

COHESITY CREATES A NEW DATA SECURITY POWERHOUSE THROUGH VERITAS DEAL

COMBINATION WITH VERITAS' DATA PROTECTION BUSINESS CHANGES MARKET LANDSCAPE

SUMMARY

The global data protection and management segment is expanding rapidly due to the increasing need to secure large amounts of data, the rising threat of cyberattacks, stringent regulatory requirements, the proliferation of remote workers, and the widespread adoption of cloud services. Within this segment, Cohesity helps organizations get a handle on their enterprise data—and aims to improve their cyber and business resiliency—with its data security and management platform, which is built on zero-trust principles. The company integrates data from many sources into this platform to address data fragmentation, with the goal of eliminating data silos, reducing attack surfaces, and simplifying data management. It says this approach enhances the security, accessibility, and efficiency of enterprise data.

Cohesity uses AI and machine learning in two ways. First, AI and machine learning have been built into Cohesity's platform from the start to help detect threats, classify large data blocks, and protect critical data and workflows. The company continually updates critical functionality including anomaly detection to identify threats, data classification for better management of sensitive data, and cyber vaulting to mitigate any attacks that do occur. Second, Cohesity employs retrieval-augmented generative (RAG) AI for its enterprise data insights assistant, Gaia.

The \$7 billion combination of Cohesity with Veritas' enterprise data protection business, expected to close by the end of 2024, represents a significant shift in the data security and management industry. When completed, this combination will create the largest data protection and management organization globally with a significantly expanded market presence, serving over 13,000 customers, including more than 85 of the Fortune 100 and nearly 70% of the Global 500. The combined entity will have projected revenues of approximately \$2.0 billion in the 2025 fiscal year.

According to Sanjay Poonen, president and CEO of Cohesity, "This deal combines Cohesity's speed and innovation with Veritas' global presence and installed base. We will lead the next era of AI-powered data security and management by bringing together

the best of both product portfolios.”¹ This report explores the background of each company, the logic behind the combination, and the likely path forward for the combined organization in a highly competitive market.

COHESITY BACKGROUND

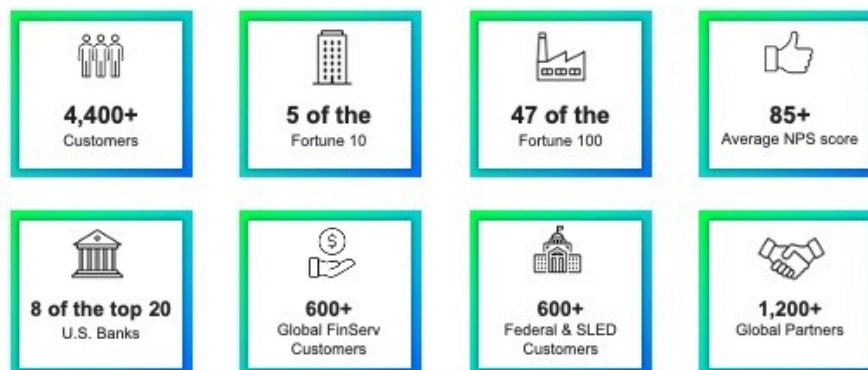
Cohesity was founded in June 2013 by computer scientist Mohit Aron to address the problem of data fragmentation and simplify data management. The result was a single platform that allowed organizations to secure, manage, and gain insights into their data—while modernizing both data backups and data protection. Today, the company is headquartered in San Jose, California, with primary offices in Costa Rica, India, and Ireland. Cohesity’s platform also features AI- and machine learning-based features to help ensure that data is protected, resilient, and managed across various environments.

Significant funding rounds have driven Cohesity's growth. After a couple of years in stealth mode focused on developing its core technology and products, the company introduced the Cohesity platform, known today as the Cohesity Data Cloud, and launched commercial operations in June 2015. Cohesity has since raised substantial venture capital, including a \$250 million Series D round in 2018 and a recent round to fund the Veritas business combination. The company has also partnered strategically with firms such as IBM, Intel, NVIDIA, and Microsoft; a number of other major tech companies, including Cisco, HPE, AWS, and Google Cloud, have made direct investments in the company. Cohesity also formed [the Data Security Alliance](#), which brings together leading cybersecurity and data management companies to create a unified approach to combating cyberthreats.

In February 2024, Cohesity announced its proposed combination with Veritas’ enterprise data protection business. Besides allowing Cohesity to secure hundreds of exabytes of customer data, the planned combination will strengthen Cohesity’s position outside the U.S., leveraging Veritas’ established worldwide footprint to accelerate Cohesity’s global expansion efforts. Cohesity also intends to go public at some point after the combination has been completed—following its competitor Rubrik’s public offering in April 2024—highlighting the dynamic and competitive nature of the industry.

