

# RSA® Conference 2022

San Francisco & Digital | June 6 – 9

SESSION ID: PART1-R05

## Cybersecurity Strategic Activity, Recent Trends & Predictions

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# TRANSFORM



# Disclaimer

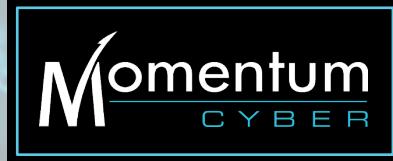
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# The Premier Strategic Advisor In Cybersecurity

The First And Only M&A And Strategic Advisory Firm Focused Exclusively On Cybersecurity.



**Dino Boukouris**  
Founding &  
Managing Director

## Firm Highlights



Over A Century Of Experience  
In Cybersecurity As World  
Class Operators & Advisors

**\$360M**

Average  
Cybersecurity  
Deal Value

**300+**    **\$300B+**

Total M&A Transactions &  
Deal Value As A Team  
Since 1994



Unparalleled Access with  
Executives, Board Members,  
Investors, & CISOs



Cyber Exit Savvy – Deep  
Expertise Selling to Strategic  
& Financial Buyers

**1M+**

Categorized Data Points On  
>3,500 Cybersecurity  
Companies ([CYBERcloud](#))

**50+**    **\$16B**

Cybersecurity Transactions &  
Total Deal Value Executed By  
Team Members Since 2002

**CYBER** cloud

Unrivaled Thought Leadership  
In Cybersecurity Through  
Insightful Research



# Momentum Cyber's Snapshot of 2021

A Record Year For Cybersecurity Featured All-Time Highs Across The Industry.



**15 \$1B+**  
M&A Deals

Acquires McAfee

\$14.1B

Acquires proofpoint

\$12.3B

Acquires Avast

\$8.0B

okta

Acquires auth0

\$6.4B

PERMIRA

Acquires mimecast

\$5.5B

STG

Acquires McAfee Enterprise Business

\$4.0B

wipro

Acquires CAPCO

\$1.5B

Centrify

Acquires thycotic

\$1.4B

TPG

Acquires FIREYE Product Division

\$1.2B

**\$117M**  
Median 2021  
Disclosed M&A  
Deal Value

**49** Security  
Consulting Deals



Most Active Sector

2021 Was A Record-Breaking Year For Deal Making

**\$81.2B**

Total M&A Volume

**\$28.9B**

Total Financing Volume

2021 Was The Most Active Year On Record

**1,031**

Financing Deals

**293**

M&A Deals



Risk & Compliance Was The Most Active Sector In Financing With **168** Raises

Private Equity ❤️'s Cybersecurity

**131** Completed Deals in 2021

THOMABRAVO

STG TECHNOLOGY GROUP

INSIGHT



Apax PARTNERS

PERMIRA

**30+** New Cyber Unicorns

feedzai orca security WIZ Socure Own[backup]  
Lacework panther CERTIK DRAGOS Ledger  
Fireblocks CLAROTY incode SALT noname

