



# Cybersecurity Market Update

Fall 2024

- 
- I. **PSC's 2024 Cybersecurity Transactions**
  - II. Public Markets and Valuation Analysis
  - III. IPO Environment
  - IV. Cybersecurity Market Update
  - V. Perspectives on Buyers' Diligence Priorities
  - VI. Appendix

# PSC's 2024 Cybersecurity Transactions

## Near-Term Announcements

**Undisclosed**  
*Leading Security Operations Platform*  
 Active Sell-Side

**Undisclosed**  
*Leading player in Non-Human Identity*  
 Active Sell-Side

\$115,000,000



has been acquired by



Sell-Side Advisor  
 November 2024

\$859,000,000

Secureworks®  
 has been acquired by



a portfolio company of



Sell-Side Advisor  
 October 2024

**Undisclosed**



has been acquired by



a portfolio company of



Sell-Side Advisor  
 July 2024

**Undisclosed**



has agreed to be acquired by




a portfolio company of





Sell-Side Advisor  
 June 2024

\$1,540,000,000



has been acquired by



Sell-Side Advisor  
 May 2024

\$350,000,000



has been acquired by



Sell-Side Advisor  
 February 2024

**Undisclosed**



has been acquired by



Sell-Side Advisor  
 January 2024

*Piper Sandler has served as an advisor to 2 of the 3 2024 security take-privates*

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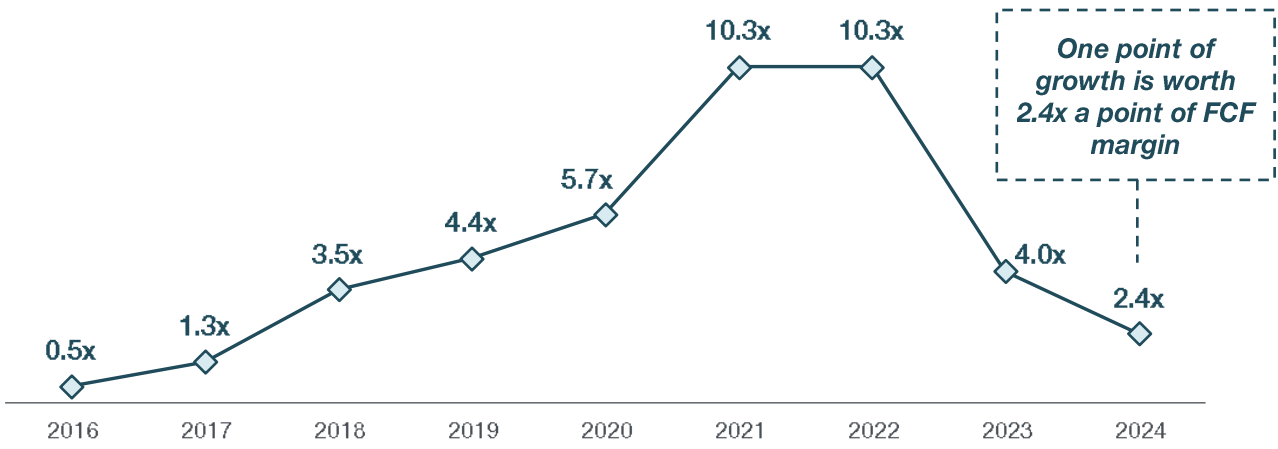
## PSC Security's Takeaways from 2024 Transactions

- I. Enduring sponsor and sponsor-backed appetite for security platforms and add-ons, with growth and retention the dominant drivers in valuation
- II. Strategics want tech tuck-ins (with strict integration parameters) or scaled, well-performing assets that expand TAM...and are now rarely paying for synergies
- III. Rotation to quality: Many sponsors are drawing a bright line on GRR >90% and NRR >100%
- IV. Increased scrutiny on GTM and pipeline (e.g., quota attainment, sales cycles, win rates) – buyers, especially sponsors, expect it to be perfect and highly predictable
- V. There were many failed deals in 2023 & 2024 – the level of scrutiny has never been higher, especially at the end of a deal

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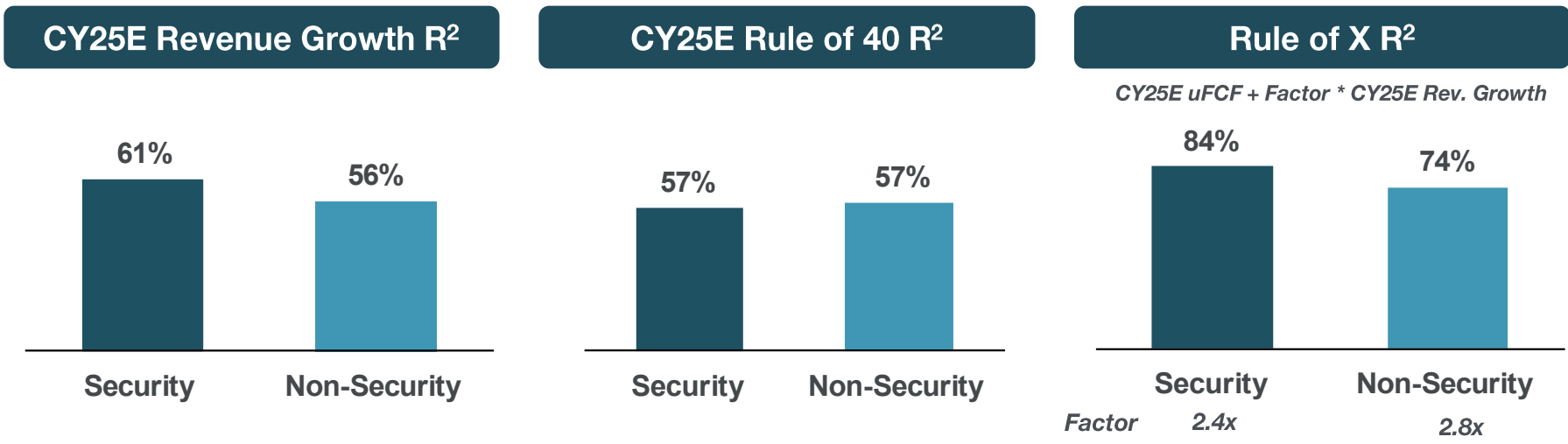
# “Rule of X” Is a Better Predictor of Valuation Than Growth Alone

**Growth Is Worth More Than Profitability, But FCF Is More Important Than It Has Been in Recent Years**



- With the macro picture stabilizing and the market adjusting to the new normal in 2024, numerous industry practitioners have made it clear that the market is reprioritizing growth over profitability
- Investors have shifted the vast majority of their weighting to ‘default alive’ break-even / profitable companies

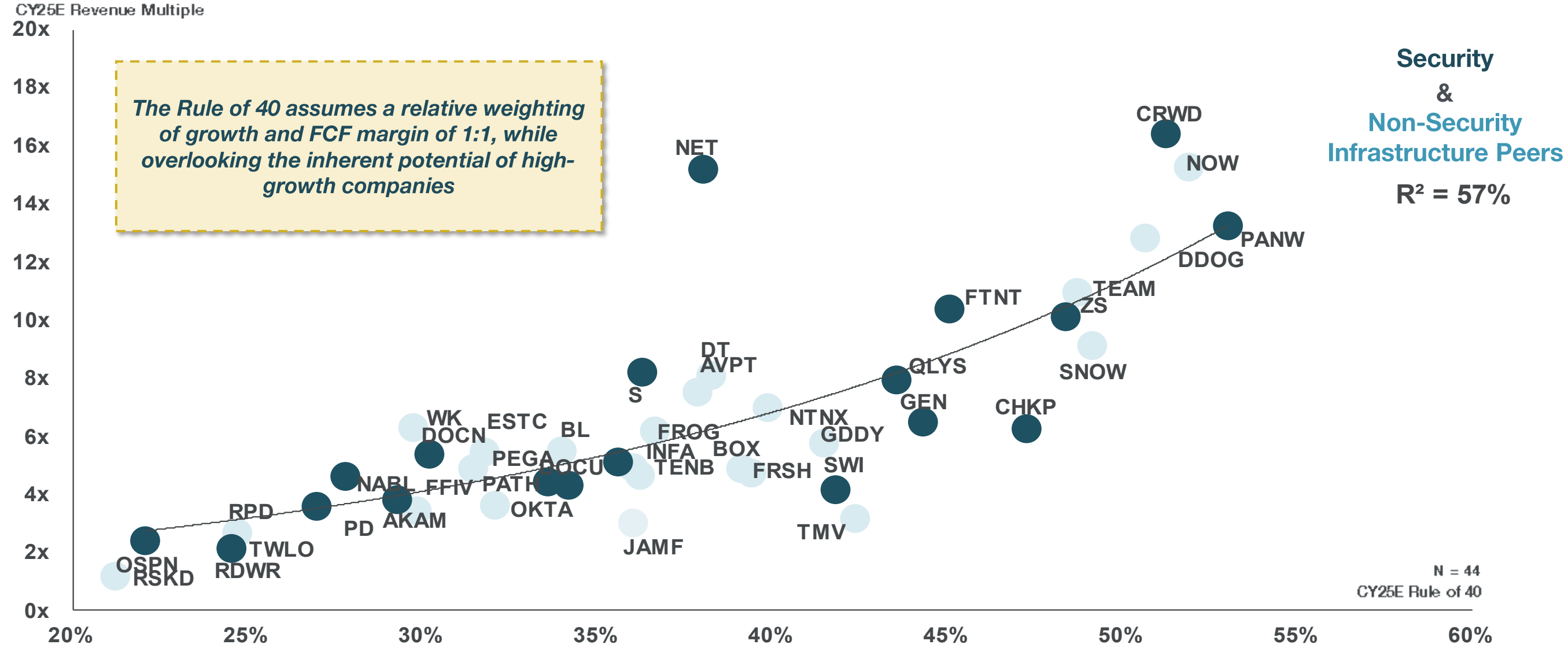
**The Rule of X sets a new paradigm emphasizing growth over profitability**



**Rule of X exhibits a remarkable 84% correlation with CY25E revenue multiples, whereby growth is worth 2.4x FCF margin**

