

## ESG Brief

# Symantec-Blue Coat Merger Sentiment

**Date:** July 2016 **Author:** Jon Oltsik, Senior Principal Analyst; Doug Cahill, Senior Analyst; and Bill Lundell, Director of Research

**Abstract:** ESG recently surveyed 171 IT and cybersecurity professionals at enterprise-class (i.e., 1,000 or more employees) organizations to get their perspectives on Symantec's stated intention to acquire Blue Coat. This research found that customers of one or both companies—as well as those organizations that don't currently buy from either—are positive about the possibility of a combined Symantec-Blue Coat, with the prospect of an integrated cybersecurity products and services portfolio resonating as the most widely anticipated benefit of the merger.

## Introduction

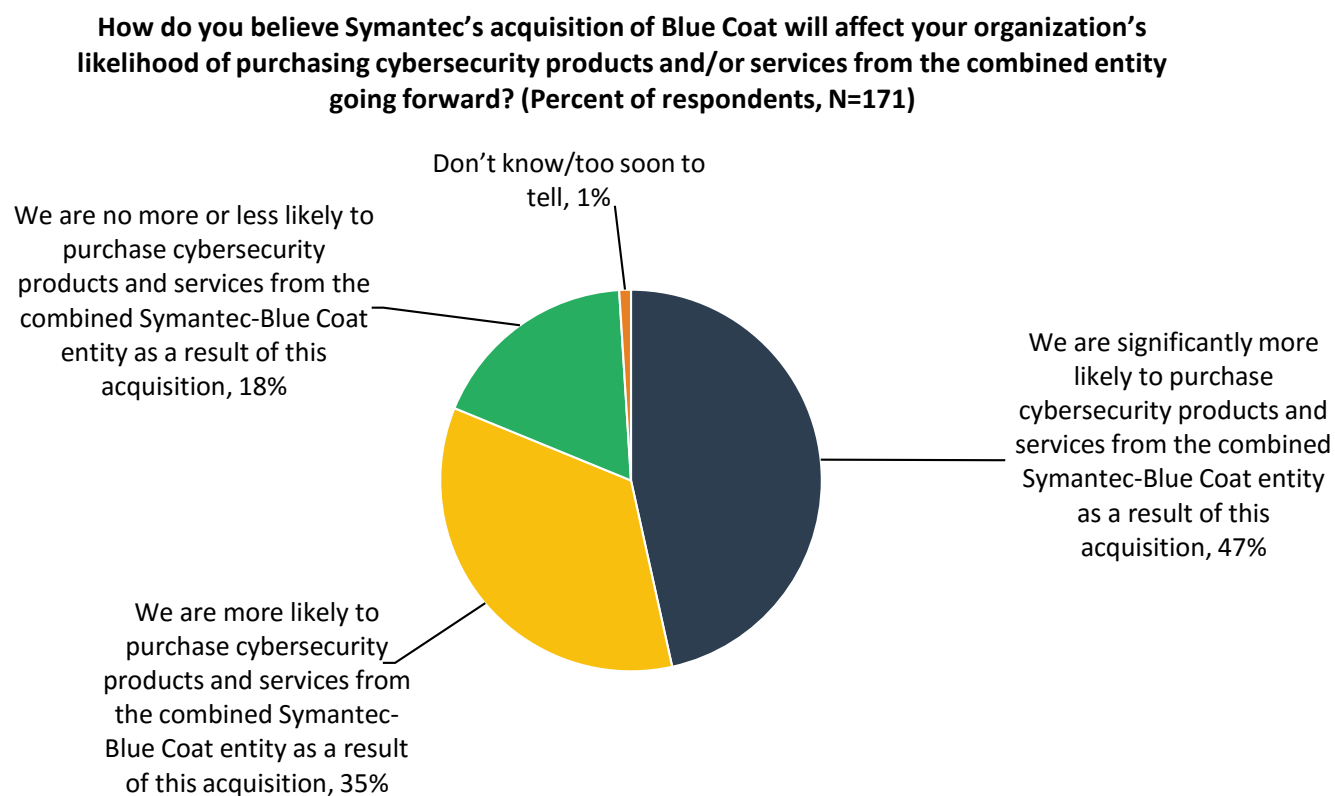
The current market backdrop to Symantec's proposed acquisition of Blue Coat is intriguing. The merger takes place in—and indeed reflects—a cybersecurity market landscape that is in enormous flux, as IT organizations change the way they consume and deploy security technology. While the evolving threat landscape has necessitated the use of multiple point tools, hybrid cloud initiatives require unification of security controls across on-premises infrastructure and cloud services. It certainly looks like a climate that is ripe for more integrated enterprise-class cybersecurity products and services companies to succeed. Do users agree that the combined Symantec-Blue Coat is destined to join these ranks?

