

# Cybersecurity Valuation : Q1 2026

JANUARY 2026

# Executive Summary: Platform Premium and the AI Supercycle

WINDSOR DRAKE

Cybersecurity re-rates higher: platform leaders priced well above legacy peers as CISOs consolidate and GenAI security becomes a primary budget driver.



**\$84B+** disclosed M&A value in 2025 with **8 mega-deals** >\$1B; consolidation centered on cloud, identity, and AI-native capabilities.



Cybersecurity trades at a **~25% premium** to broader software on EV/NTM Sales; durability and regulatory drivers support multiples.



Valuation bifurcation: **Platform leaders 14–22x vs legacy 4.5–7.0x** EV/NTM Revenue (Identity + Cloud + Endpoint vs. point solutions).



Demand drivers: **CISO stack consolidation** and **GenAI security** (model/data/inference) create new budget lines and accelerate platform adoption.

2025 M&A VALUE

**\$84B+**

Record disclosed value

MEGA-DEALS

**8**

Transactions > \$1B

SECTOR PREMIUM

**+25%**

EV/NTM Sales vs. software

MULTIPLE SPREAD

**14–22x vs 4.5–7x**

Platform vs legacy EV/NTM Rev

CISO PRIORITY

**Consolidation**

Reduce vendor sprawl

AI CATALYST

**GenAI Sec**

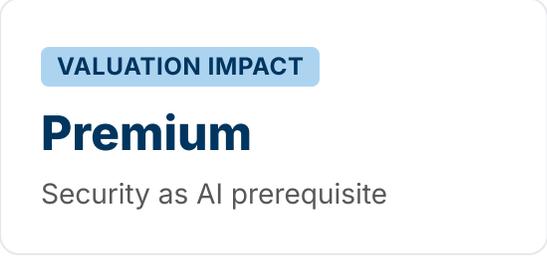
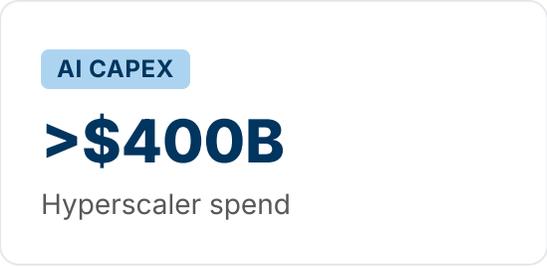
Protect models & data

# Snapshot : IT Spend Milestone and AI CAPEX Tailwind

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World IT spend reaches \$6.08T in 2026 (+9.8%). Software and data center growth; fueled by AI infrastructure; elevate cybersecurity demand and sector valuation premiums.

-  **\$6.08T** global IT spend projected for 2026, a **+9.8%** YoY increase.
-  **Software +15.2%** to **\$1.43T**; **Data Center Systems +19%** to **\$582B** on AI infrastructure demand.
-  **Cybersecurity +9.2%** growth versus general software at **+6.2%**, reflecting resilient, compliance-driven budgets.
-  Hyperscalers deploy **>\$400B** annually in AI CAPEX, channeling investor focus to security “picks & shovels” and supporting valuation premiums.



Sources: Gartner; Cybersecurity Ventures.

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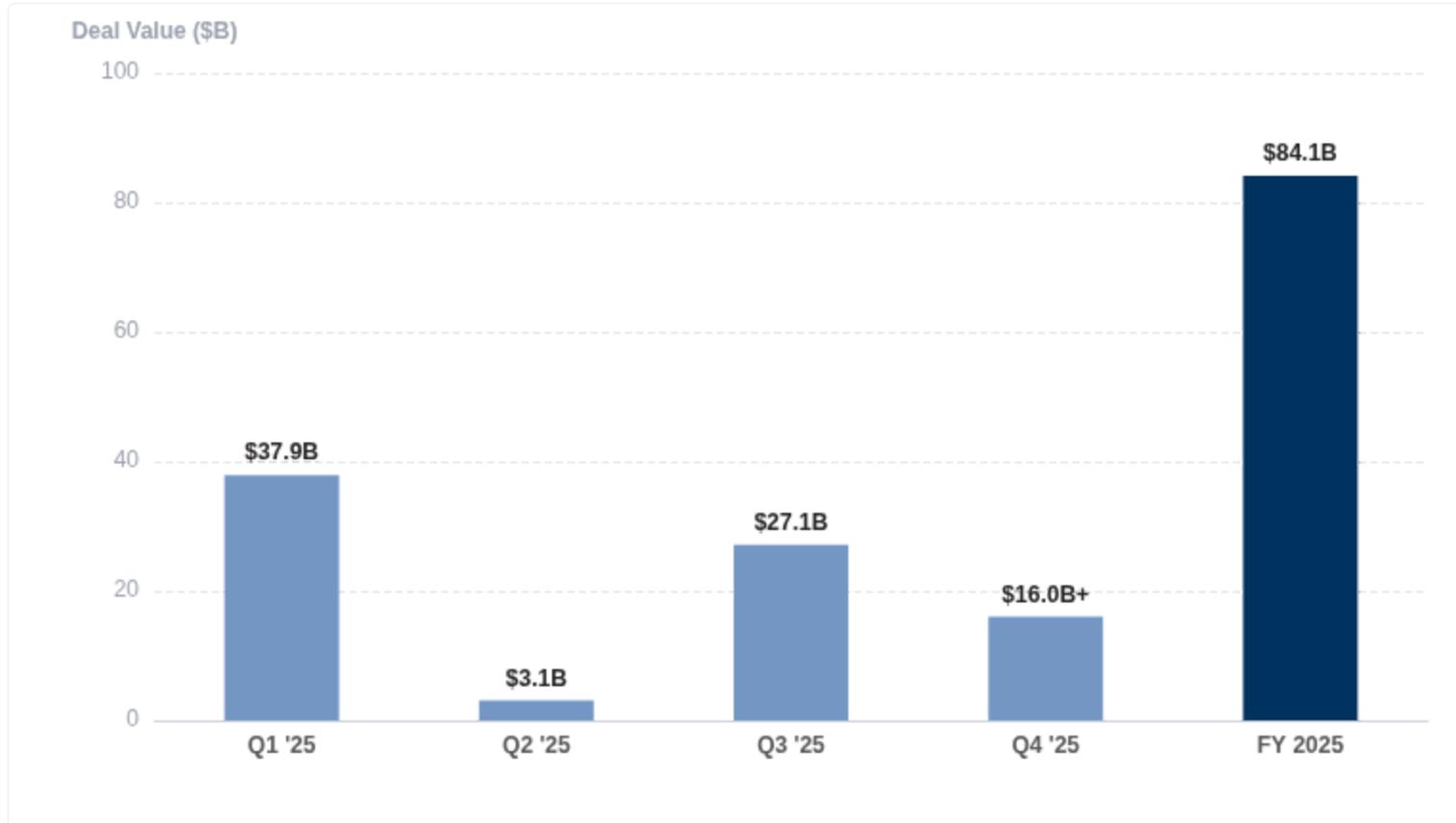
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# M&A Activity: Q4 2025 and Full-Year Record

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Quarterly breakdown by disclosed deal value (\$B); FY 2025 totals at right.



Q1 2025

**\$37.9B**

86 deals

Q2 2025

**\$3.1B**

66 deals

Q3 2025

**\$27.1B**

70 deals

Q4 2025

**\$16.0B+**

~65 deals

FY 2025

**\$84.1B**

420+ deals

- **Record FY 2025**

Disclosed M&A value reached **\$84.1B** across **420+** deals, with 8 mega-deals over \$1B driving platform consolidation.

- **Q4 Stabilization**

After an explosive Q3, Q4 activity normalized at **\$16.0B+**, as strategics positioned ahead of 2026 budgets.

- **Barbell Market**

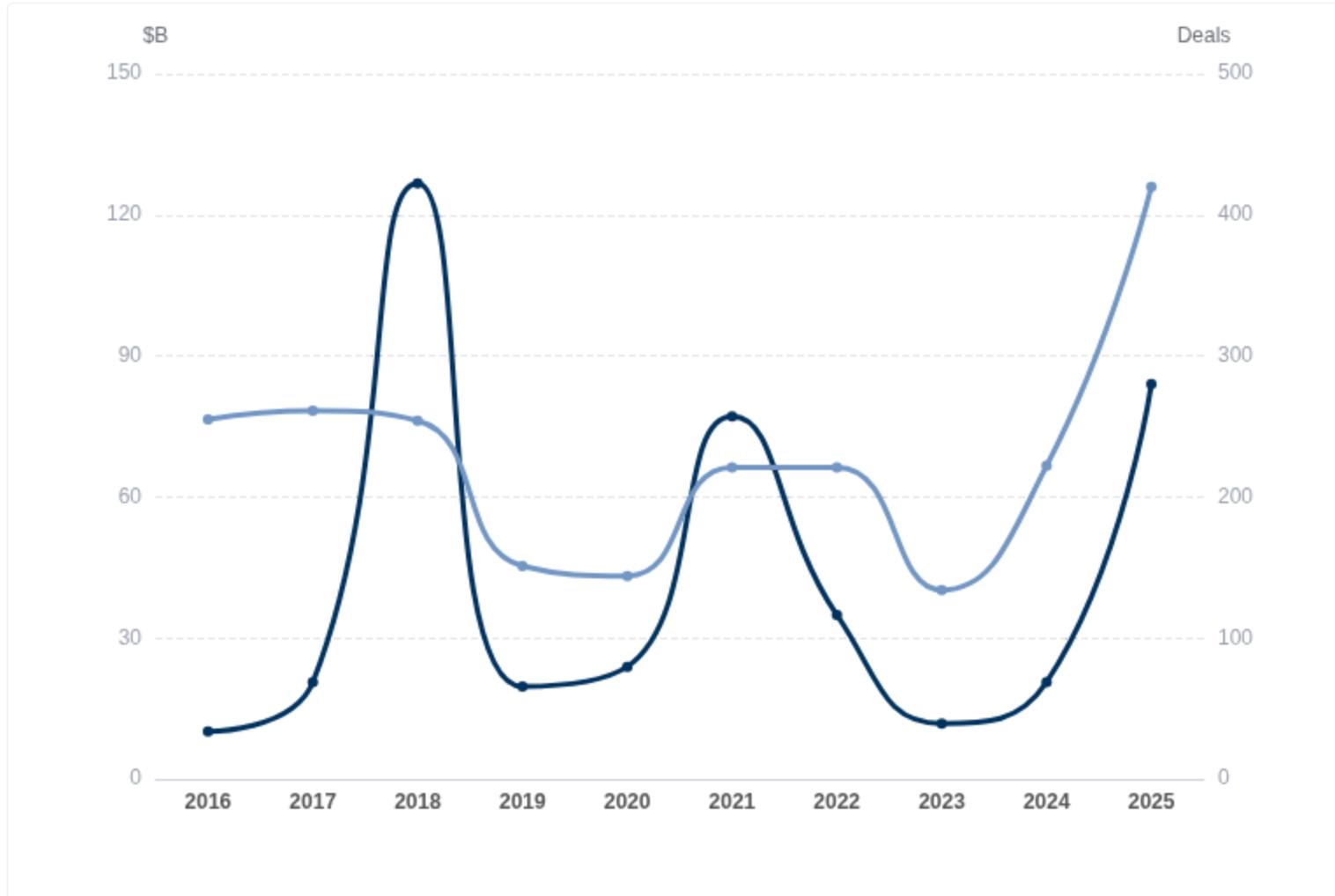
Mega-platform acquisitions at the top and high-volume tuck-ins at the bottom; thinner mid-market (\$100M-\$500M).

