



Dear: Industry Players

October, 2011

Who interest in Japanese High Tech Market

## Market Update in Japan

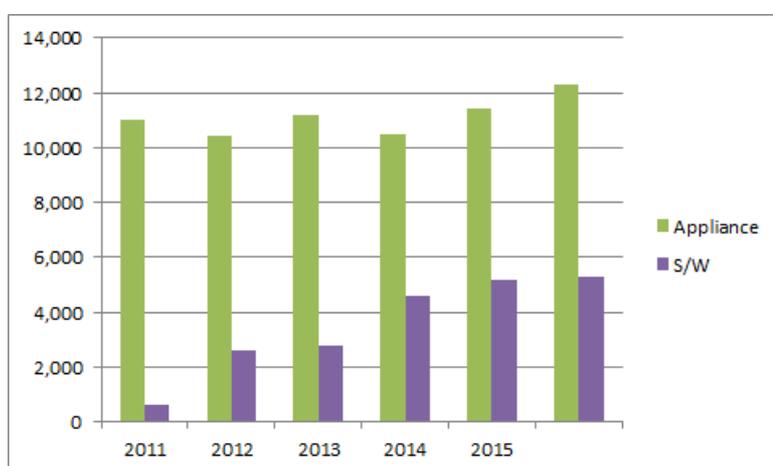
### Growth and Battle of Load Balancer in Cloud Environment

Just like Cisco was winner and dominant after battle of router market, Load Balancer market is still in middle of battle, because the Cloud drives needs of balancing. Load Balancer is next growth segment in network equipment after switch and router.

Market growth always means to open opportunities for new players to come in market and bring new technology, new idea and new price standard.

As result of competition, more products and less price stimulated market and drive back to product venders.

Major Player of appliance based Balancer is F5, Juniper, Foundry and Citrix, but F5 occupied over 60% of market so far.



Japanese Load Balancer Market (Million Yen)

According to increase of processor performance allow the standard sever to use platform of load balancer software rather than to run on independent hardware.

Virtual Load Balancer is becoming one of growing segment in Cloud environment, because Cloud does not allow bringing in any equipment from outside, but software.

Virtual Load Balancer is the Only One solution to apply Cloud environment without any restrictions, and can install on Cloud Server as well as ordinal user applications.

## Phase II Consulting

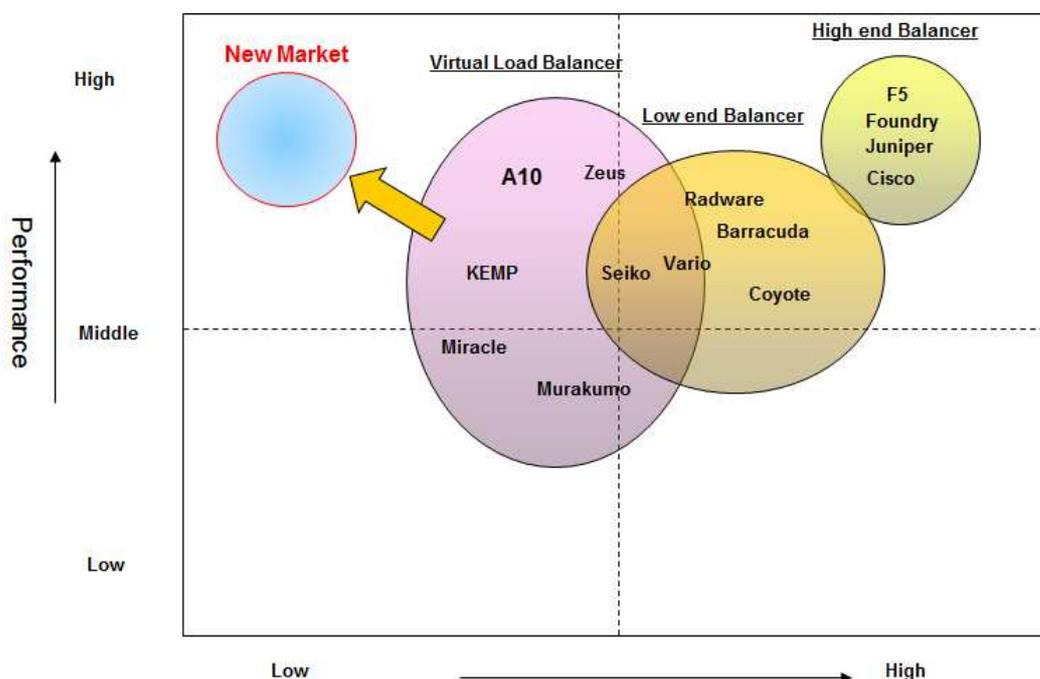
**Software Balancer** (Virtual Load Balancer) which is written by 100% software coded. Today's expansion of Cloud Computing is becoming as one of alternative infrastructure of computing, and new requirement from corporate users are moving scale out performance and high availability none stop computing.

Load Balancing is one of solution for performance and fail over, but existing solution by current appliance based Balancer does not meet today's Cloud market requirement, because of cost and deployment issues.

Software Balancer works as one of middleware on virtual Server at any Cloud venders, even at multiple Cloud locations or different Cloud venders.

Cost of product is relatively low compare to current appliance based products, even with L7 full featured.

We will see the market is moving to 2 directions, one is toward more high end with extra featured and the other is low cost but proper featured, that is Software Balancer.



Current leading player is F5 in appliance and Zeus is in software side.

However, this is unknown who become winner in these market, because new player is coming in market with outstanding price performance.

Load Balancer is very standard featured product as part of TCP/IP network infrastructure and no original feature can be added.



## *Phase II Consulting*

A10 is one of good example of new comer to beat F5 at middle to high segments with 3 to 4 times more price performance. F5 have no good strategy to compete A10 other than simply discount price to meet A10's quote.

A10 announced SoftAX for software balancer market in order to compete, but we believe that A10 must have difficulties of positioning in current product line. .

Japanese network market is occupied by the outside venders due to set for world standard by them, so that it is one of few market segments that foreign venders can play as market dominants.

However, high end market is saturated and limited growth, but Cloud changes the game rule by opening the low cost enterprise computing environment.

We expect to emerge more Software Balancer venders in low cost Cloud solution and will start battle in current middle range players.

### About us

Phase 2 Consulting (Ph2) is specialized for high tech IT business in Japan and Asia. Ph2 offers unique service for clients not only for providing analytical information, Strategy and Implementation plan, but also execute Plan till mission is completed. Ph2 initiate project as "Free of Charge" until certain view becomes on visible for client.

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