

# Cybersecurity

*Sector Update – April 2021*

## CYBERSECURITY FAST FACTS

### CYBERSECURITY FUNDRAISING AND M&A ACTIVITY REMAINS STRONG DESPITE THE CHALLENGES OF A GLOBAL PANDEMIC

**\$8.3bn**

Invested by VCs  
globally in 2020

+22%

Value

-15%

Volume

**\$21.9bn**

Total M&A deal value  
transacted in 2020

-36%

Value

-6%

Volume

**\$3.7bn**

Invested by VCs  
globally in Q1 2021

+35%

Value

-12%

Volume

**\$5.5bn**

Total M&A deal value  
transacted in Q1 2021

-14%

Value

-21%

Volume

### PUBLIC CYBERSECURITY STOCKS ARE TRADING AT ALL-TIME HIGHS, HELPING TO LIFT VALUATIONS IN THE PRIVATE MARKETS

**+118%**

Cybersecurity index  
appreciation since  
16<sup>th</sup> March 2020

**11x** LTM rev

Cybersecurity index  
valuation

**3x**

CrowdStrike stock  
appreciation since its IPO in  
June 2019 (+\$28.4bn in MC)

**24x** LTM rev

Paid by CrowdStrike  
for acquiring Expanse  
in Nov 2020

Source(s): Pitchbook (Geography: North America & Europe), Capital IQ

### 1 The cybersecurity sector enjoyed another year of strong deal activity

- \$8.3bn of VC money was invested in the sector in North America and Europe across 632 deals in 2020 (+22% in value but deal count was down by -15%). The strong momentum is set to continue – in the US, cybersecurity businesses already raised \$3.6bn in Q1 2021 alone
- 2020 was also a new record year for cybersecurity investment in the UK, infosecurity businesses raised over £821m across 73 deals
- M&A deal activity remained at high levels compared to a record 2019, amounting to \$21.9bn (-36% in value, deal count was down by -6%)
- Whilst VC investors were hedging their bets in later stage deals and proven business models, corporate and PE acquirers are not afraid to pay record valuations in highly competitive auctions, e.g. Palo Alto paying a lofty 24x revenues for its acquisition of Expanse in Nov 2020
- Over 70 private companies have now gone through at least four venture financing rounds, indicating a healthy IPO exit pipeline

### 2 European M&A activity in Q1 2021 started with a bang: Overseas sector champions investing in European talent

- Just two months into the new NortonLifeLock ownership, Avira acquired London-based anti-malware provider BullGuard on Feb 4
- Tenable acquired Paris-based Alsid, for \$98m to boost its Microsoft Active Directory (AD) monitoring capabilities on Feb 10
- CrowdStrike acquired London-HQ'd log management firm Humio for \$400m to upgrade its XDR offering on Feb 18
- Sumo Logic acquired Milan-based security orchestration, automation, and response (SOAR) solutions provider DF Labs, on Mar 10

### 3 Corporate IT juggernauts are pushing into the cyber limelight but nation-state hackers are stealing the show

- Microsoft is the new cybersecurity powerhouse, leveraging an installed base of hundreds of thousands enterprise customers: its security business revenue has surpassed the \$10bn mark in 2020, up more than 40%; its Defender solution blocked nearly 6bn threats in 2020
- Solarwinds' giant supply chain hack and its implications across the IT landscape have drastically exposed cyber defence weaknesses. Whilst the full impact of the hack is still unfolding, Microsoft has become the latest victim of nation state hackers targeting its exchange servers

### 4 Healthy sector fundamentals, attractive business models and a buoyant tech market provide abundant deal opportunities

- Protection of mission critical data, applications and infrastructure from cyber attacks remains a top board-level priority for public and private organisations despite the uncertain economic outlook
- Valuations have reached historic heights: cybersecurity stocks have doubled in value since Mar 20, the index now trading at 10x revenues
- Strong momentum in the overall tech market is spurring cybersecurity investment and buying activity: well capitalised corporate and private investors are seeking yield in value-adding segments with recurring revenues and high cash-generative businesses models
- ICON expects private capital fundraising and M&A to continue its strong trajectory, sustained by the resilient market demand for innovative cybersecurity software and solutions

Source(s): ICON, Pitchbook

# THRIVING CYBERCRIME REQUIRES DRASTIC ACTION

HACKERS TAKING ADVANTAGE OF AN UNCERTAIN WORLD SHAPED BY THE GLOBAL PANDEMIC

## CYBERSECURITY FOR CRITICAL INFRASTRUCTURE IS LIVE-SAVING

THE VERGE

TECH ▾ REVIEWS ▾ SCIENCE ▾ CREATORS ▾ ENTERTAINMENT ▾

### Woman dies during a ransomware attack on a German hospital

*It could be the first death directly linked to a cybersecurity attack*



REUTERS



Hackers target groups in COVID-19 vaccine distribution, says IBM

THE WALL STREET JOURNAL

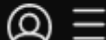
PRO CYBER NEWS

### Hospitals Suffer New Wave of Hacking Attempts

CNN

US

LIVE TV



Someone tried to poison a Florida city by hacking into the water treatment system, sheriff says

## NATION STATE ATTACKS: HACKING REACHES UNPRECEDENTED SCALE



REUTERS



SolarWinds hack was 'largest and most sophisticated attack' ever: Microsoft president

Bloomberg

### Microsoft Attack Blamed on China Morphs Into Global Crisis

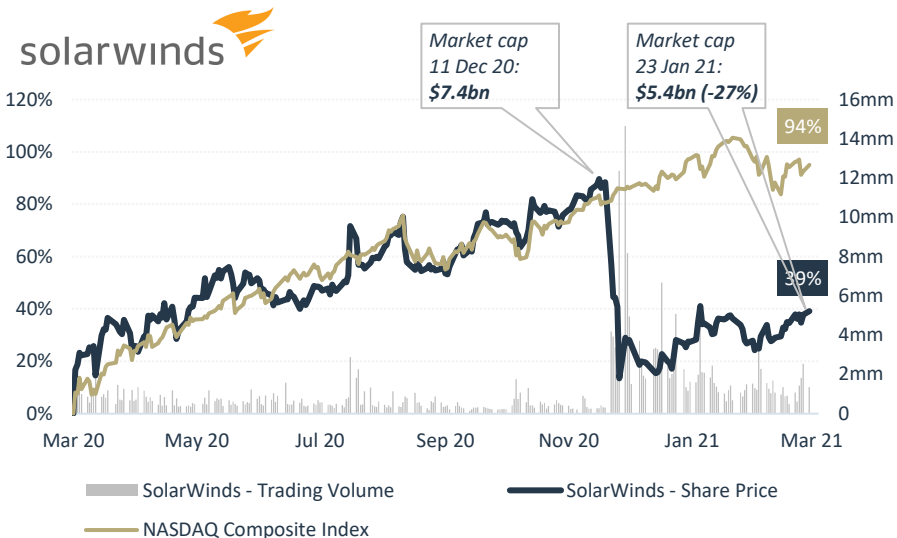
- Hacking from domestic or foreign entities remains a huge threat with far reaching and massive implications
- **Cybercrime is costing the global economy \$600bn annually**; the US being the main target of malicious cyberactivity, putting a burden on the economy estimated to amount to \$175bn alone
- Insurance carrier Hiscox estimates that cyber attacks cost business \$200,000 on average; more than half of all small businesses suffered a breach within the last year
- According to Accenture, 43% of cyberattacks are aimed at small businesses, but only 14% are prepared to defend themselves
- Ransomware is the leading threat, with Maze ransomware accounting for nearly half of all known cases in 2020

Source(s): Columbia University, Accenture, CNBC, Hiscox

# SOLARSTORM – THE FALLOUT FROM A GIANT SUPPLY CHAIN HACK

## THE SOLARWINDS ATTACK HIGHLIGHTS SYSTEMIC WEAKNESSES IN CURRENT IT ARCHITECTURES

- Forensics teams are still investigating how hackers were able to exploit SolarWinds' Orion software, enabling data exfiltration from over 18,000 customers, including high-profile commercial and governmental organisations, such as Microsoft and the U.S. Department of Justice
- The attack exploited two backdoors created by malware in SolarWinds' Orion business monitoring software used by thousands of organisations globally to manage their IT networks having drastic IT supply chain implications
- In the firstly discovered SunBurst attack, hackers were able to trojanise the Orion software during its build process using leaked credentials in a public repository, allowing them to insert malicious code into updates provided by SolarWinds to its customers. This stealthy backdoor malware compromised the server on which Orion runs, relayed security defences to the attacker and allowed them to exfiltrate data, disguised as legitimate SolarWinds activity
- FireEye discovered the attack when they realised that its crown jewels, the red team pen testing tools, were illegitimately downloaded. Together with Microsoft which has also been breached, a large investigation exercise was carried out
- During the investigations on SunBurst, a second backdoor by a different threat actor was also discovered, dubbed Supernova: exploiting a vulnerability in Orion platform, authentication could be bypassed which allowed to run arbitrary code on infiltrated devices of users, most of which have high privileges and visibility on the network
- The SolarWinds attack highlights the essential role of application security in modern cyber defence. Neither endpoint nor network security would have been sufficient to detect the attacks in progress. Eventually it was human alertness that helped to discover the breach by realizing a redundant mobile number in an authentication request by one of FireEye's staff



“I think from a software engineering perspective, it's probably fair to say that this is the largest and most sophisticated attack the world has ever seen.

