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**ENDORSED FILED
SAN MATEO COUNTY**

OCT 19 2012

Clerk of the Superior Court
By Rebecca Koff
COUNTY CLERK

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN MATEO

CIV 517481

█, Individually and On
Behalf of All Others Similarly Situated,

Case No.

Plaintiff,

CLASS ACTION

v.

COMPLAINT

ENVIVIO, INC., JULIEN SIGNÈS, ERIK
E. MILLER, GIANLUCA U. RATTAZZI,
KEVIN E. DILLON, CORENTIN DU
ROY DE BLICQUY, R. DAVID
SPRENG, CLIFFORD B. MELTZER,
MARCEL GANI, TERRY D. KRAMER,
EDWARD GILHULY, GOLDMAN,
SACHS & CO., DEUTSCHE BANK
SECURITIES INC., STIFEL, NICOLAUS
& COMPANY, INCORPORATED, and
WILLIAM BLAIR & COMPANY, L.L.C.,

DEMAND FOR JURY TRIAL

Defendants.

FILED BY FAX
PURSUANT TO LOCAL RULES

COMPLAINT

1 Plaintiff [REDACTED] Plaintiff”), by and through his attorneys, alleges the following
2 upon information and belief, except as to those allegations concerning Plaintiff, which are
3 alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among
4 other things, his counsel’s investigation, which includes without limitation: (a) review and
5 analysis of regulatory filings made by ENVIVIO, INC. (“Envivo” or the “Company”) with the
6 United States Securities and Exchange Commission (“SEC”); (b) review and analysis of press
7 releases and media reports issued by and disseminated by Envivo; and (c) review of other
8 publicly available information concerning Envivo.
9

10 **NATURE AND SUMMARY OF THE ACTION**

11 1. This is a class action on behalf of persons and/or entities who purchased or
12 otherwise acquired the common stock of Envivo pursuant and/or traceable to the Company’s
13 initial public offering (the “IPO” or the “Offering”).
14

15 2. Envivo provides Internet protocol (“IP”) video processing and distribution
16 solutions to mobile and broadband service providers, cable multiple system operators, and direct
17 broadcast satellite service providers and content providers.
18

19 3. The claims in this action arise from the materially false and/or misleading
20 Registration Statement and Prospectus issued in connection with the Offering. In the IPO, the
21 Company sold 6,500,000 shares of common stock at a price to the public of \$9.00 per share.
22 Additionally, certain selling stockholders of the Company, including officers and directors of
23 Envivo, sold 1,255,000 shares of common stock in the Offering. According to the Company, it
24 received \$54.4 million in proceeds from the IPO, net of underwriters’ discounts and
25 commissions, but before deducting offering-related expenses payable by the Company of \$5.8
26 million.
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1 4. As detailed below, the Registration Statement and Prospectus contained
2 materially false and misleading statements and omitted material information in violation of
3 Sections 11 and 15 of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. §§ 77k and
4 77o.

5
6 **JURISDICTION AND VENUE**

7 5. The claims asserted herein arise under and pursuant to Sections 11 and 15 of the
8 Securities Act (15 U.S.C. §§ 77k and 77o). This Court has jurisdiction over the subject matter of
9 this action pursuant to Section 22 of the Securities Act, 15 U.S.C. § 77v, which explicitly states
10 that "[e]xcept as provided in section 16(c), no case arising under this title and brought *in any*
11 *State court* of competent jurisdiction shall be removed to any court in the United States."
12 Section 16(c) of the Securities Act refers to "covered class actions," which are defined as
13 lawsuits brought as class actions or brought on behalf of more than 50 persons asserting claims
14 *under state or common law*. This is an action asserting federal law claims. Thus, it does not fall
15 within the definition of a "covered class action" under §16(c) and therefore is not removable to
16 federal court under the Securities Litigation Uniform Standards Act of 1998.
17

18
19 6. Each Defendant has sufficient contacts with California, or otherwise purposefully
20 avails itself of benefits from California or has property in California so as to render the exercise
21 of jurisdiction over each by the California courts consistent with traditional notions of fair play
22 and substantial justice.
23

24 7. The amount in controversy exceeds the jurisdictional minimum of this Court, and
25 the total amount of damages sought exceeds \$25,000.

