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Identity & Access Management (IAM) Valuation Q1 2026

JANUARY 2026

Executive Summary: IAM Valuation Q1 2026

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IAM is the crown jewel of cybersecurity investment post-2025 M&A super-cycle; platform and AI-native leaders command premiums while legacy point solutions hit a ceiling.

- **$96–$102B** in cybersecurity M&A during 2025 reset valuation anchors and established a new **platform premium** for identity-first security.
- Premiums accrue to **platform**, **AI-native**, and **identity-centric** strategies; **legacy/on-prem** assets face multiple compression.
- IAM has graduated from a defensive line item to the **control plane for the AI economy** as non-human identities (NHIs) and agentic workflows proliferate.
- Consolidation signals: **Palo Alto Networks–CyberArk (~$25B)** and **Google–Wiz (~$32B)** set the new bar for strategic value.

2025 M&A CYCLE

$96–$102B

Record deal value; strategic buyers dominated

PLATFORM PREMIUM

>10x Rev

AI-native, identity-first platforms

LEGACY CEILING

2–4x Rev

On-prem / point solutions

Sources: Momentum Cyber 2025 Year-End; Forrester; Morgan Stanley; Company announcements

Identity-First | AI-Native | Non-Human Identity (NHI)

Market Overview: IAM TAM Expansion & Consolidation

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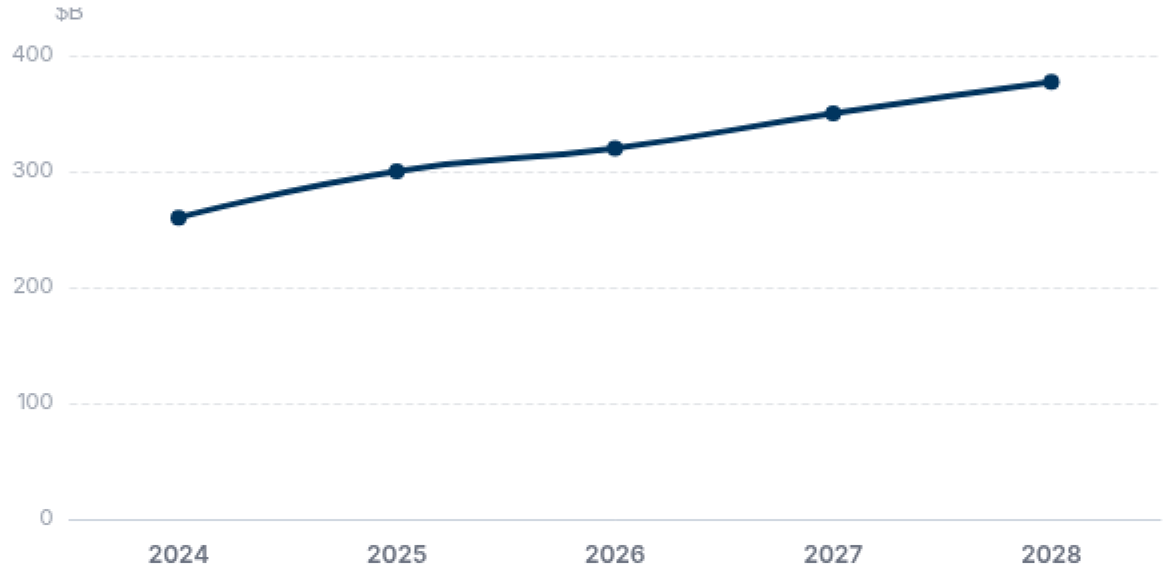
IAM is re-rated as foundational AI infrastructure. TAM expanding rapidly as non-human identities surge; consolidation sets platform premium.

IAM TAM Projection ($B)

Source: Morgan Stanley (proj. $377B by 2028)



CONSOLIDATION SNAPSHOT (2025)

Deal Value
$96–102B
Record M&A volume

Strategic Share
~92%
Value led by strategics

PLATFORMIZATION PROGRESS

Suite Adoption — **High**

Point-Solution Risk — **Elevated**

- **Key Trend:** IAM is becoming the control plane for AI workloads, elevating it from IT line-item to core infrastructure.
- **Implication:** Premium accrues to vendors with identity-first, AI-ready architectures and strong land-and-expand.

AI IDENTITY SURGE

Non-Human Identities (agents, APIs, workloads) expanding addressable scope for IAM platforms.

PLATFORM PREMIUM

Consolidation favors **identity-first** and **AI-native** platforms with strong expansion engines.

Notes: TAM projections are indicative; consolidation metrics reflect 2025 full-year activity.

Table of Contents

Identity & Access Management (IAM) Valuation — Q1 2026

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1. **Executive Summary**
   IAM as the crown jewel; platform premium
2. **Macroeconomic Context**
   Global growth, rates, cybersecurity decoupling
3. **Market Overview & TAM**
   TAM expansion; identity as AI control plane
4. **Public Valuations & Rule of 40**
   Multiple spread; platform vs. point solution
5. **NRR & Efficiency Metrics**
   Land-and-expand; >120% retention premiums
6. **Strategic M&A (2025–2026)**
   PANW–CyberArk; Google–Wiz; consolidation
7. **Private Markets & IPO Pipeline**
   Netskope, Saviynt, Delinea; window reopening
8. **Valuation Drivers**
   AI, regulation (DORA/NIS2), platformization
9. **Sub-Sector Analysis**
   IGA, PAM, CIAM, decentralized identity
10. **Regional Valuation Divergence**
    NA, Europe, Israel; sovereign factors
11. **Strategic Recommendations**
    For founders and investors; 2026 priorities
12. **Appendix & Sources**
    Methodology; references; disclaimers

Macroeconomic Context: Growth & Cyber Resilience (Q1 2026)

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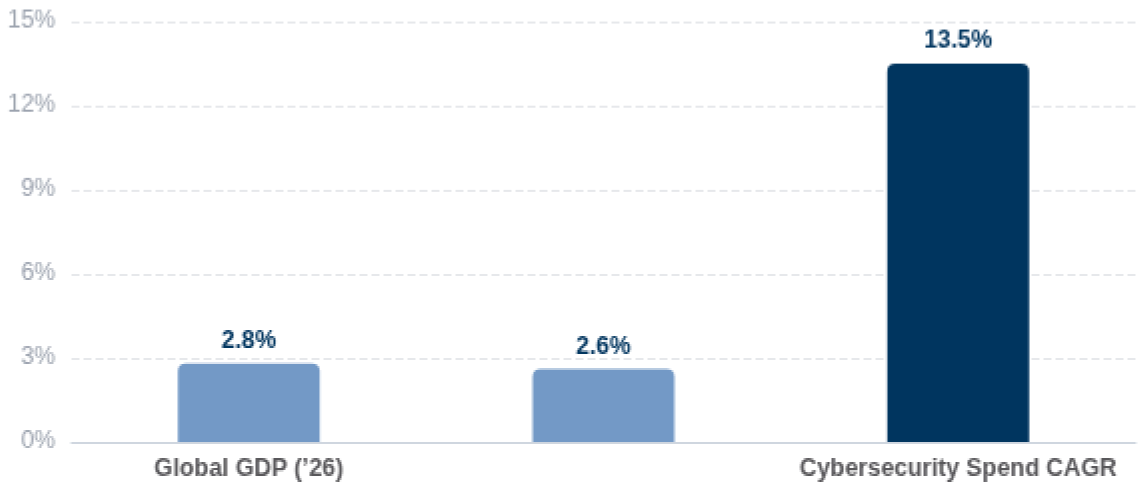
GDP steady; cybersecurity budgets decouple and outpace general IT spend.

Growth Snapshot (%, 2026)

Source: Goldman Sachs, Morgan Stanley, Industry estimates



GLOBAL GDP (2026)

~2.8%

Stabilizing growth amid easing inflation

CYBERSECURITY SPEND CAGR

12–15%

Outpacing general IT by ~50%

Why Cybersecurity Is Resilient

- **Selective risk-on:** Stabilized rates lower WACC and support disciplined growth investment in security.
- **Structural demand:** Threat escalation and AI adoption make cybersecurity closer to utility spend than discretionary IT.
- **Regional divergence:** US leads growth and valuations; EU slower but buoyed by DORA/NIS2 compliance tailwinds.

Notes: Global GDP ~2.8%, US ~2.6%. Sector indices show resilience vs. broader software as budgets decouple.

Public Market Valuations (IAM) — Q1 2026

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EV/Revenue multiples (approx.). Platform leaders command a premium; Rule of 40 remains the key filter.

