WINDSOR DRAKE

Cybersecurity M&A Activity: Q3 2026

AUGUST 2026

Windsor Drake · Market Intelligence

Executive Summary: The Quarter in Cybersecurity M&A

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A High-Cadence Market

The sector transacted almost every working day of the period.

- **40 cybersecurity transactions** were announced between 1 July and 25 August 2026.
- **19** were announced in July and **21** in the first 25 days of August.
- That is roughly one announcement every 1.4 days across the period.
- Cadence, not scale, is the defining feature of the sector's deal flow.

The Price Was Paid From Outside

Four transactions carried a published US dollar price.

- They total **$3.29B**, a Windsor Drake computation from the four announcements.
- The buyers are a payments network, a reinsurer, a distributor and a data platform.
- **Visa / BioCatch at $2.4B** and **Munich Re / At-Bay at $575M** are 90% of that total.
- No listed cybersecurity vendor priced a transaction in the period.

Vendors Bought Capability

The sector's own acquirers bought technology, and said so.

- **CrowdStrike** acquired XM Cyber's IP: 45-plus patents and source code.
- Its release states it will not acquire any revenue or customers.
- **Fortinet** stated the Virtue AI consideration is immaterial to its business.
- **Okta** stated Permiso has no impact on guidance issued 27 May 2026.

Two Buyer Books

The buyer who moves the price is not the buyer who moves the market.

- Security vendors buy a feature and price it as a feature.
- Buyers outside the sector buy a business and price it as a business.
- **Bank of America**, **AXA XL**, **Qualcomm**, **LG Uplus** and **Deel** all bought security assets.
- A seller's buyer list that stops at security vendors is half a list.

Source: Windsor Drake compilation of cybersecurity transactions announced 1 July to 25 August 2026, from company announcements and SEC filings. See appendix.

Executive Summary: What Is Driving the Structure

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The Platform Race Already Closed

The sector's transformational deals were signed before this quarter.

- **Google / Wiz**, $32B all cash, completed 11 March 2026.
- **Palo Alto Networks / CyberArk**, about $25B equity value, completed 11 February 2026.
- **ServiceNow / Armis**, about $7.75B cash, completed 20 April 2026.
- With the anchors bought, vendor M&A moved to filling gaps around them.

Identity Is the Live Category

Machine and agent identity absorbed the sector's own deal flow.

- **Okta / Permiso** covers human, non-human and agentic identities.
- **Keyfactor / Cofide** brings SPIFFE-based identity to AI agents and workloads.
- **Cyera / Oasis Security** and **Barracuda / Evo Security** extend the same thread.
- IDC places identity software among three categories that are over half of security software spend.

AI Moved Into the Deal Rationale

Buyers acquired AI security operations rather than building it.

- **Cribl** completed two security acquisitions in the period, CardinalOps and Radiant.
- **Fortinet / Virtue AI** adds agentic red-teaming and runtime guardrails.
- **Anaconda / Enkrypt AI** brings an AI platform vendor into security.
- Gartner ranked AI-enabled vulnerability discovery the top emerging risk on 25 August 2026.
- That Gartner reading rests on 316 executives surveyed in April and May 2026.

Compliance Is the Demand Engine

The pull on budgets is increasingly written into law.

- ENISA found **70%** of surveyed organisations name regulation the main investment driver.
- EU Cyber Resilience Act reporting obligations apply from **11 September 2026**.
- The Commission referred four member states to the CJEU over NIS2 on 8 July 2026.
- Buyers are acquiring accreditation and jurisdiction, not only technology.

Sources: IDC; Gartner; ENISA; European Commission; company announcements and SEC filings. See appendix.

Key Founder Takeaways: Q3 2026

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1. Widen the Buyer List Past the Sector

Every published price in the period was paid by a buyer whose core business is not cybersecurity: a payments network, a reinsurer, a technology distributor and a data platform.

- Build the buyer list around who needs the capability, not who sells security.
- Banks, insurers, carriers, distributors and platforms all transacted in the period.

2. A Vendor Buys a Feature

Security vendors in the period bought technology and told the market it does not move their financial statements, which is the price they will pay for it.

- Expect a vendor bid to be framed as a product gap, not a revenue purchase.
- Competitive tension against an outside buyer is what re-rates that bid.

3. Identity Is the Category With a Bid

Machine, workload and agent identity drew acquisitions from Okta, Keyfactor, Cyera and Barracuda inside eight weeks, following the CyberArk and Astrix closes earlier in the year.

- Frame non-human identity coverage explicitly if the asset carries it.
- Name the agentic use case; that is the language the buyers are using.

4. Accreditation Travels With the Asset

FedRAMP authorisation, EU jurisdiction and regulated-sector clearance are acquirable assets in their own right, and the dated obligations now sit in Europe.

- Document authorisations, certifications and regulated customers before a process.
- The Cyber Resilience Act reporting date of 11 September 2026 is a live catalyst.

5. Sponsors Are Present Through Platforms

Sponsor capital reached the sector through owned and backed operating companies, so the acquirer of record on the other side of the table types as a strategic buyer.

- Establish who owns the buyer before pricing its cost of capital.
- A platform buyer holds a mandate and a hold period a corporate does not.

6. Services Assets Are Being Bought In-House

Bank of America, AXA XL and LG Uplus each bought security services capability in the period, taking consulting and detection capacity onto their own balance sheets.

- Consulting and MDR assets have a buyer pool beyond the MSP roll-ups.
- Named enterprise and regulated clients are the asset in a services sale.

Source: Windsor Drake advisory methodology. See appendix.

Founder FAQs: Buyers, Process and Timing

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The questions founders ask most, answered against the Q3 2026 cybersecurity M&A market.

Q1 Which buyers set the price in cybersecurity M&A right now?

Buyers from outside the sector. Every published US dollar price between 1 July and 25 August 2026 came from a payments network, a reinsurer, a technology distributor or a data platform. Security vendors transacted at a similar cadence but bought capability, and three of them characterised the consideration as immaterial or guidance-neutral in their own releases.

Q2 How active was cybersecurity M&A in Q3 2026?

Windsor Drake recorded **40 transactions** announced between 1 July and 25 August 2026, **19** in July and **21** in the first 25 days of August. That is roughly one announcement every 1.4 days.

Q3 What was the largest cybersecurity deal of the quarter?

Visa's $2.4 billion all-cash agreement to acquire BioCatch, announced 3 August 2026. BioCatch protects more than 760 million users across 1.8 billion devices for more than 350 financial institutions.

Q4 What are buyers actually paying for?

Identity, above all machine and agent identity; AI security operations; exposure validation; and regulated services capacity. Four of the sector's own acquisitions in the period were identity transactions.

Q5 Should a founder expect a security vendor to pay the best price?

