

WOODSIDE FUND update

BUILDING RELATIONSHIPS THAT MATTER



WOOD
SIDE
FUND

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This year Woodside Fund celebrated twenty-three years of hands-on early stage investing. It has been a busy year of evaluating new investments, working with the portfolio to create value, and participating in and leading industry events. As we reflect on the past year, we would like to share with you a snapshot of our recent activity.

A Year of Recruiting

Entering 2005 with a number of new investments, Woodside placed a significant focus this past year on recruiting strong leadership teams. Over the year, the Fund led recruiting efforts for over a dozen new executives, including five CEOs. We believe that attracting the right talent and leadership early into our portfolio companies is critical to their success. Some of the seasoned CEOs we have brought into the Woodside portfolio include:

- Rich Bravman, Intellex. Rich was the fifth employee at Symbol Technologies and rose to the role of chairman and CEO of a \$3 billion market cap company.

- Vinod Mahendroo, Nanoconduction. Vinod ran a \$1.5 billion division at Applied Materials and also has served as the CEO of a previous start-up.
- Dennis Haar, SS8 Networks. Dennis helped grow Aspect Communications from \$30 million to \$500 million of annual revenue as a senior executive culminating as president and COO. He recently served as president and CEO of GoDigital.
- Sam Mathan, Matisse Networks. Sam was previously CEO of Amber Networks, which he sold to Nokia for \$400 million. He also helped grow Ascend from zero to a \$1 billion run rate as senior vice president of carrier sales and marketing.
- Tim Leisman, BorderWare. Tim previously ran a \$1 billion division at Compaq and has served as CEO of other start-ups.
- Chip Stearns, Stream Processors, Inc. Chip has served as CEO of picoTurbo and MediaShower and was a general manager at S3.

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SPRING 2006

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- John Murphy, Athena Design Systems. John is an EDA industry veteran, including more than a dozen years at Cadence, where he served as a senior vice president.
- Dan Gatti, Onsite Systems. Dan has more than thirty-five years of industry experience with companies such as 3Com, GTE, Amdahl, and IBM, as well as several start-ups.

We are pleased to have these executives join the Woodside portfolio. Their acceptance is both a great win for each company and tremendous validation of the companies' exciting prospects.

An important part of recruiting top talent is the use of the Woodside "Org Chart" process. We were pleased to be asked by the *Venture Capital Journal* to write an article on "[How to Vet a CEO](#)," which we have included in this newsletter.

For additional news on the portfolio, see the [Portfolio Highlights](#) section.

Industry Advisory News

Woodside's Industry and Technology Advisory Board (ITAB) has held a number of executive conferences. These conferences are designed to help Woodside explore new areas for investment, assist our existing portfolio companies, and enhance proprietary deal flow. In our most recent conference, we had

a lively discussion on the future of IP-based communication over the Internet, and have included a [synopsis](#) in this newsletter.

Leadership

Woodside Fund remains committed to early stage investing. For the seventeenth consecutive year, Vince Occhipiniti chaired the Early Stage Venture Capital Alliance (ESVCA) conference this past July. In addition to the annual conference, this year ESVCA held a reception featuring Ram Shriram, seed investor in Google, and Adam Lashinsky, of *Fortune Magazine*. These events provide the opportunity for networking and deal flow between venture capitalists committed to early stage investing.

Looking Ahead

We are excited about the progress and prospects of the Woodside portfolio. This year the focus will be on execution. Many of the Fund's companies are transitioning from product develop to go-to-market and customer execution. We look forward to continuing to partner with our portfolio executives to help navigate around obstacles, recruit great talent, and map winning strategies while continuing to prospect for the next exciting new investments.

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HOW TO VET A CEO

How much time did you spend getting to know the last CEO candidate you hired for one of your portfolio companies? And how much time have you spent dealing with the challenges of firing a CEO? Too often, the time spent on firing an executive greatly outweighs the time spent on the assessment process. As we all know, one of the most important roles of the VC board member is to help make the right hiring decisions for the CEO and other senior executives of a company. This is especially important in an environment of increased regulatory scrutiny at the board level and growing global competition. Assessing management is also a critical part of the process in evaluating potential investment opportunities.

Over twenty-three years, Woodside Fund has developed and refined an approach to hiring and evaluating talent. We call it the “Org(anization) Chart Process.” The Org Chart Process helps us:

- Establish a long-term working relationship built on candor and trust.
- Secure an investment opportunity.
- Secure top executive talent early.
- Convince an entrepreneur to bring in complementary skills.
- Share best practices with portfolio companies.

The Org Chart Process

The Org Chart Process begins with an in-depth interview session with an executive. This can take anywhere from three to six hours. We preface the session with an invitation to make the conversation a two-way dialogue in which the candidate may ask us any questions he or she would like answered. One or two partners typically participate in the session with the candidate.