Company	Ticker	EV / Rev (NTM)	Revenue Growth	Rule of 40
Cro... Platform	CRWD	~24.7x	~29% YoY	~60%
Cyber... PAM	CYBR	~16.6x (LTM)	30%+ YoY	>40%
Zs... Zero Trust	ZS	~13.7x	25%+ YoY	>40%
SailPoint IGA	SAIL	~10.2x	~28% YoY	~48%
Okta Access	OKTA	~5.1x	~12% YoY	~35%
Sentin... XDR	S	~4.7x	~28% YoY	~20%

PLATFORM PREMIUM
10x–25x
AI-native, multi-module leaders

MEDIAN
~12x
Top cohort

LEGACY
~2x–6x
Point solutions

- **Rule of 40 drives premium**
  Scores above ~50% correlate with double-digit revenue multiples; weaker efficiency compresses valuations.
- **Identity as control plane**
  PAM/IGA assets benefit from AI and non-human identity expansion, sustaining higher bands.

Note: Multiples are approximate and illustrative for Q1 2026; blend of NTM/LTM where noted. Sources: Public filings; Capital IQ; Multiples.vc

Rule of 40 Analysis: Valuation vs. Efficiency

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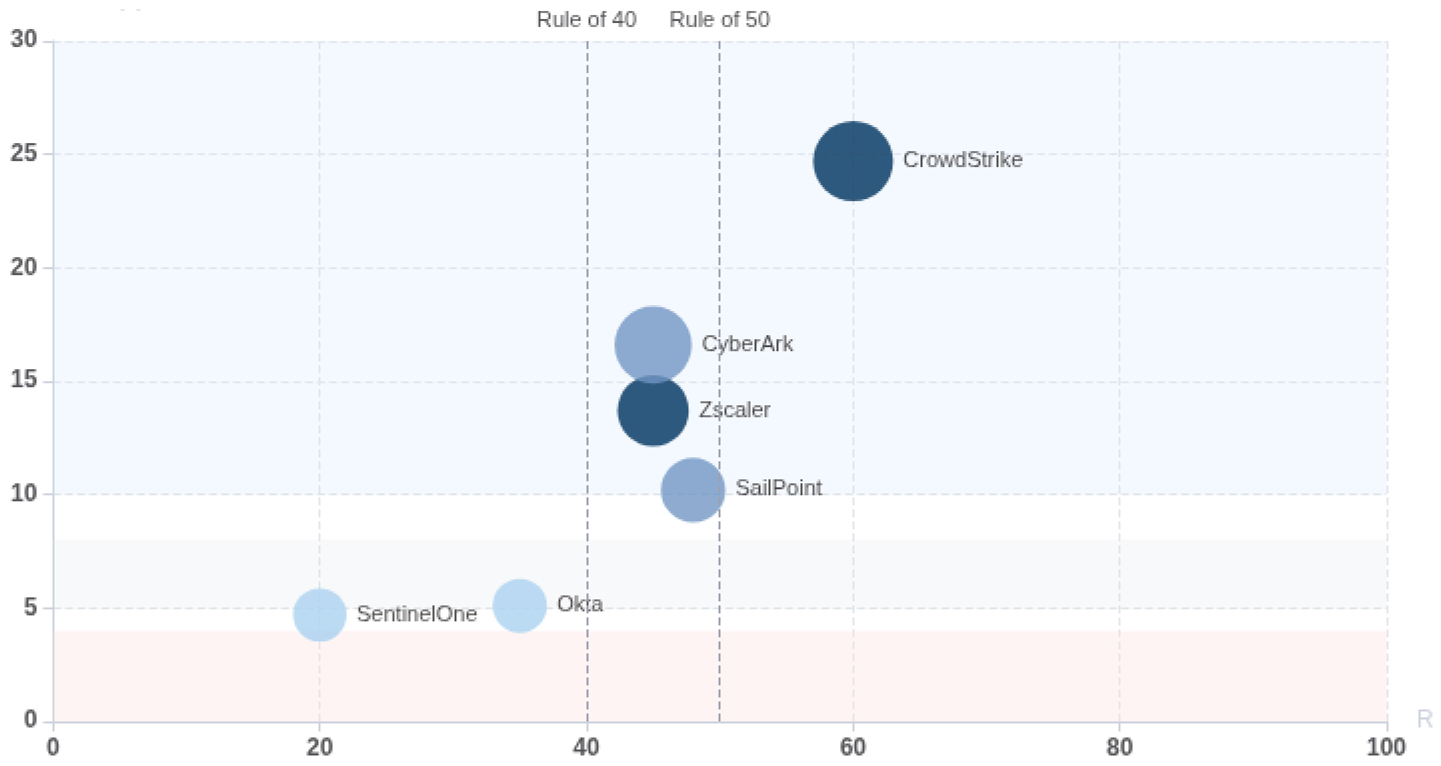
Q1 2026 snapshot — Premium multiples for efficient growers; median compression below 40% Rule score.



Key takeaways

Rule of 40 (Growth + Margin) remains the fastest quality filter for SaaS/IAM. Scores above 50% correlate with double-digit revenue multiples.

Valuation tiers

Premium: Platforms, strong NRR, efficient growth

Median: Solid growth, improving efficiency

Discount: Subscale or single-product, low efficiency

Illustrative data: EV/Revenue (x) vs. Rule of 40 (%) for select IAM/cyber platforms (Q1 2026). Bands indicate typical market tiers.

Premium > 10x EV/Rev   **Median** 5–8x EV/Rev   **Discount** < 4x EV/Rev

Sources: Public company filings; Capital IQ; ICON Corporate Finance (2025); internal synthesis.

Net Revenue Retention (NRR): Land-and-Expand Drives Premiums

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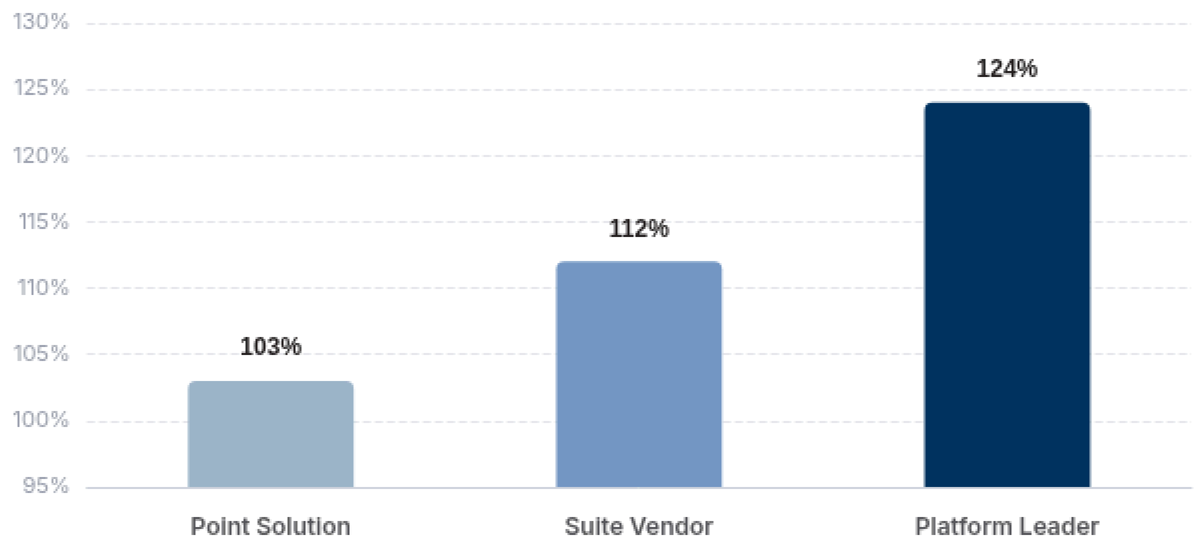
Platform expansion into adjacent IAM modules (IGA, PAM, ITDR) elevates NRR and valuation multiples.



PREMIUM THRESHOLD

≥ 120%

NRR often correlates with 10x+ EV/Rev

MODULE ADOPTION

5+

Higher attach → durable expansion

LAND → EXPAND

IGA • PAM • ITDR

Cross-sell motion fuels NRR

Why NRR Matters

- NRR captures expansion revenue from existing customers—proof of product-market fit and platform breadth.
- Platform leaders that bundle IGA, PAM, CIAM, and ITDR sustain **≥120% NRR** and command premium multiples.
- Point solutions struggle to exceed **~105% NRR** at scale due to limited cross-sell headroom.

Land-and-Expand Levers

Attach
Add PAM/IGA to AM or CIAM footprint

Upsell
Move to premium tiers (SaaS IGA, JIT access)

Cross-Suite
ITDR + DSPM tie-ins raise stickiness

AI/NHI
Secure non-human identities and agents

Note: Illustrative data for IAM models. Source: Public comps, investor materials, internal synthesis.

M&A Consolidation Overview: 2025 Transaction Volume

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Record year: ~$96–$102B across 400+ deals; Strategic buyers accounted for ~92% of disclosed value.

TOTAL VALUE ('25)
$100B
Range: $96–$102B

DEAL COUNT
400+
All cybersecurity

STRATEGIC SHARE
~92%
Of disclosed value

MEGA-DEALS
2
Google–Wiz $32B; PANW–CyberArk ~$25B

Takeaway

Platform consolidation led by strategics set a valuation floor for premium assets and re-rated identity and cloud security categories.

