

**Sale of a Company**

**Client: Airsoft, Inc.**

**The Client:** Airsoft, Inc. was founded with the premise that the ability to remotely access corporate networks from anywhere over a modem would become increasingly important in business. Performance of the remote node, despite increases in modem bandwidth, continues to be a constraining factor. Airsoft developed unique caching and compression algorithms to improve performance from 2 to 4 times that of other techniques. Their strategy was to sell this technology to all of the major router and switch companies in this market.

**Sequoia’s Challenge:** Venture investors were nervous. Competitive products were starting to show up on the landscape. The OEM strategy followed by Airsoft had its potential pitfalls. Growth was slower than anticipated and an IPO was at least two years away. Sequoia Partners was asked to “test” the market’s appetite under the premise that Airsoft’s technology in the hands of one major firm, at the expense of the others, was potentially worth more than licensing the software to all comers.

**Results:** Sequoia dispensed with the normal profile and went immediately into the market seeking levels of interest. Using tight time constraints and the threat of competition, we were able to secure a price of \$42MM - above expectations and equal to a huge multiple of revenues. Nevertheless, we asked the Board for 24 hours more so we could get a higher bid. We brought the Board back a bid of \$55MM which they “reluctantly” accepted. The transaction closed in 40 days from the moment we were engaged.

*“An awesome job of managing the process and negotiating the deal. I’m glad we chose Sequoia Partners.”*

Jagdeep Singh, President, Airsoft

*“Very professionally and successfully executed.”*

Tony Sun, Venrock