Not automatically. In this period the vendors bought technology and characterised the consideration as immaterial to their businesses, while the published prices came from buyers outside the sector who were acquiring a business rather than a product gap.

Q6 Does regulation affect who buys and what they pay?

Directly. ENISA found **70%** of surveyed organisations name compliance with NIS2, DORA and the Cyber Resilience Act as their main investment driver, and CRA reporting obligations apply from **11 September 2026**. Accreditation and jurisdiction transfer with the asset.

Q7 How long does a cybersecurity sale process take?

Plan **12 to 18 months** end to end. Announced transactions in the period carried stated closing timelines running from September 2026 to Visa's fiscal second quarter of 2027, so regulatory clearance should be modelled into runway from the outset.

Source: Windsor Drake advisory methodology. See appendix.

Transaction Cadence: A Deal Almost Every Working Day

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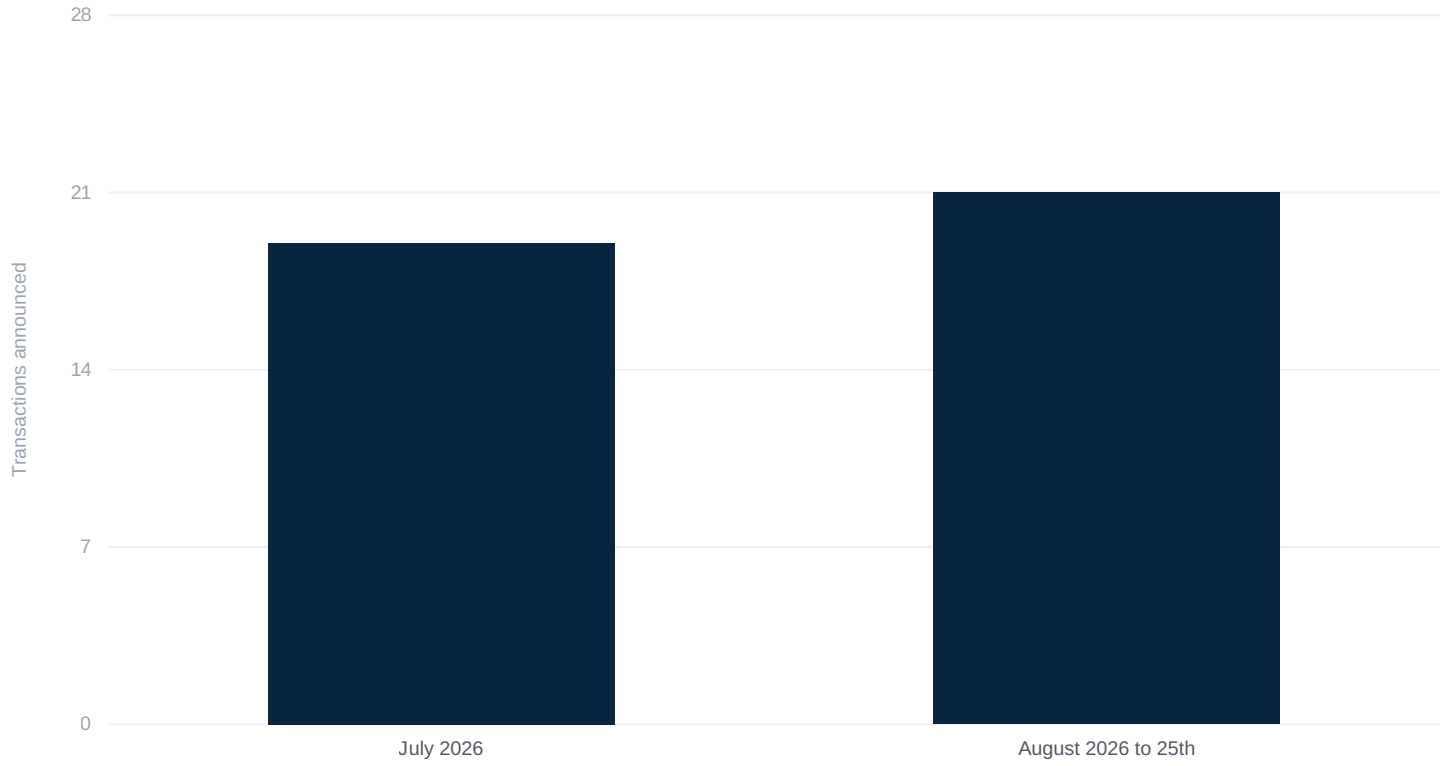
The sector announced 40 transactions in 56 days, sustained through what is normally the quietest part of the calendar.

Cybersecurity Transactions Announced (count)



TRANSACTIONS RECORDED

40

Announced between 1 July and 25 August 2026, each with named parties and a date.

AVERAGE INTERVAL

1.4 days

56 calendar days across 40 announcements.

AUGUST RUN RATE

21

Recorded in the first 25 days of the month, ahead of July's full-month total.

Volume without pause: 19 announcements in July and 21 in the first 25 days of August, a period that includes the northern-hemisphere summer. Compiled by Windsor Drake from company announcements and SEC filings; constituents are named throughout this report.

Key Observation

A seller reading only the megadeal headlines misses a market that is transacting continuously at the capability and services layer.

Source: Windsor Drake compilation of cybersecurity transactions announced 1 July to 25 August 2026, from company announcements and SEC filings. See appendix.

