

7 Mile Advisors



Sectorwatch:

Cybersecurity & Security Services

March 2022



Cybersecurity & Security Services

- 4 [Sector Dashboard](#)
- 5 [Public Basket Overview](#)
- 6 [Public Basket Performance](#)
- 8 [Operational Metrics](#)
- 11 [Valuation Comparison](#)
- 14 [Recent Deals](#)
- 15 [Appendix](#)

Overview

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.

We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

DASHBOARD

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.

PUBLIC BASKET PERFORMANCE

- Summary valuation and operating metrics for a basket of comparable public companies.

VALUATION COMPARISON

- Graphical, detailed comparison of valuation multiples for the public basket.

RECENT DEALS

- The most recently announced deals in the sector

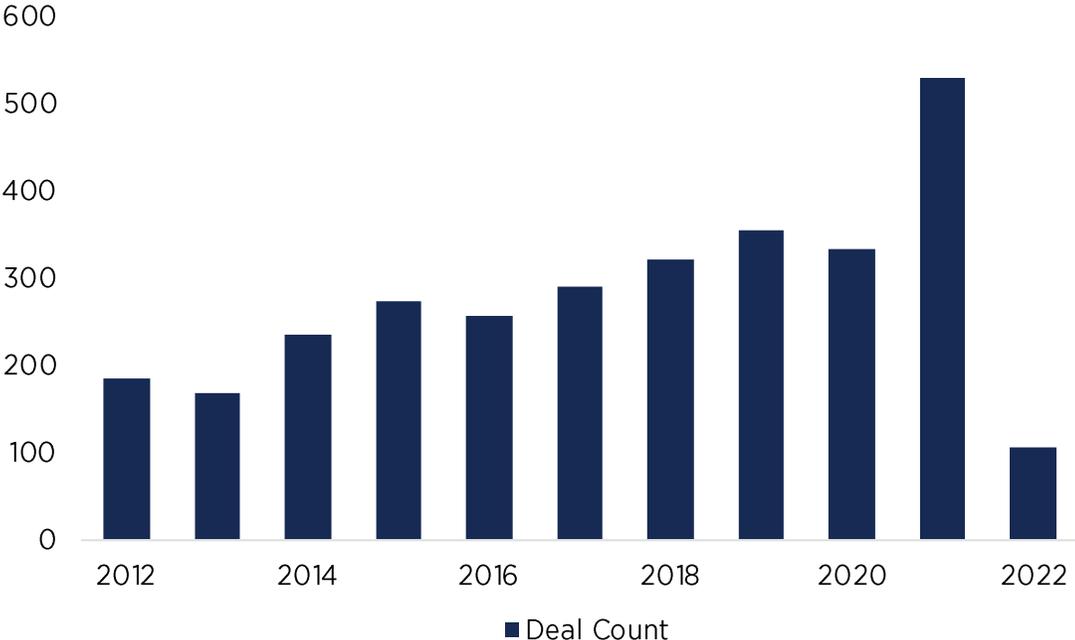
Dashboard

REVENUE GROWTH MOMENTUM

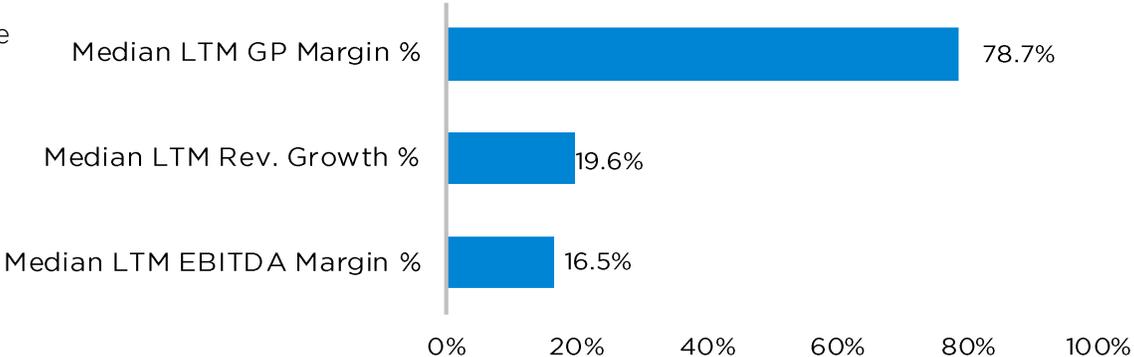
↑4.7%

1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