With all of these considerations in mind, ESG conducted a snapshot survey of 171 IT and cybersecurity professionals at enterprise (i.e., 1,000 or more employees) organizations in North America between June 15 and June 17 in the immediate aftermath of Symantec's June 12<sup>th</sup> announcement disclosing its intent to acquire Blue Coat. While the vast majority of these respondents work at organizations that are current customers of Symantec and/or Blue Coat, there was also a small representation from organizations that have not to date purchased cybersecurity solutions from either vendor. Please see the *Research Methodology and Respondent Demographics* section at the end of this brief for more details. Here's what we found out.

As a starting point, ESG asked the respondent base—which was comprised of current customers of one or both vendors, as well as those that don't purchase from either—how Symantec's acquisition of Blue Coat might affect the likelihood of their organization purchasing cybersecurity products or services from the combined entity. According to Figure 1, nearly half (47%) believe that they are *significantly* more likely to buy cybersecurity solutions from the joint company, with an additional 35% acknowledging an increased chance of this scenario playing out once the deal closes. In other words, more than three-quarters of the cybersecurity and IT professionals surveyed perceive that the merger could increase the probability that their organizations will purchase a product or service from Symantec-Blue Coat. While this sentiment should not be confused with guaranteed incremental revenue, it is certainly a positive sign indicating that many

organizations are clearly excited about the prospects of getting access to the larger and more comprehensive cybersecurity portfolio from a combined Symantec-Blue Coat entity.

**Figure 1. IT and Cybersecurity Professionals Are Positive about the Symantec-Blue Coat Merger**



Source: Enterprise Strategy Group, 2016

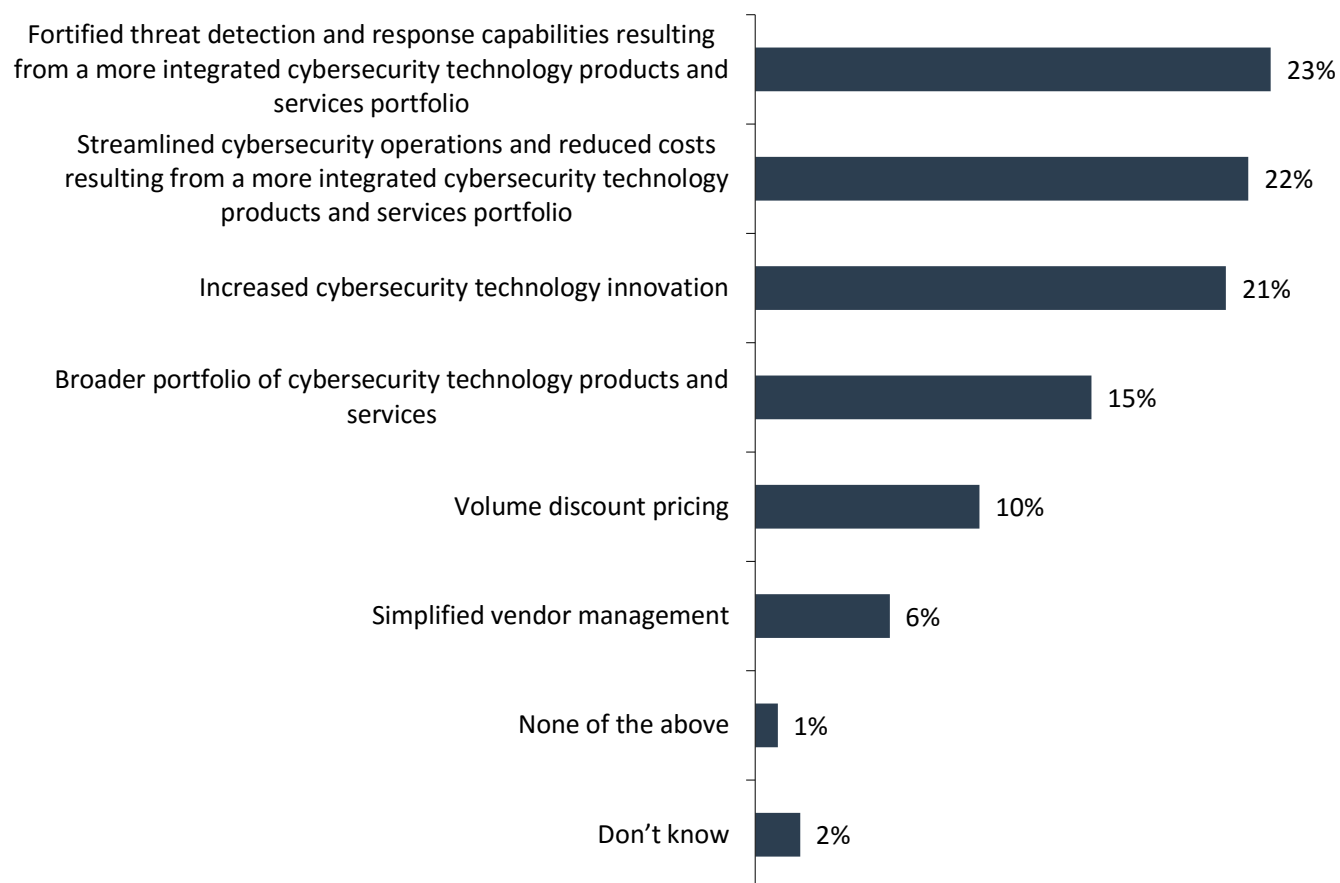
Why is the market so positive about the prospects of a combined company? Today's disparate security controls lack the integration required to coordinate detection and response measures across endpoints, networks, and—increasingly—cloud services. This reality creates opportunities for cyber-adversaries to circumvent existing security controls and exploit an acute shortage of cybersecurity skills. In contrast, integrated platforms that share central command-and-control, internal sensor telemetry, external intelligence, and distributed enforcement across the entire attack surface allow for both expedited threat detection and coordinated response between security analysts and network operations.

