

# CYBERSECURITY

## Year-End 2024 Report



### INSIDE THIS ISSUE

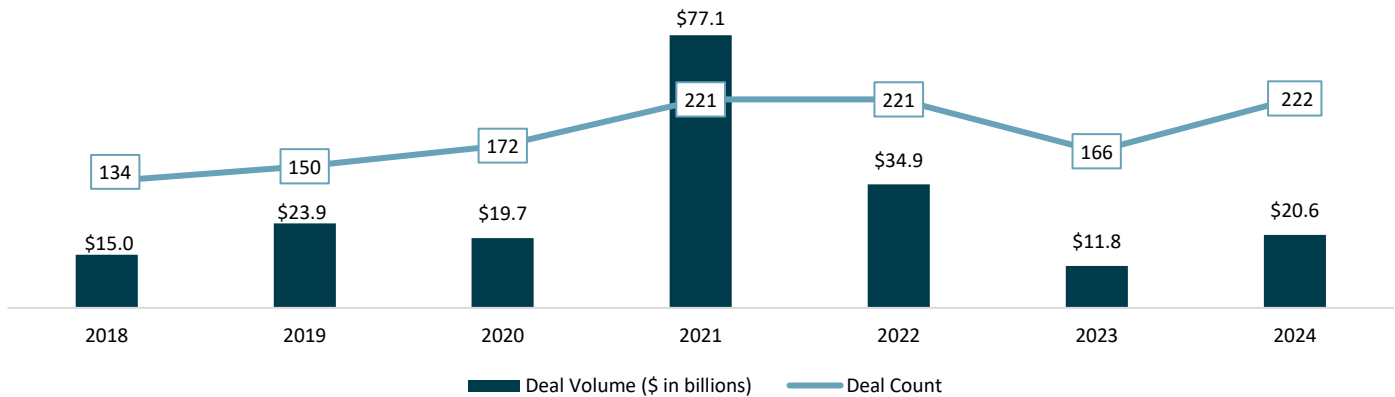
- In 2024, cybersecurity mergers and acquisitions (M&A) and growth investments saw a massive rebound, fueled by slowing inflation, stable interest rates, healthy spending growth and available capital across a widening array of well-heeled buyers and investors
- Public cybersecurity valuations have surged past 2023 lows, reaching levels unseen since 2021, fueling optimism and paving the way for a robust IPO market in 2025, with SailPoint's recent listing setting the stage for a wave of upcoming offerings
- Growth continues to be the primary driver of public cyber valuations, with the widening innovation gap spurring acquirers and investors to prioritize creativity and technology adoption as essential long-term value drivers
- In 2024, cybersecurity trends featured the integration of AI for improved threat detection, a heightened emphasis on cloud security due to increased reliance on cloud services and the need to navigate complex regulatory compliance requirements. Organizations continue to adopt Zero Trust architectures to address evolving threat landscapes and elevating cybersecurity to a board-level priority. There is also a focus on building cyber resilience through robust preparation and recovery strategies. Additionally, attention on IoT and IIoT security has grown, driven by rising geopolitical tensions that amplify compliance and security demands for cyber-physical systems. These trends underscore the critical and dynamic nature of cybersecurity in today's digital landscape

# 2024 Cybersecurity M&A Activity

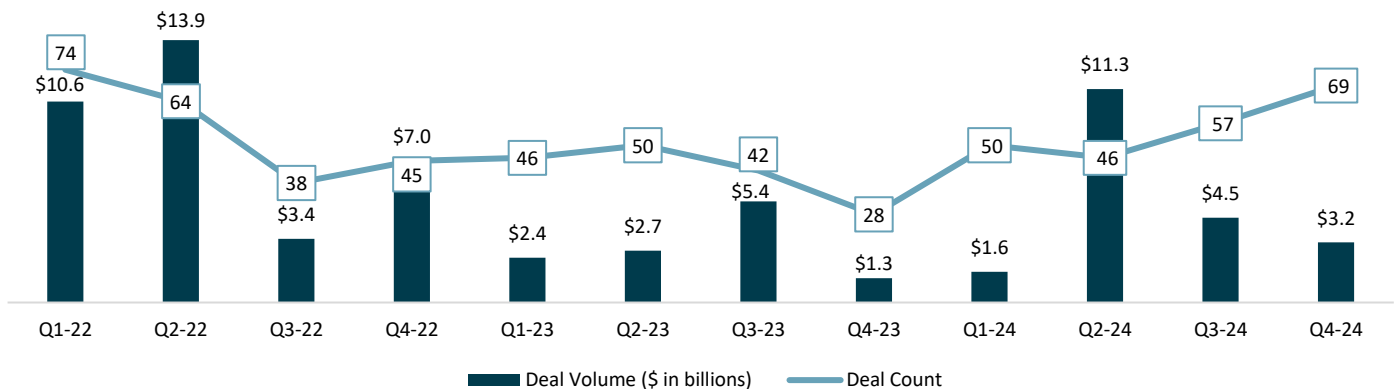
## 2024 SAW A STRONG REBOUND IN CYBERSECURITY M&A ACTIVITY, SIGNALING A SECTOR-WIDE RECOVERY