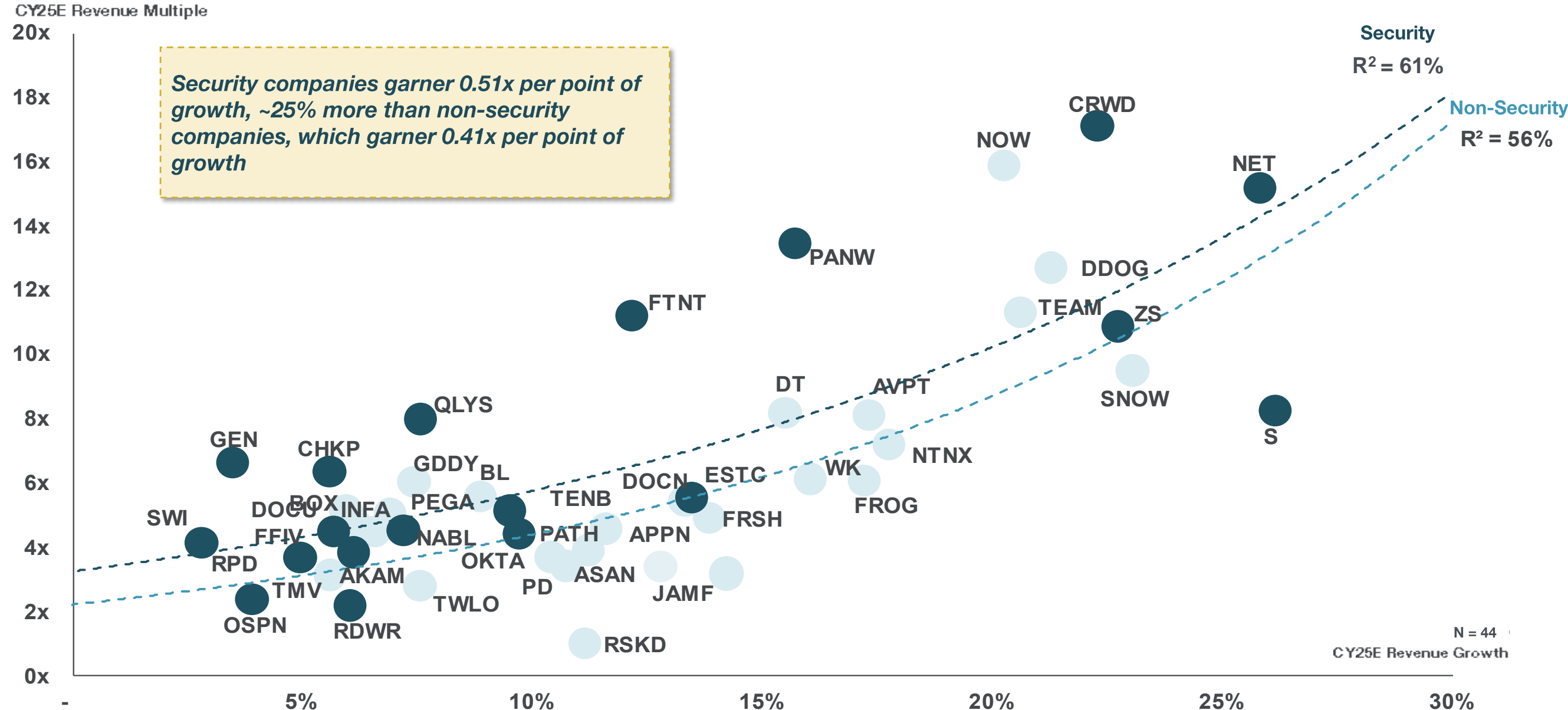
Source: Capital IQ as of 11/08/2024  
 Note: The Rule of X graph plots factor, where correlation between revenue multiple and Growth\*Factor + uFCF margin is the highest; N=17 for broader public Security comps set public at a given time

# Rule of 40 Correlation to Multiple is Highest on Record



Source: Capital IQ as of 11/08/2024

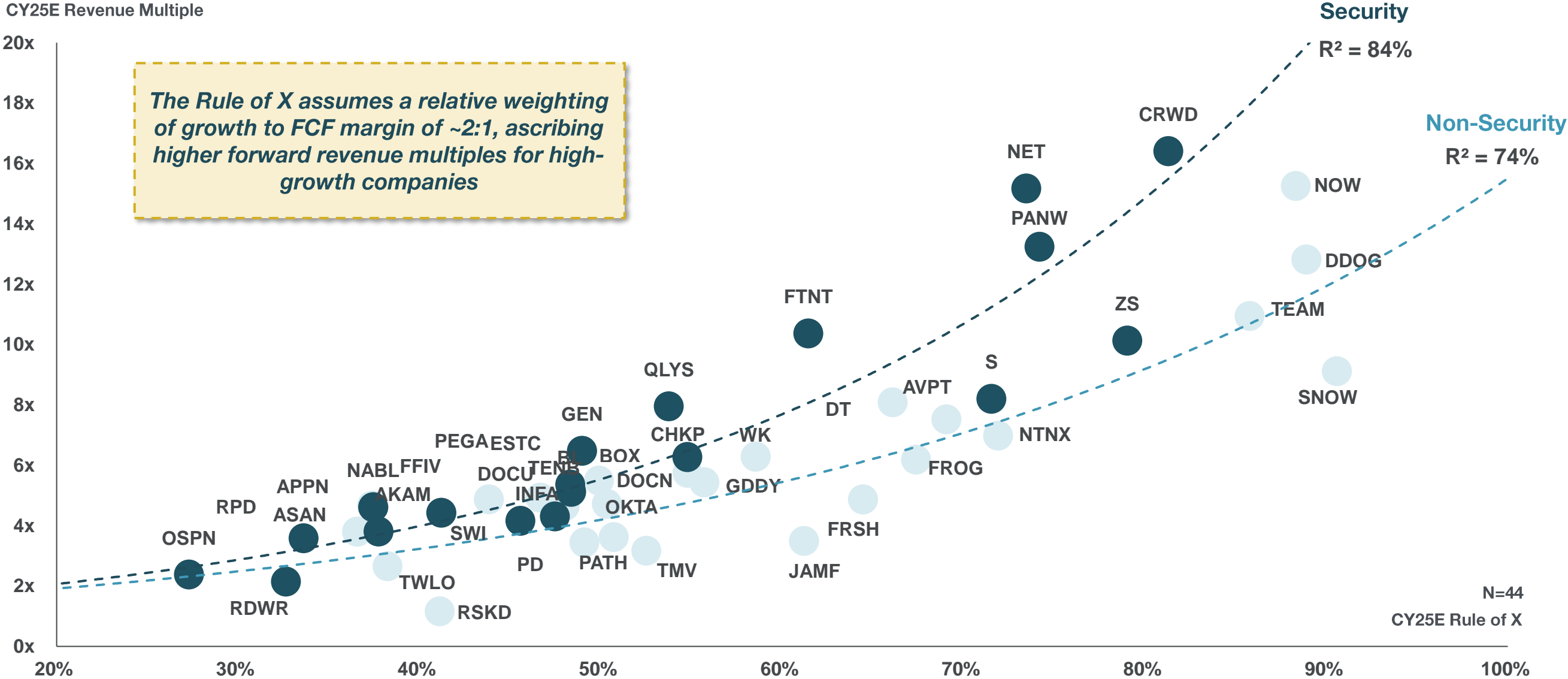
# Focusing Solely on Revenue Growth is Insufficient



Source: Capital IQ as of 11/08/2024

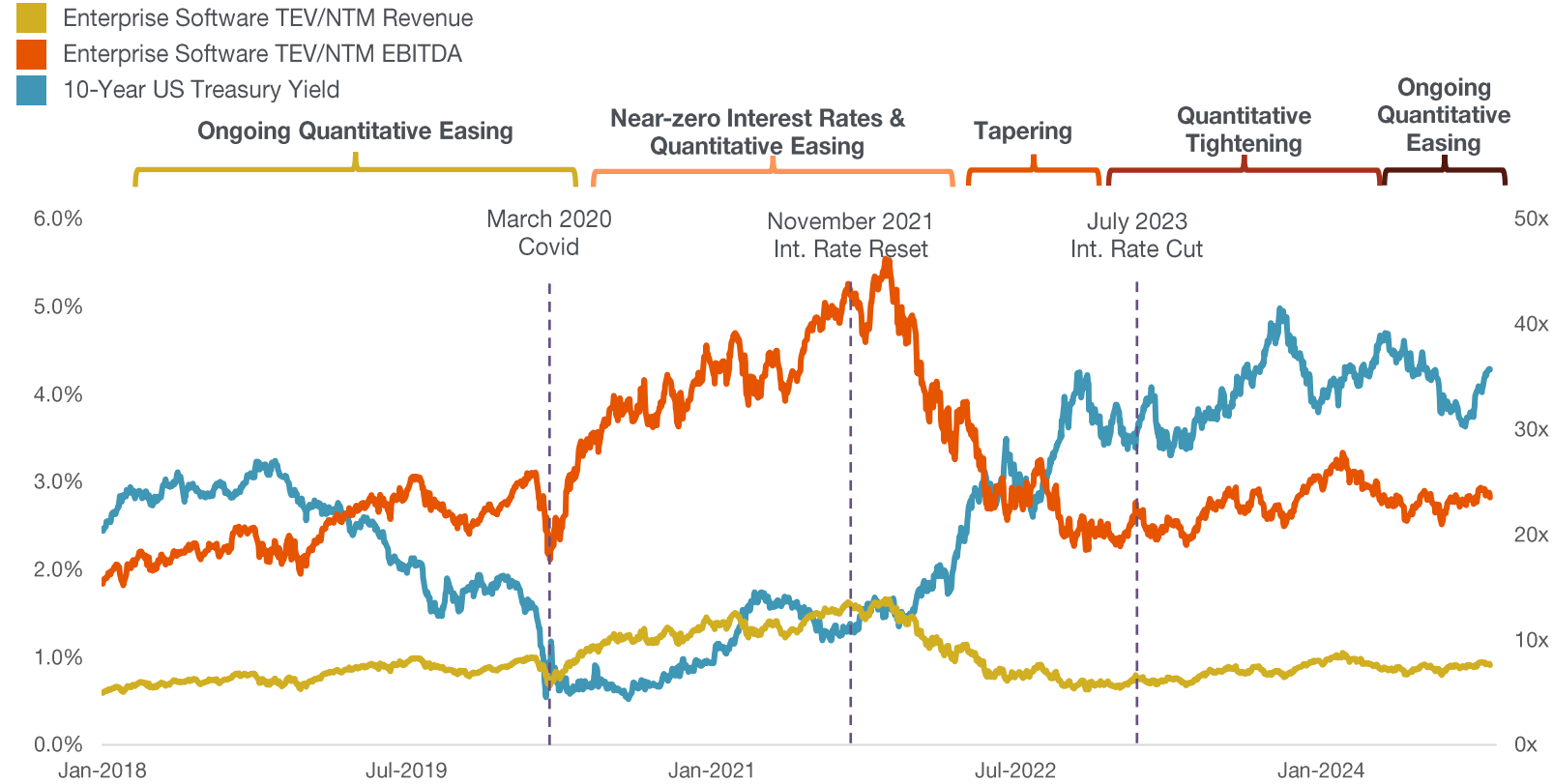


# Rule of X Establishes A Growth-Centric Approach to Valuation



Source: Capital IQ as of 11/08/2024

# Enterprise Software Valuation vs. Interest Rates / Monetary Policy



## Key Takeaways

- **Valuation:** 2021 is not returning! Lower rates will not lift all...they will increase the multiples at the margins on quality assets
- **M&A:** Dramatic increase in deal activity over next 18 months through a combination of pent-up demand, need to return capital, need to raise new capital, new regulatory framework, and a general sense of a stronger market
- **IPO:** The window has been open all of 2024; activity was down due to perceived valuation environment; market will come back very strong
- **Advice:** Quality – focus on the fundamentals above all else and the rest will take care of itself