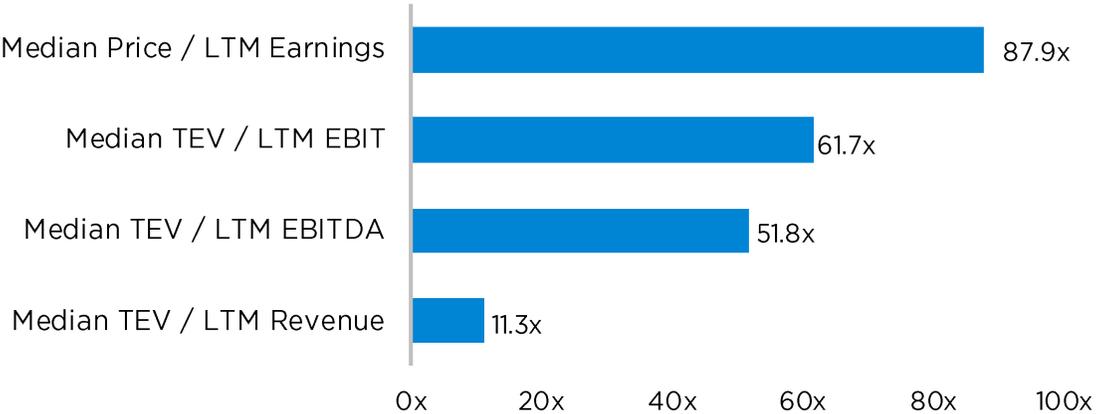
M&A Activity



Operating Metrics



Valuation

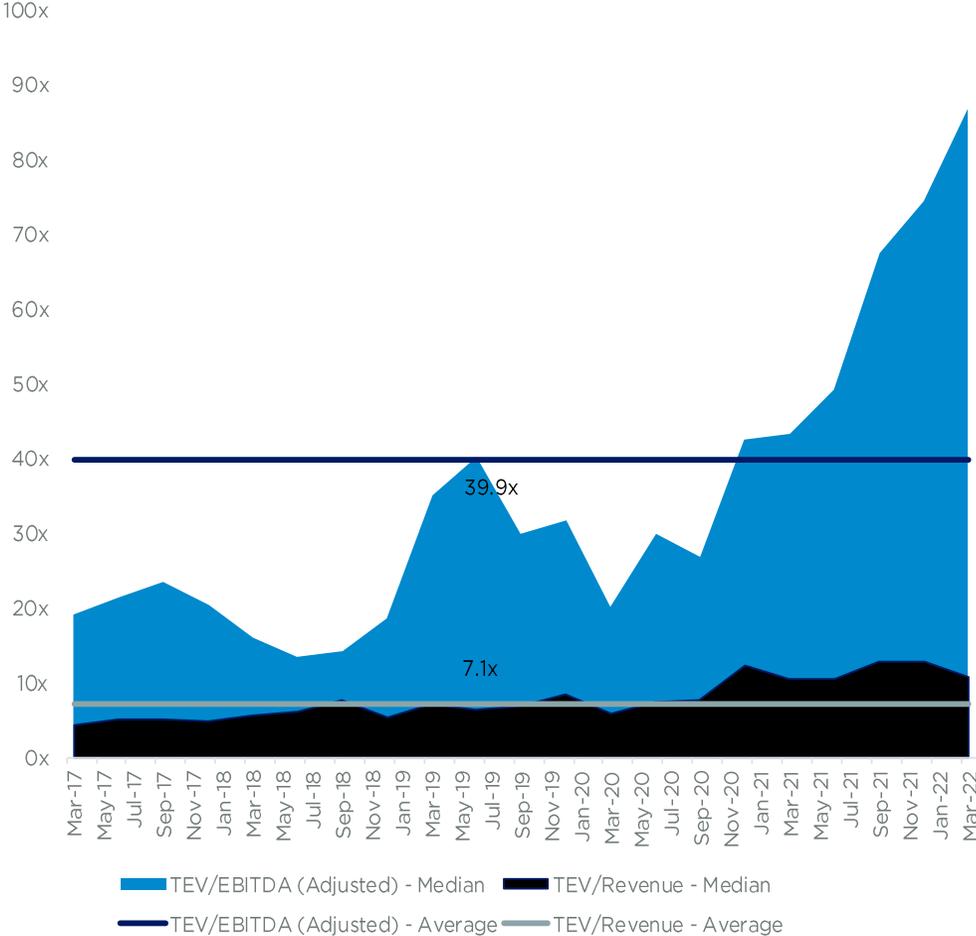


Public Basket

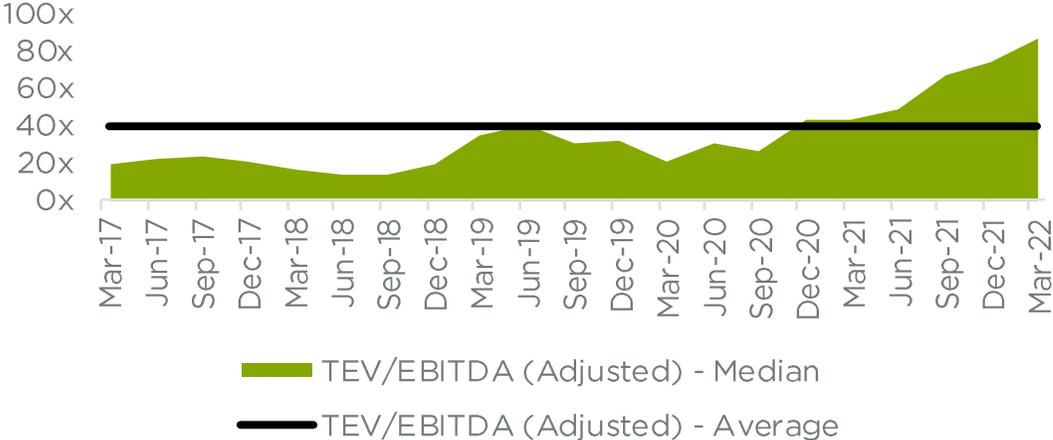
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Varonis Systems	4,199	28	390	33.3%	84.8%	7.2%	10.8x	148.5x	2,065	189
CyberArk Software	5,967	49	503	8.3%	81.4%	9.8%	11.9x	120.9x	2,140	235
Rapid7	6,859	37	535	30.1%	68.4%	6.9%	12.8x	184.4x	2,353	228
F5 Networks	12,360	892	2,666	10.8%	80.7%	33.5%	4.6x	13.9x	6,461	413
NortonLifeLock	17,990	1,463	2,752	10.4%	85.2%	53.2%	6.5x	12.3x	2,800	983
Splunk	22,923	-56	2,518	10.6%	72.5%	-2.2%	9.1x	-412.0x	7,500	336
Fortinet	49,035	930	3,342	28.8%	76.6%	27.8%	14.7x	52.7x	10,195	328
Palo Alto Networks	57,461	1,129	4,858	28.4%	69.6%	23.3%	11.8x	50.9x	11,527	421
Average	22,099	559	2,195	20.1%	77.4%	19.9%	10.3x	21.4x	5,630	391
Median	15,175	471	2,592	19.6%	78.7%	16.5%	11.3x	51.8x	4,631	332

