

/ Wellington and Insight invest EUR 5.6 million in Astaro /

Munich, May 12, 2003: In its initial round of funding, Karlsruhe-based specialist for network security Astaro AG is receiving EUR 5.6 million from Wellington Partners, Munich, and co-investor Insight Venture Partners of New York and. The young company will be using the new resources to expand its Linux-based product portfolio and to broaden its network of distribution partners worldwide.

Astaro AG, which was formed in January 2000, offers easy-to-administer and thus cost-effective solutions that safeguard enterprise networks against hackers, viruses and other Internet risks. With its first product, Astaro Security Linux (ASL), the company has brought to market one of the most popular network security solutions, which is presently in use at over 10,000 organizations in more than 60 countries.

Strong market potential

"The demand for cost-effective, easy-to-install security products is growing strongly," observes Patrick Meininger from Wellington Partners, "and ASL often beats out all competitors in benchmarks. We want to utilize this momentum." Market studies conducted by IDC and Frost & Sullivan document the growing demand. Total sales in the core business of firewalls, alone, are predicted to rise by some 50 percent in Europe to nearly EUR 1.4 billion by 2005. One submarket that is proving to offer especially strong growth is that of appliances, plug'n'play solutions consisting of hardware and software elements that safeguard networks against unwanted intrusion, without the need for costly and time-consuming integration into an existing IT infrastructure. Especially in the appliance market, Astaro enjoys a lead over established vendors: With Astaro Security Linux, it is very easy to transform a standard PC into an all-in-one security appliance. All required tools are contained on a single CD: A secure operating system, firewall, VPN gateway, content filter, virus scanner and more.

Innovative business model

Astaro utilized an intelligent combination of free Open Source software and its own developments for integration and simple operation to conquer its unique selling proposition in terms of functionality and price. This enables Astaro products to benefit from the quality and cost advantages of Open Source software, while offering users the kind of ease of use they are accustomed to from commercial products. In future extensions to the product portfolio, this bundling concept will afford fast product development that builds upon market-leading, mature Open Source technologies. "We're impressed by the intelligence that Astaro uses in creating its own new products from existing technologies," is the way Michael Triplett from Insight Venture Partners explains the reasoning behind the investment. "This approach gives Astaro an attractive price model, and thus the ability to tap into new markets."

Worldwide marketing and distribution network

"The success of Astaro Security Linux documents the fast-growing acceptance of Linux in enterprises of all size," explains Astaro CEO Jan Hichert. "Thanks to the involvement of Wellington Partners and Insight Partners, we are now obtaining the financial resources we need to broaden our product offerings and to establish the company long-term as a vendor of all-in-one security solutions."

Background information

Astaro AG, which specializes in network security solutions, was formed in Karlsruhe in the year 2000. Astaro has two head offices in Karlsruhe (Germany) and Boston, Massachusetts (U.S.A.), as well as further locations in Pinneberg (Germany), San Jose, California (U.S.A.) and Kelowna, British Columbia (Canada). With its experienced team of security developers and Linux experts, the company has succeeded in positioning Astaro Security Linux as one of the most popular firewall and VPN solutions on the market. Today, Astaro Security Linux is being employed by over 10,000 customers in more than 60 countries. Astaro Security Linux users include such prominent organizations as EDS, Los Alamos National Laboratories and Stanford University. With Linux, Astaro is building upon a forward-looking platform that is setting clear standards in terms of both technology and cost-effectiveness. The Astaro team believes in the Open Source idea and is actively involved in numerous Open Source projects. Astaro Security Linux is marketed and distributed by a worldwide partner network, and preinstalled hardware solutions are also available from leading hardware vendors. Further information: www.astaro.com.

Wellington Partners was formed in 1991 and invests in young start-ups throughout Europe in the fields of information and communication technology and life science, and numbers among Europe's most successful early-stage investors. The Wellington Partners I fund has already returned 1.7 times its subscribed capital. The Munich-based company today manages a total fund volume of EUR 265 million, with EUR 60 million of this funding available for new investments. To this day, Wellington Partners has invested in over 70 companies. Serving as the lead or co-investor, the company has already accompanied such successful technology vendors as Chipbroker ACG or biotech player Actelion in going public and sold e.g. WLAN AG to Swisscom and the German auctioneer Alando to eBay. Further information: www.wellington.de.

Insight Venture Partners was formed in 1995 and invests in e-business companies in the field of information technology. Insight is invested in over 50 companies in North America, Europe and Asia and manages USD 1 billion in private investment funds. During the course of the past two years, Insight has brought multiple member companies, SeeBeyond Technology Corporation (Nasdaq:SBYN), Click Commerce, Inc. (Nasdaq:CKCM), I-many, Inc. (Nasdaq:IMNY), Convergent Group (Nasdaq:CVGP), Illuminet (Nasdaq:ILUM), C-bridge Internet Solutions (Nasdaq:CBIS), SynQuest, Inc. (Nasdaq:SYNQ) and Quest Software (Nasdaq:QSFT), public with a market capitalization of over USD 6 billion. Insight has established a worldwide reputation as a value added partner to the senior management of fast-growing e-business companies. Further information: <http://www.insightpartners.com>.

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