

Looking For That Private Prize
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Lately, the stock market has felt a lot like the presidential campaign. The polls clearly show that America isn't yet ready to move to one side or the other in any predictable fashion; investors have taken the same approach to the equity markets during the summer—they can't decide whether the markets should be going up or down, so they stay in the middle. Given this backdrop, it's not hard to see why the technology faithful may be a little concerned about valuation on tech stocks. The Nasdaq 100 index has declined only a modest 6.8% year to date through August, compared with an almost 0% return for the S&P 500. However, the Philadelphia Semiconductor Index, an index of leading semiconductor stocks, is down a whopping 27.0% for the same time period. Intel, a semiconductor market leader, is down 33.6%.

It's times like these that I start looking at private companies that don't get priced constantly to remind me of my investment pain. One company that crossed my path is Voyence, which provides software and services that enable IT management and staff to centralize, automate, and standardize the way they design, validate, deploy, and manage network-configuration changes. Its leading product, VoyenceControl, is a multitiered network-configuration-management software system that allows IT organizations to manage many devices across heterogeneous networks. The product lets an organization document network topology, including all devices, configurations, and operating-system information. Anyone who has had to deal with lengthy new hardware installations and the associated downtime at remote locations will understand the value of this software. For example, Voyence's software will notify IT staff automatically when changes are made. It provides an audit trail so that the eventual impact on the network is defined, even if the change was made outside the system. This is invaluable for minimizing downtime and dealing with security vulnerability issues. After all, a significant amount of downtime today is related to device configuration. The result is lower costs and better control by centralizing change management.

With partners, including BMC Software, Voyence's product will be a key component of companies' change and configuration strategies. However, there's some risk that partners might use alternative components for their platforms some day. For example, in the latest BMC IT Discovery Suite package, BMC Software uses Remedy's change-management software and Marimba's configuration-management software.

Voyence seems to be well-funded, backed by top-tier venture capitalists **Sevin Rosen** and InterWest, as it starts penetrating the larger enterprises with its strategic partners, BMC, Hewlett-Packard, and IBM. My only concern is whether its products make it truly viable as a company worthy of going public on a standalone basis or if it will need to look at one of its strategic partners as a potential purchaser. This has become one of the main questions for many startups. But despite my caveat, I think there might be a few suitors who would gladly step forward if the opportunity arose.