Where the Published Consideration Came From

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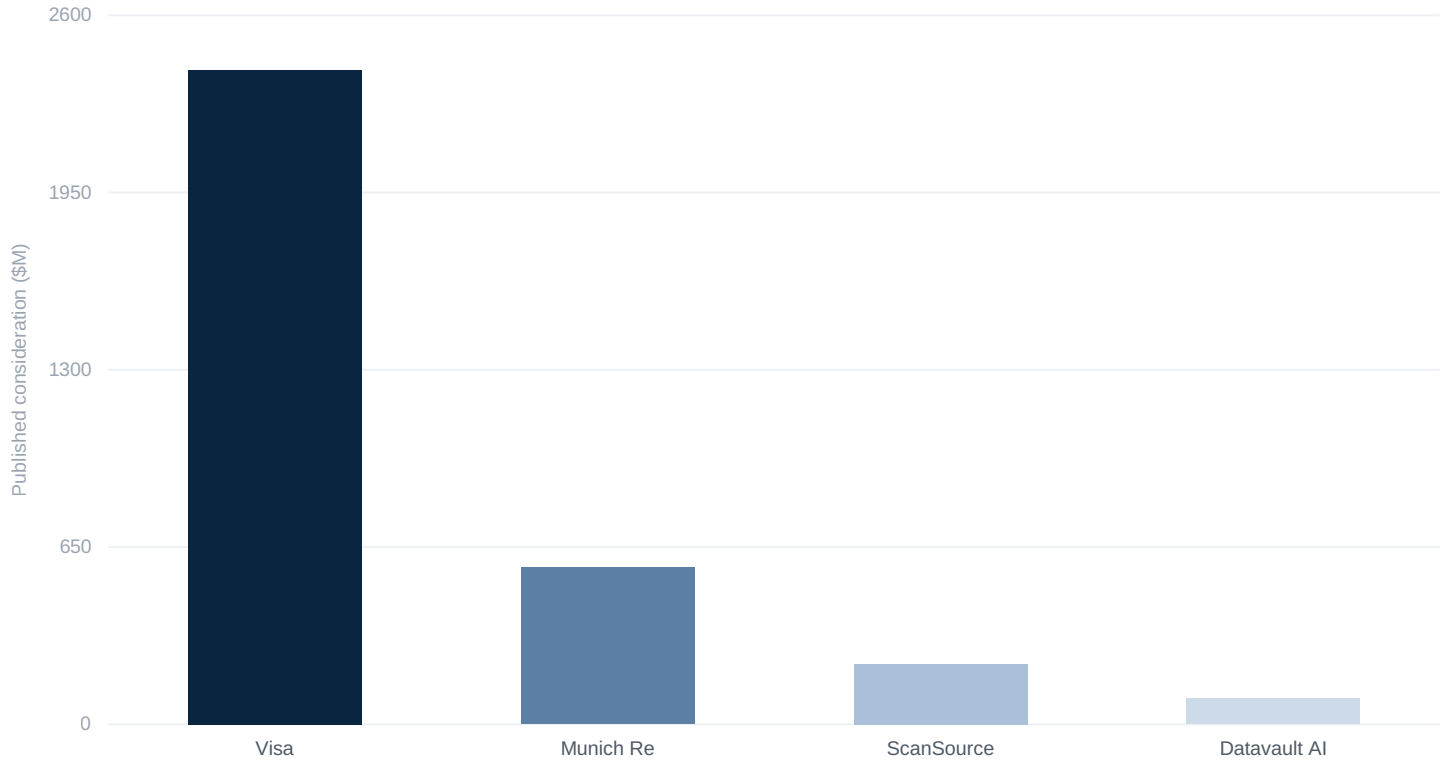
Every dollar of published price in the period was paid by a buyer whose core business sits outside cybersecurity.

Published Consideration by Buyer, Q3 2026 to 25 August ($M). Targets: BioCatch, At-Bay, MicroAge, CyberCatch



The buyers are a payments network, a reinsurer, a technology distributor and a data and AI platform. The four announcements total **$3.29B**, a Windsor Drake computation from the figures each buyer published. Visa and Munich Re together are 90% of it.

VISA / BIOCATCH

$2.4B

All cash, announced 3 August 2026, closing expected by Visa's fiscal Q2 2027.

MUNICH RE / AT-BAY

$575M

Enterprise value, announced 19 August 2026, closing expected Q1 2027.

SCANSOURCE / MICROAGE

$220.5M

Cash at closing plus escrows, per the Form 8-K filed 20 August 2026.

The Finding

The security industry set the cadence of the quarter. Buyers from outside the industry set the price.

Sources: company announcements and SEC filings, as cited. See appendix.

The Outside Bid

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A Windsor Drake framework for reading who prices a cybersecurity asset, and why the answer is rarely a security company.

The Mechanism

A security vendor acquires to close a product gap in a platform it already sells. The purchase is a feature, it is financed out of product budget, and its value is capped by what the gap costs to build. A buyer from outside the sector acquires to obtain a capability it cannot buy as a product at all, because it needs to own it. That purchase is a business, and it is priced as one.

Why It Holds in This Market

The sector's platform anchors were bought before this quarter. With Wiz, CyberArk and Armis absorbed, the remaining vendor demand is for components. Demand for whole security businesses now comes from banks, insurers, networks, carriers and distributors that have concluded security is core to their own product.

$3.29B
PUBLISHED PRICE, Q3 TO 25 AUG

4 of 4
PRICED DEALS BOUGHT FROM OUTSIDE

Signal One: The Buyer's Own Language

Fortinet described the Virtue AI consideration as immaterial to its business. Okta stated Permiso has no impact on its guidance. CrowdStrike acquired XM Cyber's patents and source code and stated it will not acquire revenue or customers.

Signal Two: Who Files

The transactions that produced an SEC filing with executed terms in the period were ScanSource and Datavault AI, neither of which is a security company. Materiality is relative to the buyer, and a security asset is more material to an outside buyer.

Signal Three: The Strategic Case

Visa is buying behavioural biometrics for its own fraud franchise. Munich Re is buying underwriting and monitoring for its own cyber book. Bank of America is buying offensive testing for its own estate. None is reselling the asset.

What It Means for a Seller

The competitive set that sets the clearing price may contain no security companies at all. A process that markets only to sector acquirers is negotiating against the lowest-priced buyer group in the market.

Sources: company announcements and SEC filings, as cited. See appendix.

