

Identity & Access Management Valuations: Q2 2026

Q2 2026 finds the global identity and access management market in a state Windsor Drake characterises as a strategic re-anchoring: identity has moved from a control feature to a structural pillar of every modern security architecture, and pricing has followed. The firm's working benchmark for the public IAM cohort has settled near **6.0x NTM revenue**, roughly in line with the broader cybersecurity median but a full turn ahead of generic enterprise software, and that stability, more than any single number, defines the quarter.

Beneath the benchmark sits a profound subsegment split. Non-human and AI agent identity platforms clear **15x to 30x revenue** in private rounds, the new ceiling of the cycle. Privileged access management (PAM) commands **14x to 18x** on the strength of Palo Alto Networks' \$25B acquisition of CyberArk, which closed in February 2026. Identity governance and administration (IGA) trades at **9x to 14x** after SailPoint's \$12.8B relisting reset the public benchmark. Workforce IAM, by contrast, sits at a compressed **4x to 8x** anchor as Microsoft Entra's bundling pressures standalone players. The middle of the market is hollowing as capital concentrates at the top of the architecture curve.

The macro backdrop is constructive. The Federal Reserve funds range holds at **3.50% to 3.75%**, with the December 2025 dot plot signalling one further cut in 2026 and easing the cost of capital for long-duration assets. Fundamentals are genuinely stronger: global IAM end-user spend reaches **\$24.3B** in 2026 at roughly **15% YoY growth** (Gartner), **41%** of enterprises now run zero-trust frameworks (McKinsey), and machine identities now outnumber human identities **40 to 1** across modern stacks. Capital markets have reopened in parallel, and **\$47B** of cybersecurity deal value transacted in Q1 2026 alone, with identity a leading category.

This report sets out institutional-grade analysis for navigating that split market, one in which AI-native identity infrastructure is valued like premium software while legacy directory and on-prem identity face continued scrutiny.

What multiples are identity and access management companies trading at?

The Q2 2026 identity valuation picture turns on a single divide: AI-native architecture and platform breadth on one side, legacy directory and standalone workforce identity on the other. The public IAM cohort clusters near Windsor Drake's 6.0x benchmark, but the spread between the top and bottom of the table is the widest in a decade. Investors are paying up for AI-native architecture, identity platform attach, and a clean regulatory posture.

Privileged access management and machine identity sit at the top of the table on platform demand and acute strategic interest. Workforce identity and legacy directory stacks, by contrast, remain under scrutiny as

Microsoft Entra's bundling pressures pricing power and platform incumbents absorb point tools into broader stacks.

Table 1. IAM Valuation Multiples by Subsegment, Q2 2026

Subsegment	EV/Revenue Range	YoY Trend	Primary Driver
NHI / AI Agent Identity	15.0x - 30.0x	Rising sharply	AI agent demand, capital concentration
Privileged Access (PAM)	14.0x - 18.0x	Rising	PANW / CyberArk halo, zero-trust mandates
Identity Governance (IGA)	9.0x - 14.0x	Strengthening	SailPoint relisting, AI-driven governance
Customer IAM (CIAM)	7.0x - 12.0x	Stable	Developer-led adoption, fraud attach
Passwordless Authentication	7.0x - 11.0x	Strengthening	FIDO2 and passkey adoption
Identity Verification / Fraud	6.0x - 10.0x	Stable	Deepfake defence, eIDAS 2
Workforce IAM (Modern)	4.0x - 8.0x	Compressing	Microsoft Entra bundling pressure
Decentralized Identity	3.5x - 6.0x	Emerging	Verifiable credential frameworks
Legacy Directory & SSO	3.0x - 5.0x	Compressing	On-prem and pricing power erosion

Source: Windsor Drake analysis of PitchBook, CB Insights and S&P Global Market Intelligence data.

Subsegment dynamics driving the dispersion

Privileged access multiples have re-rated upward after the \$25B PANW / CyberArk close repriced every comparable PAM asset. IGA strengthened as SailPoint relisted at \$12.8B in February 2025 on \$925M of ARR growing at 30%. Workforce IAM moves the other way: Okta now trades near 3.7x revenue on 11% YoY growth and 107% NRR, a meaningful step down from the standalone software premium it commanded in 2021. At the top of the table, non-human and AI agent identity platforms are priced as critical AI-era infrastructure rather than experimental categories.

Table 2. Subsegment Valuation Drivers and Principal Risks, Q2 2026

Subsegment	Premium Driver	Principal Risk
NHI / AI Agent Identity	AI agent governance demand, capital concentration	Early-stage absorption risk, narrow buyer set
Privileged Access (PAM)	Zero-trust mandates, insurance requirements	Platform-incumbent absorption of PE-owned assets
Identity Governance (IGA)	Regulatory evidence demand, AI-driven access	Saviynt and SailPoint competitive overlap
Customer IAM (CIAM)	Developer-led adoption, fraud attach	Auth0 / Okta integration friction reframes the cohort
Workforce IAM (Modern)	Passwordless adoption, FIDO standards	Microsoft Entra bundling, pricing pressure
Identity Verification / Fraud	AI deepfake defence, eIDAS 2 tailwind	Commoditisation of document verification primitives

Source: Windsor Drake analysis of Gartner, McKinsey and S&P Global Market Intelligence research.