Note: 2025 cybersecurity M&A disclosed value estimated between $96–$102B. Share split shows Strategic vs. PE contribution to disclosed value.

Sources: Momentum Cyber; SecurityWeek; Kroll; company disclosures (2025).

Deal Deep Dive: Palo Alto Networks to Acquire CyberArk (~$25B)

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Identity as the control plane — unifying Network, Cloud, and Identity Security for the AI era.

Transaction Profile

PARTIES
Palo Alto Networks → CyberArk
Strategic acquisition (Identity/PAM)

ENTERPRISE VALUE
~$25.0 Billion
Cash + stock consideration

IMPLIED MULTIPLE
~13x–18x EV/Revenue
Premium reflects category leadership

DEAL STATUS
Shareholder approved; regulatory review

PREMIUM	SEGMENT	THESIS
~26%	**PAM**	**Platform**
Vs. unaffected price	Privileged Access	Code → Cloud → Identity

Strategic Rationale & Market Impact

- **Identity as the new perimeter**
  Combines network, cloud, and identity into a unified control plane—closing gaps between verification and prevention.
- **AI & Non-Human Identity (NHI)**
  Positions PANW to secure machine identities and AI agents, a core requirement for autonomous workflows.
- **Platform consolidation**
  Elevates PANW's platform vs. Microsoft and CrowdStrike; increases wallet share via identity-first upsell motion.
- **Scarcity premium in PAM**
  Removes the leading independent PAM asset; remaining players (Delinea, BeyondTrust) trade with scarcity value.

CUSTOMER IMPACT	GO-TO-MARKET	VALUATION SIGNAL
Fewer vendors, tighter integrations, faster ROI	Identity-led expansions across PANW installed base	Re-rates identity multiples into premium band

Sources: Company press releases; Forrester analysis; Kroll sector update; public filings (2025–2026).

Deal Deep Dive: Google • Wiz ($32B)

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CNAPP platform acquisition at a landmark valuation; establishes a new platform premium for cloud-native, AI-ready security.

Transaction Profile

ENTERPRISE VALUE

$32.0 Billion

All-cash transaction

IMPLIED MULTIPLE
~45–65x
ARR basis (est.)

SCALE (EST.)
$500–700M
ARR range (reported)

STRATEGIC SECTOR

Cloud Security · CNAPP · AI-Ready

STATUS & TIMING

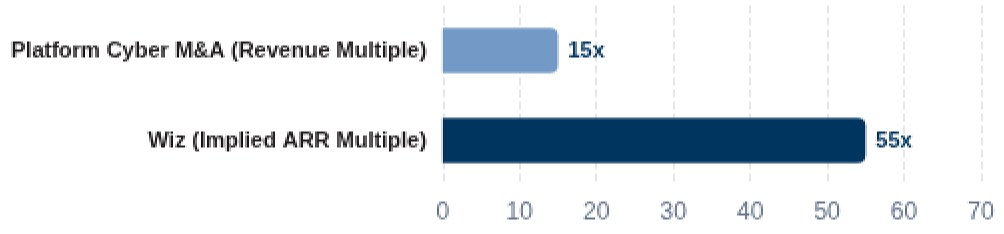
DOJ clearance reported Nov 2025; closing expected 2026.

Notes: Multiples are illustrative based on public commentary and consensus estimates.

Sources: Reuters (DOJ clearance, Nov 2025); Google Cloud announcement; Tomasz Tunguz analysis.

Valuation Multiples (Illustrative)

Basis differs: ARR vs. Revenue



WIZ (IMPLIED)
~55x ARR
Midpoint of range

PLATFORM M&A
~12–20x
Revenue multiple

SIGNAL
Scarcity
AI-native, cloud scale

Strategic Rationale & Market Impact

- **Category Validation:** Establishes CNAPP as a core control plane for cloud and AI workloads; resets valuation expectations for scaled cloud security assets.
- **Multi-Cloud Neutrality:** Wiz retains cross-cloud support, operating as a security overlay for AWS/Azure/GCP—expanding Google Cloud's reach.
- **AI Synergy:** Combines Google AI stack with Wiz risk graph to automate detection and remediation—defensive moat for AI-era security.
- **Scarcity Premium:** Sets the ceiling for cloud-native security valuations; raises the strategic bar for peers (e.g., Netskope, Cato).

Thoma Bravo IAM Roll-Up: Ping Identity + ForgeRock

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Private equity platform creation unifying Workforce IAM + CIAM to challenge category leaders.

Ping Identity

$2.8B ('22)

Strengths: Federation, SSO, enterprise policies

+

ForgeRock

$2.3B ('23)

Strengths: Customer identity, scale, orchestration

→

Unified IAM Platform

Thesis: Reduce fragmentation, expand cross-sell, improve Rule of 40 via scale and efficiency.

GO-TO-MARKET

Larger install base and wallet share across workforce + customer identity.

PRODUCT SCOPE

Broader suite (SSO, MFA, CIAM, orchestration) reduces vendor sprawl.

EFFICIENCY

Operating leverage to improve Rule of 40, setting up relist/strategic options.

Strategic Rationale & Implications

- Platform creation: Combines Ping's workforce strengths with ForgeRock's CIAM scale to rival Okta/Microsoft.
- Scarcity premium: Fewer independent scaled CIAM/IAM leaders; increases strategic value and pricing power.
- Exit optionality: Potential relisting 2026/27 or strategic sale after integration and efficiency gains.
- AI/NHI readiness: Broader identity fabric improves governance for non-human identities and agentic workflows.

Sources: Thoma Bravo press releases; SecurityWeek (Ping + ForgeRock merger); industry analysis (2025–2026).

M&A Strategic Implications: Guidance for IAM Founders & Investors

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Platform beats point solution; AI-native identity and disciplined efficiency set the valuation curve.

Platform > Point Solution

- Buyers pay a premium for multi-module suites (IGA • PAM • CIAM • ITDR).
- Point features risk reclassification and multiple compression.

Implication: Show attach pathways; package as a capability, not a feature.

AI-Native Identity Advantage

- "Identity for AI" (NHI/agent governance) earns scarcity premium.
- Model/data pipeline access must be first-class in IAM roadmap.

Implication: Ship NHI lifecycle, policy, and JIT privileges for agents.

Efficiency Drives Valuation

- Rule of 40 ≥ 50% and NRR ≥ 120% correlate with 10x+ EV/Rev.
- Unit economics (CAC payback, FCF path) are gating items.

Implication: Prioritize cross-sell modules and durable expansion.

Regulatory Tailwinds

- DORA, NIS2, SEC rules harden demand for identity resilience.
- Operational continuity (AD recovery, key mgmt) boosts stickiness.

Implication: Map controls to regs; quantify risk reduction ROI.

Key Takeaway

2026 M&A favors AI-ready platforms with clear expansion economics. Scarcity in PAM/IGA and "Identity-for-AI" elevates premiums; subscale point solutions trade at discounts.

Founder Playbook (Next 4 Quarters)

- **Expand the suite:** Add adjacent modules (e.g., PAM to IGA; ITDR to CIAM) to raise NRR.
- **Ship NHI controls:** Provisioning, secrets, and JIT access for AI agents and service accounts.
- **Quantify efficiency:** Show Rule of 40 and CAC payback; publish customer expansion cohorts.

Investor Lens

- Favor "platformizable" assets with >115% NRR and clear attach motion.
- Underwrite to regulatory resilience revenue (DORA/NIS2 exposure).
- Seek arbitrage in legacy roll-ups with modernization roadmaps.

Sources: Momentum Cyber; ICON; company filings; internal synthesis.

IPO Pipeline & 2026 Candidates

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Key identity/security companies preparing for listings; ARR and valuation snapshots (approx., Q1 2026).

Valuation Snapshot ($B, Approx.)

Sources: Public disclosures; SecurityWeek; investor reports

WINDOW
H2 2026
Broader reopening expected

ARR LEADERS
$500M+
Netskope (SSE/SASE)

PREMIUM COHORT
10x–15x
High-growth identity

Netskope
IPO Candidate

ARR	Valuation	Timing
>$500M	**~$10B+**	**H2 ’26**

SSE/SASE platform; scaled growth.

Saviynt
Pre-IPO

ARR	Valuation	Status
~$200M+	**$3B**	**Scaling**

Converged IGA/PAM; KKR-led round.

Delinea
PE-Owned

ARR	Valuation	Path
>$400M	**n/a**	**IPO/Sale**

PAM leader post Thycotic+Centrify.

Semperis
Late Stage

ARR	Valuation	Focus
>$100M	**>$1B**	**Resilience**

AD security & recovery; growth financing.

1Password
Pre-IPO

ARR	Valuation	Shift
n/a	**$6.8B**	**Enterprise**

Passwordless & CIAM expansion

Note: Values are approximate and illustrative; ARR reflects latest public references as of Jan 2026.

