



Sector Spotlight: Cybersecurity

September 2023



Market Trends

01 Remote working cybersecurity risks are on the rise as **40% of the workforce in the UK work from home at least one day a week**

The **expanding Internet of Things (IoT)** creates more opportunities for cybercrime - **by 2026 there will be 64 billion IoT devices around the world**

02

03 Ransomware remains a growing threat as there are now **over 120 separate families of ransomware**, with adept hackers able to hide malicious code

Increased adoption of cloud services has resulted in an **increase in cloud security threats** with **39% of businesses experiencing a data breach** in their cloud environment last year

04

05 Continued **rise of artificial intelligence (AI)** makes for **stronger defense mechanisms** but simultaneously **more sophisticated cyberattacks**

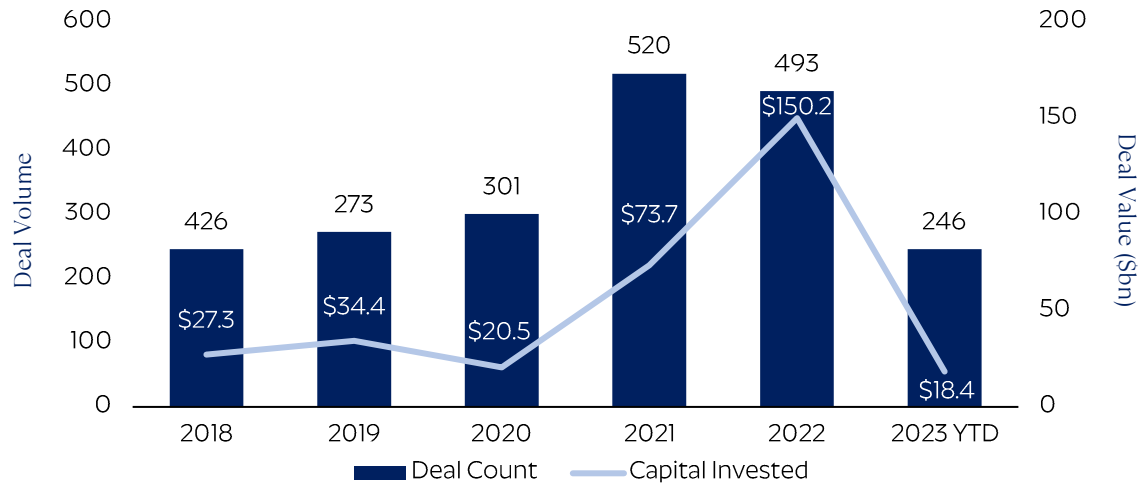
Social engineering attacks are the most common form of cyber attack and are **getting smarter** requiring more attention from cyber security firms

