



# Sector Spotlight: Cybersecurity

February 2024



# Market Trends in 2023



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



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 in 2022



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

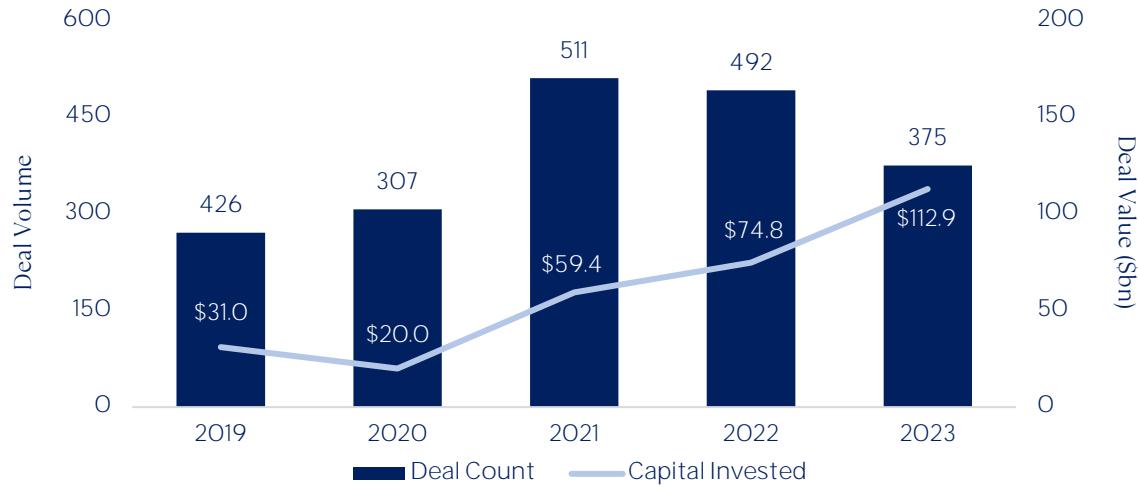
Social engineering attacks are the most common form of cyber attack and are getting smarter requiring more attention from cyber security firms