“When we analysed everything that we saw at Microsoft, we asked ourselves how many engineers have probably worked on these attacks. And the answer we came to was, well, certainly more than 1,000”

**Brad Smith, Microsoft Corp President**

“Quite frankly, it was a backdoor into the American supply chain that separates this from thousands of other cases that we've worked throughout our careers”

**Kevin Mandia, FireEye CEO**

“The scale of potential access far exceeded the number of known compromises... [Investigations will take] several months”

**Anne Neuberger, Deputy National Security Adviser for Cyber and Emerging Technology, USA**

Source(s): SolarWinds, FireEye, Microsoft, Reuters, CBS  
Note(s): (1) Cap IQ as of 23 March 2021



## MICROSOFT: THE NEW CYBERSECURITY POWERHOUSE...

THE REDMOND MEGA VENDOR WITH \$10BN IN SECURITY REVENUE POSES AN EXISTENTIAL THREAT TO CYBER INCUMBENTS

- Microsoft's cybersecurity offering covers everything from the operating system to the cloud: its products and services suite includes Microsoft's Azure Active Directory, Intune, Microsoft Defender for Endpoint, Office 365, Microsoft Cloud App Security, Microsoft Information and Governance, Azure Sentinel, Azure Monitoring, and Azure Information Protection
- Microsoft's strong foothold across the enterprise IT ecosystem and corporates' desire to rationalise vendors as business move to the cloud put Microsoft in a unique and highly competitive position
- The launch of its Microsoft Azure Sentinel product has been an instant success with 9,000 platform users in the first year of launch – a testament of unparalleled scale
- Massive data harvesting from hundreds of millions of users globally and its use in cybersecurity related R&D will further cement its unique position

**\$10bn**

Microsoft LTM security revenue (+40% yoy)

**8 trillion**

Security signals processed every 24hrs

**400,000**

Security customers in 120 countries, incl. 90 Fortune 100 companies

**30bn+**

authentications daily across Azure AD's 425m users



**\$13.7m**

Bug bounty payouts to 327 researchers, double that of Google



“We waited in some sense [until] this [\$10bn] milestone to show the depth, the breadth, the span of what we are doing.

“What we have built is very helpful in times of crisis and there is a big crisis right now. But you need to sort of obviously build all of this over a period of years if not decades and then sustain it through not just product innovation, but also I would say, practice every day.

“One of the things about Microsoft's investment is really not just about the security investment - which is substantial when you look at Defender or Sentinel or Azure Active Directory and the list goes on - but it is that **ability to take all of our investments in AI and data and infrastructure and bring it to bear for security. And that I think is what makes us pretty unique.** ”

Satya Nadella  
Microsoft CEO

Source(s): Microsoft, Forrester, Securityweek, Yahoo Finance

## ...BECOMING ITSELF THE MOST RECENT HIGH-PROFILE HACKING VICTIM

### HACKERS COMPROMISED HUNDREDS OF THOUSANDS MICROSOFT EXCHANGE SERVER SYSTEMS

- In the beginning of January 2021, Microsoft was made aware of zero-day vulnerabilities that affected its exchange servers all over the world. Microsoft exchange servers are at the heart of the MS collaboration suite used by on-premises email customers, small businesses, enterprises and government organisations worldwide. A zero-day vulnerability is an unpatched software flaw that can be attacked before anyone becomes aware of it, being a zero-day exploit
- On 2<sup>nd</sup> of March 2021, Microsoft released patches to tackle four severe zero-day bugs known as ProxyLogon in Microsoft Exchange Server software. At the time, the company said that the vulnerabilities were actively exploited in "limited, targeted attacks." However, the patches do not fully protect against hackers who have already infiltrated the system of tens of thousands of organisations
- Large amounts of exchange servers visible on the internet remain unpatched four weeks later and cyber attackers continue taking advantage to gain access to servers by identifying them through large scale scanning and targeting. If used in a attack chain, the vulnerabilities combined can plant a Trojan backdoor and lead to Remote Code Execution (RCE), server hijacking, data theft, and potentially further malware deployment
- Hafnium, a state-sponsored advanced persistent threat (APT) hacking group operating out of China was originally attributed to exploitation of the zero-days vulnerabilities. More than ten other state-backed organisations have also been suspected of abusing the vulnerabilities
- Additionally, proof-of-concept (PoC) code, issued privately to cybersecurity partners and vendors prior to patch release, has been leaked and hacking groups are taking advantage in targeted attacks
- Ransomware, a malware which locks up a computer or a network's files and holds them hostage until the victim pays a fee, has also being deployed in some related attacks



- Reportedly more than 30,000 exchange servers of public and private organisations have been attacked in the US alone with massive geo-political implications. The US government has invited members of the private sector to participate in a multi-agency task force established in reaction to the unusually aggressive hacks
- In Europe, large organisations such as The European Banking Authority's email servers have been compromised and personal data may have been accessed from its servers

“Tens of thousands of servers have been hacked around the world. They're being hacked faster than we can count. Globally, this is a disaster in the making”

**Antti Laatikainen, senior security consultant at F-Secure**

Source(s): KrebsOnSecurity, Microsoft, ZDNet, F-Secure, BBC

# IMPLICATIONS OF COVID-19 ON THE CYBERSECURITY SECTOR

CONFIDENCE IN OUR GLOBAL IT INFRASTRUCTURE IS PUT TO THE TEST – CYBERSECURITY IS MORE MISSION-CRITICAL THAN EVER

## ORGANISATIONS AND PEOPLE ADAPTING TO A NEW WAY OF LIFE...

- Accelerated digital transformation of the workplace: massive shift to a remote working world triggering further shifts in work patterns and user behaviours
- Virtual communication, collaboration and information exchange is dominating the business environment
- Remote access to enterprise applications for employees, customers, suppliers is the new normal
- Reliance on home-internet systems with multiple 'smart-home' endpoints connected to the same Wi-Fi network

## ...HAVING DRASTIC EFFECTS ON CYBERSECURITY MANAGEMENT...

- Protection and fortification of critical business communication channels, enterprise networks and corporate data access
- Monitoring challenge: millions of new endpoints accessing the corporate network from distributed locations at unusual times
- Expansion of cloud computing: rapid adoption and use of cloud technologies leading to vulnerable SaaS app sprawl
- VPNs backhauling unprecedented levels of data traffic
- Major workload spike for sec ops with operational SOC staff shortages due to self-isolation, health risks or staff cuts

## WITH LONG-TERM IMPLICATIONS FOR GOVERNMENTS AND SOCIETY

- Governments to adapt data protection policies and compliance requirements to cover a rapidly digitalising corporate environment
- Addressing data privacy and surveillance concerns: how do we control sharing, storage and maintenance of personal and corporate data records going forward?
- Protect and safeguard critical national infrastructure from nation-state adversaries and cybercriminals, during and post crisis, such as hospitals, utilities, transport, supply-chains, etc.

## ...LEADING TO A NEW CYBERSECURITY INVESTMENT CYCLE...

- Acquiring new SW licenses replacing legacy tech: advanced multi-factor authentication, end-point protection, app security, anti-phishing, email security, MDR, etc.
- Additional and AI-enhanced automation of workflows for monitoring, detection and response
- Investment in cyber insurance policies and end-user cyber awareness trainings
- Increased reliance on MSSPs taking the strain out of inhouse IT security teams



# HOT AREAS FOR CYBERSECURITY DEAL ACTIVITY IN 2021

PRIVATE CAPITAL INVESTMENT AND M&A INTEREST EXPECTED TO INCREASE IN XDR, SASE, DATA SECURITY, AND DEVSECOPS

## EXTENDED DETECTION AND RESPONSE (XDR)

- XDR unifies endpoint security (EDR), network traffic analysis (NTA) and security operations tools (SIEM) by collecting and automatically correlating data across multiple security layers to automate responses to alerts across threat surfaces
- It analysis internal and external data traffic across networks, clouds and endpoints, and can be scaled via machine learning to handle large data volumes

### Selected companies



### Selected M&A



## SECURE ACCESS SERVICE EDGE (SASE)

- Cloud and mobility enable largely distributed infrastructure, applications and data estates with the network edge stretching across the entire digital domain
- Unifying network security and IAM, SASE renders perimeter-based controls obsolete
- SASE uses cloud-native architecture to disperse security controls for performance and scale

### Selected companies



### Selected M&A



## APPLICATION SECURITY TESTING / DEVSECOPS

- Improve software development by integrating security in multiple phases of the application development lifecycle
- Security becomes a shared responsibility, built-in from end to end: vulnerability detection, app security testing, i.e. integration of security policies into continuous deployment pipelines and app delivery cycles rather than it being an isolated event at the end

### Selected companies



### Selected M&A



## DATA GOVERNANCE AND SECURITY

- Addressing the risks of inadvertent or accidental data loss and the exposure of sensitive data using monitoring, filtering, blocking, and remediating technologies
- Increasing cost and frequency of data breaches combined with regulations including GDPR and CCPA are driving investment into Identity and Access Mgmt. (IAM), Data Loss Prevention (DLP) and Privacy and Compliance Platforms

### Selected companies



### Selected M&A



## IN FOCUS: CYBERSECURITY INVESTMENT IN THE UK

THE UK'S CYBER INDUSTRY ATTRACTED RECORD INVESTMENT IN 2020 WITH REGIONAL HOTSPOTS DRIVING THE GROWTH

### 2020 - A RECORD YEAR FOR UK'S £8.9BN CYBERSECURITY SECTOR

**50,000**

People employed in  
cybersecurity

**1,483**

Active cybersecurity  
firms (+21%)

**£4bn**

Sector contribution to  
UK economy (+6%)

**£821m**

Investment raised by  
cybersecurity firms in  
2020 (>+100%)

**73**

No. of cybersecurity  
investment deals in  
2020

**£1.9bn**

Value of UK National  
Cyber Security  
Strategy

Cybersecurity has been a major industry success in the UK in recent years, attracting large amounts of private and state-backed investment. The sector is now worth an estimated £8.9bn, employing c. 50,000 people. Large part of the success is driven out of several tech cluster regions outside London. Cheltenham, home of GCHQ, UK's intelligence and security organisation and the National Cyber Security Centre (NCSC), is one of the fastest growing regional ecosystems for cybersecurity in the UK. Chris Dunning-Walton, founding chairman of CyNam and Director of Infosec People provides more colour on the region's recent success:

- *Why Cheltenham?* Cheltenham and the broader UK South-West region are home to an outstanding concentration of knowledge capital and a thriving high-tech ecosystem. Industry heavyweights such as Microsoft, IBM, Apple, AWS all have local offices. Their staff are rubbing shoulders with GCHQ and NCSC employees as well as local start-up and innovation leaders. Local accelerators programs like

NCSC's own Cyber Accelerator and Hub8 are providing entrepreneurial support and workspace. The Cyber Central campus initiative (part of the government funded Golden Valley Development) is aiming to bring together business, academia and GCHQ and NCSC backed innovation programs. All that provides a highly attractive business environment, resulting in the highest density of cybersecurity companies outside London.