¹ Cohesity, “Cohesity and Veritas’ Data Protection Business to Combine, Forming a New Leader in AI-Powered Data Security and Management,” February 8, 2024

COHESITY



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Cohesity's platform currently serves more than 4,400 customers, including five of the Fortune 10, eight of the top 20 U.S. banks, and 47 of the Fortune 100 companies.

VERITAS BACKGROUND

Veritas Technologies, established in 1989, is a prominent player in secure multi-cloud data management. In the decades after it was founded, Veritas became known for its enterprise-grade data solutions, such as the first commercial journaling file system (VxFS) and enterprise backup software (NetBackup). Over the years, Veritas has formed strategic alliances with companies including AT&T, Hewlett-Packard, Cisco, Microsoft, AWS, and NVIDIA.

Today, more than 80,000 customers, including 91 of the Fortune 100 companies, use Veritas to help ensure the protection, recoverability, and compliance of their data. Its broad suite of data protection solutions for cloud, on-prem, and hybrid environments is managed through its platform, Veritas Alta. Besides cloud-native data protection, this platform provides AI-powered automation, flexible recovery options, and multi-layered security, with high availability for critical applications. Through this approach, Veritas aims to deliver reliability at scale, including resilience against cyberattacks, while reducing operational overhead and delivering greater value.

The company's NetBackup software has a strong track record of providing backup and recovery functions for many different types of organizations. Veritas' compatibility with 800-plus data sources, 1,400-plus storage targets, and more than 100 operating systems² helps it integrate into diverse IT environments. The company also incorporates AI and machine learning to augment a wide range of tasks, including threat detection and response.

CREATING A POWERHOUSE IN THE GLOBAL DATA SECURITY INDUSTRY

The Cohesity-Veritas combination comes in the context of sustained expansion for the companies' market as a whole. Growing data volumes, rising cybersecurity concerns, the widespread adoption of SaaS applications and other cloud services, and regulatory compliance mandates are all vital factors in the evolution and extension of the data protection and management industry. Not all parts of the industry are growing equally quickly. Large enterprises, where Cohesity and Veritas both have a significant amount of their customer base, account for most data protection solutions, with the cloud-based deployment segment leading the market. The market is projected to grow from \$126 billion in 2023 to \$763 billion by 2036, with a CAGR of 16.1%.³

This increase is driven especially by the vastly expanded volume of data generated in industries such as banking, insurance, retail, IT, telecommunications, manufacturing, and healthcare, all of which have strong needs for effective data management and protection systems. Given these pressures and the high costs associated with retrieving data, the risks of losing sensitive information, and the time required to recover data, it is clear why the data protection and management industry is experiencing such explosive growth.⁴

COHESITY PRODUCTS AND SERVICES

Global enterprises often struggle with data scattered across various locations and formats, making management and access difficult. The range and diversity of data sources and the applications that use the data increase operational complexity as well as attack surface for enterprises. Cohesity's answer to the challenges of data protection, security, and management begins with the Cohesity Data Cloud. This

² Ibid.

³ Research Nester, "Data Protection Global Market Size, Forecast, and Trend Highlights Over 2024–2026," May 22, 2024

⁴ Samuel Okoruwa, "25 Ransomware Statistics, Facts & Trends in 2024," Cloudwards, June 20, 2024

offering provides data security and management services, including backup, disaster recovery, cyber vaulting, and data classification, across multiple cloud environments, all managed through a single interface. With its Cohesity Data Cloud, Cohesity seeks to ensure data protection, security, mobility, access, and analytics insights while enforcing zero-trust principles, including encryption, immutability, role-based access control, and multi-factor authentication. The scalable platform leverages AI and machine learning to enhance operations and defend against ransomware.

The Cohesity Data Cloud is built around six products meant to deliver effective data protection and efficient data handling across diverse enterprise IT environments.

