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### LOCAL TECH RAISES NEARLY \$20M TO EXPAND PRODUCT LINE

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The local job market should get a nice boost from a nearly \$20 million investment in a local company that develops and markets intelligent optical switching solutions for the telecommunications industry and government clients.

CALIENT Technologies Inc., the Goleta-based high-tech company that was spun off a decade ago from the engineering labs at UCSB, announced today that it has raised a \$19.4 million round of venture financing from a combination of new and existing internal investors.

The new funding will be used to expand into data center and cloud computing markets, said CALIENT'S senior vice president Gregory Koss, a veteran of the high-tech industry who moved to the area last year from Boston. Mr. Koss, who has a reputation as a turnaround expert, said the funding is the company's fourth round of serious backing. In July 2010, the company announced a \$10 million financing round.

It's a rather esoteric business niche, with few players in the arena, said the results-oriented Mr. Koss. Since its founding in 2002, the company has posted modest annual sales in the \$5 million range to large telcos such as Verizon and AT&T -- outfits that have huge transoceanic cables connecting Asia, North America and Europe.

Imagine small mirrors etched onto silicon chips and you have an idea how light helps moves data forward, Mr. Koss explained in layman's terms, talking about the company's intellectual property.

Mr. Koss has a background with a variety of wireline, wireless and optical networking companies. He helped his former employer grow revenues from \$10 million to more than \$50 million.

"We're looking to triple -- or quadruple revenue" in the next year, asserted Mr. Koss of CALIENT sales targets, adding the the company's workforce, which now counts 35 employees, will grow to 50 in the short term. He also expects to retain a fair number of consultants.

Already, the company is advertising to fill jobs in the areas of engineering ("what we are building is instrumentation") along with test technicians, said Mr. Koss. "We actually are doing the production here --



Greg Koss, a senior vice president at CALIENT Technologies Inc., is seen in "The Fab," a high-tech foundry where optical switching products are made. The Goleta company announced a round of new venture funding today, which will mean new jobs for South Coast residents.  
NIK BLASKOVICH/NEWS-PRESS

assembling the chips," said Mr. Koss of the fabrication plant at the company, which is located at 27 Castilian Drive. He said the company's employees are drawn from the ranks of electrical and mechanical engineering and materials science.

"It works out nicely being so close to UCSB to tap into its multiple disciplines" to offer both internships and job opportunities, said Mr. Koss, who was wearing walking shorts during a recent shoot. Suffice to say, the company culture -- and dress code -- are decidedly Silicon Beach casual.

He estimated that researchers have spent as much as \$400 million in perfecting CALIENT's optical technology capabilities. "That's a very high barrier to any competitor" wishing to enter the space, he added.

In terms of the competitive landscape, he told the News-Press only one other firm comes close to working with the same clientele: Glimmergass Networks, which is located in the San Jose area. "Their technology doesn't scale to the degree that ours does," said Mr. Koss, who declined to be more specific, citing proprietary reasons.

In terms of the sales call, Mr. Koss said the end user for CALIENT's product has several key concerns.

Most importantly, the CALIENT product line has to be highly secure, given that the technology is used in intelligence monitoring,

"We're talking large data center customers," he said of future customers. "The good news is that it's a very targeted and relatively small customer list" of perhaps 10-12 key prospects. This means that the company doesn't have to build a huge sales force to pitch its wares.

Mr. Koss said the company's client list is global. "We recently hosted a group from the U.K.," he said, eager to hire new staff to help expand the company's reach.

"There's a lot of room to grow here," he said of the South Coast. We'll be here for a long, long time."

For more information, log onto [www.calient.net](http://www.calient.net).

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