- *What is CyNam?* [CyNam](#) is a member community that connects talented cyber security minds, local SMEs and start-ups with valuable knowledge, advice, services and business opportunities to further their success. Effecting connections between academia, small business, large business and financial investors, the platform enables networking, innovation and collaboration for the cyber technology industry, with an aim to establish Cheltenham as the UK cyber hub.
- *What are some of the region's big success stories?* [Ripjar](#), data analytics and AI for real-time risk protection solutions, was founded by former members of GCHQ, and recently raised \$36.8m in funding; [Immersive Labs](#), cybersecurity training solutions, backed by Summit Partners and Goldman Sachs, draws heavily on Cheltenham talent; Deep3, secure app development, was acquired by CACI in Oct 2019.
- *What are the challenges?* Cyber security is just as much about people as it is technology. This encompasses building the foundations for a highly entrepreneurial culture that is not afraid to fail fast. Creating a self-sustaining ecosystem that attracts and retains a diverse talent pool of next-gen cybersecurity leaders is hugely important.



CYNAM INFOSEC

Chris Dunning-Walton,  
Director



Source(s): UK Department for Digital, Culture, Media & Sport: UK Cyber Security Sectoral Analysis 2021 ; Infosec People

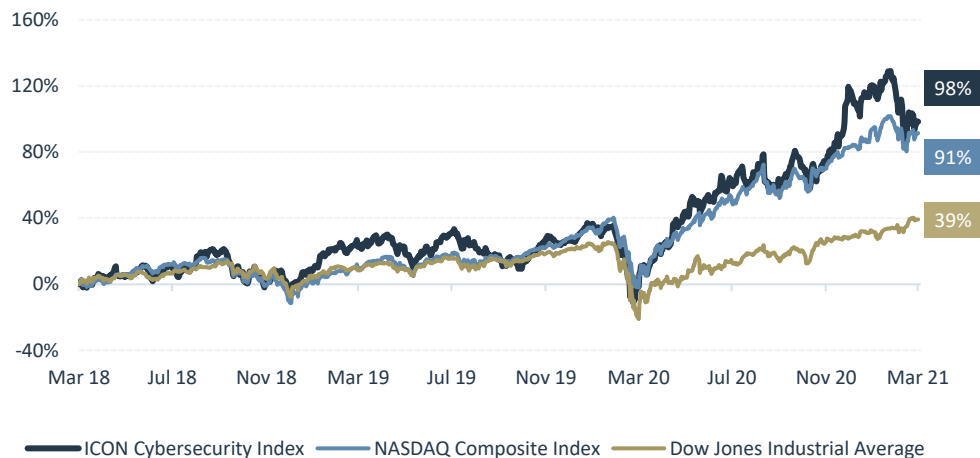


# **PUBLIC MARKET ACTIVITY**

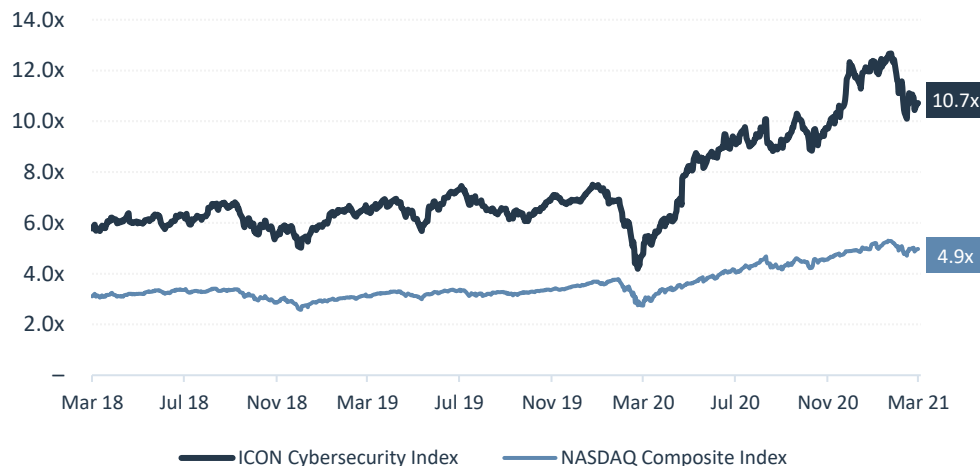
# PUBLIC MARKET VALUATION OVERVIEW

CYBERSECURITY STOCKS CONTINUE TO OUTPERFORM AND HAVE RECOVERED QUICKLY FORM THE COVID-19 MARKET SELL-OFF

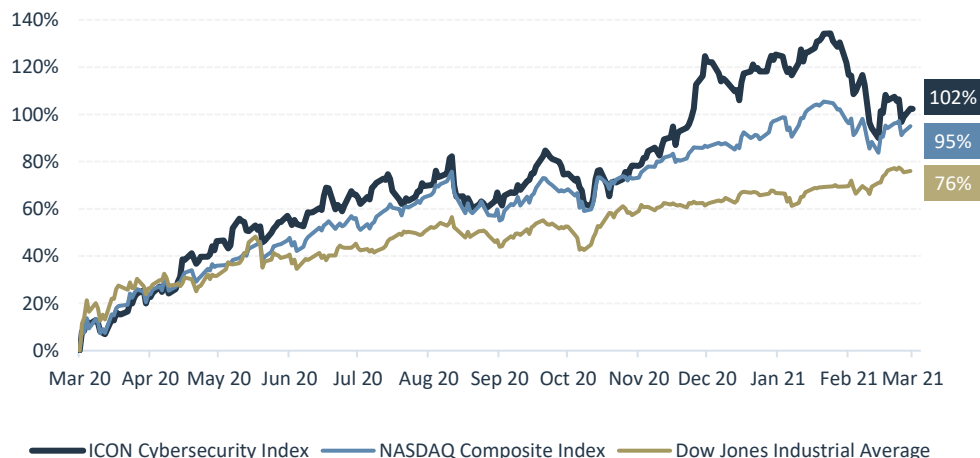
## 3 YEARS CYBERSECURITY PRICE PERFORMANCE INDEX



## 3 YEARS TEV / LTM REVENUE MULTIPLES



## 1 YEAR CYBERSECURITY PRICE PERFORMANCE INDEX



## COMMENTS

- Following a sell-off during spring 2020, Cybersecurity stocks have recovered quickly over the last twelve months and largely outperformed broader markets with the sector trading at historic highs
- The bull-run briefly spiked in Dec 2020 as a result of the SolarWinds hacks and again in Feb 2021 before investors reduced weighting in some of the growth stocks in line with a broader tech market sell-off
- Industry darling CrowdStrike tripled its value since its IPO in June 2019; Sumo Logic, McAfee and Telos successfully IPOed in 2020, several others expected to follow in 2020
- Strong fundamentals are set to continue sustaining the market momentum: high cash-generative and recurring SaaS/maintenance-driven business models, well capitalised balance sheets (mainly net cash positive), combined with healthy market fundamentals

Source(s): Capital IQ as of 23 March 2021

Note(s): ICON Cybersecurity Index consists of CRWD, ZS, NET, OKTA, VRNS, SUMO, SAIL, TLS, CYBR, SPLK, RPD, FTNT, QLYS, TENB, PANW, AVST, PING, PFPT, CHKP, YSN, BB, MIME, ABST, NLOK, FFIV, FEYE, MFE, TUFN, RDWR, NCC, 4704, FSC1V, SCWX