1. **Cohesity DataProtect** — Backup and recovery solution designed to help enterprises restore critical data and applications after a system failure, minimizing downtime and data loss.
2. **Cohesity DataHawk** — Ransomware protection and recovery solution to detect and respond to emerging ransomware threats and classify sensitive data to fulfill governance and compliance requirements.
3. **Cohesity Gaia** — First-to-market AI-powered conversational search assistant for unstructured data. A global manufacturer might use Gaia to analyze years' worth of product design data and customer feedback scattered across documents, e-mails, and files to accelerate product development.
4. **Cohesity FortKnox** — Provides ransomware resiliency through SaaS-based cyber vaulting. Data is stored in an immutable form in a vault to ensure that accurate backups can be performed once the threat has been removed from the primary datacenter.
5. **Cohesity SiteContinuity** — Business continuity and disaster recovery solution. A healthcare provider would use this to provide uninterrupted access to patient records during a natural disaster by automatically failing to a secondary site.
6. **Cohesity SmartFiles** — Optimizes unstructured data management. A media company could use SmartFiles to store and manage large volumes of video files across multiple locations and cloud environments. Additionally, SmartFiles supports governance and compliance by providing tools for data classification, retention policies, and audit trails.

Cohesity's other offerings include Cloud Services and a Marketplace. Cloud Services delivers SaaS-based data protection and security services such as backup, cyber vaulting, threat detection, data classification, and disaster recovery on a multi-cloud platform managed through the Cohesity Helios control plane. The Cohesity Marketplace allows customers to implement tailored applications and technical integrations with a large security ecosystem to enhance cyber resilience.

Cohesity also collaborates with partners in the Data Security Alliance to help customers reduce cyber recovery risks, improve security operations efficiency, and maximize existing IT and security investments. Integration use cases include prioritizing protection and compliance for sensitive data by combining the capabilities of Cohesity and data security posture management (DSPM) solutions, and accelerating response and recovery by automatically protecting data based on threats detected by Cisco XDR.

COMPLIANCE AND GOVERNANCE FEATURES

The challenges of data management and protection are even more complex for companies operating under stringent compliance rules, whether specific to an industry such as financial services or simply because they do business in jurisdictions such as the EU where strict data regulations are in effect. Cohesity says that its data protection platform supports complex compliance regulations, including GDPR, CCPA, PCI, and HIPAA, by identifying sensitive data and providing detailed forensics. Automated data classification and policy-based automation features should also reduce manual effort in data governance.

The platform supports data governance practices with anomaly detection and analytics for data usage and security. The company says that, among other capabilities, its conversational AI can assist compliance officers in analyzing large datasets. The Cohesity Data Cloud also provides continuous audit logs and detailed reporting to support compliance tracking.

EXPECTED BENEFITS OF THE COHESITY-VERITAS COMBINATION FOR CUSTOMERS

Given the product scope and market presence of the two companies individually, the combination of Cohesity and Veritas' data protection business has the potential to create a leader in data security and management. From a product perspective, this combination leverages Cohesity's approach to innovation, built around what the company calls the 5 S's:

1. **Speed** — The merged entity will seek to leverage Cohesity’s scale-out architecture, which the company says makes it 5x to 10x faster than most of its competitors for cyber recovery.⁵
2. **Security** — Integrating Cohesity’s security offerings with Veritas’ solutions should strengthen cyber resilience capabilities, addressing ransomware and other attack vectors.
3. **Simplicity** — Once integration between the two companies’ product lines is complete, Cohesity says customers will benefit from an easy-to-use interface that simplifies data management across diverse environments.
4. **Scale** — With a combined customer base of over 13,000 organizations, including nearly 70% of the Global 500, the new company will have highly competitive scale and global reach, which should translate to advantages for cost efficiency and operational savings.⁶
5. **Smarts** — The combination brings together Cohesity’s AI-enabled data platform with Veritas’ cloud-native offerings, opening the door to new possibilities for product development.

The companies intend to enhance ransomware response by combining Veritas’ NetBackup with Cohesity’s AI- and machine learning-based detection and zero-trust principles. The planned roadmap will leverage Veritas’ cloud technology, with the Helios platform offering a unified data management experience to simplify data migration and management across cloud, on-site, or hybrid environments.

Customers should also benefit from a more balanced global organization with a better support network throughout the world, better handling of both modern and legacy workloads, and easier data migrations when customers are ready to modernize their enterprise IT systems.

John Davidson, vice president for Americas sales at Cohesity, explained the geographic aspect of the combination by saying, “Cohesity has been successful in domestic [U.S.] markets, while Veritas has a strong global presence. With Veritas, Cohesity aims for a 50% domestic and 50% international mix of business.” This kind of geographic footprint should have a direct impact on customer support as well. “Leveraging Veritas’ global

⁵ Cohesity, “Why Cohesity—The 5 S’s,” <https://www.youtube.com/watch?v=soqD1PS20iA>

⁶ Kyle Alspach, “Cohesity to Acquire Veritas unit, Forming \$7B Data Security And Management Giant,” CRN, February 8, 2024

infrastructure, engineers, and regional support, Cohesity plans to improve products, expand support models, and increase geographic reach for deployment and migration,” Davidson said. In particular, Cohesity plans to enhance global support through Veritas’ regional service centers to overcome time zone and language barriers. Overall, Davidson added, “The goal is to become a more mature software company.”

