



## VENTURE CAPITAL

by Carolyn Murphy

**R**adio frequency identification network infrastructure appliance developer **Reva Systems Corp.** has closed a \$13.5 million Series B round of funding from strategic investors **Cisco Systems Inc.**'s wireless business unit and **SAP AG's** SAP Ventures, to fund international growth and improve its product.

The deal brings Chelmsford, Mass.-based Reva's total capital collected to \$20 million, after a \$6.5 million Series A round of funding in April 2004. Existing investors **North Bridge Venture Partners** and **Charles River Ventures**, both of Waltham, Mass., participated in the two-year-old startup's Series B.

The company has no plans to raise additional capital at this point and intends to use the money to pursue global

# Reva arrives at \$13.5M second round

expansion and make its platform more functional, according to Tom Schuster, its chief executive.

Reva takes a networking approach to RFID. Its network infrastructure appliance is a management device that performs the horizontal aspects one might expect—managing readers and radio frequency interference, provisioning the devices and enabling remote management—to produce “one single very clean tag read,” Schuster said. The platform then takes that tag read and turns it into a logical statement.

“What you're trying to do is produce actionable information, pass that actionable information to an application and have that application turn that into business process change,” Schuster said.

He expects the addition of Cisco and SAP, two new investors focused on networking and applications respectively, to give Reva global reach and “increase the credibility of what [they're] saying.”

Schuster expects the RFID market to be a multibillion-dollar industry by 2012 or 2015, contingent upon two things.

“The question is how quickly one gets there,” he said, and how quickly deals come about.

Investors are betting Reva could have a strong presence in the RFID market, one that's been developing, but has yet to arrive.

“One of the issues around why RFID might be taking a little bit longer is that it is pretty complex to set up in terms of the middleware and the infrastructure,” said Jennifer Scholze, an SAP Ventures investment partner and new Reva board adviser. By contrast, she said, the networking approach makes it simpler. “Before you can do the tagging and the analyzing of the data, you actually have to have an infrastructure,” she said.

More startups could take the same approach of Reva. Scholze said, adding that middleware players might consider it as well. “But without having the networking background it's going to be a lot more difficult for them.”

**Hewlett-Packard Co.** and electronics manufacturing contractor **Jabil Circuit Inc.** are among Reva's products. Schuster said he expects Reva to be established in Europe early next year, and in Asia by midyear 2007, having already broken into both markets.

Without elaborating, Schuster said

Reva should be able to maintain 100% growth rate per annum, if not above that, for two to three years. While he would not reveal the company's valuation, he called the Series B a nice step up from its first round.

For legal advice, Reva tapped attorneys from **Gunderson Dettmer Stough Villeneuve Franklin & Hachigian LLP.** SAP turned to **O'Melveny & Myers LLP.** ■