Infoblox Moves into the Threat Intelligence Space with the Acquisition of IID
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IDC's Quick Take
On February 8th, network management company Infoblox announced the acquisition of IID, a provider of threat intelligence solutions, for $45 million in cash. Founded in 1997, IID raised an $8 million Series A from Bessemer Venture Partners in November 2013. Through the acquisition, Infoblox aims to augment its current offering with context-aware threat intelligence.

M&A Announcement Highlights
Infoblox was founded in 1999 as a provider of appliance-based solutions for managing network services such as dynamic host configuration protocol (DHCP), domain naming services (DNS), and IP address management (IPAM), which are collectively referred to as DDI (DHCP, DNS and IPAM). Since inception, Infoblox has raised $30 million in private funding from Sequoia Capital, Chess Ventures, Cross Atlantic Capital Partners, Dillon Capital Management, and others. IID is Infoblox's second acquisition after previously buying Netcordia, a provider of network change and configuration management software, in 2010. Infoblox went public in 2012 and raised around $120 million in its IPO. As of February 12, 2016, the company's market cap was $916.8 million.

Infoblox's appliances facilitate the management of the relationships between DNS, DHCP, and IPAM, automating common network control functions such as network discovery, device change and configuration management, and policy and compliance management. In addition, the company uses its visibility into network activity to offer different solutions for protecting DNS servers against DDoS attacks, DNS hijacking, DNS-based exploits, and others.

Infoblox has seen strong growth in previous years, driven by rising demand for DDI solutions to centrally manage the growing numbers of IP addresses, especially in large telecom service providers and government organizations. According to IDC data, Infoblox led the DDI market in 2013, with a share of 50.0% and revenue of $225.4 million. More recently, the DDI market has been showing signs of maturation, with Infoblox – and other players in this space — struggling to regenerate growth by offering an alternative to customers that rely on homegrown solutions on general-purpose servers or open-source solutions (e.g. BIND for DNS). In an effort to beef up sales, Infoblox undertook a management shakeout in late 2014 and launched a strategy of enhancing its product offering with new security capabilities beyond secure DNS; providing Big Data analytics for security, network operations, and service providers; and more. In addition, Infoblox started offering cloud-based solutions to automate network services — such as the provisioning and de-provisioning of IP addresses and DNS records for VMs — and to centralize the management and visibility of today's hybrid computing infrastructures.

The acquisition of IID is fully in line with Infoblox's current strategy. Most importantly, the newly acquired assets will enable Infoblox to broaden its DNS security offerings with complementary threat intelligence capabilities. IID's solutions protect users against DNS security threats by collecting data from
Internet infrastructure providers, law enforcement authorities, and security partners to detect malicious or accidental configuration issues. Like other threat intelligence platforms (TIPs), IID’s platform dedupes, analyzes, prioritizes, and delivers machine-readable threat intelligence to its customers. According to Infoblox, it will use these capabilities to integrate threat information with infrastructure context and position itself as a "more valuable part of the security ecosystem." In essence, this acquisition broadens Infoblox’s visibility beyond its own customer data to a larger pool of threat intelligence data.

The Infoblox-IID deal continues the recent surge in Specialized Threat Analysis and Protection (STAP) and Threat Intelligence Security Services (TISS) M&A activity, as security vendors are looking to obtain analytics and other non-signature-based detection capabilities to identify zero-day attacks and sophisticated threats that evade traditional defenses. IID’s solutions fall into the boundary segment of the STAP market, which consists of products that use sandboxing and other identification techniques on the network. Among other recent acquisitions in this segment, Infoblox’s purchase of IID is reminiscent of two other deals with similar price tags from 2015: In March, Proofpoint acquired Emerging Threats, a provider of threat intelligence solutions, for $40 million. In November, LookingGlass Cyber Solutions paid $35 million for Cyveillance, a provider of a cloud-based open-source threat intelligence platform. In addition, Cisco’s $635 million acquisition of OpenDNS in June 2015 has an STAP/boundary aspect to it, in that it can be used by Cisco to feed its malware detection offerings with DNS-level insights into emerging threats.

**IDC's Point of View**

In today’s hybrid environment and increasingly complex threat landscape, the enterprise struggles for actionable visibility to detect and thwart unknown attacks. The acquisition of IID enhances Infoblox’s market leading DDI solution by adding threat intelligence, which Infoblox contextualizes through research and analytics. The company’s centralized hybrid network configuration and management solution further provide visibility across what is a very challenging architecture for security professionals. IDC believes this is a very positive move for Infoblox and a strong outcome for IID in terms of both the acquisition multiplier and in perpetuating IID’s intellectual property, ActiveTrust. Of course, the integration of the two companies is key, and time will tell, but IDC expects that this deal will only improve Infoblox’s position and garner greater traction with its existing customers.

**Subscriptions Covered:**

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