What Was Bought: Category Mix by Transaction Count

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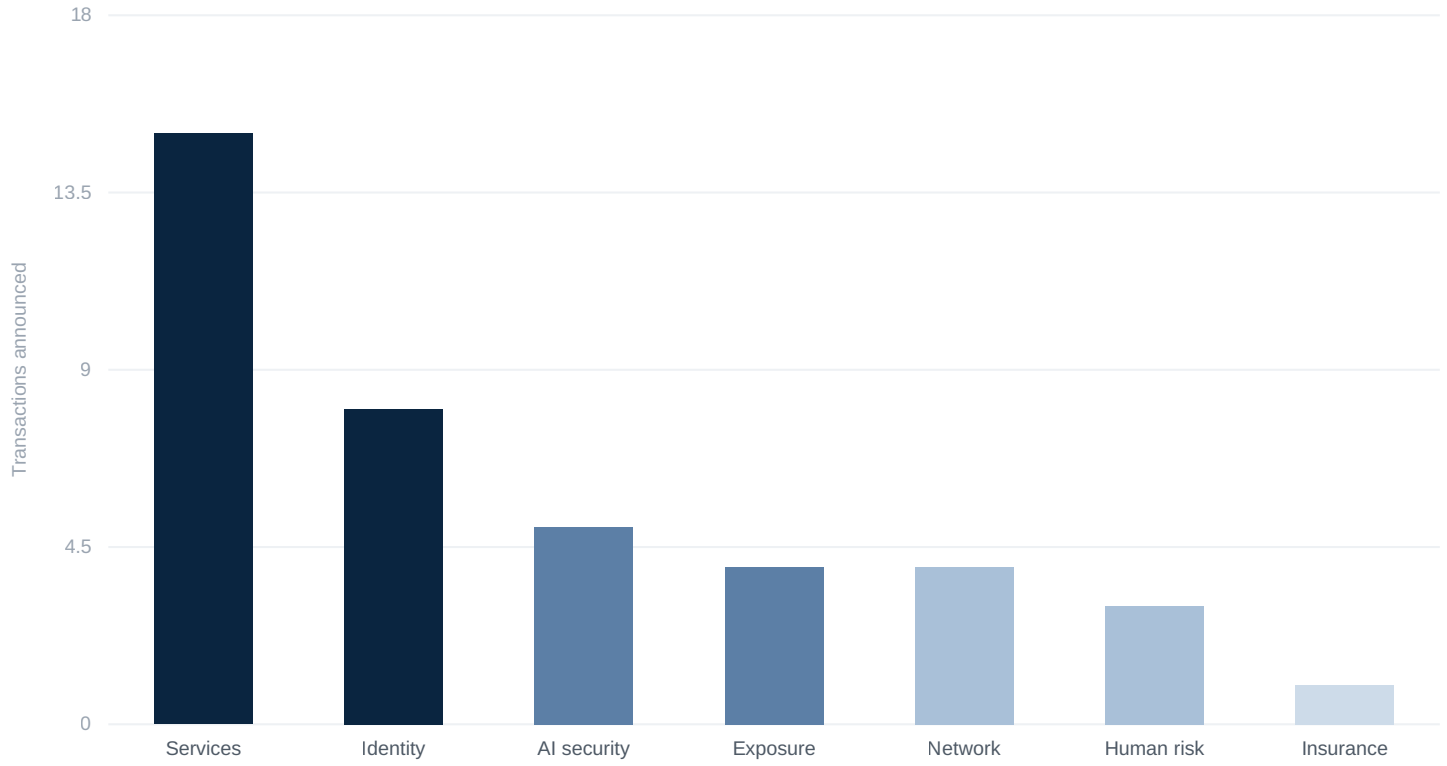
Services and identity account for more than half the period's announcements.

Transactions Announced 1 Jul to 25 Aug 2026, by Category (count)



SERVICES & MSP

15

Consulting, managed detection and IT services, bought by roll-ups and by end users.

IDENTITY & ACCESS

8

Human, machine, workload and agent identity, the sector's most contested category.

AI SECURITY

5

AI security operations, model and agent protection, and deepfake defence.

Services lead by count, identity leads by strategic weight. Fifteen services and managed-provider transactions include Bank of America / MDSec, AXA XL / S-RM, LG Uplus / PAGO Networks and ScanSource / MicroAge. The eight identity transactions include Okta / Permiso, Keyfactor / Cofide, Cyera / Oasis Security and Visa / BioCatch.

Key Observation

Categories with a services or accreditation component attract buyers from outside the sector; pure product categories attract vendors.

Source: Windsor Drake compilation of cybersecurity transactions announced 1 July to 25 August 2026, from company announcements and SEC filings. See appendix.

What the Security Industry Bought

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Four transactions by listed and venture-backed security vendors, and what each buyer said about them.

CrowdStrike / XM Cyber IP

16 JULY 2026

An intellectual property purchase rather than a company purchase.

- Acquires more than **45 patents** and proprietary source code for attack-path analysis.
- The release states CrowdStrike will not acquire any revenue or customers.
- XM Cyber continues as a standalone business under an IP licence from CrowdStrike.
- XM Cyber continues to trade under its existing ownership with a licence to the IP.
- The transaction sits alongside CrowdStrike ending ARR of $5.51B at 30 April 2026.
- **Read:** the largest listed pure-play bought technology, not a business.

Fortinet / Virtue AI

17 AUGUST 2026

Agentic red-teaming, runtime guardrails and continuous model validation.

- Covers text, image, video, audio and AI-generated code at runtime.
- Fortinet stated the amount paid as consideration is immaterial to its business.
- Fortinet made no other acquisition in the period.
- Fortinet reported Q2 2026 revenue of $2.05B and total billings of $2.37B on 29 July.
- It was the company's only acquisition announced during the period.
- **Read:** a capability purchase sized below the buyer's disclosure threshold.

Okta / Permiso Security

30 JULY 2026

Identity threat detection across human, non-human and agentic identities.

- Uses more than **2,500** research-driven signals across 70-plus identity partners.
- Closing expected in the third quarter of Okta's fiscal 2027.
- Okta stated it has no impact on guidance issued 27 May 2026.
- Okta reported total remaining performance obligations of $4.72B at 30 April 2026.
- Permiso spans cloud environments where agent identities now outnumber staff.
- **Read:** a strategically central category, financed as a bolt-on.

Cyera / Oasis Security

28 JULY 2026

Non-human identity governance folded into a data security platform.

- Follows Cyera's **$600M** raise at a **$12B** valuation on 10 June 2026.
- Extends data security posture management into service and agent identities.
- A venture-backed buyer competing directly with listed platform vendors.
- Cyera has completed five acquisitions and operates across 18 countries.
- Oasis governs service accounts, machine identities and AI agent credentials.
- **Read:** private capital is now a rival bidder to the listed acquirers.

Sources: company announcements and SEC filings, as cited. See appendix.

Identity and Machine Identity: The Contested Category

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Eight of the period's forty transactions were identity deals, following the sector's two largest identity closes earlier in 2026.

The Anchors Closed First

CONTEXT

The category's defining transactions completed before this quarter.

- **Palo Alto Networks / CyberArk**, about **$25B** equity value, completed 11 February 2026.
- Terms were $45.00 cash plus 2.2005 PANW shares per CyberArk share.
- A **26%** premium to the unaffected 10-day average VWAP as of 25 July 2025.
- Cisco closed **Astrix Security** in its fiscal fourth quarter, ended 25 July 2026.
- Cisco reported FY2026 security product revenue of **$8,232M**, with Q4 up 14%.

Machine and Agent Identity

THE LIVE THREAD

Buyers are acquiring identity for systems, not for people.

- **Keyfactor / Cofide**, 27 July, brings SPIFFE-based identity to AI agents and workloads.
- **Okta / Permiso**, 30 July, spans human, non-human and agentic identities.
- **Cyera / Oasis Security**, 28 July, addresses service and machine accounts.
- Keyfactor cites automated systems now outnumbering employees inside enterprises.
- Keyfactor issues and manages billions of machine identities for 2,500-plus customers.

Identity for the Access Layer

ADJACENT DEMAND

Identity acquisitions extended into physical and partner-delivered access.

- **Barracuda / Evo Security**, 7 July, adds multi-tenant PAM built for managed providers.
- **SwiftConnect / HID SAFE**, 22 July, carves out physical identity and access management.
- **Fourthline and Veridas**, 16 July, combine identity verification and biometrics.
- **Netz / Softfreak**, 11 August, takes a controlling stake in integrated identity security.
- Eight identity transactions in eight weeks, drawn from four distinct buyer groups.

