COHESITY ACQUIRES VERITAS DATA PROTECTION BUSINESS

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CONTEXT

In a landmark deal poised to redefine the data protection and cyber-resiliency market, Cohesity announced it has entered into a definitive agreement to merge with Veritas's data protection business, creating a new entity focused on the data protection and management market.

THE DEAL

Cohesity, specializing in AI-powered data security and management, and Veritas, a leader in secure multi-cloud data resilience, have announced a definitive agreement to combine Cohesity with Veritas' data protection business. This collaboration will create a new data security and management leader.

Here are the key takeaways from this announcement:

1. **Product Innovation and R&D**: The merger will accelerate product innovation, particularly in cloud, security, and AI capabilities, benefiting customers and partners through focused R&D investments.
2. **Continuity in Product Offerings**: There is a solid commitment to maintaining the Cohesity and Veritas roadmaps, ensuring seamless continuity in the product offering.
3. **Significant Business Scale**: The combined entity is projected to have substantial scale, with pro forma annual revenues of $1.6 billion and Annual Recurring Revenue (ARR) of $1.3 billion.
4. **Expanded Global Presence**: The merger will expand the global footprint, serving over 10,000 combined customers, including 96 of the Fortune 100, and managing hundreds of exabytes of data.
5. **Leadership and Strategic Advisory**: Sanjay Poonen will lead the combined organization as CEO and President, while Greg Hughes, CEO of Veritas, will serve as a Board member and strategic advisor.

6. **Focus on Cyber Resilience and AI**: The combined innovations will directly address the challenges of ransomware and the need for cyber resilience strategies, leveraging generative AI for data-driven insights.
7. **Comprehensive Data Protection Portfolio**: The merger will offer a comprehensive, multi-cloud data protection portfolio with a simple user experience and a high-performance, centrally managed hyper-converged platform.
8. **Extensive Partner Ecosystem**: The collaboration will benefit from one of the industry's most extensive partner ecosystems, covering cloud service providers, security players, VARs, system integrators, and hardware OEMs.
9. **Commitment to Product Roadmaps**: The combined company will continue to advance the roadmap and strategy of all Cohesity and Veritas products, including Veritas NetBackup, NetBackup appliances, and Alta data protection offerings.
10. **Financial and Market Impact**: The transaction values the combined company at approximately $7 billion, with significant financial backing from major investors, ensuring resources for growth and innovation.

ANALYSIS

The definitive agreement between Cohesity and Veritas to merge their data protection businesses marks a significant and strategic shift in the data security and management landscape. This is a move that could reshape the sector's competitive dynamics.

Strategic Implications: The merger is a bold step towards consolidating expertise and technologies in an increasingly vital market due to the rampant threat of ransomware attacks. Cohesity and Veritas are positioning themselves as a formidable entity in the data security and management space by pooling their resources. This will undoubtedly put pressure on other significant players in the industry and may lead to further market consolidation as competitors seek to bolster their capabilities.

Complementary Strengths: Cohesity's AI-powered data management and Veritas's secure multi-cloud data resilience are highly complementary. This synergy will result in a robust product portfolio that addresses customer needs, from cloud-based data protection to AI-driven security insights. The combined entity will leverage Cohesity's innovative approach and Veritas's extensive market reach, thus enhancing its value proposition to customers.

Market Impact: With pro forma annual revenue of $1.6 billion and an ARR of $1.3 billion, the merged entity is set to significantly impact the market. Its combined global footprint, serving thousands of customers, including a substantial portion of the Fortune 100, gives it an immediate and strong market presence.

Customer and Partner Benefits: Customers will benefit from the merged entity's expanded capabilities, particularly in areas like cloud security and AI. The merger should lead to more comprehensive solutions, simplified vendor relationships, and better pricing due to economies of scale. Partners may see expanded opportunities for a broader product offering and a more extensive customer base.

Leadership and Vision: The leadership under Sanjay Poonen as CEO and President and the strategic advisory role of Greg Hughes provide a leadership structure that will enable stability and continuity during the integration phase.

Challenges Ahead: Despite the potential benefits, and as in any deal, the companies will face challenges in integrating their operations, cultures, and product lines. Ensuring seamless integration while continuing to innovate and meet customer expectations will be crucial for the success of this merger.

The Cohesity-Veritas merger reflects the growing importance of scale, innovation, and comprehensive solutions in this sector. Customers, partners, and competitors alike will closely watch its impact, as it has the potential to set new standards in data security and management.