

# **Flash Memory Summit Presentation: Solid State Memory Venture Funding & M&A**

**August 19, 2010**

# Agenda

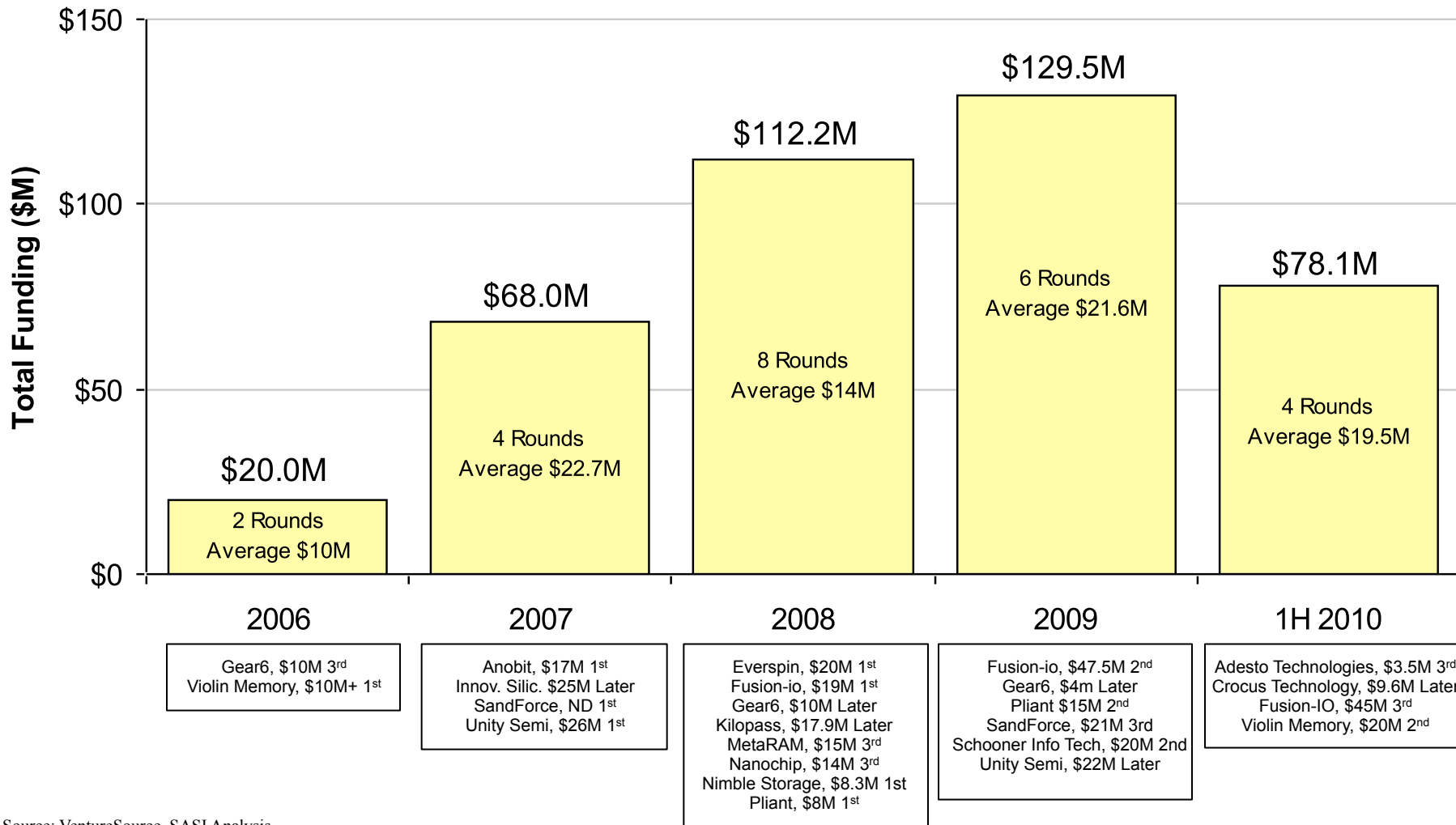
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- Solid State Memory Venture Funding
- Solid State Memory M&A
- Solid State Memory Private Company Market Map
- Solid State Memory Private Company Details
- SASI Overview

# Solid State Memory Venture Funding

Venture funding has remained healthy into 2010...