Sources: [PitchBook](#); [Momentum Cyber](#).

# Historical M&A Trends: 2016–2025

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Deal value (\$B) and deal count (#). 2018 peak by value; 2025 record volume with 420+ deals.



- **2018 Peak by Value**

Global disclosed deal value reached **\$126.7B** in 2018, the all-time high by value.

- **2021 Secondary High**

Another elevated year with **\$77.1B** in value amid strong public markets.

- **2025 Record Volume**

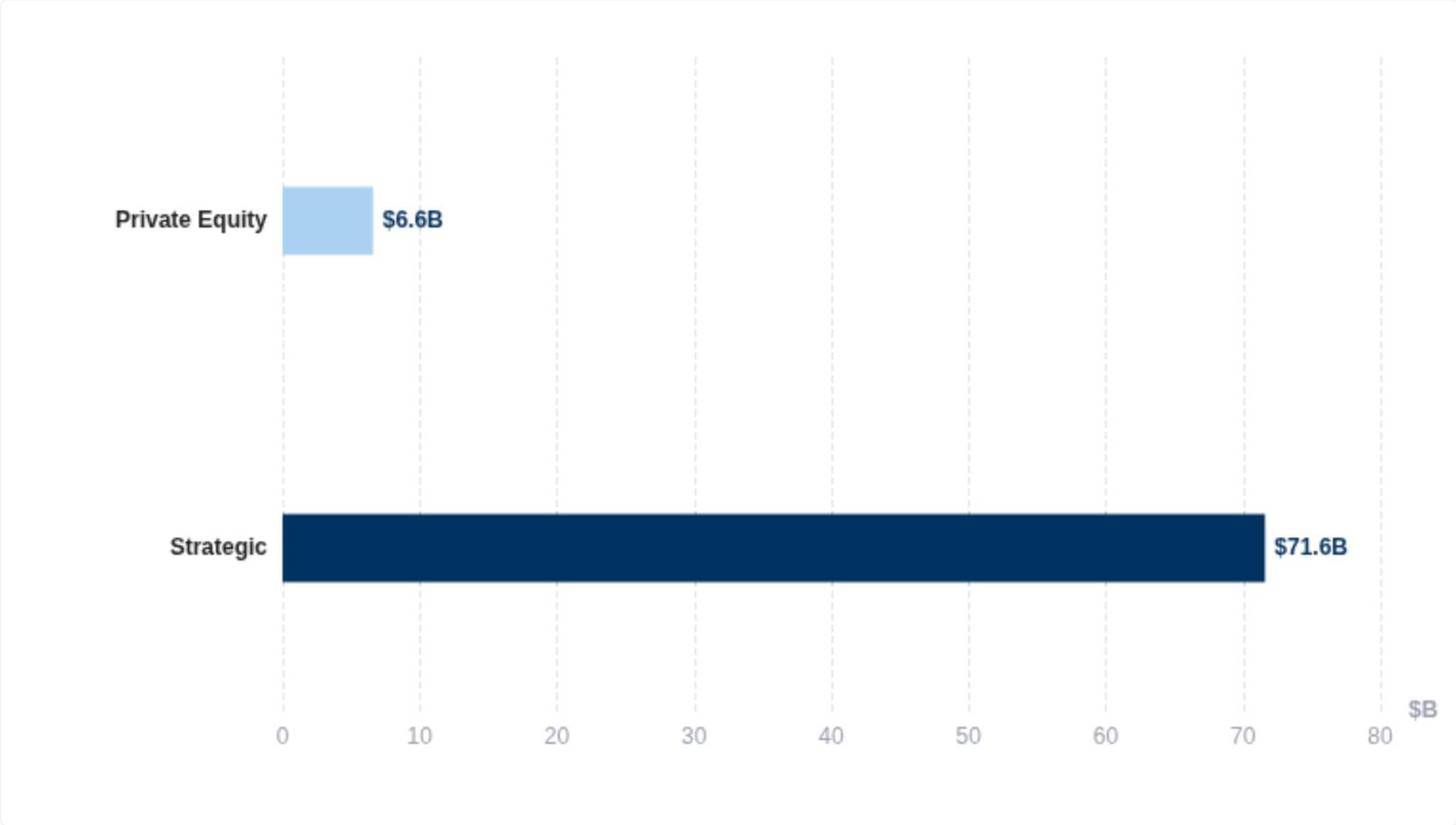
Deal value re-accelerated to **\$84B** with a record **420+** transactions driven by platform consolidation and AI.

■ Deal Value (\$B)   ■ Deal Count (#)

Sources: PitchBook; Momentum Cyber.

# Buyer Mix: Strategics vs. Private Equity (2025)

Strategics dominate mega-deal value; PE focuses on mid-market efficiency plays.



**MEGA-DEAL VALUE**  
**\$71.6B vs \$6.6B**  
Strategic vs PE (Top 8 deals)

**VOLUME SPLIT**  
**60% / 40%**  
Strategic vs PE (by count)

**SERVICENOW EFFECT**  
**\$11B+**  
Armis, Moveworks, Veza

- Strategic Dominance**

Strategic buyers captured roughly 90% of mega-deal value in 2025 (**\$71.6B** vs **\$6.6B** for PE across the top 8 deals), prioritizing platform gaps in Cloud, Identity, and AI.

- PE Discipline**

Private Equity concentrated in \$1-\$5B deals at ~7-9x revenue (or 15-20x EBITDA), executing Buy-&-Build to combine point solutions into platforms.

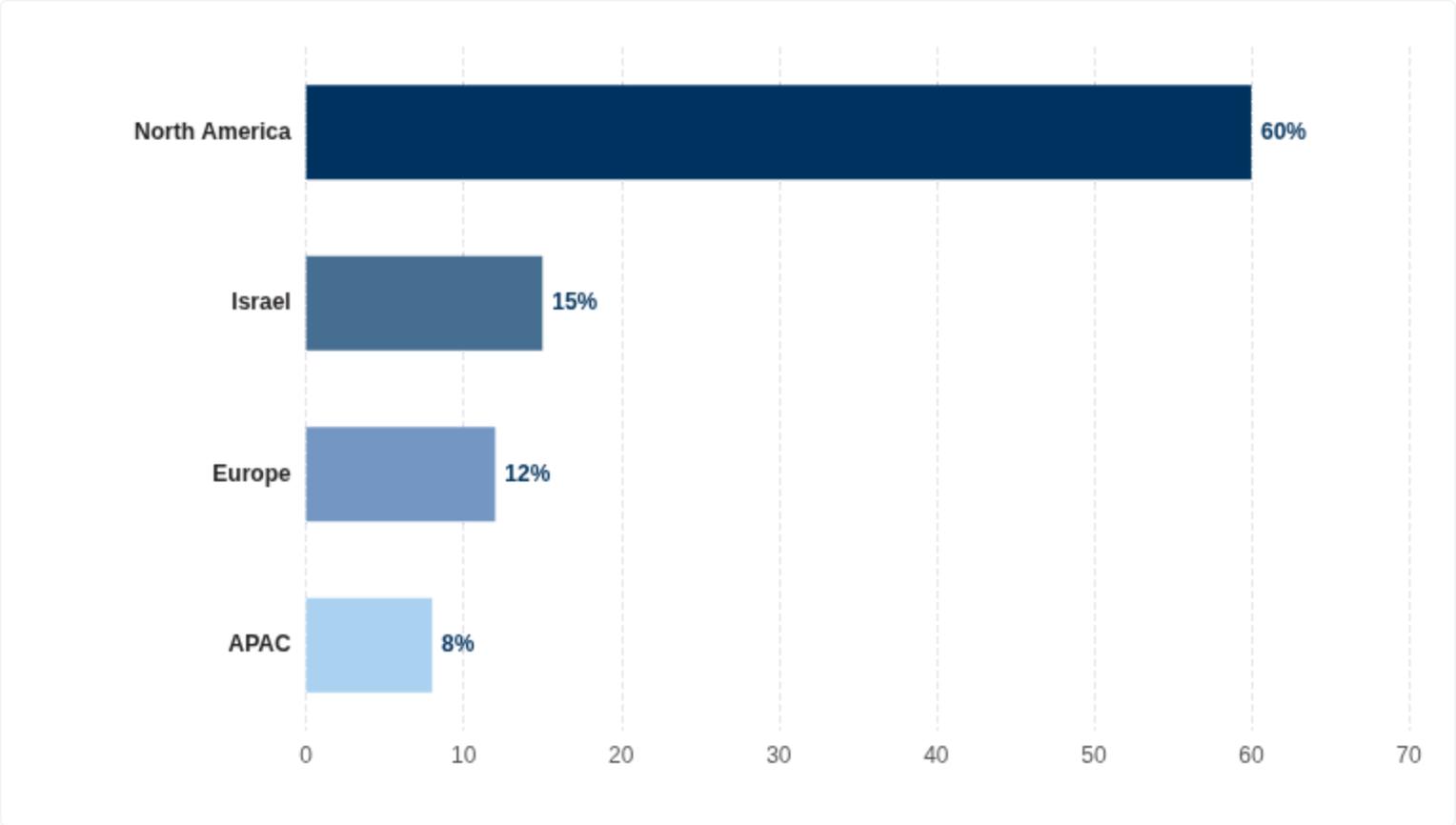
- ServiceNow Effect**

ServiceNow's late-2025 spree (**\$11B+**) in Armis, Moveworks, and Veza lifted comps in OT/IGA/AI workflows and pressured peers to respond.

