

## VentureWire

### Dot-Com Photonics Co. Calient Regroups With \$19.4M For Data Center Switches

By Scott Denne

After spending the last year building new products and bringing in a new chief executive to bring all-optical switching to the data center market, Calient Technologies Inc. said it has raised another \$19.4 million from investors.

The Santa Barbara, Calif.-based company was founded at the height of the dot-com bubble to bring photonic switching to big carrier networks. Since then it established a business in that market, but not one that met the expectations of investors that put \$375 million into the company.

New investor Intuitive Venture Partners provided about half of the new funding, with the remainder coming from certain existing investors, which include its largest investors Telesoft Partners and Cayuga Venture Fund. The round gives the company a post-money valuation that's close to \$50 million, said Atiq Raza, who took the reins at the company a year ago.

The emergence of smartphones, the explosion of online video and the growth of cloud computing are pushing bandwidth capacity in data centers faster than ever before, giving the company an opportunity to sell its products where the data center connects with the external network and for moving packets between clusters in the data center, Raza said. "The compute capacity of a cluster is equal to a whole data center of a few years ago."

To capitalize on the opportunity, the company is releasing a new product that's 80% less expensive, one-third the size and lower power than its earlier offerings. It will sell the full system directly to customers or make it available as modules for other networking companies to design its capabilities into their own products, Raza said.

Companies can expect to pay \$5,000 to \$12,500 per port for high-speed Internet Protocol switches and between \$150 and \$250 per port for Calient's new offerings, Raza said. Even its previous products, which have been tested in data centers, have a significant price advantage, but the new products are built with more updated electronics and will make it easier for Calient to scale up high-volume production, he said.

Calient had sales of about \$4.5 million last year and expects to grow that by 20% this year and even more the following year, Raza said.

It will continue to sell to carrier networks, but the opportunity for growth in the data center market is bigger, Raza said.

In the carrier markets it competes with venture-backed companies Glimmerglass Networks Inc. and Polatis Inc., but doesn't expect to run into those in the data center market, Raza said. Its competition there will be 40 gigabit and 100 gigabit switches.

Raza was previously the founder of RMI Corp., a maker of multi-core communications processors that sold to NetLogic Microsystems Inc. for \$183.4 million in 2009. He was previously the president of Advanced Micro Devices Inc., a company he joined when it bought NexGen Inc. for \$860 million when he was CEO.

<http://www.calient.net>

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