ENVIVIO INC
Form S-1/A
May 17, 2011
Table of Contents

As filed with the Securities and Exchange Commission on May 17, 2011

Registration No. 333-173529

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

to

Form S-1

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

ENVIVIO, INC.

(Exact name of registrant as specified in its charter)

Delaware	**3663**	**94-3353255**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(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. ¨

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 (Do not check if a smaller reporting company)	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.

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This 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 MAY 17, 2011

PRELIMINARY PROSPECTUS

Shares

Common Stock

$ per share

This is Envivio, Inc. s initial public offering. We are offering shares of our common stock.

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	$	$

(1) In addition, we have agreed to reimburse the underwriters for certain expenses incurred in connection with this offering. See Underwriting.

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.

We have granted the underwriters the right to purchase up to an additional shares of common stock to cover over-allotments.

The underwriters expect to deliver the shares of common stock to purchasers on , 2011.

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.

Stifel Nicolaus Weisel **Piper Jaffray**

Needham & Company, LLC **William Blair & Company**

The date of this prospectus is , 2011.

Table of Contents

Table of Contents

TABLE OF CONTENTS

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 have not authorized anyone to provide you with information different from or in addition to that contained in this prospectus. We 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 trademark applications pending for Envivio Genesis and Envivio Halo in the United States. This prospectus also contains trademarks and trade names that are the property of their respective owners.

Table of Contents

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 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. Our software-based solution offers flexibility to our customers, runs on industry-standard hardware and includes encoders, transcoders, network media processors and video gateways, 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 220 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

Table of Contents

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 networks can leverage their dual-network presence to offer innovative video services. Broadcasters and content owners, including BBC, CBS and ESPN, 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, Netflix and Sezmi, 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 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 that provides a 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 to multiple screens while maintaining a high-quality video experience 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 with high reliability*** 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.
- ***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.
- ***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.

Our video processing and distribution solution is based on a suite of products built upon a proprietary software platform that we have developed over more than a decade. By combining this proprietary software platform, which conforms to international telecommunications standards, with the latest generation of

Table of Contents

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, 2011, we had 117 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.

Table of Contents

THE OFFERING

Common stock offered by us	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 us. 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.
Risk Factors	See Risk Factors beginning on page 7 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 171,679,778 shares outstanding as of January 31, 2011, and excludes:

- 20,546,889 shares of common stock issuable upon the exercise of options outstanding as of January 31, 2011, at a weighted average exercise price of $0.04 per share;
- 7,420,804 shares of common stock that were issued through stock purchase agreements and paid for by issuances of promissory notes, all of which are currently outstanding. 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. 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. We do not intend to repurchase these shares in connection with this offering. For 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;
- 360,000 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 $1.25 per share; and
- 1,053,079 shares of common stock reserved for future issuance under our 2010 Stock Incentive Plan and shares of common stock, subject to increase on an annual basis, reserved for future issuance under our 2011 Stock Incentive Plan, which will become effective in connection with this offering.

4

Table of Contents

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 42,381,371 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 9,894,156 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 us.

In addition, unless otherwise indicated, all share numbers presented in this prospectus do not give effect to the 1-for-   reverse stock split that will be effected prior to the completion of this offering.

Table of Contents

SUMMARY CONSOLIDATED FINANCIAL DATA

We derived the summary consolidated statement of operations data for fiscal years ended January 31, 2009, 2010 and 2011 and the consolidated balance sheet data as of January 31, 2011 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,		
	2009	2010	2011
	(in thousands, except share and per share data)		
Consolidated Statement of Operations Data:			
Revenue	$ 18,664	$ 16,288	$ 30,004
Cost of revenue	10,085	7,482	11,504
Gross profit	8,579	8,806	18,500
Operating expenses:			
Research and development	7,878	4,908	5,152
Sales and marketing	9,698	6,980	8,886
General and administrative	5,840	5,309	6,449
Total operating expenses	23,416	17,197	20,487
Loss from operations	(14,837)	(8,391)	(1,987)
Interest expense, net	(1,557)	(850)	(270)
Other income (expense), net	695	86	(61)
Loss before provision for income taxes	(15,699)	(9,155)	(2,318)
Provision for income taxes	70	22	167
Net loss	(15,769)	(9,177)	(2,485)
Deemed dividend on convertible preferred stock			(2,286)
Net loss attributable to common stockholders	$ (15,769)	$ (9,177)	$ (4,771)
Net loss per share of common stock, basic and diluted (1)	$ (2.84)	$ (1.62)	$ (0.06)
Shares used in computing net loss per share of common stock, basic and diluted (1)	5,543,689	5,661,128	82,591,441
Pro forma net loss per share of common stock, basic and diluted (unaudited) (1)			$ (0.04)
Shares used in computing pro forma net loss per share of common stock, basic and diluted (unaudited) (1)			129,061,385

	As of January 31, 2011		
	Actual	Pro Forma (2)	Pro Forma as Adjusted (3) (4)
		(unaudited)	
		(in thousands)	
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 10,017	$ 10,017	$

Working capital	2,283	2,283
Total assets	26,751	26,751
Warrant liability	196	
Convertible preferred stock	31,421	
Total stockholders equity (deficit)	(28,915)	2,702

6

Table of Contents

(1) Please see Note 9 to our audited consolidated financial statements for an explanation of the calculations of our basic and diluted net loss per share of common stock and pro forma net loss per share of common stock.

(2) The pro forma column in the consolidated balance sheet data table above reflects the conversion of all outstanding shares of our convertible preferred stock into common stock immediately prior to the completion of this offering and the resulting reclassification of the warrant liability to additional paid-in capital.

(3) The pro forma as adjusted column in the consolidated balance sheet data table above reflects (i) the conversion of all outstanding shares of our convertible preferred stock into common stock immediately prior to the completion of this offering, (ii) the resulting reclassification of the warrant liability to additional paid-in capital and (iii) the receipt of the net proceeds from the sale of shares of common stock offered by us in this offering at a price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus.

(4) A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) each of cash and cash equivalents, working capital, total assets and total stockholders equity (deficit) by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions. Each increase (decrease) of 1.0 million shares in the number of shares of common stock offered by us would increase (decrease) each of cash and cash equivalents, working capital, total assets and total stockholders equity (deficit) by approximately $ million, assuming a price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions. The pro forma as adjusted information discussed above is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering.

Table of Contents

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including our consolidated financial statements and related notes included elsewhere in this prospectus, before making an investment decision. If any of the following risks is realized, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the trading price of our common stock could decline and you could lose part or all of your investment.

Risks Related to our Business

We depend on the capital spending of telecommunications, cable and satellite service providers, as well as broadcast, media and Internet content providers for a substantial majority of our revenue and any material decrease or delay in capital spending in these industries would negatively impact our operating results, financial condition and cash flows.

A substantial majority of our historical revenue has been derived from sales to telecommunications, cable and satellite service providers, as well as, more recently, the emerging broadcast, media and Internet content providers. We expect that revenue from all of these markets will constitute a substantial majority of our revenue for the foreseeable future. Because many of our customers in these markets purchase our products in connection with constructing and upgrading their architecture and systems, demand for our products will depend on the magnitude and timing of capital spending by our customers.

Our customers capital spending patterns are dependent on a variety of factors, including:

- the impact of industry consolidation;
- overall demand for communications services and consumer acceptance of new video and data services;
- competitive pressures, including pricing pressures;
- access to financing;
- general economic conditions;
- annual capital spending budget cycles of each of the industries that our customers serve;
- federal, local and foreign government regulation of telecommunications and television broadcasting;