



MokaFive receives M&A interest but plans to remain stand-alone company, CEO says

MokaFive, a privately-held Redwood City, California-based desktop virtualisation company, has received approaches from outside firms interested in an acquisition, but plans to remain a stand-alone company, according to CEO Dale Fuller.

Founded in 2005, MokaFive has the potential to grow as fast as a company like BEA Systems, Fuller told this news service. That growth would open up a range of exit options down the line, including a possible IPO, he said. MokaFive recently raised USD 21m in a Series C round of venture capital funding, led by NGEN Partners, with existing investors Khosla Ventures and Highland Capital Partners also participating. The company has received a total of USD 41m in venture financing to date.

MokaFive is expected to be cash-flow positive by the mid-point of 2011 and to be profitable by the end of that year, Fuller said. The company currently has 43 employees. With the latest funding, MokaFive plans to invest in its sales and marketing efforts, Fuller said.

The company doesn't have a financial adviser, Fuller said, and isn't seeking one at this time. MokaFive's backers, including Vinod Khosla's Khosla Ventures, provide ample support to map strategy, Fuller said. The company is "a little ways away" from an exit conversation, he said, but noted that the IPO market seems to be starting to open up. Companies that demonstrate robust growth will have the option to pursue an IPO, Fuller noted.

MokaFive is in the midst of its first phase of development, which entails successful sales to enterprises, Fuller said. The company is past proving the software works, and now has some "very large" enterprise customers using the product, including a number of Fortune 1000 companies. "They are seeing significant cost improvements," he said.

The second phase is deployment to the managed service providers (MSPs) like **Accenture** and **Rackspace**, Fuller said. MokaFive is working with MSPs now and hopes to roll out to them in the next two years. The third phase is the company's consumer effort, which will be available through companies like **AT&T** and **Verizon** in the next four to five years, he said.

MokaFive views its competition as companies like **VMware** and **Citrix Systems**, with their virtual desktop infrastructure, or VDI. Cloud-based desktop solutions are the company's primary competition, he said, but noted that MokaFive has a significant cost advantage over them.

MokaFive provides IT organizations complete management control in delivering a secure virtual computing system to any hardware platform. Unlike server-hosted virtual desktop solutions, MokaFive executes locally on computing end points, providing better performance and offline access while reducing the need for large server infrastructures.

by Katherine Hunt in San Francisco