26 8. Venue is proper in this Court pursuant to Section 22 of the Securities Act, 15
27 U.S.C. § 77v. Defendant Envivio's principal executive offices are located within this County,
28

1 the individual defendants conduct business in this County, and many of the acts and transactions
2 alleged herein, including the preparation and dissemination of materially false and/or misleading
3 information, occurred in substantial part in this County.

4 **PARTIES**

5
6 9. Plaintiff [REDACTED] purchased Envivio securities pursuant and/or traceable to
7 the Registration Statement issued in connection with the Company's IPO and has been damaged
8 thereby.

9 10. Defendant Envivio is a Delaware corporation with its principal executive offices
10 located at 400 Oyster Point Boulevard, Suite 325, South San Francisco, California 94080.

11 11. Defendant Julien Signès ("Signès") was, at all relevant times, President, Chief
12 Executive Officer ("CEO"), and a director of Envivio and signed or authorized the signing of the
13 Company's Registration Statement filed with the SEC.

14 12. Defendant Erik E. Miller ("Miller") was, at all relevant times Chief Financial
15 Officer ("CFO") of Envivio and signed or authorized the signing of the Company's Registration
16 Statement filed with the SEC.

17 13. Defendant Gianluca U. Rattazzi ("Rattazzi") was, at all relevant times, Chairman
18 and a director of Envivio and signed or authorized the signing of the Company's Registration
19 Statement filed with the SEC.

20 14. Defendant Kevin E. Dillon ("Dillon") was, at all relevant times, a director of
21 Envivio and signed or authorized the signing of the Company's Registration Statement filed with
22 the SEC.

23 15. Defendant Corentin du Roy de Blicquy ("Blicquy") was, at all relevant times, a
24 director of Envivio and signed or authorized the signing of the Company's Registration
25 Statement filed with the SEC.

1 Statement filed with the SEC.

2 16. Defendant R. David Spreng ("Spreng") was, at all relevant times, a director of
3 Envivio and signed or authorized the signing of the Company's Registration Statement filed with
4 the SEC.

5 17. Defendant Clifford B. Meltzer ("Meltzer") was, at all relevant times, a director of
6 Envivio and signed or authorized the signing of the Company's Registration Statement filed with
7 the SEC.

8 18. Defendant Marcel Gani ("Gani") was, at all relevant times, a director of Envivio
9 and signed or authorized the signing of the Company's Registration Statement filed with the
10 SEC.

11 19. Defendant Terry D. Kramer ("Kramer") was, at all relevant times, a director of
12 Envivio and signed or authorized the signing of the Company's Registration Statement filed with
13 the SEC.

14 20. Defendant Edward Gilhuly ("Gilhuly") was, at all relevant times, a director of
15 Envivio and signed or authorized the signing of the Company's Registration Statement filed with
16 the SEC.

17 21. Defendants Signès, Miller, Rattazzi, Dillon, Blicquy, Spreng, Meltzer, Gani,
18 Kramer, and Gilhuly, are collectively referred to hereinafter as the "Individual Defendants."

19 22. Defendant Goldman, Sachs & Co. ("Goldman Sachs") served as an underwriter to
20 Envivio in connection with the Offering.

21 23. Defendant Deutsche Bank Securities Inc. ("Deutsche") served as an underwriter
22 to Envivio in connection with the Offering.

23 24. Defendant Stifel, Nicolaus & Company, Incorporated ("Stifel") served as an
24

1 underwriter to Envivio in connection with the Offering.

2 25. Defendant William Blair & Company, L.L.C. ("William Blair") served as an
3 underwriter to Envivio in connection with the Offering.

