



Giovanni Verlini, Editor of *Satellite Evolution EMEA*, talked to Dave Côté, President and Chief Executive Officer (CEO) of Packeteer about the company's recent acquisition of Mentat and its plans for the future.

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With its December 2004 acquisition of Mentat, a leading supplier of high-performance networking solutions to the computer and satellite markets (see box in this article), Packeteer has become a global leader in Wide Area Network (WAN) Application Traffic Management.

Packeteer solutions combine a family of scalable appliances with patented software capabilities to deliver visibility, control, acceleration, and management of application traffic across WAN and Internet links. These solutions help align network and application resources with the priorities of the business, optimising performance and reducing operational costs in the process.



Packeteer acquires Mentat

Packeteer, Inc, a pioneer and global leader in Wide Area Network (WAN) Application Traffic Management, has announced that it has acquired privately held Mentat Inc. of Los Angeles, California.

Mentat is a technology leader in protocol acceleration technologies and transparent proxies providing high-performance networking solutions for satellite and high-latency network links. The acquisition deepens and extends Packeteer's intellectual property and provides advanced acceleration capabilities for new WAN performance solutions for global enterprise customers.

Under the terms of the agreement, Packeteer will pay approximately US\$16.5 million in cash to acquire all outstanding shares of Mentat. In addition, Packeteer will pay approximately \$3.5 million in retention bonuses to Mentat employees in both cash and restricted stock, with the majority being paid over the next two years. Mentat will operate as a Packeteer business unit reporting to Mike Schumacher, Vice President (VP) of Engineering for Packeteer.

"This acquisition is an important step in more fully defining our network system vision for Fast WAN appliances and it provides significant technology for additional acceleration capabilities that make us more strategic to enterprise networks," said Dave Côté, President and Chief Executive Officer (CEO) of Packeteer. "In addition to the immediate synergies that we gain in the marketplace, Mentat's technology provides a foundation for increasing returns as we consolidate more capabilities into one appliance."

Mentat brings unique expertise in computer networking to satellite and long-haul links where Mentat's award-winning SkyX® product line overcomes the limitations of TCP/IP to allow high-performance network access. Network service providers, corporations and government organisations throughout the world rely on the SkyX products for high-performing networks with great user experience.

Kay Guyer, Mentat's CEO stated: "We are excited to join a company that shares our vision and is driving this explosive market. Our customers have been requesting more WAN performance and optimisation features such as QoS, monitoring, and central management. With Packeteer, we can now deliver the most complete solution for WAN performance and optimisation to the market."

Packeteer expects the acquisition will add between \$6.0 million and \$7.0 million to total net revenues in 2005, and be neutral to total operating income prior to amortisation of intangibles and other acquisition related expenses. □

Packeteer solutions are sold through a global network of Value Added Resellers (VARs), distributors, and system integrators, and are backed a 24X7 global service and support organisation.

Question: In December 2004, Packeteer announced it was acquiring Mentat. Would you be so kind to expound on the reasons that led to this deal? Why did it take place? What is Mentat bringing to Packeteer and vice versa?

Dave Côté: Packeteer is a highly successful company that specialises in consolidating network and application performance monitoring (Visibility), Quality of Service (QoS) and availability management (Control) and compression-based Acceleration technologies on one appliance. However, we had a number of customer environments that required the addition of Transfer Control Protocol (TCP) and other acceleration technologies.

At the same time that we were evaluating internal development designs, Mentat was looking to expand beyond its traditional satellite focus. As Mentat provides the best-of-breed protocol acceleration technologies that we were seeking, the combination seemed like a natural fit.

For Mentat and their customers, Packeteer brings an expanded solution set to manage all their application and WAN performance issues, over satellite, long-haul or any WAN link; Packeteer's much larger sales, support, channel and technology base provides a broader set of resources for Mentat.

Packeteer is very fortunate to add Mentat's best-of-breed acceleration technology, as well as the fan-

tastic engineering and business expertise that Mentat people will add to the Packeteer organisation.

Q: What is the arrangement between the two companies like? My understanding is that the Mentat name will remain; is that correct?

DC: Mentat is now a division of Packeteer. Mentat technologies will be integrated into Packeteer's core appliances; we will also continue to develop the SkyX Gateway and SkyX Server products to meet Mentat's customers changing needs, while providing them a broader set of solutions with Packeteer's monitoring and QoS capabilities.

