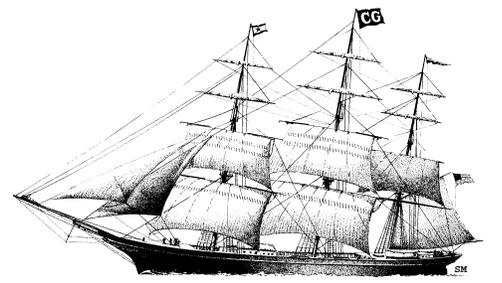


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Quantum Announces Its Intention to Buy ADIC

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A Time For Acquisitions

It has been said that there is a time for everything and, now, we are in the time for acquisitions. My local bank was acquired by a slightly larger local bank, which was then bought by a larger regional bank, and five acquisitions later, I now have a bank account with a very large nationwide bank. The good news is that I can retrieve money from ATM machines all over the country without paying exorbitant fees. The bad news is that I never seem to be able to use up all the checks before the bank name changes.

The IT community has witnessed many acquisitions in the last few years. In fact, mergers and acquisitions among IT hardware and software vendors no longer are unusual. Quantum is no stranger to acquisitions. They acquired Benchmark in 2002 to enhance their low-cost tape drive line. The acquisition of Certance was completed in January 2005, which allowed Quantum to add LTO drives, along with other technologies, to their existing product line. Now, they have announced their intention to acquire ADIC. Like all of Quantum's previous acquisitions, this acquisition makes sense. ADIC has been stronger in the large enterprise market, while Quantum has had a large presence in the mid-tier market. ADIC has a much larger direct sales force; Quantum is accustomed to selling large volumes through channels. Both companies have developed innovative, though different, hardware and software products. For example, Quantum's SDLT600A tape drive, with its embedded file system, allows video images to be stored *and viewed* from tape. ADIC's *StorNext* data management software allows customers to define multi-tiered storage pools and move data dynamically between disk and tape storage to save costs and reduce complexity. Rocksoft, recently acquired by ADIC, has developed software to eliminate data duplication. This technology can improve disk-based backup products currently offering by Quantum and ADIC. We expect that the merger of their research and development teams will allow products to be developed and brought to market faster. And that is good news for Quantum/ADIC in this competitive market.

Clearly, Quantum has been executing a strategy - over the last several years - to increase its profitability. It has shed unprofitable businesses, such as its hard disk drive and NAS business, and has acquired new companies to fill out its product lines. With the acquisition of ADIC, Quantum now has the opportunity to increase its market penetration. ADIC brings to this merger its large enterprise customers and OEM activities, while Quantum understands how to move a lot of product through the channel. The good news is that it gives their customers a lot more products and choices. The bad news is that any acquisition is unsettling to the employees until the dust settles. All in all, the good outweighs the bad.



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Dianne McAdam is Director of Enterprise Information Assurance for the Clipper Group. She brings over three decades of experience as a data center director, educator, technical programmer, systems engineer, and manager for industry-leading vendors. Dianne has held the position of senior analyst at Data Mobility Group and at Illuminata. Before that, she was a technical presentation specialist at EMC's Executive Briefing Center. At Hitachi Data Systems, she served as performance and capacity planning systems engineer and as a systems engineering manager. She also worked at StorageTek as a virtual tape and disk specialist; at Sun Microsystems, as an enterprise storage specialist; and at several large corporations as technical services directors. Dianne earned a Bachelor's and Master's degree in mathematics from Hofstra University in New York.

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