



## Overture & Hatteras Gang Up on Carrier Ethernet

MARCH 1, 2011 | Craig Matsumoto | Comments (2) | [Tweet](#)

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Carrier Ethernet specialists [Overture Networks Inc.](#) and [Hatteras Networks Inc.](#) are merging to create what they're hoping will be a Carrier Ethernet powerhouse.

Terms aren't being disclosed. The companies aren't even saying if the transaction is in cash, stock or both. They expect the deal to close in two or three weeks.

The combined company would be called Overture, and Overture CEO Jeff Reedy would remain chief executive of the combined company, with Hatteras CEO Kevin Sheehan becoming president.

### Why this matters

It's hard not to see this as a step toward a hoped-for IPO. In announcing the merger to the press on a Tuesday conference call, Reedy and Sheehan emphasized repeatedly that the strongly growing market was the impetus for the merger, especially as customers kept wishing aloud that either company sold a few more products. Also, both companies are about a decade old and investors have had a long wait for an exit as neither firm, to date, has made a go at the public markets.

They weren't likely to get to that point quickly as separate companies, either. Carrier Ethernet is a growing market, but sales of Ethernet access devices were around \$750 million in 2009, according to [Infonetics Research Inc.](#) While the Overture/Hatteras combo will probably be the market-share leader in 2010's numbers (which Infonetics hasn't completed yet), their combined revenues -- \$60 million to \$80 million, Infonetics analyst Michael Howard estimates -- don't translate into a dominating market share.

("You may have underestimated us," Overture's Reedy replied when Howard mentioned his estimate during the conference call.)

It's true, though, that the companies' products don't overlap. Hatteras has focused mostly on bonded-copper interfaces for the edge network, while Overture has been more of an Ethernet-over-TDM play. "They are the most complementary product lines of any merger I've ever seen," Howard tells *Light Reading*.

**For more**

Both companies are about 10 years old, so they've been on the radar for a while. Here's the latest on each:

- [CEAP Market Powers Through Storm](#)
- [EENY 2010: Overture Gets More Optical](#)
- [Hatteras Claims Record Growth](#)
- [Carrier Ethernet Market Off to Good Start in 2010](#)
- [Overture Beefs Up for Mobile Backhaul](#)
- [Overture Grabs More Funding](#)
- [Carrier Ethernet Access Platform Market Abuzz](#)
- [Hatteras Intros HN6100](#)

— Craig Matsumoto, West Coast Editor, *Light Reading*