4 26. Defendants Goldman Sachs, Deutsche, Stifel, and William Blair, are collectively
5 referred to hereinafter as the "Underwriter Defendants."
6

7 **CLASS ACTION ALLEGATIONS**

8 27. Plaintiff brings this action as a class action pursuant to California Code of Civil
9 Procedure Section 382 on behalf of a Class, consisting of all persons and/or entities who
10 purchased or otherwise acquired the common stock of Envivio pursuant and/or traceable to the
11 Company's false and/or misleading Registration Statement and Prospectus issued in connection
12 with the Company's IPO, and who were damaged thereby (the "Class"). Excluded from the
13 Class are Defendants, the officers and directors of the Company, at all relevant times, members
14 of their immediate families and their legal representatives, heirs, successors or assigns and any
15 entity in which Defendants have or had a controlling interest.
16

17
18 28. The members of the Class are so numerous that joinder of all members is
19 impracticable. During the relevant period, Envivio's securities were actively traded on the
20 NASDAQ Stock Exchange (the "NASDAQ"). While the exact number of Class members is
21 unknown to Plaintiff at this time and can only be ascertained through appropriate discovery,
22 Plaintiff believes that there are hundreds or thousands of members in the proposed Class. More
23 than seven million shares of common stock were offered to the public in the IPO. Moreover,
24 record owners and other members of the Class may be identified from records maintained by
25 Envivio or its transfer agent and may be notified of the pendency of this action by mail, using the
26 form of notice similar to that customarily used in securities class actions.
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1 broadband service providers, cable multiple system operators, and direct broadcast satellite
2 service providers and content providers.

3 34. On or about April 15, 2011, Envivio filed a registration statement with the SEC
4 on Form S-1. Thereafter, the Company repeatedly amended the Form S-1, including on or about
5 April 24, 2012, when Envivio filed with the SEC the final Form S-1/A (collectively, the
6 "Registration Statement") for the IPO.
7

8 35. On or around April 25, 2012, the Company filed with the SEC its IPO Prospectus
9 (the "Prospectus"), which forms part of the "Registration Statement" that was declared effective
10 on April 24, 2012.
11

12 36. In the IPO, the Company sold 6,500,000 shares of common stock at a price to the
13 public of \$9.00 per share. Additionally, certain selling stockholders of the Company, including
14 officers and directors of Envivio, sold 1,255,000 shares of common stock in the Offering.
15 According to the Company, it received \$54.4 million in proceeds from the IPO, net of
16 underwriters' discounts and commissions, but before deducting offering-related expenses
17 payable by the Company of \$5.8 million.
18

19 **ENVIVIO'S FALSE AND/OR MISLEADING REGISTRATION**
20 **STATEMENT AND PROSPECTUS**

21 37. The Registration Statement and Prospectus were negligently prepared and, as a
22 result, contained untrue statements of material facts or omitted to state other facts necessary to
23 make the statements made not misleading and were not prepared in accordance with the rules
24 and regulations governing their preparation.
25

26 38. Under applicable SEC rules and regulations, the Registration Statement was
27 required to disclose known trends, events or uncertainties that were having, and were reasonably
28 likely to have, an impact on the Company's continuing operations.

1 A substantial majority of our historical revenue has been derived from sales to
2 telecommunications, cable and satellite service providers, as well as, more
3 recently, the emerging broadcast, media and Internet content providers. We
4 expect that revenue from all of these markets will constitute a substantial majority
5 of our revenue for the foreseeable future. Because many of our customers in these
6 markets purchase our products in connection with constructing and upgrading
7 their architecture and systems, demand for our products will depend on the
8 magnitude and timing of capital spending by our customers.

9 Our customers' capital spending patterns are dependent on a variety of factors,
10 including:

- 11 • the impact of industry consolidation;
- 12 • overall demand for communications services and consumer acceptance of
13 new video and data services;
- 14 • competitive pressures, including pricing pressures;
- 15 • access to financing;
- 16 • general economic conditions;
- 17 • annual capital spending budget cycles of each of the industries that our
18 customers serve;
- 19 • federal, local and foreign government regulation of telecommunications
20 and television broadcasting;
- 21 • evolving industry standards and network architectures; and
- 22 • discretionary consumer spending patterns.

23 In the past, specific factors contributing to reduced capital spending by our
24 customers have included:

- 25 • uncertainty related to the development of digital video industry standards;
- 26 • delays in the evaluation of new services, standards and system
27 architectures by many operators;
- 28 • emphasis by operators on generating revenue from existing customers,
rather than from new customers through new construction or network
upgrades;

- 1 • a reduction in the amount of capital available to finance projects;
- 2 • proposed and completed business combinations and divestitures by our
- 3 customers and the length of regulatory review thereof; and
- 4 • bankruptcies and financial restructuring of customers.

