URL: https://stvp.stanford.edu/blog/videos/history-of-packet-design-importance-of-adapting

Estin talks about the history of Packet Design and how it adapted to the downturn in the economy. Packet Design started in 2000 as a technology company with the idea of bringing researchers and developers together under the notion that they would work on 5-6 projects and either spin out or license technologies. This model was successful for 3 years, but after that more money was needed as there was no licensing business.

Transcript

I thought it would be useful just to give two words about packet design because this is a lesson in adapting and this is an example of where the kind of realities of the current market forced us to take a step back and say, you know, I listened to my own talk.. Okay.. The world's changed, how do we need to change? Packet Design was started in May of 2000 as a, I keep saying not an incubator but as a technology company bringing researchers and developers together with the notion that we would work on five or six things at once.. And then either spin out companies to productise those technologies or license technologies to equipment vendors and in some ways it was the perfect world for Bill and I as we started cause with the notion as it was a perpetual startup and we love startups so we could just always be in the startup mode.. And for the first three years, I would say that model was very successful and you'll see why because we have the makings of three very important spin out.. When we got towards the end of last year, and it was clear we were going to have to raise some more money into Packet Design, LLC because there was no licensing business.. Because of what was going on in the network equipment space, there was no longer 15 vendors that I could license something to.. It was either license at the Crisco where you probably didn't license it at all.. And so we took a look at it and said, you know, it doesn't matter whether this is our dream model, is this a sustainable model? Given the fact that I don't think anything's going to change over the next couple of years.. We are not about to enter another up cycle..

And, really what we're doing doesn't apply to the consumer's space as much.. So what we decided to do was transition the model and we essentially split the company into three spin outs.. We already had Vernier networks, which we had span out in 2001.. We took the rest of Packet Design and broke it into Packet Design, Inc., which is in the routing space essentially giving visibility into IT networks.. This is in that management and operational space and allowing people to use their resources more efficiently and then Precision IO, which is still funded by Packet Design, LLC.. Packet Design, Inc.. did raise venture funding, which we closed about a month ago.. Precision IO, which we will continue to fund for couple of months as we are finishing the business plan but developing new technology in the Silver IO space that we're very excited about.. But instead of going on and developing new projects, what we're doing is focusing on making these three things successful because that's what I think it takes in this environment...