

Research Triangle Park, NC

Overture Networks Completes \$6M Second Round From Previous Investors

By Erica R. Davis 11/15/2004

Overture Networks, a developer of packet-based multiservice access platforms, completed its second round of \$6 million to further the company's technology development and marketing and sales initiatives.

The flat round closed in late October, led by both Morgenthaler Ventures and Intersouth Partners. Armada Venture Group, Gray Ventures, Charlotte Angel Partners, Tri-State Investment Group and Atlantis Capital Inc. also participated in the new financing. The round contained no new investors and all previous investors returned.

Intersouth, which had been a minor participant in the Series A, decided to co-lead the Series B round.

Morgenthaler is the largest shareholder.

Overture Networks raised \$15 million in its Series A round in September 2002 from Armada Venture Group, Morgenthaler Ventures, Intersouth Partners, and Gray Ventures.

Prior to the Series A, the company received angel funding of \$3.4 million in July 2001 from Charlotte Angel Group, Tri-State Investment Group, Atlantis Capital and individuals.

Overture Networks' platform is designed to allow service providers and large enterprises to deploy managed data and voice services using both circuit-based and packet-based infrastructure. The networking equipment connects carriers to businesses through metro-access networks.

"Overture allows you to migrate to all-optical in a graceful fashion," said Morgenthaler Ventures General Partner Drew Lanza. "We had perceived migration of networks would have to take place at a slower pace than some people believe, due to economic slowdowns. Overture has proven us right."

Many companies have PBX, or private branch exchange, a private telephone network used within an enterprise, and aren't ready to migrate to all-IP networks, said Lanza. Overture can handle legacy service. "That's a big deal. A lot of packet-based companies overlook that," said Lanza, contrasting Overture with all-optical network companies.

The company's revenue has doubled quarter over quarter for about a year, said Overture Networks Chief Executive Jeff Reedy. We're in the stage where we just got the product out there. "We expect to continue the high rate of growth in the next couple years. This is where the industry is spending money now."

The company has 40 employees. "We'll be adding quite a bit," said Reedy. He plans to expand in Western Europe and Japan.

Founded in September 2000, and based in North Carolina's Research Triangle Park, Overture began selling its platform in early 2003. Now it has 25 carrier customers in the U.S. Europe and Asia. "It's a broad spectrum," said Reedy about the customers, which he declined to name.

Morgenthaler's funding came from its Fund 7 containing about \$850 million, said Lanza. Morgenthaler will begin raising for a new fund at the end of 2005.

Intersouth Partner John Glushik will join the Overture Networks board.