- Cybersecurity M&A activity levels and values experienced a significant resurgence in 2024, propelled by easing inflation, growing corporate cash reserves and a more favorable interest rate environment
- Global cybersecurity M&A deal volume soared to \$20.6 billion in 2024, nearly doubling the volume seen in 2023 and exceeding the pre-2021 five-year historical average
- Cybersecurity deal count in 2024 also experienced a substantial comeback, totaling 222 completed transactions, a 34% increase from the previous year and in line with transaction numbers seen in 2021, a record-breaking year for M&A
- While most sector M&A transactions do not publicly disclose multiples, available data indicates a median enterprise value / LTM revenue multiple of 6.7x in 2024, representing a healthy increase from the 2023 median of 6.0x
- Examining quarterly volume, Q2 saw explosive growth compared to Q1 (and a 300%+ increase over Q2 2023), signaling a renewed confidence in pursuing large transactions and marking the highest quarterly deal volume recorded in two years
- Key thematic drivers of cybersecurity M&A in 2024 included the adoption of Zero Trust, driving increased demand for IAM and PAM solutions to enhance security and ensure compliance, as well as capability-building and consolidation in managed services and cloud security, fueled by cloud migration and growing enterprise demand for unified security solutions
- Cybersecurity M&A and investment activity is off to a strong start in 2025, exemplified by SailPoint's successful IPO in February, marking the first major tech IPO of the year and only the second cybersecurity vendor to go public since 2021, setting the stage for a dynamic IPO market ahead
- After a multi-year slowdown due to high interest rates and inflationary pressures, private equity sponsors, armed with substantial dry powder, are set to make a significant push into the cybersecurity space in 2025, capitalizing on re-emerging growth drivers and attractive exit opportunities
- The rise in cybersecurity M&A is driving technological innovation and expanding service offerings. Acquisitions are integrating AI-driven threat intelligence and advanced cloud security solutions, enhancing the capabilities of acquiring firms and accelerating the deployment of comprehensive security measures worldwide