The session begins with the typical perfunctory questions about a candidate’s work history. After reviewing the basics, we launch into a process of identifying the organization around a candidate at various points in his or her professional career, cov-

ering major roles in the most recent ten to fifteen years of the candidate’s work history. We require that the candidate provide multiple organization charts, listing superiors, peers, and subordinates by name.

We then select key individuals, asking the candidate to briefly profile these individuals’ leadership styles and the nature of their relationship with the candidate. This helps provide context for the next set of questions:

- If we were to talk to this person (with your permission, of course), how would he or she describe your strengths?
- What would this person describe as your “less than perfect” qualities?
- How would this person say you were perceived in the organization?
- Who might your supervisor or board say you had the most difficult time with?
- If you were rank-ordered by your superiors, peers, and subordinates, which group would rank you “one,” which would rank you “two,” and which would rank you “three”?

How do we get the candidate to answer these potentially threatening questions openly and honestly? The key is a nonjudgmental attitude both in words and body language. From time to time, we mention some of the mistakes we may have made when we, as entrepreneurs, were running our own companies. In almost every case, we gain candor.

Early on in this process, the candidate must determine just how candid to be with us. If a candidate defers on listing weaknesses (“Oh, you would have to ask him or her. I don’t know what he or she would say.”) or simply lists weaknesses that are actually strengths (“I can be impatient when people don’t perform. I am demanding.”), a red flag goes up. However, when candidates are brutally honest and see how we react, they learn that they can trust us and can come to us in

One of the most important roles of the VC board member is to help make the right hiring decisions for the CEO and other senior executives of a company. This is especially important in an environment of increased regulatory scrutiny at the board level and growing global competition.

TECHNOLOGY LEADERS MAP THE FUTURE OF SIP AND VoIP

Vint Cerf, one of the founding fathers of the Internet, has been quoted as saying that “after TCP and the Web, Session Initiation Protocol (SIP) is the next great Internet protocol.” So, what is SIP? It is the engine behind many of the fastest growing and most essential technologies today, including voice-over-IP (VoIP) and presence-enabled applications.

In mid-January, Woodside Fund gathered some of the sharpest minds in the technology industry for an executive roundtable on the future of SIP. Notable participants included Avaya General Manager of On-Demand Services Chris Logan, influential SIP pioneer Alan Johnston, former MCI senior executive Jack Dziak, former Sprint senior executive Pat Smith, storage industry pioneer Robert Selinger, Resonate founder Chris Marino, and Earthlink co-founder David Beckemeyer.

The event was a meeting of Woodside Fund’s Industry and Technical Advisory Board (ITAB), moderated and facilitated by John Occhipinti. ITAB’s mission is to provide assistance to Woodside Fund portfolio companies and advise the Woodside team on technology trends, potential areas of investment, and the merits and challenges of specific investment opportunities. Attendees at the event included industry experts, Woodside portfolio executives, entrepreneurs representing potential investment opportunities, and the Woodside investment team. This was the latest in a series of in-depth ITAB discussions; recent topics have included next-generation microprocessor architecture and the future of RFID.

This article takes a look at some of the highlights and themes discussed at the conference.

The Rise of VoIP

Though the debate was lively and opinions diverse, the one thing the attendees all agreed on was that SIP has reached an inflection point. “Two quarters ago, our lines of IP exceeded our TDM lines for the first time,

and those sales are never turning back,” said Chris Logan, vice president at Avaya. “Almost every major purchase now being made is IP-based.”

Millions of consumers have already downloaded VoIP systems or traded in their home phones for broadband-based voice services such as Vonage. By 2010, more than 20 million households in the United States will subscribe to VoIP services, according to JupiterResearch. Enterprises are also shunning traditional fixed phone lines for IP-based systems. Yankee Group anticipates that the business VoIP market will reach \$3.3 billion in service revenue by 2010. Businesses are migrating to VoIP because it provides cost savings, a converged platform for voice and data, and improved manageability and flexibility.

Uncovering the Opportunities

So where do the opportunities lie? David Beckemeyer, co-founder of Earthlink and CEO of VoIP startup TelEvolution, suggested that enterprises and consumers are not simply interested in making cheaper phone calls—they are looking for a bigger value proposition in terms of new applications enabled by VoIP. One opportunity is to develop the most engaging applications, but it is hard to predict what applications consumers will adopt. In Beckemeyer’s view, the easier opportunity from a start-up perspective is in enabling infrastructure that will allow new applications to be deployed.

ITAB attendees believe that innovation will come not solely from existing VoIP service providers such as Skype and Vonage, but primarily from newer, more agile entrants. The group agreed that the VoIP space today looks a lot like the early days of the Internet when early service providers such as CompuServe and Prodigy attempted to lock up the market with a bundled suite of proprietary services. VoIP providers are now emulating this so-called “walled garden” approach, perhaps to their peril. This propri-

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By 2010, more than 20 million households in the United States will subscribe to VoIP services.

The business VoIP market will reach \$3.3 billion in service revenue by 2010.