## Solid State Memory Venture Funding by Year



Source: VentureSource, SASI Analysis

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# Solid State Memory M&A

M&A has started to heat up with 3 announced transactions during the first half of 2010...

| First Half, 2010 Transactions |                      |                            |  |             |               |               |
|-------------------------------|----------------------|----------------------------|--|-------------|---------------|---------------|
| Date Announced                | Buyer                | Seller                     | Seller Description   | Price (\$M) | Revenue (\$M) | Price/Revenue |
| 6/16/10                       | Violin Memory        | Gear6 (Assets)             | Assets of Gear6, which provides scalable Memcached solutions             | ND          |               |               |
| 2/9/10                        | Micron               | Numonyx                    | Provides flash memory and RAM semiconductors                             | \$1,270     | \$2,100       | 0.60x         |
| 2/3/10                        | Microchip Technology | Silicon Storage Technology | Provides flash and solid-state storage memory cards and microcontrollers | \$292       | \$237         | 1.23x         |

| 2009 Transactions |                 |                 |   |      |      |       |
|-------------------|-----------------|-----------------|---|------|------|-------|
| 3/30/09           | Western Digital | Silicon Systems | Provides solid-state storage drive components | \$65 | \$50 | 1.30x |

| 2008 Transactions |         |                         |  |    |  |  |
|-------------------|---------|-------------------------|--|----|--|--|
| 10/8/08           | Dataram | Cenatek (Patent assets) | Provides solid state storage products for high performance computing markets | ND |  |  |

| 2006 Transactions |         |             |  |         |       |       |
|-------------------|---------|-------------|--|---------|-------|-------|
| 10/16/06          | STEC    | Gnutek      | Designs and develops NAND flash-based SSDs for enterprises | ND      |       |       |
| 7/31/06           | SanDisk | Msystems    | Provider of flash memory products                          | \$1,500 | \$717 | 2.09x |
| 3/8/06            | Micron  | Lexar Media | Supplier of NAND flash memory products                     | \$760   | \$745 | 1.02x |

Source: The 451 Group, SASI Analysis

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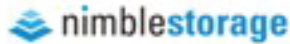
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# Solid State Memory Private Company Market Map

Our market map is expanding...

## Systems



## Memory



(CBRAM)



(MRAM)



(Next Gen NVM)



(MRAM)



(STT-RAM™)



(Z-RAM)



## Solid State Drives










## Solid State Cards



## Controller



# Solid State Memory Private Company Details

| Company   | SASI Insights  |
|---|--|
|    | <ul style="list-style-type: none"> <li>• \$33M in funding through three rounds of funding</li> <li>• Developing CBRAM technology into a platform of low cost and low power memory alternatives to flash and DRAM for embedded applications</li> </ul>  |
| <p><b>Anobit</b></p>  | <ul style="list-style-type: none"> <li>• \$18M in funding through one round of funding</li> <li>• Provider of NAND flash based controllers and enterprise class solid state drives</li> </ul>  |
|    | <ul style="list-style-type: none"> <li>• \$32M in funding through two rounds of funding</li> <li>• Provider of tiered NAS appliances utilizing DRAM, non-volatile RAM and SAS drives which ultimately reduces the need for disks, rack space and power</li> </ul>  |
|    | <ul style="list-style-type: none"> <li>• \$20M in funding through two rounds of funding</li> <li>• Developer of low-cost, high-volume, non-volatile memory chips</li> </ul>  |
|    | <ul style="list-style-type: none"> <li>• \$65M in funding through multiple rounds of funding</li> <li>• Developer of MRAM technology</li> </ul>  |
|     | <ul style="list-style-type: none"> <li>• \$20M in funding through one round of funding</li> <li>• The result of Freescale Semiconductor spinning out its Magnetoresistive RAM (“MRAM”) unit in 2008</li> <li>• Developing MRAM as a next-generation alternative to flash memory and DRAM products</li> </ul> |
|   | <ul style="list-style-type: none"> <li>• \$112M in funding through three rounds of funding</li> <li>• Tremendous amount of market buzz surrounding the company</li> <li>• Strong partnering relationships with leading vendors HP &amp; IBM</li> </ul>   |
|  | <ul style="list-style-type: none"> <li>• \$13M in funding through two rounds of funding</li> <li>• Developer of Spin-Transfer Torque RAM (STT-RAM™) technology</li> </ul>  |