### ANNUAL CYBER M&A ACTIVITY

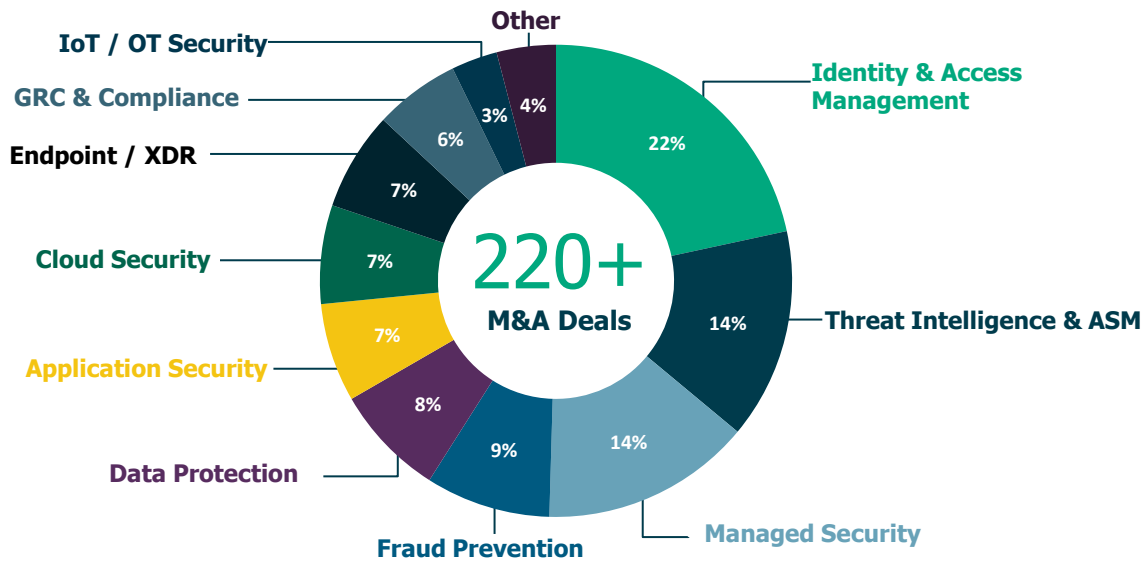


### QUARTERLY CYBER M&A ACTIVITY



Sources: 451 Research / S&P Capital IQ, Crunchbase, PitchBook, public sources and Lincoln estimates

## 2024 CYBER M&A TRANSACTIONS BY VERTICAL



## NOTABLE 2024 CYBERSECURITY M&A TRANSACTIONS

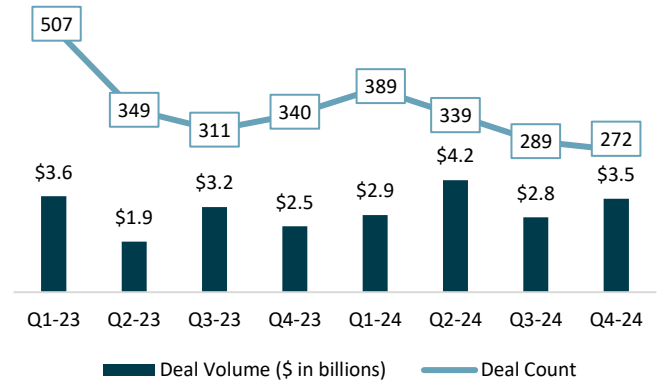
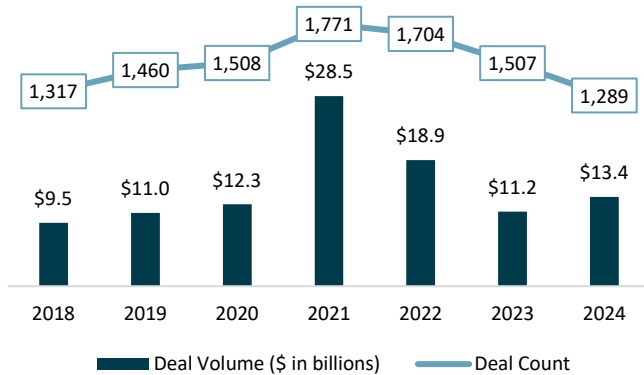
Announced	Acquirer	Target, Subsector	Deal Value/ Multiple of LTM Revenues	Announced	Acquirer	Target, Subsector	Deal Value/ Multiples of LTM Revenues
Dec-24	ae Industrial Partners	Paragon Security Offensive Security	\$500 million / ND	May-24	PERMIRA	BioCatch Digital Fraud Detection	\$1.3 billion / ND
Dec-24	Gen	MoneyLion Consumer Finance	\$1.0 billion / ND	May-24	FP FRANCISCO PARTNERS	SYNOPSYS® AppSec & AST Solutions	\$2.1 billion / ND
Dec-24	pango	TOTAL Security Endpoint Protection	\$1.7 billion / ND	Apr-24	THOMABRAVO	DARKTRACE SecOps & IR	\$5.3 billion / 8.1x
Nov-24	WIZ*	DAZZ. Cloud Security	\$450 million / ND	Apr-24	IBM	HashiCorp Infrastructure & Security Automation	\$6.4 billion / 10.9x
Oct-24	SOPHOS	Secureworks® Managed Security	\$825 million / 2.4x	Apr-24	WIZ*	Gem Cloud Security	\$350 million / ND
Sep-24	mastercard	Recorded Future Threat Intelligence	\$2.6 billion / ND	Apr-24	ENTRUST	onfido Identity Verification & Biometric AI	~\$400 million / ND
Sep-24	salesforce	Qum Network Management	\$2.1 billion / ND	Mar-24	zscaler™	Avalor Data Security	\$350 million / ND
May-24	Akamai	noname API Security	\$450 million / ND	Feb-24	COHESITY	VERITAS Backup & Recovery Solutions	\$3.0 billion / ND
May-24	CYBERARK®	Venafi IAM	\$1.5 billion / 10.3x	Feb-24	HAVELI	ZEROFOX Attack Surface Management	\$350 million / 1.6x
May-24	Hg	AUDITBOARD Audit, Compliance & Risk Management	\$3.0 billion / ND	Jan-24	Hewlett Packard Enterprise	JUNIPER NETWORKS Network Security	\$13.6 billion / 2.5x