The Outside Bid in Identity

WHERE PRICE APPEARED

The category's published price came from a payments network.

- **Visa / BioCatch**, **$2.4B** all cash, announced 3 August 2026.
- BioCatch analyses **19 billion** user sessions a month across 1.8 billion devices.
- More than **350** financial institutions deploy it; 760 million users are covered.
- Closing is expected by the end of Visa's fiscal second quarter of 2027.
- **Read:** the highest identity price of the quarter was set outside the sector.

Sources: company announcements and SEC filings, as cited. See appendix.

AI Security Operations: A New Buyer Pool

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Five transactions in the period had AI security as the stated rationale, and the buyers were not all security companies.

Cribl: Two Deals in Eight Weeks

DATA PLATFORM

A telemetry pipeline vendor bought its way into security operations.

- **CardinalOps**, 14 July, adds AI detection engineering and coverage-gap analysis.
- **Radiant Security's AI SOC technology**, 19 August, adds autonomous alert triage.
- Radiant generates triage logic per alert rather than running pre-built playbooks.
- Cribl frames the target as a security market it sizes at **$121B**.
- Both deals were structured around technology rather than customer bases.

Securing the Model, Not the Network

NEW SURFACE

Acquisitions targeted the AI system itself as the asset under attack.

- **Fortinet / Virtue AI**, 17 August, covers agent red-teaming and runtime guardrails.
- **Anaconda / Enkrypt AI**, 4 August, scans AI agents, tools and servers.
- Enkrypt identified over **143,000** vulnerabilities across 25,000 MCP servers in two months.
- **Deel / Clarity**, 3 August, buys deepfake detection for remote hiring.
- Three of these four buyers are not cybersecurity companies.

The Threat Data Behind the Bid

DEMAND EVIDENCE

Institutional threat reporting moved AI from theme to line item.

- IBM found **one in four** malicious breaches AI-enabled, a **56%** rise, averaging **$6M**.
- CrowdStrike put average breakout time at **29 minutes** in its 2026 Global Threat Report.
- Verizon's 2026 DBIR made vulnerability exploitation the top access vector at **31%**.
- Gartner ranked AI-enabled vulnerability discovery the top emerging risk on 25 August 2026.

What It Means for Sellers

POSITIONING

AI security assets are drawing bids from adjacent software categories.

- Observability, data and developer-platform vendors are now credible acquirers.
- Two of the five AI security buyers in the period were not security companies.
- Runtime evidence beats research claims in diligence on these assets.
- IDC names software the fastest-growing security segment, above half of total spend.
- **Signal:** show production deployments and measurable false-positive reduction.

Sources: company announcements; IBM Cost of a Data Breach Report 2026; CrowdStrike; Verizon; Gartner. See appendix.

Buyer Mapping by Category

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Which buyer group competes for which kind of cybersecurity asset, on the evidence of the period.

Category	Security Vendors	Buyers From Outside	Sponsor-Backed Platforms
Identity & Access	**HIGH** Okta, Cyera and Keyfactor all transacted inside one month.	**HIGH** Visa paid $2.4B for behavioural biometrics fraud defence.	**MODERATE** Barracuda added multi-tenant PAM for the managed channel.
AI Security	**HIGH** Fortinet acquired agentic red-teaming and runtime guardrails.	**HIGH** Cribl, Anaconda and Deel each bought AI security capability.	**LOW** Early-stage assets sit below platform acquisition criteria.
Exposure & Offensive	**HIGH** CrowdStrike bought XM Cyber IP; Brinqa bought PlexTrac.	**MODERATE** Bank of America took offensive testing capacity in-house.	**LOW** Project revenue limits leverage capacity for a platform.
Managed Detection	**MODERATE** Absorbed into platform offerings rather than acquired.	**HIGH** LG Uplus and AXA XL both bought detection and response capacity.	**HIGH** The dominant roll-up category by transaction count.
Consulting & Services	**LOW** Outside the product-led acquisition model.	**HIGH** Bank of America and AXA XL bought consultancies outright.	**HIGH** Viatel, Databarracks, Katalyst and ITCS all transacted.
Network & Device	**MODERATE** Palo Alto Networks added digital experience monitoring.	**HIGH** Qualcomm bought connected-device network security.	**HIGH** Infoblox added network observability to DNS and asset data.

Active Buyer Group in the Period

Selective / Opportunistic

Absent From the Period's Record

Services, Consulting and Risk Transfer

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Fifteen of the period's transactions were services deals, and the most notable buyers were the customers.

End Users Became Acquirers

Bank of America agreed on 30 July 2026 to acquire MDSec Consulting, a UK offensive security consultancy of roughly 65 professionals, with closing expected in the fourth quarter of 2026 subject to regulatory approval. It is the bank's first acquisition in five years, and the asset serves the bank's own estate rather than a product line.

Insurers Bought the Loss-Control Layer

AXA XL agreed on 7 August 2026 to acquire the balance of S-RM, a corporate intelligence and cyber consultancy serving clients across 140 countries, in which it already held roughly 49%. Munich Re followed on 19 August with At-Bay at a **$575M** enterprise value, placing it under Hartford Steam Boiler.

Carriers Entered Detection

LG Uplus agreed on 4 August 2026 to acquire PAGO Networks, a managed detection and response provider in South Korea, its first security acquisition. Telecommunications carriers are buying security operations capacity to attach to their own enterprise base.

15
SERVICES TRANSACTIONS

$575M
MUNICH RE / AT-BAY

Sources: company announcements and SEC filings, as cited. See appendix.

The Insurance Thesis

At-Bay carried **$278M** of gross written premium at 31 December 2025 and **$23M** of cyber fee service revenues, with about 280 staff serving close to 40,000 US businesses. The buyer is acquiring underwriting data and continuous monitoring, not distribution alone.

The Distribution Thesis

ScanSource agreed to acquire MicroAge for **$220.5M** in cash at closing, with $3M and $6.8M held in escrow, per the Form 8-K filed 20 August 2026. Closing is expected in September 2026 subject to Hart-Scott-Rodino clearance.

The Roll-Up Layer

Managed provider consolidation continued through Viatel and FullProxy, CompassMSP and The Logic Group, The 20 MSP and Sundance Networks, Databarracks and Acumen, Katalyst and Layer27, ITCS and Crestline, BlueAlly and GigaNetworks, Nexus IT and Loyal IT, and ePlus and Daymark Solutions.

What Sellers Should Take From It

A services asset with named regulated clients and transferable accreditation has a buyer pool that includes banks, insurers and carriers, each of which values the capacity for its own use rather than for resale.