Source: VentureSource, SASI Analysis

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# Solid State Memory Private Company Details

| Company  | SASI Insights  |
|--|--|
|   | <ul style="list-style-type: none"> <li>• \$47M+ in funding through multiple rounds of funding</li> <li>• Developer of ultra-high density memory IP for embedded SoC, MPU and portable consumer applications</li> <li>• Technology is up to twice as dense as DRAM and is up to five times denser than embedded SRAM</li> </ul>               |
|    | <ul style="list-style-type: none"> <li>• \$41M in funding through multiple rounds of funding</li> <li>• Developer of advanced embedded non-volatile memory IP technology</li> </ul>  |
|    | <ul style="list-style-type: none"> <li>• \$8.3M in funding through one round of funding</li> <li>• Provider of iSCSI storage arrays that leverage flash memory and SATA drives to provide more cost effective storage, backup and disaster recovery</li> </ul>   |
|   | <ul style="list-style-type: none"> <li>• \$23M in funding through two rounds of funding</li> <li>• Developer of enterprise flash drives with an SAS interface</li> </ul>   |
|    | <ul style="list-style-type: none"> <li>• More than \$21M in funding through three rounds of funding</li> <li>• Developer of multi-level cell (“MLC”) SSD processors for enterprise grade storage</li> <li>• Claims cost of switching to SSDs using their technology to be \$0 when compared to costs of HDDs over a 5 year period</li> </ul> |
|  | <ul style="list-style-type: none"> <li>• \$35M in funding through two rounds of funding</li> <li>• Provider of appliances that leverage flash and DRAM to improve the performance of MySQL and NoSQL/memcached databases</li> <li>• Strong partnering relationship with IBM</li> </ul>   |
|  | <ul style="list-style-type: none"> <li>• Undisclosed amount of funding</li> <li>• Provider of DRAM-based solid-state storage systems</li> </ul>  |





Source: VentureSource, SASI Analysis

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# Solid State Memory Private Company Details

| Company   | SASI Insights  |
|---|--|
|   | <ul style="list-style-type: none"> <li>• Founded in 1978, one of the oldest and most well established SSD suppliers</li> <li>• Privately held, but not venture funded</li> <li>• Added a storage management software stack through its acquisition of Incipient's assets in September, 2009</li> </ul>   |
|   | <ul style="list-style-type: none"> <li>• \$75M in funding through multiple rounds of funding</li> <li>• Developing technology to replace flash memory in SSDs and chips used in mobile devices</li> <li>• Technology is based on ions and the way they move through certain materials instead of transistors used by traditional flash memory</li> </ul> |
|  | <ul style="list-style-type: none"> <li>• \$10M+ in funding through one round of funding</li> <li>• Developer of storage appliances supporting both NAND and DRAM technology</li> <li>• Recently acquired assets of memcacheD solutions provider, Gear6</li> </ul>  |
|  | <ul style="list-style-type: none"> <li>• No publicly announced venture funding</li> <li>• Provider of solid state SAN appliances which reduce disk contention and access times and improve data processing times</li> </ul>  |

Source: VentureSource, SASI Analysis

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# SASI Overview

# Outline

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- SASI Overview
- Market Expertise
- Service Offerings
- Strategic Buyer Relationships
- SASI Transactions & Valuations
- Team Profiles

# SASI Overview

**SASI is a boutique M&A advisory firm focused on serving investors and entrepreneurs in the IT industry. We represent leading venture backed private companies who are exploring strategic M&A options.**

SASI was founded on the belief that stakeholders in private companies have a need for a new class of M&A advisor. They require a banker that brings not only transaction and financial expertise but also has intimate knowledge of the industry, the strategic buyers and the customer, technology, competitive trends shaping the industry.

## SASI Core Competencies

**M&A Process**

**Negotiation**

**Valuation Analysis**

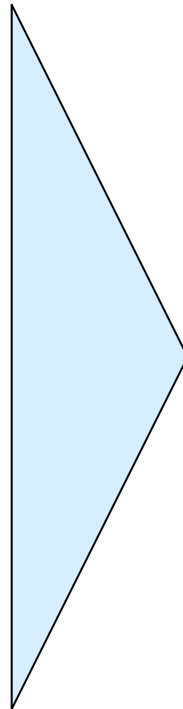
**Strategic Planning**

**Market & Competitive Research**

### **Industry Expertise:**

- Strategic Buyer Relationships
- M&A Database & Trends
- Market & Competitive Trends
- Comprehension of Key Technologies