06

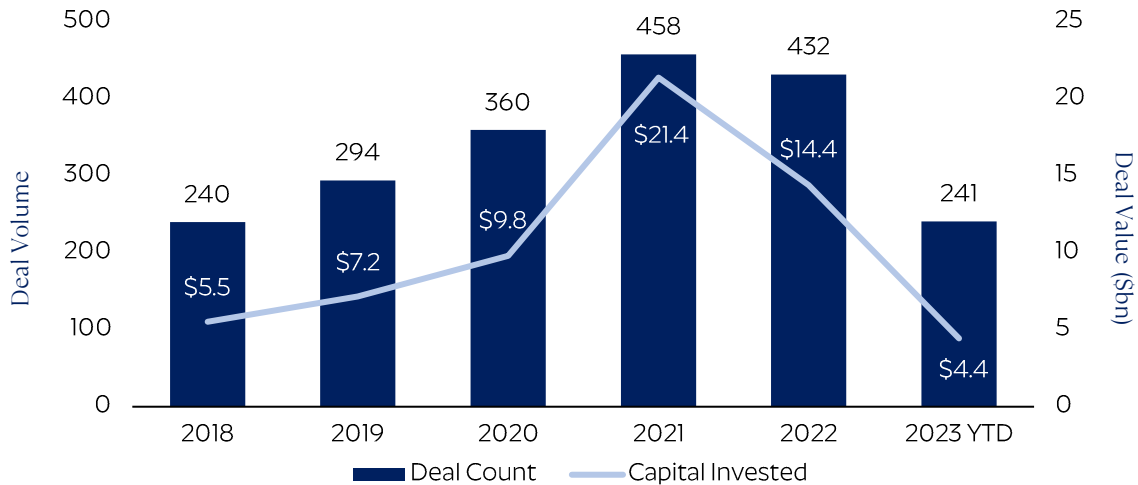
Notable Transactions

Target	Buyer	Month	Target Subsector	Buyer Subsector	Deal Value
SEALINGTECH	PARSONS	Aug-23	Public Sector Cybersecurity (US)	Digitally enabled Solutions (US)	\$200m
ForgeRock	THOMABRAVO	Aug-23	Access Management (US)	Private Equity (Canada)	\$2.34bn
perimeter 81	CHECK POINT	Aug-23	Security Service Edge (US)	Computer and Network Security (US)	\$490m
COBWEBS TECHNOLOGIES	PENLINK	Jun-23	Threat Intelligence (US)	Data Analysis & Regulation (US)	\$200m
SMARTNETWORKS	Footbridge Partners	May-23	IT Consulting & Cybersecurity Education (US)	Private Equity (US)	\$18m
MSP CORP	Alfar Capital	May-23	MSP Partner (Canada)	Private Equity (Canada)	\$100m
MAGNET FORENSICS	THOMABRAVO	Apr-23	Threat Intelligence (US)	Private Equity (Canada)	\$1.32bn
IPKEYS	PARSONS	Apr-23	Vulnerability Assessment & IAM (US)	Digitally enabled Solutions (US)	\$43m
MINERVA	RAPID7	Mar-23	Ransomware (Israel)	Analytics & Automation (US)	\$38m
MALTEGO	Charlesbank	Mar-23	Data Protection & Security (Germany)	Private Equity (US)	\$100m

Cybersecurity M&A Deal Activity



Cybersecurity Fundraising Deal Activity



Sources: Capital IQ, Pitchbook

Most Acquisitive Buyers

THOMABRAVO | Founded in 1980 | \$131bn AUM | Chicago, USA HQ | 95 employees

Recent acquisitions: ForgeRock | PingIdentity | SailPoint | GRAYSHIFT

paloalto NETWORKS | Founded in 2005 | MCap \$72bn | Santa Clara, USA HQ | 13,979 employees