# 2024 Cybersecurity Investment Activity

## CYBER GROWTH INVESTING ROSE IN 2024, REVERSING SEVERAL CONSECUTIVE YEARS OF DECLINE

- Similar to M&A, 2024 cyber venture / growth investing saw a strong rebound in 2024, finishing the year with total funding of \$13.4 billion in deal volume across 1,289 transactions, marking the first annual increase since 2021
- In 2024, investment volume increased by 20%, while deal count decreased by 14% compared to 2023, signaling renewed confidence in larger growth raises – a trend that bodes well for cybersecurity valuations in 2025
- The outlook for 2025 is highly optimistic, with falling interest rates expected to spark a surge in growth investment across various sectors. Strong demand trends, above-average growth potential and an increasing need for growth capital to fuel innovation in cybersecurity make the investment landscape particularly promising, positioning the sector for sustained momentum

### ANNUAL & QUARTERLY CYBER GROWTH ACTIVITY



Sources: 451 Research / S&P Capital IQ, Crunchbase, PitchBook, public sources and Lincoln estimates

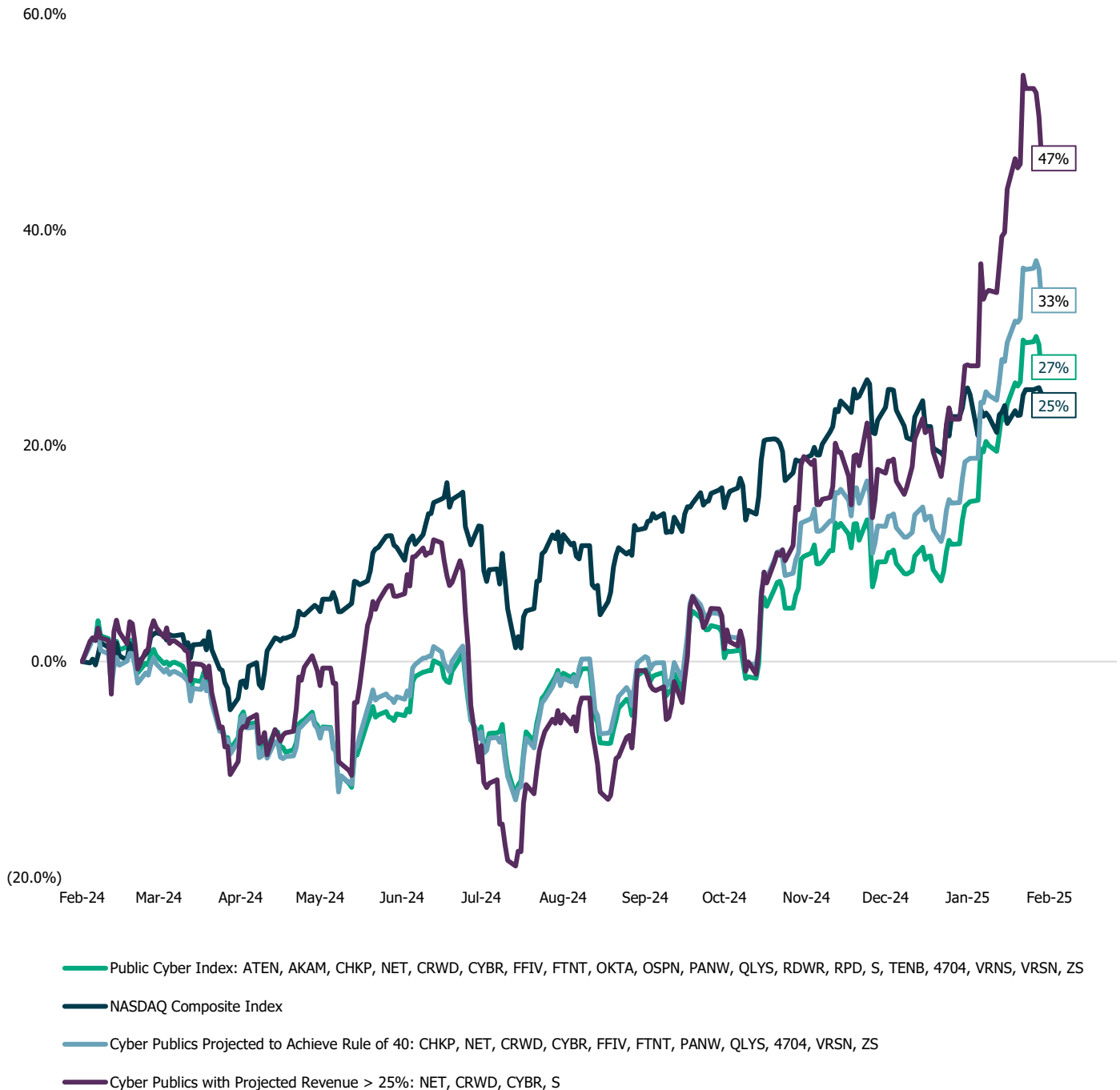
### NOTABLE 2024 CYBERSECURITY GROWTH INVESTMENTS

