

Sale of a Company

Client: Inverse Network Technologies, Inc.

The Client: Inverse is the leading provider of IP service level management software and Internet measurement services. Inverse products and services allow service providers (such as Earthlink, AOL and Prodigy) and enterprises to measure service quality for applications such as remote access, virtual private networks (VPNs) and Web hosting. Inverse enables enterprises, service providers and infrastructure wholesalers to work in cooperative partnerships for a shared view of network service quality. Inverse accomplishes this by exposing and automating the data for active Service Level Agreement (SLA) Management.

Sequoia's Challenge: Inverse was widely known for its first product line, an industry benchmarking service that rated the quality of service supplied by independent service providers (ISPs). When we were retained, the Company was in the process of re-launching their next product line, IP Insight. This product had significantly greater market potential, but lacked industry awareness. Measuring end-to-end service quality of the Internet was a concept that hadn't yet become an accepted and essential part of service contracts.

Results: The number of potential acquirers we contacted was wider than normal because Service Level Management is an emerging area that has the possibility to provide significant value to a wide array of targets. In addition, we revisited many companies contacted early in the process to insure that their priorities hadn't changed due to new product announcements and acquisitions. This effort culminated in Inverse being acquired by Visual Networks (VNWK) in a pooling of interests transaction valued at approximately \$177 million. Visual is a great fit. Theirs is an analogous business; both provide data in support of service level agreements to broadband technologies. In fact, the two companies have a common message and synergistic market appeal.

"Sequoia Partners gave us top quality advice and counsel. They worked seamlessly with us in getting us through the intensity and challenge of running the business while holding equity conversations. In the end, they delivered a great deal and stayed with it until it was signed, sealed and delivered."

Michael Watters, CEO
Inverse Network Technologies