HP Acquisition Targets Could Include SDN & DevOps

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Analysts at investment firm Raymond James released a report today speculating on what companies HP may be looking to acquire.

HP has a newfound willingness to acquire something, “following a three-year hiatus that can only be described as an Autonomy hangover,” the analysts write. The company is coming off a fiscal third quarter that saw 1 percent revenue growth — the first time in 11 quarters HP has reported an increased revenue — and its net cash is $5 billion, producing the company’s best balance sheet in years.

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Looking at both private and public companies, the report notes that acquisitions would most likely be less than $5 billion, but that HP wouldn’t mind spending a little more to woo a larger company.

The report pinpoints 10 companies the analysts deemed the most likely candidates for acquisition: Hortonworks, Sumo Logic, Palo Alto Networks, Fortinet, FireEye, Arista Networks, Adara Networks, Cumulus Networks, SimpliVity, and Actifio.

At least three of the top 10 could help HP’s software-defined networking (SDN) and network functions virtualization (NFV) efforts. Arista complements to HP’s current networking and SDN strategy, but coming off a recent IPO, it isn’t likely to sell. Cumulus could also be eyed by HP to support its SDN objectives, and could take advantage of the HP platform. Adara would do the same, and it also has a history with HP (in a good way), as they worked together on a Verizon project.

Other interesting names that made the report include:

- Juniper Networks: Slowing growth and restructuring issues might cause it to fall down HP’s list, but its ability to enhance HP’s SDN and networking efforts makes Juniper still a possibility. Juniper's strong data center position (as is seen in its new deal with NIKE) also makes it attractive to HP.

- Big Switch Networks: Privately owned Big Switch, with its newfound strategy of providing software for bare-metal servers, could help HP's SDN strategy. After recently announcing a partnership with Dell, Big Switch is making waves in SDN circles again.
- CommVault Systems: The storage company focuses on backup, recovery, archiving, and data management software, and it would bring HP a strong product line along with a successful R&D team. With that said, CommVault isn't as disruptive as Actifio, and it's facing pricing pressure from both old and emerging competitors.
- Puppet Labs: The DevOps company, which has raised $86 million, is attractive to HP because it could boost HP's lineup of IT automation software. On Puppet's side, a deal would let it stand with software's traditional "Big 4" of IBM, CA, BMC, and HP itself. The same could be said for Chef, which has raised $65 million.
- Rackspace: This deal has been the subject of recent rumors, but recent reports say HP isn't interested. Raymond James analysts think HP might have considered the deal and passed.

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