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## Narus Secures \$30 Million in New Funding

**BYLINE:** By BRUCE MEYERSON, AP Technology Writer

Narus Inc., a maker of network technology to monitor phone and Internet traffic, or even help block certain communications like a Skype call, said Monday it has raised \$30 million in new capital to fund development of next-generation products and expand overseas sales.

The company, based in Mountain View, Calif., sells data-mining equipment that lets companies and other entities sift through the information in Internet traffic and identify nuggets of interest in e-mail, users' Web-surfing and even Internet phone calls.

The technology drew attention earlier this year in the controversy over the Bush administration's secretive program to monitor Americans' communications without warrants. In May, a news report published documents indicating that a Narus device allegedly been used to analyze Internet traffic traversing AT&T's network.

More generally, the "total network view" and "deep-packet inspection" enabled by Narus' technology are designed to improve network management and security, as well as to detect "unwanted" traffic such as phone calls made with VoIP, or voice over Internet Protocol. VoIP usage is spreading quickly around the world, threatening the revenue of traditional phone companies many of which are state-controlled and have authority to block competition.

In April, Narus said it had received an order from a Chinese phone company for a system that can detect and block calls placed over the Internet. Shanghai Telecom Co. planned to use the system to improve its ability to block Internet calls that connect to its phone system, bypassing its normal fees. A spokesman for Mountain View, Calif.-based Narus said in April that carriers in several countries, including Egypt, were using its software to block gateways that connect VoIP calls to the phone network.

Narus' software also can be configured to help block the use of eBay Inc.'s Skype, the popular encrypted VoIP application that some network operators contend poses a security risk.

The new financing announced Monday, consisting of \$20 million in cash and a \$10 million line of credit, was led by American Capital Strategies. Also participating were existing Narus investors including a venture arm of JPMorgan Chase & Co., Mayfield Fund, Pacven Walden Ventures and NeoCarta Ventures.

Narus does not disclose financial data on revenues or profits.