

Convio shares rise 13.8% in trading debut

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Shares of Convio Inc. rose 13.8 percent Thursday in the Austin-based software firm's first day as a publicly traded company.

After climbing as high as \$10.99, Convio's stock closed at \$10.24 on the Nasdaq exchange. More than 1.3 million shares were traded.

Convio raised \$46.2 million Wednesday night by selling 5.1 million shares to institutional investors at \$9 each. That was below the \$10 to \$12 a share target the company had set.

Convio said it made \$29 million in the offering, after various expenses were deducted. The company will use the money raised in the initial public offering to increase working capital and possibly pay off debt and make acquisitions, according to securities filings.

"It was a solid offering," said Scott Sweet, senior managing partner with IPOBoutique, which tracks the public offering market. "Obviously, Convio would have liked to have \$12 a share, but the market wouldn't allow it.

"They took their money, and hopefully at some point they'll come out with a secondary offering, as a growth company often does, with a higher share price," Sweet said.

Company officials declined to comment on the offering, citing a quiet period required by securities regulations.

On Wednesday night, Convio and some of its shareholders sold blocks of stock to Wall Street firms and other institutional investors. Thursday was the first time the shares were available to the public.

The offering did not include all of Convio's shares, and the company can sell more of its stock to the public in the future in what's called a secondary offering.

Analysts said the market remains challenging for public offerings. Shares of Thursday's other IPO, Alpha & Omega Semiconductor Inc. of Sunnyvale, Calif., closed at \$17.70, down 1.7 percent.

Sweet of IPOBoutique said Convio made a good call in selling its shares Wednesday night below its target price range.

"I have to applaud companies that are willing to go lower, rather than postponing or pricing too high, and then having it flop," Sweet said. "That only serves to anger the major institutions and retail clients. And they don't forget that when it comes time to do a secondary offering."

Most of Convio's 250 employees have stock options. However, most company executives, employees and other stockholders are not permitted to trade their shares for 180 days.

Convio sells software that lets nonprofit organizations handle marketing, fundraising and donor management. The 10-year-old company serves about 1,300 organizations, including the Susan G. Komen for the Cure foundation, National Public Radio and the American Diabetes Association.

Based on preliminary figures, Convio said it made a first-quarter profit of \$182,000 on revenue of \$16.7 million. In 2009, Convio lost \$2.1 million, compared with a \$3.7 million loss in 2008. Convio's revenue last year totaled

\$63.1 million, up 11 percent from 2008.

Convio sold 3.6 million shares Wednesday night; the remainder came from various shareholders.

Before the offering, the company's major owners included venture capital firms Granite Capital, which has 20.1 percent of the company, and Austin Ventures, with 15.7 percent.

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