Analogix Semiconductor is a fabless semiconductor company that is developing analog and mixed-signal devices, including physical-layer integrated circuits (PHYs)



Aristos Logic Corporation is a fabless semiconductor company that has developed the industry's only RAID Storage Processor™.



Athena Design Systems is a software company developing electronic design automation (EDA) tools for routing optimization in complex IC design.

■ ANALOGIX SEMICONDUCTOR

www.analogix.com

ATI Technologies Licenses Analogix's HDMI™ Receiver Technology (January 30, 2006) — HDMI (High-Definition Multimedia Interface) is the standard for transmitting digital television audiovisual signals from DVD players, set-top boxes, and other audiovisual sources to television sets, projectors, and other video displays.

<http://www.eetimes.com/news/latest/showArticle.jhtml?articleID=177105132>

Analogix Makes EE Times Top 60 Emerging Start-ups List (November 1, 2005) — Editors selected companies based on a mix of criteria including: technology, intended market, maturity, financial position, and investment.

<http://www.eet.com/news/design/business/showArticle.jhtml?articleID=173401577&pgno=2>

Analogix and Genesis Microchip Demonstrate DisplayPort™ (October 24, 2005) — Analogix and Genesis Microchip, a world leader in the development of image processing, successfully demonstrated the DisplayPort™ interface prototype to the Display Systems Committee of VESA.

<http://www.analogix.com/press/press051024A.html>

Analogix Debuts Industry's First Chip Based on DisplayPort™ Interface (October 24, 2005) — Analogix's ANX9801 transmitter enables easy upgrade of PC graphics cards and motherboards to support displayport. Samples are expected in Q1 2006.

<http://www.analogix.com/press/press051024B.html>

U.S. Venture Capital Floods "Chinese Garages" (July 28, 2005, *The Wall Street Journal*) — When Kewei Yang set up the Chinese office of his high-tech company, Analogix Semiconductor, he squeezed about a dozen employees into a cramped high-rise apartment here.

<http://www.analogix.com/press/Chinese%20Garages%20WSJ.pdf>

■ ARISTOS LOGIC

www.aristoslogic.com

Aristos Logic Is Named a Red Herring 100 Company (May 11, 2005) — Red Herring's editorial staff rigorously evaluated more than 900 private companies in North America to identify new and innovative technology companies and entrepreneurs.

http://www.aristoslogic.com/resources/05_05_11.html

Aristos Logic Receives AeA's Prestigious Product/Technology Award (April 22, 2005) — American Electronics Association (AeA) honored Aristos Logic's AL3400 UltraSlice™ RAID Storage Processor with its 2005 Technology/Product Award in the Storage and Data Management category.

http://www.aristoslogic.com/resources/05_04_22.html

Aristos Logic Completes Interoperability Testing (March 23, 2005) — A reference platform using Aristos Logic's AL3400 UltraSlice™ RAID Storage Processor was used with host bus adapters from Emulex, hard disc drives from Seagate Technology, and disc drive enclosures from Xyratex.

http://www.aristoslogic.com/resources/05_03_23.html

■ ATHENA DESIGN

www.athenadesign.com

Athena Design Accelerates Path to Design Closure for Complex ICs with Next-Generation Optimization System (April 13, 2006) — Athena Design expects to change the way designs are implemented with the IC industry's first "concurrent analysis and optimization" system for managing deep sub-micron effects.

<http://www.athenads.com/news/releases/pr031306-tech.htm>

Athena Elects EDA Industry Luminary Jim Hogan to Board of Directors (April 13, 2006) — Jim Hogan has been a driving force and beacon of innovation in the EDA industry for many years.

<http://www.athenads.com/news/releases/pr031306-hogan.htm>





Azaire Networks provides end-to-end solutions that enable network and mobile operators to offer Wi-Fi and hybrid services to their subscribers.



Berkeley Design Automation is an Electronic Design Automation (EDA) software company developing best-in-class tools in the area of analog, radio frequency (RF), and mixed-signal design.



BorderWare is a network security company providing comprehensive messaging security solutions for enterprises and government.

■ AZAIRE NETWORKS

www.azairenet.com

SingTel Optus Deploys Azaire Networks' IP-CNP (February 14, 2006) — SingTel Optus, Australia's leader in integrated communications, deployed Azaire Networks' platform to provide Optus Mobile with a converged network solution that fully integrates wireless LAN technology with Optus's existing 3G network.

http://www.azairenet.com/pr_singtel.html

Chunghwa Telecom Deploys Azaire Networks' IP-CNP Solution (November 16, 2005) — Chunghwa Mobile Business Group, part of Chunghwa Telecom and Taiwan's largest mobile and fixed operator, will deploy Azaire Networks' IP Converged Network Platform (IP-CNP). With the IP-CNP, Chunghwa Mobile will provide its subscribers with seamless services across 2.5G, 3G, and WLAN networks.