Sources: [PitchBook](#), [Momentum Cyber](#)

# Geographic Distribution: US, Israel, Europe, APAC

Regional share by deal volume (%), with indicative deal counts and 2025–2026 context.



**NORTH AMERICA**  
**~60%**  
250+ deals

**ISRAEL**  
**~15%**  
65+ deals

**EUROPE**  
**~12%**  
50+ deals

**APAC**  
**~8%**  
35+ deals

- **North America ~60%**

Primary liquidity hub with ~250+ deals; major strategics (Google, ServiceNow, PANW) drive platform consolidation.

- **Israel ~15%**

Innovation premium; 65+ deals with outsized value from **\$57B** in mega deals (Wiz \$32B; CyberArk \$25B).

- **Europe ~12%**

Rising on regulation; NIS2 enforcement in 2026 accelerates consolidation and compliance solutions.

- **APAC ~8%**

Fast-growing frontier; regional market projected to **\$146B by 2030**, with fragmented local champions.

Sources: [PitchBook](#), [Momentum Cyber](#)

# Valuation Tiering System: Q1 2026

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EV/NTM Revenue multiples by tier; platform premium vs. legacy point solutions.

Tier	Definition	EV/NTM Revenue	Representative Companies
Tier 1: AI & Cloud Primes	Platform leaders with Cloud/Endpoint/Identity; Rule of 60 profiles	14.0x - 22.0x	CrowdStrike, Zscaler, Cloudflare
Tier 2: Profitable Consolidators	Established incumbents pivoting to unified platforms	9.0x - 13.5x	Palo Alto Networks, Fortinet, CyberArk
Tier 3: Value / Transition Plays	Point solutions or cloud transition in progress	4.5x - 7.0x	Okta, SentinelOne, Check Point

● Premium platform   ● Growth consolidator   ● Value / transition

## ■ Persistent Platform Premium

Cyber median trades near **~9.1x** EV/NTM Rev vs SaaS median **~6.0-6.5x**, reflecting a ~25% sector premium.

## ■ Why Tier 1 Wins

AI-native data advantage, platform breadth, and "Rule of 60" efficiency drive durable multiple expansion.

## ■ Tier 3 "Show Me" Discount

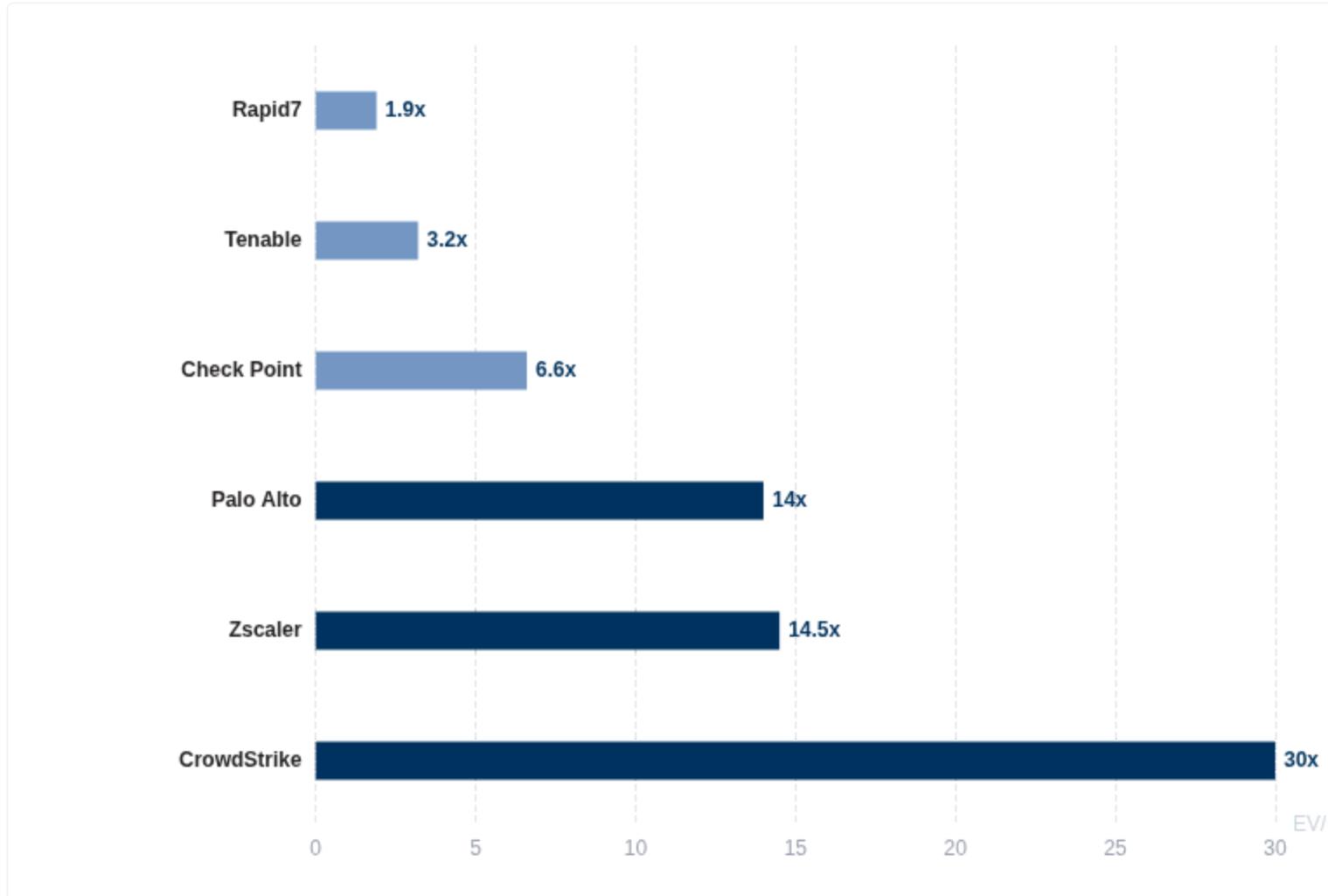
Execution risk and lower growth ceilings compress revenue multiples to **4.5x-7.0x**.

Note: EV/NTM Revenue multiples; Q1 2026 estimates. Sources: [Morgan Stanley](#), [Kroll](#), [PitchBook](#).

# Public Market Performance: Platform Premium

EV/NTM Revenue multiples (x). Platforms vs legacy/point solutions.

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● Platform Leaders ● Legacy / Point Solutions

## PLATFORM PREMIUM

**CrowdStrike 30.0x**

Zscaler 14.5x • Palo Alto 14.0x

- **Legacy Discount**

Check Point 6.6x • Tenable 3.2x • Rapid7 1.9x reflect slower growth/transition risk.

- **Sector Premium vs SaaS**

Cyber median ~9.1x vs SaaS ~6.0–6.5x (EV/NTM Rev) on resilient budgets and AI tailwinds.

Sources: [Morgan Stanley](#), [Yahoo Finance](#), [SEC Filings](#).

# Landmark Transactions: 2025 Deal Scorecard

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Select late-2025 cybersecurity transactions shaping platform consolidation and AI-driven security.

Buyer	Target	EV	Segment	Strategic Rationale
Alphabet (Google)	Wiz	\$32B	Cloud/CNAPP	Category-defining CNAPP; strengthens multi-cloud security and AI workload protection.
Palo Alto Networks	CyberArk	\$25B	Identity	Unifies Code-to-Cloud-to-Identity; identity as Zero Trust control plane.
ServiceNow	Armis	\$7.75B	OT/IoT	Extends automation into cyber-physical assets and unmanaged devices.
Francisco Partners	Jamf	\$2.2B	Endpoint/MDM	Take-private to drive operating leverage and Apple ecosystem dominance.
Proofpoint	Hornetsecurity	\$1.8B	Email/Cloud	Expands European mid-market footprint and Microsoft 365 security.
Veeam	Securiti	\$1.725B	Data Security	Unifies data resilience with DSPM and AI governance.
ServiceNow	Veza	\$1B	Identity Governance	Strengthens identity data fabric for policy and access governance.
Zscaler	Red Canary	\$675M	SecOps/MDR	Expands MDR and detection to enhance platform attach and SecOps.

Cloud/CNAPP

Identity

OT/IoT

Data

SecOps

● Total Mega-Deal Value: ~\$75B ● 8 Deals > \$1B

# Deal Deep Dive: Google to Acquire Wiz (\$32B)

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Largest private cybersecurity acquisition to date; establishes CNAPP as a core cloud security control plane.