Private Market Valuations: Stage-by-Stage Analysis

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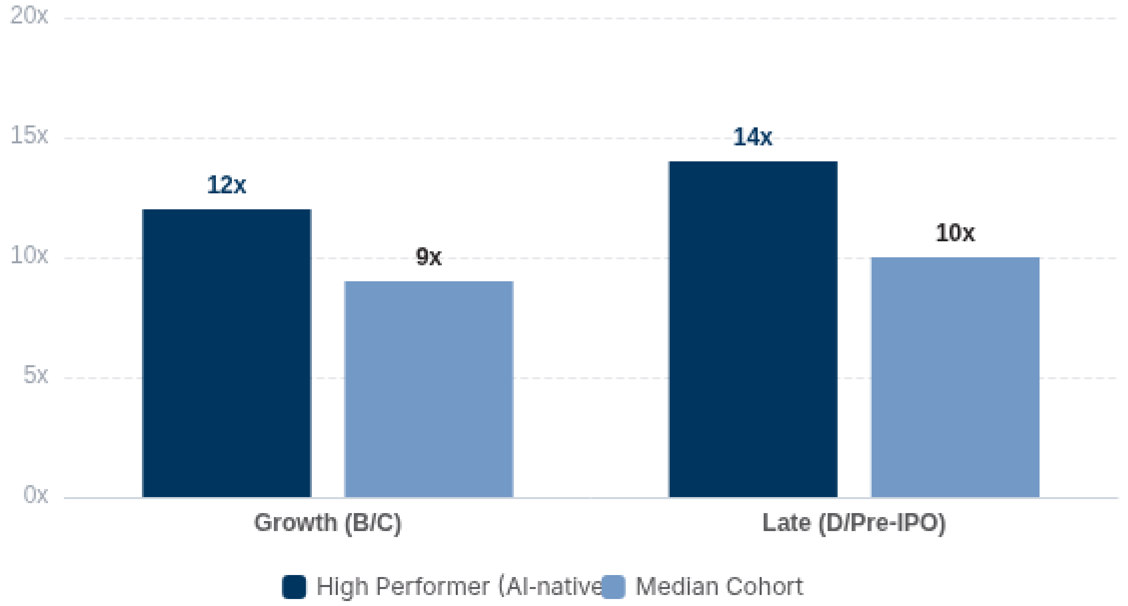
IAM Q1 2026 — Primary ARR multiples stabilize with clear premium for AI-native/platform assets; secondaries trade at discounts.

Primary Round ARR Multiples (Illustrative)

High Performer vs. Median by Stage



PRIMARY ROUNDS

10–15x ARR

High-performers (AI-native/platform)

SECONDARIES

-20% to -40%

Typical discount vs. primary

EFFICIENCY BAR

Rule ≥ 40

Premium requires efficient growth

Stage-by-Stage Snapshot

Early (Seed / A)

Traction-based

Valuation driven by team, product fit, and early revenue. ARR multiples less comparable; focus on proof points in AI/NHI and design partners.

Growth (B / C)

8–12x ARR (Median)

Efficient growth (Rule of 40 path), NRR ≥110%, and module expansion (IGA/PAM/ITDR) command higher bands.

Late / Pre-IPO (D+)

10–15x ARR (Top)

Top quartile assets (AI-native/platform) achieve double-digit multiples; point solutions compress to ~5–8x absent platform story.

Notes: Multiples illustrative for IAM Q1 ’26 based on market checks. Secondaries reflect liquidity preferences and market conditions.

Sources: PitchBook; Capital IQ; investor disclosures; market synthesis (Q1 2026).

AI as Valuation Multiplier: Non-Human Identity (NHI)

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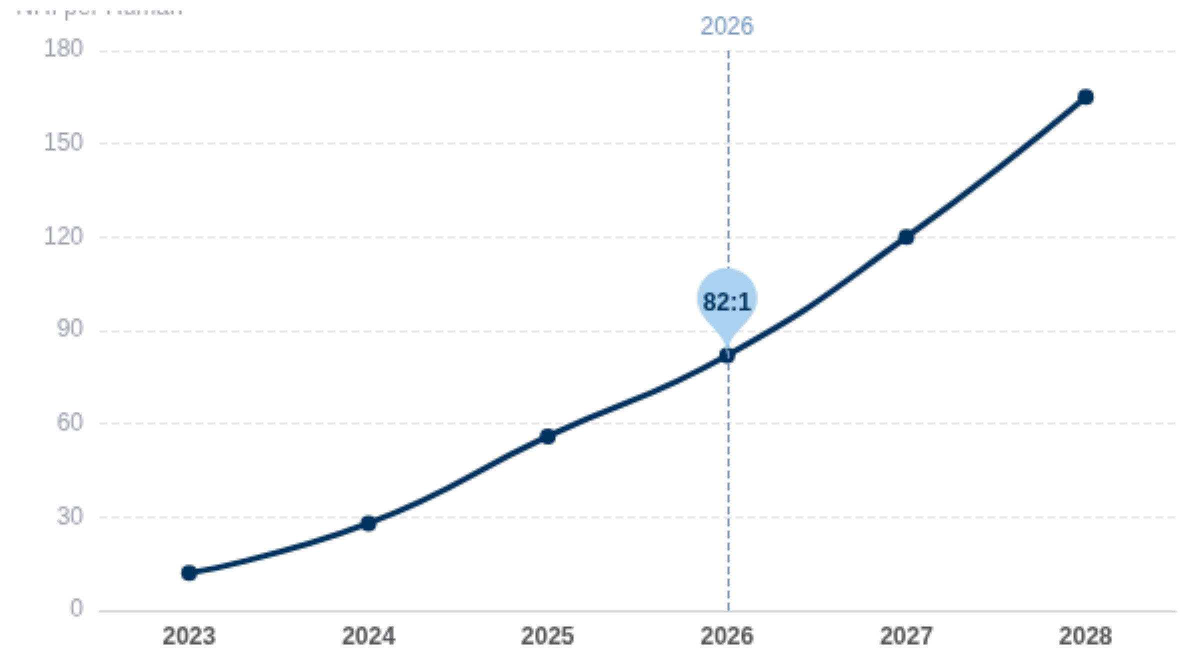
Agentic AI drives an explosion in machine identities. Platforms that govern NHIs earn premium multiples.

NHI-to-Human Identity Ratio (Illustrative)

Source: PANW predictions; industry analysis (Q1 2026)



NHI EXPLOSION

82:1

Projected NHI:Human (2026)

PREMIUM BAND

10–15x

AI-native IAM EV/Revenue

EXPANSION

IGA • PAM • ITDR

Modules that lift NRR

Why NHIs Drive Valuation

- Identity becomes the control plane for AI: service accounts, API keys, and autonomous agents require lifecycle governance at scale.
- Vendors that secure NHIs demonstrate higher **NRR (≥120%)** and are rewarded with double-digit revenue multiples.
- CISOs favor platforms unifying **IGA, PAM, ITDR** with CI/CD and secrets rotation—reducing risk in agentic workflows.

Notes: Ratio trajectory is illustrative; aligns with industry forecasts that NHIs vastly outnumber human identities in AI-centric environments.

Regulatory Compliance Drivers: Impact on IAM Valuations

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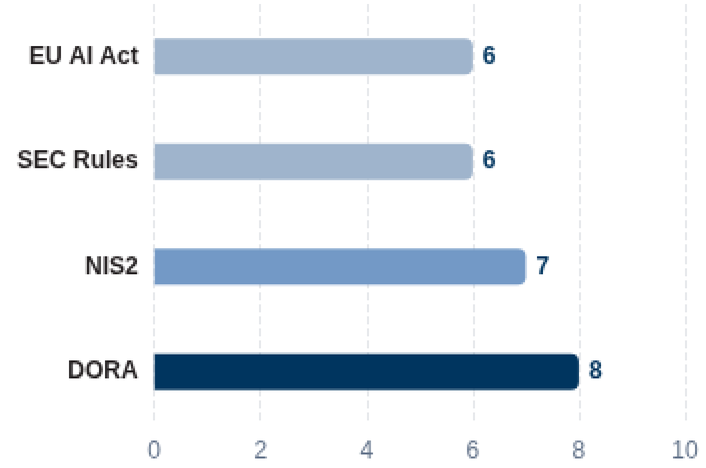
DORA, NIS2, SEC rules, and EU AI Act are expanding spend and elevating platform "stickiness," supporting premium multiples.

Regulation	Region	IAM Impact	Valuation Implication
DORA (Financial Services)	EU	Mandates identity resilience, recovery, and access governance for ICT risk.	**Higher retention** and price durability for IGA/PAM vendors.
NIS2 (Critical Infra)	EU	Extends security requirements to OT/industrial; elevates PAM and IGA adoption.	**TAM expansion** into manufacturing, energy, and utilities.
SEC Rules (Disclosure)	US	Board-level accountability for cyber risk; accelerates budget for identity governance.	**Budget unlock** for modernization and consolidation to platforms.
EU AI Act (AI Governance)	EU	Transparency and controls for AI models; raises demand for NHI/agent identity.	**Premium for AI-ready** identity platforms (NHI, ITDR).