With these considerations in mind, it is not surprising that nearly half (47%) of respondents cited a more integrated cybersecurity technology products and services portfolio as the *most* compelling aspect of a potentially combined Symantec and Blue Coat (see Figure 2). Within this group, sentiment was evenly split between those drawn to the fortified threat detection and response capabilities and those enticed by the prospect of streamlining their cybersecurity operations, specifically the associated cost reduction benefits that would likely follow. These results support the notion that the market seeks an integrated cybersecurity platform that improves the efficacy of security controls while simultaneously streamlining security operations. The combination of Symantec and Blue Coat seems to offer this potential.

It is also worth noting that one in five respondent organizations anticipate that increased cybersecurity technology innovation will be a benefit of the combined entity. This is good news for both companies as changing IT initiatives and evolving threats require new types of security controls and oversight.

**Figure 2. Most Compelling Potential Benefit from Symantec-Blue Coat Merger**

**In your opinion, which of the following potential benefits would be the most compelling aspect of Symantec's acquisition of Blue Coat? (Percent of respondents, N=171, single response accepted)**



Source: Enterprise Strategy Group, 2016

## The Bigger Truth

Acquisitions at this scale are based on leveraging both product and go-to-market synergies to create opportunities for deeper account penetration and access to new markets. The cybersecurity industry has experienced a massive expansion with respect to the number of vendors vying for the same budget dollars, with many citing similar marketing claims. Having recently divested its ownership of Veritas, Symantec's plan to acquire Blue Coat reflects the company's focus on furthering its position as an industry-leading security vendor with the addition of complementary security controls en route to delivering an end-to-end cybersecurity platform.

The respective Symantec and Blue Coat product portfolios have nominal functional overlap and collectively represent the potential for compelling integration. In addition to yielding simpler, more optimized workflows, platforms that integrate controls across users, devices, networks, and cloud services could also reduce dwell time, preventing minor incidents from becoming disastrous data breaches. This research conducted by ESG indicates that the market is open to increasing cybersecurity spending with the combined Symantec-Blue Coat entity as a single source supplier for integrated threat detection and prevention solutions, which have the potential to improve security efficacy while streamlining cybersecurity operations and reducing costs.

## Research Methodology and Respondent Demographics

The data presented in this brief is based on an online survey of 171 North American (US and Canada) IT and cybersecurity professionals at enterprise-class (i.e., 1,000 or more employees) organizations conducted by ESG between 6/15/16 and 6/17/16. To qualify for this survey, respondents were required to be cybersecurity professionals or IT professionals responsible for/familiar with their organization's cybersecurity environment and strategy. Additional details on the respondent base are included below.

### Survey respondents by company size:

- 44% small enterprise organizations (1,000 to 2,499 employees); 38% enterprise organizations (2,500 to 9,999 employees); and 18% large enterprise organizations (10,000 or more employees).

### Survey respondents by customer status:

The majority of respondent organizations were current customers of Symantec and/or Blue Coat.

- 67% Symantec-only customers; 4% Blue Coat-only customers; 23% Symantec *and* Blue Coat customers; and 6% non-Symantec/Blue Coat customers.

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