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[Print](#) | [Email](#)iControl Closes \$51.6M Round From Stealth Energy Investors To Scale
Lizette Chapman | 20 June 2011

Still digesting the acquisition of its biggest competitor and fresh from a major launch with Comcast Corp., home automation company iControl Networks Inc. has raised \$51.6 million to expand into Europe and improve its product.

The Series D round—which pumps the company's total fund-raising to \$119 million—was led by two large, unnamed strategic investors in the energy and clean-tech sectors.

iControl Co-Chief Executive Paul Dawes, who said investor identities will be revealed when they introduce home energy management products to consumers later this year, said raising money was easy to do and at a valuation he was pleased with.

"We realize the market's exploding right now," said Dawes, adding iControl may still take another couple million in investment to complete the round. "We're at an inflection point."

Dawes began fund-raising in April and quickly reached his \$30 million target with the new stealth investors. He decided to increase the round another \$21.6 million so that previous investors Cisco Systems Inc., Comcast Ventures, Intel Capital, Rogers Communications and Tyco International could participate. Venture capital firms Charles River Ventures and Kleiner Perkins Caufield & Byers, through its iFund, also participated in the round.

The infusion comes at a pivotal time for the company and in the maturation of the home automation space, which has been promulgated in science fiction for decades but is just now becoming a consumer reality.

Research firm Parks and Associates estimates that, by 2014, as many as 45% percent of U.S. homes could be outfitted with a "smart meter," or a utility meter that can communicate with other devices in the home. Meanwhile, video cameras, wireless sensors and other monitoring devices are decreasing in price and increasing in quality. Ubiquitous and high quality wireless connections, along with a tsunami of smartphones and tablets, means the end user not only has a way to get information about his home operations, but probably already has the device to do it in his pocket.

Home automation could include remote monitoring and operations of temperature, lighting, home appliances, security systems and more.

iControl is hardly alone in rushing to outfit the robot home of the future.

Motorola Mobility Inc. acquired iControl competitor 4Home Inc. late last year, while Control4 Corp., another competitor, remains independent and has raised more than \$100 million to date from the likes of Cisco Systems, Foundation Capital, Thomas Weisel Venture Partners, Frazier Technology Ventures, vSpring, Mercato Partners and Best Buy Capital.

Unlike Control4, iControl doesn't sell its software to consumers, but rather to security, cable-TV and telecommunications companies that already have a connection to people's houses, and typically, are strategic investors in the company to begin with. Security firm ADT, a unit of Tyco International known for selling home burglar alarm monitoring services, is one example. Comcast Corp. is another.

Comcast expanded its iControl trial from Houston to six more markets earlier this month, branding it Xfinity Home Security. The service, which costs \$39.95 a month, allows customers to manage thermostats and lighting systems, from both desktop browsers and smartphones. Customers can sign up for email or text alerts when doors in their home open or close and watch live streaming video of select locations within their homes.

"iControl has been growing very fast for the past 18-24 months and growth requires capital," said Louis Toth, managing director, Comcast Ventures, who has been tracking the Palo Alto, Calif. company since it launched in 2003 and began investing in 2009. "iControl has signed up a series of really good partners. We're on the cusp of some really interesting roll-outs."

Upcoming growth—along with plans to revamp its energy management application—triggered the recent fund-raising. Dawes said the company spends roughly 80% of its funds on developing product and supporting existing customers. It doesn't spend much on sales or marketing because its customers are by and large its strategic investors. It has 20 customers in North America to date.

Although the company effectively doubled its resources when it merged with UControl Inc. in December 2010 and its fiercest competitor became a team member, Dawes said it wasn't enough to service what he sees as a massive opportunity.

"We think we can help these service providers build at least a \$1 billion recurring revenue business," he said, adding his iControl valuation "was a recognition of that significance."

He declined to provide valuation or revenue figures. Dawes said the number of employees at the Palo Alto office was more than 100 and that the company would be hiring as many qualified candidates as it could to engineer new product changes, especially in the energy management area.

He confirmed that Kleiner Perkins' Director of Engineering Recruiting Andy Chen was helping him source good candidates.

He said funds will also be used to expand to Europe and later to Asia but he declined to provide further details.

<http://www.icontrol.com>

The home automation company is gaining traction with customers who are also its strategic investors.

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