Q: Can you give our readers some figures regarding the combined entity? How many employees do you have, sales figures, offices around the world, etc...

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Packeteer launches version 5.0 for Mentat SkyX® products

Packeteer, Inc. has announced the availability of SkyX® firmware version 5.0, adding SCPS protocol support and Xpress Transport Protocol (XTP) congestion control to the industry's leading satellite link acceleration products. Recently acquired by Packeteer, Mentat® is a leading company in protocol acceleration technology.

The award-winning Mentat SkyX product line accelerates Internet Protocol (IP) performance when used over satellite and long delay Wide Area Network (WAN) links. By combining Transfer Control Protocol (TCP) acceleration, Web acceleration, and data compression technologies, Mentat SkyX products increase download speeds and improve connection responsiveness while remaining entirely transparent to end users.

"SkyX version 5.0 provides a powerful set of options for our military customers and extends our leadership in acceleration," said Kay Guyer, Mentat General Manager. "Space Communications Protocol Standards (SCPS) now provides interoperability and we are continuing to extend XTP for maximum performance. With Packeteer visibility, QoS, compression and acceleration, this is the most comprehensive performance solution for all satellite and WAN links."

SkyX v5.0 adds SCPS-TP (Space Communications Protocol Standards Transport Protocol) as an alternative to XTP as the transport protocol for the transmission of data over WAN links. SCPS is a military standard protocol, specified in MIL-STD-2045-44000 and CCSDS-714.0-B-1. Mentat SkyX users now have the option of selecting XTP for highest performance under the widest range of conditions or SCPS for interoperability with other SCPS-based acceleration products.

In addition to SCPS, SkyX v5.0 adds XTP congestion control to further optimise data transfers when using XTP over variable bandwidth conditions, including bandwidth-on-demand, full-mesh, and shared links. XTP congestion control automatically and dynamically adjusts the transmission rate to match changing bandwidth conditions.

Available immediately, SkyX version 5.0 is the latest firmware upgrade for the Mentat SkyX product line and is available free of charge to existing SkyX customers. The firmware can be downloaded from the Mentat SkyX website at www.mentat.com. □

DC: Packeteer (NASDAQ: PKTR) is the global market leader in Application Traffic Management (ATM) for WANs, with sales offices in 18 countries. Deployed at more than 7,000 companies in 50 countries, Packeteer solutions empower Information Technology (IT) organisations with patented network visibility, control, and acceleration capabilities delivered through a family of intelligent, scalable appliances.

Packeteer's revenue for 2004 was US\$92.4 million, an increase of 27 per cent, compared to 2003, with net income for the year of \$13.5 million; those numbers include Mentat revenue from only the last nine days of 2004.

Q: I would like to move on to something more general now. It is often said that Internet Protocol (IP) is changing the satellite industry. Is it true? If so, how?

DC: IP is changing the world, and particularly the en-

tire telecommunications industry. Standardising all data, voice, and video communications on a single protocol has opened a platform that allows new applications that can be deployed by anyone, anywhere in the world. Like most revolutionary concepts, it seems obvious now.

In some ways the transition is easier for the satellite industry, which always saw itself as a supplier of raw bandwidth, than terrestrial telecoms providers which have lost their monopoly hold on local communications. Still, the satellite industry has had to refocus its business processes from the slow, long-term planning cycles of the traditional telecommunications business, in order to survive in Internet time.

Q: In relation to the latest question, I would be interested to know whether you are of the opinion that IP is changing the very nature of the satellite industry (ie, its business model and industry structure as we have known it so far)? Is it affecting things like the design and manufacture of satellites?

DC: With the high up-front cost of building and launching a satellite, it is certainly much more difficult now to build a business plan when customer requirements and even the customers themselves are rapidly evolving.

However, other than the few attempts such as Wildblue and iPSTAR to build speciality spacecraft to serve consumer Internet access, transponders remain the same. Bandwidth, reliability, location, and service life remain the critical factors.

Q: What is the satellite industry bringing to the telecoms and Internet worlds? What kind of effect, if any, is it having on it?

"IP is changing the world, and particularly the entire telecommunications industry. Standardising all data, voice, and video communications on a single protocol has opened a platform that allows new applications that can be deployed by anyone, anywhere in the world. Like most revolutionary concepts, it seems obvious now."