share price as of 23Mar22

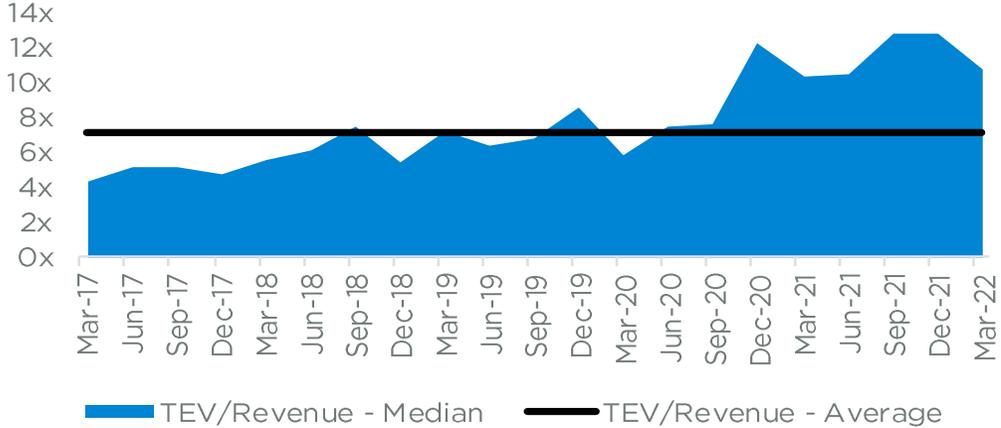
Public Basket



Public EBITDA Multiples over Time