Sponsor Capital Reached the Sector Through Platforms

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The sponsor money in the period arrived inside operating companies, so the acquirer of record types as a strategic buyer.

The Structure

Barracuda, held by KKR, acquired Evo Security on 7 July 2026. Infoblox, held by Vista Equity Partners and Warburg Pincus, agreed to acquire Kentik on 8 July and completed it on 7 August. Keyfactor announced a growth investment of more than **$1B** led by Summit Partners on 6 July, then announced its intent to acquire Cofide 21 days later.

Why It Matters at the Table

A seller facing one of these buyers is negotiating with a company whose cost of capital, hold period and integration mandate are set by an owner who is not in the room. Windsor Drake examines this structure in depth in **The Sponsor Exit: 2026 Report**, which sets out how to identify the owner behind a platform bid.

$1B+
SUMMIT-LED KEYFACTOR INVESTMENT

21 days
INVESTMENT TO ACQUISITION

Platform Capital in Practice

Keyfactor issues and manages billions of machine identities annually, serves more than 2,500 customers, and holds FedRAMP certification. The Summit-led investment funded a category expansion that reached the market inside three weeks.

The Services Roll-Ups

The managed provider consolidators transacting in the period are backed platforms executing programmatic add-ons. The 20 MSP recorded its 49th acquisition with Sundance Networks on 7 July 2026.

European Platforms Are Active

SEPPmail, a privately held email security vendor, acquired the Danish security awareness provider CyberPilot on 13 August 2026, assembling a European platform across national markets.

The Capital Backdrop

Bain recorded global buyout dry powder of **$1.3T** in its Global Private Equity Report 2026, published 23 February 2026, with 2025 technology buyout value up **30%** on a deal count down **11%**.

Sources: company announcements; Bain & Company Global Private Equity Report 2026. See appendix.

The Demand Backdrop Behind the Bid

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Spending Is Growing Double Digits

Two independent houses put security spend growth near 12% for 2026.

- Gartner forecast worldwide information security spending of **$239.8B** in 2026, up 12.5%.
- Security software alone is forecast at **$121.2B** for 2026.
- IDC put 2026 security spending at **$308B**, up 11.8%, reaching **$430B** by 2029.
- IDC has software above half of the total and growing 14% year on year.

Breach Economics Are Rising

The cost of failure is measurable and increasingly AI-linked.

- IBM put the global average breach cost at **$4.99M** on 29 July 2026.
- One in four malicious breaches were AI-enabled, a **56%** increase, averaging **$6M**.
- Financial services averaged **$6.3M** per breach.
- More than 20% of organisations reported a breach targeting AI models or applications.

Attacker Velocity Is Compressing

Detection windows are shortening faster than tooling cycles.

- CrowdStrike put average breakout time at **29 minutes** in February 2026.
- Google Cloud Mandiant put global median dwell time at **14 days** in M-Trends 2026.
- That reading rests on more than **500,000 hours** of frontline investigations in 2025.
- Verizon's 2026 DBIR put third-party involvement at **48%** of breaches, up 60%.

Tool Sprawl Is the Buy-Side Case

Consolidation demand is what platform acquirers are underwriting.

- IBM Institute for Business Value with Oxford Economics counted **83** security solutions per organisation.
- Those came from an average of **29 vendors**, in research published 28 January 2025.
- IDC names identity software among three categories over half of security software spend.
- IDC names cloud native application protection the fastest-growing software category.

Sources: Gartner; IDC; IBM; Verizon; Google Cloud Mandiant; CrowdStrike. See appendix.

Regulation and Procurement as Deal Variables

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The EU Holds the Dated Obligations

Europe now carries the nearest hard compliance deadlines.

- Cyber Resilience Act reporting obligations apply from **11 September 2026**.
- Its main obligations follow on **11 December 2027** under Regulation (EU) 2024/2847.
- The Commission referred Ireland, Spain, France and the Netherlands to the CJEU on 8 July 2026.
- The referral seeks a lump sum and daily penalty payments over NIS2 transposition.

DORA Oversight Has Started

Supervision of third-party providers is now direct and European.

- The three European Supervisory Authorities designated the first **Critical ICT Third-Party Providers** on 18 November 2025.
- That opened direct EU-level oversight of designated providers.
- DORA has applied to financial entities since 17 January 2025.
- For a seller, EU financial-sector clearance is a transferable asset.

The US Disclosure Regime Is Stable

The rules stand, and the enforcement posture has shifted.

- Item 1.05 of Form 8-K and Regulation S-K Item 106 were adopted 26 July 2023.
- The adopting releases are **33-11216** and **34-97989**, and both items remain in force.
- A joint petition to rescind Item 1.05 was filed 22 May 2025 as File No. 4-856.
- The Spring 2026 Regulatory Flexibility Agenda, published 7 July 2026, carries no cyber disclosure item.

Federal Procurement Repriced

The certification driver changed mid-quarter, and accreditation scarcity persists.

- The Department of War suspended **CMMC Phase II** on 13 July 2026, from a 10 November 2026 start.
- Phase I self-assessment and DFARS 252.204-7012 obligations remain in force.
- A CMMC Reform Task Force was directed to report within 60 days.
- FedRAMP listed **530** certified services on 25 August 2026, of which 28 are on the 20x path.

Sources: European Commission; ENISA; European Supervisory Authorities; SEC; US Department of War; GSA FedRAMP. See appendix.

Deal Structure Observed in the Period

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How the transactions that published terms were actually constructed.

Cash Dominated

CERTAINTY

Every priced deal paid in cash

- Visa agreed **$2.4B** in cash for BioCatch on 3 August 2026.
- ScanSource agreed **$220.5M** in cash at closing for MicroAge.
- Datavault AI agreed **$94.5M** in cash for CyberCatch, about $3.22 a share.
- Munich Re agreed a **$575M** enterprise value for At-Bay on 19 August 2026.
- All four priced transactions in the period were cash rather than stock.
- **Founder note:** cash removes financing and share-price risk from the outcome.

Escrows and Holdbacks

RISK ALLOCATION

Where the negotiation actually sits

- The ScanSource Form 8-K records **$3M** held for purchase-price adjustments.
- It records a further **$6.8M** held for indemnity claims.
- Escrow size and release mechanics are the live term in a services acquisition.
- Together the two escrows are about 4.4% of the headline consideration.
- Escrows carry separate release mechanics for adjustments and for indemnity.
- **Founder note:** negotiate release triggers, not just the headline number.

Long Closing Runways

TIMELINE

Model regulatory clearance into runway

- ScanSource / MicroAge: expected September 2026, subject to Hart-Scott-Rodino.
- Bank of America / MDSec: expected in the fourth quarter of 2026.
- Munich Re / At-Bay: expected in the first quarter of 2027.
- Visa / BioCatch: expected by Visa's fiscal second quarter of 2027.
- AXA XL / S-RM: expected by the end of September 2026, subject to approvals.
- Clearance runways of two to three quarters were the norm across the period.

