

Frequently Asked Questions about the acquisition of Xangati by Virtual Instruments

What is being announced?

In October of 2016, Virtual Instruments, a privately held infrastructure performance management and analytics company acquired Xangati Corporation, a privately held service assurance analytics and virtualization performance monitoring company. Virtual Instruments acquired Xangati in order to deliver the industry's first and only real-time application-centric IT infrastructure performance monitoring and analytics platform spanning physical, virtual and cloud environments.

What is the impetus for the acquisition?

Virtual Instruments mission is "to create a world where applications and infrastructure perform better together". Xangati's highly complementary mission was to enable a self-healing and self-optimizing hybrid data center. Xangati technology will expand the offerings of Virtual Instruments to better meet the needs of our enterprise IT customers. Xangati will add deep server, IP network, virtualization layer and cloud monitoring to the VirtualWisdom platform.

This acquisition will enable Virtual Instruments to provide the industry's only comprehensive application-centric infrastructure performance monitoring and analytics platform that covers all key aspects of data center infrastructure. Integrating the Xangati technology helps us provide our customers with an authoritative, real-time understanding of their end-to-end systems. The highly accurate and actionable insights will enable both the infrastructure and application teams to collaborate more effectively and innovate more efficiently in service of maximizing application performance, increasing availability, and optimizing the cost of application/service delivery.

Who is Xangati?

Xangati is a service assurance analytics and virtualization performance monitoring company based in San Jose, CA. Xangati products monitor, analyze and control private and hybrid cloud infrastructures in real time, at high fidelity and across silos to rapidly heal poor performance and to effectively optimize capacity utilization in an application aware context.

Xangati Founder and CTO Jagan Jaganathan has joined Virtual Instruments as our Chief Innovation Officer. Jagan is a highly regarded industry veteran who founded Xangati in 2006 after working in senior engineering roles at netZentry, Reactive Network Solutions, Xerox PARC, Sun Microsystems and SRI.

Who are Xangati's target customers?

Xangati has been selling to enterprise IT customers and has acquired nearly 500 customers since its founding. They sell to Global 1000 customers and mid-market customers who are concerned about the performance, availability and cost-efficiency of their hybrid and virtualized data centers. The company offers solutions for Virtual Desktop (VDI) monitoring, Virtual infrastructure monitoring and IP network monitoring. Xangati is primarily installed in the following verticals: financial services, cloud service providers, healthcare, retail, and federal government

Who is Virtual Instruments?

Virtual Instruments is the leader in application-centric infrastructure performance management and provides comprehensive infrastructure instrumentation and workload analytics for enterprise data centers. The company's solutions give IT teams deep workload visibility and actionable insights into their end-to-end IT infrastructure across the hybrid data center. Virtual Instruments empowers companies to more easily evaluate and transition to new IT architectures and maximize the performance, availability and utilization of their production IT infrastructure. Virtual Instruments has nearly 500 customers, including enterprise IT, cloud service providers and storage vendors.

Is Virtual Instruments disclosing the acquisition amount?

No. The company was acquired using shares of Virtual Instruments equity.

What are Virtual Instruments' market opportunities as a result of this acquisition?

This acquisition expands VI's addressable market for both existing and target customers by extending its solution monitoring capabilities into the cloud. It strengthens and uniquely differentiates the core IP, and enables a broader and more comprehensive infrastructure performance monitoring platform. This increases relevance and extends expert decision support throughout collaborative IT operations and DevOps teams. As a result of the acquisition, VI will offer advanced virtual server monitoring, IP network monitoring, and end-user experience monitoring capabilities that build upon the VirtualWisdom strengths in networked storage and virtual server monitoring.

Are there any changes in executive management or the board of directors anticipated?

One addition, Jagan Jaganathan, founder and CTO of Xangati. The executive team is:

- CEO: Philippe Vincent
- President: Ray Villeneuve
- SVP of engineering: Lisa Alger
- SVP of services: Bo Barker
- SVP of worldwide sales: Warren Bell
- Chief innovation officer: Jagan Jaganathan
- Chief technology officer: John Gentry
- Chief financial officer: Kevin O'Donnell
- Chief marketing officer: Len Rosenthal
- SVP of products: Tim Van Ash

The board includes: CEO Philippe Vincent, John Kim of HighBar Partners, Roy Thiele-Sardiña of HighBar Partners, Paul Weinstein of Azure Capital Partners, Eric Benhamou of Benhamou Global Ventures, and Jim Labe of Triple Point Capital, and industry executive and former Load DynamiX CEO Clay Marr.

Will all Xangati employees join Virtual Instruments?

All Xangati employees working in product development, engineering and support have been offered positions at Virtual Instruments. A small number of additional employees will also remain with the merged company. As Xangati is also based in San Jose, CA, all local employees will move to the Virtual Instruments HQ facilities in San Jose as soon as practical.

What is the vision of the merged company?

Xangati and Virtual Instruments have shared a vision of creating a world where applications and infrastructure perform better together. Today, Virtual Instruments offers infrastructure performance monitoring and performance validation solutions to Global 2000 enterprise companies and service providers. Xangati brings infrastructure visibility beyond what VirtualWisdom offers today by adding IP network monitoring that understands network flows, and a deeper level of compute/virtualization layer visibility. In addition, Xangati extends the VirtualWisdom applied analytics offering with contention analytics and streaming analytics. The combined company will offer the best infrastructure instrumentation and performance analytics for the hybrid data center. Our goal is to provide application-centric

infrastructure performance and workload visibility that bridges the gap between Application Performance Monitoring (APM) products and individual device-specific monitoring products.

How does this acquisition benefit customers of both companies?

The combined solution of Virtual Instruments and Xangati will enable IT managers and collaborative teams with a highly accurate cross-domain monitoring and decision support framework so that they can ensure application performance and availability and flawless end-user experiences. The infrastructure performance management and analytics platform also enables IT teams to predictively optimize the cost of their hybrid data center infrastructures—and make more intelligent production deployment decisions, quicker—no matter what changes occur.

How do today's Xangati and Virtual Instruments products and services compare?

They are highly complementary. Virtual Instruments products are used mainly by IT operations and engineering teams of large enterprises to ensure optimal infrastructure design decisions and to maintain SLA assurance. To existing VI capabilities, Xangati brings a deeper level of virtual server monitoring, contention analytics, streaming analytics, IP network flow analysis and support for public cloud and hyper-converged systems.

How will Xangati customers be supported going forward?

There will be no change to support arrangements for Xangati customers who have current subscriptions or maintenance contracts in 2016. Over the course of 2017, Xangati support will be integrated with VI's Global support services and programs. Virtual Instruments will notify and engage with Xangati customers if any additional changes are envisioned.

What is the impact on channel partners?

All partner relationships and contracts will remain in place, pending joint review of our relationships going forward.

How many employees will Virtual Instruments have?

The combined company will have approximately 225 employees.

What can you disclose about how Virtual Instruments business is doing?

Virtual Instruments merged with Load DynamiX in April 2016. Since then the company has added about 25 employees to accelerate product development and revenue growth. More importantly, the company has significantly exceeded its revenue plan for 2016. Due to the financial and customer synergies of the merger, the combined company is now operating profitably.

Will the Xangati name and products continue to be used?

For the near term, there will be no changes to the existing Xangati products. There will be a significant new Xangati software release before the end of 2016. All existing Xangati software maintenance agreements will remain in effect and be fully honored. In 2017, Xangati software capabilities will be increasingly integrated into the VirtualWisdom platform.

Where can I go to learn more about each company?

For more information, visit:

<http://virtualinstruments.com>

<http://xangati.com>



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