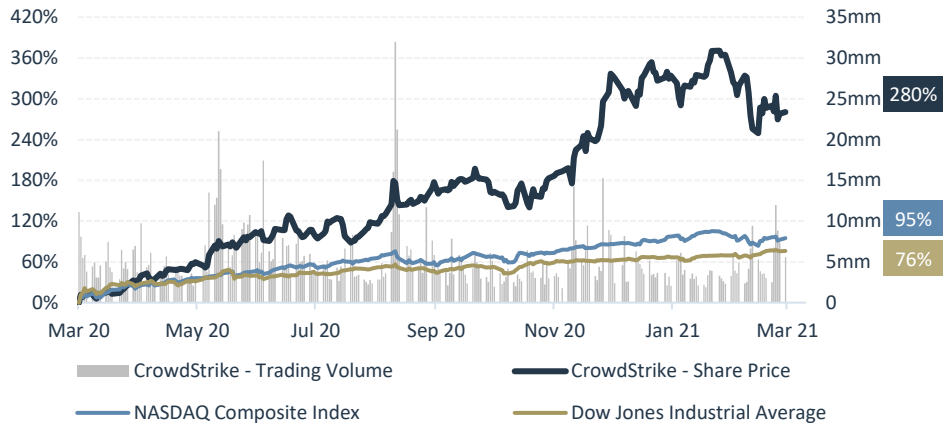
# LARGE CAP TOP PERFORMERS

## LARGE CAP CYBERSECURITY COMPANIES ARE OUTPERFORMING THE MARKET

### 1 YEAR LARGE CAP STOCK TRADING PERFORMANCE



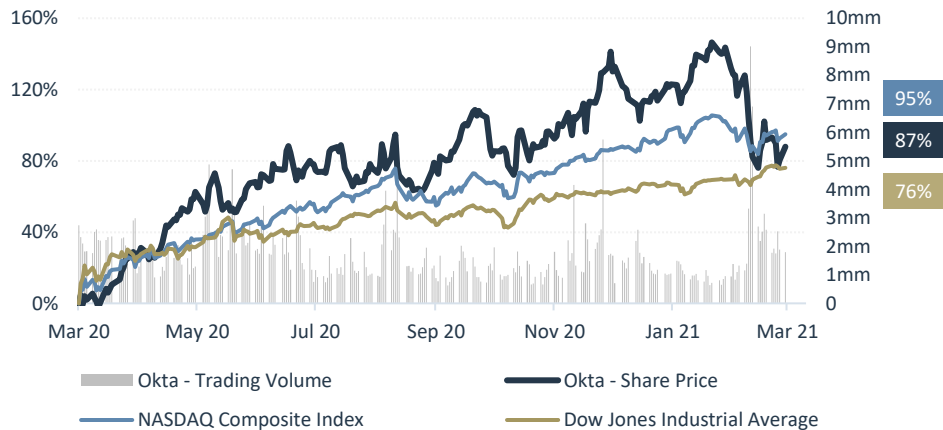
Market cap: \$43.6bn<sup>(1)</sup>



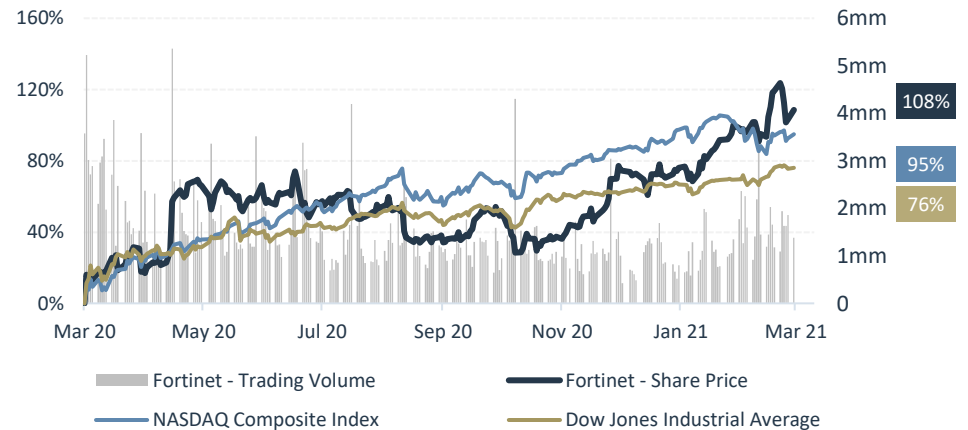
Market cap: \$31.6bn<sup>(1)</sup>



Market cap: \$29.2bn<sup>(1)</sup>



Market cap: \$29.0bn<sup>(1)</sup>



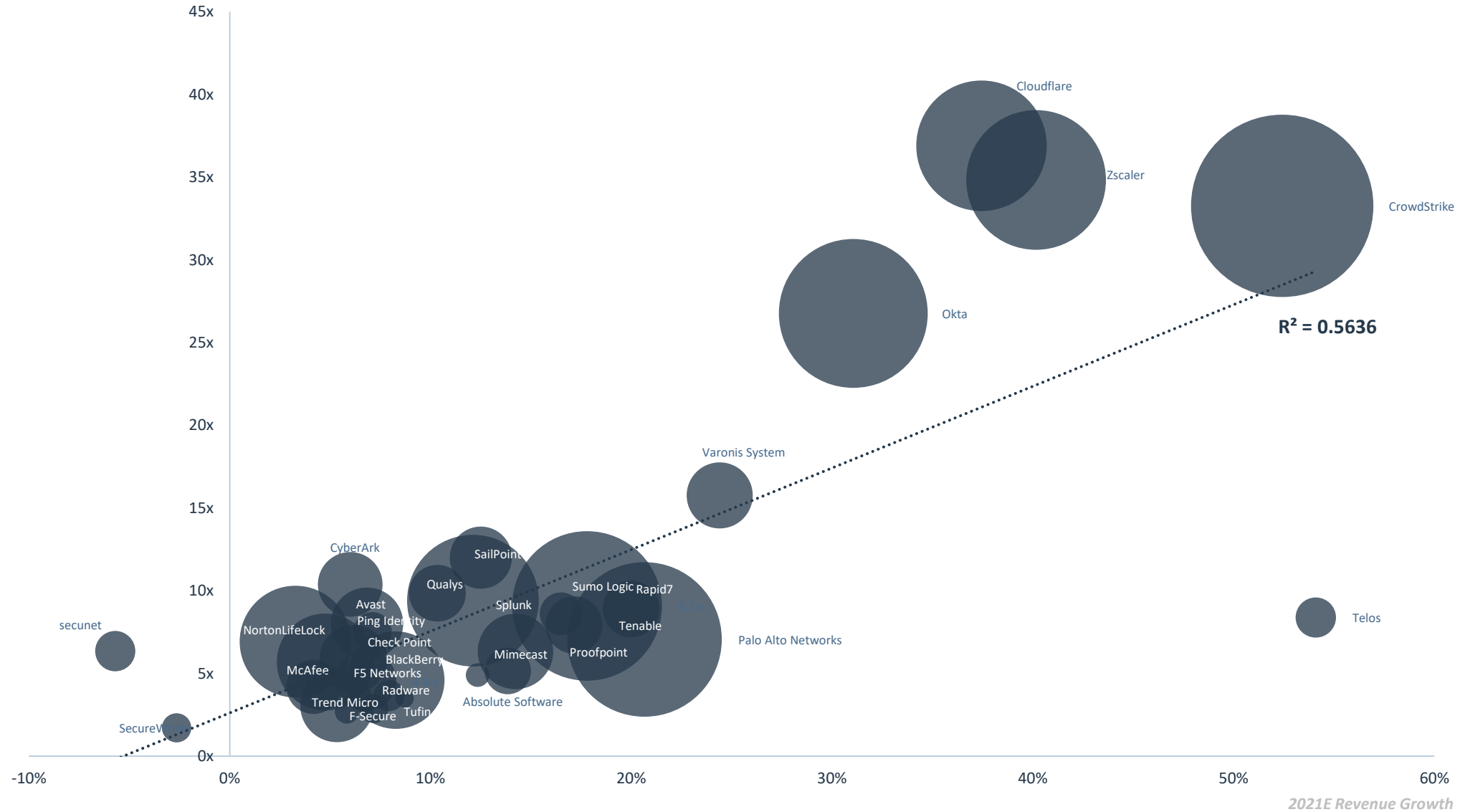
Source(s): Capital IQ  
Note(s): (1) Market Cap. as of 23 March 2021



# STRONG CORRELATION BETWEEN GROWTH AND VALUATION

FAST-GROWING CYBERSECURITY COMPANIES ARE COMMANDING A SIGNIFICANT PREMIUM VALUATION

2021E EV / Revenue



2021E Revenue Growth

Source(s): Capital IQ as of 23 March 2021

Note(s): (1) Size of the bubble indicates USD market cap

# REVENUE GROWTH CONTINUES TO BE THE MAJOR DRIVER FOR VALUATIONS

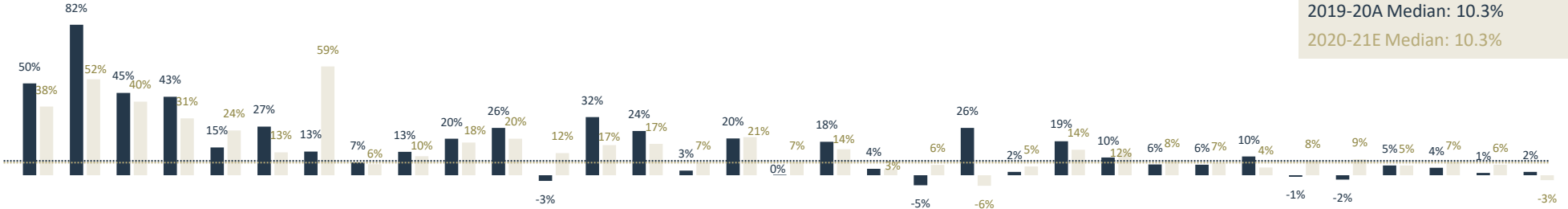
BUT OPERATING PERFORMANCE REMAINS A SIGNIFICANT FACTOR (ALBEIT LESS CORRELATED THAN GROWTH IN THE CURRENT MARKET ENVIRONMENT)

## REVENUE GROWTH

■ Revenue growth (2019-20A) ■ Revenue growth (2020-21E)

2019-20A Median: 10.3%

2020-21E Median: 10.3%

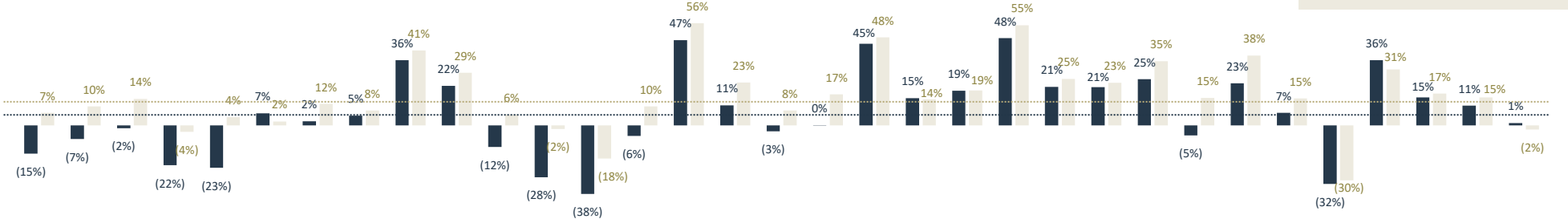


## EBITDA MARGINS

■ EBITDA Margins (2020A) ■ EBITDA margins (2021E)