http://www.azairenet.com/pr_chunghwa.html

Azaire Networks Adds Technology and Business Development Leadership to Its Management Team (October 26, 2005) — Jim Grams, a former senior executive at Cingular/AT&T Wireless, joins Azaire Networks as chief technology officer. Bob Pacheco, formerly with Persona Software, is named vice president of sales for Americas and Asia.

http://www.azairenet.com/pr_jimgram.html

T-Mobile Selects Azaire Networks' IP Converged Network Platform (March 10, 2005) — T-Mobile, among the world's largest mobile operators, demonstrated seamless mobility across 2G/3G networks and public WLAN utilizing Azaire Networks' IP Converged Network Platform (IP-CNP) at CeBIT 2005.

http://www.azairenet.com/pr_tmobile.html

■ BERKELEY DESIGN AUTOMATION

www.berkeley-da.com

THine Electronics Adopts Berkeley Design's PLL Noise Analyzer for Design of Digital Consumer Multimedia ICs (January 16, 2006) — THine Electronics used Berkeley Design's PLL Noise Analyzer™ to perform extensive noise analysis on its 0.18u CMOS SerDes interface devices. Berkeley Design's advanced circuit analysis technology enabled THine to meet demanding noise specifications before tape-out, removing the need for multiple silicon spins.

http://www.berkeley-da.com/news/news01_pr_2006_01_16.html

P.A. Semi Successfully Deploys Berkeley Design's PLL Noise Analyzer on its 65nm Processor Chip (November 4, 2005) — P.A. Semi was able to meet extremely demanding noise and jitter specifications on the processor's PLLs, that run up to 2.5GHz, while optimizing for power and area using Berkeley Design's advanced circuit analysis technology.

http://www.berkeley-da.com/news/news01_pr_2006_01_09.html

■ BORDERWARE TECHNOLOGIES

www.borderware.com

BorderWare Wins Hot Companies 2006 Award from Info Security Products Guide (January 31, 2006) — BorderWare was selected from more than 600 info security vendors around the world. The award recognizes BorderWare's market success and its adherence to a stern selection criteria of 4Ps: Products, People, Performance, and Potential. *Info Security Products Guide* covers security-related products and technologies; it identifies leading security companies that can effectively address a new generation of sophisticated attacks and emerging threats.

<http://www.borderware.com/press/releases.php?action=v&id=173>





Intalio is a software vendor of an Open Source BPMS (Business Process Management System) that helps organizations develop and deploy new business processes without having to write code.

VoIP Magazine Picks BorderWare as One of the Top 20 Companies to Watch in 2006 (January 9, 2006) —

The *VoIP Magazine's* Top 20 features the companies that are best positioned in the coming year to spur IP communications adoption and innovation while, at the same time, delivering on the immediate needs of the marketplace. This distinction honors BorderWare for its leadership role in securing VoIP and for the release of SIPassure™, the first Session Initiation Protocol (SIP)-based firewall.

<http://www.borderware.com/press/releases.php?action=v&id=171>

BorderWare Is Named a Company-to-Watch by the 2005 Deloitte Canadian Technology Fast 50 Program (September 30, 2005) — This annual awards program identifies the next generation of technology overachievers in conjunction with the Deloitte Technology Fast 50 awards program, which recognizes excellence, innovation, and the fastest growing tech companies in Canada. Rankings are based on percentage of growth in fiscal year revenues over five years, from 2000–2004.

<http://www.borderware.com/press/releases.php?action=v&id=164>

BorderWare Wins Innovation Driver Award (September 21, 2005) —

Borderware's SIPassure™ SIP Firewall was selected for level of innovation and for applicability to real-world problems. The Innovation Driver Award presentation is part of security-zone, an independent security conference and trade show held under the patronage of the European Union.

<http://www.borderware.com/press/releases.php?action=v&id=162>

MXtreme Takes the Prestigious Anti-Spam Product of the Year Award (June 23, 2005) — BorderWare's MXtreme™ Mail Firewall won "Anti-Spam E-mail Protection Product of the Year" at the 2005 Techworld.com Network Awards. An independent panel of judges chose MXtreme for its outstanding spam prevention capabili-

ties, comprehensive protection against other threats to e-mail, and overall assurance of security with a certification of Common Criteria EAL4+.

<http://www.borderware.com/press/releases.php?action=v&id=150>

■ **INTALIO**

www.intalio.com

Intalio's Partnership with Orbeon Adds AJAX User Interfaces to Intalio/BPMS (February 7, 2006) — By embedding the Orbeon PresentationServer (OPS) into Intalio/BPMS™, the Intalio/BPMS becomes the first BPM suite to provide a Web 2.0 user interface for supporting human workflow. "Continuing on its mission to set the standard for BPMS and lead the BPM 2.0 movement, Intalio is aggressively extending its BPM suite with standards-based technologies that help process analysts design and deploy the most complex business processes — without having to write code," said Ismael Ghalimi, founder and CEO of Intalio. "The Orbeon PresentationServer is industry-proven and is certainly one of the best forms solutions around. We are thrilled to make it part of Intalio's platform."

http://home.businesswire.com/portal/site/google/index.jsp?ndmViewId=news_view&newsId=20060207005555&newsLang=en

Intalio Buys Rival BPM Provider FiveSight (December 9, 2005) — Intalio is planning to continue the development of the FiveSight BPEL 2.0 engine under the Open-Source Common Public License, and release its BPMN process designer and BPEL4People workflow suite under similar open-source licenses later in 2006.

