



Each day this week, to coincide with The Times/Smith School World Forum on Enterprise and Environment, we look at the business opportunities presented by climate change.

GridPoint aspires to be Oracle of smart grid, plans more acquisitions

GridPoint, a smart grid software company, is looking to make one or two more acquisitions this year as it builds a complete enterprise software platform for electrical utilities, said CEO Peter Corsell.

The Arlington, Virginia-based company, which has received a total of USD 222m in venture backing, is looking at about half a dozen software-oriented companies mostly with eight-figure valuations, although some have low nine-figure valuations, he said.

GridPoint has a cash horde of well above the USD 120m it raised in a fifth funding round last September, the majority of which could arguably be best used by making acquisitions, said Corsell. “We aspire to be the Oracle of the smart grid,” he said.

Thoughts of an exit are still far away, however. GridPoint’s backers, which include Goldman Sachs, New Enterprise Associates, Perella Weinberg, Robeco and Susquehanna, are unlikely to pursue an exit for the next two years. Corsell said he tries to convert any interest from potential buyers into a partnership. “We’re in multiple partnership discussions.”

The company currently has partnerships with Silver Spring Networks, Control4, Ventex and OSI Soft.

While Corsell said he saw no direct competitors to GridPoint, he pointed to Oracle, Cisco, IBM and Siemens as large companies looking at the smart grid space. The “Big Four,” as Corsell calls them, will be likely buyers too.

GridPoint has made two acquisitions. Last month, it bought Lixar Energy of Canada for an undisclosed fee,

although Corsell says it was an eight-figure deal that brings GridPoint a dynamic consumer portal and a Canadian presence. Last September, GridPoint bought V2Green, which strengthened GridPoint’s platform for managing electric cars. GridPoint used mostly stock and some cash in both deals.

To head its acquisition drive, the company announced on 29 June it had hired John Spirtos, a former Converse Technology executive.

GridPoint did not use outside financial advisers for its acquisitions, but Corsell did not rule out future advisory mandates. It is close to its backer Goldman Sachs and Morgan Stanley, which is not an investor.

The company’s software allows utilities to better control and monitor their electrical grids by providing greater transparency. It does this by integrating all the equipment attached to the grid, such as household thermostats, solar panels on a big-box store, electric cars that have been plugged in to recharge, or substation storage devices.

That way, the utility can manage electricity more efficiently and avoid the need to build costly power plants to meet extra demand. GridPoint, which says its grid optimization platform is the equivalent of having a virtual power plant, does not disclose revenues but Corsell says the company’s contracts with utilities typically range from USD 20m to USD 100m deployed over a two-to-four year period with some recurring software licensing fees.

By Mark Andress