

EVENT FLASH

TeraCloud Acquires Estorian — Provider of Email Archiving and eDiscovery

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IN THIS EVENT FLASH

This event flash provides an overview and analysis of TeraCloud's acquisition of Estorian as well as a future outlook for the newly formed company.

SITUATION OVERVIEW

On January 8th, 2008, TeraCloud completed the acquisition of Estorian. TeraCloud is a storage management software company focused on helping organizations better manage their storage resources. It is unique in offering its products on a subscription pricing model. Estorian provides email archiving and ediscovery using its unique ability to capture email messages without turning on journaling. On February 12th, TeraCloud announced it has changed its name to Estorian.

It might be unclear at first why these two companies should merge. One focuses on storage management, the other on email archiving. To understand the value of this merger, it is necessary to step back and review what is the real value of each company.

It is no mystery that the amount of data under management is creating new challenges for storage administrators. Though the cost of disk drives keeps falling, the total cost of ownership is not. The growth of data and the supporting infrastructure is more complex, resulting in the need for more management resources to ensure availability, scalability, and efficiency. Storage management software delivers visibility into these complex environments enabling storage managers to map, track, and forecast storage resources by application, business unit, or performance characteristic.

But in today's information age, understanding how your storage resources are being used might not be enough. It is also necessary to understand what value does the data in the environment represent. Knowing what information exists and how it is represented by data types we see through storage management, can help organization better plan and execute their business application, business continuity, and disaster recovery strategies. This is where Estorian's technology, indexing and discovery, complete the circle. Using Estorian's technology, organizations can learn what information actually exists and apply business knowledge to establish information lifecycle policies. The indexing makes it simple to track information across the environment while the archiving engine enables the migration of information as is prescribed by policies and requirements.

Together, TeraCloud and Estorian are well positioned to deliver a complete information management solution that addresses the need for information management and translates requirements into policies for storage resource management. An end to end solution that can serve as a platform for building out further addressable opportunities.

FUTURE OUTLOOK

The future outlook is bright for the new company, Estorian, but it is not without its challenges. Whenever the name of a company or product is changed there is some loss of brand equity. Estorian faces the challenge of establishing itself as a storage management as well as an email archiving and ediscovery solution provider. Both markets are full of products that attempt to differentiate through messaging, partnerships, and technology. Getting airtime will be challenging.

Leveraging Estorian's technology to provide information intelligence within the storage management framework is a differentiated offering. It will be an important task to ensure timely and comprehensive integration of the two technologies.

The storage management software market continues to grow year over year though at a decreasing rate. The impending decline in economic growth in the United States has the potential to really slow down the growth of this market, since it is often viewed as a non-critical infrastructure piece. The combined technologies of TeraCloud and Estorian have the potential to become critical infrastructure pieces because the solution will be managing not just storage resources but business information assets.

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