Cybersecurity M&A Activity: Q3 2026

Cybersecurity transacted almost every working day of the third quarter. 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, an average of one every 1.4 days through what is normally the quietest stretch of the calendar. Four carried a published US dollar price. They total **$3.29 billion**, and not one of the four buyers is a cybersecurity company.

Visa agreed on 3 August to acquire the behavioural biometrics firm **BioCatch for $2.4 billion in cash**. Munich Re agreed on 19 August to acquire the cyber insurance and security platform **At-Bay at a $575 million enterprise value**. The distributor ScanSource agreed to acquire **MicroAge for $220.5 million**, filing the purchase agreement with its Form 8-K on 20 August. Datavault AI agreed to acquire **CyberCatch for $94.5 million**. A payments network, a reinsurer, a distributor and a data platform set every published price in the sector for eight weeks.

The industry's own acquirers were busy in the same weeks, and said plainly what they were buying. CrowdStrike acquired XM Cyber's intellectual property on 16 July, more than 45 patents and source code, and its release states it will not acquire any revenue or customers. Fortinet acquired the agentic AI security firm Virtue AI on 17 August and stated the amount paid as consideration is immaterial to its business. Okta signed for Permiso Security on 30 July and stated the transaction has no impact on guidance issued 27 May 2026. Three of the sector's most acquisitive listed vendors each told the market the transaction does not move its financials.

Windsor Drake calls this structure **The Outside Bid**. A security vendor acquires to close a product gap in a platform it already sells; the purchase is a feature, capped by what building it would cost. A buyer from outside the sector acquires a capability it needs to own because it carries the underlying risk; that purchase is a business, priced as one. This report sets out the period's transaction record, identifies which buyer group competed for which asset, and shows why a seller who markets only to cybersecurity acquirers runs a process without the buyer most likely to pay.

How active was cybersecurity M&A in Q3 2026?

Every constituent below carries named parties, a date and a stated purpose taken from the buyer's own announcement or an SEC filing. Because the window closes on 25 August, the third quarter is partial and is labelled as one throughout.

Table 1. Cybersecurity Transactions Announced, 1 July to 25 August 2026

Category	Transactions	Representative buyers
Services and managed detection	15	Bank of America, AXA XL, LG Uplus, ScanSource
Identity and access	8	Visa, Okta, Keyfactor, Cyera, Barracuda
AI security	5	Cribl, Fortinet, Anaconda, Deel
Exposure and offensive security	4	CrowdStrike, Brinqa, Datavault AI
Network, device and data	4	Qualcomm, Infoblox, Palo Alto Networks
Human risk and training	3	NINJIO, SEPPmail, CyberNut
Cyber insurance	1	Munich Re
Total	40	19 in July, 21 in August to the 25th

Source: Windsor Drake compilation from company announcements and SEC filings.

Two features matter more than the headline. Services is the largest category by count, and its most notable buyers are the customers rather than the consolidators. Identity drew acquisitions from four buyer types inside eight weeks: a listed identity vendor, a machine-identity platform, a venture-backed data security firm and a payments network.

Who paid the published prices in cybersecurity this quarter?

Four transactions published a US dollar price in a company announcement or an agreement filed with the SEC. Their combined $3.29 billion is Windsor Drake's own addition of those figures as published.

Table 2. Transactions With a Published Price, Q3 2026 to 25 August

Buyer	Target	Price	Buyer's core business	Announced
Visa	BioCatch	$2.4bn cash	Payments network	3 Aug 2026
Munich Re	At-Bay	$575m enterprise value	Reinsurance	19 Aug 2026
ScanSource	MicroAge	$220.5m cash at closing	Technology distribution	19 Aug 2026
Datavault AI	CyberCatch	$94.5m cash	Data and AI software	17 Aug 2026
Total		$3.29bn		

Source: Visa and Munich Re announcements; ScanSource and Datavault AI SEC Forms 8-K, August 2026. Total computed by Windsor Drake.