Announced	Company	Subsector	\$ Raised in Round	Announced	Company	Subsector	\$ Raised in Round
Nov-24	Upwind	Detection and Response	\$100 million	May-24	WIZ	Cloud Security	\$1.0 billion
Oct-24	ARMIS	Asset Intelligence & Threat Detection	\$200 million	Apr-24	Island	Web Security	\$175 million
Oct-24	DTIQ	SaaS Video Surveillance	\$145 million	Apr-24	corelight	Network & Infrastructure Security	\$150 million
Aug-24	Kiteworks	Network Security	\$456 million	Apr-24	THREATLOCKER	Threat Intelligence	\$300 million
Aug-24	Abnormal	Network Security	\$250 million	Apr-24	CYERA	Data Security	\$300 million
Jul-24	Chainguard	Zero Trust Security	\$140 million	Mar-24	AXONIUS	IoT Security	\$200 million
Jul-24	Vanta	Data Security	\$150 million	Mar-24	CLAROTY	Cyber-Physical Systems Protection	\$100 million
Jun-24	HUNTRESS	Endpoint Security	\$180 million	Jan-24	aqua	Cloud Security	\$195 million

# Cybersecurity Public Valuations Kick Off 2025 with Strength

## PUBLIC CYBER VALUATIONS SURPASS 2021 PEAKS

- Over the last 12 months, the Index of Public Cyber Vendors increased by 27%, outpacing the NASDAQ which increased by 25% over the same period
- As of this writing, the Index of Public Cyber Vendors has surged 108% from its three-year low on January 5, 2023, and is now exceeding its peak valuation in 2021, a year widely regarded as a record for technology valuations
- Markets continue to favor the most aggressive growers, with publicly traded cybersecurity companies projected to achieve over 25% revenue growth in 2025 experiencing a 47% increase in stock prices over the past twelve months. In contrast, cybersecurity companies targeting a balanced growth and profitability profile (Rule of 40)<sup>(1)</sup> saw their valuations climb by 33% during the same period



Note: (1) Calculated as 2025 projected revenue growth plus 2025 projected EBITDA margin

# Revenue Growth Remains the Dominant Force Driving Cyber Valuations

## INVESTORS ARE WILLING TO PAY PREMIUMS FOR SUSTAINED GROWTH

- Since late 2022, rising interest rates and limited access to capital shifted public market valuations in cybersecurity toward companies demonstrating balanced growth and profitability (Rule of 40)
- However, with market conditions improving in 2024, investor focus has shifted back to prioritizing high revenue growth over profitability, as strong revenue growth indicates robust market demand, scalability and significant long-term potential
- Growth is especially important in cybersecurity, where companies that can rapidly expand their customer base and product offerings are well-positioned to dominate niches before competitors catch up, leading to network effects, strong customer stickiness and future profitability
- As of the time of this writing, revenue growth had a 63% correlation with public cyber vendor 2025E enterprise value / revenue multiples. In comparison, Rule of 40 had just a 55% correlation with 2025E revenue multiples, signaling that investors view growth as key for staying ahead of the competition in a space where the pace of technological advancement is rapid and the need for scalable solutions is high