2020A Median: 6.6%

2021E Median: 14.8%

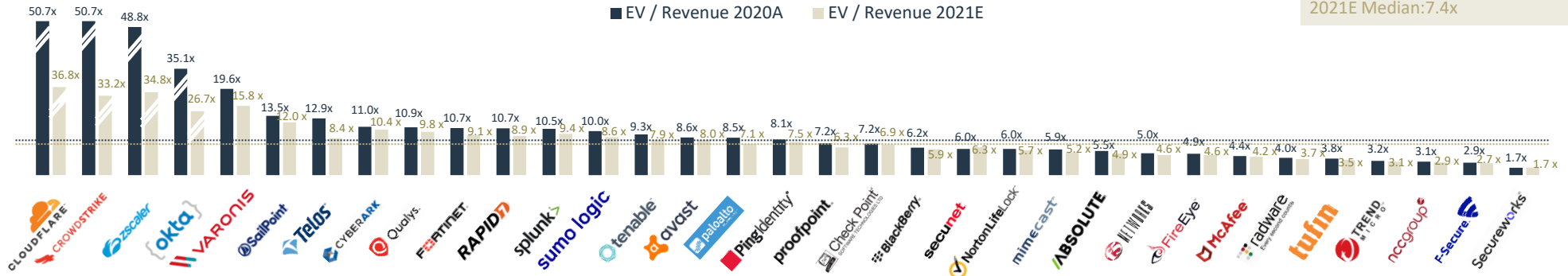


## EV / REVENUE

■ EV / Revenue 2020A ■ EV / Revenue 2021E

2020A Median: 8.1x

2021E Median: 7.4x



# PUBLIC COMPARABLES OVERVIEW

## VALUATION SUMMARY<sup>(1)</sup>

USD millions		Price (22-Mar-21)	% of 52 Week High	Market Cap	Net Debt	Enterprise Value	Enterprise Value Multiples						Operating Statistics					
Company	Vertical						Revenue			EBITDA			Revenue Growth			EBITDA Margin		
							FY 2020E	FY 2021E	FY 2022E	FY 2020E	FY 2021E	FY 2022E	2019-20E	2020-21E	2021-22E	FY 2020E	FY 2021E	FY 2022E
ICON Cybersecurity Comparables																		
Cloudflare	Network	72.76	76.0%	22,470	(608)	21,862	50.72 x	36.88 x	27.79 x	n.m.	n.m.	n.m.	50.2%	37.5%	32.7%	(15.5%)	6.9%	11.0%
CrowdStrike	Endpoint	195.73	77.9%	43,819	(1,138)	42,681	50.71 x	33.27 x	24.81 x	n.m.	n.m.	n.m.	82.1%	52.4%	34.1%	(7.4%)	10.4%	14.1%
Zscaler	Network	182.61	79.1%	25,723	(504)	25,219	48.82 x	34.82 x	26.49 x	n.m.	n.m.	n.m.	45.0%	40.2%	31.4%	(1.6%)	14.5%	17.0%
Okta	IAM	222.50	75.7%	29,195	(618)	28,577	35.08 x	26.77 x	20.78 x	n.m.	n.m.	n.m.	42.8%	31.1%	28.8%	(21.9%)	(3.5%)	3.0%
Varonis System	Data Security	55.13	73.2%	5,755	(17)	5,738	19.60 x	15.76 x	13.02 x	n.m.	n.m.	n.m.	15.1%	24.4%	21.0%	(23.2%)	4.4%	9.7%
SailPoint	IAM	54.27	84.5%	5,078	(146)	4,932	13.50 x	12.00 x	10.41 x	n.m.	n.m.	n.m.	26.6%	12.5%	15.3%	6.6%	2.1%	4.2%
Telos	Cybersecurity services	33.12	79.2%	2,140	(89)	2,052	11.40 x	7.16 x	5.06 x	n.m.	60.9 x	28.4 x	13.0%	59.4%	41.4%	2.2%	11.7%	17.8%
CyberArk	IAM	140.41	82.7%	5,539	(427)	5,112	11.01 x	10.38 x	9.30 x	n.m.	n.m.	n.m.	7.0%	6.0%	11.6%	5.4%	8.2%	8.2%
Qualys	Vulnerability Analytics	105.58	70.9%	4,243	(299)	3,944	10.87 x	9.85 x	8.82 x	30.46 x	23.9 x	21.7 x	12.9%	10.3%	11.6%	35.7%	41.1%	40.7%
Fortinet	Network	179.12	92.4%	29,532	(1,784)	27,748	10.70 x	9.08 x	7.87 x	49.51 x	31.5 x	26.8 x	19.9%	17.8%	15.4%	21.6%	28.8%	29.3%
Rapid7	Vulnerability Analytics	78.03	82.5%	4,243	151	4,394	10.68 x	8.90 x	7.50 x	n.m.	n.m.	89.3 x	25.9%	20.0%	18.7%	(11.8%)	6.0%	8.4%
Splunk	Data Security	141.17	62.5%	22,830	775	23,605	10.54 x	9.40 x	7.64 x	n.m.	n.m.	82.1 x	(3.1%)	12.1%	23.0%	(28.4%)	(2.0%)	9.3%
Sumo Logic	Data Security	19.59	42.2%	2,396	(404)	1,992	10.03 x	8.61 x	7.17 x	n.m.	n.m.	n.m.	31.8%	16.5%	20.0%	(37.5%)	(18.2%)	(12.8%)
Tenable	Vulnerability Analytics	38.81	66.4%	4,323	(234)	4,090	9.29 x	7.93 x	6.67 x	n.m.	76.3 x	54.8 x	24.2%	17.1%	18.9%	(5.8%)	10.4%	12.2%
Avast	Consumer and SMB	6.70	80.0%	6,914	723	7,637	8.55 x	8.00 x	7.49 x	18.33 x	14.3 x	13.4 x	2.5%	6.9%	6.9%	46.7%	56.0%	55.9%
Palo Alto Networks	Cloud Security	323.44	80.3%	31,483	301	31,784	8.51 x	7.04 x	5.97 x	77.16 x	30.0 x	25.3 x	20.1%	20.8%	17.9%	11.0%	23.5%	23.6%
Ping Identity	IAM	23.21	61.4%	1,946	24	1,970	8.09 x	7.55 x	6.61 x	n.m.	93.2 x	77.5 x	0.3%	7.1%	14.2%	(3.3%)	8.1%	8.5%
Proofpoint	Cloud Security	129.58	92.0%	7,516	80	7,597	7.23 x	6.33 x	5.41 x	n.m.	37.1 x	29.6 x	18.2%	14.2%	17.1%	0.1%	17.1%	18.2%
Check Point	Network	117.20	84.2%	16,431	(1,655)	14,777	7.16 x	6.93 x	6.73 x	15.98 x	14.4 x	14.0 x	3.5%	3.3%	3.0%	44.8%	48.2%	48.2%
BlackBerry	Endpoint	10.72	37.3%	6,095	(85)	6,010	6.25 x	5.92 x	5.73 x	41.93 x	41.4 x	40.3 x	(5.4%)	5.6%	3.3%	14.9%	14.3%	14.2%
secunet	Cybersecurity services	330.55	85.2%	2,138	(99)	2,040	5.99 x	6.35 x	6.05 x	31.49 x	33.3 x	30.1 x	25.9%	(5.7%)	5.0%	19.0%	19.1%	20.1%
NortonLifeLock	Consumer and SMB	21.31	87.3%	12,429	2,629	15,058	5.97 x	5.70 x	5.43 x	12.50 x	10.4 x	10.0 x	1.8%	4.8%	5.0%	47.8%	54.9%	54.5%
Mimecast	Cloud Security	42.90	72.1%	2,833	(13)	2,820	5.87 x	5.15 x	4.50 x	27.75 x	20.2 x	16.9 x	18.6%	13.9%	14.4%	21.1%	25.5%	26.6%
Absolute Software	Endpoint	14.73	73.8%	733	(119)	614	5.50 x	4.90 x	4.33 x	26.21 x	21.0 x	19.0 x	9.7%	12.3%	13.0%	21.0%	23.3%	22.8%
F5 Networks	Network	202.94	94.9%	12,576	(615)	11,962	4.98 x	4.60 x	4.30 x	19.71 x	13.1 x	11.8 x	5.9%	8.3%	6.8%	25.3%	35.2%	36.5%
FireEye	Cloud Security	20.36	79.7%	4,863	(282)	4,581	4.87 x	4.56 x	4.24 x	n.m.	30.2 x	27.2 x	5.8%	6.8%	7.5%	(5.4%)	15.1%	15.6%
McAfee	Consumer and SMB	23.75	95.0%	3,855	8,818	12,673	4.36 x	4.19 x	4.01 x	18.94 x	10.9 x	9.7 x	10.3%	4.2%	4.3%	23.0%	38.3%	41.4%
Radware	Network	27.49	86.0%	1,269	(280)	989	3.95 x	3.66 x	3.36 x	57.56 x	24.7 x	19.4 x	(0.8%)	7.9%	8.9%	6.9%	14.8%	17.3%
Tufin Software Technologies	Network	11.43	56.8%	437	(55)	382	3.79 x	3.49 x	3.09 x	n.m.	n.m.	n.m.	(2.4%)	8.7%	12.9%	(32.1%)	(30.2%)	(20.6%)
Trend Micro	Cloud Security	51.15	80.6%	7,121	(1,945)	5,175	3.23 x	3.07 x	2.96 x	9.05 x	10.0 x	9.6 x	5.4%	5.3%	3.6%	35.7%	30.7%	30.7%
NCC Group	Cybersecurity services	3.83	92.9%	1,099	47	1,147	3.08 x	2.87 x	2.64 x	20.08 x	16.5 x	14.7 x	4.1%	7.2%	8.8%	15.3%	17.4%	18.0%
F-Secure	Endpoint	4.83	97.8%	765	(14)	752	2.86 x	2.70 x	2.54 x	26.27 x	17.7 x	15.8 x	1.3%	5.8%	6.4%	10.9%	15.3%	16.1%
SecureWorks	Cybersecurity services	13.65	83.7%	1,133	(191)	942	1.68 x	1.73 x	1.67 x	n.m.	n.m.	n.m.	1.9%	(2.6%)	3.2%	1.3%	(2.2%)	0.6%
Median							8.09 x	7.04 x	6.05 x	26.24 x	23.95 x	21.70 x	10.3%	10.3%	13.0%	6.6%	14.8%	17.0%
Mean							12.27 x	9.86 x	8.19 x	30.18 x	30.05 x	29.88 x	15.8%	14.9%	14.7%	6.7%	16.5%	18.8%

Source(s): Capital IQ  
Note(s): (1) As of 22 March 2021



# **M&A & CAPITAL RAISING ACTIVITY**

## M&A ACTIVITY -SNAPSHOT

EXCEPTIONALLY STRONG M&A ACTIVITY CONTINUES



### US HQ'd Cybersecurity transactions – Key Stats

2020 – 2021 YTD

**216**

Deals

**96**

PE acquirer  
deals

**\$165m**

Median Deal  
size (2020)

**\$49bn**

Cumulative deal  
value

**\$6.5bn**

Largest deal<sup>(1)</sup>



### European and UK HQ'd Cybersecurity transactions – Key Stats

2020 – 2021 YTD

**120**

Deals

**49**

PE acquirer  
deals

**\$38m**

Median Deal  
size (2020)