## Fed Policy Considerations on the M&A Process

**I.**

*Marginally boosts sponsor activity by fostering a more favorable borrowing environment that enhances leverage capacity and improves quality of companies*

**II.**

*Facilitates a transition toward more streamlined financing, resulting in a reduced reliance on deferred payments or earn-outs, which leads sellers to anticipate a larger portion of consideration upfront*

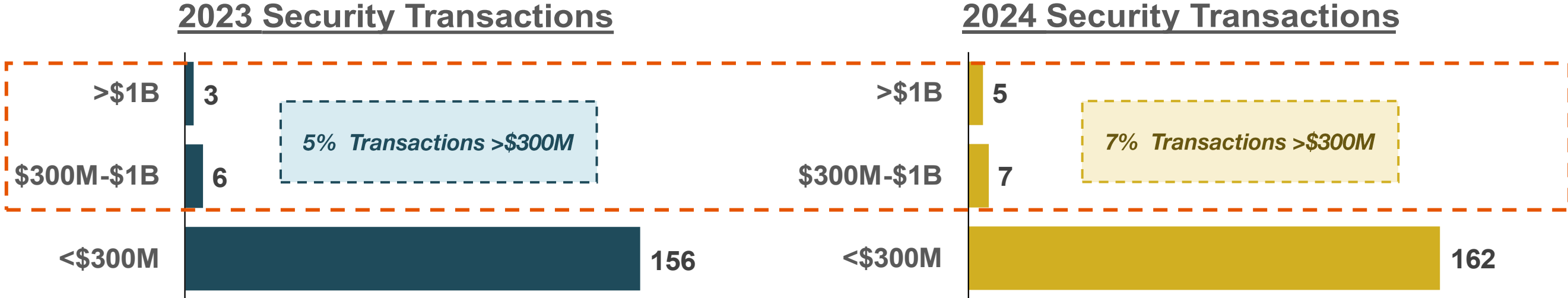
**III.**

*Accelerates deal timelines and diminishes the risk of closing delays through expedited due diligence processes, creating an optimal environment for sellers to enter the market*

Sources: Capital IQ as of 11/11/2024

# Large Exits Up Slighting YoY, with <\$300M Continuing to Dominate

Compared to 2023, an increasing number of security deals have transacted >\$300M in 2024



## Transactions >\$1B in 2024

 <b>mastercard.</b>  \$2.6B Sept-2024	 <b>CYBERARK</b>  \$1.5B May-2024	 <b>FRANCISCO PARTNERS</b>  \$1.6B May-2024	 <b>THOMABRAVO</b>  \$5.3B April-2024	<b>COHESITY</b>  \$7B Feb-2024
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Source: 451 Research as of 11/11/2024

# Strategic Appetite Remains for Large Transactions


Ongoing willingness to make material acquisitions to fill productivity gaps and build platform offerings, though the pool of large cap buyers is shrinking

 PSC acted as an advisor

\$500M-\$1B Transactions Since 2021			
Date	Buyer	Target	TEV (\$M)
Oct-24	<b>SOPHOS</b>	Secureworks	\$859
May-24	<b>paloalto</b>	IBM Radar	\$500
Nov-23	<b>paloalto</b>	TALON	\$625
Mar-23	Hewlett Packard Enterprise	axis	\$500
Mar-22	SentinelOne	Attivo NETWORKS	\$617
Mar-22	<b>FORTRA</b>	ALERT LOGIC	\$700
Nov-21	<b>SCHWARZ</b>	XM Cyber	\$722
Nov-21	<b>GBG</b>	acuant	\$736
Nov-21	<b>opentext</b>	<b>zix</b>	\$860
Oct-21	TransUnion	SONTIQ	\$638
Sep-21	Akamai	Guardicore	\$600
Sep-21	kape	ExpressVPN	\$936
Jul-21	Microsoft	RISKIQ	\$500
Apr-21	mastercard	EKCTO	\$850
Jan-21	<b>EQUIFAX</b>	Kount	\$640

>\$1B Transactions Since 2021			
Date	Buyer	Target	TEV (\$B)
Sep-24	mastercard	Recorded Future	\$2.7
May-24	<b>CYBERARK</b>	<b>Venafi</b>	\$1.5
Feb-24	<b>COHESITY</b>	<b>VERITAS</b>	\$7.0
Sep-23	<b>CISCO</b>	<b>splunk</b>	\$28
Jul-23	<b>THALES</b>	<b>imperva</b>	\$3.6
Mar-22	<b>Google</b>	<b>MANDIANT</b>	\$5.4
Aug-21	NortonLifeLock	<b>Avast</b>	\$8.1
Aug-21	<b>EQUIFAX</b>	APPRIS INSIGHTS	\$1.8
Mar-21	<b>okta</b>	<b>auth0</b>	\$6.5

Select Remaining Buyers for >\$500M Transactions



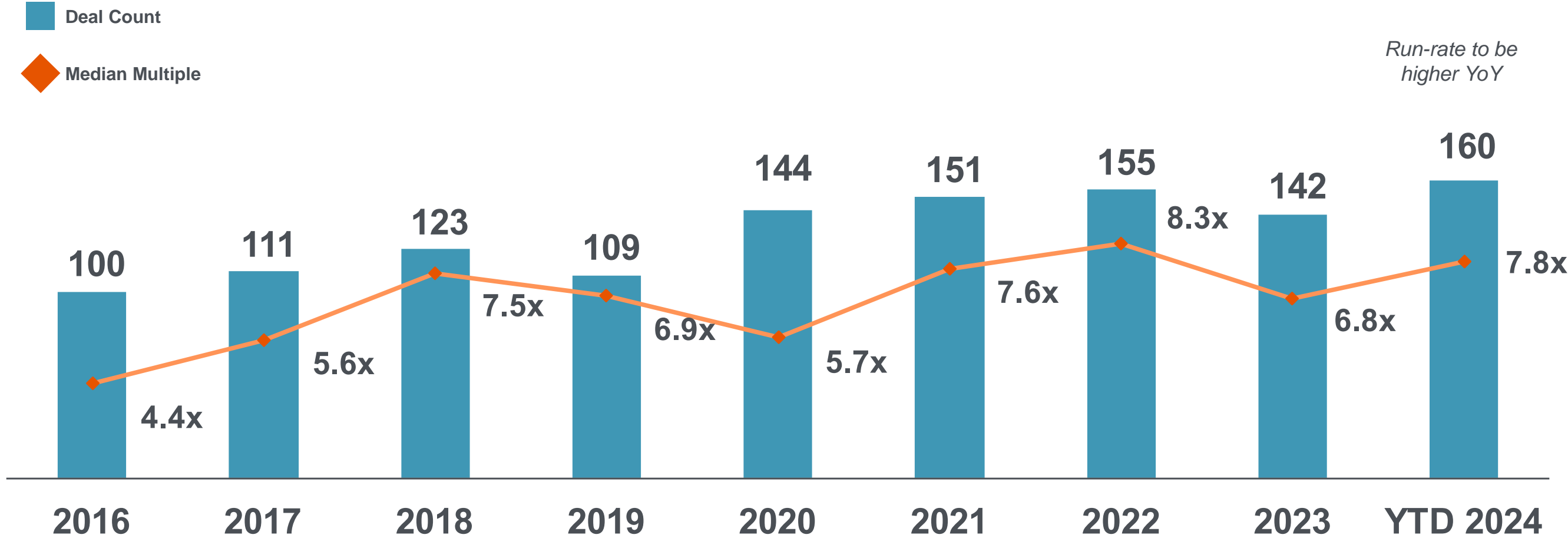
Will These Buyers Make a Move Into Security?



Source: 451 Research as of 11/7/2024

# M&A Deal Activity Is and Will Remain Higher & Multiples Are Holding Fairly Steady

## Security M&A Deals in North America, Europe, and Israel

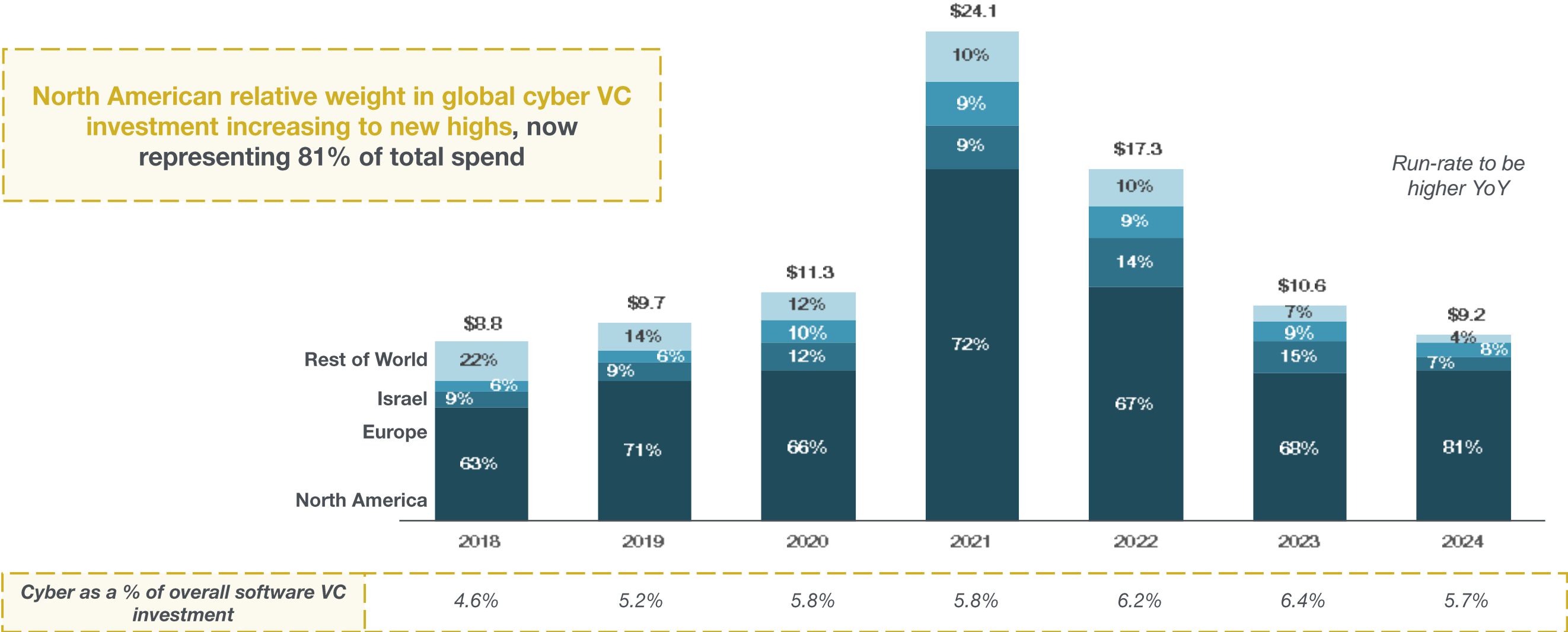


Source: 451 Research as of 11/11/2024

# Cybersecurity VC Investment

Late stage VC spend represented 77% of total 2024 investment, which is up considerably from 2022 and 2023 at 62% and 66%, respectively <sup>(1)</sup>