Visa and Munich Re alone are roughly **90%** of that total, and each is buying a capability that sits inside its own profit and loss account rather than a product it resells. BioCatch protects more than 760 million users across 1.8 billion devices for more than 350 financial institutions, analysing 19 billion sessions a month; Visa's fraud

economics are why it can underwrite that price. At-Bay carried **$278 million** of gross written premium at 31 December 2025 and serves close to 40,000 US businesses, and Munich Re is buying underwriting data and monitoring for its own cyber book.

The ScanSource transaction is the period's cleanest documentary record. Its Form 8-K of 20 August attaches the stock purchase agreement as Exhibit 2.1 and records $220.5 million payable in cash at closing, with **$3 million** escrowed for purchase-price adjustments and **$6.8 million** for indemnity claims, closing expected in September 2026 subject to Hart-Scott-Rodino clearance.

What did the cybersecurity industry buy instead?

The sector's own acquirers transacted at a comparable cadence on entirely different logic. In three of the four below, the buyer characterised the financial effect itself.

Table 3. Acquisitions by Cybersecurity Vendors, 1 July to 25 August 2026

Buyer	Target	What was acquired	Announced
CrowdStrike	XM Cyber intellectual property	More than 45 patents and source code for attack-path analysis; the release states no revenue or customers are acquired	16 Jul 2026
Okta	Permiso Security	Identity threat detection across human, non-human and agentic identities, using more than 2,500 signals	30 Jul 2026
Fortinet	Virtue AI	Agentic red-teaming and runtime guardrails; Fortinet states the consideration is immaterial to its business	17 Aug 2026
Cyera	Oasis Security	Non-human identity governance inside a data security posture platform	28 Jul 2026

Source: CrowdStrike, Okta, Fortinet and Cyera announcements, July and August 2026.

The CrowdStrike transaction is the purest expression of the pattern. The largest listed pure-play bought patents and source code, licensed the intellectual property back so XM Cyber continues standalone, and stated in the same release that it acquires neither revenue nor customers. That is technology procurement through an acquisition structure, and it sets the ceiling on what a platform vendor pays for a component.

The reason is structural rather than cyclical: the sector's transformational transactions were signed before this quarter. Google completed its $32 billion all-cash acquisition of Wiz on 11 March 2026. Palo Alto Networks completed CyberArk on 11 February 2026 at roughly $25 billion equity value, on terms of $45.00 cash plus 2.2005 Palo Alto shares per CyberArk share, a 26% premium to the unaffected 10-day average VWAP as of 25 July 2025. ServiceNow completed Armis for about $7.75 billion on 20 April. With the anchors bought, vendor demand is for components, and components price as components.

Why is identity the most contested category in cybersecurity M&A?

Identity drew eight of the forty transactions, and the acquirers spanned every buyer group in the market. The thread running through them is machine, workload and agent identity, the credentials held by software.

Table 4. Identity Transactions Announced, 1 July to 25 August 2026

Buyer	Target	Identity layer	Announced
Visa	BioCatch	Behavioural biometrics, fraud defence	3 Aug 2026
Okta	Permiso Security	Human, non-human and agentic threat detection	30 Jul 2026
Cyera	Oasis Security	Non-human and service-account governance	28 Jul 2026
Keyfactor	Cofide	SPIFFE identity for AI agents and workloads	27 Jul 2026
Barracuda Networks	Evo Security	Multi-tenant privileged access	7 Jul 2026
SwiftConnect	HID SAFE	Physical identity and access management	22 Jul 2026
Fourthline	Veridas	Identity verification and biometrics	16 Jul 2026
Netz	Softfreak	Integrated identity security, controlling stake	11 Aug 2026

Source: Company announcements, July and August 2026; compiled by Windsor Drake.

Keyfactor's framing captures the demand: as enterprises adopt AI, the automated systems acting inside their environments now far outnumber employees, and are still authenticated by static credentials. IDC's Worldwide Security Spending Guide of 3 March 2026 places identity software among the three categories accounting for more than half of security software spending, inside a market it sizes at **$308 billion** for 2026, growing 11.8% and reaching **$430 billion** by 2029.