How are identity and access management companies valued in 2026?

Valuation in 2026 has coalesced around a disciplined framework built on sustainable unit economics, durable retention, and AI-native architecture. The growth-at-all-costs playbook is gone, even for identity. In its place is a multi-factor model in which the Rule of 40 is table stakes and identity platform breadth determines where in the range an asset sits.

The Rule of 40 mandate

The Rule of 40, where revenue growth plus EBITDA margin reaches at least 40%, is the primary filter for a premium identity multiple. Public software clearing the rule earns a median **10.7x EV/Revenue** (Bain), and identity leaders that clear the bar materially outperform. SailPoint, growing at 30% with disciplined margin, sits firmly in the top quartile; mature workforce IAM names that miss the threshold trade in single-digit revenue multiples. Each ten-point gain in the score is now worth roughly an additional turn of revenue for IAM assets.

Table 3. Rule of 40 Performance Tiers, Q2 2026

Performance Tier	Rule of 40 Score	Avg EV/Revenue	Premium vs Median
Top Quartile	Above 50	12x to 22x and above	+50% to +100%
Rule of 40 Met	40 to 50	8x to 12x	Healthy premium
Near Miss	30 to 39	5x to 7x	Modest discount
Bottom Quartile	Below 30	3x to 4x	Deep discount

Source: Windsor Drake analysis of McKinsey and Bain & Company software value-creation research.

Unit economics under scrutiny

An LTV/CAC ratio above 3:1 is now the minimum, and the strongest identity companies target 5:1 or better. Payback expectations have tightened, with investors looking for customer-acquisition cost recovered inside twelve months. For SaaS-delivered identity, net revenue retention above **115%** has become essential, evidence not merely of satisfied customers but of a working multi-product attach engine across workforce, customer and machine identity.

A credible path to profitability

For any identity asset valued above eight times revenue, the market now expects a believable path to EBITDA profitability within 12 to 18 months. With public identity leaders running at 11% to 30% growth and most of the cohort either profitable or on a clear path to profitability, there is little tolerance for perpetual growth narratives that never demonstrate operating leverage. Revenue per employee has become a quick read on AI adoption and underlying efficiency for identity vendors.

What is driving identity and access management valuations this quarter?

Valuations in Q2 2026 reflect an interplay of expansionary forces and compressive market realities. Reading those drivers correctly is what separates a defensible identity valuation from a mispriced one.

Table 4. Valuation Drivers, Expansion versus Compression, Q2 2026

Factor	Driver	Effect on Multiples	Notable Examples
Expansion	Zero-trust adoption	Premium for identity-centric architectures	PAM, IGA, identity threat detection
Expansion	PANW / CyberArk halo	Repriced every PAM comparable upward	Delinea, BeyondTrust, mid-market PAM
Expansion	AI agent identity demand	New ceiling for machine identity multiples	Astrix, Oasis, Aembit, Entro
Expansion	Rate normalisation	Lower discount rates lift growth assets	All long-duration identity software
Compression	Workforce IAM commoditisation	Pressures Okta and standalone SSO	Microsoft Entra bundling
Compression	Auth0 integration drag	Slows the CIAM re-rating cohort	Okta consumer identity stack
Compression	Geopolitical risk	Lengthens cross-border identity deals	CFIUS, FDI scrutiny on Israeli IP

Source: Windsor Drake analysis of McKinsey, Bain & Company and CB Insights research.

Geographic variation

Location still matters for identity valuation. North America commands an innovation premium on the strength of deep capital markets and hyperscaler-driven demand, anchoring about 42% of the global IAM market. Israel remains the dominant identity innovation hub on technical talent density, with CyberArk, Silverfort and Astrix all rooted there. Europe trades at a fragmentation discount but offers regulatory stability under NIS2, eIDAS 2 and DORA that creates defensible moats. APAC remains the fastest-growing region, led by passwordless adoption and government digital ID frameworks.

Table 5. Geographic IAM Valuation Variation, Q2 2026

Region	Market Share	Posture	Key Drivers
North America	~42%	Premium	Deep capital markets, hyperscaler-driven pricing
Europe	~25%	Value	NIS2, eIDAS 2 and DORA regulatory moats
APAC	~23%	Growth	Passwordless adoption, government digital ID
Israel & RoW	~10%	Innovation	Identity venture pipeline, technical talent density

Source: Windsor Drake analysis of Gartner and S&P Global Market Intelligence data.