**81** Capital Raises ≥ \$100M

Including

Lacework

\$1.3B

snyk

\$605M

orca

\$550M

transmit

\$543M

Lacework

\$525M

Socure

\$450M

CLAROTY

\$400M

Fireblocks

\$400M

Trulioo

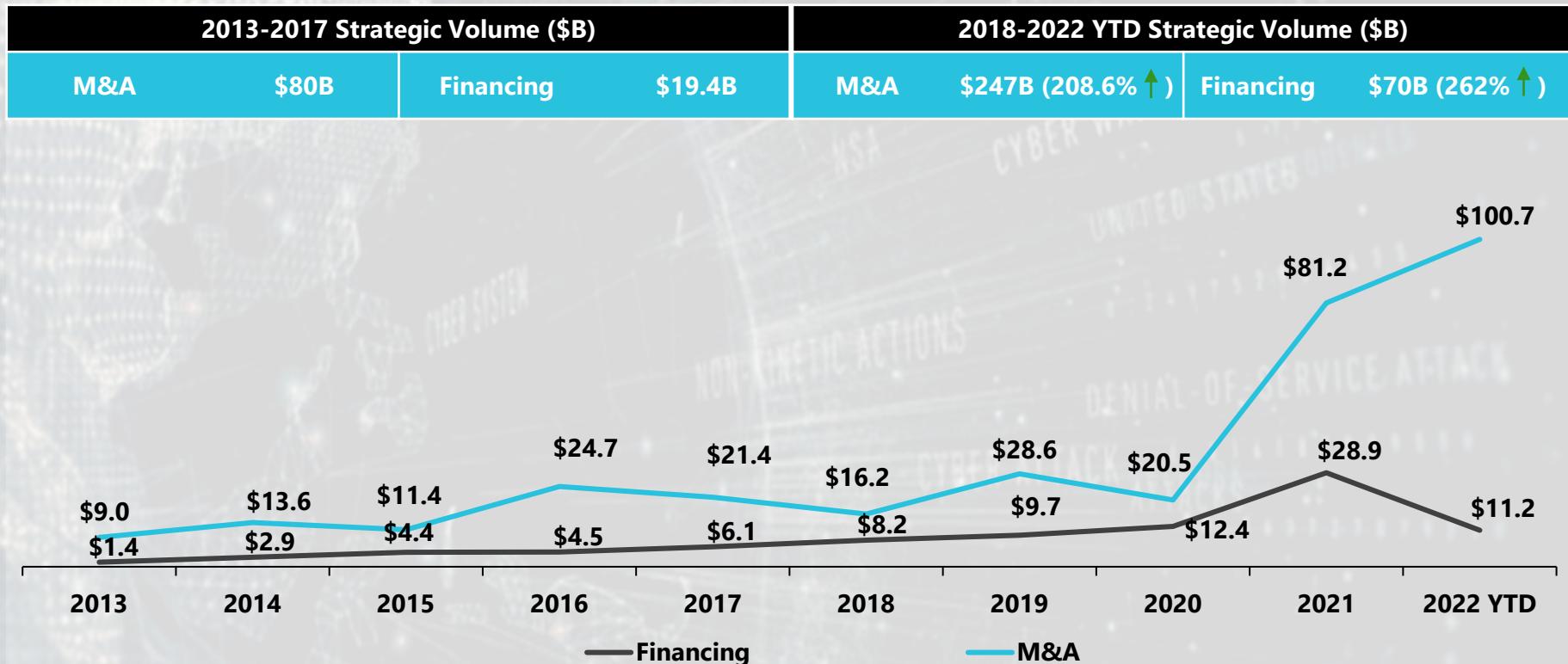
\$394M

LEDGER

\$380M

# The Last Decade Of Cybersecurity Strategic Activity

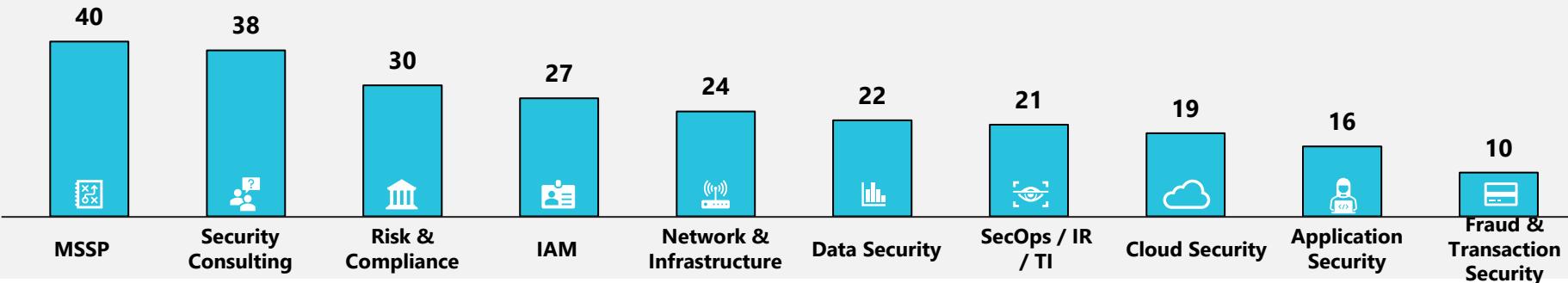
\$417B+ Deployed Across Cybersecurity M&A & Financing Over The Past Decade.



