

REPORT REPRINT

Entrust snags assets from CensorNet to build out its 'continuous authentication' vision

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Identity management vendor Entrust Datacard has inked its second acquisition less than a year, picking up the SMS PASSCODE adaptive authentication assets from UK-based cloud access security broker (CASB) CensorNet. As part of the transaction, Entrust will also make a strategic investment in CensorNet's Unified Security Service (USS) platform. The goal of the investment is to improve Entrust's pattern analysis and continuous authentication capabilities to help provide real-time threat awareness. The IntelliTrust cloud authentication service will replace SMS PASSCODE in the USS platform.

THE 451 TAKE

On the surface, this deal appears to be a reasonable one for both parties. Integration with the CensorNet USS platform should help Entrust Datacard move closer to true 'continuous authentication' with more risk-based and contextual indicators that could also help with session monitoring and fraud-detection use cases. The acquirer also gains access to a base of over 3,500 customers across the Nordic regions of EMEA and Benelux that should complement its strengths elsewhere in EMEA such as the UK, Africa and the Middle East. The investment in CensorNet also provides Entrust with what is essentially a call option on the CASB market should further convergence between the authentication, access control and CASB sectors play out. The IntelliTrust offering also features a cloud-based multi-factor authentication (MFA) platform that the target was lacking and should help expand potential use cases for the SMS PASSCODE technology.

DEAL DETAILS

Terms of the transaction were not disclosed. When we last wrote about CensorNet, the SMS PASSCODE business had roughly 50 employees.

TARGET PROFILE

CensorNet was founded in 2007 and is headquartered in London. CEO Ed Macnair joined the company after a management buyout in 2014. Prior to CensorNet, Macnair founded and served as CEO of identity-as-a-service (IDaaS) vendor SaaSID, which was acquired by hosting provider Intermedia in 2013. Before founding SaaSID, Macnair served as CEO of Marshal following a management buyout of NetIQ's email management, web security and firewall assets in 2005.

CensorNet bought SMS PASSCODE in 2016. SMS PASSCODE offers a mobile-based adaptive authentication platform that can also do voice callbacks, encrypted email and hard and soft tokens on mobile phones in addition to SMS-based authentication. The platform was traditionally deployed on-premises, but has been gradually evolving into a cloud-based architecture.

Rather than providing binary yes/no decisions, SMS PASSCODE's risk-based authentication allows for highly granular access controls to the specific features of SaaS apps by user, role, device, current network or location. For example, a user can be granted 'view only' access to an application that includes sensitive data when they are using a tablet in an airport, but can download or print the same information when at their desktop and connected to the corporate network.

ACQUIRER PROFILE

Entrust Datacard is one of the elder statesmen of information security specialists, with a history dating back to the mid-1990s as one of the pioneers of public key infrastructure (PKI) for encryption and authentication. The company was founded in 1994 as a business unit of Nortel, and went public in 1998. It has consummated several acquisitions, including security systems integrator Orion Security Solutions for \$8m in 2006, fraud-detection software provider Business Signatures for \$50m in 2006, Brazil-based payment cards distributor AME Electronica for an undisclosed amount in 2014, and Trend Micro's SSL certificate management software for an undisclosed amount in 2016. Most recently, Entrust bought UK-based managed PKI vendor Trustis for an undisclosed amount last year.

Thoma Bravo took the company private in 2009 as part of a \$124m transaction, and subsequently sold it to the Datacard Group for an estimated \$500m in 2013, representing a multiple just north of 4x. In late 2014, the companies merged the two brands to form Entrust Datacard.

Datacard controls about 90% of the market for manufacturing card issuance systems – think credit cards, ID cards, smart cards, loyalty cards and even passports. The company also has a strong presence in the PKI and SSL certificate sectors, as well as MFA. The combined entity is headquartered in Minneapolis, has over 2,200 employees, claims customers in more than 150 countries, and generates revenue that 451 Research estimates to be \$650m-700m.

COMPETITION

Thanks to fairly low barriers to entry, authentication is one of the most highly competitive and fragmented segments of a generally fragmented information security market – 451 Research estimates that there are potentially as many as 300 vendors with some form of authenticator. However, the market has historically been dominated by a handful of very large players, including EMC/RSA Security and its veritable SecurID tokens, as well as Gemalto/SafeNet, which shares a similar vision with Entrust Datacard in terms of combining both physical (ID cards, smart cards, etc.) and logical authentication and access controls. Symantec is also a notable contender in authentication while VASCO Data Security is another surviving MFA specialist from the 1990s, with a large focus on the financial services space, particularly in EMEA.

Other authentication providers of note include, but are not limited to, Duo Security, Google, Microsoft, SecureAuth + Core Security and Yubico. Many IDaaS vendors with SSO capabilities, such as Centrify, Okta, OneLogin, Ping Identity and SecureAuth, also have their own two-factor authentication offerings. Vendors with a specific focus on adaptive authentication include EMC/RSA Security, SecureAuth + Core Security, CA Technologies, Gemalto/SafeNet, Silverfort and Callsign.

ACQUIRER

Entrust Datacard

DEAL VALUE

Undisclosed

TARGET

CensorNet (multi-factor authentication assets)

DATE ANNOUNCED

July 31, 2018

SUBSECTOR

Security / Identity management

CLOSING DATE

Undisclosed