5 * * *

6 As a result of these capital spending issues, we may not be able to maintain or
7 increase our revenue in the future, and our operating results, financial condition
8 and cash flows could be materially and adversely affected.

9 41. However, the Registration Statement and Prospectus were materially false and
10 misleading and/or omitted to state the following: (1) that due to budgetary constraints a
11 significant number of the Company's customers were already delaying capital spending in the
12 multi-screen video industry; and (2) that the sales cycle for new business was lengthening for
13 Envivio since it was taking significantly more time for it to complete business transactions.

14 42. On August 13, 2012, the Company issued a press release entitled, "Envivio
15 Provides Preliminary Revenue Results for Second Quarter Fiscal 2013." Therein, the Company,
16 in relevant part, stated:

17
18 Envivio (NASDAQ: ENVI), a leading provider of live and on-demand multi-
19 screen IP video processing and delivery solutions, today announced that it expects
20 revenue for the quarter ending July 31, 2012 to be in the range of \$10 million to
21 \$11 million, as compared to its previous guidance of \$17 million to \$18 million.

22 "Our preliminary revenue results reflect a general slowdown in spending by our
23 service provider customers, in particular in North America and Western Europe,
24 which have been two key growth areas of the Company in the last two years,"
25 said Julien Signès, president and CEO, Envivio. "During the second quarter, we
26 did not see any changes to our competitive positioning, and our win/loss ratio in
27 the multi-screen market remains consistent with prior experience. Despite this, we
28 experienced a slowdown of major project implementations and a lengthening of
sales cycles, which we attribute to the current global economic environment. We
are disappointed in these results and are conducting a full review of our
operations. We will provide a further update in our full earnings release and
related earnings call, scheduled for September 6, 2012."

1 43. On this news, shares of the Company's stock declined \$3.22 per share, or 56.49%,
2 to close at \$2.48 per share on August 14, 2012.

3 44. After the close of the market on September 6, 2012, the Company issued a press
4 release entitled, "Envivio Reports Second Quarter Fiscal 2013 Financial Results." Therein, the
5 Company, in relevant part, stated:
6

7 Envivio (NASDAQ: ENVI), a leading provider of live and on-demand multi-
8 screen IP video processing and delivery solutions, today announced financial
9 results for the second quarter of fiscal 2013 ended July 31, 2012.

10 Financial Highlights

- 11 • Revenue for the second quarter of fiscal 2013 was \$10.8 million,
12 compared to \$11.5 million in the second quarter of fiscal 2012.
- 13 • GAAP net loss for the quarter was \$4.3 million, or \$0.16 per share,
14 compared to net income of \$55,000, or \$0.00 per share, in the second
15 quarter of fiscal 2012.
- 16 • Non-GAAP net loss for the quarter was \$3.5 million or \$0.13 per share,
17 compared to net income of \$425,000 or \$0.03 per share in the second
18 quarter of fiscal 2012. A reconciliation of the difference between these
19 non-GAAP financial measures with the most directly comparable GAAP
20 measures, as well as a description of the items excluded from the non-
21 GAAP measures, is included in the financial statements portion of this
22 press release.

23 "Our results for the second quarter reflect project delays by our service provider
24 customers and the impact of the macroeconomic environment. We are
25 disappointed in our quarterly performance and have taken actions to reduce our
26 cost structure," said Julien Signès, president and CEO, Envivio. "However, we do
27 not view the revenue shortfall as indicative of the market backing away from
28 multi-screen deployments. Our win rates have remained consistent and recent
advances in our 4Caster and Muse encoding products as well as new features in
our Halo network media processor strengthen our solution portfolio."

29 45. Additionally, also on September 6, 2012, the Company held a conference call
30 with investors, analysts, and other market participants, to discuss the Company's financial results
31 for the 2013 fiscal third quarter. Defendants Signès and Miller were present. Therein, Signès, in

1 relevant part, stated:

2 Consistent with our announcement on August 13, our revenue for the second
3 fiscal quarter was \$10.8 million, which was down 6% year-over-year and down
4 20% sequentially and significantly below our guidance. Let me review what
happened in the quarter.