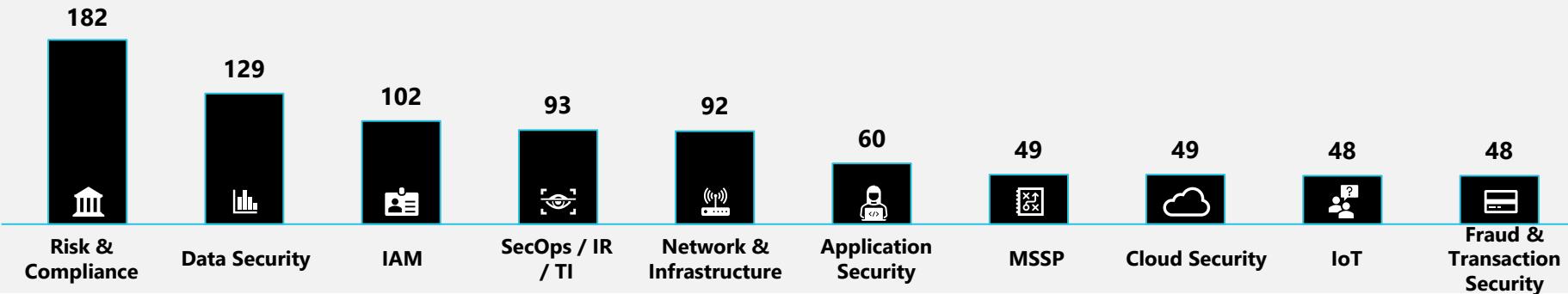
# M&A & Financing Volume By Sector Last 4 Quarters

Services Led M&A Activity, While Products Across Risk, Data, And Identity Attracted The Most Financing.

Top 10 Sectors By M&A Activity



Top 10 Sectors By Financing Activity

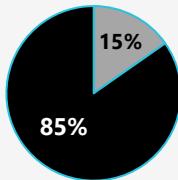


# Private Equity By The Numbers

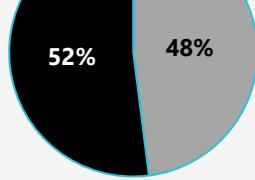
Private Equity's Market Share In Cybersecurity M&A Is Increasing Across Deal Volume And Count.