**Provide an Integrated Approach to Sellside M&A**



## With the following benefits

**Highest likelihood of creating a competitive bidding situation with a successful outcome due to:**

**Targeting:** SASI is able to quickly identify A list buyers, avoiding wasted calls and meetings

**Timing:** SASI tracks M&A windows by sector and is able to advise on the optimal timing for maximum deal value

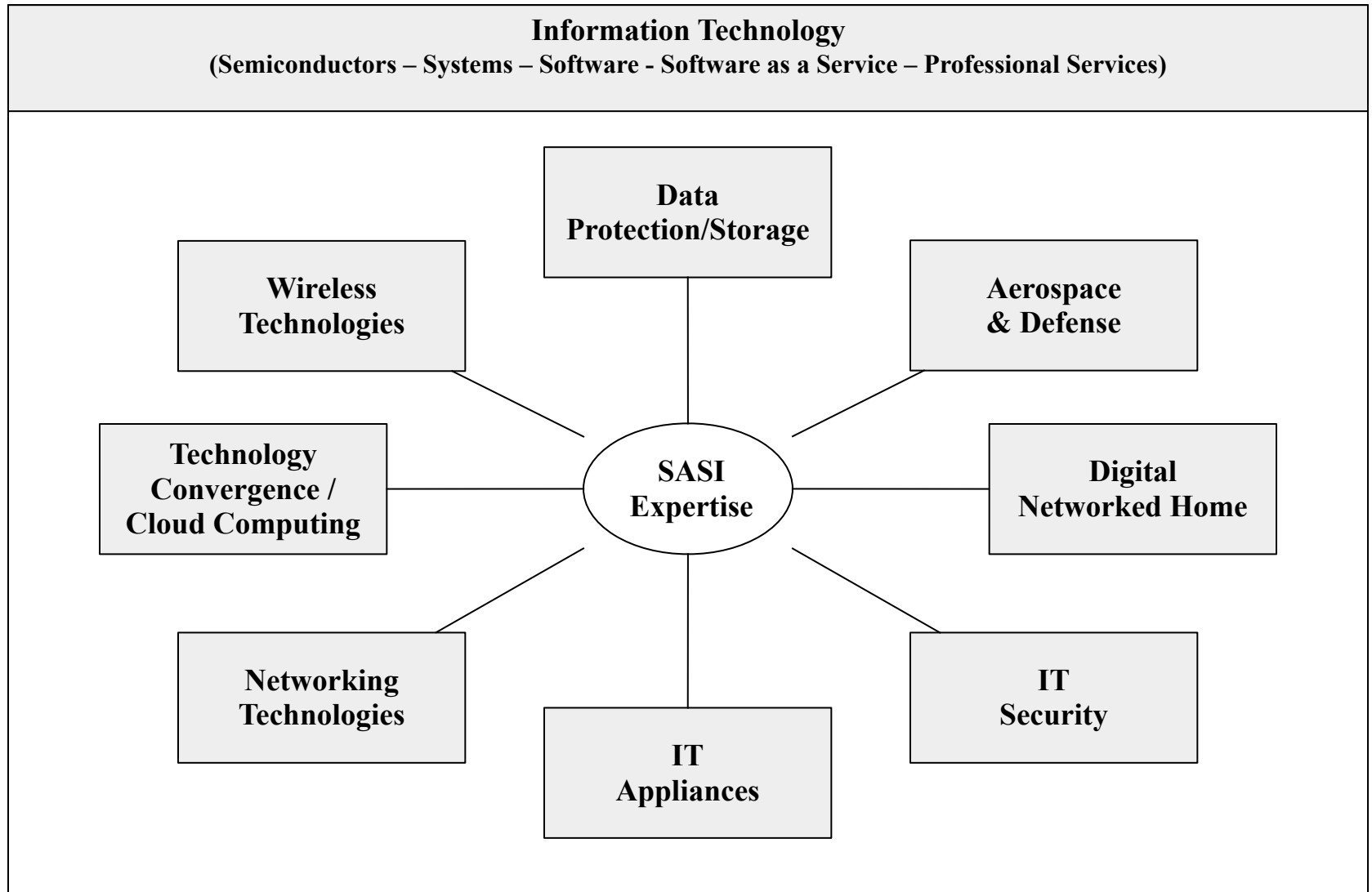
**Positioning:** Each possible buyer has a unique set of characteristics and reasons for acquiring the target. SASI understands this and tailors the messaging to each buyer.

