Another Security Services Acquisition: NTT to Acquire Solutionary, a North American Managed Security Services Provider
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NTT announced June 17, 2013, that it seeks to acquire Solutionary (a managed security services provider, or MSSP). NTT will extend Solutionary's delivery of cloud-based security solutions to clients worldwide and bolster NTT's end-to-end cloud services portfolio.

As telecommunications companies expand their services offerings, managed security services (MSS) are a natural fit. This is yet another move in the global race to gather the necessary tools to win in the managed security and threat intelligence services (TISS) space. Solutionary, a privately held company based in Omaha, Nebraska, is one of the few pure-play managed security services providers remaining in the MSS/TISS landgrab that has occurred in the past several years (Dell's acquisition of SecureWorks and more recently Deloitte's purchase of Vigilant). The acquisition is an all-cash transaction for an undisclosed amount and is subject to regulatory approvals and other customary closing conditions. It is expected to close in the third quarter of 2013.

NTT continues its global expansion into North America and desires to become "one of the world's largest security integrators" according to the company. NTT is currently providing services to over 50 countries through Computer Security Incident Response Team (CSIRT). In fact, NTT America states on its LinkedIn page that NTT Corporation has "over 140 datacenters and a network reaching 160 countries."

Solutionary, incorporated in 2000, is a pure-play MSSP in North America. With over 600 clients in a wide range of industries such as financial services and healthcare, it focuses on managed security and consulting services for protecting traditional and virtual IT infrastructures, applications, networks, cloud, and mobile environments. Solutionary's services, built on the patented, cloud-based ActiveGuard services platform, global threat intelligence, certified information security experts, and the Security Engineering Research Team (SERT), are delivered 24/7 through multiple Security Operations Centers (SOCs).

For Solutionary, this acquisition will enhance its global expansion, ongoing research and development (R&D), and worldwide security intelligence capabilities. NTT gains reinforcement in the rapidly expanding area of MSS (IDC predicts double-digit growth over a five-year period and expects to release a finalized forecast in a few months). This also bolsters Dimension Data's services and reseller activities.

NTT will have the ability to combine Solutionary's complementary security analytics platform (ActiveGuard), operation capability, and consultants and researchers with NTT's ICT services and security portfolio, research, and global reach. NTT can deliver life-cycle cloud services such as advisory, migration, operation and management of applications, ICT infrastructure, and network infrastructure with cloud full-stack, from applications to datacenter to network, as well as a business process layer, and security services.

After the integration details are worked out, IDC believes that NTT will have a very solid MSSP offering. On a worldwide basis, it will compete with other telecommunication companies (e.g., AT&T and Verizon), MSSPs (e.g., Dell SecureWorks), and security vendors (e.g., Symantec). To a lesser extent, it will pressure the larger regional resellers, as well.

This acquisition will enable NTT's reach into the datacenter, which is fast becoming the primary battleground for customer acquisition and retention. IDC believes that NTT may seek to become the de facto datacenter and cloud provider.

According to a 2012 *Fortune* magazine ranking, NTT holds the number 1 spot in top companies in telecommunication. NTT already had an MSSP offering, but what it lacked was the Solutionary ActiveGuard platform. The ActiveGuard platform assists more rapid prediction of threats, making the intelligence actionable, which allows ultimately for faster mitigation in an increasingly sophisticated threat landscape. ActiveGuard will build onto and integrate with the relationships NTT already has established with partners such as IBM, Check Point, and Cisco. Solutionary's customer base will remain independent of NTT, though NTT will have the opportunity of offering its wide array of services — such as bandwidth, professional services in security and beyond and, of course, its datacenter offerings — to those customers.

IDC believes this is a very positive outcome for Solutionary, and a great boon for NTT, but would caution that integration is often difficult and disconcerting for customers and partners. Solutionary is well aware of this and has committed to soothing any possible customer concerns by over-delivering on SLAs during the transition and beyond. In addition, Solutionary's position as a wholly owned but independently operating company — and with its management remaining in place — will likely help placate concerned customers, partners, and service providers. Finally, Solutionary asserts that NTT's acquisition and integration history shows a track record of encouraging its subsidiaries to maintain partnerships that predate the acquisition. An example of this is DiData's relationship with SecureWorks. This is good news for Solutionary's more delicate relationships with service providers and channel partners. It means that every effort is made to create a boundary between competitive entities within NTT while concurrently making an effort to leverage complementary offerings.

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