

Cisco buying cybersecurity firm Splunk for \$28 billion, bolstering defenses as use of AI widens

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This March 2, 2023 file photo shows Cisco logo in the Mobile World Congress 2023 in Barcelona, Spain. Silicon Valley tech giant Cisco is buying cybersecurity firm Splunk, Thursday, Sept. 21, in a \$28 billion deal as it looks to keep up with potential security threats that could be brought about by the increasing use of artificial intelligence. Credit: AP Photo/Joan Mateu Parra

Cisco is buying the cybersecurity firm Splunk in a \$28 billion deal as it bolsters its defenses against potential security threats that may be heightened by the widening use of artificial intelligence.

The Silicon Valley networking tech giant will pay \$157 per Splunk Inc. share.

"Our combined capabilities will drive the next generation of AI-enabled security and observability," Cisco Chair and CEO Chuck Robbins said in a prepared statement. "From threat detection and response to threat prediction and prevention, we will help make organizations of all sizes more secure and resilient."

Dan Ives of Wedbush sees the transaction as a smart move for Cisco.

"Cisco is focused on the next generation of AI-enabled [security](#) and observability and Splunk's well regarded unique platform makes this the right move at the right time for Cisco in our view and an aggressive strategic play in cybersecurity," he wrote in a note to clients. "For Cisco this is a shot across the bow at Palo Alto, Checkpoint, CrowdStrike, Microsoft, Zscaler and others that the tech stalwart is not sitting idle in this market and now is making an aggressive play to gain [market share](#) in the coming years."

The boards of both companies approved the acquisition, which is expected to close by the end of 2024's third quarter. It still needs approval from Splunk shareholders.

Shares of Cisco Systems Inc. fell nearly 4% in early morning trading on Thursday, while Splunk's stock surged more than 20%.

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