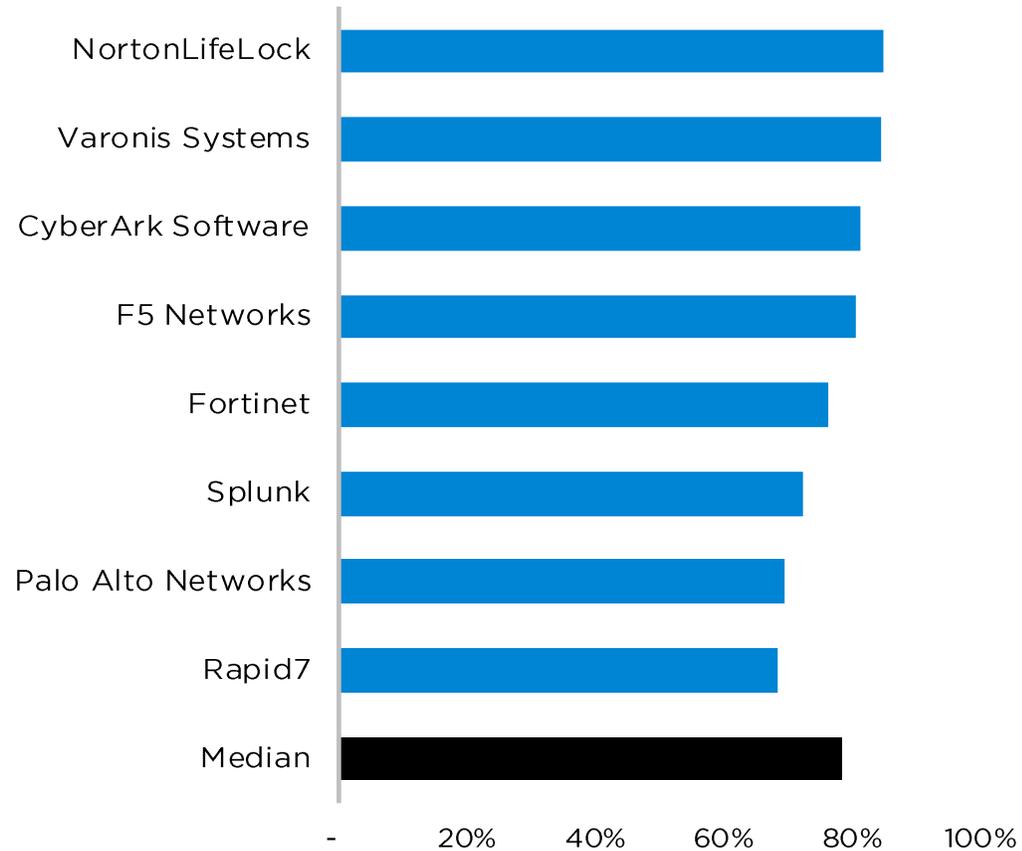


Public Revenue Multiples over Time

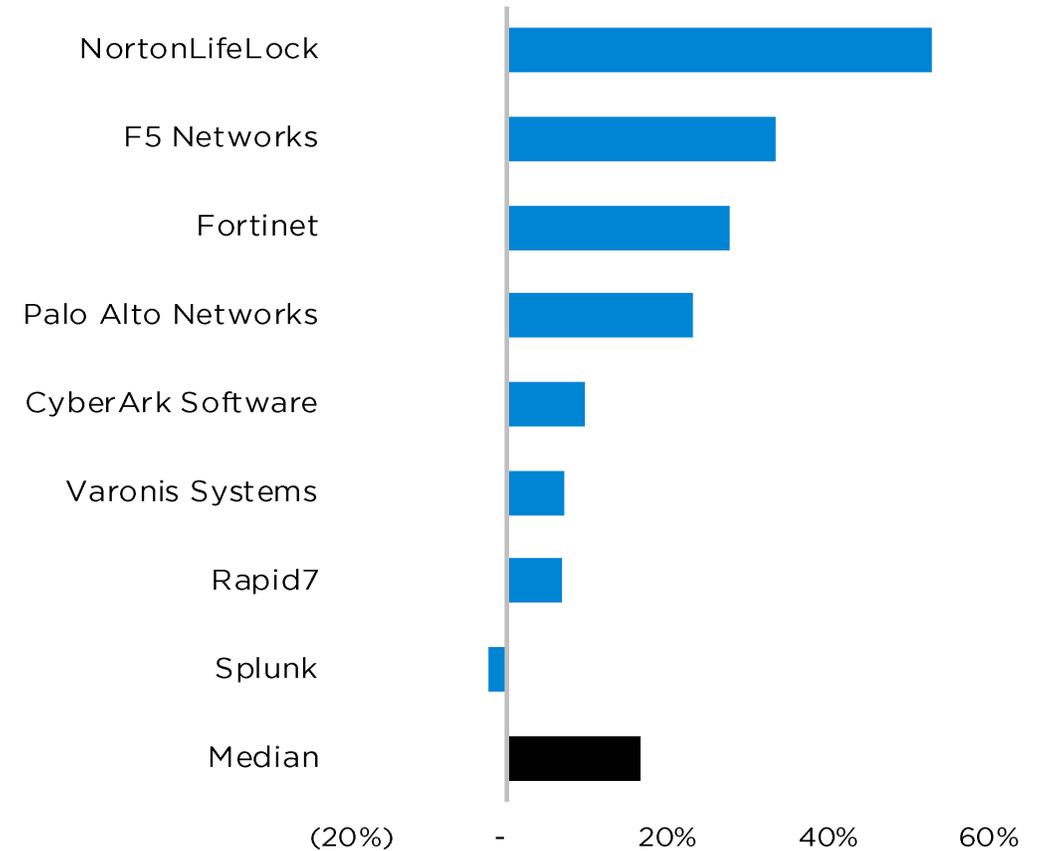


Operational Metrics