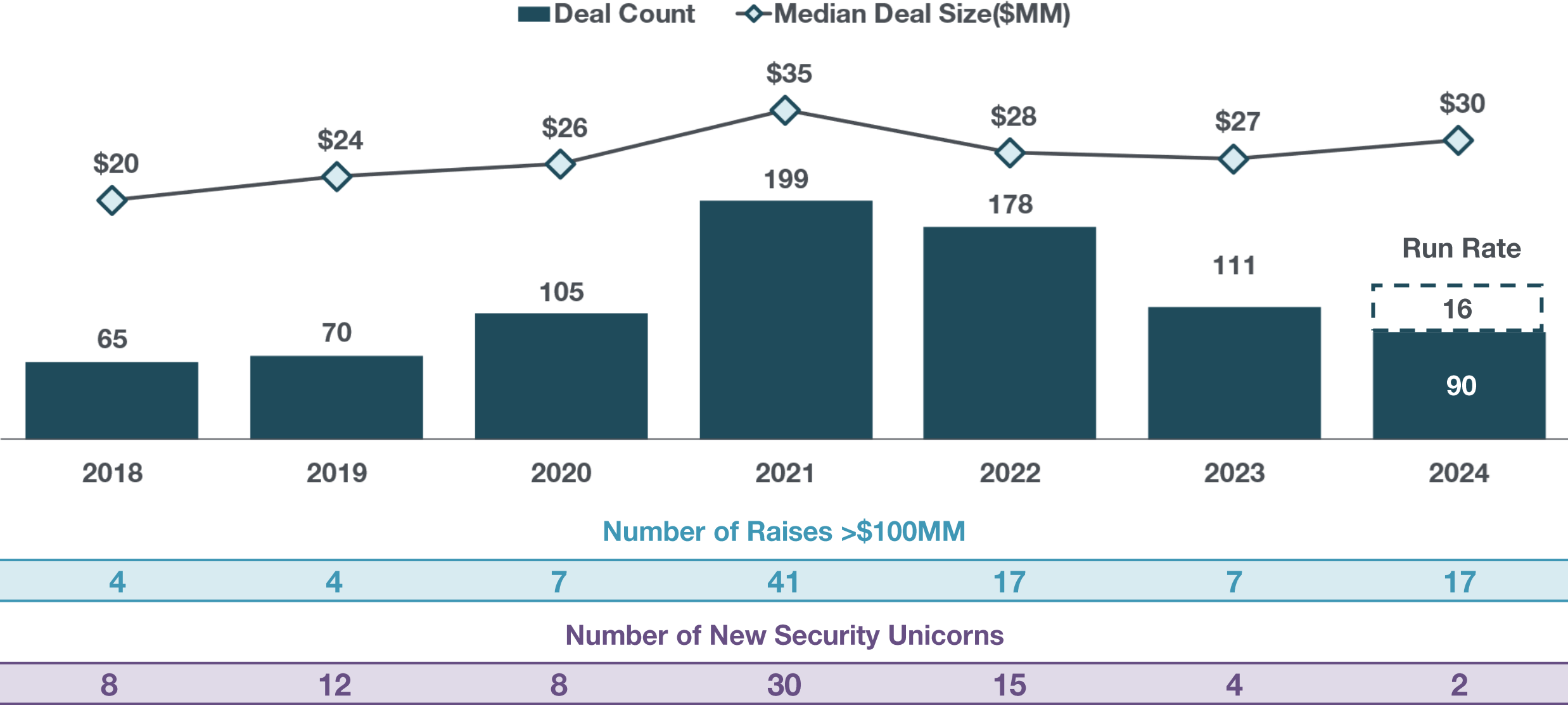
Cyber VC Spend (\$B) Since 2018 by Geography



Source: Pitchbook as of 11/4/2024  
 1) Represents Series C and later deals

# Capital Raises Have Slowed Due to Valuation Compression

Since the peak in 2021, deal volume in the venture community has decreased to avoid dilution... and the 2021/2022 cohorts now face potentially lower valuations

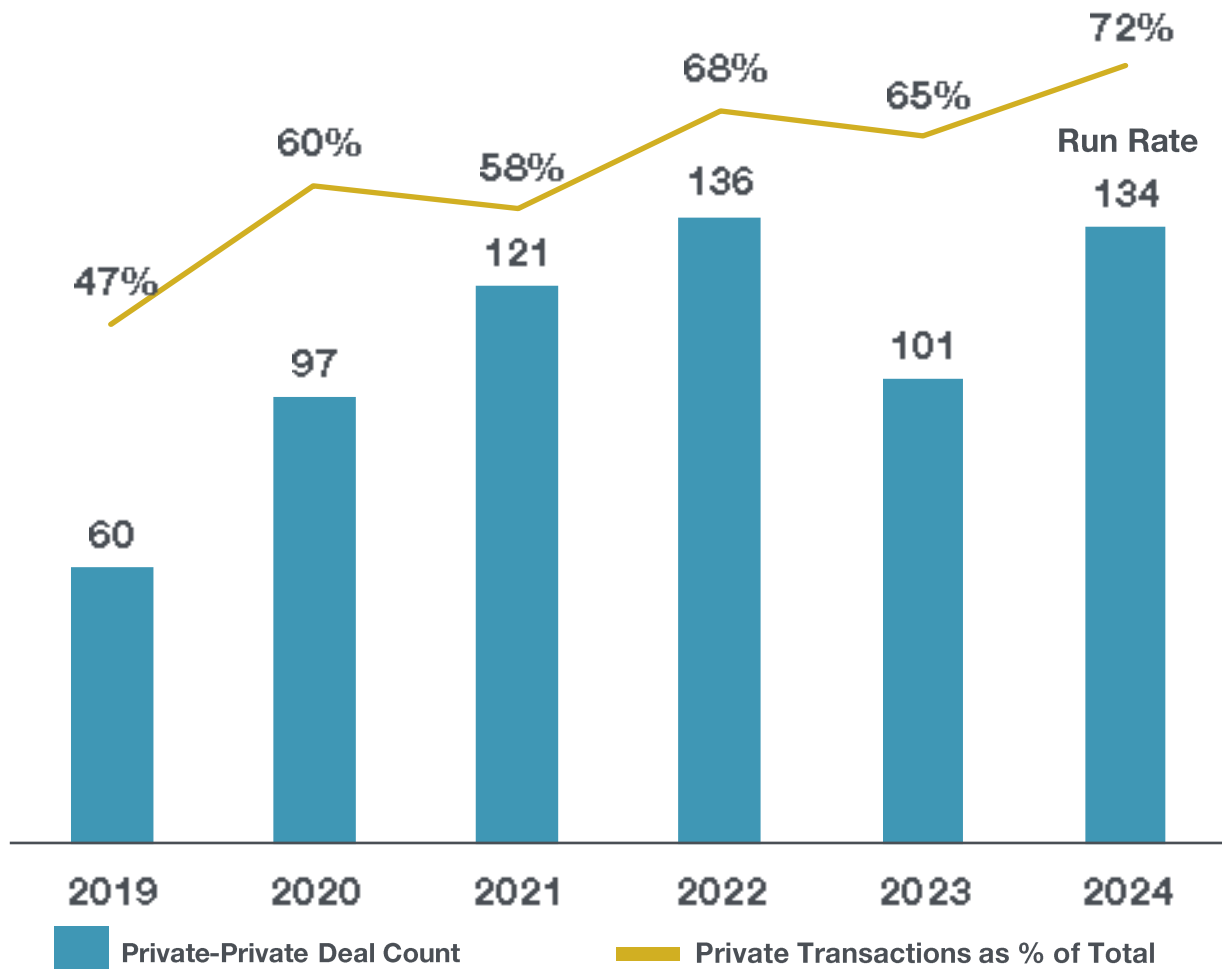


Source: Pitchbook as of 11/7/2024  
 Note: Pitchbook data for venture-backed companies capital raises with a minimum post-valuation of \$50MM

## Private-to-Private M&A Likely to Grow

Given the large number of scaled, >\$100M ARR companies with limited exit options, private-to-private M&A, including to PE or PE-backed platforms, will continue to increase

### Private-to-Private Consolidation



### M&A Rationale

- Consolidate point solutions and capabilities to **build platform offerings**
- Generate scale and profitability necessary for **large exit or even IPO**
- **Eliminate costs** to accelerate path to break even
- Drive product platform for cross sell motion to **increase net expansion rates**



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# While the IPO Window is Open - 'Quality' is Key

Potential issuers will need to check the boxes in order to attract investors and premium multiples

	Weak	Expected	Elite	Core Software klaviyo <sup>1</sup>		Hybrid Model rubrik		Core Software onestream	
ARR Multiples	5.0x	7.0x	10.0x	2023	2024	2023	2024 LTM	2023	2024
1. Revenue Scale	<\$200M	\$200M - \$400M	\$400M+	\$685M	\$889M	\$600M	\$628M	\$375M	\$468M
2. Forward Revenue Growth	<20%	30%	>40%	45%	30%	33%	28%	34%	25%
3. Gross Margin	<75%	75% - 80%	>80%	75%	74%	70%	77%	70%	69%
4. FCF Margin	<(10%)	(10%) - 5%	>5%	16.6%	13.5%	0.9%	(2.9%)	5.0%	8.0%
5. Gross Retention	<85%	90%	>95%	88%		-		98% <sup>2</sup>	
6. Net Retention	<105%	105% - 120%	>120%	119%		133%		116% <sup>2</sup>	
7. Rule of 40	<2.0x	1.5x	<1.0x	64%	46%	6%	1%	39%	29%
8. Sales Efficiency	<0.6x	0.8x	>1.0x	1.25x		1.30x		1.29x	
9. Revenue Multiple <sup>3</sup>	5.0x	7.0x	10.0x	13.1x	10.4x	11.6x	10.6x	10.6x	10.9x

