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Cisco/Meraki announce cloud computing deal

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Mark Ostrau is acting for Cisco

Cisco Systems has announced plans to acquire cloud networking company Meraki for US$1.2 billion, a deal that will require notification in the US and several smaller jurisdictions.

Regular counsel Fenwick and West will be advising Cisco on the antitrust aspects of the deal, along with Arnold & Porter. Wilson Sonsini Goodrich & Rosati is acting for Meraki.

US-based Cisco designs, manufactures, and sells networking equipment. San Francisco-headquartered Meraki has offices in New York, London and Mexico. It provides wireless technology, security and mobile device management services that are centrally managed from the cloud – which allows companies to access software and data stored on remote servers via the internet, rather than keeping them on their own computers.

Cisco says the acquisition will help it strengthen its position in the IT industry as it "transforms in the mobile-cloud era".

Cisco's in-house US counsel Gil Ohana says he anticipates notifying the deal in the US and a number of smaller jurisdictions, which he could not specify. But Ohana says he does not anticipate much antitrust concern, as the merged company will face strong competitors and have "differentiated products".

Fenwick and West have recently completed work on Cisco's US$5 billion acquisition of video streaming software company NDS, which received antitrust approval in Europe and the US in July. The firm has advised on several other major cloud computing deals, including SuccessFactors in its tie-up with SAP and Demandforce in its acquisition by rival Intuit. Wilson Sonsini has represented Meraki since its inception in 2006.

Bradford Geyer, an antitrust specialist at cloud-based firm GeyerGorey, says the deal is likely to "sail through" antitrust review, as Meraki only controls around 1 per cent of the wireless market, compared to Cisco's market share of around 50 per cent.

"Meraki was probably bound to be acquired by one of the big boys eventually anyway, so, from Cisco's point of view, the acquisition has the benefit of keeping this technology away from competitors, while giving Cisco the basis for a new push into cloud networking," he says.

He says Cisco's competitors are likely to follow by investing in the cloud computing market. "The deal marks the start of a race to develop the wireless market through cloud-based systems," he says. "Cisco has fired the starting gun, while its rivals such as Juniper, Motorola and HP are still putting on their track shoes."

Counsel to Cisco

In-house

Senior Director of Antitrust Gil Ohana in San Jose, California and Director of Antitrust Alvaro Ramos in Brussels

Fenwick and West

Partner Mark Ostrau in Mountain View

Arnold & Porter

Partner Richard Rosen in Washington, DC

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Partner Scott Sher in Washington, DC