With the Veritas combination, Cohesity is also acquiring the means to support legacy systems. As Davidson explained, “With Veritas, Cohesity gains the ability to support legacy workloads. Veritas, which supports older data protection models, can now extend its capabilities to Cohesity. This partnership enables Cohesity to support both modern and legacy data protection models.”

Besides enabling the combined company to better serve customers using legacy systems, this ought to give Cohesity the capability to transfer data to modern solutions more efficiently, potentially resulting in cheaper, faster, and more customer-friendly transfers with reduced downtime. Beyond that, the data consolidation made possible through these efforts should streamline data management for customers.

“The business combination highlights the technological differences between the two companies and shows how customers will benefit from combined technologies,” said Srinivasan Murari, chief development officer of Cohesity. “Integrating these technologies allows us now to offer more products and services, resulting in improved efficiency, innovation, and customer satisfaction.”

Cohesity has gone out of its way to emphasize that “No customer will be left behind” by the business combination. The intention is for the combined company to continue to invest in and advance the roadmap and strategy of all Cohesity products and services, as well as Veritas NetBackup, NetBackup appliances, and Alta data protection offerings, while working towards the delivery of an integrated solution combining the best technology across the two companies. They have even gone so far as to publish a [manifesto](#) about it. Once combined, the company has committed to supporting all product lines from both organizations for many years.

THE PATH FORWARD: COHESITY’S PLAN FOR INNOVATION

Cohesity’s approach to innovation centers on simplicity at scale and generative AI. On the unified data management front, the company already consolidates data across various environments to manage and secure in its Data Cloud. The ongoing integration of AI and machine learning functionality into a platform that unites data management

and data security should provide a cohesive approach that reduces complexity and improves operational efficiency for customers.

The Gaia AI assistant is a significant recent innovation for Cohesity that aims to simplify data interaction and management through conversational searches. Gaia allows users to perform natural-language searches on backup data, making data access easier and more intuitive by eliminating the need to formulate complex queries. It integrates generative AI with enterprise data to provide context-aware responses, which should improve data retrieval and analysis. Drawing on leading LLMs, Gaia uses RAG to further enhance data quality and relevance. This enables Gaia to process and categorize large volumes of data and provide insights specific to enterprise needs.

Eric Brown, CFO of Cohesity, discussed a specific practical customer innovation that he expects to arise from the combination: “The development of an AI-enabled file translation facility will now make Veritas backup files accessible through Cohesity’s Gaia AI platform,” he said. “This will leverage AI technologies to unlock hundreds of exabytes of Veritas’ backup data, transforming it into a valuable asset.” In this scenario, users will be able to extract insights from previously static and underutilized backup data.

STRATEGIC ALLIANCES AND PARTNERSHIPS

Within the data management and security sector, vendors are integrating solutions to cover the entire data lifecycle and infrastructure stack while incorporating AI and machine learning to enhance threat detection, automate processes, and provide deeper insights. Efforts are also underway to improve capabilities across multi-cloud and hybrid environments. DSPM is gaining importance, and there is an increased emphasis on ensuring rapid recovery and business continuity during cyberattacks or outages.

Like many other IT vendors, Cohesity seeks to enhance its offerings via partnerships. This includes forming alliances with data security vendors, partnering with DSPM providers, and leveraging major LLMs such as Azure OpenAI, Google Vertex, and AWS Bedrock. Cohesity’s [ecosystem of partners](#) includes major technology companies such as NVIDIA, IBM, Intel, Microsoft, Hewlett Packard Enterprise, Cisco, Amazon, Google, and Qualcomm. All of these partnerships focus on collaborative efforts to improve offerings for customers, but some of them go further. As mentioned earlier, several big tech players have invested in Cohesity, besides working closely with the company to build product integrations that enhance its technology portfolio.

By partnering with global leaders, Cohesity can also provide superior products more quickly. For example, Cohesity’s partnership with Microsoft enables a cloud-based security information and event management system (SIEM) offered through Microsoft Azure, which helps monitor and detect cloud data changes to counteract attacks preemptively. This capability, which would have taken years to develop independently, was delivered rapidly through the partnership.