Source: Company filings, CapIQ, Renaissance, and Piper Sandler ECM

1) Based on 2024 S&M spend / 2024 net new ARR

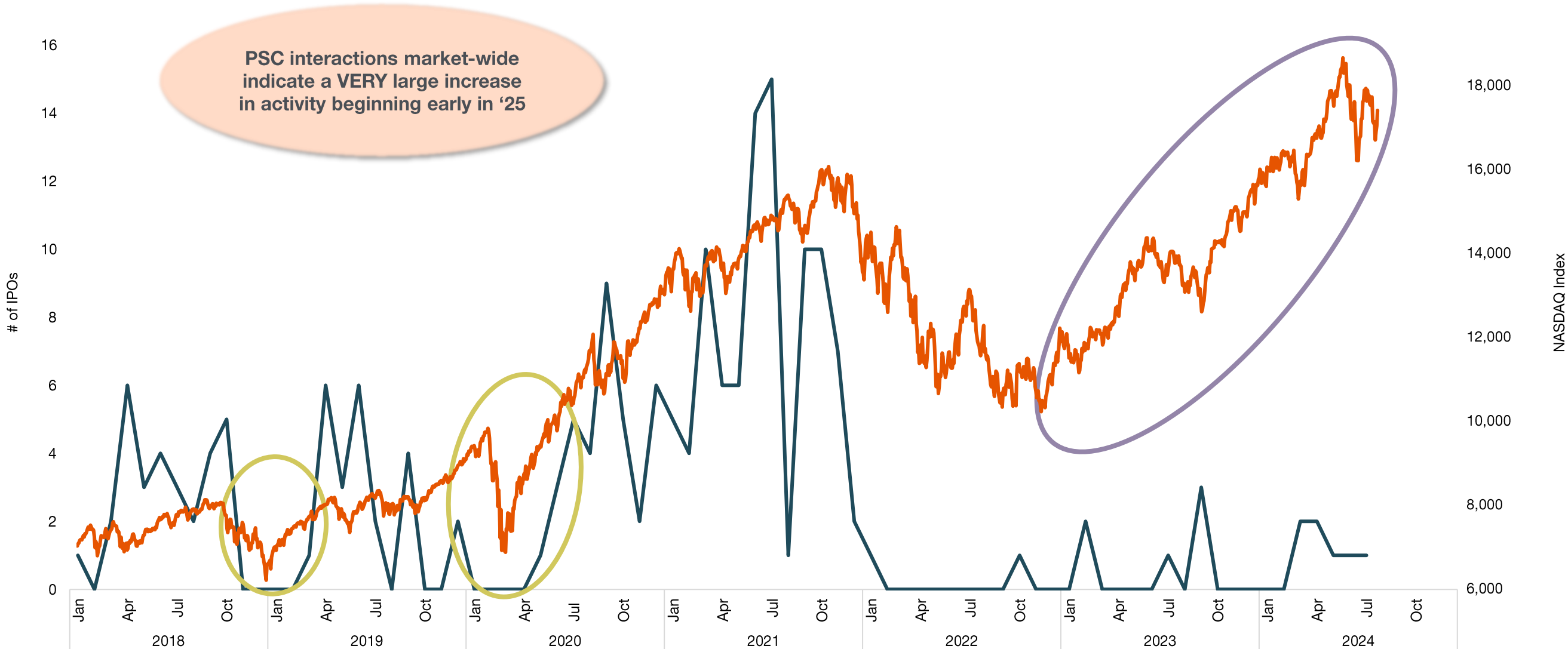
2) Represents the average of last 9 quarters (Q1'22 - Q1'24)

3) 2023 and 2024 revenue multiples for Klaviyo, Rubrik and Onestream denote at IPO date and current, respectively

# Where Are We Headed Into 2025?

Healthy IPO volumes tend to lag market recoveries by ~3 months –  
 A sustained rebound in IPO activity out of this down-cycle is lagging FAR  
 behind that historical pattern, indicating a substantial pipeline build-up

- Tech IPO Volume
- NASDAQ Index
- Market Drop
- '23-'24 Market Rally



Source: Dealogic as of September 6, 2024 and Capital IQ as of September 11, 2024  
 Includes Technology IPOs with deal value greater than \$50M. Excludes deals issued by companies in China and/or Russia

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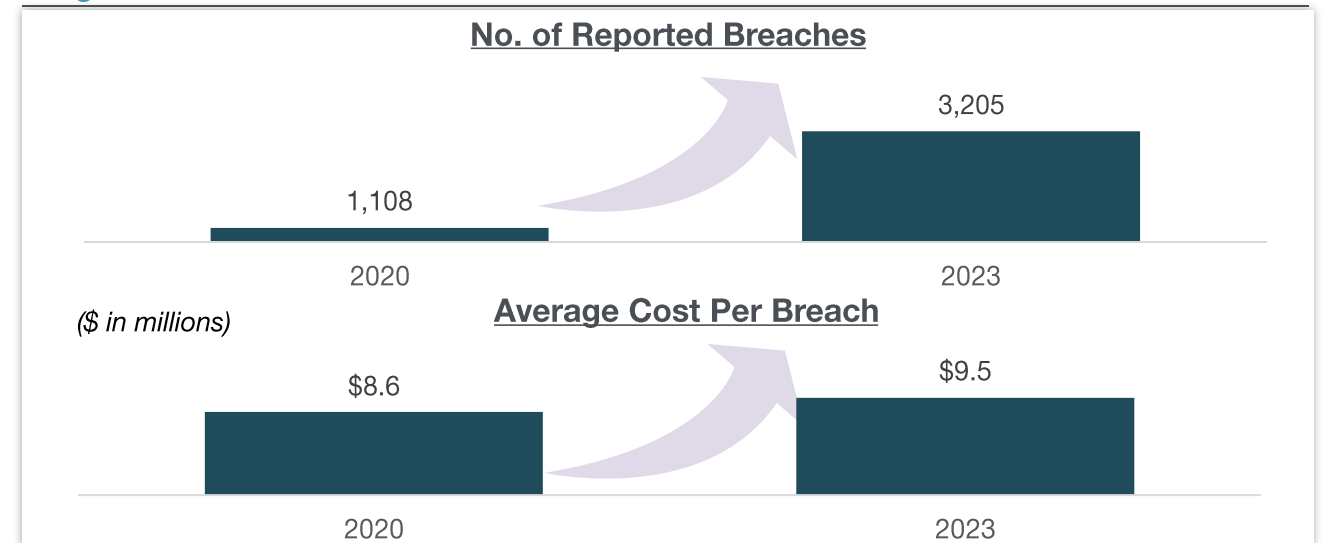
# A Surge in Data Breaches Across The World

The escalating volume of data generation and insufficient automation processes for data remediation contribute to the rising incidence of data breaches and the associated costs incurred

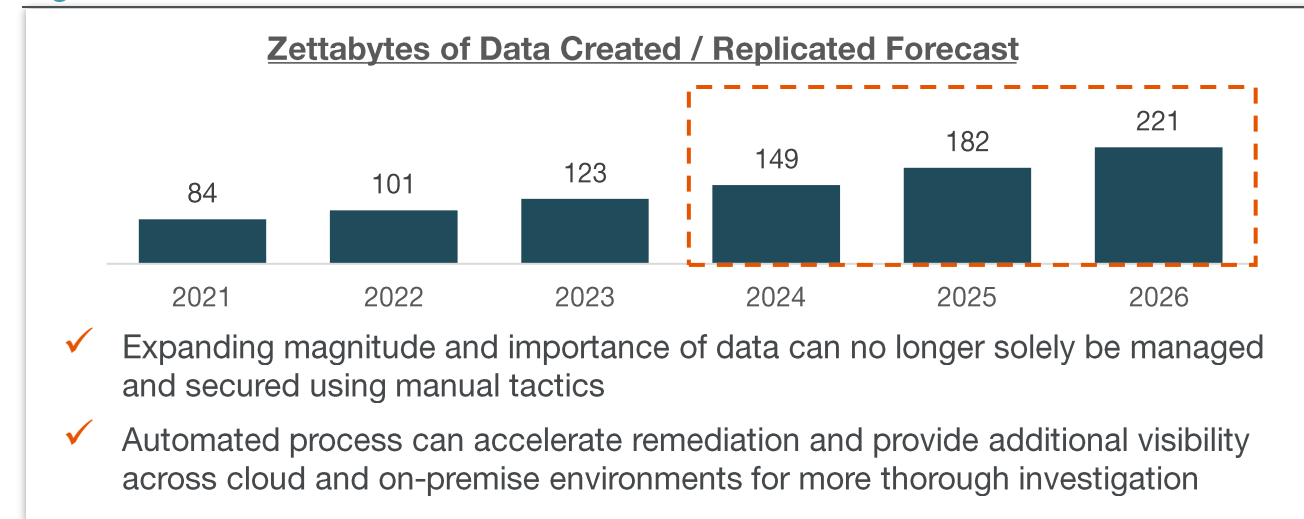
## Recent Significant Security Breach

- ✓ In October 2024, hackers launched a targeted attack on the phone communications of high-level U.S. officials, including senior members of the Biden administration, as part of a larger cyber-espionage campaign
- ✓ This incident prompted a comprehensive investigation into the unauthorized access of commercial telecommunications infrastructure by actors associated with China
- ✓ Major U.S. broadband and internet service providers have been identified as primary targets of the hackers
- ✓ This unexpected cyberattack raises significant concerns regarding the necessary countermeasures needed and the growing volume of data across the world