DC: Satellite brings the ability to reach any place in the world, opening up voice and data communications to places like Africa which were not well served by terrestrial providers. Terrestrial providers there are now forced to compete.

Q: Hybrid satellite-terrestrial services such as the combination of satellite and Wireless Fidelity (WiFi), for example, are 'flavour of the month' with the specialised press. Is it reality or hype?

DC: Both. Wireless technology such as WiFi is the best way to provide last mile access in locations without a terrestrial infrastructure. Satellite is the best way to provide backbone or long-haul access to the Internet to those locations, so the pairing often makes sense.

And yet, they are completely separate issues, so we do not understand the fascination in the press with the concept of pairing them together.

Q: A topic which was 'flavour of the month' a few years ago is Ka-band. Somehow, however, it never took off. Will it finally fulfil its promise?

DC: We are anxiously awaiting the service launch of WildBlue. The large number of independent projects and the extreme cost of some of the proposed constellations never seemed justified by the size of the market, but as a niche, it seems like there ought to be

ample space in each market for one satellite-based player. Even in locations that already have Digital Subscriber Line (DSL) or cable modem providers, if the price is competitive and the service good, I expect many people would be interested in switching.

Q: Which satellite applications are currently on the up in the marketplace?

DC: There are many, of course. Amongst them, perhaps the most promising at the moment are Voice over IP (VoIP), and, increasingly, video surveillance of remote locations.

Q: What can we expect from Packeteer/Mentat over the next five years?

DC: As we all know, IP is here to stay. It impacts not only satellite networks, but all networks, systems, and applications. The uses and delivery will continue to expand, creating new possibilities.

Along with the new possibilities that IP networks create, come a number of challenges: performance issues, availability issues, people issues, and emergent issues that we cannot even contemplate today. Packeteer, now joined by Mentat, will continue to build innovation to help our customers effectively deliver their critical applications over the WAN, satellite, and all transmission media. □

Packeteer unveils classification for thousands of Web services on every appliance

Packeteer, Inc. has introduced the Web Services Workbench and new additional Layer 7 application classifications as major new software enhancements for its family of Wide Area Network (WAN) appliances. Packeteer appliances can now automatically identify and classify over 450 network applications and enable enterprises to identify and classify any number of unique Web services through the Web Services Workbench.

Accurate and reliable application classification is the cornerstone to any WAN application performance management system and Packeteer appliances continue to lead the market with new classifications and the Web Services Workbench. Packeteer now automatically classifies over 450 applications and traffic types for optimal WAN performance. The newest classifications include Vonage and Skype, with voice over Internet Protocol (IP) sub-classifications for SIP-based RTP traffic by calling number, number called, user-agent, source IP address of the call setup flow and destination address. A complete list of Packeteer application classifications can be found at www.packeteer.com.

"Managing Web services traffic has become an important issue for our customers," said David Puglia, Vice President (VP) of marketing at Packeteer. "To make networks run efficiently, enterprises need to be able to effectively address Web-enabled applications. The Web Services Workbench allows them to do this by enabling enterprises to customize and create priorities for their unique blend of SOAP and HTTP traffic – ensuring their business applications receive the highest priority."

Web services technology is emerging on the corporate WAN and IT groups are challenged with ensuring business application performance when network traffic is hard to distinguish. Web services employed by ERP applications can share the same protocol and port number as casual Web browsing. To the untrained eye or unsophisticated device, all of this traffic looks the same. Enterprises must be able to uniquely identify and control Web services performance in order to manage and maintain application performance.

Packeteer's new Web Services Workbench can quickly and easily classify Web services traffic. The Workbench identifies the HTTP traffic and sub-classifies the SOAP traffic within the HTTP traffic. A Web service profile is developed and a new class is created so that each Web service can be uniquely controlled to ensure optimal application performance. New inbound and outbound SOAP-HTTP service classes appear in the traffic tree based on the Web service's SOAP address. Simply identifying Web traffic by the HTTP protocol or port number is not sufficient and no other offering available today provides this capability. The new Web Services Workbench and auto-classifications keep Packeteer customers proactively in control by enabling them to address the new WAN applications introduced everyday.

The Web Services Workbench and new classifications are available immediately at no charge to customers under current service contracts.

The files are provided as a support update at: www.packeteer.com. □