

Lightwave technology



**ASSIGN
BUSTER**

Lightwave Thechnology, Inc. was founded by George Kinson and Dr. Schyler Weiss in the summer of 1997. The two had always felt that Light Emitting Diodes (LED) was the technology that was the future of illumination and so when, in 1996, a Japanese group came up with a blue LED, they used the three primary colors of the LED to develop a digital palette, pioneering the new industry of intelligent semiconductor illumination technologies. In 1997, they also filed for patent protection on their color mixer.

They debuted their product at The International Lighting Exposition in Las Vegas and, after its success, raised \$842, 347 in financing from angel investors. As the company grew, it opened a European sales office in London in 2000 and outsourced manufacturing to companies in the United States and China. By 2001 they had secured over \$31 million in four rounds of investment funding and were planning to go public. However, the dotcom bubble burst and the 9/11 attacks forced them put their plan on hold as there was a sudden drop in orders.

However, they were able to put behind this setback and by 2003, the company had stabilized and hoping to breakeven within a year. In light of the recent successes, Kinson and Weiss once again started evaluating whether or not to pursue an initial public offering (IPO). As the company is planning an IPO, it would be a good idea to raise more capital because an IPO will be more successful if people perceive the company as having a very bright future.

Additional finance will help Lightwave Technologies come up with even more exciting products and advertise these so that the market sees the company as not just another fly-by-the night operator but a firm which is here for the

long haul. Unlike the first round of financing, where Kinson had to call over 150 firms, Lightwave Technology has a standing in the market and has proved itself have survived a recession. Hence, in this round of financing, the company should position itself as manufacturing the technology of the future and advertise the benefits of the technology.

They should emphasize its various uses and the fact that Governments, like the California government, is actually encouraging its use. They could also let it be known that they are planning an IPO in near future. Kinson and Weiss have so far taken all the right steps to help their company grow. An IPO at this stage would help them raise the capital for further research, which in turn would help get better business. They could also make presentation to various governments about the energy saving properties of LED and convince them to use this technology in their municipalities.

Similarly, business can be approached and made aware of the benefits of the technology, convincing them to switch to LEDs. Kinson and Weiss could also try and produce products for residential customers, who too would benefit from the energy savings and in turn help Lightwave Technologies grow. The company could look at their current profits and their ability to raise finances. They should also look at future projections and the part of the profit which would go into expansion and future research.

Next they should estimate the amount they would be able to raise through the IPO. If this amount is substantial enough, the company should go ahead with the IPO. Once they have made the decision, they need to consolidate their finances. They also need to increase the transparency of their operations, since a public company has much moreresponsibilitythan a

private company. They should also evaluate the market perception of their firm to come up with the right price for their IPO.