<http://www.internetnews.com/ent-news/article.php/3569891>





Intellex is a next-generation Radio Frequency Identification (RFID) company delivering extended range, interoperability, and increased accuracy over existing solutions.



Matisse Networks is a network infrastructure company developing a highly scalable and ultra-high bandwidth technology for deployment of networking equipment between data centers.



SS8 Networks provides mission-critical signaling solutions, lawful intercept products, and service applications that provide continuity between traditional and next-generation communication networks.

■ INTELLEFLEX

www.intelleflex.com

Sun Microsystems Launches RFID Industry Solution for Physical Asset Tracking (October 26, 2005) — The Sun solution leverages RFID technology by Intellex to determine the real-time location of critical assets and issue an alert when an asset is not in its designated location. In addition, the solution allows managers to effectively analyze and plan asset utilization and deployment.

<http://www.intelleflex.com/pages/press8.htm>

RFID Provider Intellex Appoints Richard Bravman as Chairman and CEO (September 7, 2005) — New Chairman and CEO Richard Bravman comes to Intellex after a successful twenty-six-year tenure at Symbol Technologies. Rising from a starting position as software engineer to vice chairman and CEO, he played a key role in helping the company grow from a five-person start-up to a NYSE-traded company with \$1.5 billion revenue.

<http://www.intelleflex.com/pages/press7.htm>

Blue Vector and Intellex Team on Hybrid RFID Solution (April 15, 2005) — Blue Vector Systems and Intellex have developed an end-to-end RFID infrastructure solution for supply chain management, asset tracking, and manufacturing environments, using a distributed networking approach.

<http://archives.frontlinetoday.com/frontline/article/articleDetail.jsp?id=156163>

■ MATISSE NETWORKS

www.matissenetworks.com

Matisse Networks Appoints Michael Johnson as Chief Financial Officer (May 25, 2005) — Michael Johnson, a twenty-five-year industry veteran with an exceptional track record at both private and public companies, previously worked with Matisse CEO Sam Mathan at Ascend Communications and Amber Networks.

http://www.matissenetworks.com/news/news_release_2005_05_25.asp

Matisse Networks Is Named One of Top 10 Start-Ups to Watch by Network World (April 26, 2005) — Matisse Networks brings the benefits of packet technology to optical networks with the world's first Packet Lambda-Switch.

http://www.matissenetworks.com/news/news_release_2005_04_26_2.asp

■ SS8 NETWORKS

www.ss8.com

SS8 Networks Taps into Global Need for Wireless Operators to Implement Advanced Messaging, Signaling, and Lawful Intercept Capabilities (February 23, 2006) — SS8 Networks announces that it is now delivering a complete portfolio of lawful intercept solutions for GSM, GPRS, CDMA, UMTS, and IMS-based networks.

<http://www.ss8.com/ne/pr/3GSMrelease02092006FD.pdf>

AlwaysOn Selects SS8 Networks as Top 100 Private Company (June 28, 2005) — SS8 Networks was chosen by the AlwaysOn editorial team based on a set of five criteria: innovation, market potential, customer adoption, media buzz, and investor value creation.

<http://www.ss8.com/ne/pr/SS8AlwaysOn.pdf>





VeriWave is a provider of performance analysis tools for development, validation, and manufacturing test of Wireless LAN equipment and networks.

SS8 Networks Is Named a Red Herring 100 Company (May 11, 2005) — Red Herring's lists of private companies are an important part of the magazine's tradition of identifying new and innovative technology companies and entrepreneurs. Companies such as Google and eBay were spotted in their early days by Red Herring editors as those that would change the way we live and work.

<http://www.ss8.com/ne/pr/RedHerringWin.pdf>

SS8 Networks Appoints Dennis Haar as President and CEO (January 18, 2005) — Industry veteran Dennis Haar's twenty-five-year career in high technology spans leadership roles at GoDigital, Aspect Communications, Rolm Corporation, and Hewlett-Packard.

