

Intel Buys McAfee

Written by Bob Snyder
20 August 2010

What's a hardware company going to do in a cloud world? *Catching most industry observers unaware, Intel will purchase of all of McAfee's common stock for \$48 per share in cash, a \$7.68 billion deal.*

McAfee, which has enjoyed double-digit, year-over-year growth and nearly 80% gross margins last year, will be run as a wholly-owned subsidiary, reporting into Intel's Software and Services Group.



This acquisition, says Intel, "enables a combination of security software and hardware from one company to ultimately better protect consumers, corporations and governments as billions of devices - and the server and cloud networks that manage them - go online."

But it will also raise concerns about the power Intel will wield if it promotes McAfee with its OEM sales. Think of Microsoft-with-Internet-Explorer as a type of unfair bundle that governments will be looking for.

Security companies, competitors to McAfee, are probably shaking at the possibilities of Intel's concept of hardware-enhanced security. Unlike many acquisitions that trigger related acquisitions, it leaves them with few options...AMD? ARM? Very unlikely...

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Intel states: "The acquisition reflects that security is now a fundamental component of online computing. Today's security approach does not fully address the billions of new Internet-ready devices connecting, including mobile and wireless devices, TVs, cars, medical devices and ATM machines as well as the accompanying surge in cyber threats. Providing protection to a diverse online world requires a fundamentally new approach involving software, hardware and services." Meanwhile the company has elevated security to be on par with its strategic focus areas in energy-efficient performance and Internet connectivity.

Intel's Software and Services Group is managed by **Renée James**, Intel senior vice president, and general manager of the group.

"Hardware-enhanced security will lead to breakthroughs in effectively countering the increasingly sophisticated threats of today and tomorrow," says James. "This acquisition is consistent with our software and services strategy to deliver an outstanding computing experience in fast-growing business areas, especially around the move to wireless mobility."

"McAfee is the next step in this strategy, and the right security partner for us," she adds. "Our current work together has impressive prospects, and **we look forward to introducing a product from our strategic partnership next year**

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The above comment regarding a product introduction implies the two were already working on a project and that project may indeed have kicked off the acquisition discussions.

McAfee, based in Santa Clara and founded in 1987, is the world's largest dedicated security technology company with approximately \$2 billion in revenue in 2009. With its approximately 6100 employees, **McAfee will join Intel's workforce to jointly explore future product concepts to further strengthen security in the cloud network and myriad of computers and devices** people use in their everyday lives.

[Watch the video, see the release](#)