

Trust Digital Acquisition a Major Smartphone Move for McAfee

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The acquisition of Trust Digital will bring McAfee much closer to being able to offer a comprehensive, mature smartphone security and management offering, with immediate coverage for iPhone and Android smartphones.

NEWS ANALYSIS

Event

On 25 May 2010, McAfee announced a definitive agreement to acquire Trust Digital, a privately held provider of mobile device management and security software. The company plans to merge Trust Digital's management framework into its ePolicy Orchestrator (ePO) console. McAfee expects the transaction to close by 30 June 2010.

Analysis

McAfee's planned acquisition of Trust Digital is the latest — but likely not the last — in a long series of moves by endpoint protection platform (EPP) vendors to enhance their competitive positions by adding more encryption capabilities. The highly successful 2007 acquisition of SafeBoot earned McAfee a competitive leadership ranking for encryption on workstations, but the company's coverage on smartphones was extremely limited. Trust Digital's technology will immediately change its position in smartphone security.

Gartner believes that several McAfee competitors missed a strategic investment opportunity by not acquiring Trust Digital. For example, Trust Digital would have provided Symantec with a strong complement to GuardianEdge, an encryption vendor that Symantec is now in the process of acquiring, because GuardianEdge's smartphone platform is based on a Trust Digital license (see "GuardianEdge Buy Strengthens Symantec Data Protection"). The number of attractive and affordable acquisition targets in the mobile data protection market is dwindling, but several EPP vendors — including Kaspersky Lab, Panda Security and Trend Micro — have yet to make moves of this type. McAfee's closest competitors in the smartphone security management market are now specialty vendors or vendors of products with limited market share, including Good Technology, mFormation Technologies, MobileIron and Sybase.

McAfee's stated goal is to use Trust Digital's foothold in the mobile security market to gain rapid competitive entry to a wide range of mobile operating systems, including the Apple iPhone OS, Android OS, Palm webOS, Microsoft Windows Mobile and Symbian. The acquisition is well-timed, because it coincides with a dramatic increase in smartphone use for business, as well as heightened concern about data protection due to the power and resources of the new phones. Trust Digital will bring McAfee a powerful set of security and management tools for phones, and Gartner believes there are no significant technical barriers or critical product overlaps to impede efforts to merge product lines. McAfee has a good reputation for promptly integrating its technology acquisitions, and we believe the two companies' management consoles should be integrated by the second half of 2011.

RECOMMENDATIONS

- **Enterprises using legacy GuardianEdge and Symantec GuardianEdge/Trust Digital OEM technology:** Demand explicit assurances of continued smartphone support and a migration plan in case Symantec decides to stop using Trust Digital technology.
- **McAfee customers:** Take advantage of this announcement by negotiating discounted access to Trust Digital management tools, and demand incentives to migrate from McAfee's legacy smartphone management tools.
- **Trust Digital customers:** Regard this acquisition as a positive development that will eventually deliver support benefits.

RECOMMENDED READING

- "Magic Quadrant for Endpoint Protection Platforms"— EPP vendors are now competing on the strength of non-signature-based defenses, proactive management capabilities and data protection. **By Peter Firstbrook and others**
- "Magic Quadrant for Mobile Data Protection"— Buyers in this market want products that work equivalently across multiple platforms, need minimal support, provide for common policies and extend protections to removable media. **By John Girard and Eric Ouellet**

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