LTM Gross Profit Margin %

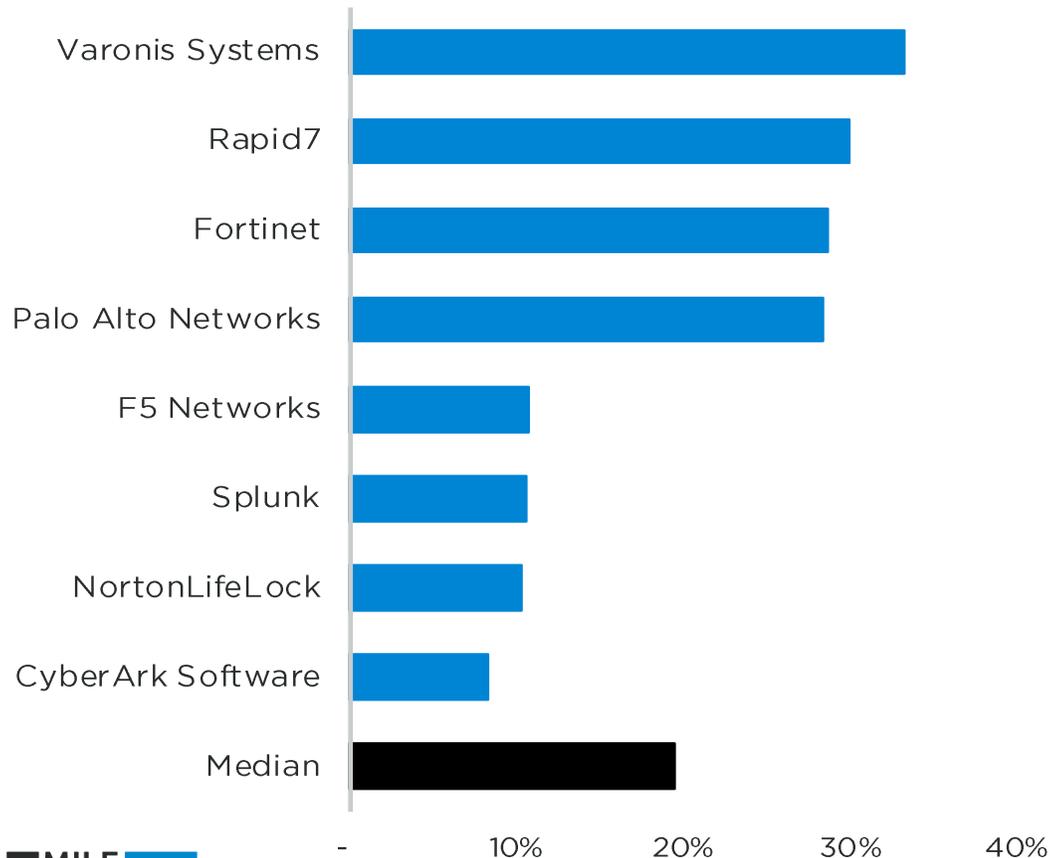


LTM EBITDA %

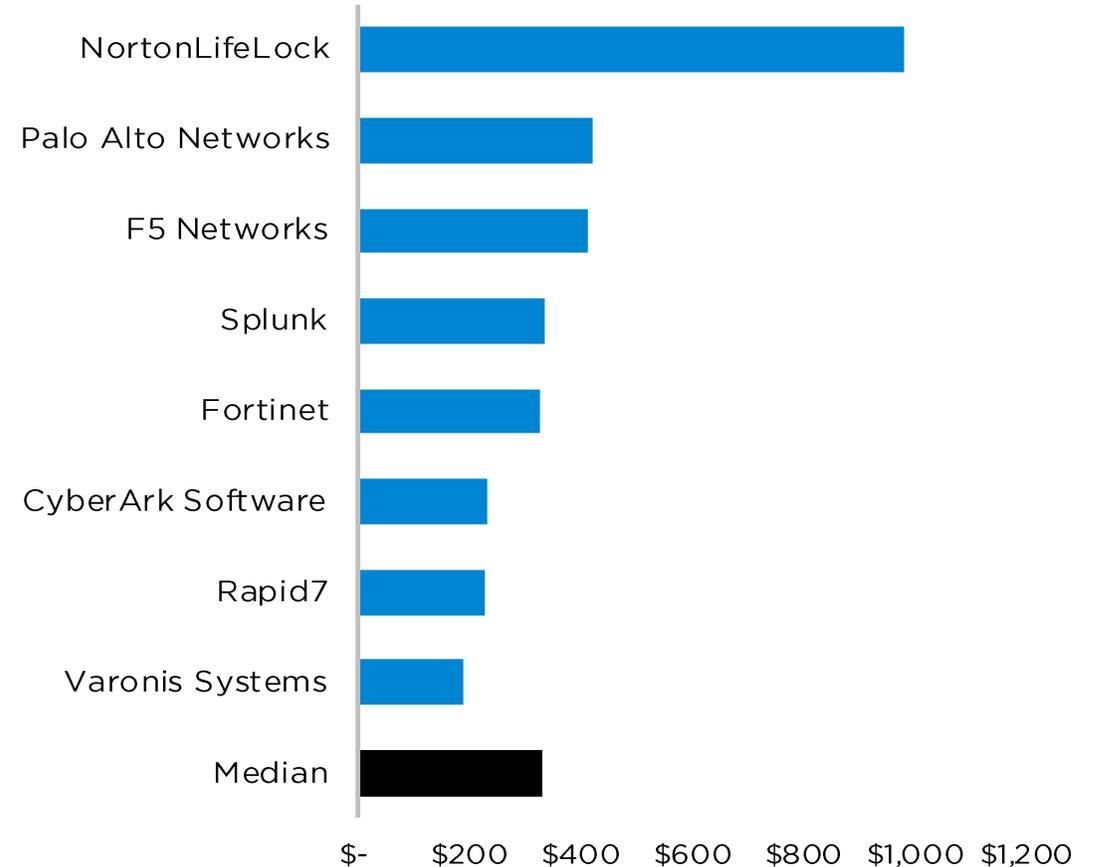


Operational Metrics