Compliance Impact Score (1–10)

Illustrative scoring for Q1 2026



VALUATION LINK

Regulatory moats support double-digit EV/Rev for platforms with high NRR.

INVESTOR LENS

Prefer assets with **documented compliance wins** and cross-region portability.

Sources: EU DORA/NIS2 texts; SEC cyber disclosure rules; EU AI Act updates; industry analysis (Q1 2026).

Stickiness (retention lift) **TAM Expansion** (new sectors)

Platformization: Vendor Consolidation & Feature Risk

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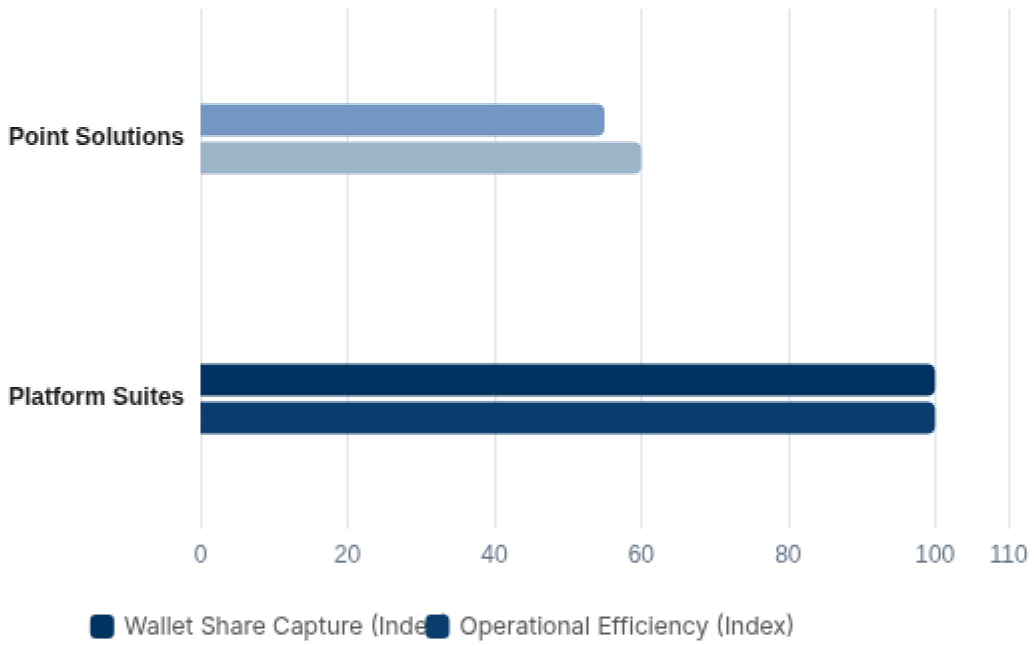
CISOs consolidate toward integrated suites; point solutions face re-bundling risk unless they are truly best-in-class.

Platform vs. Point Solution (Illustrative Index)

Index scale (0–100) — conceptual comparison



TYPICAL EV/REVENUE BAND

- Platform Suites: 12–18x
- Point Solutions: 3–6x

PROCUREMENT PATTERN

Suite-first sourcing, higher attach rates, vendor count reduction.

Note: Values are illustrative to communicate trends in wallet share capture and valuation dispersion; replace with your benchmarks as needed.

What Platformization Means

- **Consolidation thesis:** Suites unify Identity (IGA, PAM, CIAM, ITDR) and reduce tool sprawl; higher Net Revenue Retention via cross-sell.
- **Feature risk for point tools:** Single-product vendors risk being perceived as features inside larger platforms unless they deliver clear, defensible differentiation.
- **Buyer preference:** Suite-first procurement with price leverage, unified SLAs, and lower integration burden.
- **Strategic implication:** Platform assets sustain premium multiples; point solutions must evolve, partner, or be acquired.

Replace with your KPI targets: vendor count reduction %, attach rate, and NRR benchmarks.

Sub-Sector: Identity Governance & Administration (IGA)

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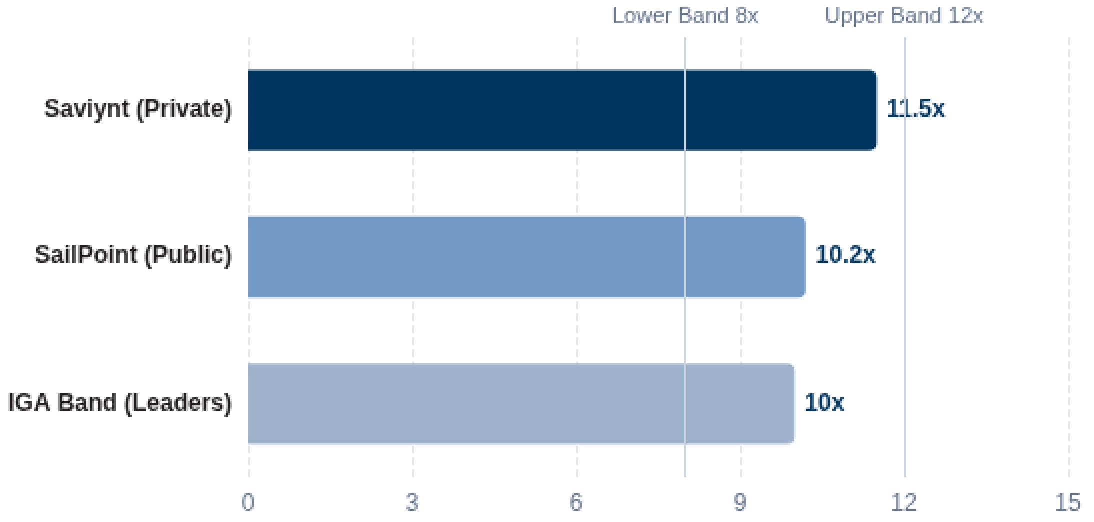
Modernization cycle; leaders typically trade at 8–12x EV/Revenue with strong expansion and SaaS adoption.

Illustrative EV/Revenue Multiples (x)

Band: IGA leaders 8–12x (Q1 2026)



VALUATION RANGE

8–12x

For scaled IGA leaders

GROWTH DRIVERS

SaaS • NHI • Compliance

SaaS migration, NHIs, DORA/NIS2

RETENTION SIGNAL

>115% NRR

Premium multiple correlate

Leaders Snapshot

IGA Focus

SailPoint (Public)

IGA

ARR	Growth	EV/Rev
~$1B+	~28% YoY	~10.2x

- SaaS transition + strong expansion (NRR ~114%) support double-digit revenue multiple.

Saviynt (Private)

IGA • Converged

Latest Round	Est. ARR	Valuation
$700M ('25)	~$200M+	~$3B

- Converged IGA/PAM and "Identity for AI" positioning lift premium within IGA band.

Notes: Metrics are approximate based on public disclosures and report synthesis (Q1 2026).

Sources: SailPoint investor materials (2025/26); Saviynt press (Dec '25); sector analysis.

Sub-Sector: Privileged Access Management (PAM)

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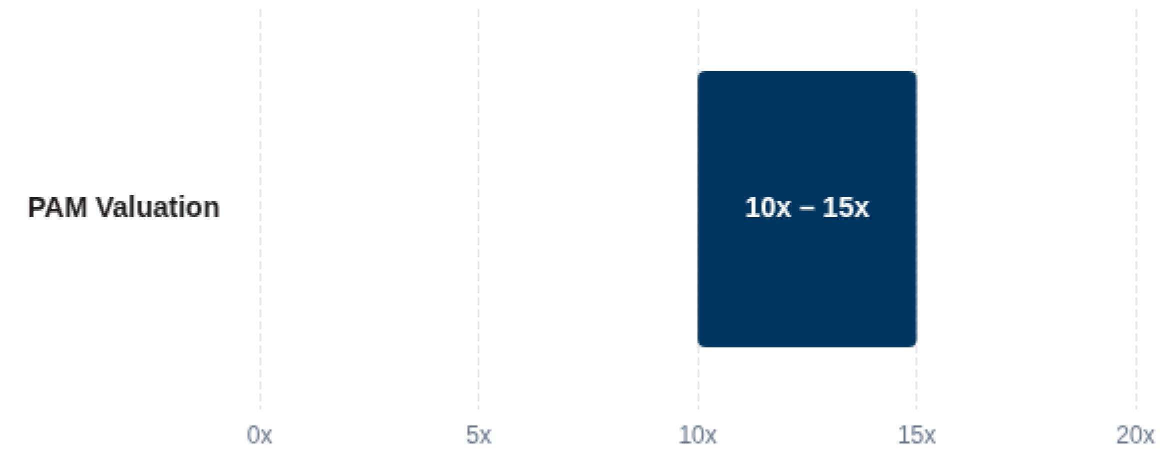
Premium valuations and scarcity following CyberArk acquisition; Cloud PAM and Just-in-Time access drive demand.

