



Instant Insight

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EMC To Acquire Security Specialist RSA

By Tony Lock

EMC Corporation has announced that it has reached a definitive agreement to acquire RSA Security Inc. of Bedford, Massachusetts. EMC is an organization best known for its information storage and management solutions. RSA is an organization that specializes in securing information access and identities, especially in environments where Internet access to corporate information plays a strong role. The company has developed solutions addressing the key security issues of strong authentication, encryption, key management and anti-fraud protection.

Upon completion of the acquisition it has been announced that RSA will operate as EMC's Information Security Division and will be headquartered in Bedford, Massachusetts. Art Coviello, currently President and CEO of RSA, will become an Executive Vice President of EMC and will be president of the division within the company.

Timing / Cost

The deal is expected to be completed around the end of the third quarter or early in the fourth quarter 2006 and is subject to the usual closing conditions and regulatory approvals. Under the terms of the acquisition EMC will pay \$28.00 per share in cash in exchange for each RSA share and the assumption of outstanding options. This makes for an aggregate purchase price of just under \$2.1 billion, net of RSA's existing cash balance (currently around \$208 million).

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Upon completion this could prove to be a very significant development. Today all organizations, irrespective of their size, are looking to address the complex, high-profile, potentially time consuming and costly issues surrounding the securing of information in the online Internet-connected world. EMC has stated that RSA's encryption and key management technology will be central to its strategy to protect information, no matter where it resides inside or outside of an organization. RSA has assembled a range of solutions to help authenticate identities, authorize access to data and audit capabilities, as well as provide sophisticated data encryption and key management tools.

EMC continues to build its "Information Infrastructure" platform to help organizations store, manage, and control their valuable data and information assets. The company envisions information lifecycle management being composed of six functional areas: Tiered Storage, Protection Software, Data Mobility Software, Archiving Software, Content Management Software, and Intelligent Information Management Software coupled with tools to address Infrastructure Virtualization and Resource Management. The addition of RSA to its expanding portfolio of software solutions will enhance its capabilities in the area of information protection.

There is today a real requirement for organizations to ensure that they have secured access to corporate information. Regulation and compliance drivers may be found at the route of the obligation to ensure that

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only duly authorized individuals can access and amend almost any area of corporate data storage. This need to restrict access and to ensure that access is secured to only authorized individuals is an additional requirement over and above the fundamental need to protect the integrity of the core data itself. There is much scope for RSA to play an important role in data and information security, especially in the areas of key management and multi-factor authentication. It is clear that the combination of RSA's solutions to protect online identities and to help secure access to digital assets along with EMC's increasingly sophisticated storage management capabilities has much potential.

EMC has made no secret of its desire to grow as a software company. The acquisitions of VMware (Server Virtualization), Documentum (Content Management), Smarts and Control Center (storage and IT infrastructure resource management), Invista and Rainfinity (Storage Virtualization) have all brought significant software resources to the company. While the takeup of some of these offerings is growing slowly, others are racing ahead and the vast majority are not only adding to EMC's ability to build and deliver business solutions but also are having a visible impact on both its revenues and company profits. When the RSA acquisition closes EMC will be able to deliver a variety of solutions to manage various aspects of information security covering data "at rest" and "in transit/" It will be interesting to see how quickly the company can integrate some of these facilities within its core storage and document management solutions. However, the technological integration will be but one step along a path that will also require EMC to educate major sections of its potential customer base regarding the need to employ more sophisticated security and authentication measures. There will also be a requirement to ensure that EMC maximizes its opportunities that former RSA channel partners may bring with it. This is a very interesting deal.

