



Sector Spotlight: Cybersecurity

September 2024



Market Trends in 2024



Quantum computing is emerging as both a promising technology and a **looming threat to cybersecurity**. With the potential to break current encryption methods, **cybersecurity experts are increasingly focused on post-quantum cryptography** to prepare for the challenges this technology might bring.

The rise in supply chain attacks, exemplified by incidents like the SolarWinds hack, has **heightened awareness around third-party vulnerabilities**. Companies are more vigilant about their external partners' cybersecurity practices.



Governments worldwide are adopting stricter cybersecurity legislation. The **EU is enforcing new rules through the NIS2 Directive**, while the **US has introduced CIRCIA** (Cyber Incident Reporting for Critical Infrastructure Act).

As data privacy concerns grow with global regulations like GDPR, CCPA, and other regional frameworks, businesses need to **align cybersecurity with data protection**. The rise in cross-border data transfers has made this even more complex.



AI and machine learning tools are increasingly used to **identify vulnerabilities and predict cyberattacks** before they occur. However, **adversarial AI is also becoming more prominent**.

As companies realise traditional perimeter-based security models are no longer sufficient, **Zero Trust Architecture (ZTA) is becoming a widely adopted** security framework. This approach requires **all users, both inside and outside the organisation, to be continuously verified** before accessing network resources.



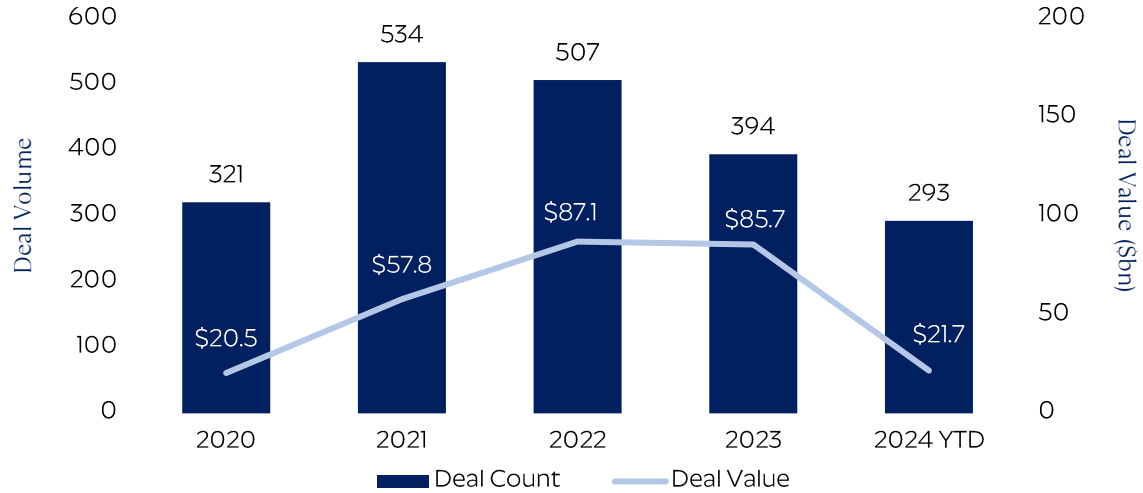
Notable Transactions

Target	Buyer	Date	Target Subsector	Buyer Subsector	Deal Value
Recorded Future	mastercard	12-Sep-24	Threat Intelligence	Payment Processor	\$2.65bn
Qum	salesforce	05-Sep-24	Cloud Data Protection	CRM	\$1.9bn
Acronis	IEQT	Announced 07-Aug-24	Cloud Data Protection	Private Equity	c. \$4bn *
EXCLUSIVE NETWORKS	CLAYTON DUBILIER & RICE	24-Jul-24	Cloud Security	Private Equity	\$2.38bn
Kiteworks	SIXTH STREET PARTNERS	28-Jun-24	Private Content Network (PCN)	Private Equity	\$456m Development capital
noname	Akamai	25-Jun-24	API Security Platform	Cloud Security	\$450m
Venafi	CYBERARK	19-May-24	Machine Identity Platform	Identity Security	\$1.54bn
ZEROFOX	HAVELI	13-May-24	Threat Intelligence	Private Equity	\$350m
BLACKDUCK	FP PARTNERS	06-May-24	Open-Source Security	Private Equity	\$2.1bn
DARKTRACE	THOMABRAVO	26-Apr-24	Cybersecurity AI	Private Equity	\$5.3bn
Gem	WIZ	10-Apr-24	Cloud Security	Cloud Security	\$350m
Spirent	KEYSIGHT	28-Mar-24	Automated Testing & Assurance	Network Testing Solutions	\$1.47bn