Valuation Band (EV/Revenue)

Illustrative, Q1 2026



VALUATION BAND

10–15x

Premium for leading PAM

MARKET STATE

Consolidating

Scarcity post-CyberArk

STRATEGIC DRIVERS

Cloud PAM • JIT • DevOps

Identity as control plane

Delinea

PAM

- Enterprise PAM at scale; strong **Just-in-Time** access and secrets management.
- Reported ARR **>$400M**; well-positioned for Cloud PAM and DevOps pipelines.
- Cross-sell into IGA/ITDR partners supports durable NRR.

BeyondTrust

PAM

- Privilege elevation & endpoint privilege management with broad enterprise footprint.
- Expanding Cloud PAM connectors; relevance across IT/OT and regulated sectors.
- Beneficiary of scarcity premium after removal of CyberArk as independent peer.

Sources: Company disclosures; SecurityWeek; market reports (Q1 2026).

Sub-Sector: Customer IAM (CIAM) — Valuation & Growth

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Private/M&A EV/Revenue bands trend 10–14x; growth driven by passwordless, fraud prevention, and identity proofing.

Okta + Auth0

CIAM • Dev-first

Strengths: Developer ecosystem (Auth0), broad enterprise footprint, passkeys/passwordless adoption.

Watchouts: Core AM growth normalized; re-acceleration hinges on CIAM upsell and proofing/fraud integrations.

PUBLIC MULTIPLE
~5.1x
EV/Rev (OKTA)

GROWTH
~12%+
YoY (approx.)

Ping Identity + ForgeRock

Thoma Bravo

Thesis: Enterprise-grade CIAM + workforce federation at scale; strong fit for regulated industries and global brands.

Path: Private market platform creation; potential relisting/strategic sale in 2026–2027 after integration synergies.

POSITIONING
Enterprise
Scale & compliance

GO-TO-MARKET
Platform
Suite & integration

What drives CIAM premiums

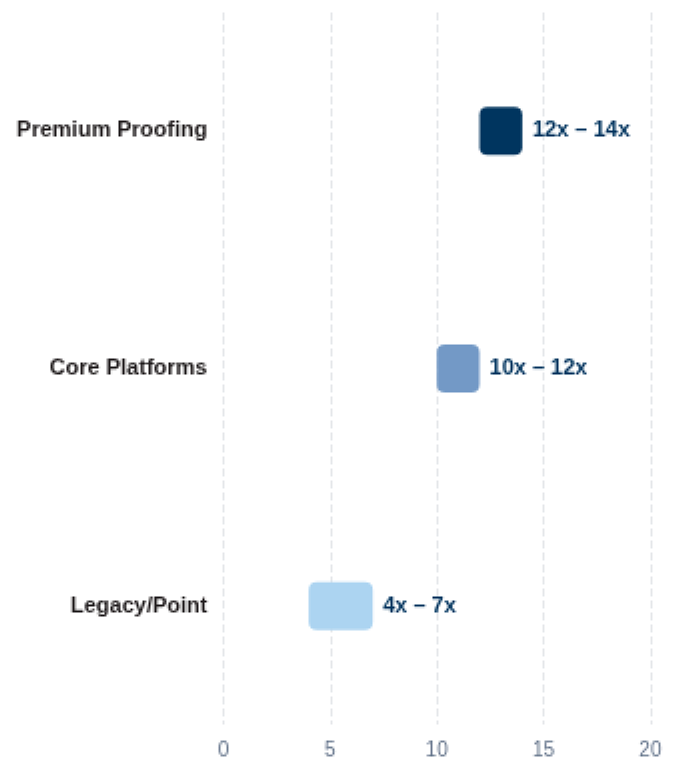
PASSWORDLESS
Passkeys & strong auth boost CX + security

FRAUD + PROOFING
Risk, identity proofing, bot defense

SCALE
High-volume, low-latency global delivery

CIAM Valuation Bands (Private / M&A EV/Revenue)

Illustrative



Bands reflect private/M&A ranges cited for CIAM leaders; public comps (e.g., Okta) may trade below due to mix and growth.

Sources: Company filings; Thoma Bravo; sector reports; internal synthesis (Q1 2026).

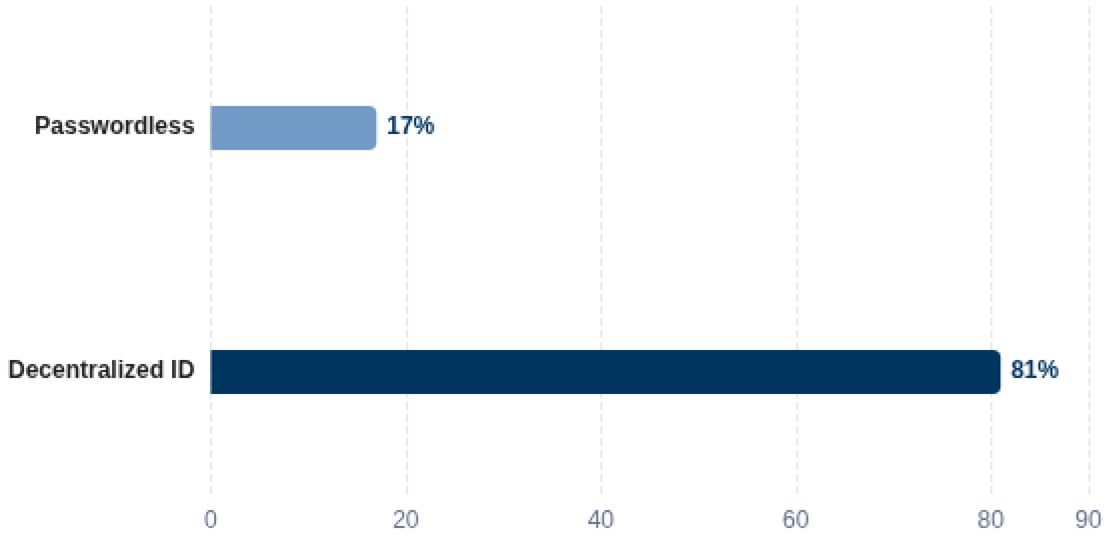
Sub-Sector: Decentralized Identity & Passwordless

WINDSOR DRAKE

EUDI wallet mandate catalyzes adoption; passwordless drives CX + security. Early-stage revenue but outsized growth potential.

Growth outlook (CAGR) — Decentralized ID vs. Passwordless

Illustrative; sources cited below



DECENTRALIZED IDENTITY

~81% CAGR

High-velocity, early revenue; venture multiples

PASSWORDLESS

~16–18% CAGR

Enterprise adoption accelerating

Key Drivers & Policy Catalysts

EUDI • 2026

- **EUDI Wallet (EU Digital Identity):** Mandate accelerates **standards-based** identity issuance, verification, and portability across member states.
- **Passwordless at scale:** Passkeys and device-bound credentials reduce fraud and improve UX; converges with CIAM and workforce AM.
- **Trust frameworks:** Verifiable credentials (VCs), DID methods, and interoperability profiles de-risk enterprise adoption.
- **Valuation lens:** Prioritize platforms with **ecosystem integrations** (banks, telcos, gov), strong privacy posture, and measurable attach into CIAM/IGA.

GO-TO-MARKET

Partner-led with issuers/verifiers; anchor verticals: finance, gov, travel

RISKS

Standards fragmentation; credential binding/UX; privacy compliance

Valuation note: Category is emerging and revenue-light; premiums hinge on enterprise adoption, standards alignment, and proof of scale.

Sources: Dimension Market Research (Decentralized ID CAGR); SkyQuest/Grand View Research (Passwordless CAGR); EU EUDI program updates (Q1 2026).

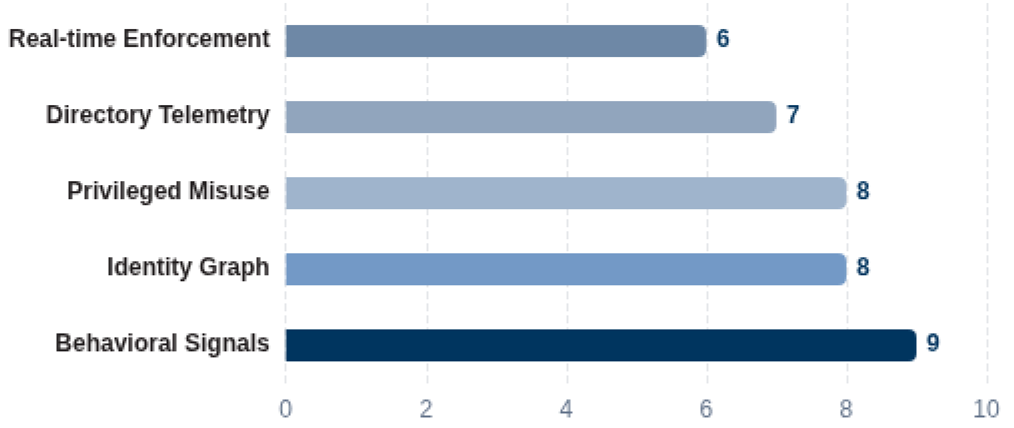
Sub-Sector: ITDR (Identity Threat Detection & Response)

WINDSOR DRAKE

Emerging category focused on detecting and responding to identity abuse across human and non-human identities; valuations remain **speculative** in early stage.

