

FireEye takes on Cisco, Palo Alto with new cyber product

By [Jim Finkle](#) Mon Feb 10, 2014 5:37pm EST

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(Reuters) - Cybersecurity firm FireEye Inc plans to take on [Cisco Systems Inc](#) and Palo Alto Networks Inc in selling intrusion prevention systems, which help companies detect cyber threats that breach their firewalls.

FireEye said on Monday it wants to start selling the new products by the middle of this year, adding to its existing technology that helps protect [computers](#) from infection by tainted messages and malicious websites.

The intrusion prevention systems (IPS) market totaled nearly \$1.9 billion in 2012, according to market research firm IDC. That is nearly 10 times the size of the market for specialized threat analysis and protection technology, for which FireEye is best known.

"They are really working to broaden their addressable market," said John Grady, an analyst with IDC who was briefed by FireEye on the new IPS technology.

Besides Cisco and Palo Alto Networks, other players in the IPS market include [Intel Corp](#) and Trend Micro Inc, according to Grady.

FireEye has been aggressively expanding since it went public last year in one of the hottest U.S. stock market debuts. Its shares have nearly quadrupled since September 2013 and jumped 8.65 percent to close at \$78.85 on Monday on the [Nasdaq](#).

In December, FireEye purchased cyber forensics and security [software](#) firm Mandiant Corp for about \$1 billion. The company is best known for uncovering a Chinese military unit believed to be behind a series of hacking attacks on U.S. companies.

Entering the IPS market is part of FireEye Chief Executive Dave DeWalt's strategy of developing a technology platform that customers can use to run a variety of products to protect their networks from cyber attacks.

When he was named CEO in November 2012, FireEye's technology was well regarded by industry analysts, but many described it as a provider of a niche product that companies needed to bolt on to [software](#) and equipment from bigger security firms.

Adding new product lines could help the company achieve profitability. FireEye has reported large losses over the past year as DeWalt spent heavily to build a global sales force to market its products.

"They continue to add more notches on their product belt," said FBR analyst Daniel Ives. "Combined with Mandiant, they're front and center to really be one of the main consolidators in terms of overall (security) spending, to gain more of a share of the overall budgets."

FireEye posted an operating loss of \$111 million in the first nine months of last year, though revenue more than doubled from a year earlier to \$104 million.

In addition to the IPS product, FireEye also plans to unveil [tools](#) to analyze security events and describe how it has incorporated Mandiant's threat detection software into its platform, according to a company spokesman.

When asked if other acquisitions are in the works, DeWalt said by email that the company would "be opportunistic with future acquisitions as the need arises."

(Additional reporting by [Noel Randewich](#) in San Francisco; Editing by [Tiffany Wu](#) and [Grant McCool](#))