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VentureDeal

Juniper Networks To Acquire Cyphort For SIEM Technology

Quick Take

Networking technology company [Juniper Networks \(JNPR\)](#) has [announced its intent](#) to acquire [Cyphort](#) for an undisclosed amount.

Cyphort provides real-time security analytics to mid- and large-sized enterprises for advanced threat defense.

With the acquisition, Juniper wants to continue building on its software-defined network security offerings as it makes the transition from a primarily hardware-driven supplier to a more balanced hardware/software solutions provider.

Target Company

Santa Clara, California-based Cyphort was founded in 2011 to create an open architecture system that integrates with existing SIEM (Security Information and Event Management) tools to enhance threat visibility by using machine learning and behavioral analytics.

Management is headed by President and CEO Manoj Leelanivas, who joined the firm in 2013 and was previously EVP Sales at Juniper Networks.

The Cyphort system's primary components include:

- Threat Detection
- Threat Analytics
- One-Touch Threat Mitigation

Cyphort raised approximately \$54 million from a syndicate of venture capital and strategic investors, including Dell Technologies Capital, Foundation Capital, Matrix Partners, Sapphire Ventures, Trinity Ventures and Zouk Capital.

Acquisition Terms and Rationale

Neither company disclosed the acquisition price or terms and Juniper didn't file an 8-K or disclose a change in financial guidance, so the purchase price was likely not a material amount.

The combination of Cyphort's machine learning advanced security analytics solution with Juniper's Sky ATP (Advanced Threat Prevention) platform aims to provide Juniper's mid- and large-sized clients with faster performance, additional supported file types and enhanced threat detection capabilities.

As the firm stated in the deal announcement:

Cyphort's solution is built with an open architecture that integrates with existing security tools to discover and contain the threats that bypass the first line of security defense. This is accomplished through machine learning and behavioral analytics to improve efficacy. Harnessing the power of its

analytics engine, Cyphort's technology complements traditional security information and event management (SIEM) platforms and, in some cases, provides a more efficient and simpler solution for enterprise customers.

Although Cyphort calls its solution the 'anti-SIEM,' it is actually complementary to traditional SIEM platforms due to its open architecture approach.

With the transition from on-premises legacy systems to the cloud well underway, enterprises have a greater need for improved threat detection across their various environments, whether public, private or hybrid.

Juniper, which has built most of its business on hardware solutions, is making a move toward software-defined capabilities, similar to others in the space such as Cisco ([CSCO](#)).

By adding software-centric services, companies like Juniper and Cisco can 'move up the stack' to provide more holistic and potentially differentiated capabilities, while also receiving a greater share of the value chain.

Additionally, software-delivered services tend to provide more predictable revenue streams, whether through SaaS revenue models or more traditional up-front plus maintenance models.

Assuming Juniper can quickly integrate the Cyphort system into its offering, the deal helps to bolster its position as a provider of software-defined network security offerings.

Cognizant Acquires TMG Health For Government Healthcare Management

Quick Take

[Cognizant \(CTSH\)](#) has [announced the close](#) of its previously announced deal to acquire [TMG Health](#) from Health Care Service Corporation.

TMG is a major vendor of business process outsourcing services for various healthcare service plans administered by state and federal agencies.

Cognizant aims to combine its business process-as-a-service [BPaaS] system offering with TMG's state and federal agency customer base to gain greater market share and provide higher value technology solutions instead of lower value service offerings.

Target Company

Conshohocken, Pennsylvania-based TMG was founded in 1998 to provide business process outsourcing [BPO] services to state and federal government agencies for healthcare services.

Management is headed by President and CEO Susan Molina, who was previously CEO of Florida Health Care Plus, an HMO which Ms. Molina was hired to turn around and where ultimately she discovered fraud and the company was closed.

TMG's primary offerings include processing services for Medicare Advantage, Medicare Part D and Managed Medicare for 32 client plans and more than 4.3 million members in 50 states.

The firm was acquired by Health Care Service Corporation in 2008 and has offices in Pennsylvania and Texas.

Acquisition Terms and Rationale

Neither firm disclosed the acquisition price or terms and Cognizant didn't file an 8-K or disclose a change in financial guidance, so the deal was apparently for a non-material amount.

Originally [announced on June 13, 2017](#), the acquisition was disclosed in the context of an 'expansion of Cognizant's strategic relationship with HCSC.'