Recent acquisitions: Cider | Gamma | bridgecrew | EXPANSE

CISCO | Founded in 1984 | MCap \$231bn | San Jose, USA HQ | 99,680 employees

Recent acquisitions: Code BGP | Lightspin | Armorbox | ACCELIAN

vmware | Founded in 1998 | MCap \$72bn | Palo Alto, USA HQ | 38,300 employees

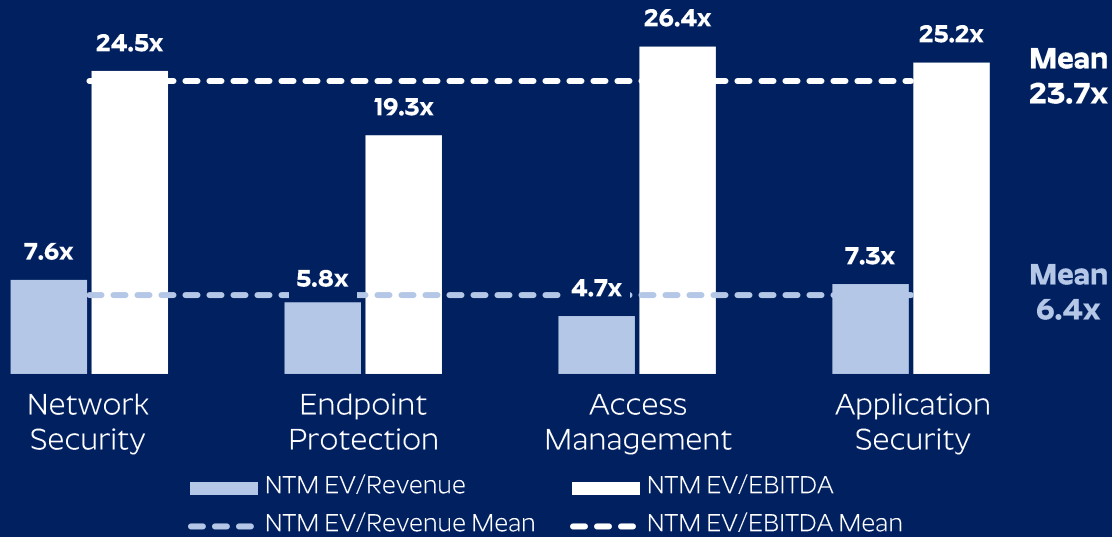
Recent acquisitions: ananda networks | MESH7 | SALTSTACK | Carbon Black.

Deloitte. | Founded in 1845 | Revenue 59bn | London, UK HQ | 427,875 employees

Recent acquisitions: PARAFLARE | Hacktive.io | IT-SS | SENTEK GLOBAL

Most acquisitive buyers in the last 5 years

Public Comps



Recent CEO Commentary



"The cybersecurity TAM has continued to rise. It has grown at approximately 14%, and it has grown twice the pace at which the IT market has grown" – **Nikesh Arora, CEO**

"The cloud security market opportunity is massive and growing rapidly, with the potential to reach \$18 billion in calendar year 2026" – **George R. Kurtz, CEO**



"[AI] brings transformative opportunities for identity, from stronger security and faster application development to better user experiences and more productive employees" – **Todd McKinnon, CEO**

"The imperative for security and quality in software has always been critical. And with the rise in Gen AI generated code, big new risks are emerging." – **Aart J. de Geus, CEO**

