

PRESS CONTACTS:

Connect Public Relations

Nathan Walch
nathanw@connectpr.com
(801) 373-7888

Network Instruments, LLC

Stephen Brown
sbrown@networkinstruments.com
(952) 358-3820

Network Instruments® Worldwide Business Grows by 16% in 2008

Despite economic crisis, company demonstrates 14th year of double-digit growth

Minneapolis, MN – January 15, 2009 – Network Instruments, a leading provider of innovative analysis solutions for in-depth intelligence and continuous availability, today announced that total company revenue for 2008 increased by 16 percent over 2007. This marks the company's fourteenth consecutive year of double-digit growth.

This growth despite the slowing economy was driven by strong demand for performance monitoring, retrospective network analysis, and 10 Gigabit (10 Gb) monitoring solutions. In particular, robust growth continued in North America (27 percent) as well as Scandinavia (46 percent) and DACH (93 percent).

Steve Steinke, research director of networks for The 451 Group, a technology industry analyst company, noted in a recent report: "Year after year, Network Instruments incorporates customer requests and its own good ideas to the point where the Observer® product has been transformed from a network analyzer capable only of displaying packets at a single point to a full-fledged, multipoint analysis engine capable of reconstructing weeks and months of traffic. With its growing capabilities, the company butts up against an increasing slew of competitors, but it continues to thrive and meet the needs of large enterprises around the world."

Significant Competitive Wins

Many corporations have generated significant IT savings this year by switching to Network Instruments, which allowed them to reduce their mean time to resolution (MTTR).

Major 2008 customer wins included: Alliant Techsystems, Sabre Holdings, Alcatel-Lucent, Edwards Air Force Base, InfoSpace, TFE, Schneider Electric, Demand Media, ArcelorMittal, Samsung, VocaLink, Sainsbury's Supermarkets Ltd, Merck, AT&T Labs, Fisher Scientific, Siemens, SanDisk, Hawaiian Airlines, Verizon Business, Daiwa Securities, Direct Edge ECN, JSE Limited, Nellis Air Force Base, and NASA's Johnson Space Center.

"The year has been outstanding in terms of the growth that we achieved, and the steps we took to ensure Network Instruments remains a leading analysis solution in the future," said Douglas Smith. "Adding real-time, high-level, network-operation-center (NOC) views of network and application performance positioned the Observer platform as the center of any enterprise troubleshooting strategy. In addition to highly customizable consoles, customers can also look to us to provide retrospective analysis hardware to meet their monitoring needs from edge to core."

Real-Time and Retrospective Analysis

While high-level performance monitoring is important, it is impossible to resolve issues without packet-level analysis. Network Instruments answered customer demand by offering a comprehensive troubleshooting platform providing both real-time and retrospective network analysis (RNA) coupled with the ability to drill from high-level reports down to the packet. In 2008, Network Instruments introduced the following reporting and troubleshooting enhancements and new RNA appliances:

- **GigaStor™ Active Reporting** – Reports featuring powerful drill-down capabilities, customizable next-step analysis, and immediate report generation—all designed to reduce mean time to resolution.
- **GigaStor SAS** – With its 288 TB capacity, the serial-attached storage appliance is the largest RNA platform for capturing and saving network packets and transactions for later analysis and investigations.
- **GigaStor 2TE** – The 2 TB RNA appliance is designed and priced for deployment throughout the enterprise and to bolster the capabilities of potentially budget-constrained midmarket networks.
- **Observer Reporting Server (ORS) NetLive** – NetLive, an ORS component, provides larger organizations streaming TopN and performance reports. From these views, network teams can drill down and isolate network problems.
- **Application Performance Monitoring** – Within Observer and ORS, managers can graphically track application performance, identify periods of poor performance, and conduct next-step analysis. Drill from top-layer application reports to specific host servers or conversations.

Strong 10 Gb Demand

In addition to demand for integrated reporting-troubleshooting solutions, the company has benefited from interest among large organizations looking to migrate to 10 Gb. Network Instruments has significant performance and price advantages over competitive offerings, including the only internally-designed and manufactured cards purpose built for 10 Gigabit capture.

Market Expansion and Partnerships

Beyond increasing revenue through new customers and product offerings, Network Instruments expanded its market presence through the growth of regional offices and key strategic alliances.

New regional offices opened in Raleigh, North Carolina, to serve an increase of customers in the southeastern United States, as well as in Copenhagen, Denmark, to support business in Northern Europe.

The company also expanded its reach into new markets through partnerships with Cisco® and IBM®. IBM officially designated the Observer platform as Tivoli Ready, and Cisco certified GigaStor as compatible with the Cisco IOS Software.

About Network Instruments

Network Instruments, a leading provider of innovative analysis solutions, helps organizations and enterprises ensure the delivery of business-critical applications on their networks. The company's monitoring and reporting products provide comprehensive visibility into networks and applications to optimize network performance, speed troubleshooting, and assist long-term capacity planning. Network Instruments solutions provide integrated enterprise-wide reporting and back-in-time investigation capabilities for troubleshooting networks. The company is headquartered in Minneapolis with sales offices worldwide and distributors in over 50 countries. For more information about the company, products, and technology, please visit www.networkinstruments.com or the company's blog www.networkinstruments.com/blog.

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Editor's Note: The 451 Group's report, "Network Instruments delivers fast diagnoses for application performance management" referenced from Steve Steinke above, is an independently-produced report that was neither sponsored nor otherwise directly funded by Network Instruments. This report and its entire content are the sole property of The 451 Group, copyright 2008, and is reproduced here by permission. The entire content of the report is available at www.the451group.com.