LTM Revenue Growth %

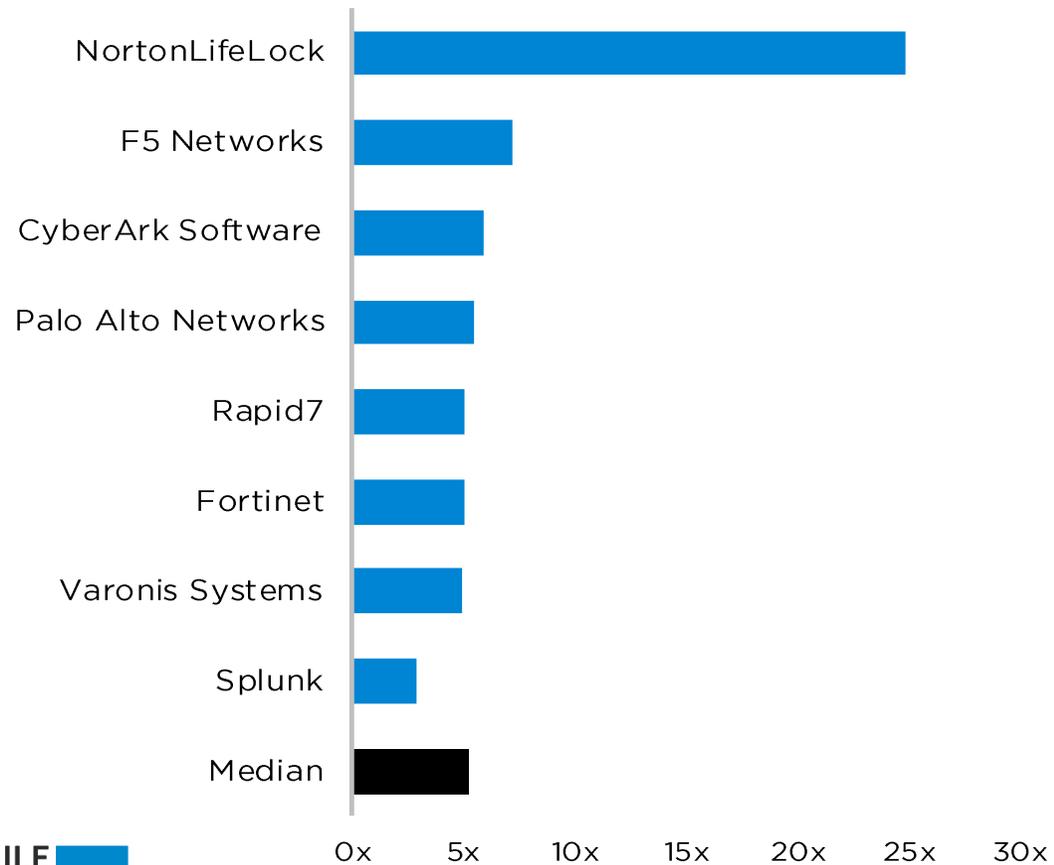


LTM Revenue per Full Time Employee x 000's

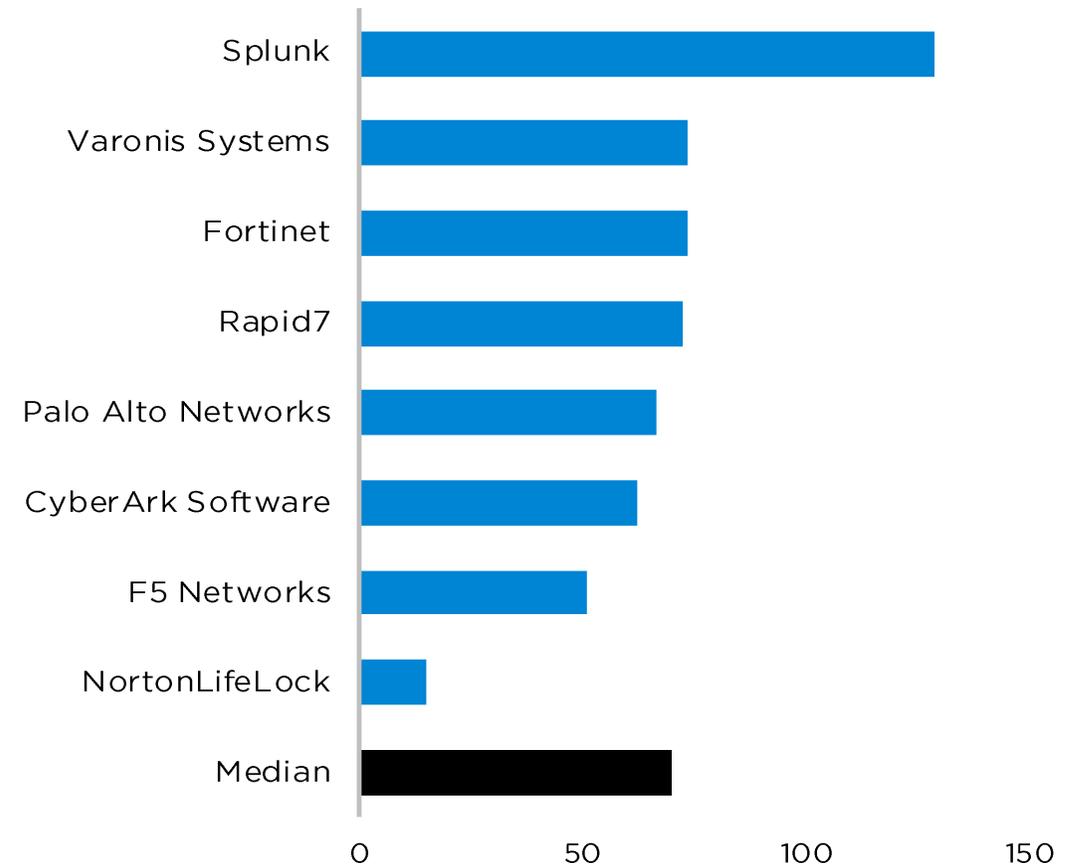


