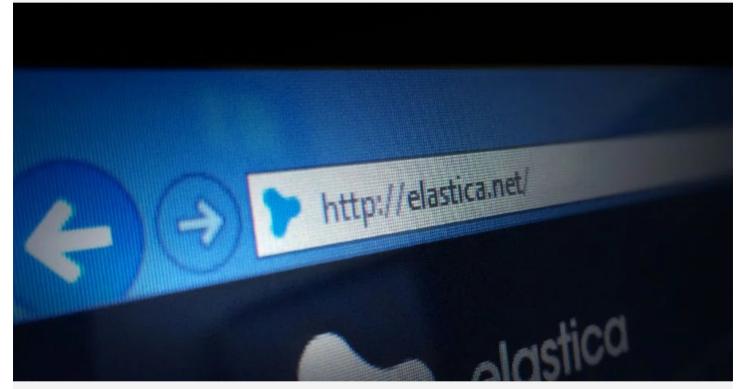SECURITY (HTTP://VENTUREBEAT.COM/CATEGORY/SECURITY/)   Exclusive

Blue Coat acquires cloud security startup Elastica for $280M (Updated)

JORDAN NOVET (HTTP://VENTUREBEAT.COM/AUTHOR/JORDAN-NOVET/)   NOVEMBER 7, 2015 3:36 PM

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Above: The Elastica website.
Image Credit: Elastica

Update at 9:06 a.m. Pacific on Monday, November 7: Blue Coat has just announced the acquisition. The company paid $280 million for Elastica, not more than $300 million, according to a statement (https://www.bluecoat.com/company/press-releases/blue-coat-acquires-elastica).

Blue Coat Systems, a security vendor owned by Bain Capital, is acquiring Elastica (https://www.elastica.net/), a startup that detects potentially dangerous use of cloud applications.

Blue Coat is paying more than $300 million for the startup and plans to announce the news as soon as Monday, a source familiar with the matter told VentureBeat.

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Blue Coat sells hardware that gives companies and government agencies visibility into encrypted web traffic flowing through their data centers. The equipment can prevent unwanted use of apps, like uploading pictures to Facebook or including attachments in emails. Similarly, Elastica reveals all the cloud services that a company's employees are using, and allows admins to enforce security policies across those services.

Blue Coat, established in 1996 under the name CacheFlow, traded on the NASDAQ until 2011, when it was acquired by private equity company Thoma Bravo (https://thomabravo.com/2012/02/15/thoma-bravo-completes-acquisition-of-blue-coat-systems/) for $1.3 billion. Bain Capital bought it from Thoma Bravo (https://www.bluecoat.com/company/press-releases/blue-coat-be-acquired-bain-capital) for $2.4 billion in March, with the goal of eventually bringing Blue Coat back to public markets.

Blue Coat has made a handful of acquisitions since going private, including malware analysis company Norman Shark (https://www.bluecoat.com/company/press-releases/blue-coat-acquires-norman-shark), data mining company Solera Networks (https://www.bluecoat.com/company/press-releases/blue-coat-acquire-solera-networks), and most recently, cloud access security broker Perspecsys (https://www.bluecoat.com/company/press-releases/blue-coat-acquires-perspecsys-effectively-make-public-cloud-applications). Elastica is another cloud access security broker that Blue Coat now owns.

Elastica started in 2012 and was based in San Jose, California. The startup launched in February 2014 (http://venturebeat.com/2014/02/18/elastica-launches-with-6-3m-to-spot-security-holes-in-all-your-cloud-software/) and announced a $30 million round (https://www.elastica.net/2015/03/elastica-closes-30-million-series-b-funding-round/) in March. Investors include Mayfield Fund, Pelion Venture Partners, and Third Point Ventures. Back in March, Elastica had more than 130 employees and 275 enterprise customers.

Elastica's competitors include Bitglass, Netskope (http://venturebeat.com/2014/05/15/netskope-a-patroller-of-your-employees-cloud-app-usage-takes-35m/), and Skyhigh Networks (http://venturebeat.com/2014/06/23/sequoia-greylock-bet-40m-on-cloud-security-startup-skyhigh-networks/). Another competitor, Adallom, was acquired by Microsoft for $320 million (http://venturebeat.com/2015/07/20/microsoft-has-agreed-to-buy-cloud-security-startup-adallom-for-320m-source-says/).

More information:

Blue Coat Systems   Elastica

Blue Coat empowers enterprises to safely and securely choose the best applications, services, devices, data sources, and content the world has to offer, so they can create, communicate, collaborate, innovate, execute, compete and win i... read more » (http://www.vbprofiles.com/companies/3e122f809e597c10000087e0)

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Thanks Chaks Chigurupati i know about SSL certificates, just funny that the screenshot does not show the redirected URL with https.. given the fact that it's a security company... Nothing mean, just a funny remark :) Congrats and good luck!

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Congrats Chaks & Bharat !

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Weird, no SSL on the image lol

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Elastica is an amazing product. Congrats to Rehan and team.

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