AI

Entrust is buying AI-based ID verification startup Onfido, sources say for $650M

Ingrid Lunden
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Onfido, an early mover in the world of identity verification using computer vision, machine learning and other AI tools, is getting acquired, company that provides a range of certification and verification services around payment cards, passwords, network and website access, device access and more — is buying the London-based startup, sources say for a figure “well above” $400 million. *Update: Since we published this story, sources close to the deal have confirmed the price is $650 million.*

The deal does not yet have a completion date, as it is still going through regulatory approvals. These are being formally described as “early and exclusive” negotiations right now by the two companies. Once that process is complete, the plan will be to integrate Onfido’s tools into Entrust’s wider technology stack, Entrust CEO and president Todd Wilkinson said in an interview.

“As we bring Onfido together with Entrust, we’re going to have a leadership position pretty much across that identity lifecycle,” he said.

Entrust has been around since the 1990s, and Datacard (which acquired Entrust and rebranded the business under the latter name) has been around since 1969, so it’s notable one of the key things that it’s picking up here is a comprehensive addition of AI-based tools. “[With] tools like Onfido’s Atlas AI, it’s no surprise that AI is a big draw for us, right?” he added.

The price and other financial terms of the deal are not being disclosed, Wilkinson said.

He added that Entrust itself is profitable, and it has been for a number of years, and it currently has “just under $1 billion” in revenue annually with about 10,000 customers, including governments, major banks around the world and large enterprises. It has no shareholders as such and is privately owned by a German family, he said, so it’s never undergone a formal valuation process itself.

Onfido, meanwhile, was founded by Husayn Kassai when he was still a student at Oxford. He was later joined by Eamon Jubbawy and Ruhul Amin as co-founders.

Much of its journey has mirrored other big currents in the world of tech. That started with the last boom in AI in the 2010s (it was founded in 2012) that led to it raising money from investors like TPG, Salesforce, Microsoft and nearly 50 other firms and well-known individuals. Then, at the peak of the COVID-19 pandemic, its star rose higher, as *all* transactions went digital and the need for digital-based identity verification tools became even more of a priority. (Indeed, the last funding it disclosed was $100 million in 2020; PitchBook notes that it had quietly raised more after that, but the value of those raises is not known.)

The denouement of the post-pandemic dip in the economy and return from "the new normal" — changes that have hit many other tech companies — definitely hit Onfido, too. Kassai stepped away from the business a couple of years ago (he is now working on Quench.ai, another AI startup focused on edtech that's backed by Sequoia and others), and we'd been hearing that it was informally looking for a buyer for the last few years.

Now, Entrust's move to acquire Onfido is coming at a key moment in the world of tech.

The relentless pace of new data breaches have put security concerns, and how their identities are being used and abused, at the top of mind for many consumers and businesses; and the wave of regulations aimed at better data protection have also spurred a stronger focus on identity management. Added to this, the rush of cloud-based digital services — now part and parcel of how the world operates — have expanded the attack surface for enterprising, malicious hackers looking for vulnerabilities to exploit; so identity verification, certification, and security providers are scrambling to catch up.

Entrust company already has an extensive array of services and has the tech chops and credibility to work in some of the more sensitive verticals in the market, like government and financial services. However, an AI acquisition gives it another critical step up in providing services that are

It also speaks to the bigger trend we've seen in consolidation of point solutions on larger platforms.

"I think it's a confusing market for a lot of end users, because there's a lot of players in the space," said Wilkinson. "That's been great from a creativity and competitiveness perspective, but it's also difficult from an end user's perspective. What we've seen in the last year-plus is, frankly, for companies like ours that have stable financial platforms, we've had the opportunity to actually thrive."

We've asked Onfido for comment for this story and will update this when we have it. For now, we only have a canned statement from a press release:

"We're excited to be entering into early and exclusive discussions with Entrust to potentially expand access to the most advanced and secure digital identity verification solutions worldwide," said Mike Tuchen, Onfido's CEO, in a statement. "Digital identities are enabling new levels of simplicity and access for people across the globe. The potential of Onfido's powerful AI and machine learning-driven identity verification and Entrust's proven identity security solutions would make a new world of digital trust possible."

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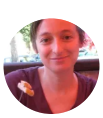

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