ITDR Capability Emphasis (Index 0–10)

Illustrative profile for ITDR leaders



Note: Profile emphasizes behavioral signals, directory telemetry, and privileged misuse detection with orchestrated response.

STAGE
Emerging
Early adoption, rapid iteration

VALUATION
Speculative
Deal-by-deal; revenue light

FIT
SOC + IAM
Bridges SIEM/XDR with IGA/PAM

Emerging Category Characteristics

- **Detection focus:** Signals of identity misuse (lateral movement, impossible travel, anomalous privileges) across AD/Azure AD, SaaS, and cloud.
- **Response orchestration:** Policy-driven remediation via PAM (disable secrets, JIT revoke), IGA (access removal), and IdP (step-up auth).
- **NHI & AI agents:** Rising volume of non-human identities (service accounts, bots, agents) requires graph-based correlation and least-privilege enforcement.
- **Go-to-market:** Typically sold adjacent to SOC modernization; strong partner motion with SIEM/XDR and identity platforms.

Positioning: ITDR complements prevention (IAM) with continuous detection and automated response to identity threats.

Sources: Sector synthesis (Q1 2026); directory security best practices; IAM platform documentation.

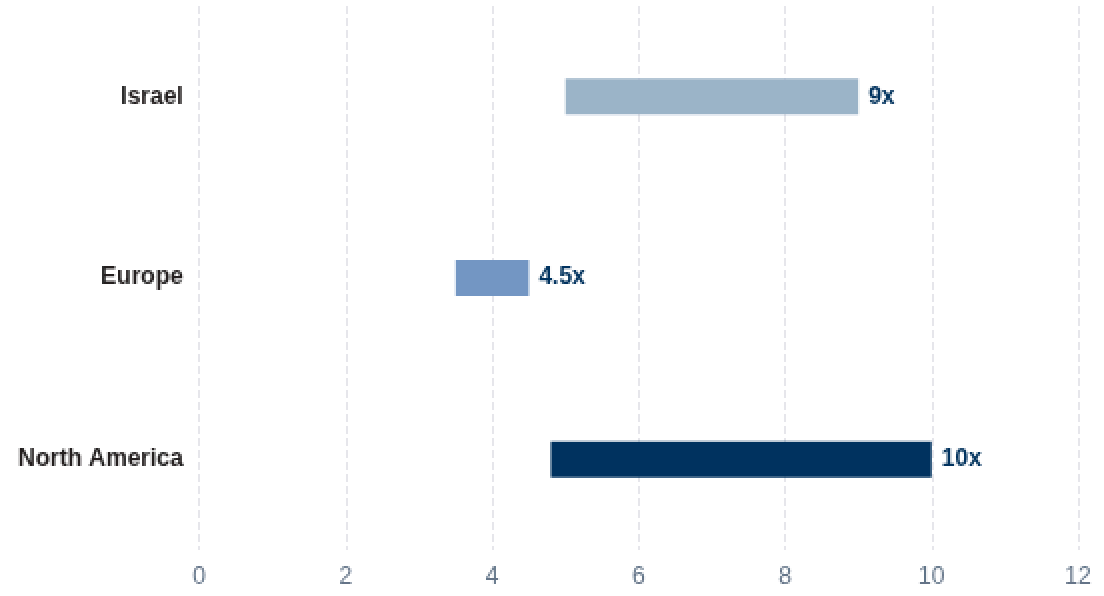
Regional Valuation Divergence: IAM Multiples

WINDSOR DRAKE

North America trades at a premium vs. Europe; Israel remains resilient on deep-tech and US exit pathways.

EV/Revenue Bands by Region (x)

Illustrative ranges • Q1 2026



NORTH AMERICA
4.8x–10.0x
Deep capital + AI leadership

EUROPE
3.5x–4.5x
Regulatory complexity; slower cloud

ISRAEL
5.0x–9.0x
Innovation + US-listed exit paths

What drives the divergence

- **Capital market depth:** US listings, liquidity, and analyst coverage support higher NA premiums.
- **AI platform leadership:** Greater concentration of AI-native platforms in NA lifts valuation ceiling.
- **Regulatory posture:** Europe's DORA/NIS2 drives spend but near-term complexity compresses multiples.
- **Exit pathways:** Israeli cyber startups often achieve US-pegged outcomes via NASDAQ or strategic M&A.

Takeaway

Premiums concentrate where **platformization**, **AI readiness**, and **liquid exits** align. European leaders with sovereign cloud and compliance strength can narrow the gap.

Note: Ranges reflect typical revenue multiples for scaled SaaS/IAM assets; individual company fundamentals may vary.

Sources: Sector reports; Q1 2026 IAM synthesis; market observations on regional SaaS multiples.

Key Valuation Drivers: AI • Regulation • Platformization

WINDSOR DRAKE

Summary of core themes lifting IAM valuations in Q1 2026 and how they translate into premium multiples.

AI Multiplier

NHIs • Agents

- Non-Human Identities (NHIs) surge and agentic AI require identity governance.
- "Identity for AI" positioning earns premium EV/Revenue bands.

Regulatory Floor

DORA • NIS2 • SEC

- Compliance elevates "stickiness" and retention for IGA/PAM.
- Expands TAM in regulated sectors and supports durable pricing.

Platformization

Suite > Point

- Integrated suites (IGA/PAM/CIAM/ITDR) capture higher NRR and wallet share.
- Point tools risk re-bundling unless truly best-in-class.

PREMIUM SIGNALS

Rule of 40 > 50%, NRR > 120%, AI-native use cases.

BUYER LENS

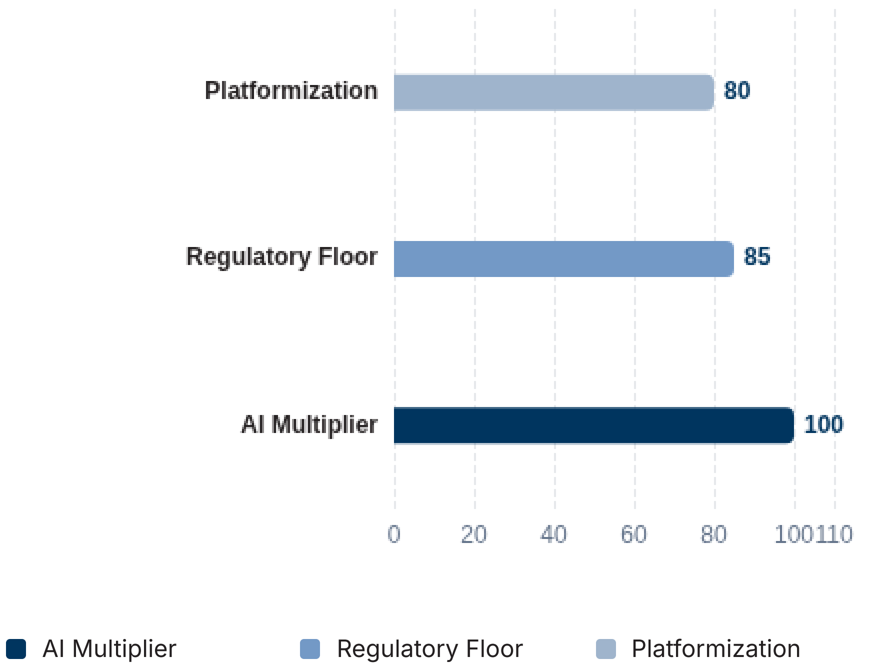
Proof of compliance wins, cross-sell attach, and suite roadmap.

VALUATION IMPLICATION

Platforms sustain double-digit EV/Rev; point solutions at 3–6x.

Relative Valuation Impact (Index)

Illustrative scoring



Sources: Sector reports; EU DORA/NIS2/AI Act; public comps; internal synthesis (Q1 2026). Values are conceptual to communicate relative impact.

Strategic Recommendations: Founders

WINDSOR DRAKE

Actionable guidance to earn premium IAM valuations in 2026: efficient growth, platform path, and "Identity for AI."

Operate for Efficient Growth

- Target **Rule of 40 ≥ 40%**; track both growth and FCF/EBITDA monthly.
- Hold **CAC payback ≤ 12 months**; tighten ICP to reduce churn.
- Maintain **Gross Margin ≥ 75%** via cloud efficiency and data-tiering.

Metric Discipline

Own "Identity for AI"

- Ship a clear **NHI strategy** (service accounts, keys, agents) with lifecycle control.
- Integrate **ITDR** and agentic workflow controls into core runtime.
- Position as **AI-ready platform** for LLM & app pipelines.