## Transaction Profile

 ENTERPRISE VALUE  
**\$32.0 Billion**  
All-cash consideration

 VALUATION MULTIPLE  
**~64x ARR**  
Implied on ~\$500M ARR

 STRATEGIC SECTOR  
Cloud Security CNAPP

 DEAL STATUS  
**DOJ Cleared (Nov 2025)**  
Expected close in 2026

Target: Wiz • Buyer: Alphabet (Google)

## Strategic Rationale & Market Impact

### Platform Acceleration

CNAPP embedded into Google Cloud strengthens an end-to-end security fabric and moves enterprises toward “secure by design.”

### Competitive Counter-Strike

Pre-empts rival hyperscalers from owning the cloud security layer; positions Google as a neutral multi-cloud security broker.

### AI-Era Readiness

Combines Google’s AI stack with Wiz’s risk graph to secure AI workloads, data, and inference pipelines —key 2026+ spend driver.

### Valuation Benchmarking

~64x ARR sets a new ceiling for cloud security “platform assets,” widening the premium over point solutions.

# Palo Alto Networks to Acquire CyberArk (~\$25B)

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Unifying Code-to-Cloud-to-Identity. Identity becomes the Zero Trust control plane across human and machine access.

## Transaction Profile

 DEAL VALUE  
**~\$25.0 Billion**  
Cash + stock consideration

 VALUATION MULTIPLE  
**~13.5x EV/Revenue**  
Based on LTM revenue

 STRATEGIC FOCUS  
PAM NHI ITDR

 DEAL STATUS  
**Shareholder Approved**  
Reg. clearance pending; close H2 FY26

Buyer: Palo Alto Networks • Target: CyberArk (Identity)

## Strategic Rationale & Market Impact

- **Identity as Control Plane**

Positions identity (IAM/PAM/ITDR) as the core Zero Trust layer, linking code, cloud, and endpoint policies to who/what is requesting access.

- **NHI Explosion**

Addresses the rise of Non-Human Identities—APIs, service accounts, and AI agents—with the NHI:Human ratio projected at ~82:1 by 2026.

- **Platform Consolidation**

Creates a unified “Code-to-Cloud-to-Identity” platform. Cross-sell into PANW’s large base supports durable growth and higher attach rates.

- **Agentic AI Readiness**

Dynamic privilege and just-in-time access for autonomous AI agents reduces breach risk and enables safe automation at scale.

# Mid-Market Notables: 2025 AI & SecOps Consolidation

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Select Q4 2025 acquisitions expanding platform breadth and accelerating AI-native capabilities.

Buyer	Target	EV (\$M)	Rationale	Est. Multiple
Check Point	Lakera <b>AI</b>	300	AI safety and LLM security to bolster Infinity platform.	N/A
F5	Calypso AI <b>AI</b>	180	Model validation and secure AI app stack integration.	N/A
SentinelOne	Prompt Security <b>AI</b>	Undisc.	GenAI app and prompt injection security expansion.	N/A
SentinelOne	Observo.ai <b>SecOps</b>	225	AI-powered log optimization and SIEM data reduction.	N/A
CrowdStrike	Pangea <b>SecOps</b>	260	Developer security APIs extending Falcon platform.	N/A
Veeam	Securiti AI <b>Data</b>	1,725	DSPM and AI data governance unified with data resilience.	N/A

Note: EV values in USD millions; "Undisc." indicates undisclosed. Multiples not provided in public sources.

**AI Security Consolidation:** Platforms accelerated GenAI risk coverage via targeted acquisitions (Lakera, Calypso AI, Prompt Security).

**SecOps & Data Convergence:** Observo.ai and Pangea strengthen detection, data efficiency, and developer workflows; Veeam/Securiti links data protection with DSPM.

**Platform Attach Strategy:** Buyers focus on features that increase attach and retention within broader platform suites.

**AI**

**SecOps**

**Data**

Sources: PitchBook; SecurityWeek; Momentum Cyber.

# Subsector Landscape: Growth & Valuation Bands

Valuation ranges and growth outlook across core cybersecurity categories.

Subsector	Growth	EV/Revenue	Key Drivers
AI Security	Emerging	15-20x+	Model protection, LLM safety, agentic SOC
Cloud Security (CNAPP)	Hyper	12-20x	Agentless adoption, code-to-cloud, risk graph
Identity (IAM/IGA/PAM)	High	8-15x	NHI boom, ITDR, unified identity fabric
Data Security (DSPM)	High	6-12x	AI data governance, regulatory mandates
SecOps (XDR/SIEM)	Mid	5-10x	Automation, consolidation, data lake shift
Endpoint	Mid	4-8x	EDR → XDR attach, mature competition
Network	Low	2-6x	SASE/SSE pivot, legacy hardware re-rate

● Premium / AI-native    ● Growth / Platform    ● Mature / Legacy

## ■ Premium Bands: AI & Cloud Lead

AI Security and CNAPP command the highest multiples (15-20x+) driven by GenAI workloads and platform consolidation.

## ■ Identity Re-Rating

Identity (8-15x) strengthens as the Zero Trust control plane, propelled by the Non-Human Identity surge and ITDR.

## ■ Data & SecOps Momentum

DSPM benefits from AI governance; SecOps re-architects around security data lakes and automation (5-10x).

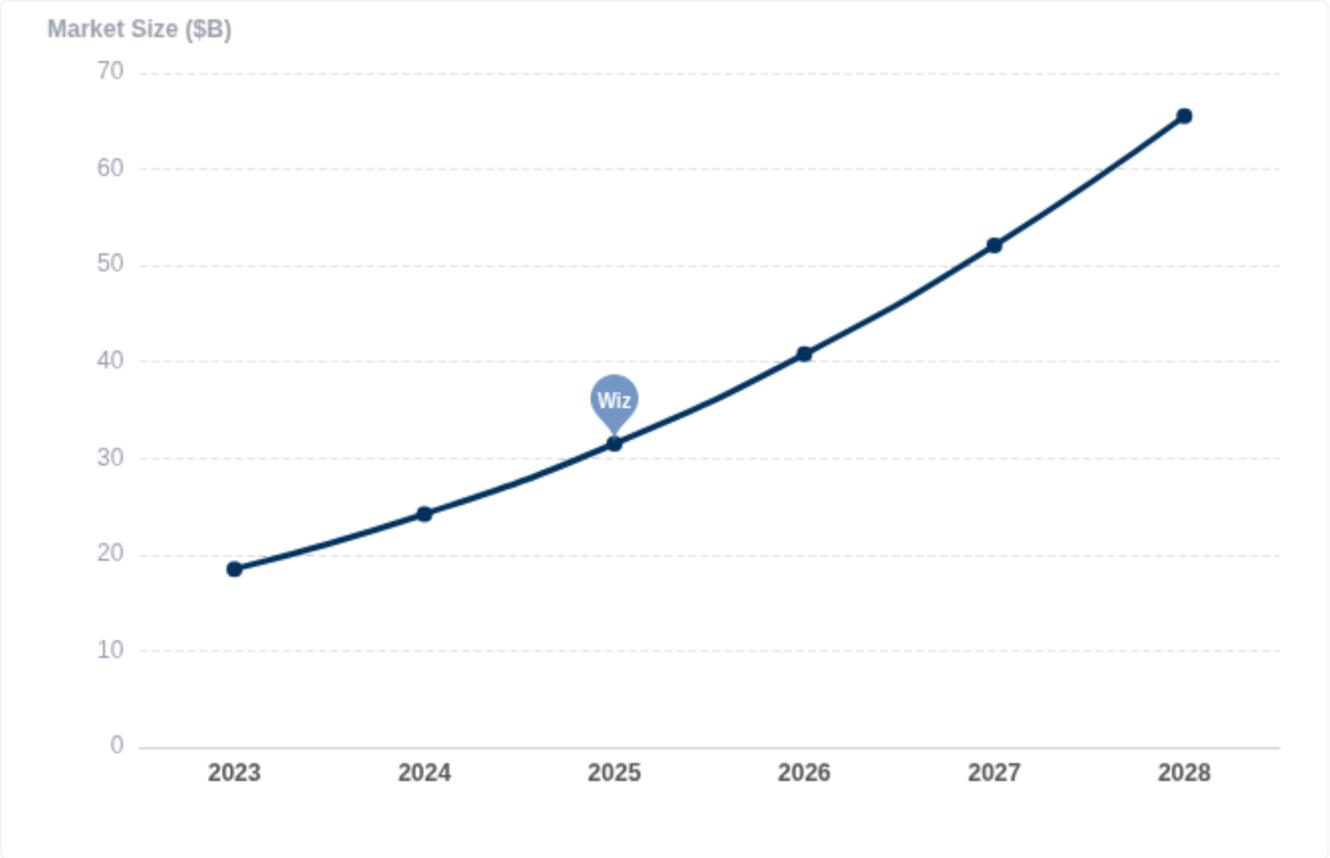
## ■ Mature Layers

Endpoint (4-8x) and Network (2-6x) are mature; bundles and SASE/SSE pivots support resiliency but cap multiples.

Ranges reflect market analysis in Q1 2026. Sources: Gartner; Cybersecurity Ventures; PitchBook.

# Cloud Security (CNAPP): Outlook 2026

Wiz \$32B validates CNAPP as security OS; market projected from \$18.5B (2023) to \$65.5B (2028) at ~24.5% CAGR.



- **CNAPP Validated at Scale**

The **\$32B** Wiz deal validates CNAPP as the operating system for cloud security, establishing a premium benchmark.

- **Agentless Adoption**

Agentless scanning lowers friction, accelerating multicloud visibility and risk correlation across code-to-cloud.

- **AI Workload Security Premium**

Securing AI pipelines (models, data, inference) drives higher attach and valuation premiums for cloud-native platforms.

- **Consolidation Continues**

Incumbents pursue CNAPP add-ons to complete platforms; mid-sized players become priority targets.

