

AI/ML

# Blackstone invests \$300M in DDN to boost AI storage business

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Private equity firm Blackstone is investing \$300 million in privately held DDN, valuing the company at \$5 billion and aiming to help develop its AI-related storage business.

According to DDN CEO Alex Bouzari, as referenced in a [Wall Street Journal](#) report, DDN will use the cash “to sharply expand the AI data company’s business-customer base.”

Bouzari stated: “Blackstone’s support accelerates our mission to redefine the enterprise AI infrastructure category and scale at an even faster rate. By fueling our mission to push the boundaries of data intelligence, we can empower organizations worldwide with next-level AI solutions that drive ground-breaking innovation and deliver 10x returns on their investments.”

California-headquartered DDN (DataDirect Networks) was founded in 1998 by CEO Alex Bouzari and president Paul Bloch to provide fast IO unstructured data storage arrays to



Alex Bouzari



and Impact Data, together to form DDN. As enterprises operating in big data analytics, seismic processing, financial services, and life sciences adopted HPC-style IT, DDN

developed its file and object product technology to support them.

It raised \$9.9 million in A-round funding in 2001, but the relationship with investors soured and there was a confrontational exit from the deal in 2002, with Bouzari [saying](#): “The VCs basically exited the company in April 2002. Somehow we managed to make payroll in April. We lost roughly \$3 million in the first half of 2002 and we made roughly \$3 million in the second half of 2002. In 2003, we were profitable and did roughly \$25 million in revenue. By 2005, we earned \$45 million in revenue and broke \$100 million in revenue by 2007. Last year, we hit \$188 million in revenue. Right now we are above a \$200 million run rate.”

Annual revenues passed \$100 million in 2008 and \$200 million in 2011. DDN acquired Intel’s Lustre file system engineering team in 2018. That same year it expanded its general enterprise storage supply capabilities by acquiring the [bankrupt Tintri business](#) for \$60 million in September 2018, [Nexenta for an undisclosed sum](#) in May 2019, and Western Digital’s [IntelliFlash](#) hybrid SSD/HDD storage product division in September 2019.

In 2020, DDN said annual revenues were \$400 million, and it had more than 11,000 customers. Revenues reached \$500 million in 2023, and were estimated to be [\\$750 million](#) at the end of 2024, with DDN saying it’s “highly profitable,” and: “With this groundbreaking deal, DDN is poised for historic growth in 2025 following a record-breaking 400 percent growth in AI revenue in 2024.”

The core DDN business currently produces a line of ExaScaler Lustre parallel file system storage arrays and has developed them into [AI400X2](#) appliances for AI processing

storage, supporting Nvidia's GPUDirect storage protocol. It has a strategic partnership with Nvidia.

DDN made significant progress in the generative AI market in 2023 and 2024, relying on its strong relationship with [Nvidia](#) and securing deals such as providing storage for Elon Musk's [Colossus](#) AI supercomputer.



Paul Bloch

DDN President Paul Bloch said: "This investment enables us to execute our strategy to bring HPC-grade AI solutions to enterprises, transforming industries and delivering measurable outcomes. Our teams are laser-focused on solving real business challenges, from accelerating LLM deployments to enhancing inferencing, so our customers can unlock their data's potential and achieve tangible ROI faster than ever before."

We asked DDN a few questions about this investment:

**B&F: Why is the money needed? Couldn't DDN fund necessary business development itself?**

**DDN:** While we've successfully self-funded for over two decades, this investment allows us to apply what we've learned from working with leading AI hyperscalers and labs to meet the growing needs of Fortune 500 enterprises.

**B&F: Does Blackstone get a seat on DDN's board?**

**DDN:** Yes, Blackstone will take a seat on our board, contributing their experience in helping companies scale effectively.

**B&F: Will the cash be used for engineering, go-to-market expansion, or both or something else? Acquisitions?**

**DDN:** The funds will support applying our proven AI expertise to enterprise customers through enhanced engineering and

go-to-market efforts. We wouldn't rule out acquisitions that align with our growth strategy.

## **B&F: Will it help DDN better compete with VAST Data and Pure Storage?**

**DDN:** This investment broadens our scale and scope, enabling us to compete more effectively across the industry —not just with companies seen as our traditional competition but on a much broader scale.

*B&F* thinks that DDN, together with [VAST Data](#), is one of the pre-eminent storage suppliers for AI training and large-scale inferencing work. DDN is promising a significant [AI-related announcement](#) on February 20 and we think it likely that 2025 could potentially be a billion dollar revenue year for the firm.

Blackstone is a prominent private equity investor with over \$290 billion in assets under management as of 2023. Its other recent AI-related investments include GPU farm CoreWeave, datacenter operators QTS Realty Trust and AirTrunk, and cybersecurity supplier VectraAI. A Blackstone statement said: "DDN's track record for delivering cutting-edge AI and HPC platforms to thousands of customers globally is just scratching the surface of the transformative impact they'll have on the enterprise AI market. We see DDN as the clear leader in scaling enterprise-grade solutions that drive meaningful business returns for modern AI deployments."



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