NHI • ITDR • Agents

Build the Platform Path

- Choose a path: **Build • Partner • Buy** modules (IGA, PAM, CIAM, ITDR).
- Design roadmap for **expansion revenue**; aim for **>120% NRR**.
- Prioritize ecosystem integrations (clouds, data lakes, SIEM/SOAR).

Platformization

Win Budgets with Compliance

- Productize outcomes aligned to **DORA • NIS2 • SEC** requirements.
- Publish **policy packs & mappings** to accelerate procurement.
- Offer **resilience SLAs** for Identity continuity & recovery.

Regulatory Moat

90-Day Action Plan

Priority

1. **Publish platform narrative** (1-pager) tying modules to AI/NHI and compliance outcomes.
2. **Stand up metrics dashboard** (Rule of 40, NRR, CAC payback) with weekly review.
3. **Ship NHI MVP** (keys, service accounts) + ITDR hooks for high-risk tiers.
4. **Sign 3 ecosystem integrations** (one hyperscaler, one SIEM/SOAR, one data lake) to boost adoption.
5. **Run buy/partner screen** for adjacent capability (IGA/PAM/CIAM/ITDR) and prepare diligence list.

TARGETS	EFFICIENCY	VALUATION
NRR > 120%	Payback ≤ 12 mo	10–15x (platform)

Note: Align messaging to buyer priorities (platformization, AI safety, compliance) to sustain premium EV/Revenue multiples.

Investor Recommendations — IAM Valuation Q1 2026

WINDSOR DRAKE

Investment thesis and opportunity areas amid platformization, AI identity, and regulatory drivers.

Investment Thesis (Where to Lean In)

Premium Signals

- **AI-Native Identity** — Back platforms securing non-human identities and AI agents (NHI/ITDR) tied to the AI infrastructure build-out.
- **Regulatory Resilience** — Favor assets demonstrating wins under DORA/NIS2/SEC frameworks; compliance moats support durable NRR and pricing.
- **Platformization** — Prioritize suites with attach momentum (IGA • PAM • CIAM • ITDR) over single-product tools facing feature risk.

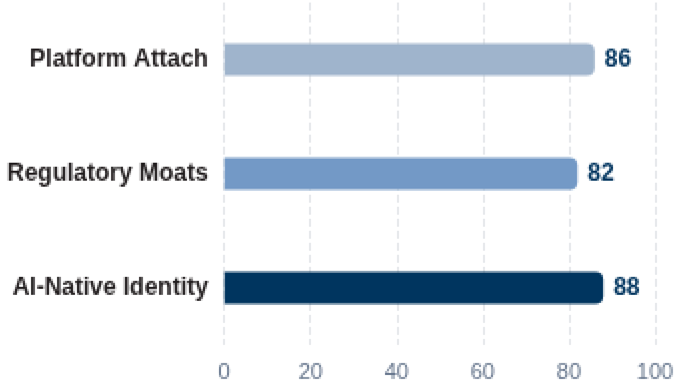
RULE OF 40
> 50%
Efficient growth threshold

NRR
> 120%
Platform expansion signal

SCALE
$100M+ ARR
Public-market readiness

Premium Signals (Index 0–100)

Illustrative scoring



Opportunity Tactics

- Pursue **valuation arbitrage**: acquire legacy assets with strong install bases; modernize to recapture multiple.
- Back **category bridges** (IGA ↔ PAM ↔ ITDR) to maximize cross-sell and retention.
- Prioritize geographies with **regulatory tailwinds** (EU DORA/NIS2) and proven portability to US markets.

Notes: Index values are illustrative for design guidance. Align with your internal benchmarks as needed.

Q1 2026 Outlook Summary — Identity & Access Management

WINDSOR DRAKE

Identity is the control plane for the AI economy. Platform premiums persist as regulation and AI adoption drive durable spend.

Key Takeaways for Q1 2026

- **Platform Premium Endures**
  Integrated suites (IGA • PAM • CIAM • ITDR) sustain double-digit EV/Revenue multiples; point tools face re-bundling pressure.
- **AI Multiplier Accelerates IAM**
  Non-Human Identities and agentic workflows expand IAM scope; "Identity for AI" strategies command valuation uplifts.
- **Regulatory Floor Supports Retention**
  DORA, NIS2, and SEC rules raise minimum requirements for identity resilience, improving stickiness and pricing durability.
- **IPO Window Gradually Reopens**
  Late-stage leaders (e.g., Netskope, Saviynt, Delinea) prepare to test markets as macro stabilizes and valuation discipline persists.

EXECUTION FOCUS

Rule of 40+

NRR > 115%

M&A CONTEXT

2025's ~$100B+ cycle sets a valuation floor for quality assets.

TAM EXPANSION

IAM market expands with AI/NHI and compliance mandates.

OUTLOOK BIAS

Positive

Driven by AI adoption and regulatory momentum

VALUATION SHAPE

Platform: Premium | Point: Discount

Bifurcation persists through 2026

STRATEGIC PRIORITY

Identity for AI | Code-to-Cloud-to-Identity

Clear articulation boosts multiples

Sources: Morgan Stanley; Momentum Cyber; SecurityWeek; company filings (Jan 2026). Figures are indicative of trends.

Valuation Methodology & Data Sources

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How we constructed the IAM valuation view (Q1 2026): data provenance, normalization, and modeling framework.

Source Category	Examples	Primary Use
Public Markets — Filings & Comps	Capital IQ, FactSet, company 10-Ks/press; Multiples.vc, Finbox	EV/Revenue, EV/EBITDA, growth, Rule of 40
M&A — Transactions	Momentum Cyber, SecurityWeek, Reuters, bank reports	Deal values, buyer mix, sector consolidation
Private — Market & IPO	PitchBook, press releases, investor decks	ARR estimates, round valuations, pipeline
Research — Analyst & Reg	Gartner, Forrester, IDC; DORA, NIS2, SEC, EU AI Act	Category definitions, growth drivers, compliance

Valuation Framework

Q1 2026

Aggregate

Collect public comps, M&A, and private data across IAM sub-sectors.

Normalize

Align to EV/Revenue (LTM/NTM), adjust for ARR vs. GAAP revenue.

Model

Apply Rule of 40, growth, and NRR to derive multiple bands by sub-sector.

- **Key Metrics:** EV/Revenue, EV/EBITDA, Growth %, FCF/Rule of 40, NRR.
- **Comparability:** Public vs. private reconciled via ARR and scale discounts.

Scope & Assumptions

Currency: USD | Cutoff: Jan 2026 | Global Scope | LTM/NTM Mixed | EV/Rev Focus

Disclosure: Some private figures are estimates from credible sources; where uncertain, we present ranges and note sensitivity.

Note: Figures reflect LTM/NTM as labeled; all values in USD unless noted. Where ranges differ across sources, we triangulate and document assumptions.

Primary references include Morgan Stanley, Goldman Sachs, Gartner/Forrester/IDC, PitchBook, Capital IQ/FactSet, Momentum Cyber, SecurityWeek, and company filings/press as of Q1 2026.

Appendix: Sources & Citations

WINDSOR DRAKE

Curated list of references used in IAM Valuation Q1 2026. Links are external and representative of the full dataset.

Market Outlook & Macro

Goldman Sachs: 2026 Outlooks
Morgan Stanley: Investment Outlook 2026
Comerica: Q4 2025 Investment Outlook
Morgan Stanley: On the Markets (Oct 2025)

Cybersecurity Market & Spending

Cybersecurity Ventures: Spending Report
Momentum Cyber: 2025 Year-End Almanac
ICON Corporate Finance: Sector Update 2025
Windsor Drake: Cybersecurity Valuation (Q4 2025)

Public Comps & Valuation Multiples

Multiples.vc: CrowdStrike
Multiples.vc: SailPoint
Multiples.vc: Okta
Multiples.vc: SentinelOne
Finbox: OKTA EV/Revenue
CrowdStrike Public Filings

M&A & Deal Activity

Reuters: Google–Wiz $32B
Tomasz Tunguz: Wiz Deal Implications
Public Comps: Wiz Deep Dive
SGFER: Alphabet–Wiz Analysis
PANW: CyberArk Acquisition
Industrial Cyber: PANW–CyberArk
SecurityWeek: Ping + ForgeRock
Thoma Bravo: ForgeRock + Ping

IPO & Private Markets

SecurityWeek: SailPoint IPO
LINX Security: SailPoint
Saviynt: $700M Raise
Delinea: ARR >$400M
Calcalist: Semperis ARR
BetaKit: 1Password Secondary

Regulatory & Compliance

Strata: 2026 Identity Compliance
Quodorbis: DORA Review
A-Team Insight: 2026 Reg Outlook
Mordor: Europe Cybersecurity Market
Seeking Alpha: Platformers 2025
SaaS Capital: Rule of 40

Compiled January 2026. Selection reflects tier-1 sources used throughout the report; all figures USD unless noted.

For full bibliography, see working paper: IAM Valuation Q1 2026 (internal archive).