

Purewire Brings Barracuda Networks Critical SaaS Capabilities

Peter Firstbrook, Adam Hills

The acquisition of Purewire's software-as-a-service capabilities will strengthen Barracuda Networks with small and midsize businesses. But time and resources will be needed to make Barracuda an enterprise player.

NEWS ANALYSIS

Event

On 13 October 2009, Barracuda Networks, a provider of networking technologies, including content security appliances, announced that it has completed the acquisition of Purewire, a provider of software-as-a-service (SaaS) based secure Web gateway technologies. Three new Barracuda organizations — Barracuda Labs, a threat research team; Cloud Services, a SaaS development and operations team; and an enterprise sales group — will be headed by former Purewire executives. This is Barracuda's second acquisition of a security technology provider in less than a month, following the 28 September purchase of a controlling interest in enterprise network firewall provider phion.

Analysis

This is an important acquisition for Barracuda, because SaaS is increasingly critical for the company's primary market, small and midsize businesses (SMBs). Mobile computing, consumerization, cloud applications, IT cost cutting and green computing trends — and the desire to shift capital to operations — are all making SaaS attractive to SMBs. Economies of scale will increasingly reduce the price of e-mail and Web SaaS security offerings, driving down appliance and software vendors' profit margins and marginalizing providers without SaaS offerings.

Barracuda plans to expand Purewire's offerings and delivery platform into Barracuda's other product markets, such as e-mail security and Web application firewalls, and combine them with its own backup service. Barracuda/Purewire SMB customers will eventually have a wider choice of products and services, and SaaS Web application firewalls could appeal to SMBs that opt to have their servers hosted. However, significant resources will be needed to grow the capabilities of Purewire — a small startup with a limited market presence and data center footprint — to achieve Barracuda's goal of becoming a multipurpose global SaaS provider. SaaS success requires rethinking the architecture from the ground up to address the demands of global-scale multitenancy. Barracuda's applications are not generally considered to have carrier-grade scalability, and attempting to deliver them on a hosted basis will likely result in a very brittle and inefficient architecture.

This acquisition will not help Barracuda move into the larger-enterprise market until Purewire infrastructure can satisfy the scale and geographic presence of enterprise customers. Barracuda has minimal market share in the larger enterprise — apart from the phion firewall in the European market — due to a lack of enterprise features and performance. An enterprise sales team can do little to change this situation until Barracuda has more products and services designed for the enterprise.

RECOMMENDATIONS

- **All infrastructure buyers:** Consider the role that SaaS will play in your environment over the next three to five years and develop adoption criteria.
- **Current and prospective Barracuda customers:** Evaluate Purewire SaaS along with other SaaS providers' offerings.
- **Prospective Barracuda customers:** Demand and monitor road maps for product and service integration, new SaaS launches and integrated single-pane management of all Barracuda solutions.

RECOMMENDED READING

- "Cool Vendors in Software-as-a-Service Security, 2009" — Gartner's first set of cool vendors in this market addresses the growing demand for agile, responsive, cost-effective solutions with highly innovative offerings. **By Ray Wagner and others**
- "Market for Secure Web Gateways Delivered as SaaS Heating Up" — New competition and economies of scale should help bring prices down and drive increased awareness and market share for this delivery model. **By Peter Firstbrook**

(You may need to sign in or be a Gartner client to access the documents referenced in this First Take.)

REGIONAL HEADQUARTERS

Corporate Headquarters

56 Top Gallant Road
Stamford, CT 06902-7700
U.S.A.
+1 203 964 0096

European Headquarters

Tamesis
The Glanty
Egham
Surrey, TW20 9AW
UNITED KINGDOM
+44 1784 431611

Asia/Pacific Headquarters

Gartner Australasia Pty. Ltd.
Level 9, 141 Walker Street
North Sydney
New South Wales 2060
AUSTRALIA
+61 2 9459 4600

Japan Headquarters

Gartner Japan Ltd.
Aobadai Hills, 6F
7-7, Aobadai, 4-chome
Meguro-ku, Tokyo 153-0042
JAPAN
+81 3 3481 3670

Latin America Headquarters

Gartner do Brazil
Av. das Nações Unidas, 12551
9º andar—World Trade Center
04578-903—São Paulo SP
BRAZIL
+55 11 3443 1509