**\$4.6bn**

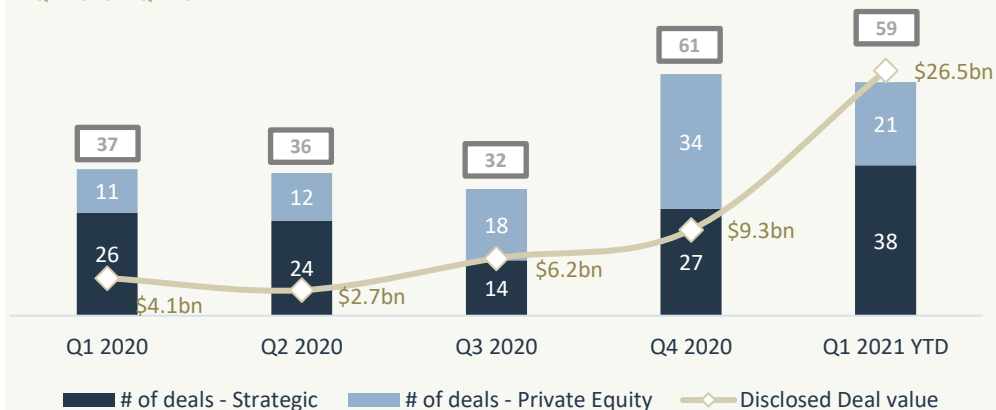
Cumulative deal  
value

**\$3.6bn**

Largest deal<sup>(2)</sup>

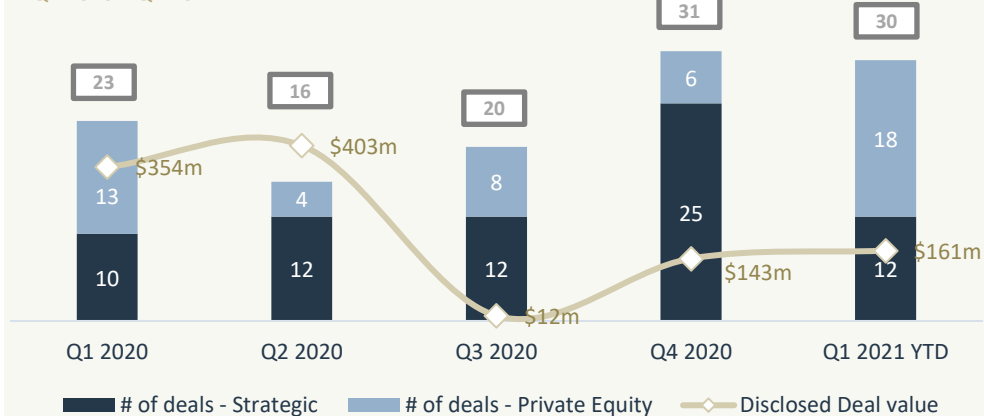
### US Cybersecurity - Deal Count and Disclosed Deal Size

Q1 2020 – Q1 2021 YTD



### European and UK Cybersecurity - Deal Count and Disclosed Deal Size<sup>(3)</sup>

Q1 2020 – Q1 2021 YTD



Source(s): ICON Analysis, Pitchbook, Capital IQ

Note(s): (1) March 21: Acquisition of Auth0 by Okta; (2) Jan 20: Acquisition of Sophos by Thoma Bravo; (3) Sophos acquisition has been removed from Q1 2020 transactions; YTD equals 1 Jan 2021 – 23 March 2021



## RECENT EUROPEAN M&A HIGHLIGHTS IN 2021

### US STRATEGIC ACQUIRERS CONTINUE TO BE VERY ACTIVE



**sumo logic**

acquired



**Security Orchestration  
Platform**

- **Date:** 10/03/2021
- **Valuations:** n.a.
- **Transaction:** Acquisition
- **Description:** SOPAR platform designed to orchestrate intelligence-driven security operations and incident response



acquired



**Cloud Log Management  
And Observability**

- **Date:** 18/02/2021
- **Valuation:** \$400m
- **Transaction:** Acquisition of majority stake with founder roll-over
- **Target description:** Extended detection and response (XDR) platform, providing of high-performance cloud log management and observability technology



acquired



**Active Directory  
Security**

- **Date:** 10/02/2021
- **Valuation:** \$98m
- **Transaction:** Acquisition
- **Target description:** Real-time Active Directory monitoring. The solution enables users to find and fix existing weaknesses with dynamic threat scoring, complexity ratings and recommended actions



acquired



**Antivirus Solutions**

- **Date:** 04/02/2021
- **Valuation:** n.a.
- **Transaction:** Acquisition
- **Target description:** Develops software security products designed to provide protection against computer viruses, malware, and intruders

# PRECEDENT M&A TRANSACTIONS OVERVIEW

JAN 2020 – MAR 2021

(\$ millions)

Date announced	Acquirer	Target	Target company description	EV (\$m)	EV / Revenue	EV / EBITDA
20 Mar 2021	Fortinet, Inc.	ShieldX Networks, Inc.	Develops network and cloud security software. It offers ShieldX Elastic Security Platform that deliver controls to protect data centers, cloud infrastructure, applications, and data	-	n.a.	n.a.
15 Mar 2021	Lookout, Inc.	CipherCloud, Inc.	Provides a multi-cloud security platform that integrates advanced data protection, content control, monitoring, cloud discovery, and risk analysis	-	n.a.	n.a.
10 Mar 2021	Sumo Logic, Inc.	DF Labs S.P.A.	Provides security orchestration, automation, and response (SOAR) solutions	-	n.a.	n.a.
08 Mar 2021	Symphony Technology Group, LLC	Certain Assets of Enterprise Business of McAfee, LLC and McAfee Security UK Ltd	Certain Assets of Enterprise Business of McAfee, LLC and McAfee Security UK Ltd comprises device-to-cloud cybersecurity solutions and is located in the United Kingdom.	4,000.0	3.1x	n.a.
03 Mar 2021	Okta, Inc.	Auth0, Inc.	Operates a cloud based identity platform for developers and security professionals	6,500.0	n.m.	n.a.
22 Feb 2021	Proofpoint, Inc.	IntelSecure, Inc.	Develops information and network security solutions to help organizations protect their critical assets. The company offers data loss prevention solutions; and technical services that include architecture planning and design, implementation and integration, product health checking, etc.	62.5	n.a.	n.a.
18 Feb 2021	CrowdStrike Holdings, Inc.	Humio Limited	Provides cloud-enabled end-user and network security solutions. The company offers Intercept X, which delivers endpoint protection against unknown malware, exploits, and ransomware;etc	392.0	n.a.	n.a.
11 Feb 2021	Datadog, Inc.	Sqreen SAS	Develops SaaS based application protection solutions for developers. The company provides technologies to various systems, mobile devices, and cloud environments	216.0	n.a.	n.a.
10 Feb 2021	Tenable Network Security Ireland Limited	Alsid SAS	Provides cyber security solutions to defend web and mobile applications from malicious automated cyber-attacks	98.0	n.a.	n.a.
04 Feb 2021	Avira Holding GmbH & Co. KG	BullGuard Limited	Provides cloud-enabled end-user and network security solutions. The company offers Intercept X, which delivers endpoint protection against unknown malware, exploits, and ransomware;etc	-	n.a.	n.a.
08 Jan 2021	Equifax Inc.	Kount Inc.	Develops fraud prevention solutions. The company offers Kount Command, an eCommerce fraud prevention that protects against eCommerce fraud and chargebacks; etc	640.0	n.a.	n.a.
07 Jan 2021	Red Hat, Inc.	StackRox, Inc.	Develops an online threat protection platform/software for containers and web-scale microservices. The company's platform enables deep container visibility and insights, adapts defenses to new cyber threats, and unifies multiple threat protection	-	n.a.	n.a.
16 Dec 2020	Atos SE	Motiv IT Masters B.V.	Provides managed security and information technology security services	-	n.a.	n.a.
08 Dec 2020	Fortinet, Inc.	Panopta LLC	Develops software for infrastructure monitoring service. It offers monitoring network, OnSight vCollector, public checks, and server agent	34.0	n.a.	n.a.
07 Dec 2020	NortonLifeLock Inc.	Avira Holding GmbH & Co. KG	Develops information technology-security protection solutions to computers, smartphones, servers, and networks through software and cloud-based services	435.8	n.a.	n.a.

Source(s): ICON Analysis, Pitchbook, Capital IQ, 451 Research

# PRECEDENT M&A TRANSACTIONS OVERVIEW

JAN 2020 – MAR 2021

(\$ millions)

Date announced	Acquirer	Target	Target company description	EV (\$m)	EV / Revenue	EV / EBITDA
03 Dec 2020	Thoma Bravo, LLC	Flexera Software LLC	Provides application usage management solutions to application producers and enterprises. The company's products include InstallAnywhere, a multiplatform development solution for application producers to deliver a cross installation experience for physical, virtual, and cloud environments, etc	-	n.a.	n.a.
19 Nov 2020	FireEye, Inc.	Respond Software, Inc.	Develops smart security operations software for businesses. The company offers Respond Analyst, a self-driving security operations center (SOC) that automatically diagnoses and escalates incidents in areas of an expert system	186.7	22.1x	n.a.
19 Nov 2020	Nasdaq, Inc.	Verafin Inc.	Develops cloud based enterprise fraud detection and anti-money laundering software solutions for financial institutions	2,750.0	n.a.	n.a.
12 Nov 2020	Main Capital Partners B.V.	Pointsharp AB	Develops security software for secure login and mobile solutions. The company's solutions enable enterprises to secure logins of their users to access all their applications in multi-cloud environments	-	n.a.	n.a.
11 Nov 2020	Palo Alto Networks, Inc.	Expanse, Inc.	Develops IT operations management platform intended to discover, manage and secure global internet assets	800.0	23.9x	n.a.
02 Nov 2020	Ping Identity Holding Corp.	Symphonic Software Ltd	Develops access and authorization management software platform to safeguard sensitive information for cross-sector multi-dimensional organizations	32.0	9.7x	n.a.
26 Oct 2020	Francisco Partners Management, L.P.	Forcepoint LLC	Provides software solutions to protect users, data, and network against insider threats and outside attacks in financial services, healthcare, government, and justice and public safety industries	1,100.0	1.7x	10.9x
13 Oct 2020	Atos SE	Econocom Digital Security SAS	Econocom Digital Security SAS, an information technology consulting company, offers cybersecurity and network security services	-	n.a.	n.a.
01 Oct 2020	Cisco Systems, Inc.	Portshift Software Technologies Ltd	Develops cloud security software solutions. It offers identity-driven security solutions to any application in the cloud	-	n.a.	n.a.
28 Sep 2020	Ivanti Software, Inc.	Pulse Secure, LLC	Provides access and mobile security solutions to enterprises and service providers. The company offers virtual private network, network access control, and mobile security products	-	n.a.	n.a.
23 Sep 2020	CrowdStrike Holdings, Inc.	Preempt Security, Inc.	Develops a software platform that protects organizations by eliminating insider threats and security breaches	96.0	n.a.	n.a.
20 Sep 2020	Ivanti Software, Inc.	MobileIron, Inc.	Provides mobile IT platform that enables enterprises to manage and secure mobile applications, content, and devices while offering their employees with device choice, privacy, and a native user experience worldwide	859.3	4.0x	n.m.
16 Sep 2020	Check Point Software Technologies Ltd.	Odo Security Ltd.	Develops a security platform that manages and monitors access to application, server, database, and environment	-	n.a.	n.a.
09 Sep 2020	SecureWorks Corp.	Delve Laboratories, Inc.	Develops vulnerability assessment and management solutions. It offers contextual vulnerability prioritization that delivers vulnerability prioritization that enables cyber security and information technology (IT) teams to focus vulnerability remediation efforts	15.1	n.a.	n.a.
24 Aug 2020	Palo Alto Networks, Inc.	Crypsis Group	Offers incident response, risk management, and digital forensic services. It offers data breach response, cyber risk and resilience management, digital investigations, expert witness and litigation support, data analytics, and managed security services	265.0	n.a.	n.a.