Operational Metrics

Accounts Receivable Turnover

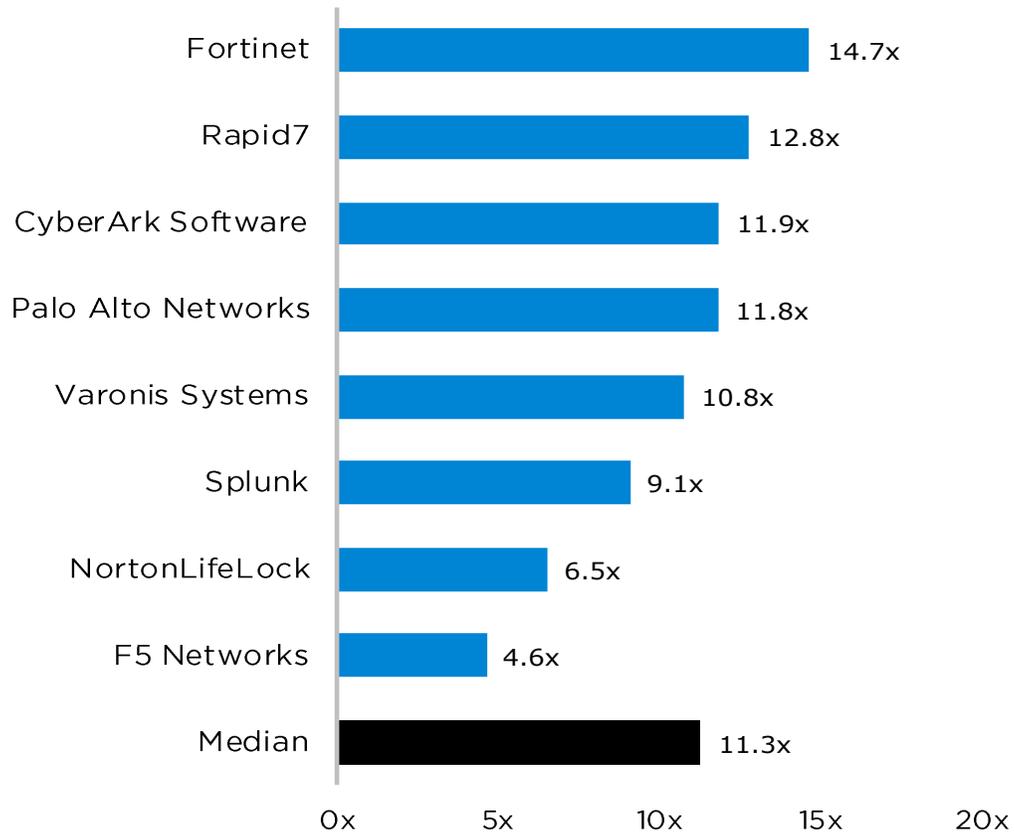


Average Days Sales Outstanding