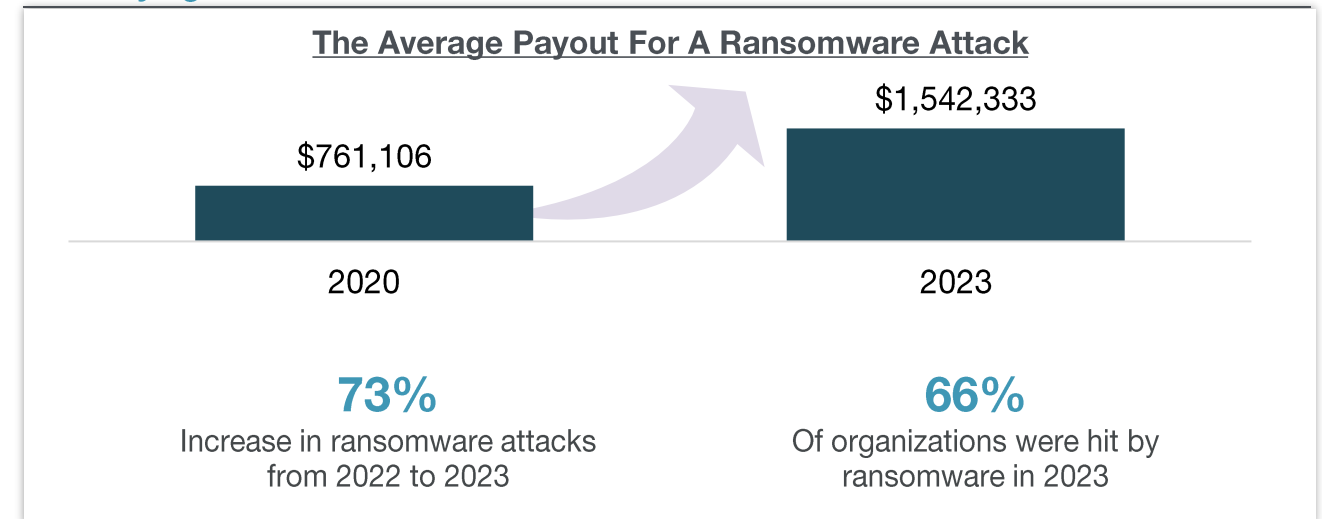
## Surge in Data Breaches



## Significant Global Data Generation



## Intensifying Ransomware Attacks

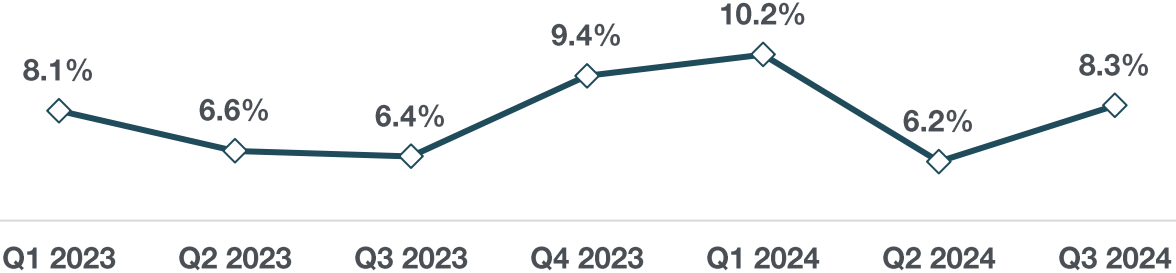


Sources: IDC "WW Global DataSphere Forecast, 2022-2026"; ITRC "2023 Data Breach Report"; Varonis "84 Must-Know Data Breach Statistics"; Sophos "The State of Ransomware 2021"; Sophos "The State of Ransomware 2023"; Sans Institute "Ransomware Cases Increased by 73% in 2023 showing our actions have not been enough to thwart the threat"; Statista "Average Cost Per Data Breach in the United States 2006-2023"

# Security Budgets Are Particularly Resilient

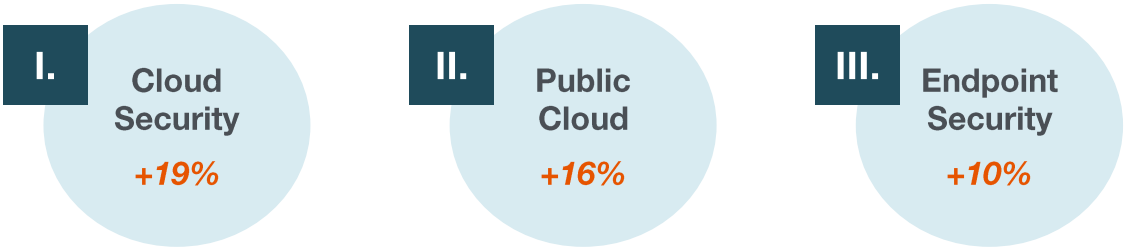
90%+ of CIO Survey responses expect increases or no change to spending in all security categories

## Security Budget Growth Expectations



- Security remains the top IT priority, with expected increase of 8.3% in Q3 2024
- Security as a share of total CIO budget was 11.6% in 2023, up from 8.6% in 2020, and at tech and regulated companies it can average ~20%

## Top Security Categories Based on Expected 2024 Spending



- Security spending is expected to increase 6% y/y, with Cloud Security set to experience an increase by 19%
- Ahead of 2025, security spending will remain relatively solid and experience continued growth

## Key Takeaways

- Consolidation continues to be a strong theme, indicating a favorable demand landscape for vendors who can offer a comprehensive platform with strong efficacy and compelling ROI
- Cloud security spending intentions have picked up notably, increasing confidence in this category’s importance as a durable growth driver
- Cloud security was one of the top categories for expected security spending, with 64% of respondents indicating they are looking to increase spend in this category
- Growth and continued prioritization of security within IT budgets is driven by:
  - Increasing regulatory pressure (22%)
  - Increasing requirements from cyber insurance providers (12%)
  - Increase in priority from c-suite / board (10%)

Source: Piper Sandler; responses weighted by IT budget sizes  
 1) Question: “How do you expect spending in the following areas to trend in the next quarter relative to the same period last year.”

# Security Names Rank Among the Best Across Software

Tables show top 1-10 ranking software names by growth, profitability and Rule of 40 by size, using consensus CY'24 numbers

**2024 Revenue Growth Ranking by Cap**

Rank	Company	<\$10B	Company	\$10B-\$25B	Company	>\$25B
1	<b>S</b>	<b>31.3%</b>	DUOL	38.7%	APP	35.5%
2	ZETA	29.5%	MNDY	31.6%	IOT	30.9%
3	<b>GTLB</b>	<b>28.3%</b>	<b>CYBR</b>	<b>25.0%</b>	NET	27.9%
4	GLBE	28.0%	PCOR	20.7%	<b>CRWD</b>	<b>27.6%</b>
5	APPF	27.4%	<b>DT</b>	<b>17.4%</b>	SNOW	25.8%
6	ALKT	26.0%	DAY	15.6%	<b>ZS</b>	<b>25.8%</b>
7	INST	25.7%	PCTY	15.2%	PLTR	24.0%
8	YOU	23.9%	GWRE	15.1%	<b>DDOG</b>	<b>23.7%</b>
9	BRZE	23.9%	MDB	15.0%	SHOP	22.6%
10	<b>CFLT</b>	<b>23.5%</b>	NICE	14.7%	<b>NOW</b>	<b>22.5%</b>

**2024 FCF Margin Ranking by Cap**

Rank	Company	<\$10B	Company	\$10B-\$25B	Company	>\$25B
1	DOCS	43.9%	GEN	54.1%	<b>PANW</b>	<b>36.8%</b>
2	YOU	38.0%	<b>CHKP</b>	<b>41.0%</b>	VEEV	36.7%
3	<b>QLYS</b>	<b>36.7%</b>	PTC	32.8%	APP	35.3%
4	DBX	36.5%	DUOL	32.1%	ADBE	34.9%
5	DSGX	33.9%	AZPN	31.1%	ZM	34.6%
6	ZI	32.9%	<b>DOCU</b>	<b>28.7%</b>	PLTR	32.7%
7	BOX	27.3%	MNDY	28.4%	CRM	31.7%
8	SWI	26.5%	MANH	27.0%	<b>FTNT</b>	<b>31.4%</b>
9	SQSP	25.2%	BSY	26.9%	<b>NOW</b>	<b>31.1%</b>
10	ACIW	24.7%	NTNX	26.8%	INTU	30.7%

**9/30 (30%) of fastest growing software names in tracker**

**6/30 (20%) of highest margin software names in tracker**

**2024 Rule of 40 Ranking by Cap**

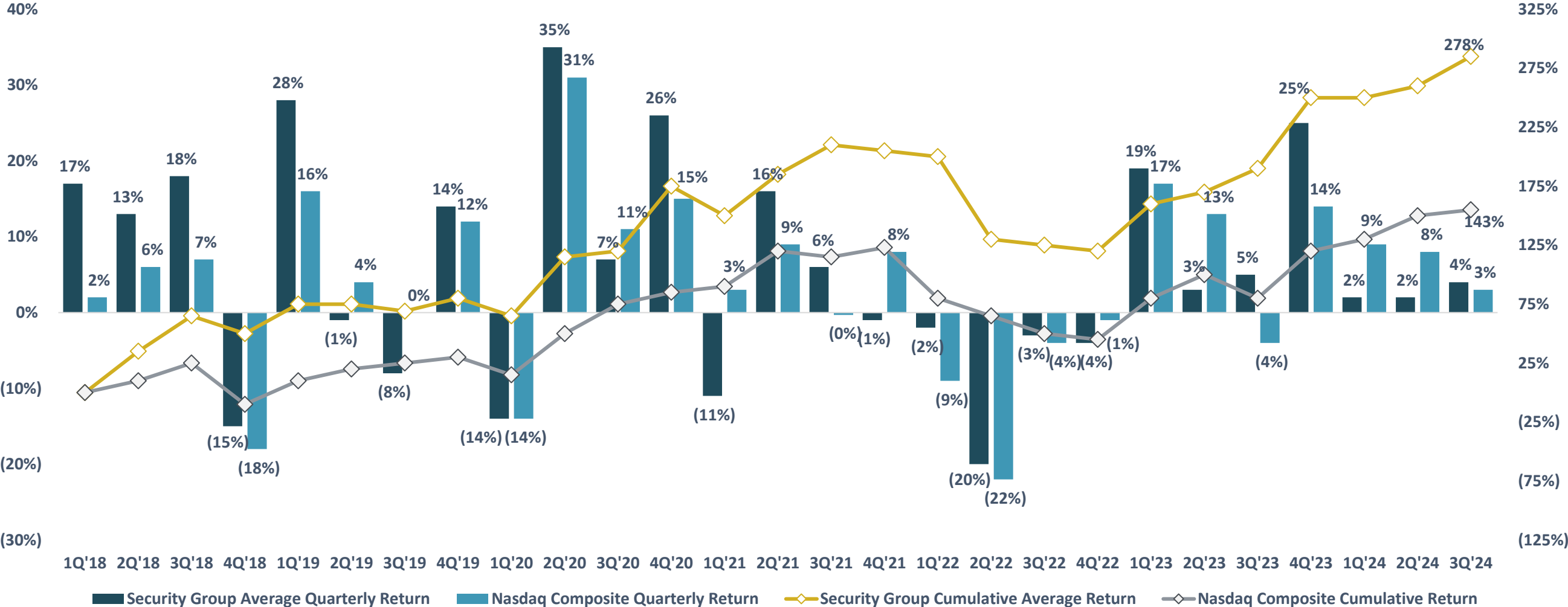
Rank	Company	<\$10B	Company	\$10B-\$25B	Company	>\$25B
1	YOU	61.9%	DUOL	70.8%	APP	70.8%
2	DOCS	53.3%	MNDY	60.0%	PLTR	56.6%
3	APPF	51.5%	GEN	56.7%	<b>CRWD</b>	<b>55.9%</b>
4	GLBE	48.5%	<b>CHKP</b>	<b>47.0%</b>	<b>NOW</b>	<b>53.6%</b>
5	DSGX	46.5%	DT	42.9%	VEEV	51.3%
6	<b>QLYS</b>	<b>44.9%</b>	NICE	41.3%	SNOW	50.6%
7	SQSP	44.8%	AZPN	41.3%	<b>TEAM</b>	<b>50.5%</b>
8	CWAN	43.1%	<b>CYBR</b>	<b>41.2%</b>	<b>DDOG</b>	<b>50.2%</b>
9	<b>GTLB</b>	<b>40.1%</b>	PTC	40.5%	<b>PANW</b>	<b>50.1%</b>
10	SPSC	40.1%	NTNX	39.6%	<b>ZS</b>	<b>49.4%</b>