<http://www.ss8.com/ne/pr/HaarRelease05.pdf>

■ **VERIWAVE**

www.veriwave.com

VeriWave Introduces First Test System for Large Scale Wireless LANs (February 14, 2006) — The WaveTest 90 Traffic Generator/Analyzer revolutionizes testing of WLAN infrastructure systems with unprecedented scalability, accuracy, and automation.

http://www.veriwave.com/news/press_2006_0214.asp

VeriWave Appoints Jim Kinnebrew as Vice President of Sales (January 5, 2006) — Jim Kinnebrew is a veteran sales executive with more than twenty-five years of experience in the communications sector. Prior to joining VeriWave, he was vice president of eastern operations at Spirent Communications Corporation.

http://www.veriwave.com/news/press_2006_0105.asp

VeriWave and Artiza Networks Partner to Offer VeriWave Products in Japan (December 20, 2005) — "VeriWave is proud to enter the Japanese market with a partner as distinguished as Artiza Networks," said Chris DeMonico, VeriWave's chief executive officer. "Japanese equipment manufacturers are at the forefront of wireless LAN development. When choosing a distributor in Japan, we looked for excellent customer contacts and a solid track record of superior customer service. We found both at Artiza Networks."

http://www.veriwave.com/news/press_2005_1220.asp

VeriWave Expands in Asia by Signing Korean Distributor (November 10, 2005) — VeriWave's expansion in Asia continues with its distribution agreement with Tricomtek. Tricomtek provides protocol engineering solutions for the real-time communications industry in Korea. It has supplied a variety of protocol analyzers and performance testers to about eighty customers, including Korea Telecom, since 1999.

http://www.veriwave.com/news/press_2005_1110.asp

VeriWave Enters Taiwan Market (November 3, 2005) — VeriWave signs a distribution agreement with GCOM Technologies to re-sell and support VeriWave's products in Taiwan.

http://www.veriwave.com/news/press_2005_1103.asp



Red Herring: October 10, 2005

“Q&A: Woodside Fund”

“But in Silicon Valley, early-stage venture funds aren’t showing any signs of packing up. If anything, they’re digging in deeper. One example is twenty-two-year-old Woodside Fund of Redwood Shores, CA. Investors there like to call what they do the ‘pick and shovel’ work of finding promising companies and entrepreneurs with ideas that are worth building a company around.”

<http://www.redherring.com/Article.aspx?a=13936&hed=Q&A%3A%2BWoodside%2BFund§or=Industries&subsector=VentureCapital#>

The New York Times

The New York Times: September 20, 2005

“Fighting to Get in on the Next Little Thing”

By Gary Rivlin

“The partners at the Woodside Fund, a venture fund in Redwood Shores, CA, certainly know firsthand about increased competition. ‘We put it out there and suddenly we had seven firms wanting in on these two slots,’ said Thomas A. Shields, a partner at Woodside.”

http://www.woodsidefund.com/press/news/news_050920-nyt.html



FTPOnline: November 15, 2005

“Heads Down”

By Sara Smith

“‘To help an early-stage company, you need to devote a lot of work, experience, and contacts to starting out right,’ says Rick Shriner, a venture partner at Woodside Fund. ‘When the business itself might not even have a name, it’s hard to raise money.’”

“And so within the pool of early-stage investors vying for deals, ‘it’s not necessarily so competitive,’ concludes managing director Daniel Ahn.”

http://www.woodsidefund.com/press/news/news_051115-ftponline.html

BUSINESS 2.0

Business 2.0: August 22, 2005

“The \$50 Million Giveaway”

By Michael V. Copeland

“WHO: John Occhipinti, Woodside Fund, Redwood Shores, CA.

“WHO HE IS: A former executive at Oracle and Netscape, Occhipinti is a managing director and security specialist, leading investments in BorderWare and Tacit.

“WHAT HE WANTS: Fraudproof credit card authorization via cell phones and PDAs.”

http://www.woodsidefund.com/press/news/news_050825-business20.html



Venture Capital Journal: July 2005

“How Woodside Fund Vets a CEO”

By Vince Occhipinti

“While every venture capitalist will tell you that the key criteria in evaluating a company are markets, people, and technology, at Woodside Fund we believe that relationships are at the heart of good investing. In addition to assessing strengths and weaknesses, the Org Chart Process is a vital means by which to establish and promote relationships between the investor and the executive or founder. We believe that the strength of these relationships is a critical component of our strategy for success.”

http://www.woodsidefund.com/press/news/news_050701-vetsCEO.html





BusinessWeek: March 15, 2005

“Woodside’s Passage to India”
By Justin Hibbard

“Three VCs at Woodside Fund just got back from a five-day trip to India. This was not one of those delegations of U.S. VCs who trundle around Asia in a tour bus. No, Woodside was keeping it real.”

http://www.woodsidefund.com/press/news/news_businessweek_031505.htm

Business 2.0: March 9, 2005

“How to Keep the VCs from Snooping Around”
By Michael V. Copeland

“The Woodside gang is fanatical about its due diligence, a process that typically takes

six weeks or more and includes a four-hour CEO grilling session.”

http://www.woodsidefund.com/press/news/news_biz20_snoop.html

Red Herring: January 24, 2005

“Return of the Seed: Early-stage investors and entrepreneurs are emerging from their post-boom hibernation with a different approach to starting up”
By Tom Stein

“Woodside Fund, for example, brings as many as three partners together on a single deal. This allows the firm to be incredibly hands-on in all stages of the mentoring process, especially when it comes to recruiting executives. For one portfolio company, they interviewed twenty-two candidates for the CEO position.”

http://www.woodsidefund.com/press/news/news_red-herring_050124.htm Woodside Fund

Woodside Fund 2005 Media Mentions



The New York Times



THE WALL STREET JOURNAL

Private Equity/LBO News



VentureWire Professional



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the future with problems.

