

AimNet Solutions launches with \$57 million in capital

By Dan Stempel

Bolstered by a \$57 million investment, the entrepreneurs behind Norwalk's AimNet Solutions have set their sights on a network infrastructure services market experts say will grow more than four-fold over the next four years.

After launching in January, the company is approaching the market with a two-pronged strategy.

AimNet can analyze a company's network, develop a plan for improvements and build it, or just take over the daily management of an existing network so the company's in-house technicians can concentrate on strategic projects.

"In light of current market conditions, we believe AimNet is a great investment with tremendous growth potential as a network infrastructure services firm. Their business model, which provides high value-added services, true scalability and long-term client partnerships is exactly what we're looking to invest in," said Peter Simon, co-chairman of William E. Simon & Sons of Morristown, N.J.

The firm led an investment group which gave AimNet \$57 million at a time when venture capital has been scarce for technology-related companies.

Mellon Ventures of New York City, ClearLight Partners L.L.C. of Newport Beach, Calif., and North Atlantic Capital Corp. of Portland, Maine, rounded out the investment group.

"When you have got a down or a flat economy, quite often companies downsize IT departments. The company's IT needs, however, don't go away. We then become an attractive alternative," said AimNet Chief Executive Officer Edward K. Nalbandian.

Mark Pruner, president of the Connecticut Internet Association, said AimNet's \$57 million in venture capital represents a fourth of all the money raised in lower Fairfield County last quarter.

"AimNet is in a business where if you get a few of these large clients, the company should be in great shape," said Pruner.

The company plans to serve mid-market clients and some companies at the low end of the large market. AimNet will compete against companies such as Greenwich Technology Partners of White Plains, N.Y., or NetSolve Inc. of Austin, Texas – both of which today only focus on one side of the market.

"We believe our focus on both network professional and managed services across wide and local area network technologies for the mid-market makes us unique," Nalbandian said.

AimNet's leader most recently served as managing partner of AT&T's managed network solutions unit, a 1,400-person organization that achieved \$500 million in revenue in 1999.

He explained that he started to construct the business plan for AimNet about a year ago when he left AT&T.

Nalbandian said he was convinced the timing was right when



Infonetics Research, a San Jose, Calif.-based market research firm, released a study which predicted that the U.S. marketplace for managed network services will grow from \$7.2 billion in 2000 to \$32.9 billion by 2004.

After getting positive feedback from investors, Nalbandian began to implement a "build-and-buy strategy." AimNet acquired three established networking technology firms: Alpine Computer Systems Inc. of Holliston, Mass., CNS Group Inc. of Norwalk, Reese Web Inc. of Clearwater, Fla.

Nalbandian would not disclose exactly how much of the \$57 million was used to purchase the legacy companies, but said the acquisitions cost less than 25 percent of the total investment.

He also assembled an experienced management which includes executives who ran network management divisions at IBM, AT&T, Compaq and Digital.

AimNet currently employs 225 people and Nalbandian said the company would grow quickly over the next year or two.

It's all about the Network

Edward K. Nalbandian, chief executive officer of AimNet Solutions, said company leaders should not underestimate the importance of their network infrastructure.

The former managing partner of AT&T's managed network solutions unit said companies large and small could benefit from an analysis of their current system. Here are some of his tips on network solutions and what investors want to see in today's economic landscape:

- Do not assume that the network you have is the network you need.
- Sometimes small companies can better leverage technology to advance their business goals because their structure is simpler.
- Explore business partnerships as a way of reducing costs.
- Do not take network security for granted, evaluate your system regularly.
- Remember that a firewall doesn't constitute a full security plan.
- Most likely, your firm's biggest security threat comes from within the company.
- When raising capital, show investors a big market opportunity and a strong group of executives who can pull it off.