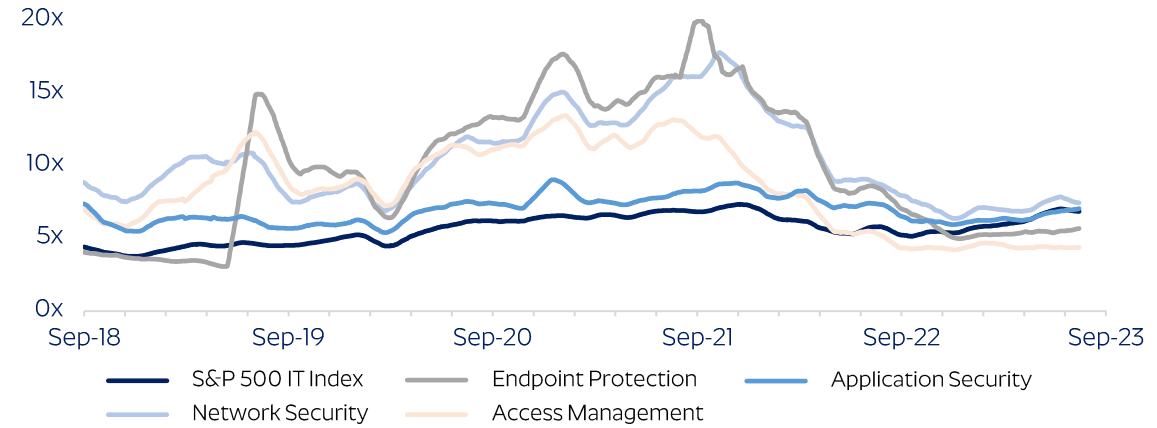


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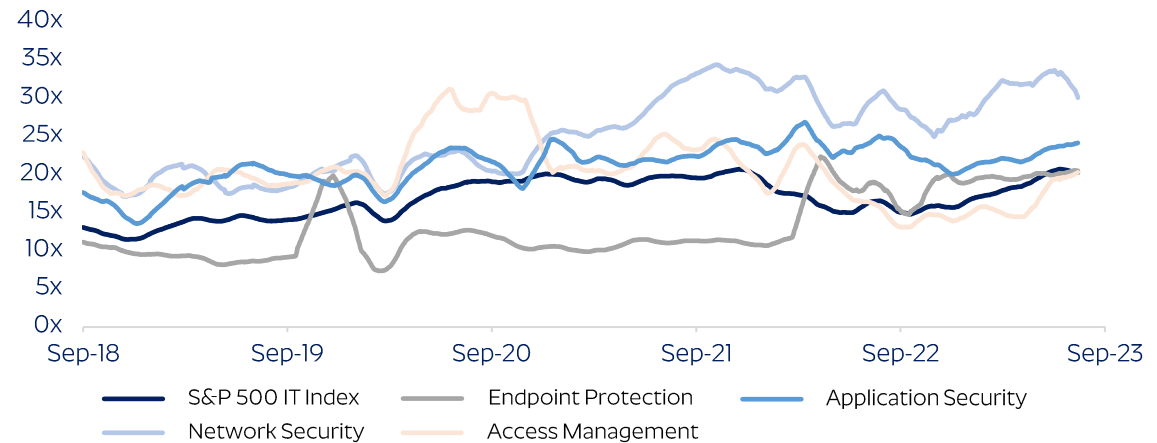
Peer group constituents are Network Security: Palo Alto Networks, Rapid7, Check Point Software Technologies, Fortinet, and Zscaler; Endpoint Protection: CrowdStrike, SentinelOne, Trend Micro, Gen Digital, F-Secure, and Darktrace; Access Management: CyberArk, Okta, Thales, and SecunetSecurity; Application Security: Synopsys, Open Text, Qualys, and Tenable

Sector Valuations Over Time

NTM EV/REVENUE over the last 5 years



NTM EV/EBITDA over the last 5 years



Sources: Capital IQ, Pitchbook

Leadership



Chris Sahota
CEO

Chris is the Founder & CEO of Ciesco which has grown to be a leading Global M&A Advisory Firm specializing in Technology, Media, Healthcare & Sustainability. Prior to Ciesco, Chris has held senior executive roles in some of the largest corporations across Technology, Media and Marketing, having lived and worked in London, New York and Brussels. Chris currently sits on the UK Advisory Council of Palantir Technologies. He has also served on the Advisory Board of Accenture UK & Ireland.

Sector Team



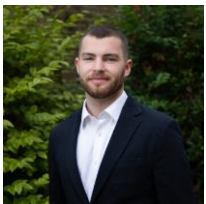
Ateesh Srivastava
Managing Director

Ateesh is a Managing Director at Ciesco with more than a decade of investment banking experience focused on the Technology and Software sector. He brings extensive sector focused transaction experience and an ability to build long term relationships with his clients. Ateesh's expertise in the Technology and Software sector enables him to deliver tailored solutions and helping clients achieve very successful outcomes.



Jack Andrews
Associate

Jack works closely with clients in day-to-day M&A deal execution with responsibilities including financial analysis, valuation and preparing deal documentation. Jack has deal execution and origination responsibilities across software, tech services, digital media and media consulting sectors globally, including the US, UK and APAC. Jack has a background in Corporate Finance and Chemical Engineering.



William Oldcorn
Analyst

Will supports the deal teams throughout the entire transaction lifecycle, starting from the initial sourcing of transactions all the way to their successful execution. Beyond his involvement in deal execution, Will actively contributes to Ciesco's Origination and Market Intelligence efforts, with a specific focus on the healthcare and software sectors.

Contact us: Cyber@ciesco.com

Ciesco Experience

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