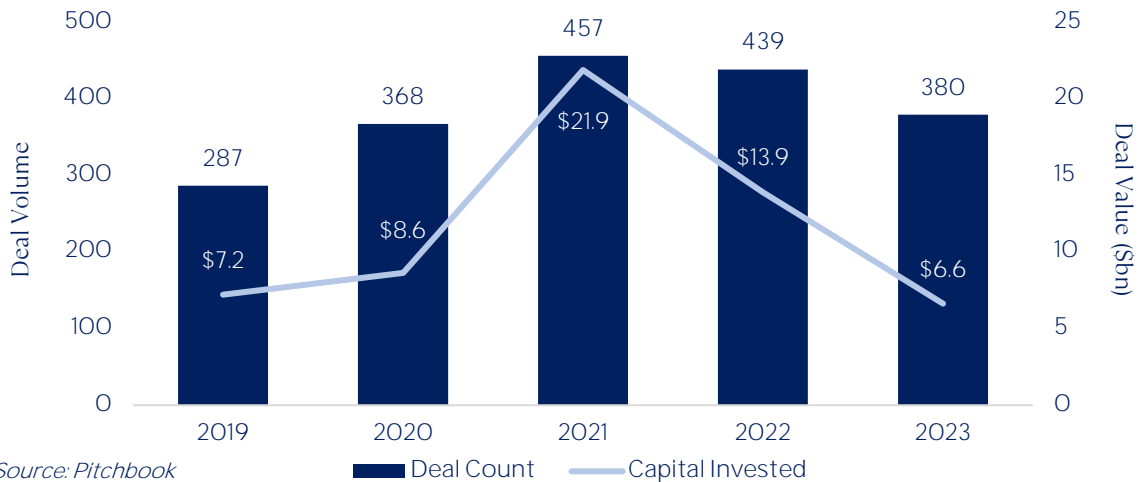
# Notable Transactions in 2023

Target	Buyer	Date	Target Subsector	Buyer Subsector	Deal Value
vmware	BROADCOM	22-Nov	IT Infrastructure (US)	Semiconductors (US)	\$69.0bn
splunk >	CISCO	21-Sep	Data Security (US)	Networking and Software (US)	\$28.0bn
KnowBe4 <small>Human error. Conquered.</small>	VISTA	01-Feb	Cybersecurity awareness (US)	Private Equity (US)	\$4.6bn
imperva	THALES	04-Dec	Application & Data Security (US)	Advanced Technologies (France)	\$3.6bn
Forcepoint G2CI	TPG	29-Sep	Public Sector Cybersecurity (US)	Private Equity (US)	\$2.5bn
ForgeRock	THOMABRAVO	23-Aug	Access Management (US)	Private Equity (US)	\$2.3bn
sumo logic	FP FRANCISCO PARTNERS	07-May	SaaS Analytics (US)	Private Equity (US)	\$1.7bn
MAGNET FORENSICS	THOMABRAVO	06-Jul	Threat Intelligence (US)	Private Equity (US)	\$1.3bn
ABSOLUTE	CROSSPOINT CAPITAL	26-Jul	Endpoint Protection (Canada)	Private Equity (US)	\$870m
ISOVALENT	CISCO	21-Dec	Networking, Security & Observability (US)	Networking & Software (US)	\$650m

## Cybersecurity M&A Deal Activity



## Cybersecurity Fundraising Deal Activity



Source: Pitchbook

## Most Acquisitive Buyers in 2023



Founded In 1984

MCap \$203bn

San Jose, USA HQ

99,500+ employees

Notable acquisitions in 2023:



Founded In 1980

\$131bn AUM

Chicago, USA HQ

90+ employees

Notable acquisitions in 2023:



Founded In 1989

MCap \$243bn

Dublin, Ireland HQ

733,000 employees

Notable acquisitions in 2023:



Founded In 1985

\$81bn AUM

London, UK HQ

480+ employees

Notable acquisitions in 2023:



Founded In 1985

\$1tr AUM

New York, USA HQ

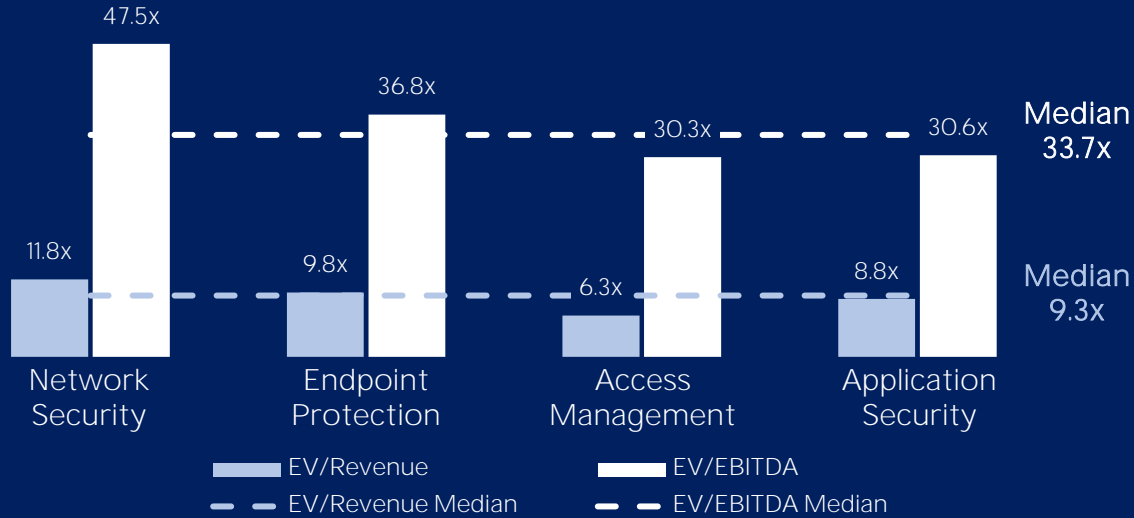
350+ employees

Notable acquisitions in 2023:



# Public Comps

As at 16/02/24



## Recent CEO Commentary



"For over a decade, Fortinet has used machine learning and AI to provide advanced threat intelligence across more than 40 products from network, endpoint, and application security." – *Ken Xie, CEO*  
*Q4 2023 Earnings Call, 06-Feb-2024*

"Heightened geopolitical tensions are driving significant national state activity with national infrastructure being targeted. Successful breaches and ransomware attacks are being perpetrated across many industries with few repercussions for the bad actors." – *Nikesh Arora, CEO*  
*Q2 2024 Earnings Call, 20-Feb-2024*



