Could Huawei be about to acquire HPE?

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Following the recent OpenStack summit in Barcelona, rumours have been circulating that Chinese firm Huawei is planning to acquire Hewlett Packard Enterprise. More than tradeshow gossip though, the story originally appeared in the respected Paris-based IT trade magazine Le Monde Informatique.

Why would Huawei want HPE?

Despite offering industry leading SSDs and high performance arrays, Huawei has always struggled to sell into the US market. Concerns about security and Chinese state interference means that many enterprises are unwilling to take a risk on Huawei hardware – even if they do provide more power and potential per dollar.

Acquiring HPE would give Huawei a backdoor into the US storage market. As an established player in America, HPE already has a loyal customer base – and Huawei would capture all of them as part of the purchase.

Politics will move from the boardroom to the FTC

Concerns about Chinese government involvement could stop an acquisition however. The Federal Trade Commission is unlikely to allow the acquisition of such a large US asset when there are concerns about Beijing’s influence on the company, its clients and the market in general.

Obviously Huawei will only face this hurdle if the HPE acquisition moves from rumour to reality.

An ironic acquisition

If Huawei really is considering acquiring HPE, it would be something of a minor embarrassment. Back in 2013 Rob Claus, VP of channels for Huawei US, stated that purchasing other companies wasn’t an option.

“Huawei doesn't acquire," he told CRN magazine at the time, "We innovate."

But when it comes to claiming a slice of the ever-shrinking OEM storage market, sometimes backtracking makes good business sense.

One to watch

Obviously this story remains a rumour – for now. It is however a powerful reminder to CTOs that changes in the market could require a change in vendor – or data strategy altogether – if they are unwilling to get into bed with a new OEM.