**Negotiating:** In depth knowledge of the buyers and the industry positions SASI with insights that are critical to a successful negotiation

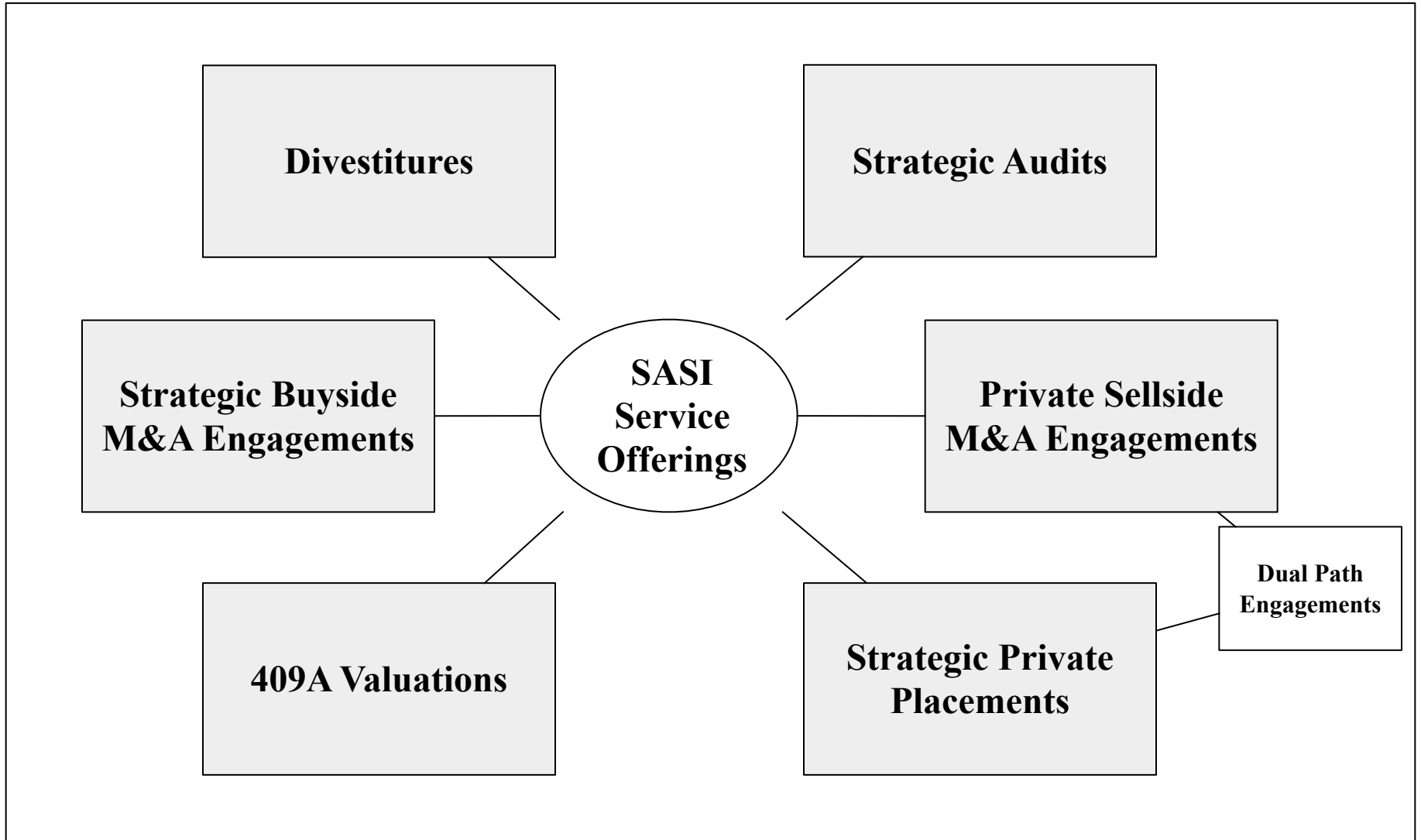
**Efficiency:** Knowledge of the industry helps avoid “teaching the banker”

**Contacts:** SASI knows the leading acquirers and has built solid relationships over the last 18 years

# Market Expertise



# Service Offerings



# Strategic Buyer Relationships

SASI is currently in discussions with or has worked with following selected strategic buyers...

