

BlueArc Picks a Fight For Customers

By [Clint Boulton](#)

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Network storage systems maker BlueArc said it has won \$29 million in an oversubscribed financing round led by new investor Morgenthaler Ventures.

New investors Chevron Technology Ventures and Wasatch Advisors also chipped in to help the company expand its field sales, marketing and services teams, boost research and development, and commit to international expansion.

Existing financiers Crosslink Capital, Fort Washington Capital Partners, Meritech Capital Partners, Weston Presidio and the RWI Group sum up the round, bringing BlueArc's funding to more than \$200 million since its inception in 1999.

That's a lot of cash for a company that isn't profitable.

BlueArc CEO Mike Gustafson said the funding, along with the 35 to 40 sales, marketing and services employees BlueArc expects to hire with the cash infusion this year, will help the company sell more high-end Titan network-attached storage (NAS) systems.

"This funding will take us through profitability," Gustafson said in an interview Monday.

The company's Titan line, geared for high-performance computing, helps corporate customers consolidate database, e-mail and file servers.

BlueArc's goal is to provide maximum performance, scalability and availability for data files from as few machines as possible in a large enterprise.

BlueArc customers, which include Chevron, eMag Solutions, Media Temple and OnSite E-Discovery, have replaced hundreds of direct attached storage devices or consolidated multiple legacy filers to a single Titan.

Housing several terabytes of tiered storage on one machine is an approach that many corporate customers have been taking up to corral their files, a departure from using several smaller storage appliances from different vendors.

Storage systems vendors like BlueArc and giants such as EMC, IBM, Network Appliance and Hitachi Data systems, have been rushing to meet that customer demand.

BlueArc improved its portfolio in February, selling the [Titan 2000 storage systems](#) that run as many as 100,000 operations per second.

The systems also include a global name-space directory that ties information from

storage pools and servers.

Gustafson said customers have been snapping up the Titan 2000 machines, accelerating year-over-year revenue growth to 150 percent.

He said 66 percent of the new revenue during the quarter came from new customers in Internet services, life sciences, entertainment, oil and gas, and the federal government.

"Last year's revenue and market share gains have given us the confidence to know we got the recipe right. Now it's about breaking through from being recognized as a technology leader and to continue to expand market leadership."

BlueArc has also secured the No. 2 position in high-end NAS, according to new data from Gartner Group, which lists Network Appliance as first.

BlueArc is still a relatively small company running up against the likes of NetApp and EMC.

Gustafson said he won't get drawn into a battle of boasts with those companies, preferring instead to focus on serving the customer.

"There's always been this fight in our industry around company versus company and I could care less," Gustafson said.

"We are absolutely picking a fight for the customer. We're not on the radar of a lot of customers and a big part of this investment is to try to get us more opportunities, because when we get those opportunities, we win."