## CYBER PUBLIC VENDOR PERFORMANCE

Vendors	2025 Revenue Growth	2025 EBITDA Margin	Rule of 40 <sup>(1)</sup>	Actual vs. Estimated Results <sup>(2)</sup>		EV / Revenue 2025E <sup>(3)</sup>
				Revenue (\$ in millions)	EPS	
Cloudflare	26.1%	20.9%	47.0%	Beat by \$7.8, 1.7%	Beat by \$0.01, 5.0%	25.5x
CrowdStrike Holdings	21.4%	25.4%	46.7%	Beat by \$27.1, 2.8%	Beat by \$0.12, 14.9%	21.8x
CyberArk Software	33.2%	21.7%	55.0%	Beat by \$12.9, 4.3%	Beat by \$0.08, 10.8%	14.4x
VeriSign	4.2%	73.6%	77.7%	Beat by \$0.5, 0.1%	Met Expectations	14.4x
Palo Alto Networks	14.7%	31.1%	45.9%	Beat by \$17.6, 0.8%	Beat by \$0.03, 3.9%	13.1x
Fortinet	15.0%	34.3%	49.3%	Beat by \$64.6, 4.0%	Beat by \$0.13, 21.9%	12.5x
Zscaler	20.0%	25.5%	45.4%	Beat by \$22.3, 3.7%	Beat by \$0.14, 22.7%	10.4x
Check Point Software	6.2%	43.7%	49.9%	Beat by \$4.9, 0.7%	Beat by \$0.05, 1.7%	8.4x
Varonis Systems	11.3%	2.9%	14.1%	Miss by -\$7.4, -4.5%	Beat by \$0.04, 27.3%	8.0x
Qualys	7.7%	41.7%	49.4%	Beat by \$2.9, 1.9%	Beat by \$0.23, 17.2%	7.2x
SentinelOne	25.7%	5.2%	30.9%	Beat by \$0.9, 0.4%	N/A	6.5x
F5	6.4%	38.2%	44.6%	Beat by \$50.0, 7.0%	Beat by \$0.46, 13.7%	5.4x
Okta	7.8%	22.4%	30.2%	Beat by \$15.4, 2.4%	Beat by \$0.09, 14.8%	5.3x
A10 Networks	8.2%	27.8%	36.0%	Beat by \$2.4, 3.3%	Beat by \$0.09, 39.8%	4.9x
Trend Micro	12.6%	29.7%	42.3%	Beat by \$5.6, 1.3%	N/A	4.5x
Tenable Holdings	9.4%	23.7%	33.0%	Beat by \$3.7, 1.6%	Beat by \$0.07, 19.0%	4.5x
Akamai Technologies	4.2%	42.5%	46.6%	Beat by \$4.6, 0.5%,	Beat by \$0.14, 9.0%	4.0x
Rapid7	3.1%	17.7%	20.7%	Beat by \$4.0, 1.9%	Miss by -\$0.02, -3.4%	2.9x
Radware	7.7%	13.6%	21.3%	Beat by \$1.7, 2.3%	Beat by \$0.03, 14.0%	2.5x
OneSpan	3.4%	29.0%	32.3%	Beat by \$1.5, 2.8%	Beat by \$0.14, 73.7%	2.5x

Note: (1) Calculated as 2025 projected revenue growth plus 2025 projected EBITDA margin; (2) As of latest quarter reported; (3) Multiples as of 02/20/2025

# Looking Ahead to 2025 and Beyond

## KEY TRENDS

### AI Expansion

In 2025, the integration of artificial intelligence (AI) into cybersecurity continues to revolutionize digital defense mechanisms. AI-driven solutions enhance threat detection accuracy and enable automated responses, allowing organizations to swiftly address emerging cyber threats. Despite these advancements, the rise of AI-powered cyberattacks presents new challenges, necessitating continuous innovation and adaptation from cybersecurity professionals to stay ahead of adversaries.

### Quantum Resilience

With the rapid progress of quantum computing, quantum resilience has become a pivotal focus in cybersecurity for 2025. Organizations are increasingly investing in quantum-resistant encryption methods to protect sensitive data from potential quantum-based decryption threats. This proactive approach ensures that security infrastructures remain robust and future-proofed against the evolving capabilities of quantum technologies.