## Industry Leaders



## Networking/Security

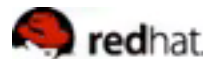


# Strategic Buyer Relationships

## Storage Industry



## Semiconductor & Other



# SASI Transactions



has sold certain assets to



June 2009



has been acquired by



August 2008



has sold the



NAS business to



June 2008



has been acquired by



May 2008



has been acquired by



December 2007



has sold certain assets to



October 2007



has been acquired by



August 2007














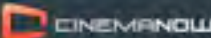












has been acquired by



September 2005



# SASI Valuations

|  |  |   |   |  |
|--|--|---|---|--|
|  <p>409A Valuation</p> <p>2008, 2009 &amp; 2010</p> |  <p>409A Valuation</p> <p>2009 &amp; 2010</p> |  <p>409A Valuation</p> <p>2010</p>            |  <p>409A Valuation</p> <p>2010</p>   |  <p>409A Valuation</p> <p>2008 &amp; 2009</p>       |
|  <p>409A Valuation</p> <p>2007, 2008 &amp; 2009</p> |  <p>409A Valuation</p> <p>2007 &amp; 2008</p> |  <p>409A Valuation</p> <p>2009</p>            |  <p>409A Valuation</p> <p>2009</p>   |  <p>409A Valuation</p> <p>2007, 2008 &amp; 2009</p> |
|  <p>409A Valuation</p> <p>2008</p>                  |  <p>409A Valuation</p> <p>2008</p>            |  <p>409A Valuation</p> <p>2007 &amp; 2008</p> |  <p>409A Valuation</p> <p>2008</p>   |  <p>409A Valuation</p> <p>2008</p>                  |
|  <p>409A Valuation</p> <p>2008</p>                  |  <p>409A Valuation</p> <p>2008</p>            |  <p>409A Valuation</p> <p>2007</p>            |  <p>409A Valuation</p> <p>2007</p>   |  <p>409A Valuation</p> <p>2007</p>                  |
|  <p>409A Valuation</p> <p>2007</p>                |  <p>409A Valuation</p> <p>2007</p>          |  <p>409A Valuation</p> <p>2007</p>          |  <p>409A Valuation</p> <p>2007</p> |  |

# Team Profiles



## **John Rotchford, Managing Director**

Prior to founding Strategic Advisory Services International, LLC in May of 2005, John co-managed the information technology practice area and opened the Southern California office for SVB Alliant, the former investment banking division of Silicon Valley Bank. John is a 20-year technology industry veteran with a unique blend of investment banking, strategy consulting, corporate development and start-up experience. At Iomega, John was responsible for strategic planning, M&A and new investment activities. Before Iomega, John handled public and private sell-side transactions at Broadview International LLC and focused on enabling broadband technologies, digital networked appliances, information security, semiconductors and storage systems. Prior to Broadview, John was director of corporate development at Compaq where he managed strategy projects covering broadband communications, the digital networked home, Internet services, and corporate direction. At Compaq, he was also active in M&A including the Tandem Computer and Digital Equipment Corporation mergers. John spent the first part of his career at an aerospace and defense management consulting start-up that was acquired by Electronic Data Systems. John earned a B.S. in Finance and Accounting from Babson College.



## **Christine Tosney, Principal**

Christine joined SASI in October, 2005 with over 13 years of market and competitive research experience covering a broad range of IT areas such as information security, enterprise software and personal computing. Prior to joining SASI, Christine was head of market research and competitive intelligence at Sonicwall, a leading provider of security solutions to small and medium businesses. She also spent two years at Ensim, a leading provider of hosting automation software. Prior to Ensim, Christine spent seven years in a variety of market research roles. She spent two years at Compaq Computer Corporation in market intelligence with a focus on competitive intelligence, market segmentation and sizing, and trend and database analysis. Christine started her career at Management Ventures, a market research based consulting firm specializing in the Consumer Packaged Goods Industry. She led all phases of primary and secondary research engagements at Management Ventures. Christine has a B.S. in Finance from Babson College, Wellesley, MA

# Team Profiles



## **Alex Barnes, Analyst**

Alex joined SASI in May, 2007 and has played a key role in BidStork's sale to Sabre Holdings and Adaptec's divestiture of the Snap Server NAS business to Overland Storage. Prior to joining SASI, Alex interned at Yorkville Advisors, a private equity fund and leading financier in the small-cap sector. His responsibilities consisted of researching potential portfolio companies and providing transaction support. Prior to interning at Yorkville Advisors, Alex worked in operations management at the San Diego Union Tribune. Alex holds a B.A. in Economics from the University of San Diego.