Source(s): ICON Analysis, Pitchbook, Capital IQ, 451 Research

# PRECEDENT M&A TRANSACTIONS OVERVIEW

JAN 2020 – MAR 2021

(\$ millions)

Date announced	Acquirer	Target	Target company description	EV (\$m)	EV / Revenue	EV / EBITDA
30 Jul 2020	Mimecast North America, Inc.	eTorch Inc.	Provides a solution to prevent embedded email tracking to prevent leakage of confidential data and identity attacks to reveal the hidden risks inside email communications	-	n.a.	n.a.
20 Jul 2020	HelpSystems, LLC	GlobalSCAPE, Inc.	Develops and sells computer software that provides secure information exchange, data transfer, and data sharing capabilities for enterprises and consumers worldwide	219.7	5.4x	13.6x
20 Jul 2020	Fortinet, Inc.	OPAQ Networks, Inc.	Designs and develops cloud-based network security solutions. It offers Firewall-as-a-Service that provides enterprise-grade protection against various threats, including viruses, malware, spyware, unauthorized log-ins, denial of service, attacks, and others	13.3	n.a.	n.a.
29 Jun 2020	OneTrust, LLC	Integris Software, Inc.	Develops a data privacy automation software. It offers Integris, a data privacy automation software that helps enterprises to discover, map, monitor, and control sensitive data	-	n.a.	n.a.
25 Jun 2020	HelpSystems, LLC	Boldon James Ltd	Develops data classification and secure messaging solutions for organizations in the United Kingdom and internationally. It offers software products in the areas of data classification, including e-mail, outlook web application, office, file, SharePoint, etc.	37.2	3.3x	n.a.
22 Jun 2020	Microsoft Corporation	Cyber X, Inc.	Develops and operates a platform for real-time security of the industrial Internet. The company designs and builds XSense, a situational-aware platform that connects to an existing setup to continuously monitor the network and to collect real-time data by utilizing Big Data and machine learning	165.0	n.a.	n.a.
01 Jun 2020	Livingbridge LLP	TitanHQ	Develops Internet security software solutions. Its products include WebTitan, a software that filters web content from malware, phishing, and viruses; SpamTitan, a messaging antivirus solution that detects spam emails and provides email protection; and ArcTitan, a secure archiving solution	-	n.a.	n.a.
28 May 2020	Zscaler, Inc.	Edgewise Networks, Inc.	Develops cyber security software solutions. The company provides trusted application networking for the cloud and data center and prevents progression of network-borne threats by allowing only trusted applications to communicate over approved network paths	32.5	n.a.	n.a.
13 May 2020	Thompson Street Capital Partners	PKWare, Inc.	Develops solutions that help organizations to eliminate security gaps, manage sensitive data, and meet their data compliance goals	-	n.a.	n.a.
13 May 2020	CyberArk Software Ltd.	IDaptive, LLC	Develops next-gen access platform that secures access to applications and endpoints by verifying every user, validating their devices, and intelligently limiting their access	70.0	n.a.	n.a.
07 May 2020	Zoom Video Communications, Inc.	Keybase, Inc.	Operates a Website and open source command line program that provides Web verification and encryption software solutions for social media users. The company's solutions allows users to sign, verify, encrypt, generate messages, sign code, move keys around, etc.	26.5	n.a.	n.a.
28 Apr 2020	Rapid7 LLC	DivvyCloud Corporation	Develops a software that allows enterprise customers to automate security, compliance, and governance risks. It protects public cloud and container environments from misconfigurations; policy violations; threats; and identity and access management risks	147.8	n.m.	n.m.
09 Apr 2020	Investcorp	Avira Holding GmbH & Co. KG	Develops information technology-security protection solutions to computers, smartphones, servers, and networks through software and cloud-based services	180.0	n.a.	n.a.
31 Mar 2020	Palo Alto Networks, Inc.	CLOUDGENIX INC.	Develops and operates a software-defined enterprise wide-area network for hybrid clouds and a mobile workforce	394.4	n.a.	n.a.
16 Mar 2020	Hellman & Friedman LLC; TPG Capital, LP.	Checkmarx Ltd.	Develops a platform for DevOps and CI environments by redefining security's role. The company offers software exposure platform, static application security testing, open source analysis, interactive application security testing, game-like AppSec training, and managed application security testing	1,150.0	n.a.	n.a.

Source(s): ICON Analysis, Pitchbook, Capital IQ, 451 Research

# PRECEDENT M&A TRANSACTIONS OVERVIEW

JAN 2020 – MAR 2021

(\$ millions)

Date announced	Acquirer	Target	Target company description	EV (\$m)	EV / Revenue	EV / EBITDA
09 Mar 2020	WatchGuard Technologies, Inc.	Panda Security, S.L.	Develops endpoint security products and on-premise solutions for home users and enterprises worldwide. The company provides Software-as-a-Service based protection of endpoints, email and Web traffic, and cloud-based systems management, as well as an integrated on-premises endpoint protection platform	-	n.a.	n.a.
06 Mar 2020	Accenture plc	Context Information Security Limited	Provides cyber security consultancy and advisory services. The company provides cyber risk management services, including cyber strategy and transformation programs, risk assessment and compliance, security architecture and design, and threat assessment, etc.	139.4	n.a.	n.a.
02 Mar 2020	BMC Software, Inc.	Compuware Corporation	Provides software solutions and application practices for information technology (IT) organizations worldwide. Its Application Performance Management segment offers software solutions to optimize the user experience, performance, availability, and quality of enterprise, etc	-	n.a.	n.a.
24 Feb 2020	EMK Capital LLP	Trustonic Limited	Designs and develops a security software, Trusted Execution Environment (TEE), for smart devices. Its products also include TEE Directory and developer program	-	n.a.	n.a.
18 Feb 2020	AlpInvest Partners B.V.; Symphony Technology Group, LLC; Ontario Teachers' Pension Plan Board	RSA Security LLC	Provides intelligence driven security solutions. It offers threat detection and response, SIEM, threat defense, log monitoring, network traffic analysis and forensics, endpoint detection, etc	2,075.0	n.a.	n.a.
06 Feb 2020	Advent International Corporation; Crosspoint Capital Partners, LP	Forescout Technologies, Inc.	Provides software products, such as eyeSight, eyeSegment, and eyeControl for visibility and control capabilities across campus information technology and Internet of Things devices, operational technology (OT) devices, data center	1,607.5	5.0x	n.m.
23 Jan 2020	Moody's Corporation	Regulatory DataCorp, Inc.	Provides precise risk alerts and ongoing monitoring for enhanced protection and performance	696.0	n.a.	n.a.
13 Jan 2020	LexisNexis Risk Solutions Inc.	ID Analytics, LLC	Develops consumer risk management software solutions. It offers authentication and verification solutions, such as authentication solutions that help in application submissions, account management activities, and other interactions	375.0	7.8x	n.a.
09 Jan 2020	Synopsys, Inc.	Tinfoil Security, Inc.	Provides security-as-a-service based Website security solutions. It crawls into Websites and looks for common vulnerabilities; and acts as external hackers, picks through various access points on the Website, tries to get in, records where and how the company did it, and reports back	-	n.a.	n.a.
08 Jan 2020	Rockwell Automation, Inc.	Avnet Data Security Ltd.	Provides IT security consulting services. It offers IT/OT cyber services and solutions, such as assessments, penetration testing, network and security solutions, training, and converged IT/OT managed services	-	n.a.	n.a.
07 Jan 2020	Accenture plc	Symantec Cyber Security Services Business of Broadcom Inc.	Symantec Cyber Security Services Business of Broadcom Inc. was acquired by Accenture plc. Symantec Cyber Security Services Business comprises threat monitoring and analysis through a network of security operation centers, real-time adversary, etc.	200.0	n.a.	n.a.
06 Jan 2020	Insight Venture Management, LLC; CapitalG Management Company, LLC	Armis, Inc.	Develops an Internet of things (IoT) security solution to control and detect activity and threats on devices and networks. It offers protection solutions to organizations from unmanaged and rogue devices, including point of sale products, etc.	1,100.0	n.a.	n.a.
				Median	5.23x	12.27x
				Mean	8.60x	12.27x
				Top quartile	9.23x	12.96x
				Bottom quartile	3.47x	11.59x

