

## Belkin International Inc

# Belkin founder pushes the benefits of staying private

Pipkin marks sale to FIT by highlighting role of flexibility in the US group's growth

TIM BRADSHAW – LOS ANGELES

The founder of consumer electronics company Belkin International – which has just been bought after 35 years of independence – has defended the flexibility of remaining private at a time when Silicon Valley's tech start-ups are under pressure to list on public markets.

Chet Pipkin started Belkin in his early twenties from his parents' garage in Southern California in 1983. The company's \$850m acquisition, by FIT Hon Teng, a Hong Kong-listed affiliate of manufacturing giant Foxconn, closed on Friday.

In the decades in between, Belkin has ridden successive booms and slumps in the technology industry, from printer cables for early Apple computers to a range of iPod and iPhone accessories.

"Progress is not always a straight upward-trending line," Mr Pipkin has previously said.

Even in the hyper-accelerated tech industry, Mr Pipkin, 57, still believes patience can be a virtue.

"One of the things I'm really grateful for today is just the perspective that comes with having done this for a little while. Over the last 35 years we've seen so many things cycle."

Los Angeles-based Belkin has endured without the venture-

capital fuelled breakneck growth that is common further north in California, avoiding the spiralling valuations and spectacular blowouts that Silicon Valley can create.

"The ways that things have unfolded in Silicon Valley is special and magical in its own right, but it's not the only right way to do things," said Mr Pipkin, speaking at Belkin's headquarters in the Playa Vista neighbourhood of LA. "Belkin was never founded and our visions were never refined with an exit in mind."

Mr Pipkin did not take on any outside financing for Belkin until 2002, when private equity group Summit Partners bought a small minority stake. But Mr Pipkin bought back those shares three years ago, making him the only significant shareholder at the time of the sale to FIT. That makes him unusual among company founders, who often sell large stakes to VCs early on.

"There are choices and there are consequences" to remaining private for so long, Mr Pipkin said. "There are times when we've been constrained – probably more constrained than we would have been – in terms of financial wherewithal."

For instance, when Microsoft made changes to its Windows operating system that opened

up opportunities for Belkin, Mr Pipkin wishes his company had been able to do more.

But 10 years ago, when he was sitting in a meeting with a group of venture capitalists as news broke that Lehman Brothers had collapsed, being private with cash on hand became a huge asset.

"For that period, we had much more flexibility than a publicly traded company did," he said – including some of Belkin's competitors. That was especially crucial in 2008, when the Apple iPhone was starting to take off. "You wouldn't want to be handcuffed in that moment and we weren't."

Selling cables, adapters, chargers and other accessories for the iPhone is one of Belkin's biggest money-spinners. While it has profited from the proliferation of dongles brought about by Apple's removal of USB ports and headphone sockets from its Macs and iPhones, Mr Pipkin believes Belkin's future lies in the "internet of things".

In 2012, Belkin launched its WeMo range, which makes "smart plugs" and light switches that can be controlled via a smartphone or virtual assistant such as Apple's Siri or Amazon's Alexa. It has also introduced Phyn, a water monitoring system that alerts homeowners to usage and

leaks.

These business lines have driven Belkin's overall sales to grow to a projected \$1bn in the financial year ending in September.

With the number of devices, sensors and peripherals connecting to the internet predicted to grow enormously in the coming years, Mr Pipkin decided Belkin needed a partner with a record of making hardware at huge scale. "For our current size, we needed a well-capitalised source of private funding or the capacity of the public markets" to take advantage of the coming IoT wave, Mr Pipkin said. "Once we started thinking that way, there was a pretty short list of candidates."

The acquisition by FIT was announced in March. Unlike several recent cross-border transactions between Asia and the US, most notably Broadcom's hostile bid for Qualcomm, Belkin's deal was not held up by a drawn-out regulatory review.

"Any deal that involves a US party and a non-US party will be getting increased attention," Mr Pipkin said. But those combinations that maintain the "best interests" of consumers will still be permitted, he added.