

Case Study: Ikanos – Driving Value Before and After an IPO

Based in Fremont, California, Ikanos Communications develops semiconductors that support increased bandwidth for the delivery of high-speed broadband services via telephone lines. In the Spring of 2005, Ikanos found itself in the position of being the technology leader in VDSL chips – which accelerate DSL speeds as much as 100 times – but suffering low awareness and little recognition from industry and financial analysts. On track for an IPO, it was critical for Ikanos to sharpen its story and reach these influential audiences.

Rockpoint initiated an analyst program and took the company on an extensive press and analyst tour. The challenge was getting analysts to see VDSL as an industry within the broadband market that warranted its own coverage, and to recognize the superiority of Ikanos' Discrete Multi-Tone (DMT) architecture and the company's leadership in the industry. Through compelling presentations and persuasive industry data, Rockpoint and Ikanos demonstrated how VDSL was changing globally, particularly in the Asian market, and its potential impact in Europe and the United States. Rockpoint established solid relationships with key analysts who, in turn, became champions of VDSL and generated reports that showcased the momentum of the VDSL industry. These reports ultimately became invaluable resources as Ikanos prepared its road show presentation for an IPO.

Rockpoint succeeded in placing eight contributed articles in the trade press underscoring the need for telephone carriers to be competitive with cable with services that offered speed and reliability for the interactive broadband market. Because of the momentum generated leading up to the IPO, Ikanos was well positioned to weather its quiet period since new champions were now touting the company's leadership.

Ikanos launched its stock at \$12 a share – the high end of its pricing structure – and achieved profitable results in its first quarter as a public company. The company subsequently made its first acquisition of the Fusiv and Eagle product lines from Analog Devices, which expanded its family of products and enabled Ikanos to win reference design contracts as a developer of total “residential gateway” solutions. Rockpoint capitalized on these moves to position Ikanos as a visionary authority on the delivery of broadband to homes and garner favorable press coverage. The overall effort led to more than 225 articles covering Ikanos, including feature stories in Investors Business Daily and The San Jose Mercury News, top tier business press coverage from Reuters, Associated Press, MSN Money, Businessweek, Forbes, Marketwatch, MSNBC and Dow Jones, and glowing company briefs by IDC, Linley Group, Thomas Weisel Partners and dozens of other financial analyst firms, and paved the way for a secondary offering in March 2006. As of mid-April, the company's stock price had passed \$20 per share.