VMware Buys Datacentre Start-up

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VMware acquires software-defined networking (SDN) and network virtualisation specialist Nicira for $1.3 billion, bringing news of big purchases of young start-ups to the datacentre segment.

Nicira is a 5-year old company with only one finished product to its name-- the Nicira Network Virtualisation Platform (NVP), a software solution allowing customers to create "thousands" of virtual networks (complete with virtual switching to virtualised layer 3-7 services) on top of existing physical networks.

NVP users include AT&T, DreamHost, eBay, NTT and Rackspace.

Speaking on the high price paid for such a company, VMware CE Paul Martitz says the purchase is of "utmost strategic importance" and remarks "being an early leader in these emerging spaces is incredibly important." Will the early cloud computing bird catch the profit worm?

Go VMware to Acquire Nicira