M&A Activity By Type of Buyer | 2011

Private Equity  
Strategic



Total Deal Count: 85



Total Amount Spent: \$5,921

Cyber Private Equity Universe

**Apax**  
PARTNERS

 **ONTARIO  
TEACHERS'  
PENSION PLAN**

 **GENERAL  
ATLANTIC**

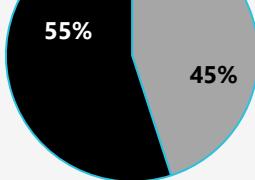
 **PROVIDENCE  
EQUITY**

 **INSIGHT  
PARTNERS**

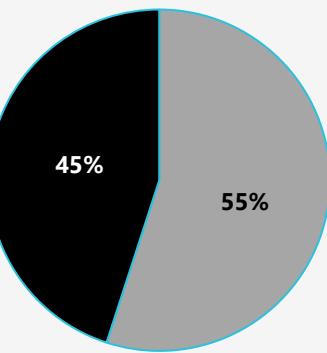
 **THOMA BRAVO**

M&A Activity By Type of Buyer | 2021

Private Equity  
Strategic



Total Deal Count: 293



Total Amount Spent: \$81,220

Cyber Private Equity Universe

Advent International  
Global Private Equity

ONTARIO  
TEACHERS'  
PENSION PLAN

FP  
FRANCIO  
PARTNERS

SKYVIEW  
CAPITAL

TA  
ASSOCIATES

**Apax**  
PARTNERS

TZP  
GROUP

PERMIRA

STG

CROSSPOINT<sup>®</sup>

Audax Group

COMMITTED  
CAPITAL

CORSAIR CAPITAL

INVESTCORP

HGGC

INSIGHT  
PARTNERS

updata  
PARTNERS

THOMABRAVO

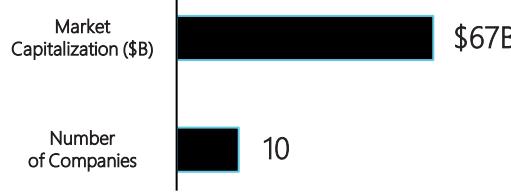
THOMPSON STREET  
CAPITAL PARTNERS

# Significant Growth in Public Cyber Companies | 2011 – CY 2021

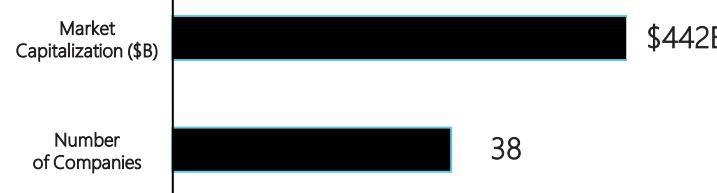
Aggregate Market Capitalization For Cybersecurity Has Grown Considerably Over The Last Decade.