Structures Beyond the Merger

FLEXIBILITY

The deal need not be a whole company

- CrowdStrike bought patents and source code with an IP licence back to XM Cyber.
- Cribl bought Radiant Security's AI SOC technology as an asset purchase.
- AXA XL is buying the balance of a company in which it already held about 49%.
- Datavault AI used a court-approved plan of arrangement under British Columbia law.
- SwiftConnect acquired HID SAFE as a carve-out of a business unit.
- AXA XL is buying a balance rather than a whole company, a staged route in.

Sources: company announcements and SEC filings, as cited. See appendix.

Capital Markets and Financing Conditions

WINDSOR DRAKE

The backdrop against which a cybersecurity process launched in the current cycle would run.

A Record and Concentrated M&A Market

LSEG recorded **$3.19T** of global M&A value in the first seven months of 2026, up 36% year on year, across more than 28,000 deals, down 10%. Forty-eight megadeals of $10B or more accounted for **$1.29T**, roughly 40% of all value and more than the whole of 2025. Technology represented 23% of announced M&A activity, and cross-border volume reached its highest January to July level since 2007.

Value Is Concentrating at the Top

PwC's 2026 Mid-Year Outlook, published 23 June 2026, found transactions above $5B accounted for **48%** of global deal value in the first half, against 39% in 2025 and 26% in 2024. Excluding megadeals, deal value fell 4%. For a cybersecurity seller below the megadeal threshold, that concentration is the reason competitive tension has to be manufactured rather than assumed: the market is not lifting mid-sized assets on its own.

3.50-3.75%
FED FUNDS TARGET, 29 JUL 2026

$1.3T
GLOBAL BUYOUT DRY POWDER

Rates Have Settled

The FOMC implementation note of 29 July 2026 set the federal funds target range at **3.50% to 3.75%**. The Summary of Economic Projections of 17 June 2026 carried a median end-2026 rate of 3.8%.

Sponsor Capital Is Available

Bain recorded **$1.3T** of global buyout dry powder in its Global Private Equity Report 2026, with 2025 buyout value of $904B, up 44%, on a deal count of 3,018, down 6%.

Venture Funding Held, Counts Fell

PitchBook recorded cybersecurity venture funding flat year on year at **$8.5B** in the first half of 2026, with deal count down 23.8% to 380. Median pre-money valuation more than doubled from year-end 2025 to $72.2M.

The Exit Route Has Been M&A

PitchBook recorded **$9.1B** of cybersecurity exit value across 31 transactions in the second quarter of 2026, the strongest quarter for exit value since the third quarter of 2021.

Sources: LSEG; PwC; Bain & Company; PitchBook; Federal Reserve. See appendix.

Timing the Exit: 12 to 18 Month Roadmap

WINDSOR DRAKE

A cybersecurity process runs 12 to 18 months end to end. Four distinct buyer pools were active at once between 1 July and 25 August 2026, and stated closing runways ran from one quarter to three. Preparation that captures that breadth begins in the present planning cycle.

Readiness & Evidence

Q4 2026

- Complete an audit to institutional standard
- Catalogue every authorisation, certification and regulated client
- Document IP ownership and the open-source position in full
- Assemble production efficacy evidence buyers can test

KEY MILESTONE

Accreditation and IP register complete

Buyer Mapping

Q1 2027

- Build the buyer list across all four active pools
- Establish the owner standing behind each platform buyer
- Map the asset to each buyer's own declared capability gap
- Quantify the capability case acquirer by acquirer

KEY MILESTONE

Outside buyers named and ranked

Market Engagement

Q2 2027

- Hold fireside meetings with the priority acquirers
- Solicit written indications of interest from each pool
- Deliver management presentations to shortlisted buyers
- Open the virtual data room on a staged basis

KEY MILESTONE

Competitive tension across pools

Execution & Closing

Q3 2027

- Negotiate the definitive agreement and escrow mechanics
- File for antitrust and sector regulatory clearance
- Support confirmatory diligence across the buyer group
- Plan closing conditions and integration sequencing

KEY MILESTONE

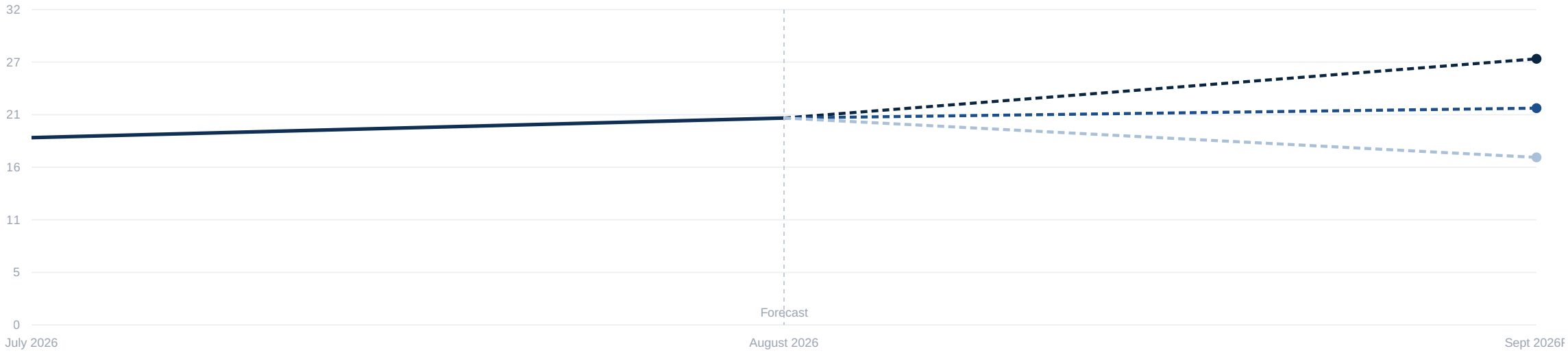
Escrow and release terms settled

Source: Windsor Drake advisory methodology. See appendix.

Transaction Cadence Scenarios: September 2026

WINDSOR DRAKE

Against 19 announcements in July and 21 in the first 25 days of August, the September path turns on three dated catalysts and the pace of platform gap-filling.



BULL CASE ~27

Key Drivers

- Cyber Resilience Act reporting from 11 September pulls product deals forward
- The CMMC Reform Task Force report clarifies federal demand
- Outside buyers continue to enter at the services layer

IMPLICATION: A SELLER'S MARKET

BASE CASE ~22

Key Drivers

- Cadence holds at the July and August run rate
- Identity and AI security remain the active categories
- Rates hold in the 3.50% to 3.75% range

IMPLICATION: A CONSTRUCTIVE MARKET

BEAR CASE ~17

Key Drivers

- Buyers pause for fiscal-year planning and earnings
- Federal certification uncertainty extends past the Task Force report
- Sponsors defer new platform capital deployment

IMPLICATION: A BUYER'S MARKET

Source: Windsor Drake analysis and compilation; European Commission; US Department of War; Federal Reserve. See appendix.