**VALUATION BENCHMARK**  
**\$32B**  
Google → Wiz

**MARKET CAGR**  
**~24.5%**  
2023 → 2028

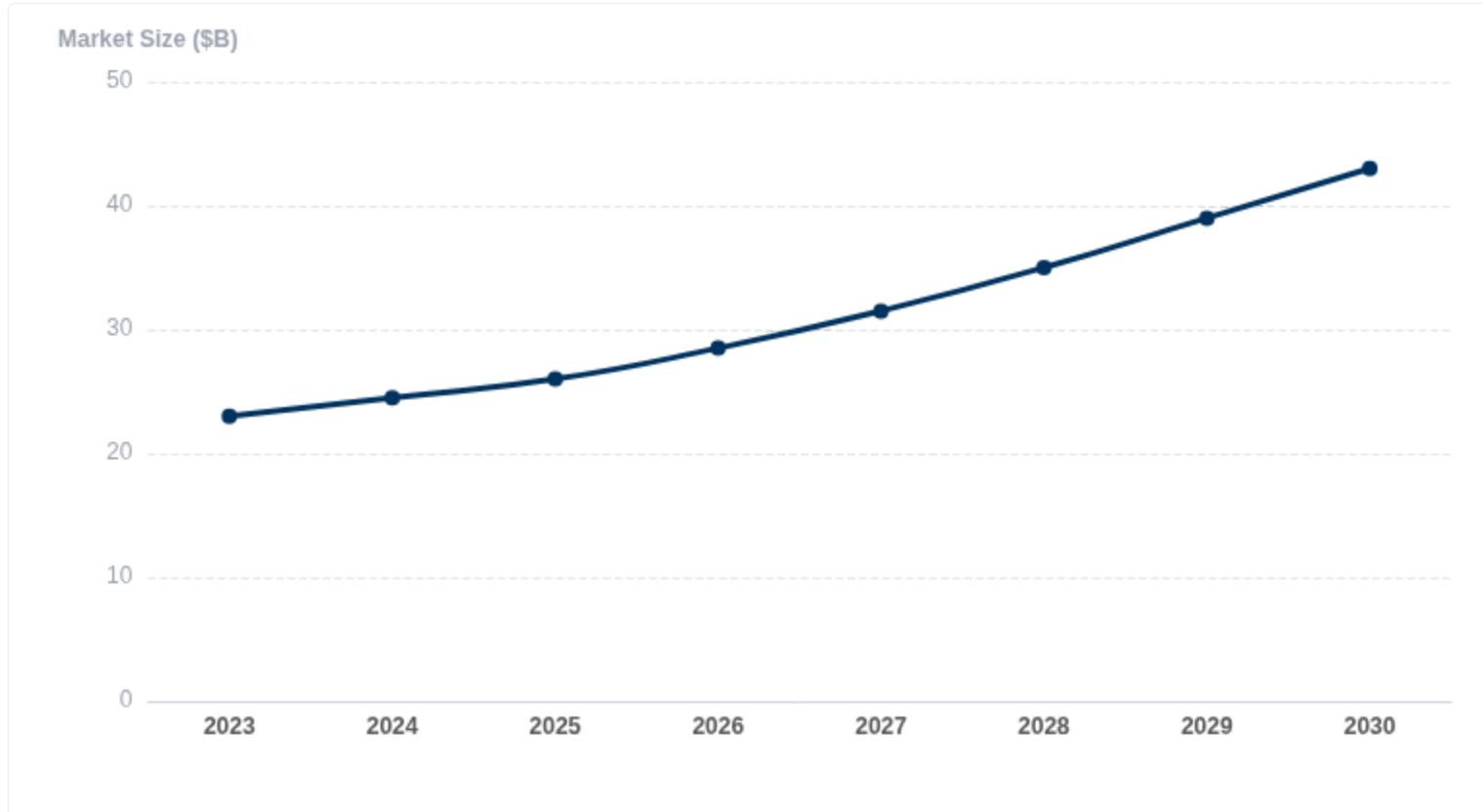
**2028 MARKET**  
**\$65.5B**  
Projection

Sources: [Gartner](#); [451 Research](#); [Reuters](#).

# Identity Security: The New Perimeter

Market expansion, NHI surge, and platform validation via PANW/CyberArk.

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- **Identity as Control Plane**

The ~\$25B Palo Alto Networks/CyberArk deal validates identity as the strategic control plane for Zero Trust and AI-era security.

- **NHI Explosion**

Machine identities scale rapidly (projected **1:82** human:machine by 2026), making API keys, service accounts, and AI agents first-class security objects.

- **PAM + ITDR Convergence**

Privilege management and identity threat detection/response converge into unified platforms, supporting premium **8-15x** EV/Revenue multiples.

NHI RATIO (2026)

**1:82**

Non-Human to Human identities

VALIDATION DEAL

**~\$25B**

PANW + CyberArk

VALUATION RANGE

**8-15x**

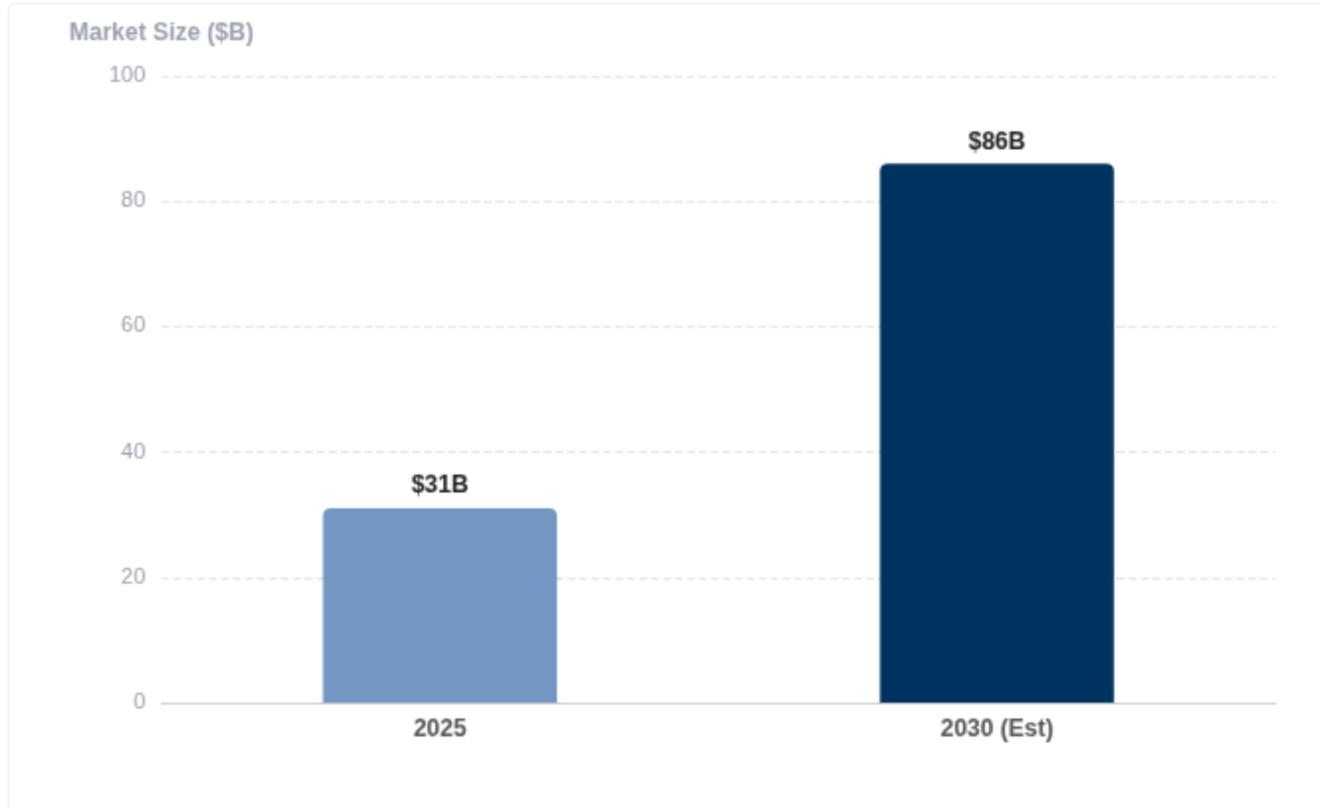
EV/Revenue for Identity leaders

Sources: [Gartner](#); [KuppingerCole](#); [PitchBook](#).

# AI Security: Market Growth & Premium Valuations

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Market growth 2025 \$31B → 2030 \$86B (~30–40% CAGR); AI-native assets command 15–20x+ revenue multiples.



- **Fastest-Growing Segment**

AI Security scales from **\$31B (2025)** to **\$86B (2030)**, reflecting ~**30–40% CAGR** as GenAI moves into production.

- **Deal Momentum Confirms Category**

Check Point → **Lakera** (~\$300M) and F5 → **Calypso AI** (~\$180M) validate “buy” over build. **SentinelOne** added AI assets (e.g., Prompt, Observo.ai).

- **Valuation Premiums**

AI-native vendors securing **LLM models, data, and inference** command **15–20x+** revenue multiples due to scarcity and growth.

- **LLM Protection Focus**

Enterprises prioritize defenses against prompt injection, model theft, data leakage, and “shadow AI” usage, alongside Autonomous SOC adoption.

**MARKET SIZE**

**\$31B → \$86B**

2025 to 2030 (Est.)