## Explosive Growth In Public Cybersecurity Companies

### Public Company Stats | 2011



### Public Company Stats | CY 2021



**560%**

Growth in Market Capitalization

**280%**

Growth in Number of Public Cybersecurity Companies

### Public Cyber Companies | 2011

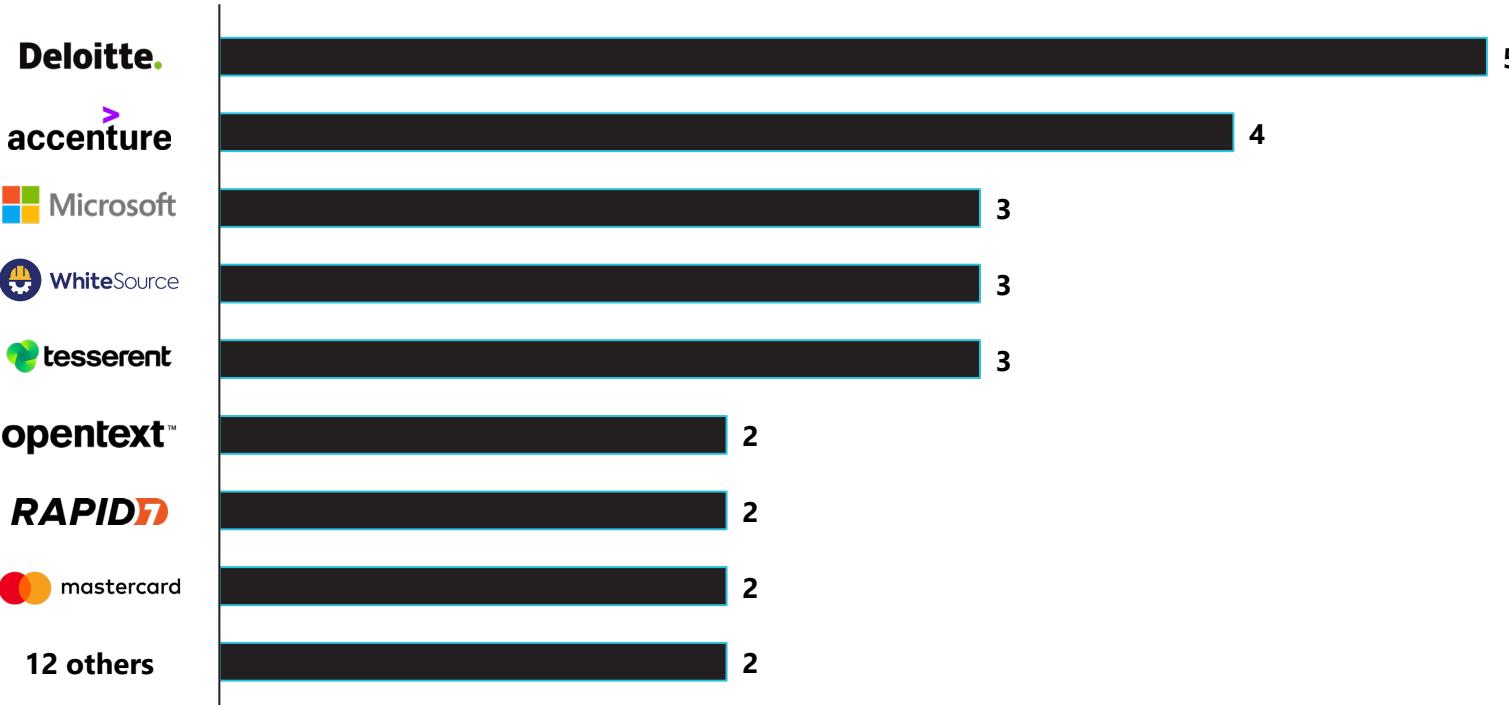
AhnLab

### Public Cyber Companies | CY 2021



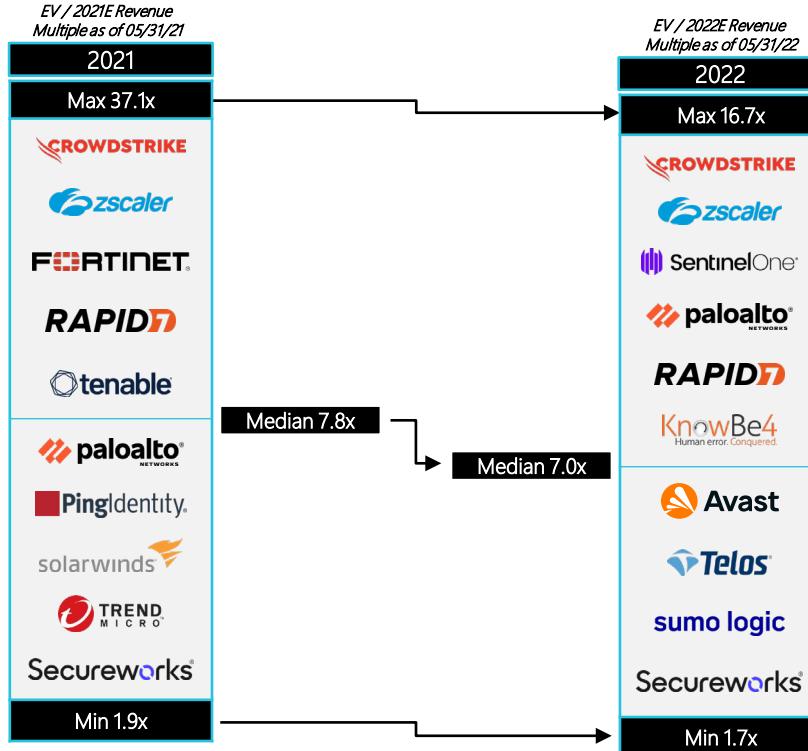
# Most Active Strategic Buyers Over The Last 4 Quarters

Deloitte Leads Strategic Acquirers, Followed By Accenture And A Wide Array Of Other Strategies.