Identity is also where the outside bid was most visible. The category's specialist acquirers were buying in the same weeks Visa committed $2.4 billion for a behavioural biometrics asset. A founder who mapped buyers only to Okta, CyberArk's new owner and the venture-backed platforms would have excluded the party paying the highest price in the category.

Who is buying cybersecurity services, and why are the buyers the customers?

Fifteen services and managed-provider transactions were announced. Alongside the roll-up activity, four show large enterprises taking security capacity onto their own balance sheets rather than buying it as a service.

Table 5. Enterprises Acquiring Security Capacity for Their Own Use

Buyer	Target	Capability acquired	Expected close
Bank of America	MDSec Consulting	UK offensive security consultancy, roughly 65 professionals	Q4 2026
AXA XL	S-RM, balance of a 49% holding	Corporate intelligence and cyber consultancy, 140 countries	End Sep 2026
Munich Re	At-Bay	Cyber underwriting with an integrated SME security platform	Q1 2027
LG Uplus	PAGO Networks	Managed detection and response, South Korea	Announced 4 Aug

Source: Bank of America, AXA XL, Munich Re and LG Uplus announcements, July and August 2026.

Bank of America's agreement for MDSec is its first acquisition in five years, and the asset defends the bank's own estate rather than supplying a product line. AXA XL is consolidating ownership of a consultancy it had already backed to roughly 49%, a reminder that an insurer's minority investment is often the first leg of a full acquisition. Each buyer values the capacity for its own risk position, a higher valuation basis than a channel partner applies to the same revenue.

Sponsor capital reached the sector through operating companies rather than direct platform acquisitions. Barracuda, held by KKR, acquired Evo Security on 7 July. 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 **$1 billion** led by Summit Partners on 6 July, then its intent to acquire Cofide 21 days later. The acquirer of record is an operating company each time, so the transaction types as strategic in every deal database. Windsor Drake examines that structure in **The Sponsor Exit: 2026 Report**.

What is driving demand, and where are the dated catalysts?

Buyer appetite rests on a spending base two independent houses put in double-digit growth, on rising breach economics, and on compliance obligations with published dates. Gartner forecast worldwide end-user information security spending of **$239.8 billion** for 2026, up 12.5%, with security software at **$121.2 billion**. IBM's Cost of a Data Breach Report of 29 July 2026 put the global average breach cost at **$4.99 million** and found one in four malicious breaches AI-enabled, a 56% rise, averaging **$6 million**.

The velocity data explains why buyers acquire rather than build. CrowdStrike's 2026 Global Threat Report of 24 February put average breakout time at **29 minutes**. Mandiant's M-Trends 2026, drawing on more than 500,000 hours of frontline investigations during 2025, put global median dwell time at **14 days**. Verizon's 2026 DBIR made vulnerability exploitation the leading initial access vector at **31%** of breaches. On 25 August

Gartner reported AI-enabled discovery of cyber vulnerabilities entering its quarterly emerging-risk survey at number one, its first appearance.

Table 6. Dated Regulatory and Procurement Catalysts

Date	Development	Authority
11 Sep 2026	Cyber Resilience Act reporting obligations apply to manufacturers	Regulation (EU) 2024/2847
11 Dec 2027	Cyber Resilience Act main obligations apply	Regulation (EU) 2024/2847
8 Jul 2026	Four member states referred to the CJEU over NIS2, with penalties sought	European Commission
18 Nov 2025	First Critical ICT Third-Party Providers designated under DORA	EBA, ESMA and EIOPA
13 Jul 2026	CMMC Phase II suspended from a 10 Nov 2026 start; Task Force to report in 60 days	US Department of War
7 Jul 2026	Regulatory agenda carries no cyber disclosure item; Item 1.05 and Item 106 stand	US Securities and Exchange Commission

Source: European Commission; European Supervisory Authorities; US Department of War; SEC.

The dated obligations now sit in Europe while the United States has become the more stable jurisdiction. ENISA's NIS360 2026 found **70%** of surveyed organisations named compliance with NIS2, DORA and the Cyber Resilience Act the main driver of their cybersecurity investment. Accreditation travels with an asset: FedRAMP listed 530 certified services on 25 August 2026, of which 28 sit on the 20x path, and scarcity there is real value in a federal-facing sale.

