



India's Reliance Buys Yipes For \$300 MM

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They say, any exit is a good exit. So from that perspective the investors of [Yipes](#), a managed Ethernet services provider based in San Francisco must be feeling really good. They invested \$100 million in the new Yipes, a company with a tumultuous history, and were rewarded when Reliance Communications of India acquired it for \$300 million this morning.

The news has to be gratifying (not to mention rewarding) for Promod Haque of Norwest, who has been backing this company for almost a decade, sticking with it through thick and thin. The deal works out to about 10 times 2006 revenues. [In a recent interview](#), Yipes CEO John Scanlon told us that Yipes was on track to do \$70 million in sales this year and is cash flow positive.

Reliance also owns FLAG Telecom and this purchase makes them a competitor to Level 3 (LVLT). Yipes extends the reach of FLAG into US metros, especially in the Bay Area and East Coast. The traffic between India and US is on an upswing, and the deal makes perfect sense. Reliance will have to keep buying if they want to be competitive in US. It will also be interesting to see how the pros at Yipes handle the meddling family-style management of Reliance.