# Cybersecurity Multiples Year-Over-Year

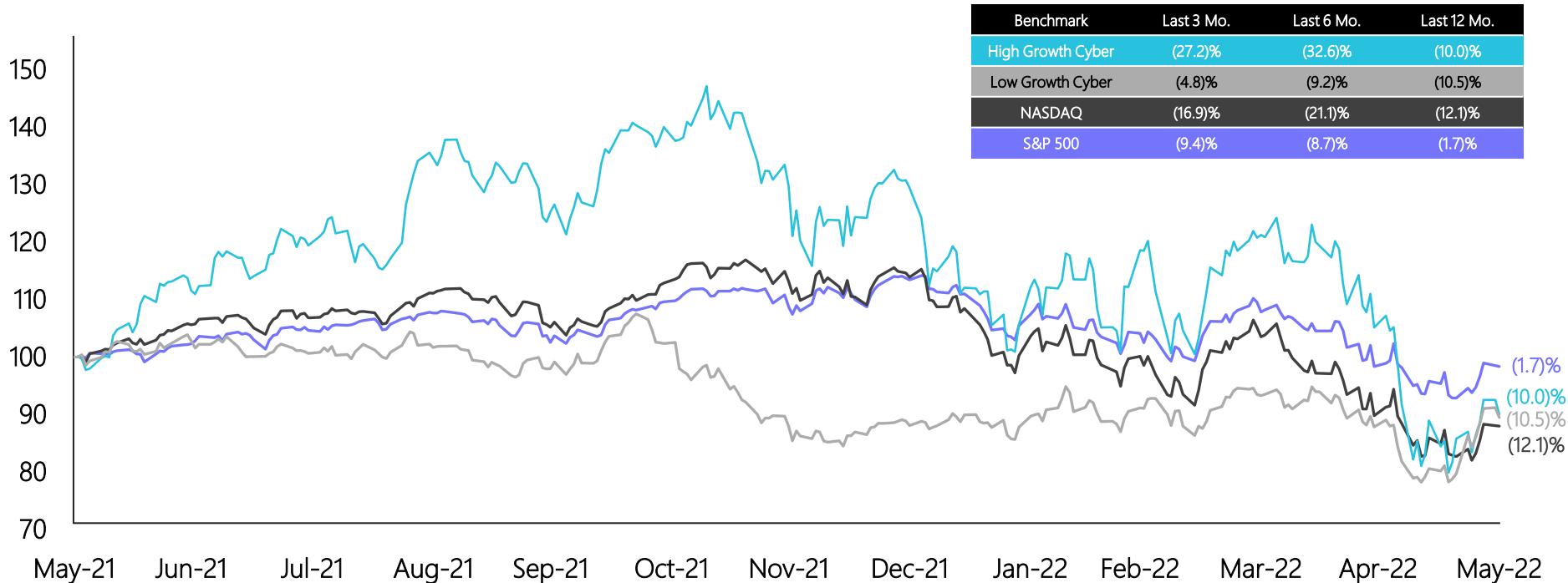
Majority Of Public Company Valuations Have Decreased Along With Broader Market Indices.



- In-step with the decline of the broader market, the majority of Cybersecurity revenue multiples have declined in the past 12 months, most notably in the past 6 months
- Several companies have seen their revenue multiples sharply decrease including Zscaler (50%↓), CrowdStrike (55%↓), and Okta (74%↓)