Source(s): ICON Analysis, Pitchbook, Capital IQ, 451 Research



## FUNDING ACTIVITY - SNAPSHOT

### US IS LEADING THE CHARGE IN CYBERSECURITY FUNDRAISING



#### US Cybersecurity funding rounds – Key Stats

2020 – 2021 YTD

**462**

Funding rounds

**971**

Investors

**\$525m**

Largest deal<sup>(1)</sup>

**\$8.8bn**

Cumulative deal value



#### European and UK Cybersecurity transactions – Key Stats

2020 – 2021 YTD

**193**

Funding rounds

**343**

Investors

**\$103m**

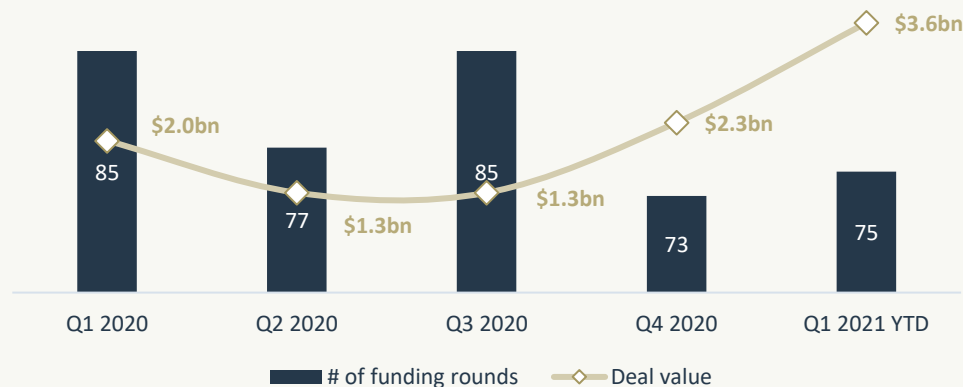
Largest deal<sup>(2)</sup>

**\$1.2bn**

Cumulative deal value

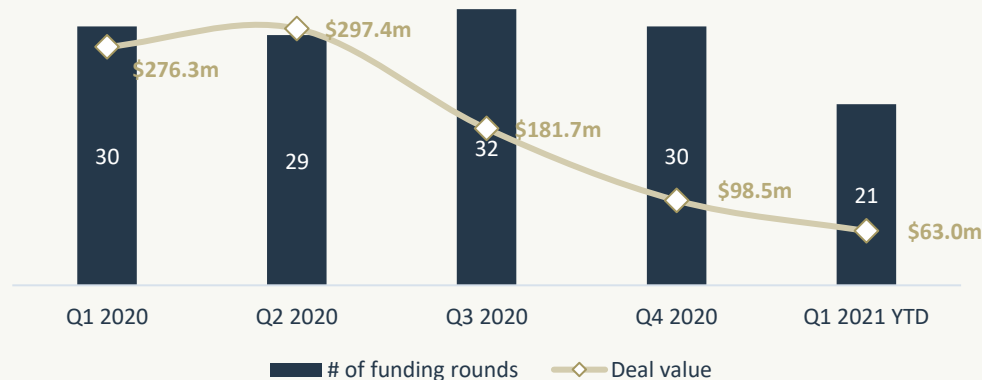
#### US Cybersecurity - Deal Count and Deal Size

Q1 2020 – Q1 2021 YTD



#### European and UK Cybersecurity - Deal Count and Deal Size

Q1 2020 – Q1 2021 YTD



Source(s): ICON Analysis, Pitchbook  
 Note(s): (1) In Jan 21, Lacework raised \$525m (Series D) from Sutter Hill Ventures and Altimeter Capital Management (Lead Investors), Tiger Global Management and others  
 (2) In Apr 2020, Onfido raised \$103m (Series C) from More Capital, Phoenician Funds and TPG Growth; YTD equals 1 Jan 2021 – 23 March 2021

## RECENT EUROPEAN FUNDRAISING HIGHLIGHTS IN 2020

### MULTIPLE HIGH PROFILE FUNDRAISES



Raised €20m from



**Cyber Threat Intelligence Platform**

- **Date:** 22/09/2020
- **Deal type:** Series C
- **Raised to date:** \$46.8m
- **Post money valuation:** n.a.
- **Target description:** Global threat intelligence platform, hunting and response technology provider



Raised £16m from



**Fraud Detection Platform**

- **Date:** 15/07/2020
- **Deal type:** Series C
- **Raised to date:** \$39m
- **Post money valuation:** £83m
- **Target description:** Developer of a fraud detection platform designed to meet existing and new threats in businesses



Raised £10.5m from



**SOC, MDR and Monitoring Solutions**

- **Date:** 17/03/2021
- **Deal type:** Early Stage VC
- **Raised to date:** £10.5m
- **Post money valuation:** n.a.
- **Target description:** Provides software and Security Operations Centre (SOC)-as-a-service, Managed Detection and Response (MDR), and monitoring solutions to government, mid-sized private organisations, and enterprise clients



Raised \$16m from



**Data Privacy**

- **Date:** 17/05/2020
- **Deal type:** Series A
- **Raised to date:** \$19m
- **Post money valuation:** n.a.
- **Target description:** Developer of internet infrastructure intended to make data privacy simple and accessible for all

# BUILDING A €1 BILLION EUROPEAN FOCUSED CYBERSECURITY INVESTMENT PLATFORM

EUROPEAN CYBERSECURITY INVESTORS ARE TEAMING UP TO CAPITALISE ON THE SECTOR GROWTH

- Eight European venture capital firms and the European Cybersecurity Organisation (ECISO), a Brussels-based industry group, are planning to create a €1bn fund to invest in homegrown cybersecurity companies over five years
- The investors are aiming to bridge the funding gap for the continent's emerging but still fragmented cybersecurity sector
- Compared with the US and China, European cybersecurity funding is lacking behind and the initiative aims to reduce dependence on foreign technology suppliers
- ECISO foresees the cybersecurity investment platform or 'Fund of Funds' being supported by a pan-European Investment Support Programme
- Discussions with more investors and the European Investment Bank are ongoing
- The cybersecurity investment platform ties in with the key ECISO mission to support European digital autonomy, keeping competences and strategic solutions within Europe
- The ECISO also started a "Made in Europe" label to help European cybersecurity companies market their products

## VCS PART OF THE €1BN INVESTMENT PLATFORM INITIATIVE

Firm	Geo	HQ	AuM <sup>(1)</sup>	Selected Portfolio Companies
		Paris	€1bn	TRUST IN SOFT  
		Madrid	€165m	AT&T Cybersecurity Counter Craft 
		Münster	€280m	build  
		Rotterdam	n.a.	  
		Naarden	€50m	 Securely 
		Milan	€200m	KEYLESS
		Milan	€50m	KEYLESS
		Helsinki	€50m	  

Source(s): ECISO

Note(s): Pitchbook, Companies websites

## US CORPORATE VENTURE CAPITAL ARMS AND SECTOR FOCUSED SPACS ARE GETTING ACTIVE

CROWDSTRIKE AND OKTA HAVE INTENSIFIED THEIR CORPORATE VENTURE ACTIVITIES WHILST TWO CYBERSECURITY FOCUSED SPACS HAVE LISTED IN THE LAST YEAR

### CROWDSTRIKE: FALCON FUND I



- \$20m early-stage investment fund in partnership with Accel, focused on Seed and Series A investments in start-ups that are building applications on top of the CrowdStrike Falcon® platform
- The fund enables start-ups to leverage the platform's data and infrastructure to rapidly develop new solutions that they can then seamlessly market and deliver via the CrowdStrike Store
- Investments include:  

### STRATEGIC CYBER VENTURES (NYSE: SCVX)



- SCVX (NYSE: SCVX) is a cybersecurity-focused investment vehicle that provides an alternative path to IPO, led by Mike Doniger and Hank Thomas, joined by a team of industry experts
- It's IPO on the NYSE in 29 Jan 2020 raised \$230m
- The company is targeting cybersecurity vendors with enterprise valuations in the range of \$600m to \$1.5bn
- The aim is to consolidate different security applications into a single, highly capable, well-resourced, publicly traded company

### OKTA VENTURES



- \$50m early-stage investment fund launched by Okta focused on identity, security, and privacy solutions
- Benefits for portfolio companies are the use of Okta software, access to expertise, SDK and API design partnerships, and co-marketing opportunities
- Investments include:




























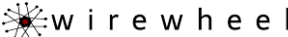
































### NIGHTDRAGON ACQUISITION CORP. (NASDAQ: NDACU)



- Nightdragon Acquisition Corp raised \$300m in its IPO on 2 Mar 2021
- The SPAC trades on Nasdaq under the symbol NDACU
- Targeting the cybersecurity, safety, security, and privacy sector
- Led by Chairman David DeWalt, the founder and Managing Director of venture firm NightDragon and former CEO of FireEye and McAfee

## OVERVIEW OF SPECIALISED CYBERSECURITY FUNDS












































SEVERAL SPECIALISED CYBERSECURITY FUNDS ARE PROVIDING VENTURE CAPITAL FOR HIGH GROWTH CYBER BUSINESSES

Firm	Geo	HQ	AuM <sup>(1)</sup>	Selected Cybersecurity Portfolio Companies			
ALLEGIS CYBER		Palo Alto	\$318m		Cyber 		
		London	\$110m				
		North Palm Beach	\$840m				Cyber 
		New York, Zurich	\$500m				
		San Mateo	\$770m				
		Washington	\$1,000m				
		Porto	\$217m				
		Washington	n.a.				
		Boston	\$450m	Cyber 			
		Mill Valley, CA	\$305m				

Note(s): (1) Data from Pitchbook as of Mar 2021



## DIVERSIFIED TECHNOLOGY VENTURE CAPITAL FUNDS THAT ARE HIGHLY ACTIVE IN CYBER

Firm	Geo	HQ	AuM <sup>(1)</sup>	Selected Cybersecurity Portfolio Companies <sup>(1)</sup>			
		Palo Alto	\$20bn				
		Redwood City	\$9bn				
		Boston	\$9bn				
		New York	\$30bn				
		Chevy Chase	\$24bn				
		Menlo Park	\$10bn				
		San Francisco	\$9bn				
		London	\$20bn				
		Münster	€280m				
		New York	\$1.5bn				

Note(s): (1) Data from Pitchbook as of Mar 2021



# **SPECIALIST INDEPENDENT M&A AND FUNDRAISING ADVISER TO FAST-GROWING TECHNOLOGY BUSINESSES**

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