### Zero Trust Architecture Adoption

The adoption of Zero Trust Architecture (ZTA) has become widespread as businesses seek to enhance their security postures in increasingly complex IT environments. By implementing strict identity verification, least-privilege access and continuous monitoring, organizations effectively minimize trust assumptions and reduce exposed attack surfaces. This comprehensive security strategy is critical for safeguarding assets in hybrid and remote work settings.

### Supply Chain Security

Supply chain security continues to be a critical priority, driven by the increasing number of cyberattacks targeting third-party vendors and partners. Organizations are adopting rigorous supply chain risk management practices, including thorough vendor assessments and continuous monitoring, to mitigate vulnerabilities. Strengthening supply chain security is essential for maintaining the integrity and reliability of interconnected business operations.

### Regulatory Evolution

The cybersecurity regulatory landscape continues to undergo significant changes with governments worldwide introducing more stringent data protection and cyber resilience laws. Organizations must navigate a complex array of regulations, such as enhanced GDPR provisions and sector-specific compliance requirements. Adapting to these evolving regulations demands robust compliance management systems and proactive policy updates to ensure adherence and avoid substantial penalties.

### IoT Protection

As the Internet of Things (IoT) continues to expand, securing connected devices has become increasingly important in 2025. Organizations are prioritizing IoT protection by implementing strong authentication protocols, network segmentation, and real-time monitoring. These measures are crucial for preventing unauthorized access and addressing the unique vulnerabilities associated with a growing array of interconnected devices and particularly industrial applications.

### Cybersecurity Workforce Development
















The ongoing global shortage of skilled cybersecurity professionals remains a significant challenge. To address this gap, organizations are investing heavily in cybersecurity education and training programs, as well as initiatives to attract diverse talent into the field. Strengthening the cybersecurity workforce is essential for effectively managing and mitigating the complex cyber threats faced by modern enterprises.

### Cloud Security Innovations









Cloud security innovations are at the forefront of cybersecurity strategies, driven by the widespread adoption of multi-cloud environments. Advanced Cloud Security Posture Management (CSPM), Cloud Access Security Brokers (CASB) and dynamic WAF solutions are being deployed to address cloud-specific vulnerabilities. Enhanced encryption techniques and automated compliance monitoring ensure that data and applications remain secure across diverse and scalable cloud infrastructures.

# Recent Cyber Take-Private Activity and Leading Cyber IPO Candidates

## TAKE-PRIVATES

Take-Private Announced	Acquirer	Target, Subsector	Enterprise Value
Oct-24	 SOPHOS	Secureworks <sup>®</sup> Managed Security	\$859 million
Apr-24	 IBM	HashiCorp <sup>®</sup> Cloud Security	\$6.4 billion
Apr-24	 THOMABRAVO	DARKTRACE <sup>®</sup> Network Security	\$5.3 billion
Feb-24	 THOMABRAVO	everbridge <sup>™</sup> Critical Event Mgmt.	\$1.8 billion
Feb-24	 HAVE LI	ZEROFOX <sup>™</sup> Attack Surface Mgmt.	\$350 million
Jan-24	 Hewlett Packard Enterprise	JUNIPER NETWORKS <sup>®</sup> Network Security	\$14.0 billion
Sep-23	 CISCO	splunk <sup>&gt;</sup> Data Analytics	\$28.0 billion
May-23	 CROSSPOINT CAPITAL	ABSOLUTE <sup>™</sup> Network Security	\$870 million
Apr-23	 THOMABRAVO	MAGNET FORENSICS <sup>™</sup> Data Management	\$1.3 billion
Feb-23	 FIP FRANCISCO PARTNERS	sumo logic <sup>™</sup> Security Analytics	\$1.7 billion
Oct-22	 THOMABRAVO	ForgeRock <sup>™</sup> IAM	\$2.3 billion
Sep-22	 VISTA	KnowBe4 <sup>™</sup> Risk & Compliance	\$4.6 billion
Aug-22	 THOMABRAVO	PingIdentity <sup>™</sup> IAM	\$2.8 billion
Aug-22	 opentext <sup>™</sup>	MICRO FOCUS <sup>™</sup> Messaging Security	\$5.8 billion
May-22	 BROADCOM <sup>™</sup>	vmware <sup>™</sup> Cloud Security	\$69.0 billion




