Some other benefits that come out of the Org Chart Process include:

- We obtain instant reference checks on the candidate.
- We build a list of names to call that are off the candidate's pre-screened reference list.
- We share a best practice with our portfolio companies that they often employ when they are filling out other mid-level and senior management positions.

An important follow-up to the Org Chart Process is a rigorous process for calling references. The process helps us prioritize which references to call and ensures that we get a balanced view of the candidate. We select a mix of individuals to call, including both those who would give positive references and those who would give potentially more critical references. With the board, recruiter, and company, we then allocate who is going to make the calls. When we call a candidate's references, we describe the Org Chart Process without divulging the perceptions shared. The result is far more candid feedback. At the same time, we do not overweigh negative comments, since these almost always surface in this process.

The Due Diligence Process

We also use the Org Chart Process as one of the critical steps in our due diligence process with companies before we invest. If a company appears to have significant potential, we will conduct the Org Chart Process with key founders and senior management team. The trust built is a perfect launch pad for eliciting candid insights about a company, helping us both in making investment decisions and in working effectively with founders and executives after making an investment.

In the due diligence process, the Org Chart Process provides an "unfair advantage" in a competitive investment opportu-

nity. By spending significant time with the company founders and building a relationship based on trust, we establish an inside track on getting into a round and become a preferred investment partner. The time we take to get to know a company clearly indicates both how highly we have prioritized that opportunity and how thorough we are in Woodside's business practices.

The trust that develops from the Org Chart Process also permits a candid discussion of sensitive issues surrounding whether an entrepreneurial founder and CEO can scale. We emphasize the importance of relationships in our interactions with founders. This attitude, along with the quality time spent together, helps convince technical founders of the value of partnering to bring in complementary skills early into the company.

We have found Woodside's success directly correlates with the effectiveness of our Org Chart Process. Woodside has retained approximately 90 percent of the original entrepreneurs in our portfolio, while strengthening management teams early.

Companies in Transition

One of the most difficult challenges in the venture business is how to affect change in senior management at a portfolio company without causing major disruption in the company's business or morale. With the support of the board and the company's cooperation, Woodside periodically conducts a comprehensive review of its portfolio companies. The Org Chart Process plays a valuable role in understanding the strengths and weaknesses of a company and its management team. Again, a critical element is to be nonjudgmental and respect the confidentiality of the discussions.

When conducting a company review, a couple of investment partners spend one to two full days at a company meeting with all of the mid-level and senior managers. With each individual, we discuss the core compe-

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tencies of the business and where the company is “less than perfect.” We ask if the person were king or queen for the day, how he or she would restructure the company and make changes. We then have the individual go through each member of the management team and discuss leadership style, strengths, and areas where managers are “less than perfect.”

After this on-site process is completed, we compile a report that summarizes the impressions of the management team, without attribution, which we share with the other board members as well as the CEO. This report provides invaluable insight into the true state of the business. It also provides a basis to discuss potential changes in the organization. With the help of this organizational review process, Woodside Fund has successfully worked with portfolio companies to affect change with minimum disruption.

The Importance of Relationships

As venture capitalists, we set out to identify opportunities where we can invest for superior returns. Success is based on our ability to find the best companies and make the most impact in helping those companies succeed. While every venture capitalist will tell you that the key criteria in evaluating a company are markets, people, and technology, at Woodside Fund we believe that relationships are at the heart of good investing. In addition to assessing strengths and weaknesses, the Org Chart Process is a vital means by which to establish and promote relationships between the investor and the executive or founder. We believe that the strength of these relationships is a critical component of our strategy for success.



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Rich presence requires a technology like SIP that can take data from multiple sources—including local phones, mobile phones, calendars, office networks, IM systems, and location-based services—and wrap it all together in a coherent whole.

etary approach didn't work for the early on-line companies because their systems were closed to marketplace innovations—and did not address the real needs of consumers.

Overcoming the Obstacles

ITAB participants conceded that basic VoIP service still has some serious hurdles to overcome. Andrew Graydon, chief technology officer at messaging security firm BorderWare Technologies, a Woodside portfolio company, was one of several executives who noted there is not always a clear and reliable dial tone every time a user picks up a VoIP phone. Moreover, broadband Internet phones are vulnerable to power outages. VoIP providers are still struggling to meet regulatory requirements such as an FCC mandate to enable emergency services to identify the location of a VoIP caller. While VoIP is certainly a hot technology, it is still in its infancy and has plenty of room for improvement and growth.