**10/30 (33%) of top Rule of 40 software names in tracker**

# Security Tracker Cumulative Return – 2018 to Present

The Security Group has returned 278% (on average) since the start of 2018, ahead of the Nasdaq return of 143%

Security Group Average Returns and Nasdaq Composite Returns



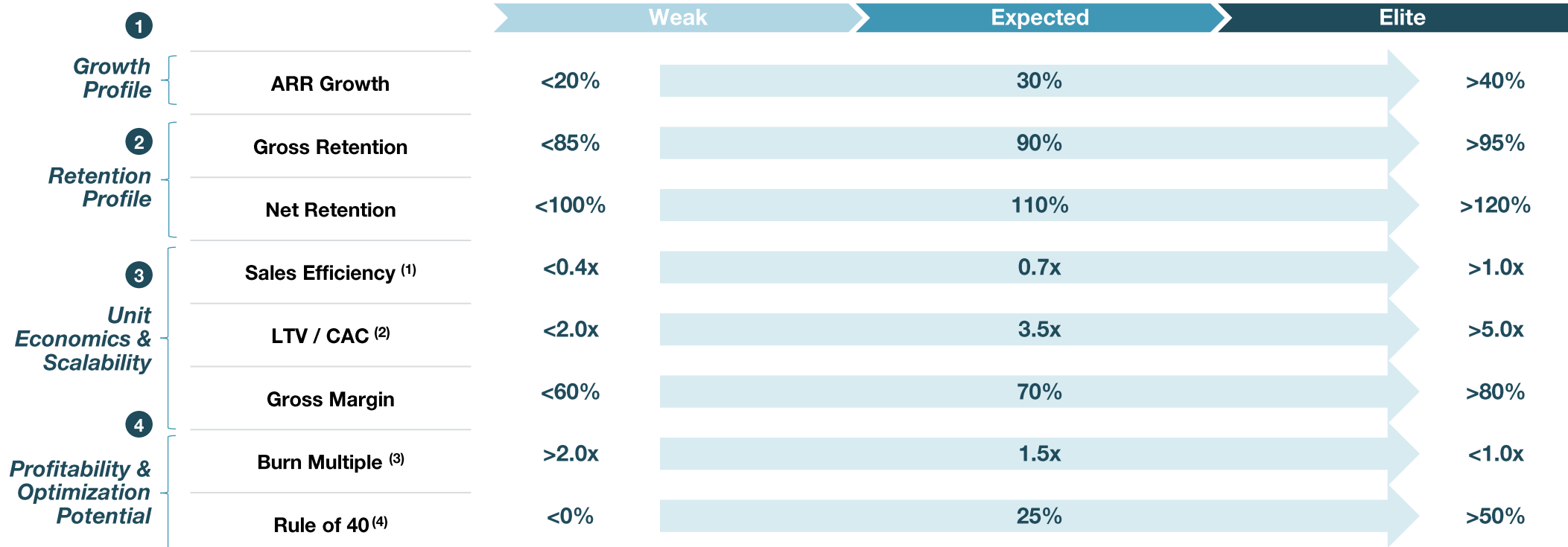
Note: Priced at close October 31, 2024. Returns include DARK, NLOK, MCFE, AVST, FORG, PFPT, MNDT, SAIL, MIME, KNBE, SPLK, SUMO, PING and TUFN returns which are no longer listed.  
 1) Source: FactSet, Company Reports, Piper Sandler Research



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# Top Diligence Priorities for Buyers

## Software Metrics That Matter



## Additional Priorities

- 5
  - TAM & Market Evolution
  - Competitive Moat & Future Challengers
  - Add-On M&A Opportunities
  - Architecture & Scalability
  - Future R&D Requirements

## Sample Artifacts Required Beyond What is Publicly Disclosed

<p><b>Retention Profile</b></p> <p><i>Detailed customer bookings cube with registration date cohorts, SKU, industry, size, geography, etc.</i></p>	<p><b>Growth Profile</b></p> <p><i>3-5 year management model with key assumptions and support (pipeline analysis, end-user funnel conversion)</i></p>	<p><b>Competitive Moat &amp; Future Challengers</b></p> <p><i>Proofpoints that a company can cross-sell / beat out existing security vendors within their MDM ICP (win/loss analysis, battlecards, etc.)</i></p>
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1) Sales Efficiency = Net New ARR / Total S&M  
 2) LTV to CAC = Net New ARR \* Gross Margin / Gross Churn / Total S&M spend  
 3) Burn Multiple = Net Cash Flow / Change in ARR  
 4) Rule of 40 = Rev. Growth Rate + EBITDA Margin

# Required Diligence Artifacts Beyond Publicly Available Information

Select diligence topics

Top Priorities	Key Deliverables
<b>1</b> <b><i>Growth Profile</i></b>	<ul style="list-style-type: none"> <li>✓ 3-5 year management model with key assumptions and support (pipeline analysis, end-user funnel conversion)</li> <li>✓ New logo momentum, pipeline analysis</li> </ul>
<b>2</b> <b><i>Retention Profile</i></b>	<ul style="list-style-type: none"> <li>✓ Detailed customer bookings cube with registration date cohorts, SKU, industry, size, geography, etc.</li> <li>✓ Upsell / cross-sell story with security products</li> <li>✓ Spotlight key at-risk customers with mitigation strategies</li> </ul>
<b>3</b> <b><i>Unit Economics &amp; Scalability</i></b>	<ul style="list-style-type: none"> <li>✓ Pricing strategy, policies, subscription types and contract terms</li> <li>✓ Overview of existing hosting contracts and scaling potential</li> </ul>
<b>4</b> <b><i>Profitability &amp; Optimization Potential</i></b>	<ul style="list-style-type: none"> <li>✓ Detailed OpEx breakdown with key areas for optimization identified</li> <li>✓ Impact of plans to automate back office functions, streamline the GTM organization, and increase reliance on strategic partners</li> </ul>
<b>5</b> <b><i>Qualitative Considerations</i></b>	<ul style="list-style-type: none"> <li>✓ Documents or presentations that detail overall strategy, business plan, and market assessments</li> <li>✓ Summarized technology and IT infrastructure illustrations</li> <li>✓ IP schedules, patents, and future R&amp;D roadmaps</li> <li>✓ M&amp;A pipeline and integration playbook</li> </ul>

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# Introduction to Piper Sandler's Dedicated Cybersecurity Practice

Cybersecurity, Identity, Data & Privacy, Infrastructure, and Defense Tech

## Experienced and Dedicated Team

**Brian White**



- Co-Head Technology Investment Banking
- Experience as an operator, advisor, and senior government official
- Former Board of Director & COO, RedOwl Analytics

**Bryant Williams**



- Managing Director
- Prior investment banking experience at Morgan Stanley and DBO Partners
- Sector focus on enterprise software and cybersecurity

**Lauren Webster**



- Managing Director
- Experience across equity research, investment banking, strategic advisory, and operational roles in technology and defense sectors
- Former Head of Product at Forcepoint

**Greg Klancher**



- Managing Director
- 12+ years of banking experience in infrastructure & security software

Supported by >15 Junior Team Members

## Deal Momentum, Thought Leadership

30+ Deals

\$30B+ Deal Value

- Combining leadership experience in the **U.S. Government** + roles as **start-up executives** + a long track-record in security investment banking
- **Thought leadership** on the evolving cyber market with subsector expertise
- Host of annual **CEO Summit** at RSA Conference with 500+ attendees, including 150+ private and public company CEOs

Undisclosed  
**Secureworks**  
 NASDAQ: SCWX <sup>(1)</sup>  
 Sell-Side Advisor in Sale to  
**SOPHOS** / **THOMABRAVO**  
 October 2024

Undisclosed  
**code42**  
 Sell-Side Advisor in Sale to  
**mimecast** / **PERMIRA**  
 July 2024

Undisclosed  
**GARRISON**  
 Sell-Side Advisor in Sale to  
**EVERFOX** / **TPG**  
 June 2024

\$1,540MM  
**Venafi**  
 Sell-Side Advisor in Sale to  
**CYBERARK**  
 May 2024

1) Denotes the target company's stock ticker prior to their respective take-private transactions

# Annual Piper Sandler Cybersecurity CEO Summit

First Day of RSA Conference

## Speakers

■ 2024 Speakers ■ Past Speakers



**Shlomo Kramer**  
CEO,  
Cato Networks



**George Kurtz**  
CEO, CrowdStrike



**Gen. Paul Nakasone**  
U.S. Cyber Command,  
NSA Chief, CSS (retired)



**Chuck Robbins**  
CEO, Cisco



**Kevin Mandia**  
CEO, Mandiant



**Nikesh Arora**  
CEO, Palo Alto Networks

## Additional Speakers

**Sumit Dhawan**  
CEO, Proofpoint

**Brian Murphy**  
CEO, ReliaQuest

**Joe Payne**  
CEO, Code 42

**Dan Streetman**  
CEO, Tanium

**Kyle Hanslovan**  
CEO, Huntress Labs

**David Merkel**  
CEO, Expel

**Hitesh Sheth**  
CEO, Vectra AI

**Dean Sysman**  
CEO, Axonius

**James Hadley**  
CEO, Immersive Labs

**Hatem Naguib**  
CEO, Barracuda Networks

**Scott Price**  
CEO, A-LIGN

**Marc van Zadelhoff**  
CEO, Mimecast

**Tamer Hassan**  
CEO, HUMAN

**Assaf Rappaport**  
CEO, Wiz

**Aaron Shilts**  
CEO, NetSPI

**Charlie Thomas**  
CEO, Deepwatch

**Guy Moskowitz**  
CEO, Coro

**Jay Parikh**  
CEO, Lacework

**Amitai Ratzon**  
CEO, Pentera

**Christopher Ahlberg**  
CEO, Recorded Future

**Mark McClain**  
CEO, SailPoint

**Joe Levy**  
CTO, Sophos

**Dimitri Sirota**  
CEO, BigID

**Wendy Thomas**  
CEO, Secureworks

## Event By the Numbers

**500+**  
Attendees

**150+**  
Investors

**150+**  
CEOs

**200+**  
Industry Execs

## Highlights



# Piper Sandler CISO Survey

Designed to Get a Pulse of Cybersecurity Concerns, Capability Needs, Consolidation Trends and Spending

110+

Survey Responses



25

Focused Questions



10

Key Insights

*Piper Sandler Cybersecurity is tapping into its deep network of CISOs and other senior security decisionmakers to survey the community's budgets, focus areas, needs and strategies*