Case Study: Visa and BioCatch

WINDSOR DRAKE

The largest published price in cybersecurity this quarter, paid by a company that does not sell cybersecurity.

The Transaction

Visa agreed on **3 August 2026** to acquire **BioCatch** for **$2.4B in cash**, with closing expected by the end of Visa's fiscal second quarter of 2027. BioCatch recognises patterns in human behaviour from more than 3,000 anonymised data points, covering keystroke and mouse activity, touch-screen behaviour, AI agent usage and jailbroken devices.

Why This Buyer

- **Scale of the asset:** more than 760 million users and 1.8 billion devices are protected.
- **Depth of deployment:** more than 350 financial institutions use it, across 19 billion sessions a month.
- **Strategic fit:** the capability serves Visa's own fraud franchise rather than a product line it resells.
- **Structure:** all cash, with a closing runway of roughly three quarters.

Implications for Founders

The Bid Came From Outside

A behavioural biometrics asset of this scale sits squarely inside the identity security category that Okta, Cyera and Keyfactor were all buying into during the same weeks. The transaction that carried a **$2.4B** price came from a payments network instead.

Own the Buyer's Problem

Visa is not adding a line to a catalogue. It is acquiring defence for a franchise whose economics depend on fraud losses. An asset framed against a buyer's own operating exposure prices differently from one framed as a product gap.

Run the Process Wide

A seller who mapped this asset only to security acquirers would have run a process without the buyer who paid. Buyer mapping in cybersecurity has to start from who carries the risk, not from who sells the software.

Sources: Visa investor relations, 3 August 2026; BioCatch. See appendix.

Appendix: Sources (Part 1)

WINDSOR DRAKE

Transaction facts in this deck are taken from the buyer's own announcement or from an SEC filing. Each is named below.

Institution	Report / Source	Date
Visa Inc.	*Investor release, agreement to acquire BioCatch for $2.4B in cash*	3 Aug 2026
Munich Re	*Media release, agreement to acquire At-Bay at a $575M enterprise value*	19 Aug 2026
ScanSource, Inc.	*SEC Form 8-K with the MicroAge Stock Purchase Agreement as Exhibit 2.1*	20 Aug 2026
Datavault AI Inc.	*SEC Form 8-K, arrangement agreement for CyberCatch Holdings*	18 Aug 2026
CrowdStrike Holdings, Inc.	*XM Cyber intellectual property acquisition; Q1 FY2027 results*	Jun / Jul 2026
Fortinet, Inc.	*Acquisition of Virtue AI; Q2 2026 results*	Jul / Aug 2026
Okta, Inc.	*Definitive agreement to acquire Permiso Security*	30 Jul 2026
Bank of America Corporation	*Agreement to acquire MDSec Consulting Limited*	30 Jul 2026
Palo Alto Networks, Inc.	*CyberArk agreement and completion Form 8-K; Embrace agreement; Q3 FY2026 results*	2025 to 2026
Alphabet Inc.	*SEC Form 10-Q for the quarter ended 31 March 2026; completion of the Wiz acquisition*	Mar / Apr 2026
Cisco Systems, Inc.	*SEC Form 8-K, fourth quarter and full-year fiscal 2026 results*	12 Aug 2026

Appendix: Sources (Part 2)

WINDSOR DRAKE

Further transaction announcements, and the institutions behind every market-level figure in this deck.

Institution	Report / Source	Date
Cyera, Keyfactor and Barracuda Networks	*Announcements for Oasis Security, Cofide and Evo Security; Keyfactor growth investment*	Jul 2026
Cribl, Anaconda and Brinqa	*Announcements for CardinalOps, Radiant Security, Enkrypt AI and PlexTrac*	Jul / Aug 2026
Infoblox, Akamai and Kiteworks	*Announcements for Kentik, LayerX and WAMNET Japan*	Jul / Aug 2026
AXA XL, Qualcomm and LG Uplus	*Announcements for S-RM, SAM Seamless Network and PAGO Networks*	Jul / Aug 2026
ServiceNow, Inc.	*Completion of the Armis acquisition*	20 Apr 2026
Gartner	*Worldwide information security spending forecast; 2Q26 Emerging Risk Report*	2025 to 2026
IDC	*Worldwide Security Spending Guide*	3 Mar 2026
IBM	*Cost of a Data Breach Report 2026; IBV research with Oxford Economics*	2025 to 2026
Verizon	*2026 Data Breach Investigations Report*	19 May 2026
Google Cloud (Mandiant)	*M-Trends 2026, drawing on over 500,000 hours of investigations*	23 Mar 2026
PitchBook	*Q2 2026 Cybersecurity Report*	18 Aug 2026

Methodology

WINDSOR DRAKE

How every figure in this deck was produced, published so the analysis can be reproduced or disputed.

Institution	Report / Source	Date
LSEG, PwC and Bain & Company	*Global M&A update; 2026 Mid-Year Outlook; Global Private Equity Report 2026*	2026
ENISA, European Commission and the European Supervisory Authorities	*NIS360 2026; NIS2 referrals and the Cyber Resilience Act; DORA critical provider designations*	2025 to 2026
Federal Reserve, SEC, US Department of War and GSA	*FOMC note and projections; cyber disclosure releases 33-11216 and 34-97989; CMMC Phase II suspension; FedRAMP marketplace*	2023 to 2026

METHOD

Source standard

Market figures carry a named institution and a date. Transaction facts come from the buyer's own announcement or an SEC filing. Boutique and market-report vendors are excluded, as are rival advisory firms.

How the figures were computed

The $3.29B is Windsor Drake's own addition of four figures as published: Visa $2.4B, Munich Re $575M, ScanSource $220.5M and Datavault AI $94.5M. Infomina's 51% purchase of Blue Fortress published a ringgit price and sits outside that total. The 1.4 day interval is 56 days over 40 announcements.

How the period was counted

The 40 transactions are a Windsor Drake compilation announced between 1 July and 25 August 2026, each with named parties, a date and a stated purpose. Q3 is a partial quarter, labelled as one. Akamai completed LayerX on 2 July 2026, announced 14 May, and sits outside the count.

The Outside Bid

A Windsor Drake framework. A transaction is assigned by whether the acquirer is closing a gap in a platform it already sells or acquiring a capability it must own because it carries the risk. The firm's index held 528 records on 25 August 2026 and supplies no figure here.