

Alien Technology Closes \$38 Million in Funding

The RFID tag and reader vendor says its investors were heartened by the company's product revenue, which grew approximately 50 percent during the past 12 months.

By Mary Catherine O'Connor

Oct. 6, 2008—[Alien Technology](#), the Morgan Hill, Calif., maker of passive UHF RFID tags and readers complying with the EPC Gen 2/ISO 18000-6C standard, announced the completion of a \$38 million round of venture funding today. This brings the total amount of funding the company has raised to \$329 million, says Alien CEO George Everhart.

"We think this is our last round," he says. "I think it will provide a buffer to bring us to the point where we are cash-breakeven, and can be self-sustaining."

The company saw its product revenue grow approximately 50 percent during its fiscal year 2008, which closed in September, compared with its 2007 product revenue. Much of that increase is rooted in tag sales, says Everhart. The volume of the company's RFID inlay sales in its fiscal year 2008 was 76 percent above its 2007 inlay sales. "A record-breaking year," he says.

This sales growth—strongest in the quarter ending in September—served to buoy Alien investors' confidence, according to Everhart. Thus far, the U.S.—and increasingly global—economic crisis has not negatively impacted Alien, he adds. "We have not seen [the economic downturn affect demand for tags and readers]. Whether it will hit us is yet to be seen. But we are happy that investors have showed their confidence in us."

The investors that contributed to the \$38 million are Chicago-based [Advanced Equities Financial Corp.](#); [New Enterprise Associates](#) in Menlo Park, Calif.; and [Rho Ventures](#) and [Sunbridge Partners](#), both based in Palo Alto., Calif. All four have invested in the company before.

Investor confidence in Alien also withstood the firm's failure to go public—in 2006 it quashed a pending initial public offering (see [Alien Cancels IPO Plans](#)).

Everhart declined to provide a forecast for tag and reader sales in 2009, but notes that the size of orders the company is seeing on a regular basis marks a significant change from what he saw upon joining the company in early 2007. "Back then, we were excited with an order for 50 or 60 readers, or 3 to 4 million tags. But a couple of months ago, we took two orders that totaled 2,000 readers, and we've gotten orders for many millions of tags from single customers. People are starting to implement RFID, rather than talking about it."

RELATED_ARTICLES He also notes a sharp increase in orders from end users deploying RFID in closed-loop applications, and a growth in orders from companies outside the United States. "Our growth was more geographically diverse in 2008 than it was in 2007."

Alien plans to use the \$38 million in funding for "general corporate purposes," says Everhart, including for research and development and marketing.