## Purpose of the Survey

- The purpose is to leverage our expansive security network and research capabilities to uncover category-level insights that are actionable for both decisionmakers and dealmakers
- With the support of our venture co-sponsors and CISO partners, we plan to share our findings and facilitate meaningful discussions at the PSC Cybersecurity CEO Summit on 5/6 (week of RSA Conference)

## Themes & Topics

- Cybersecurity budget outlook
- Incumbents vs. newcomers
- Rising security risks and threats
- M&A and consolidation trends
- Dynamics in:
  - Application Security
  - Cloud Security
  - Data Security
  - XDR
  - Managed Security
  - Third-Party Risk Management
  - Threat Intelligence

## Response Demographics

80%

**Enterprise & SME > 1,000 Employees**

95%

**CISO, CSO, CIO, & IT Directors**

55%

**Technology Industry**

# M&A Leadership in Cybersecurity Software

<p>\$859MM</p> <p><b>Secureworks</b> NASDAQ: SCWX (2)</p> <p>Sell-Side Advisor in Sale to</p> <p><b>SOPHOS</b></p> <p>A Portfolio Company of</p> <p><b>THOMABRAVO</b></p> <p>October 2024</p>	<p>Undisclosed</p> <p><b>code42</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>mimecast</b></p> <p>A Portfolio Company of</p> <p><b>PERMIRA</b></p> <p>July 2024</p>	<p>Undisclosed</p> <p><b>GARRISON</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>EVERFOX</b></p> <p>A Portfolio Company of</p> <p><b>TPG</b></p> <p>June 2024</p>	<p>\$1,540MM</p> <p><b>Venafi</b></p> <p>A Portfolio Company of</p> <p><b>THOMABRAVO</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>CYBERARK</b></p> <p>May 2024</p>	<p>Undisclosed</p> <p><b>NIGHTHAWK</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>LeadsOnline</b></p> <p>A Portfolio Company of</p> <p><b>TA ASSOCIATES</b></p> <p>May 2024</p>	<p>\$350MM</p> <p><b>ZEROFOX</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>HAVELI</b></p> <p>February 2024</p>	<p>Undisclosed</p> <p><b>Elevate Security</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>mimecast</b></p> <p>A Portfolio Company of</p> <p><b>PERMIRA</b></p> <p>January 2024</p>
<p>Undisclosed</p> <p><b>wirewheel</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>osano</b></p> <p>December 2023</p>	<p>Undisclosed</p> <p><b>TESSIAN</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>proofpoint</b></p> <p>A Portfolio Company of</p> <p><b>THOMABRAVO</b></p> <p>October 2023</p>	<p>Undisclosed</p> <p><b>cyber GRX</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>ProcessUnity</b></p> <p>A Portfolio Company of</p> <p><b>MARLIN EQUITY PARTNERS</b></p> <p>July 2023</p>	<p>\$2,450MM</p> <p><b>TPG</b></p> <p>Buy-Side Advisor to TPG in Acquisition of</p> <p><b>Forcepoint</b></p> <p>July 2023</p>	<p>Undisclosed</p> <p><b>OKERA</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>databricks</b></p> <p>May 2023</p>	<p>Undisclosed</p> <p><b>Remediant</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>netwrix</b></p> <p>December 2022</p>	<p>Undisclosed</p> <p><b>HUMAN</b></p> <p>Financial Advisor in Merger With</p> <p><b>perimeterx</b></p> <p>July 2022</p>
<p>Undisclosed</p> <p>Secure Edge Business of</p> <p><b>Netsurion</b></p> <p>A Portfolio Company of</p> <p><b>PSG</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>Acumera</b></p> <p>A Credit Investment of</p> <p><b>PEAK ROCK CAPITAL</b></p> <p>June 2022</p>	<p>\$4,000MM</p> <p><b>KKR</b></p> <p>Buy-Side Advisor to KKR in Acquisition of</p> <p><b>Barracuda</b></p> <p>A Portfolio Company of</p> <p><b>THOMABRAVO</b></p> <p>May 2022</p>	<p>\$140MM</p> <p><b>BehavioSec</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>LexisNexis RISK SOLUTIONS</b></p> <p>May 2022</p>	<p>\$125MM</p> <p><b>FORTRESS</b></p> <p>Financial Advisor in Majority Investment from</p> <p><b>Goldman Sachs</b></p> <p>April 2022</p>	<p>\$14,000MM</p> <p>Advent International GLOBAL PRIVATE EQUITY</p> <p><b>PERMIRA</b></p> <p>Buy-Side Advisor to Advent International in Acquisition of</p> <p><b>McAfee</b></p> <p>March 2022</p>	<p>\$100MM</p> <p><b>Silobreaker</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>MARLIN EQUITY PARTNERS</b></p> <p>January 2022</p>	<p>Undisclosed</p> <p><b>MOCANA</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>digicert</b></p> <p>January 2022</p>
<p>\$230MM</p> <p><b>edgile</b></p> <p>A Portfolio Company of</p> <p><b>abry partners</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>wipro</b></p> <p>December 2021</p>	<p>\$1,400MM</p> <p><b>IDX</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>ZEROFOX</b></p> <p><b>L&amp;F ACQUISITION CORP.</b></p> <p>December 2021</p>	<p>\$1,575MM</p> <p><b>appgate</b></p> <p>Reverse Merger With</p> <p><b>NEWTOWN LANE MARKETING</b></p> <p>With Notes From</p> <p><b>MAGNETAR CAPITAL</b></p> <p>October 2021</p>	<p>\$100MM</p> <p><b>TRU*STAR</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>splunk</b></p> <p>May 2021</p>	<p>Undisclosed</p> <p><b>SHIELDX</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>FORTINET</b></p> <p>March 2021</p>	<p>\$900MM</p> <p><b>Centrify</b></p> <p>A Portfolio Company of</p> <p><b>THOMABRAVO</b></p> <p>Sell-Side Advisor in Sale to</p> <p><b>TPG</b></p> <p>January 2021</p>	<p>\$1,670MM</p> <p>Advent International GLOBAL PRIVATE EQUITY</p> <p><b>PERMIRA</b></p> <p>Buy-Side Advisor to Advent International in Acquisition of</p> <p><b>FORESCOUT</b></p> <p>August 2020</p>

1) Note: Includes transactions executed by Piper Sandler senior bankers including transactions at prior firms  
 2) Denotes the target company's stock ticker prior to their respective take-private transactions



# ECM Leadership in Cybersecurity & Infrastructure Software

<p>\$237MM / \$249MM / \$175MM</p> <p><b>KnowBe4</b></p> <p>Follow-on Offerings / Initial Public Offering Co-Manager November 2021 / August 2021 / April 2021</p>	<p>\$289MM / \$86MM / \$109MM / \$77MM</p> <p><b>IMPINJ</b></p> <p>Convertible Notes / Follow-on Offering / IPO Co-Manager (Conv.) / Joint Bookrunner (FO / IPO) Nov 2021 / Dec 2019 / Dec 2016 / Jul 2016</p>	<p>\$881MM</p> <p><b>GitLab</b></p> <p>Initial Public Offering Joint Bookrunner October 2021</p>	<p>\$253MM / \$200MM / \$265MM</p> <p><b>DARKTRACE</b></p> <p>Follow-on Offerings / IPO Joint-Bookrunner October 2021 / August 2021 / April 2021</p>	<p>\$316MM</p> <p><b>ForgeRock</b></p> <p>Initial Public Offering Co-Manager September 2021</p>	<p>\$487MM / \$740MM</p> <p><b>McAfee</b></p> <p>Follow-on Offering / IPO Co-Manager September 2021 / October 2020</p>
<p>\$1,294MM / \$575MM</p> <p><b>CLOUDFLARE</b></p> <p>Convertible Offerings Co-Manager August 2021 / May 2020</p>	<p>\$1,408MM</p> <p><b>SentinelOne</b></p> <p>Initial Public Offering Senior Co-Manager June 2021</p>	<p>\$323MM / \$352MM / \$538MM</p> <p><b>jamf</b></p> <p>Follow-on Offerings / IPO Co-Manager June 2021 / Nov 2020 / July 2020</p>	<p>\$525MM / \$230MM</p> <p><b>RAPID7</b></p> <p>Convertible Notes Co-Manager March 2021 / April 2020</p>	<p>\$78MM</p> <p><b>DIGI</b></p> <p>Follow-on Offering Sole Bookrunner March 2021</p>	<p>\$518MM / \$253MM</p> <p><b>VARONIS</b></p> <p>Follow-on Offering / Convertible Notes Co-Manager February 2021 / May 2020</p>
<p>\$749MM</p> <p><b>c3.ai</b></p> <p>Initial Public Offering Co-Manager December 2020</p>	<p>\$585MM</p> <p><b>JFrog</b></p> <p>Initial Public Offering Co-Manager September 2020</p>	<p>\$326MM</p> <p><b>sumo logic</b></p> <p>Initial Public Offering Co-Manager September 2020</p>	<p>\$293MM</p> <p><b>tenable</b></p> <p>Follow-on Offering Co-Manager July 2020</p>	<p>\$330MM / \$235MM</p> <p><b>Ping Identity</b></p> <p>Follow-on Offerings Co-Manager July 2020 / May 2020</p>	<p>\$50MM</p> <p><b>AKOUSTIS TECHNOLOGIES</b></p> <p>ATM Offering Co-Placement Agent May 2020</p>
<p>\$79MM / \$100MM</p> <p><b>tufin</b></p> <p>Follow-on Offering / IPO Co-Manager December 2019 / April 2019</p>	<p>\$550MM</p> <p><b>J2 GLOBAL</b></p> <p>Convertible Notes Joint Bookrunner November 2019</p>	<p>\$900MM</p> <p><b>proofpoint.</b></p> <p>Convertible Notes Co-Manager August 2019</p>	<p>\$704MM</p> <p><b>CROWDSTRIKE</b></p> <p>Initial Public Offering Joint Bookrunner June 2019</p>	<p>\$14MM</p> <p><b>voxeljet</b></p> <p>Follow-on Offering Sole Active Bookrunner October 2018</p>	<p>\$45MM</p> <p><b>materialise</b></p> <p>Follow-on Offering Sole Active Bookrunner July 2018</p>

Note: Includes transactions executed by Piper Sandler senior bankers including transactions at prior firms

# Leading Research in Security & Infrastructure Software



**Rob Owens**

**Senior Analyst, Managing Director**

Rob Owens is a managing director and senior research analyst at Piper Sandler covering the security & infrastructure software sector; he has covered the software sector since the mid-1990s. Prior to joining Piper Sandler in 2019, Owens spent 25 years at Pacific Crest Securities (acquired by Key Bank in July 2014) helping build its software and technology research practice. Owens graduated cum laude with a bachelor's degree in mathematics and finance from Linfield College.

## Coverage Universe



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For information on Piper Sandler locations, visit [PiperSandler.com](https://PiperSandler.com).

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