Public and private markets converge

One of the defining features of the quarter is the near-disappearance of the generic private IAM premium. Public IAM comparables now act as a gravity anchor on late-stage private rounds. AI-focused private identity companies still raise at genuine premiums, with NHI rounds clearing **15x to 30x revenue**, but generic late-stage IAM private deals without a clear AI agent or NHI position are seeing flat marks. Those companies are increasingly prime candidates for strategic M&A or a PE take-private outcome.

Which valuation metric should apply?

Selecting the right metric is what separates a professional identity valuation from a careless one. Different corners of IAM demand different lenses, and leaning too hard on a generic EV/Revenue multiple can badly misprice mature workforce-identity operators or services-attached identity assets.

EV/Revenue: the growth metric

EV/Revenue suits high-growth identity businesses with recurring revenue that are reinvesting ahead of profitability, including NHI, AI agent identity, AI-native IGA and modern PAM. The essential adjustment is for gross margin: a dollar of pure-software identity revenue at an 85% margin is not comparable to a dollar of services-attached identity revenue earned on a 50% margin.

EV/EBITDA: the profitability metric

EV/EBITDA fits mature, slower-growth identity businesses where cash flow is the primary value driver, such as established workforce IAM, scaled CIAM and PE-owned identity assets. A notable shift in 2026 is that many identity companies once valued on revenue are now assessed on EBITDA as their growth rates moderate toward enterprise software medians.

ARR, NRR and the strategic premium

For SaaS-delivered identity assets, ARR growth and net revenue retention often matter more than headline EV/Revenue. The strongest IAM platforms sustain NRR above 115% via multi-product attach across workforce, customer and machine identity, and premium for NRR above 120%. A strategic premium of roughly 25% to 30% is then applied on top of the underlying revenue or EBITDA multiple for category-defining identity architecture and unique data assets, with synergy math modelled explicitly before LOI.

Table 6. IAM Valuation Methodology Matrix, Q2 2026

Subsegment	Primary Metric	Typical 2026 Range	Key Adjustment
NHI / AI Agent Identity	EV/Revenue	15x to 30x revenue	Round-stage, capital concentration
Privileged Access (PAM)	EV/Revenue	14x to 18x revenue	PANW / CyberArk halo, scale
Identity Governance (IGA)	EV/Revenue	9x to 14x revenue	ARR growth, Rule of 40
Customer IAM (CIAM)	EV/Revenue	7x to 12x revenue	Developer adoption, fraud attach
Workforce IAM (Modern)	EV/EBITDA	12x to 22x EBITDA	Margin expansion, NRR durability
Identity Verification	EV/Revenue	6x to 10x revenue	AI deepfake defence, regulatory posture
Legacy Directory & SSO	EV/EBITDA	8x to 14x EBITDA	Customer concentration, churn

Source: Windsor Drake valuation methodology, calibrated to PitchBook and CB Insights comparables.

Key takeaways for founders

Translating the market picture into strategy means concentrating on six areas that consistently move identity valuation in the current environment.

1. Clear the Rule of 40

Revenue growth plus EBITDA margin must reach at least 40%. No single metric predicts an identity valuation premium better, and top-quartile performers earn 50% to 100% over the median. Make the score a board-level priority with monthly tracking, and pair the score with NRR durability above 115%.

2. Master identity unit economics

Target LTV/CAC of at least 3:1 and ideally 5:1, with customer-acquisition cost recovered inside twelve months. For SaaS-delivered identity, sustain net revenue retention above 115%, and keep cohort analyses ready that show identity attach economics improving with scale.

3. Make the AI agent identity case concrete

AI agent and machine identity are now measurable drivers of value, not talking points. Present specific use cases across credential governance, secret rotation and AI agent identity, and quantify the efficiency gains with hard return-on-investment numbers. The Cisco / Astrix template at Q2 2026 illustrates the strategic appetite.

4. Choose platform-coherent positioning

The market explicitly rewards converged identity platforms over point tools: SailPoint relisted at \$12.8B with a converged identity-security cloud, while standalone workforce IAM trades at compressed 3.7x revenue.

Where possible, build attach motion across workforce, customer and machine identity rather than over-investing in one silo.

5. Weigh the geography

North American identity assets trade at a clear premium to European peers, but Israeli-rooted IP and European regulatory moats carry real value. Absent a specific regulatory or scale advantage, dominate the home market first; if scale allows, a US strategic process can add a meaningful pricing premium relative to a domestic European or Israeli outcome.

6. Prepare for public-market discipline

Listing thresholds now demand scale, growth and a clear path to profitability, and private identity valuations are converging on public-market standards. A full process runs 12 to 18 months end to end, so a founder who intends to engage the market while today's alignment of strategic identity demand, AI agent capability premia and stable pricing still holds is, in practice, preparing in the current cycle.

Sources

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