As part of the deal, TMG will continue to provide a variety of IT, business process and related services to HCSC's other business units for a multi-year period.

The combination of TMG and Cognizant promises to better take advantage of the rise in government health spending via Cognizant's business process-as-a-service [BPaaS] offering to government and public health program operators.

As Cognizant stated in the deal announcement,

A BPaaS model provides insurers with a technology and operational foundation for the efficient management of their government lines of business, enabling them to focus on strategic growth at a predictable cost while aligning quality, standards, risk and compliance across their programs. Building on Cognizant's 2014 acquisition of healthcare technology provider TriZetto, the addition of TMG Health will extend Cognizant's market leadership and expand the breadth of its digital transformation solutions for healthcare payers and providers.

About the combination, Cognizant EVP Kaushik Bhaumik [added](#),

Cognizant's TriZetto Facets and QNXT healthcare claims and administration software and systems process more than 30 percent of the nation's managed Medicare lives and over 60 percent of the nation's managed Medicaid lives. The addition of TMG Health's capabilities and experts to our healthcare portfolio will enable all of our payer clients to embrace new digital opportunities with their growing government business lines, be more competitive and respond quickly to changes in these critical markets with increased efficiency from member enrollment through care management, under a predictable, cost-effective BPaaS model.

So, with the addition of TMG, Cognizant is adding significant government market penetration that it can upsell its BPaaS solutions, to make clients more efficient and to differentiate itself from lower-tech service providers.

Given growing federal and state government administration of health care services in the wake of the Affordable Care Act, the acquisition appears to make sense as Cognizant makes a move to combine its software with a larger customer base.

Western Digital To Acquire Tegile Systems For Flash Storage

Quick Take

Storage technology firm [Western Digital \(WDC\)](#) has [announced an agreement](#) to acquire hardware maker [Tegile Systems](#) for an undisclosed amount.

Tegile has created what it calls 'IntelliFlash' architecture that provides storage capabilities with flash memory hardware.

WDC is acquiring Tegile to add all-flash and hybrid flash storage solutions to its Data Center Systems division and broaden its offerings to its customer base.

Target Company

Newark, California-based Tegile was founded in 2010 to develop storage solutions that provide high input/output speed and low latency for applications like database operations and virtualization environments.

Management is headed by co-founder and CEO Rohit Kshetrapal, who was previously a director at Cisco (NASDAQ:[CSCO](#)).

Tegile has numerous products that utilize either all-flash or hybrid flash technologies.

Hybrid flash technologies can increase performance significantly without the higher investment that all-flash products require.

The company has robust partnership programs divided between resellers and 'alliance' partners, of which Western Digital was an alliance partner.

Tegile raised approximately \$175 million in disclosed financing from a large syndicate of investors, including Western Digital, which participated in Tegile's last two funding rounds and led its most recent round in April 2017 for \$33 million.

Acquisition Terms and Rationale

Neither company disclosed the acquisition price or terms and WDC didn't file an 8-K or provide any change in forward financial guidance, so the deal appears to be not material to its financial condition.

WDC's current market cap exceeds \$26 billion, so the definition of 'materiality' may still allow for the deal to be a pretty good-sized acquisition, say in the \$200 million to \$300 million range, but WDC may not be required to provide details.

After closing, Tegile will be integrated into WDC's Data Center Systems [DCS] business unit under Phil Bullinger, SVP and GM of DCS for Western Digital.

As Bullinger stated in the deal announcement,

Not only will we gain an exceptional group of team members, but also expand our product offerings in the fast-growing solid-state and hybrid array segments. By combining Tegile's innovative storage system

software with Western Digital's global scale and combination of components and systems, we expect DCS to capture a sizable share of flash array demand. Western Digital is focused on the systems business and this is a significant step forward in advancing our long-term strategy.

WDC added, 'The acquisition is expected to accelerate the DCS business unit's revenue growth as Tegile's high-value, high-growth flash storage arrays complement the DCS products and can be marketed to Western Digital's global customer base.'

So, by adding all-flash and hybrid storage, WDC gets to market those solutions to its customer base. It also will acquire Tegile's 1,700 strong customer base that it can cross-sell its products as well.

The deal makes sense for WDC, as the addition of Tegile will provide its customers with a full range of the latest flash storage options.