

## Cisco Systems Acquires Startup Network Security Firm Founded by UC San Diego Computer Scientists

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Barely one year after its founding, NetSift, Inc. -- a company developing solutions that originated at the University of California, San Diego (UCSD) to improve the security of high-speed communications networks -- has agreed to be acquired by Cisco Systems, Inc., for approximately \$30 million in cash and options.

NetSift was founded in June 2004 based on patented research at UCSD's Jacobs School of Engineering led by Computer Science and Engineering professor George Varghese. The San Diego-based company develops content-processing technology focused on high-speed networking and security.

Networking equipment giant Cisco said that NetSift will allow it to "accelerate integration of additional packet processing capabilities into future core Cisco platforms, such as modular switching." In announcing the agreement, Cisco also noted that NetSift offers valuable intellectual property and a core team with a long history of algorithmic innovations supporting high-speed packet processing.

The transaction will accelerate the rate at which NetSift's UCSD-born hardware and software innovations can be built into real-world products that make Internet communications more secure.

The university will receive a licensing fee for technology that was developed by Varghese and graduate student Sumeet Singh at UCSD prior to their forming the privately-held company last June with venture-capital financing from Enterprise Partners Venture Capital. Varghese's NetSift idea was identified by the Jacobs School's William J. von Liebig Center for Entrepreneurism and Technology Advancement as promising technology for rapid commercialization, and received advisory guidance throughout the startup process by the von Liebig Center's Mary Zoeller and Paul Kedrosky.

"The success of NetSift helps validate the seed-stage investing model that we have adopted to help faculty turn their innovative ideas into innovative products and companies," said Kedrosky. "The traditional criticism of seed-stage investing is that it usually takes eight years and \$70 million to take a company from startup to exit. In NetSift's case, that process took barely a year."

Last summer Varghese took a one-year leave of absence without pay to become NetSift's CEO and president, while Singh interrupted his Ph.D. work to become the company's chief scientist. Jacobs School computer science and engineering professor Stefan Savage and Varghese's Ph.D. student Cristian Estan (now a professor at the University of Wisconsin, Madison) have both been consultants to NetSift after co-authoring some of the early work on the technology.

Several of NetSift's 15 employees will remain in San Diego, while the rest move to Cisco's Internet Systems Business Unit in San Jose, CA. As part of the deal with Cisco, Varghese has agreed to remain with the company for another year, and will extend his leave of absence to work at the San Jose facility. He will return to teaching full-time at the Jacobs School in September 2006.

"We fully understand the critical role that Professor Varghese will play in turning NetSift's core innovations into realizable improvements in Cisco products," said Frieder Seible, dean of the Jacobs School. "He has strong support from the school during this transition. We are proud that more than half of NetSift's current employees are Jacobs School alumni, a testament to the culture of innovation and entrepreneurship which we are fostering here in the Jacobs School!"

Cisco is the worldwide leader in networking for the Internet. The acquisition is subject to various standard closing conditions, including applicable regulatory approvals.