Opportunities in Rich Presence

Dr. Alan Johnston, chief technology officer at Tello Corporation, who authored some of the original SIP protocols while at MCI and has written textbooks on SIP, made some bold predictions about rich presence, the notion that you can type a friend's or associate's name into an address book and automatically see where they are and what they are doing—and then initiate an instant messaging session, a voice call, or a video call. Rich presence requires a technology like SIP that can take data from multiple sources—including local phones, mobile phones, calendars, office networks, IM systems, and location-based services—and wrap it all together in a coherent whole.

"Rich presence is the dial tone of the 21st century," said Johnston. "Today, when we want to make a telephone call, we pick up the receiver and listen for the dial tone. But in the future, we won't lift up the phone. We will use rich presence to decide if we want to initiate a session."

Presence vs. Privacy

Not everyone in attendance was convinced by Johnston's argument. Robert Selinger, program director at Hitachi Global Storage Technologies and a storage industry pioneer, said he is worried about the privacy issues associated with rich presence. "I used to set up all my e-mail alerts and notifications, but I don't do it anymore for privacy reasons," he said.

Johnston countered that there may be generational issues at play because many teens and young adults in their twenties do not feel the same way about privacy. Indeed, it is not unusual for a typical twenty-three-year-old to have a "Beer" setting on his mobile phone, so that all his friends will know exactly when he is at the pub and can come join him.

Rich presence may not yet be for everyone, but there are subsets of consumers for whom it might make perfect sense. The enterprise, for instance, has a highly mobile workforce with many devices and the need to communicate rapidly. Rich presence can make communications more efficient and save organizations time and money. ITAB members agreed there are opportunities for startups that can aggregate data together in a meaningful way to create rich presence, as well as for software providers that create compelling new applications that enhance the experience of rich presence.

Embedding VoIP in Business

Walter Snell, CEO of Pandora Networks, a provider of IP convergence solutions, argued that SIP-based VoIP is not so much an infrastructure as it is an application. He sees real opportunities in integrating the technology into existing business applications and making voice part of the overall workflow, completely embedded in the enterprise.

Several other panelists agreed. "Some of our customers want to take full advantage of the new capabilities offered by IP,"

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said Avaya's Logan. For instance, IP in a call center allows organizations to distribute calls around the world far cheaper than in a traditional phone infrastructure. Early adopters are not just looking for greater efficiencies; they are looking at technologies to enable entirely new functionality.

The Security Dilemma

One significant stumbling block for SIP-based VoIP services is security. Chris Marino, former CEO of Resonate, said the security problem is so big it actually prevents people from doing things over VoIP that they normally do over traditional phone lines. "When I call Citibank, I really want to know it is Citibank that picks up the phone," he says. Most ITAB participants said they would never use a service such as Skype to call their bank, because IP networks are so easy to hack into and spoof addresses. SIP opens the voice network to many potential exploits. In a worst case scenario, businesses and households could be overwhelmed with VoIP spam just as they are with e-mail spam. Clearly, users do not want their office phone ringing every five seconds with Viagra ads.

But with every challenge comes opportunity. Jeff Carr, vice president of sales at BorderWare, believes that the future can be found in the past. He described how every new Internet wave has featured the same pattern of behavior. First, a flurry of interesting applications are created, with no one bothering to bake in security. When the whole thing is ready to come crashing down, like it almost did with e-mail, a wave of security vendors comes rushing in to the rescue. Many of these security companies go on to build lucrative businesses.

Most panelists said they would be surprised if the same thing didn't happen with VoIP. This means that there are tremendous opportunities to invest in security companies specifically targeting VoIP and SIP.

The Carrier Conundrum

What role will traditional carriers play as VoIP continues its rapid growth? Jack Dziak, who until recently was a senior executive at MCI, admits that VoIP and SIP have thrown cold water on the incumbent carriers, who once controlled the telephony market but are now under siege from all sides, including new VoIP providers, mobile operators, and cable companies. Jim Grams, a former senior executive at AT&T Wireless and current chief technology officer of Azaire Networks, a Woodside portfolio company, suggested that carriers are viewing new IMS (IP Multimedia System) architectures, which represent a unified all-IP based network compared to the historically disparate voice, data, signaling, and control network elements, as their potential salvation. With IMS-based systems, carriers can enable some of the valuable next-generation applications that can drive revenue. Faced with plummeting revenue in their fixed-line business, many of these carriers are treading cautiously into IP-based services, but they are not yet willing to commit one way or another. These carriers are still a major wild-card in the overall SIP/VoIP equation.

The Way Forward

The future of SIP will not entail a revolution but rather an evolution, with usage eventually becoming wrapped up in the everyday lives of consumers and businesses—especially as e-mail, phone calls, instant messaging, and other types of communications begin to converge. The one common conclusion of every ITAB member: SIP is now playing a significant role in improving the quality, speed, and efficiency of electronic communications. Companies that can improve and innovate on the technology today could well be the giants of tomorrow.

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