## UPCOMING IPO CANDIDATES

Upcoming IPO Candidate, Subsector	Most Recent Valuation / Date <sup>(1)</sup>
 proofpoint. <sup>™</sup> Email Security	\$12.3 billion / Aug-21
 WIZ <sup>+</sup> Cloud Security	\$12.0 billion / May-24
 netskope Cloud Security	\$7.5 billion / Nov-21
 snyk Application Security	\$7.4 billion / Dec-22
 mimecast <sup>™</sup> Email Security	\$5.8 billion / May-22
 Coalition <sup>™</sup> Cyber Insurance	\$5.0 billion / Jun-22
 COHESITY Disaster Recovery	\$4.8 billion / Dec-24
 onetrust Risk & Compliance	\$4.5 billion / Jul-23
 Socure Fraud Prevention	\$4.5 billion / Nov-21
 ARCTIC WOLF Managed Security	\$4.3 billion / Jul-21
 SOPHOS Endpoint Security	\$3.6 billion / Jan-20
 CATO NETWORKS Network Security	\$3.0 billion / Sep-23
 druva <sup>™</sup> Disaster Recovery	\$2.0 billion / Oct-21
 Kaseya <sup>™</sup> Endpoint Security	N/A
 Bitdefender <sup>™</sup> Endpoint Security	N/A

Note: (1) Includes latest disclosed series funding round or enterprise value at acquisition for private equity-backed firms



# Select Lincoln Cybersecurity M&A & Financing Transactions

<p><b>Project Farrell</b></p> <p><i>In process</i></p> <p>Sell-Side</p> 	<p><b>UNICON</b></p> <p>has been sold to</p>  <p>a portfolio company of</p>  <p>Sell-Side</p> 	<p><b>AUCTUS</b></p> <p>has sold</p> <p><b>fernac</b></p> <p>to</p>  <p>Sell-Side</p> 	<p><b>IO sekoia</b></p> <p>has received a minority equity investment from</p>  <p>Capital Raise</p> 
<p><b>ERICOM</b> RE-ENGINEERING THE SECURITY</p> <p>and its Israeli entity</p> <p>have been sold to</p>  <p>a part of</p>  <p>Sell-Side</p> 	<p><b>ELLIOTT</b></p> <p>has sold</p> <p><b>ThreatINSIGHT</b></p> <p>a division of</p> <p><b>Gigamon</b></p> <p>to</p> <p><b>FORTINET</b></p> <p>Sell-Side</p> 	<p><b>illusive</b></p> <p>has been sold to</p> <p><b>proofpoint</b></p> <p>a portfolio company of</p>  <p>Sell-Side</p> 	<p><b>zecOps</b></p> <p>has been sold to</p>  <p>Sell-Side</p> 
<p><b>apax</b></p> <p><b>NEWALPHA</b> ASSET MANAGEMENT</p> <p>have acquired a majority stake of</p>  <p>Buy-Side</p> 	<p><b>UCF</b> UNIFIED COMPLIANCE FRAMEWORK® The Science of Compliance®</p> <p>has been recapitalized by</p> <p><b>Allomer Capital</b></p> <p>Sell-Side</p> 	<p><b>TURN // RIVER</b></p> <p>has acquired and taken private</p> <p><b>tufin</b></p> <p>Acquisition Financing Buy-Side</p> 	<p><b>code42</b></p> <p>has sold</p> <p><b>CRASHPLAN</b></p> <p>to</p> <p><b>MILL POINT CAPITAL</b></p> <p>Sell-Side</p> 
<p>A majority stake of</p>  <p>has been sold to</p> <p><b>EQUISTONE</b></p> <p>Sell-Side</p> 	<p><b>Advent International</b> GLOBAL PRIVATE EQUITY</p> <p><b>EURAZEO</b></p> <p>with</p> <p><b>planet</b></p> <p>have acquired</p> <p><b>datatrans.</b></p> <p>Buy-Side</p> 	<p><b>WICKS</b></p> <p>has sold</p>  <p>to</p> <p><b>TransUnion</b></p> <p>Sell-Side</p> 	<p><b>Infradata</b></p> <p>has been sold to</p> <p><b>ik</b></p> <p>Sell-Side</p> 

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Encompassing both physical assets and intellectual property, the technology industry has expansive opportunities for investors and entrepreneurs. Our global network of professionals, our strong relationships with industry leaders and our deep expertise in a variety of technology verticals combine to serve the unique needs of clients capitalizing on change within a sector that is highly integrated into nearly every service and product. Our connections, along with our track record of exceptional results, give us the edge to provide our clients with creative and innovative financial solutions.

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