

# Overland Announces Layoffs, Executive Changes

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The company's chairman says high-level spending during last 18 months in R&D for tape automation, disk-based backup and RAID products is main reason for cutbacks.

Disk and tape storage vendor Overland Storage on April 20 reported that it has reduced its work force by 14 percent worldwide and reorganized its executive lineup to reduce costs.

The San Diego company said that, in addition to other spending cuts which are still being formulated, it has reduced its employee work force by 54 employees. Reductions were made across all functions of the company and include some consolidation and flattening of the organizational structure, a company spokesperson said.

The company expects to save approximately \$5.5 million per year as a result, the spokesperson said.

"For the last six quarters, Overland has invested significantly in new product development, including our new ARCvault tape automation platform, new hardware and software for our REO disk-based backup and recovery appliances as well as sourcing and testing our new Ultamus RAID products," said Overland chairman and interim president and CEO Scott McClendon.

McClendon said that, as a consequence, Overland's level of R&D spending during those periods was higher than at any other time in the

company's history.

"At this point, most of our investment in these new products is behind us, and they have either been launched or soon will be announced. It is now time for us to reduce our cost structure and concentrate on returning Overland to profitability," he said.

As part of the restructuring, Michael Kerman, vice president and chief strategy officer, also will take the responsibility for worldwide marketing and product management. Christie Huff, vice president of worldwide marketing, will leave the company on April 30, the spokesperson said.

Robert Farkaly, senior director of product management, who was responsible for the company's disk-based appliances, has been reassigned and promoted to vice president of worldwide sales. Farkaly joined the company in June 2003 when Overland acquired Okapi Software. Farkaly was a co-founder of Okapi and served as its chief marketing officer and executive vice president of sales.

Philippe Cazaubon, former vice president of worldwide sales, is returning to his role as vice president of Asia Pacific sales.

Overland on March 19 announced the REO 1500 , a new disk-based backup, recovery and VTL (virtual tape library) appliance for small and midsize businesses, and on April 16 the ARCvault 48 Tape Library, a high-capacity backup, recovery and archival package for SMBs.

The company said that on April 26 it would be reporting earnings for its third fiscal quarter ended March 31. On a preliminary basis, it expects to report revenue for the quarter of approximately \$37.5 million.

Overland, founded in 1981, sells its products through OEMs,

commercial distributors, storage integrators and value-added resellers.

The company's common stock was trading at about \$4 on April 20.

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