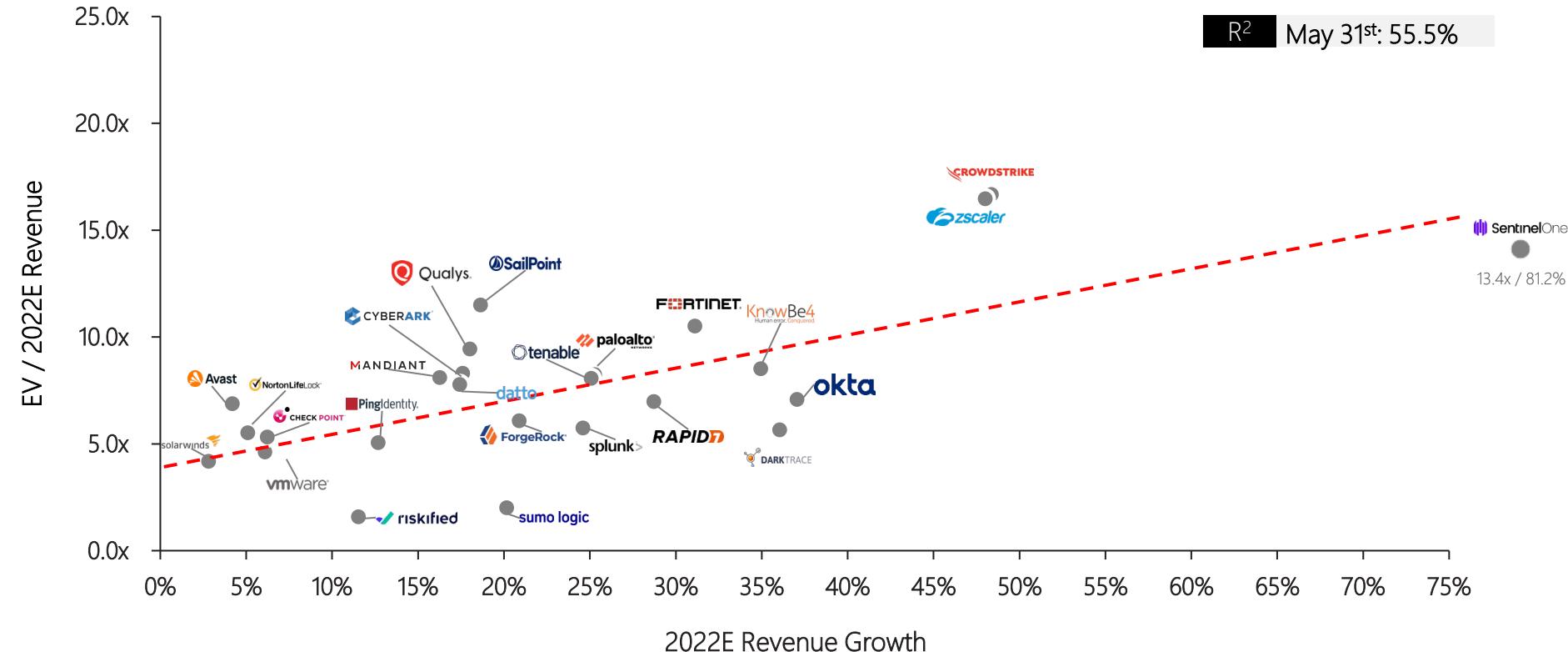
# Cybersecurity vs. The Benchmarks

Cybersecurity Stocks Have Fallen In Line With The Broader Market.



