

REPORT REPRINT

CounterTack adds advanced managed security services with GoSecure acquisition

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With the acquisition of GoSecure, CounterTack is looking to further transition from a security software provider to a managed detection and security services provider, combining tools, services and expertise to provide active threat detection, mitigation and remediation.

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Endpoint detection and response provider CounterTack is expanding its detection and response capabilities with the acquisition managed security services provider GoSecure. CounterTack says that the acquisition is a step toward its goal to create a holistic portfolio of advanced security services that cover from the edge to the endpoint. The company's new capabilities combine predictive endpoint security technology and managed security services for faster detection, mitigation and remediation of active threats, minimizing the potential damage of compromise.

THE 451 TAKE

With the acquisition of GoSecure, CounterTack is transitioning from a security software provider to a managed detection and security services provider, combining tools, services, and expertise to provide active threat detection, mitigation and remediation. We expect the move to be one of many in the sector in the coming year as the managed detection and response (MDR) and managed security service provider (MSSP) segments begin to consolidate, and as customers demand broader and deeper services from their security providers. The transition not only opens up additional sales opportunities for CounterTack, but also enables it to provide higher-value services, which should lead to higher margins.

DEAL DETAILS

The transaction is CounterTack's second acquisition, coming three years after it reached for ManTech Cyber Solutions International. Through the GoSecure acquisition, CounterTack will gain more than 80 analysts and cybersecurity engineers, as well as two 24x7 security operational centers (SOCs). The company will also acquire proprietary intellectual property focused on automating advanced threat discovery, mitigation and remediation across all data sources. The terms of the deal were not disclosed.

DEAL RATIONALE

The acquisition of GoSecure should enable CounterTack to extend its active threat detection across all data sources – logs, network, user behaviors, file extraction and sandbox analysis – combining situational awareness, automation and active threat mitigation based on a holistic view of the entire infrastructure. The acquisition should help the company in delivering higher-margin and higher-value services, spearheaded by the capacity to deliver the CounterTack platform as a managed service. Services, with aggressive SLAs, will become an integral component of the platform – the company will provide operational security services extending to automated and man-powered remediation of threats on the endpoint. The broader range of features, capabilities and services should be received well by both enterprises and service providers that are struggling with a shortage of expertise and an increasing number of attacks.

The company will continue to offer the platform as an unmanaged offering through direct sales and service-provider partners, including its OEM channels. Customers and partners with their own SOC teams will benefit from the increased automation capabilities gained through the acquisition. The new service capabilities CounterTack will offer should be attractive for this segment as many look for opportunities to increase their ability to scale, as well as to engage additional expertise to combat threats and facilitate rapid response for their own customer bases.

TARGET PROFILE

GoSecure, founded in 2002, is headquartered in Montreal, with additional offices in Toronto and Quebec, as well as London and Halifax in the UK. GoSecure offers a number of managed security services, including operational support, technology and process implementation, governance and risk management, security program planning, auditing and testing, incident response, and threat hunting and detection.

Along with CounterTack, the company has a variety of technology partners, including Intel Security, Proofpoint, RSA, Cisco, Symantec, CyberArk, Fortinet and IBM. The company reports a broad customer base ranging from small hedge fund management firms to government organizations and Fortune 500 companies.

ACQUIRER PROFILE

CounterTack was initially founded in 2004 as NeuralIQ. It relaunched in 2011 as CounterTack and released its first enterprise offering in 2014. The company is led by CEO Neal Creighton, who previously held the CEO position at GeoTrust, which was acquired by VeriSign in 2006. The company recently raised \$20m in a series D funding round led by Singtel's venture branch, and has raised a total of \$92.4m since 2011. CounterTack has an established footprint in North America, and reports increased momentum in APAC – specifically Singapore, Hong Kong, Korea and Japan.

CounterTack offers an endpoint threat protection platform combining machine learning, behavior analysis, threat intelligence and reputational techniques to counter advanced threats to enterprise security by examining the cause and effect of endpoint state changes. The company has built partnerships with a number of technology and service providers as part of its growth strategy, including Singtel/Trustwave, Raytheon Foreground, SK InfoSec, Security On-Demand and NTT Security.

OUTLOOK AND COMPETITION

The acquisition of GoSecure should enable CounterTack to more effectively sell downmarket, where expertise is scarce and security teams are small and challenged with managing and responding to threats. At the same time, larger enterprises, which are embracing managed security services at an increasing rate, should find that the automated remediation capabilities and additional security service offerings help reduce incident response times and increase their ability to scale.

CounterTack plans to rapidly expand its footprint and platform capabilities over the next 18 months, indicating that additional acquisitions are likely. The combination of managed security services with endpoint detection and response services should prove to be a differentiator in a crowded market. If CounterTack continues on its current trajectory, it would not be surprising to see it make a move to go public in the next few years.

While the acquisition increases CounterTack's overall capabilities, it also opens it up to more competition. Crowdstrike, which also provides endpoint detection and response, as well as threat hunting and prevention services, is a primary rival for CounterTack. The integration of GoSecure's managed security services and automation capabilities will position CounterTack to compete more directly with Crowdstrike's service offerings.

The company will continue to compete with EDR players such as Carbon Black, Endgame, Cybereason, Cylance, Ziften and Tanium. It will also be challenged by MSSPs and MDR providers such as SecureWorks, CIPHER Security and Paladin, as well as a number of regional MSSPs.

ACQUIRER	SUBSECTOR	DATE ANNOUNCED
CounterTack	Security	June 6, 2018
TARGET	DEAL VALUE	CLOSING DATE
GoSecure	Undisclosed	June 6, 2018