



Market Insight Service: Deal Analysis

NetScout grabs more monitoring traffic with Simena acquisition

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After lingering in the IT-purchasing doldrums, network monitoring has the potential for a resurgence, driven in part by expanding volumes of data traffic from 3G and 4G users on telecommunications providers' networks, as well as improving outlooks in high-performance financial services networks. NetScout Systems has been taking advantage of this lull to add to its product portfolio and improve its market position in anticipation of any expansion.

Deal rationale

NetScout has been expanding its capabilities over the past year, both through organic product development as well as two acquisitions. This third acquisition, with the year-end in sight, brings a key piece of network-monitoring capability in-house. Prior to this, customers of its nGenius products could require traffic-monitoring products from vendors such as Anue Systems, Datacom Systems, Gigamon, Network Instruments, Net Optics, VSS Monitoring, Simena and others to direct traffic to analysis and security systems.

As network speeds have increased, there is a growing need for devices that can pre-screen large amounts of aggregated traffic to prevent monitoring systems from being overwhelmed. Simena produces a high-performance, low-latency traffic manager that can selectively replicate and direct traffic streams. Its products add a level of intelligence that allows traffic sampling and steering, functionality beyond the capabilities of the simple network taps sold by others. Bringing them into the fold will allow NetScout to sell a more complete offering and potentially increase deal revenue.

Competitive landscape

Monitoring and network tap vendors have historically steered clear of monitoring and application performance management software. These vendors work closely with a variety of companies, and have been careful about creating competitive situations that could harm formal or informal reselling arrangements. This is starting to change, with Net Optics introducing its appTap product earlier this year. AppTap combines traffic monitoring and analysis and can be seen as a low-end competitor to NetScout's nGenius InfiniStream appliances. Both NetScout and Simena resell Net Optics' fiber-optic network taps, an indication of the complexity of dependence in this sector.

Simena's products compete most closely with those of Anue Systems, where capabilities focus on high performance. Its products don't offer the same levels of port density or distributed management as Gigamon or VSS Monitoring. The latter vendors offer chassis-based and distributed systems suitable to the requirements of larger enterprises and telecommunications providers.

NetScout, while now equipped with a more comprehensive product offering, will still find itself in competition with its traditional rivals AppNeta, CA Technologies' NetQoS and SolarWinds. It's a space where all of the players are hoping for the growth that has recently eluded them.

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