*Source: Reuters

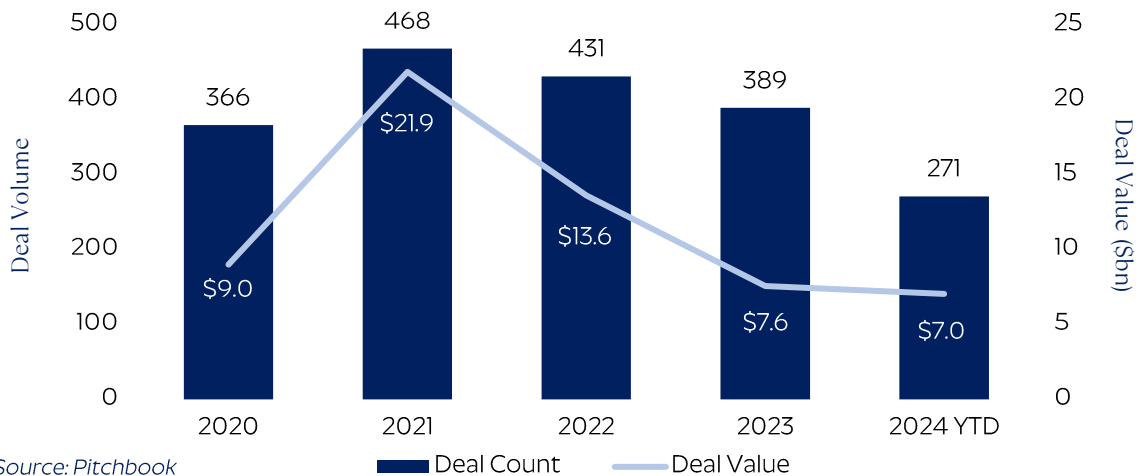
H1-24 Cybersecurity M&A Deal Activity

As at 13/09/24



H1-24 Cybersecurity Fundraising Deal Activity

As at 13/09/24



Source: Pitchbook

Most Acquisitive Buyers



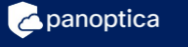
Founded in 1984

MCap \$194bn

San Jose, USA HQ

90,000+ employees

Notable acquisitions:



Founded in 1980

\$160bn AUM

Chicago, USA HQ

120+ employees

Notable acquisitions:



Founded in 1987

\$435bn AUM

Washington DC, USA HQ

2,200+ employees

Notable acquisitions:



Founded in 1989

MCap \$213bn

Dublin, Ireland HQ

750,000+ employees

Notable acquisitions:



Founded in 1985

\$81bn AUM

London, UK HQ

480+ employees

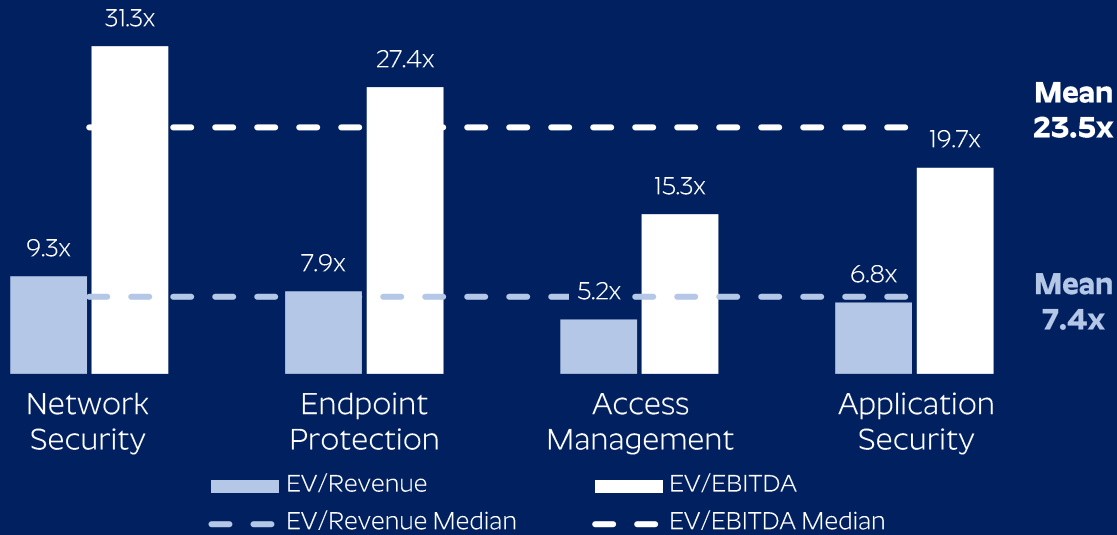
Notable acquisitions:



