

Alien Cancels IPO Plans

Alien Technology has requested that the U.S. Securities and Exchange Commission withdraw its registration statement for an initial public offering.

By Mark Roberti

Aug. 4, 2006—In a document filed today with the U.S. Securities and Exchange Commission, [Alien Technology](#) requested that the SEC withdraw the firm's registration statement announcing its plan to sell some of its stock on the open market. The move ends, for now, the company's attempts to go public, though Alien requested in its filing that fees related to the initial public offering (IPO) be credited "for future use."

The latest filing, signed by Stavro E. Prodromou, Alien's president and chief executive officer, says: "The Company has determined not to proceed with the registration and sale of its common stock at this time. No shares of the Company's common stock have been sold pursuant to the Registration Statement. The Company may undertake a subsequent private offering of securities. . ."

On July 28, Alien had announced it was merely delaying its IPO, suggesting it would resume the process once market conditions improved (see [Alien Technology's IPO Woes](#)). Prodromou told *RFID Journal* that Alien subsequently decided to withdraw the IPO because the underlying market conditions were unlikely to change quickly, and because as long as Alien's filing for an IPO remained on file with the SEC, it could not pursue a sale of stock to institutions or private investors. "By withdrawing it, once a cooling off period passes, we have the option to do a private placement," he says.

Prodromou says he can not comment on what Alien's next steps are for funding because the firm remains in a "quiet period"—the SEC prevents companies from making public statements that could have an impact on a stock offering—for another 30 days.

"Alien continues to be an important supplier to the UHF Gen 2 marketplace," he says. "Several months back, we received EPC Gen 2 compliance notice for our chip. We've had that for our reader for some time. All of those are on track in terms of our plans to continue with our product offerings in the marketplace."

"About 10 days ago, we made a supplemental filing with the SEC that indicated that our revenues for the June quarter are estimated to be between \$6.1 million and \$6.6 million, which is a record quarter for us," he says. "I can't go any further than public statements we've made, but any questions about the company continuing in this business or our determination can be answered by the revenue number, our Gen 2 certification of our own chip and so on."

In the past few days, rumors have circulated about impending layoffs at the company. "We have taken some cost-reduction actions, in the nature of external spending and internal spending," Prodromou explains. "Until we have better visibility into future financing events, it is prudent for us to take all the cash preservation actions that we can—consistent with our plans to remain in an industry leadership position."

When asked if, in retrospect, Alien had tried to go public too soon, Prodromou says: "We chalked up a

number of milestones in terms of Gen 2 products, shipping more than 100 million FSA-produced tags, the rate of adoption in the vertical sectors that are important to us. This was not about a company with trailing 12 months of positive cash flow. It was an opportunity for investors who wanted to be in on the future of RFID to have a pure play [company to invest in]. So we thought from that point of view, there would be a positive reaction. Obviously, external factors, such as the situation in the Middle East, made the market extremely jittery, so it was not a good environment for IPOs, particularly technology IPOs. In hindsight, we probably could have picked a better time."

"Alien was not alone in July being an unkind month to IPOs," he adds. "We hope that that situation will improve at some point because we still have a great deal of confidence, not just in the company but also the RFID industry. There have been a number of major developments this year—in retail, defense, pharmaceuticals and airline operations—that lead us to have confidence in the industry. The outlook continues to be good, and we intend to be a strong supplier in those spaces."

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