**PREMIUM MULTIPLES**

**15–20x+**

AI-native leaders

**VALIDATION DEALS**

**Lakera \$300M •**

**Calypso \$180M**

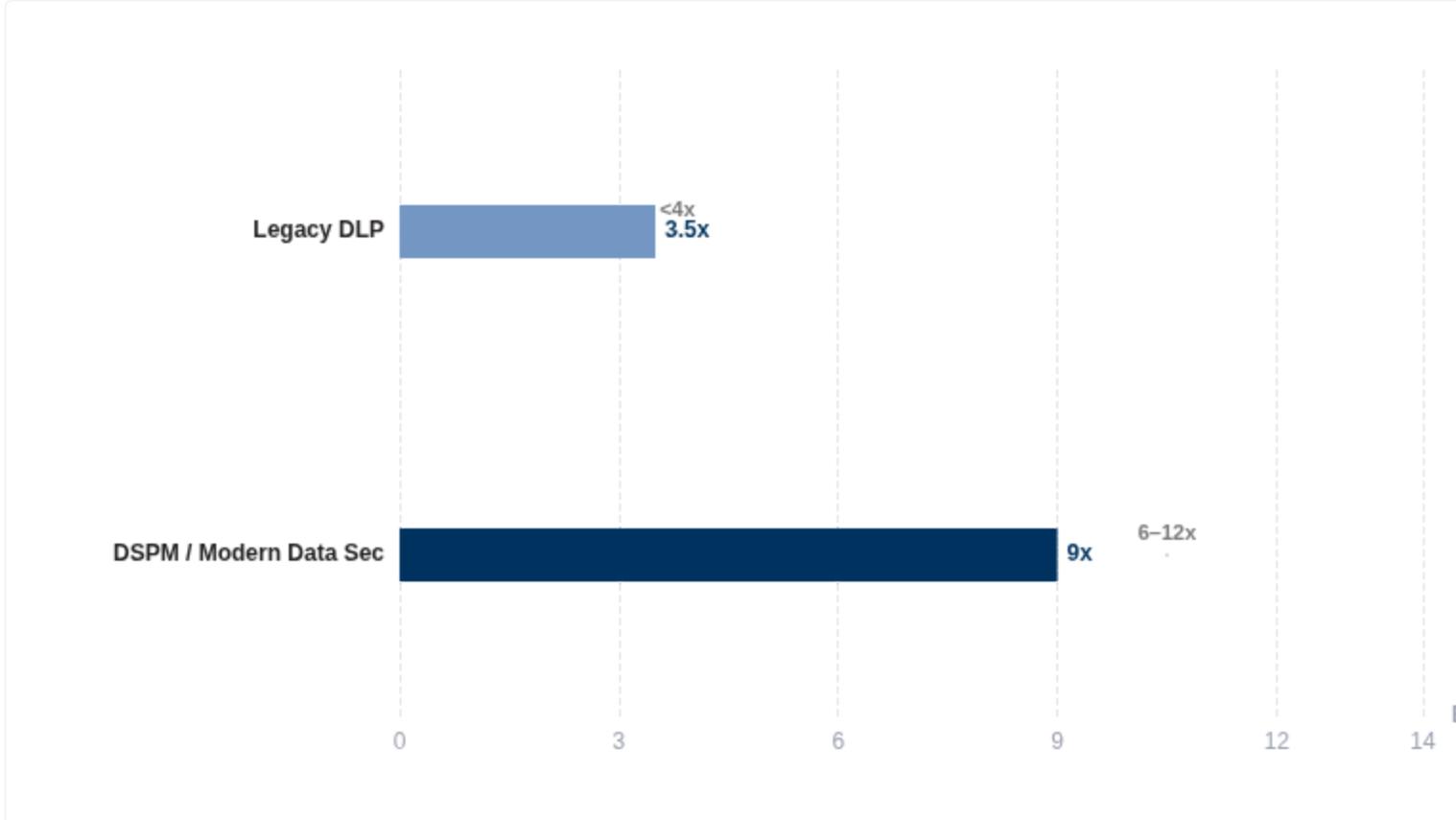
Plus SentinelOne acquisitions

Sources: [Gartner](#); [MarketsandMarkets](#); [CB Insights](#).

# Data Security: DSPM Surge & Quantum Readiness

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Modern data security re-rates as AI governance and regulation drive budgets; legacy DLP discounts persist.



- **DSPM Surge**

Data Security Posture Management is accelerating at **+38% CAGR** as enterprises govern AI data and reduce exposure across clouds.

- **Category Validation**

**Veeam/Securiti AI (\$1.725B)** validates convergence of data resilience, DSPM, and AI governance.

- **PQC Readiness**

Post-Quantum Cryptography programs and crypto-agility enter roadmaps for banking and critical infrastructure.

- **Regulatory Tailwinds**

NIS2 and DORA requirements, plus SEC incident disclosures, raise the floor for data governance and access controls.

**DSPM GROWTH**

**+38% CAGR**

Modern data security

**VALIDATION DEAL**

**\$1.725B**

Veeam → Securiti AI

**VALUATION BANDS**

**6-12x vs <4x**

DSPM vs Legacy DLP

Sources: [Gartner](#); [IDC](#); [Cybersecurity Ventures](#).

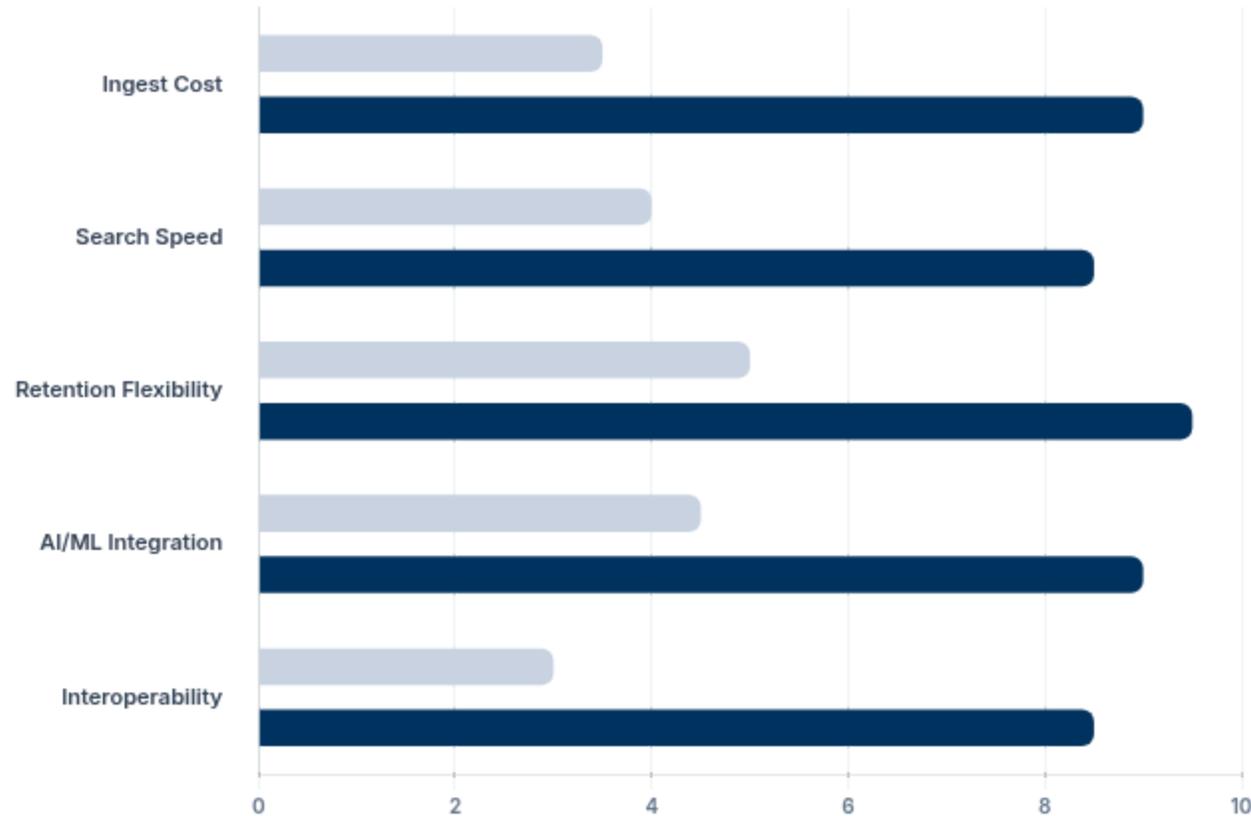
# Security Operations & SIEM: Decoupled Data Layer

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Decoupled storage/compute (Security Data Lake) vs. legacy SIEM across core operational capabilities.

## Operational Capability Scores (1-10)

● Legacy SIEM ● Decoupled Data Layer



Sources: [Gartner](#), [451 Research](#), [PitchBook](#).

## COST IMPACT

**40-60%**

Lower ingest/storage with Security Data Lakes

## ARCHITECTURE

Data Lake

Legacy SIEM

Decoupled storage/compute vs monolith

## Why Decoupled Wins

- Ingest and retention optimized in cloud data platforms (Snowflake, Databricks).
- AI/ML readiness: native model integration enables agentic SOC workflows.
- Interoperability: open schemas and “bring-analytics-to-data” approach.

Note: Scores normalized (1-10) for comparability.

# Endpoint & Network Security: 2026 Comparison

Maturity differences, bundling strategies, and AI-enhanced capabilities drive valuation spreads.

### Endpoint Security

EDR / XDR

# ~\$12.8B

2025 Market Size

#### Valuation Band (EV/Revenue)

A horizontal bar chart showing a valuation band from 0 to 20. The band is highlighted in blue between 4x and 8x. Ticks are at 0, 4x, 8x, 10, and 20.

- Mature category shifting from point EDR to unified XDR platforms.
- Bundling with **Identity** and **Cloud** improves attach and retention.
- 🛠️ AI-enhanced detection and automated response elevate efficacy and efficiency.

### Network Security

SASE SSE

# \$26.5B

2025 Spend (Network + SASE)

#### Valuation Band (EV/Revenue)

A horizontal bar chart showing a valuation band from 0 to 20. The band is highlighted in blue between 2x and 6x. Ticks are at 0, 2x, 6x, 10, and 20.

