (loss) before provision for income taxes	(9,155)	(2,318)	762
Provision for income taxes	22	167	624
Net income (loss)	(9,177)	(2,485)	138
Deemed dividend on convertible preferred stock		(2,286)	
Accretion of redeemable convertible preferred stock			(5)
Noncumulative dividends to convertible preferred stockholders			(133)
Net income (loss) attributable to common stockholders	\$ (9,177)	\$ (4,771)	\$
Net income (loss) per share attributable to common stockholders, basic and diluted (1)	\$ (18.33)	\$ (0.58)	\$ 0.00
Shares used in computing net income (loss) per share attributable to common stockholders, basic and diluted (1)	500,550	8,203,001	13,123,524
Pro forma net income per share attributable to common stockholders, basic and diluted (unaudited) (1)			\$ 0.00
Shares used in computing pro forma net income per share attributable to common stockholders (unaudited) (1)			
Basic			17,784,246
Diluted			19,242,727

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	As of January 31, 2012		
	Actual	Pro Forma (2)	Pro Forma as Adjusted (3) (4)
		(in thousands)	
Consolidated Balance Sheet Data:			
Cash and cash equivalents	\$ 27,405	\$ 27,405	\$
Working capital	19,179	19,179	
Total assets	44,578	44,578	
Warrant liability	103		
Total debt	1,000	1,000	
Convertible preferred stock	47,764		
Total stockholders' equity (deficit)	(26,688)	21,179	