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Gigle turns on investors with chips aimed at plug-and-play gadgetry

by **Clifford Carlsen**
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Home networking technology developer Gigle Semiconductor raised \$20 million in a Series B investment round to launch production of chips that allow consumers and telecommunications carriers to deliver broadband multimedia content through power lines and other home wiring.

Scottish Equity Partners led the round for the Barcelona company. Previous investors Accel Partners of London and Pond Ventures of San Jose, Calif., returned in the deal, which brings total funding in the two-year-old company to \$31 million.

The new money will support fabrication of chips the company expects to roll off production lines next month. It is also expected to boost advance sales and marketing for design wins with original equipment developers of consumer equipment and telecommunications carriers.

Kent Godfrey, a general partner with Pond Ventures, said the deal validates an aggressive plan to expand limited capabilities of existing products for using existing wiring to transmit data and multimedia and to develop interoperability between phone lines, power lines and coaxial cable, all while increasing throughput. He said the company could demonstrate to potential new investors that its chips will work as planned and to raise money to begin landing design wins for products that could debut as early as next year's Christmas season.

"We have been involved since the very beginning when they set out to solve a very hard problem, but they put together what we think is the best European technical team we've seen in 10 years of investing," Godfrey said. "There are lots of companies out there building chips for any one of these wires, but Gigle is the only company that has assembled all the ingredients necessary to deliver a truly global solution for communicating high definition video around the home."

Davin McAndrews, Gigle's senior vice president of marketing and business development, said the company was formed in September 2005 when veterans of home networking developer Design of Systems on Silicon S.A. of Spain teamed with two veterans of STMicroelectronics Ltd.--Juan Carlos Riveiro in Spain and chief technical officer Jed Hurwitz in Scotland--and set out to develop low-cost high-performance, system-on-a-chip technology to carriers and consumer product manufacturers to enable emerging triple play broadband capabilities in homes without an Ethernet cable.

McAndrews said other companies have sold chips for home networking over existing wires but that Gigle's product will be cheaper, faster, more robust and capable of operating on different media simultaneously.

Kurt Scherf, vice president and principal analyst with Parks Associates, a Dallas market research firm specializing in home networking, said expectations for wireless broadband have been overly ambitious and that the industry has long been expecting a boom in products to deliver media over existing wires. He said growth in products to deliver over power lines has been encouraging but that Gigle's promise of delivering speeds of 1 gigabit per second would greatly expand the 200 megabits per second capabilities of existing products and that interoperability would make products especially attractive.

"There has been a lot of argument about whether you can ever deliver high-definition television over wireless, and while you can probably find people who will say it is coming, a system for delivering over existing wires offers the greatest flexibility," Scherf said. "One could say what they are trying to do is the optimal solution, and it sounds very compelling."

Scherf said systems for using existing wiring for broadband will be particularly popular in Europe, where there is much lower cable television penetration, but that U.S. telecommunications carriers could be very eager to adopt such technology to market services in competition with cable operators. He said satellite television operators already use power line transmission technology in a number of U.S. markets to offer interactive services.

McAndrews said the current funding will allow Gigle to move into full-volume production with contracted fabricators next year, but he would not say when the company expects to raise additional capital. Gigle did not disclose a valuation for the new investment, but Godfrey said the company was able to return to investors shut out of the Series A round, and received multiple term sheets at a healthy premium on the original investment.

Gigle used no outside financial adviser for the round and had legal work on the deal from the London office of Heller Ehrman LLP. Bennett Yee of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian LLP in Menlo Park, Calif., represented investors.



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