Note: Acquisitions completed over the last 2 years

Public Comps

As at 13/09/24



Recent CEO Commentary



"I would like to start today's remarks with my apology to everyone impacted by our Channel File 291 incident [...]. The July 19th incident starts a new chapter for CrowdStrike, one focused on ensuring that cybersecurity's best AI platform for SOC operations, protection, visibility, response, and automation is also cybersecurity's most resilient platform with built-in redundancy modes, new content controls, and enhanced safeguards we've immediately addressed learnings from the incident and will continue to apply and evolve these lessons into our future." – **George Kurtz, CEO** Q2 2025 Earnings Call, 28-Aug-2024

"Adversaries are leveraging AI capabilities to broaden attacks, better target organizations, and scale their malicious activity beyond the capabilities of defenses that relies solely in humans. This environment, paired with an ever more challenging threat landscape and a complex set of point products that are not well integrated or even coordinated, is driving a growing need for platformization." – **Nikesh Arora, CEO** Q4 2024 Earnings Call, 19-Aug-2024

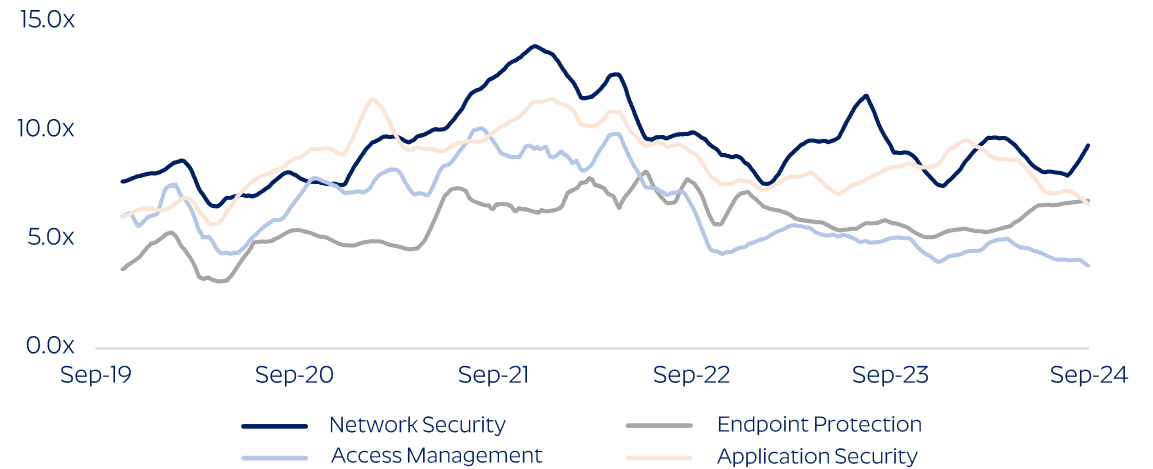


Source: Pitchbook

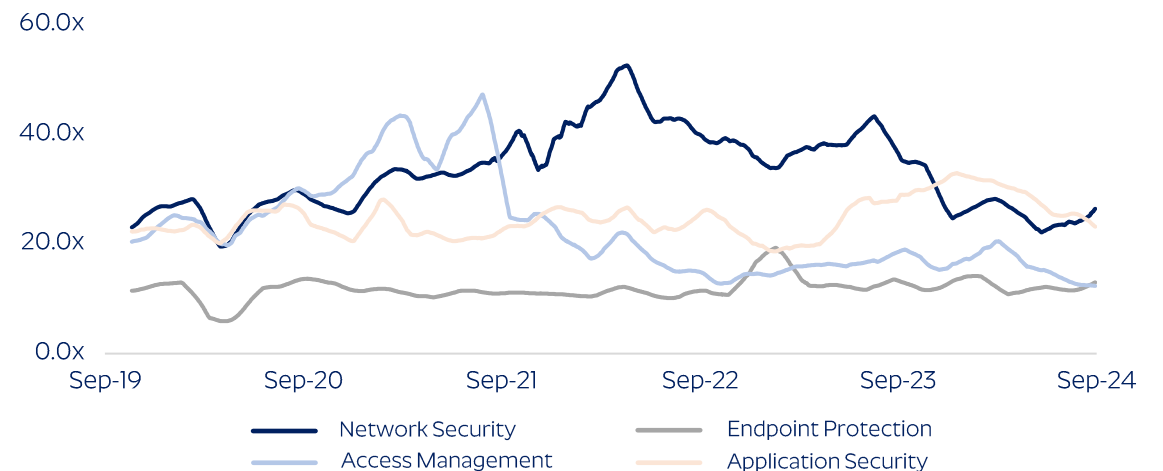
Peer group constituents are Network Security: Palo Alto Networks, Rapid7, Check Point Software Technologies, Fortinet, and Zscaler; Endpoint Protection: CrowdStrike, SentinelOne, Trend Micro, Gen Digital, F-Secure, and Darktrace; Access Management: CyberArk, Okta, Thales, and Secunet Security; Application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

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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