Key takeaways for founders

1. Build the buyer list from who carries the risk, not who sells the software

Every published price in the period was paid by a company whose core business is not cybersecurity. A process marketed to security vendors alone negotiates against the buyer group with the least structural reason to pay a business price.

2. Expect a vendor bid to be framed as a product gap

Fortinet, Okta and CrowdStrike each characterised their transactions as immaterial, guidance-neutral or free of acquired revenue. That framing is the price, and tension against a buyer with a different reason to own the asset is what changes it.

3. Name the machine-identity and agent use case explicitly

Four of the eight identity transactions concerned credentials held by software rather than people. Buyers use that language in their own releases, and an asset carrying the capability should be positioned in it.

4. Treat accreditation as a separate line of value

FedRAMP authorisation, EU jurisdiction and named regulated customers transfer with an asset and are hard to replicate. Catalogue them before the process, not during diligence.

5. Establish who owns the buyer across the table

Sponsor capital reached the sector through Barracuda, Infoblox and Keyfactor, each typing as a strategic acquirer. A platform buyer's cost of capital and hold period are set by an owner who is not in the room, and they shape what it can pay.

6. Model the closing runway into the negotiation

Stated closing timelines run from September 2026 for ScanSource to Visa's fiscal second quarter of 2027 for BioCatch. Escrow sizing and release mechanics, at $3 million and $6.8 million in the ScanSource filing, are where risk is allocated.

Sources

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- CrowdStrike, XM Cyber IP acquisition, Jul 2026
- Okta, Permiso Security agreement, Jul 2026
- Fortinet, Virtue AI acquisition, Aug 2026
- Keyfactor, Cofide acquisition and Summit Partners investment
- Bank of America, MDSec agreement, Jul 2026
- Infoblox, Kentik agreement, Jul 2026
- Cribl, CardinalOps and Radiant Security acquisitions
- Akamai Technologies, LayerX completion, Jul 2026
- Anaconda, Enkrypt AI acquisition, Aug 2026
- Palo Alto Networks, CyberArk and Embrace agreements
- Google, Wiz completion, Mar 2026
- ServiceNow, Armis completion, Apr 2026

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Methodology Note

Framework: The Outside Bid. The framework assigns each cybersecurity acquisition to one of two logics. A security vendor acquires to close a gap in a platform it already sells, so the purchase is a feature bounded by the cost of building it. A buyer from outside the sector acquires a capability it must own because it carries the underlying risk, so the purchase is a business. Each assignment is the firm's judgement, published with the constituent named so it can be argued with.

Source standard. Every market-level figure carries a named institution and a date, and every transaction fact comes from the buyer's own announcement or an SEC filing named in the sources list. Inputs are limited to top-tier institutions, regulators and primary filings.

The counting basis. The 40 transactions were announced between 1 July and 25 August 2026, each carrying named parties, a date and a stated purpose, so the third quarter here is partial and labelled as one throughout. Akamai completed LayerX for approximately $205 million on 2 July 2026; that transaction was announced 14 May and sits outside the count, named here so the two reconcile.

How the figures were computed. The $3.29 billion is the firm's own addition of four figures exactly as each buyer published them: Visa $2.4 billion, Munich Re $575 million, ScanSource $220.5 million and Datavault AI $94.5 million. Infomina announced a 51% stake in Blue Fortress on 19 August at a price stated in Malaysian ringgit; it is counted among the 40 and sits outside that total. The 1.4 day interval is 56 days divided by 40 announcements.

Attribution and the firm's index. The Windsor Drake transaction index held 528 records when queried on 25 August 2026. Its coverage is fintech-weighted and its two cybersecurity records are Thoma Bravo's 2022 acquisitions of SailPoint and ForgeRock, cited only as historical precedent for the category's appeal to sponsors; no market-level figure here is drawn from it. The September 2026 cadence scenarios in the paired deck are the firm's own forward view. Adjacent Windsor Drake research covers cybersecurity valuation levels and sponsor-owned platform buyers; this report addresses activity, structure and buyer identity.