

# Verilink Is One Hot Number

BY DEANA NUNLEY

“The communications business has been through enormous changes over the last five years with a bubble burst of Internet-related companies. We have survived that event,” says Leigh Belden, Verilink president and CEO.

Belden says one of the important decisions he supported before he was named president and CEO (but while serving as a Verilink board member) was moving the business from Silicon Valley to Madison, in northern Alabama. “This area has a very reliable, completely dedicated, educated, capable work force. I have found an across-the-board desire to be successful and do what it takes to compete effectively on a worldwide basis.

“I think this is a great place as an employer. There’s a high level of education oriented to the Rocket City [Huntsville] industries. People have a high level of integrity and respect for others, and there’s a sense of community here and interest in participating in a successful organization,” says Belden. “An important element is the strong sense of team, a sense of group, certainly something different than my experience in Silicon Valley during the bubble. I appreciate the good values of the people. It’s a good place.”

The resources and schools are good, according to Belden. “This has been a great place to locate the business. We’ve all seen the results of being located here. It’s one of the reasons we’ve been able to survive.”

**Verilink Corporation has survived a slump in the telecommunications industry and appears ready to thrive. Its new Voice over Internet Protocol product is one of the 10 hottest technologies in the telecommunications industry.**



Belden says Verilink is a world-class operation with a knowledgeable, capable work force. "One of the main reasons I returned to the company is the great people here. I felt I could make a difference as a returning president, and so far, so good," he says. "The proof's in the pudding. We've been able to implement and execute well on the strategy we put together. We've put cash in the bank every quarter." Belden co-founded Verilink and has served as its president and CEO since he re-joined Verilink in January 2002, and from its inception in December 1982 until his prior retirement from this position in March 1999. Belden has served as a director since 1982.

He expects continued success. "The communications business is highly competitive. For the last 20 years, we have achieved an enviable reputation for the delivery of high-quality solutions and support," he says. "We continue to build upon and expand our customer relationships."

**V**erilink Corporation, a market leader in worldwide broadband access solutions, has been recognized by *Telecommunications Magazine* as a provider of one of the 10 hottest technologies in the telecom industry for 2004.

Headquartered in Madison, the company has facilities in Denver and Dallas and field offices throughout the United States. Verilink is an international company with sales and support operations in Europe, Asia and Latin America.

The company designs and manufactures multifunctional access solutions that enable its customers to operate networks with greater efficiency by providing increased bandwidth, space savings, signal conversion, diagnostics, performance monitoring and more effective network management tools.

Verilink's customer base includes a wide list of Fortune 1000 companies. Over the last two decades, Verilink has sold products and services to all the

large domestic carriers and many overseas. The company has significant relations with OEM customers such as Lucent, Paradigm and Nortel.

As a developer, manufacturer, and service provider to the communications industry, Verilink employs a wide variety of engineers, technicians, assembly line workers, salespeople and business specialists. The company's Alabama headquarters includes a factory where Verilink builds some products for other companies, such as Lucent and Nortel. Most of the business — including administration and operations — is consolidated in Alabama, but engineering, marketing and technical support that came from acquired product lines or companies remain intact at those original locations.

"We had several critical items at our disposal to help us survive the bubble burst — existing customers, a revenue stream and cash," says Belden. "The key to survival was to spend within the constraints of earning a profit and generating cash from operations."

The company has achieved those goals every quarter, excluding the first quarter, since Belden returned to the helm two years ago. "Many companies like us downsized significantly and narrowed their focus, creating opportunities for acquisition of product lines or companies that fit into our strategy of becoming the broadband access supplier of choice.

"We want to become a leader in the next-generation access equipment market of broadband services that are primarily converged voice, video and data," says Belden. "Our strategy is to be profitable from operations, generate cash, invest in next-generation network access, and to additionally grow the company via acquisitions."

Verilink is finalizing acquisition of Larscom Corporation, a Newark, Calif., company that enables high-speed access by providing cost-effective, reliable and easy-to-use network access equipment. In June 2003, Larscom merged with VINA Technologies to create a worldwide leader



The Verilink product family

in enterprise Wide Area Network access for the delivery of high-speed data, and integrated voice and data services with the deployment of more than 350,000 systems worldwide.

Larscom's customers include major carriers, Internet service providers, Fortune 500 companies, small and medium enterprises, and government agencies worldwide. Larscom is the fifth product line or business the Verilink team has consolidated into its Madison operations in the last two years.

With this latest acquisition, Verilink employment jumps to more than 200 people. Most of the company's hiring has come from acquisitions. Local employment has doubled over the last two years; most were former employees who were laid off during the dark days.

Annual revenues are \$60 million and are expected to increase by about \$20 million with the acquisition of Larscom. In addition to more revenue, Belden says Larscom also brings a wide range of customers and exciting new products into an emerging mar-

ket based on the Ethernet over SONET (Synchronous Optical Network) standard.

Belden points to the 10 hottest technologies award as evidence that Verilink's strategy to become the broadband access company of choice is firmly taking root. "This award is important to us as it generates recognition as a leader in the communications access marketplace," he says.

In June a Verilink kiosk was featured at *Telecommunications Magazine's* 100 Hottest Technologies Pavilion at SUPERCOMM 2004 in Chicago.

"Tactically, the participation in the showcase at the SUPERCOMM trade show generated much interest in our recently introduced 8000 Series high-ends. This is the first time in five years that SUPERCOMM attendance has increased and there's a sense that there will be an end to the nuclear winter of communications."

Belden says what makes Verilink's new integrated access device unique is that no upgrades or additions to the product are needed to make the transition from yesterday's technology to

tomorrow's converged network. Belden says "tomorrow" will come in about 10 years; that's the industry forecast for how long it will take to convert current systems to the fully converged networks of the future.

"Our business is providing access at the customer's location to the delivery of last-mile services," he says. Those services are delivered today over copper, and include cable, DSL, wireless, and optical. Historically, Verilink's strength has been in the copper space. Through the merger with Larscom and recent product introductions, Verilink will be entering the optical and wireless access markets.

The services delivered over these media include voice, Internet access and video and television service delivery. In the future, all these services will come over a single, converged service, which could be cable, DSL, wireless or optical. And, Belden says, it will be cheaper than it is today. Consumers today pay 35 to 50 percent less for voice over DSL broadband services than traditional phone — an example of an interim step toward fully converged voice, video and data.

Belden says we're at the beginning of this wave of change. "It's a crucial area for us to become the partner of choice with major suppliers in this industry as this wave of change is in its infancy. It should result in revolutionary changes to the network and services offered to customers," he says.

Belden says convergence will usher in many new, inexpensive services that aren't possible today due to the limitations of stand-alone voice data networks. Benefits will include being able to plug in your phone anywhere and maintain your phone number. All services will be digital and provided at much higher speed. These future-proof products use packet-based technology, giving the customer the ability to purchase all voice and data services from a single provider while gaining very high-speed data communications. ■



President and CEO Leigh Belden