5 As we stated in our earlier announcement, the shortfall was primarily due to a
6 general slowdown in spending by our service provider customers. This slowdown
7 in spending materialized late in the quarter, particularly in North America and
8 Europe regions which comprised of approximately 75% of revenue in the second
quarter.

9 In the second quarter we experienced a significant number of project delays to
10 later quarters with our existing customers. While we always anticipate some
11 project delays in our forecast, the number of delays related to our closed business
12 was significantly higher than in past quarters. The majority of those delays were
13 due to longer budget cycles, which resulted from the weakening global economic
environment. In one example, a large existing customer in Western Europe had a
300,000 project schedule to ship in fiscal Q2 that is now scheduled to ship in Q4.

14 In addition, with existing customer projects that were not delayed we saw smaller-
15 than-expected orders due to budgetary restrictions. For example, one of our North
16 American Tier 1 operator had a \$1.5 million project forecasted for the 2Q, which
resulted in a \$500,000 partial rollout and the remaining order is now scheduled to
be rolled out over the next several quarters.

17 In addition, customer caution resulted in longer sales cycles for new projects.
18 While historically the RFP process has been in a three to six months range we are
19 seeing new RFPs expected to take as long as six to 12 months to be completed.
20 For instance, we expected to close a \$2 million project with a North American
telco in Q2, but the RFP process has been lengthened and we are now forecasting
this to be awarded in Q4.

21 46. On this news, shares of the Company's stock declined \$0.46 per share, or 17.16%,
22 to close at \$2.22 per share on September 7, 2012. This closing price of Envivio common stock
23 represented a cumulative loss of \$6.78, more than 75%, of the value of the Company's shares at
24 the time of its IPO just months earlier.
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FIRST CLAIM
Violation of Section 11 of The Securities Act
(Against All Defendants)

47. Plaintiff repeats and realleges each and every allegation contained above, except any allegation of fraud, recklessness or intentional misconduct.

48. This Count is brought pursuant to Section 11 of the Securities Act, 15 U.S.C. §77k, on behalf of the Class, against all Defendants.

49. The Registration Statement for the IPO was inaccurate and misleading, contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading, and omitted to state material facts required to be stated therein.

50. Envivio is the registrant for the IPO. The Defendants named herein were responsible for the contents and dissemination of the Registration Statement.

51. As issuer of the shares, Envivio is strictly liable to Plaintiff and the Class for the misstatements and omissions.

52. None of the Defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement were true and without omissions of any material facts and were not misleading.

53. By reasons of the conduct herein alleged, each Defendant violated, and/or controlled a person who violated Section 11 of the Securities Act.

54. Plaintiff acquired Envivio shares pursuant and/or traceable to the Registration Statement for the IPO.

55. Plaintiff and the Class have sustained damages. The value of Envivio common stock has declined substantially subsequent to and due to Defendants' violations.

SECOND CLAIM
Violation of Section 15 of The Securities Act
(Against the Individual Defendants)

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3 56. Plaintiff repeats and realleges each and every allegation contained above, except
4 any allegation of fraud, recklessness or intentional misconduct.

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6 57. This count is asserted against the Individual Defendants and is based upon Section
7 15 of the Securities Act.

8 58. Individual Defendants, by virtue of their offices, directorship and specific acts
9 were, at the time of the wrongs alleged herein and as set forth herein, controlling persons of
10 Envivio within the meaning of Section 15 of the Securities Act. The Individual Defendants had
11 the power and influence and exercised the same to cause Envivio to engage in the acts described
12 herein.

13
14 59. Individual Defendants' positions made them privy to and provided them with
15 actual knowledge of the material facts concealed from Plaintiff and the Class.

16
17 60. By virtue of the conduct alleged herein, the Individual Defendants are liable for
18 the aforesaid wrongful conduct and are liable to Plaintiff and the Class for damages suffered.

19 WHEREFORE, Plaintiff prays for relief and judgment, as follows:

20 (a) Determining that this action is a proper class action under California Code of
21 Civil Procedure Section 382;

22 (b) Awarding compensatory damages in favor of Plaintiff and the other Class
23 members against all Defendants, jointly and severally, for all damages sustained as a result of
24 Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

25 (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in
26 this action, including counsel fees and expert fees;
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- (d) Awarding rescission or a rescissory measure of damages; and
- (e) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: October 19, 2012