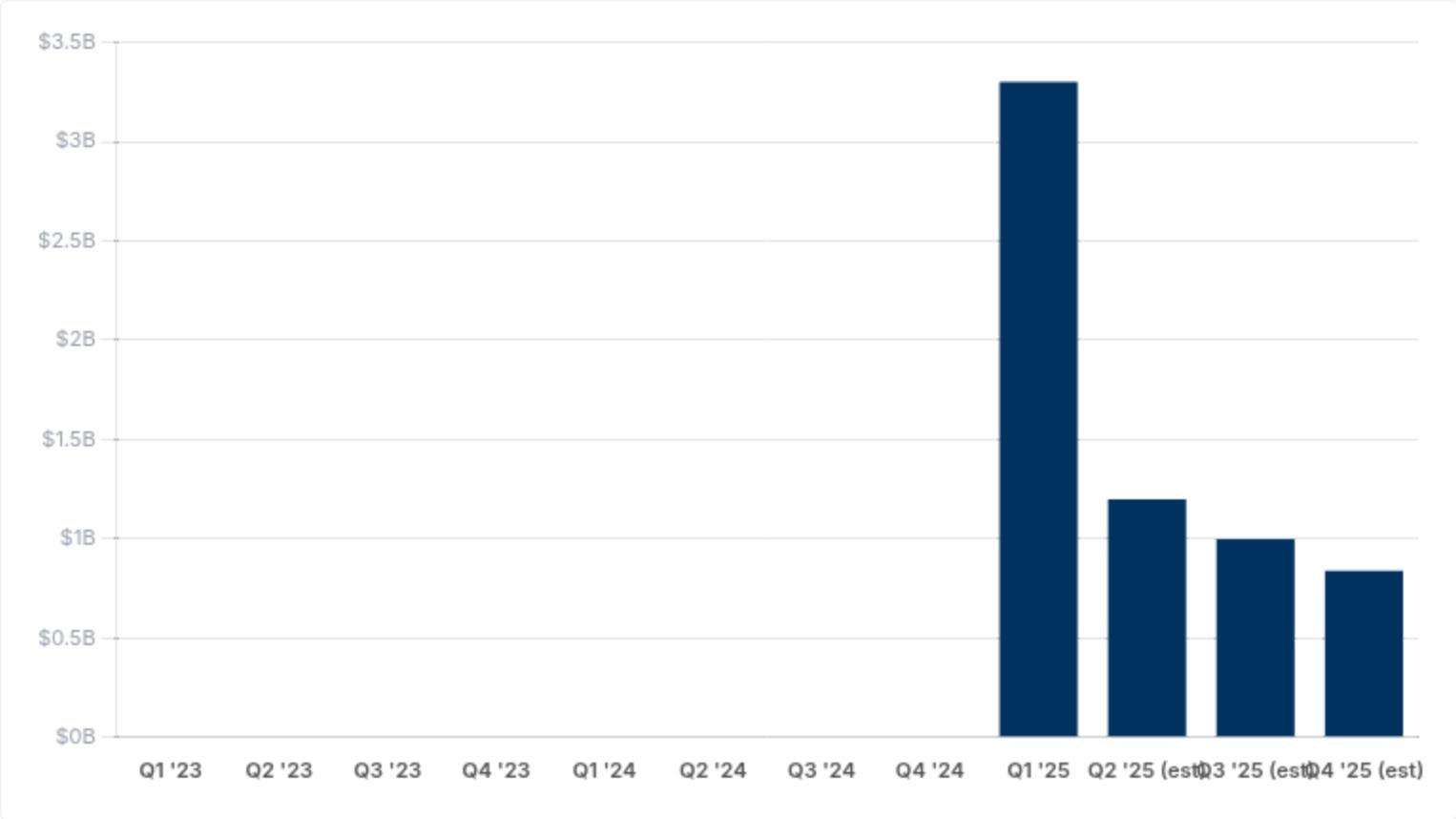
- Maturity: legacy hardware re-rating as platforms pivot to **SASE/SSE**.
- Bundling Zero Trust access and edge services to defend margins and share.
- 🛠️ AI-assisted traffic analysis and policy optimization enhance performance and security.

Note: Valuation ranges reflect market observations for 2025/2026. Endpoint 4-8x vs Network/SASE 2-6x; market sizes as indicated.

Sources: [Gartner](#), [IDC](#), [CrowdStrike IR](#)

# VC & PE Funding Trends: 2025

Quarterly VC funding (\$B) and key takeaways; FY 2025 totals and concentration.



**Q1 2025 (VC)**  
**\$3.3B**  
Quarter funding

**FY 2025 (VC)**  
**\$6.34B**  
Total funding

**MEGA-ROUNDS**  
**~40%**  
\$100M+ share of 2025

- Funding Concentration**

Late-stage mega-rounds (~\$100M+) captured a large share (~40%) of 2025 funding, reflecting winner concentration.

- AI Security Premium**

AI-centric cyber deals drove activity, with Q4 2025 showing ~50.5% of deal flow in AI security themes.

- Private Market Resilience**

The market remains selective but thawing for AI, cloud, and identity—emphasizing efficient, AI-driven growth.

Sources: [CB Insights](#); [PitchBook](#); [Crunchbase](#).

# Rule of 60 Efficiency Metric

Growth + Free Cash Flow (FCF) margin scoring framework for top-tier platform assets.

## Efficiency Snapshot



FORMULA

Rule Score = Revenue Growth % + FCF Margin %



THRESHOLD

**Rule of 60**

Target score for top-quartile “compounders.”



TIER 1 MEDIAN

**62**

**AI & Cloud Primes** leaders meeting/exceeding 60.

GROWTH

**~30%**

High growth profiles

FCF MARGIN

**~30%**

Operating discipline

Context: Tier 1 platform leaders in Identity/Cloud/Endpoint align with a Rule of 60+ profile.

## Why the Rule of 60 Matters

### • Efficiency Benchmark for “Platform Premium”

Companies sustaining Rule  $\geq$  60 earn structurally higher revenue multiples, consistent with Tier 1 valuation bands.

### • IPO Readiness Signal

Balanced growth and cash generation indicate durable unit economics—often a prerequisite for public-market re-ratings.

### • Valuation Correlation

Rule-of-60 performers correlate with double-digit EV/NTM revenue multiples, while sub-40 profiles align with discounted tiers.

### • Operator Playbook

Focus on platform attach, net retention, and AI-driven efficiency to raise FCF margins without sacrificing growth.

Note: “Rule of 60” = Growth + FCF margin. Tier mapping aligns with the report’s valuation tiering (Tier 1: Rule of 60+).

Sources: [Morgan Stanley](#); [Bessemer Venture Partners](#); [SaaS Capital](#)

# IPO Pipeline 2026 — Table 3: Top Private Cybersecurity Companies

Pre-IPO / late-stage candidates and positioning (as referenced in report Table 3).

Company	Valuation (Est.)	Focus Area	Status / Notes
Snyk	\$7.4B	Dev/AppSec	IPO candidate; profitability focus and platform breadth
Cato Networks	\$3.0B	SASE / Networking	Late-stage; SASE convergence narrative
Lacework	\$2.3B	CNAPP	Cloud security; cost discipline and growth reset
Wiz	\$32.0B	CNAPP	Pending Google acquisition; category leader
Arctic Wolf	\$4.3B	MDR	IPO-ready scale; managed detection & response

● Valuation chips denote estimated private values

## ■ IPO Window Timing

Post-2025 reopening supports 2026 listings for scaled, efficient platforms.

## ■ AI Premium Positioning

CNAPP, SASE, and MDR leaders with AI-native capabilities command stronger demand.

## ■ Platform Readiness

Breadth (DevSecOps, CNAPP, SASE, MDR) and durable unit economics are key IPO filters.

Note: Table reflects report's Table 3 (Pre-IPO / Late Stage) equivalent view for 2026 pipeline.

Sources: [PitchBook](#), [CB Insights](#), [Bloomberg](#)

# Exit Routes: Strategic M&A vs PE Buyouts

Side-by-side comparison of deal characteristics, typical revenue multiples, and buyer rationale.

## Strategic M&A

Platform Integration

**TYPICAL REVENUE MULTIPLE**

### 8-15x

Note: AI/cloud leaders can transact at higher outliers in mega-deals.

**BUYER RATIONALE**

- Complete platform suites (Cloud/Identity/Data/SecOps).
- Accelerate roadmap; cross-sell to large install bases.
- Secure AI workloads; reduce customer vendor sprawl.

**ILLUSTRATIVE TRANSACTIONS**

<b>Google → Wiz</b> \$32B; CNAPP category leadership	<b>PANW → CyberArk</b> \$25B; Identity as control plane
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Strategic focus: growth + product fit → premium revenue multiples.

## Private Equity (Buyouts)

Operational Improvement

**TYPICAL REVENUE MULTIPLE**

### 4-8x

Often evaluated on EBITDA (≈15-20x) with leverage and efficiency plans.

**BUYER RATIONALE**

- "Buy & Build" roll-ups to create scaled platforms.
- Improve margins via go-to-market and cost optimization.
- Target mature/legacy assets with stable cash flows.

**DEAL CHARACTERISTICS**

<b>Control + Add-ons</b> Programmatic M&A to expand features	<b>Efficiency Thesis</b> Pricing, packaging, SG&A leverage
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PE focus: profitability + scale → disciplined revenue/EBITDA multiples.

**Summary:** Strategics pay higher multiples for platform fit; PE aims for roll-ups and margin expansion.

Examples reflect reported transactions; multiples indicative and range by asset quality.

Sources: [PitchBook](#) • [Momentum Cyber](#) • [Bain & Company](#)

# Strategic Buyers Landscape: Platforms & Sponsors

WINDSOR DRAKE

Categories and rationale shaping consolidation in Q4 2025–Q1 2026.

## Buyer Categories



### Tech Giants

Google

Microsoft

AWS

Fill critical Cloud/AI gaps; multi-cloud coverage.



### Platform Players

PANW

CrowdStrike

Code-to-Cloud-to-Identity consolidation.