# Value Is Still Correlated To Revenue Growth...

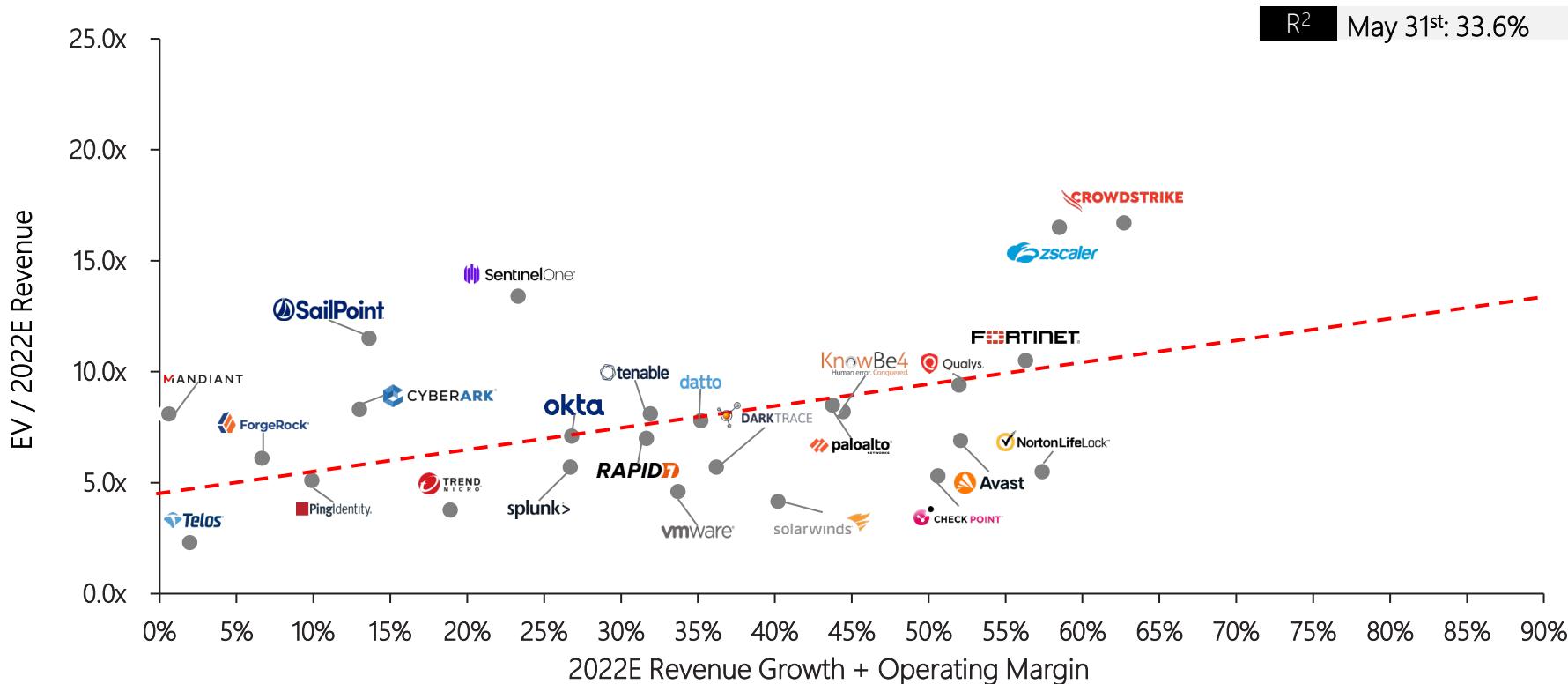
Public Markets Today Are Still Focused On Growth, Albeit Less Than Before.



Source: Capital IQ. Public Market Data as of May 31<sup>st</sup>, 2022. Using Latest Spot Exchange Rate. SecureWorks, Telos, and Trend Micro have been excluded from the output.

...But The Correlation To Revenue Growth + Profitability Is Increasing

## Public Markets Today Are Increasing Their Focus On Growth Plus Profitability.



*Source: Capital IQ. Public Market Data as of May 31<sup>st</sup>, 2022. Using Latest Spot Exchange Rate. Riskified, Sumologic, and SecureWorks have been excluded from the output.*

# Key Cybersecurity Themes For 2022.

Cybersecurity Had A Record-Smashing Year In 2021 And Thus Far It Has Continued Its Upward Trajectory.

## Cybersecurity Themes For 2022

	Cybersecurity Spend Grows	Geopolitical conflict, distributed workforces, accelerating digital transformation
	Sub-Sectors To Watch	Security Services, Risk & Compliance, Data Security, IAM, Zero Trust, AppSec, Cloud
	The Age Of Zero Trust	Distributed workforces, increasing bandwidth require dynamic ZT architectures
	The Great Shift-Left	DevOps teams are increasingly responsible for security
	Industrial (In)security	Critical Infrastructure and Industrial Control Systems increasingly targeted
	The Wild Wild Web3	Unmet security needs rapidly emerging in web3

# Advice For 2022 And Beyond.

Volatility In The Public Markets Have Shown Us The Importance Of Disciplined Investing And Capital Raising.

## Observations And Advice For 2022

	Public Market Uncertainty	Volatility in the public markets driving a slight "wait and see" approach
	Valuations Retreat	Public company valuations retreat, private company valuations to follow
	Decreased Activity (For Now)	Decreased activity initially, but likely to recover as valuations normalize
	Just Because You Can...	Raising capital at nosebleed valuations is a double-edged sword
	Great Companies Will Thrive	Great companies with solid fundamentals can raise capital in almost any environment



**ADVICE**



**ACCESS**

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