COMPETITIVE INDUSTRY LANDSCAPE AND CHALLENGES

The data protection landscape in 2024 features a mix of established players and emerging forces; the Cohesity-Veritas combination is large enough that it could reshape the competitive field. Cohesity faces stiff competition from Rubrik, which—like Cohesity—has been gaining overall market share with its zero-trust-based Rubrik Security Cloud platform. Rubrik launched its IPO in April 2024, raising about \$750 million and valuing the company at \$5.6 billion.⁷ Despite reporting a net loss of \$354 million in the latest fiscal year, Rubrik’s focus on subscription-based cloud cybersecurity solutions has helped it stand out. In 2023, Rubrik also acquired Laminar, a DSPM specialist, to enhance its cyber recovery and posture management offerings.

Commvault, known for its unified data protection and management approach, has a market capitalization of around \$5.4 billion.⁸ Commvault continues to expand; it recently [acquired Appranix](#), a cloud cyber resilience company. This acquisition aims to help enterprises recover quickly after outages or cyberattacks by automating the rebuild process for cloud applications and infrastructure with Appranix’s patented “cloud time machine” technology.

Other competitors include Acronis, which specializes in protection across diverse IT environments. Veeam Software remains a strong contender, focusing on fast and reliable data protection. Dell Technologies, through its Dell EMC division—a superheavyweight in the storage market—offers integrated management and protection capabilities for its storage deployments. IBM leverages its AI and cloud expertise in the data protection arena as well. Druva has carved out a niche with its cloud-native solutions. Carbonite (now part of OpenText) and Barracuda Networks round out the top tier with specialized data backup, recovery, and security offerings.

These companies navigate a complex landscape of rapid technological advancements, escalating cyberthreats, and evolving regulatory requirements. All players must also

⁷ Cnbc.com, “Rubrik prices IPO at \$32 per share, above the expected range,” April 2024

⁸ Stockanalysis.com, “Commvault Systems Market Cap,” July 22, 2024

contend with supporting diverse IT infrastructures, including on-premises, cloud, and hybrid environments. The Cohesity-Veritas combination, while creating one of the largest data protection vendors in the industry, will inevitably face the management challenges around product rationalization, debt management, maintaining innovation, and so on that always come when integrating two large business organizations.

As organizations grapple with the important issues and rapid growth of this market, competition among top providers will likely intensify, spurring innovation and pushing the boundaries of data protection capabilities while also putting significant pressure on all players to perform in terms of market strategy, product development, and business execution.

FUTURE GROWTH AND DEVELOPMENT

Through their combination, Cohesity and Veritas intend to offer customers comprehensive solutions tailored to evolving data protection and management needs. Augmented by Veritas' enterprise data protection business, the expanded Cohesity has a growth trajectory that is structured into three phases. In the short term, the focus is on consolidating data and enhancing customer service by integrating Veritas' legacy systems with Cohesity's platform to streamline operations and ensure fast, accessible customer support during the transition.

In the medium term, Cohesity plans to implement its AI assistant, Gaia, into the combined platform for improved automation and efficiency. Additionally, Cohesity plans to go public once the combined company stabilizes; if successful, an IPO could give the company even more resources to invest.

When the business combination is complete, Cohesity believes it will be the largest data protection company worldwide, with strong performance in both revenue growth and profitability. It intends to continue to improve its products and services while immediately leveraging its global network of data and support centers to provide customers with effective real-time assistance.

WHAT MODERN DATA MANAGEMENT AND SECURITY SOLUTIONS MUST PROVIDE

Organizations are generating massive amounts of data, and that data tends to proliferate in many different formats across hybrid IT environments. At the same time, they face heightened regulatory scrutiny around data privacy. Meanwhile, the

complexity of modern IT deployments has increased the attack surface that these organizations must defend. Every one of these trends seems certain to keep growing, which implies that the need for sophisticated data management and protection systems will only increase.

To address these challenges, each organization effectively has no choice but to implement an effective and comprehensive data security and management strategy, beginning with a thorough understanding of its own technology stack and the purpose of each implemented solution at every location (and in the cloud). One of the most important aspects of that strategy is the selection of one or more vendors that can help the organization handle the creation, management, and protection of enterprise data within the technology stack. Given the complexity of the challenge, it makes sense to gravitate toward vendors that leverage AI-based techniques to cope with the rapid evolution of today's enterprise IT environments, and that work to simplify data management by offering more comprehensive and user-friendly solutions.

In this context, Moor Insights & Strategy believes that Cohesity's strong industry partnerships, track record of innovation, and apparent commitment to customer success, along with the particular advantages brought onboard by Veritas, position the combined company to meet the needs of a wide range of customer organizations across different industries, and prepare Cohesity itself for sustained growth in the data management and security industry.

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