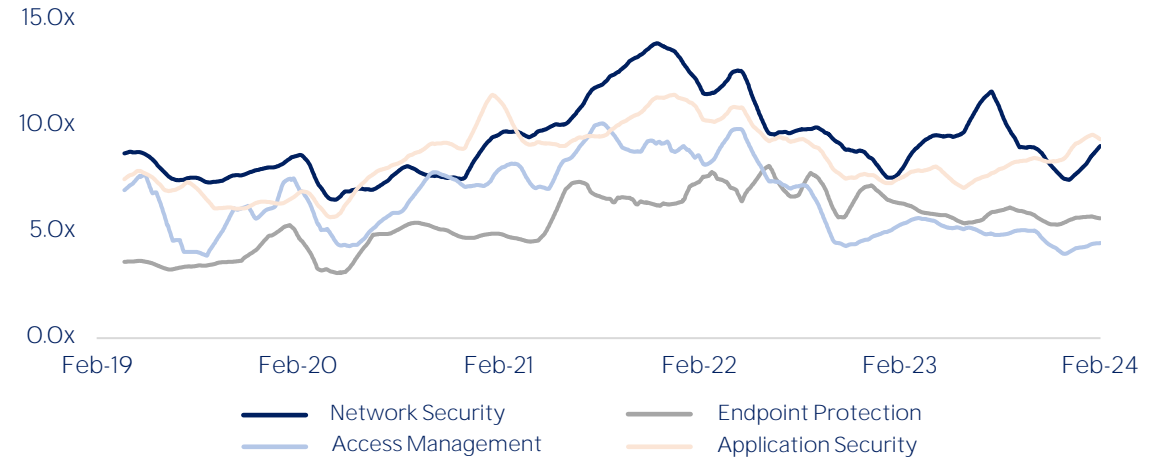
"AI technology has been and remains a key tenant of our strategy. Not only this powerful AI and deep learning technology power are core security engines, but we are now bringing AI to the forefront to make our products more interactive and intuitive." – *Vincent Pilette, CEO*  
*Q3 2024 Earnings Call, 01-Feb-2024*

Source: Pitchbook

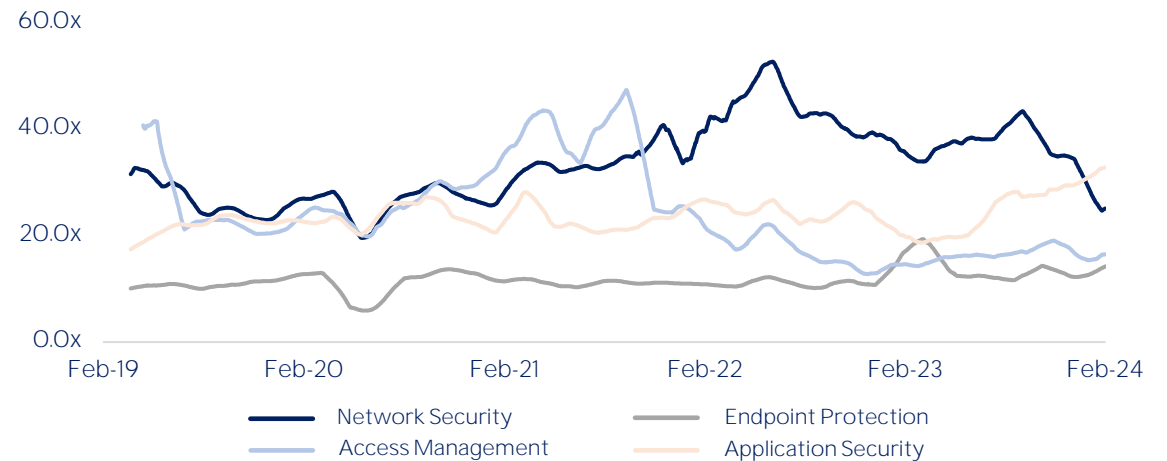
Peer group constituents are Network Security: Palo Alto Networks, Rapid7, Check Point Software Technologies, Fortinet, and Zscaler; Endpoint Protection: CrowdStrike, SentinelOne, Trend Micro, Gen Digital, F-Secure, and Darktrace; Access Management: CyberArk, Okta, Thales, and Secunet Security; Application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

# Sector Valuations Over Time

TTM EV/Revenue over the last 5 years



TTM EV/EBITDA over the last 5 years



Source: Pitchbook

## Leadership



**Chris Sahota**  
Founder & CEO

13+  
years of leading Cisco

20+  
years of corporate leadership



Board Advisory Member: Palantir accenture

## Sector Team



**Ateesh Srivastava**  
Managing Director

13+  
years of Investment Banking  
experience

>£7bn  
deal value executed



**Matt Bruun**  
Senior Advisor

20+  
years of experience

SaaS  
Enterprise Sales Expert



**Jack Andrews**  
Associate

6+  
years of experience

MSc  
Corporate Finance



**William Oldcorn**  
Analyst

2+  
years of experience

BSc  
Accounting & Finance



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