### Private Equity

Thoma Bravo

Vista

Buy & Build: optimize, roll up, scale go-to-market.

Examples reflect Q4 2025–Q1 2026 consolidation dynamics.

## Acquisition Rationale

- **Platform Completion**  
Fill gaps across Cloud, Endpoint, and Identity to reduce vendor sprawl.
- **AI Capabilities**  
Embed AI-native analytics and agentic SOC automation into the platform.
- **Identity Bundling**  
Unify PAM, IGA, and ITDR; secure Non-Human Identities at scale.
- **Data Gravity & Control**  
Own security data layers (cloud, DSPM) to power cross-product insights.
- **Cross-Sell Velocity**  
Leverage large install bases for rapid attach and durable ARR.
- **Talent Acquisition**  
Acquire elite engineering teams and accelerate product roadmaps.

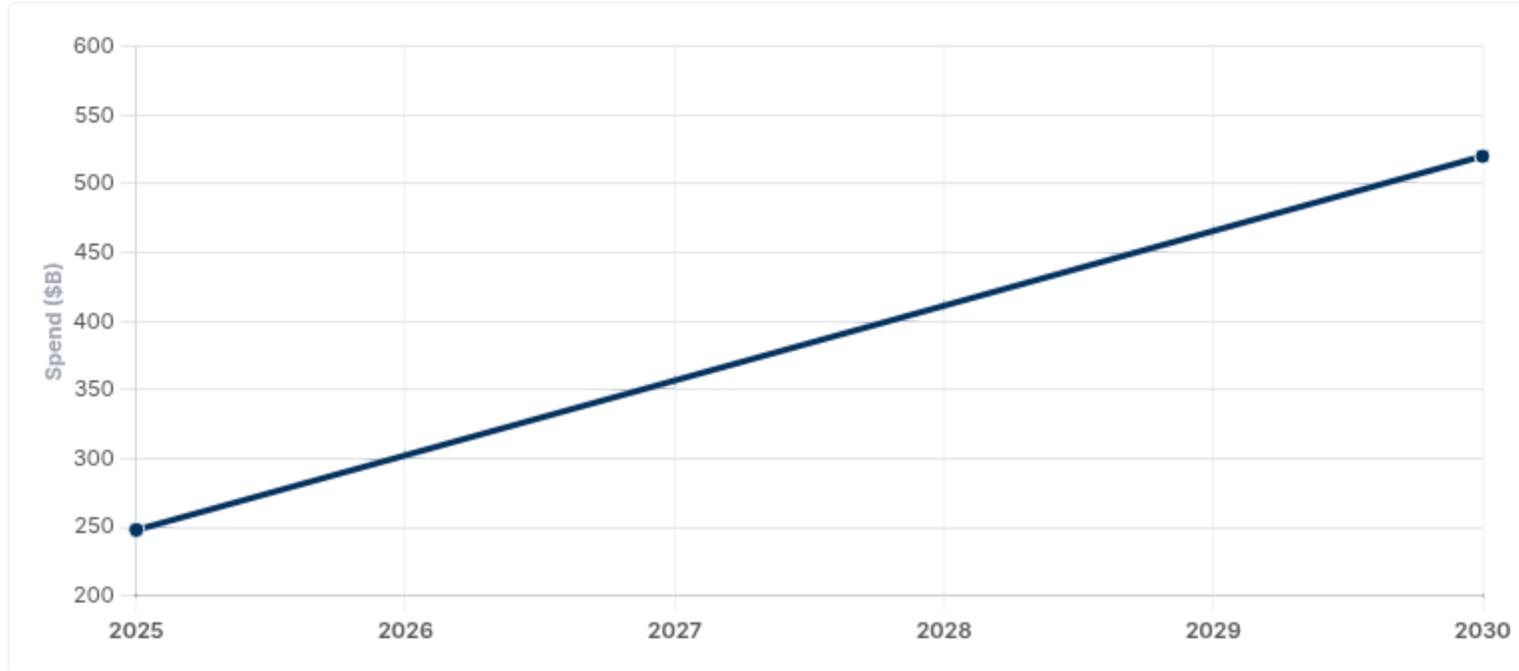
Context: Strategics prioritize platform breadth; PE focuses on operational excellence and roll-ups.

Sources: [PitchBook](#); [Momentum Cyber](#); [Reuters](#).

# 2026–2030 Market Forecast: Cybersecurity Spend

From \$248B (2025) to >\$520B (2030); CAGR ~16% (forecast).

WINDSOR DRAKE



2025 BASELINE

**\$248B**

Total cyber spend

2030 TARGET

**>\$520B**

Projected spend

CAGR ('25 → '30)

**~16%**

Forecast

- **AI Security Accelerates**

Fastest growth area with ~30–40% CAGR as enterprises secure models, data, and inference.

- **Identity Expansion**

Identity becomes the control plane; non-human identities surge, lifting spend.

- **Cloud Security Maturity**

CNAPP consolidation continues; platforms displace siloed tools across multicloud.

- **Regulatory Tailwinds**

SEC disclosures, EU AI Act, and NIS2 drive durable, non-discretionary demand.

# Investment Themes & Strategic Opportunities (2026)

WINDSOR DRAKE

Priority areas where capital concentrates to build integrated, AI-ready cyber platforms.



## Platform Consolidation

CISO-led stack reduction; cross-sell leverage and durable growth.

Driver: Vendor sprawl elimination



## AI-Native Security

Protect models, data, and inference; automate detection & response.

Driver: GenAI adoption



## Identity-First Architecture

Identity as control plane (IAM/IGA/PAM, ITDR) across users and machines.

Driver: Zero Trust mandates



## Zero Trust Acceleration

ZTNA/SSE replacing legacy VPNs; continuous verification at scale.

Driver: Policy & compliance



## Autonomous SOC

AI "analysts" automate Tier 1/2; faster MTTR and lower op-ex.

Driver: Efficiency at scale



## NHI Management

Govern non-human IDs (agents, APIs, services) with least privilege.

Driver: 82:1 machine:human



## CNAPP Dominance

Unified code-to-cloud risk; agentless multi-cloud visibility.

Driver: Cloud migration



## Regulatory Compliance

SEC incident disclosures; EU AI Act & NIS2 enforce governance.

Driver: Mandatory spend

Note: Themes align to report sections on platformization, AI security, identity control planes, and regulatory catalysts.

Sources: [Gartner](#); [Morgan Stanley](#); [Momentum Cyber](#)

# Risk Factors & Considerations

Key risks with impact and mitigation guidance for institutional investors.

 **Macro Slowdown**  
**Demand Risk**

**Impact:** Budget timing delays; elongating sales cycles even for resilient security spend.

**Mitigation:** Prioritize mission-critical use cases; align to compliance and risk-reduction ROI.

 **Valuation Compression**  
**Multiple Risk**

**Impact:** Point solutions re-rate lower vs. platform leaders; exit multiples narrow.

**Mitigation:** Focus on Rule-of-40/60 efficiency; emphasize platform attach and retention.

 **Integration Risk (M&A)**  
**Execution Risk**

**Impact:** Product overlaps, go-to-market disruption, and talent attrition post-close.

**Mitigation:** Clear integration roadmap; preserve core R&D teams; stage pricing/packaging.

 **Technology Disruption**  
**Product Risk**

**Impact:** Agentic AI and data-lake analytics can displace legacy SIEM/SOAR tools.

**Mitigation:** Accelerate AI-native roadmaps; partner for data layer interoperability.

 **Regulatory Uncertainty**  
**Compliance Risk**

**Impact:** Divergent rules (SEC/EU AI Act/NIS2) extend evaluations and raise costs.

**Mitigation:** Build compliance-by-design; provide auditability, data residency, and controls.

 **Geopolitical Tensions**  
**Market Risk**

**Impact:** Export limits and sovereignty mandates restrict cross-border deployment.

**Mitigation:** Offer sovereign deployment options; strengthen regional partnerships.

Note: Prioritize platform efficiency, compliance alignment, and AI-native capabilities to manage risk.

Sources: [Morgan Stanley](#); [McKinsey](#); [Gartner](#).

# Appendix: Sources & Methodology

Primary references (accessed Dec 2025) and approach used for valuations and forecasts.

Source	Citation (hyperlinked)	Date/Note
Gartner	<a href="#">IT spending forecasts</a>	Accessed Dec 2025
PitchBook	<a href="#">M&amp;A data &amp; deal tracking</a>	Accessed Dec 2025
Morgan Stanley	<a href="#">Market analysis &amp; valuations</a>	Accessed Dec 2025
Momentum Cyber	<a href="#">Cybersecurity M&amp;A intelligence</a>	Accessed Dec 2025
CB Insights	<a href="#">VC funding data</a>	Accessed Dec 2025
SecurityWeek	<a href="#">News &amp; landmark deals</a>	Accessed Dec 2025
Cybersecurity Ventures	<a href="#">Market forecasts</a>	Accessed Dec 2025
Kroll	<a href="#">Valuation benchmarks</a>	Accessed Dec 2025
Reuters	<a href="#">Financial news &amp; deal coverage</a>	Accessed Dec 2025
SEC Filings	<a href="#">Public company data</a>	Accessed Dec 2025
451 Research	Enterprise security insights	Accessed Dec 2025

Note: Hyperlinks provided for all primary references. Access dates reflect Dec 2025 cut-off.

## Methodology

**Data Cut** As of Dec 31, 2025; Q4 2025 actuals; Q1 2026 outlook.

**Valuation** EV/NTM Revenue & EV/NTM EBITDA from public comps; M&A multiples as disclosed (ARR/Rev).

**Efficiency** Rule of 40/60 (growth + FCF margin) to assess operational quality.

**Coverage** Cybersecurity (platforms, identity, cloud, data, SecOps).

**Sources** See hyperlinked references in the table.

## Disclaimer

This report contains forward-looking statements based on publicly available information and analyst estimates as of the stated data cut. Actual outcomes may differ. No investment advice is implied.