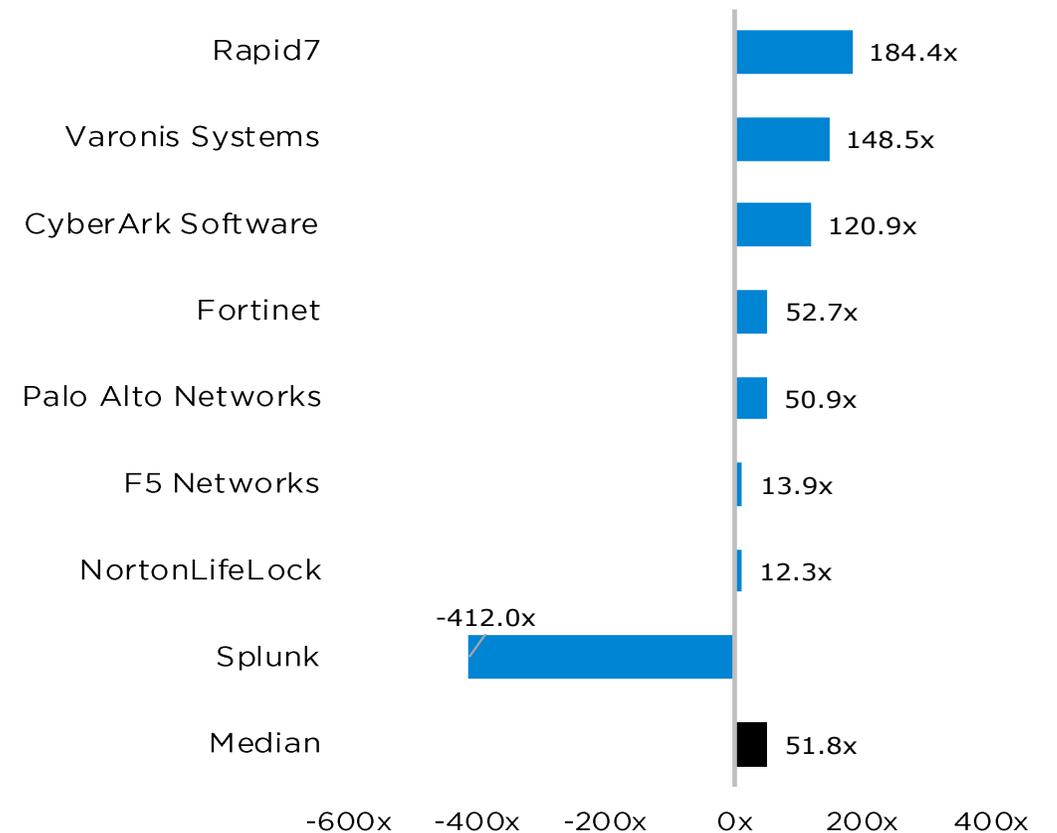


Valuation

TEV / LTM Revenue

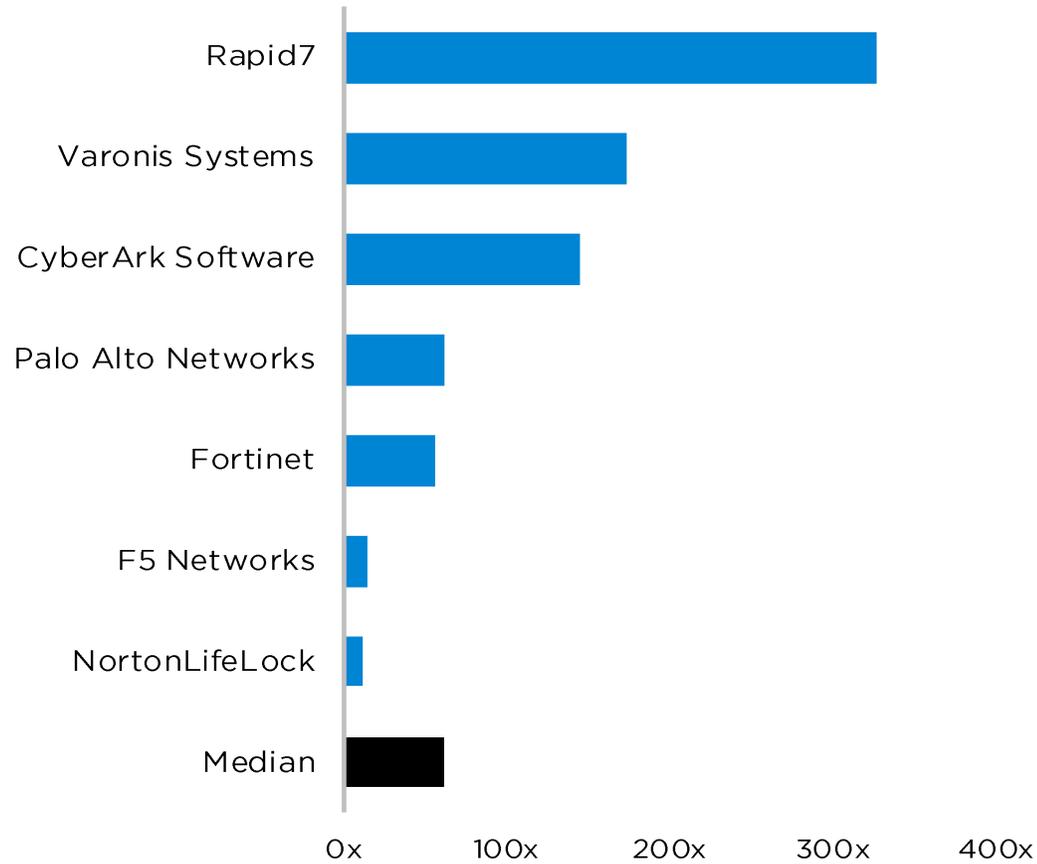


TEV / LTM EBITDA

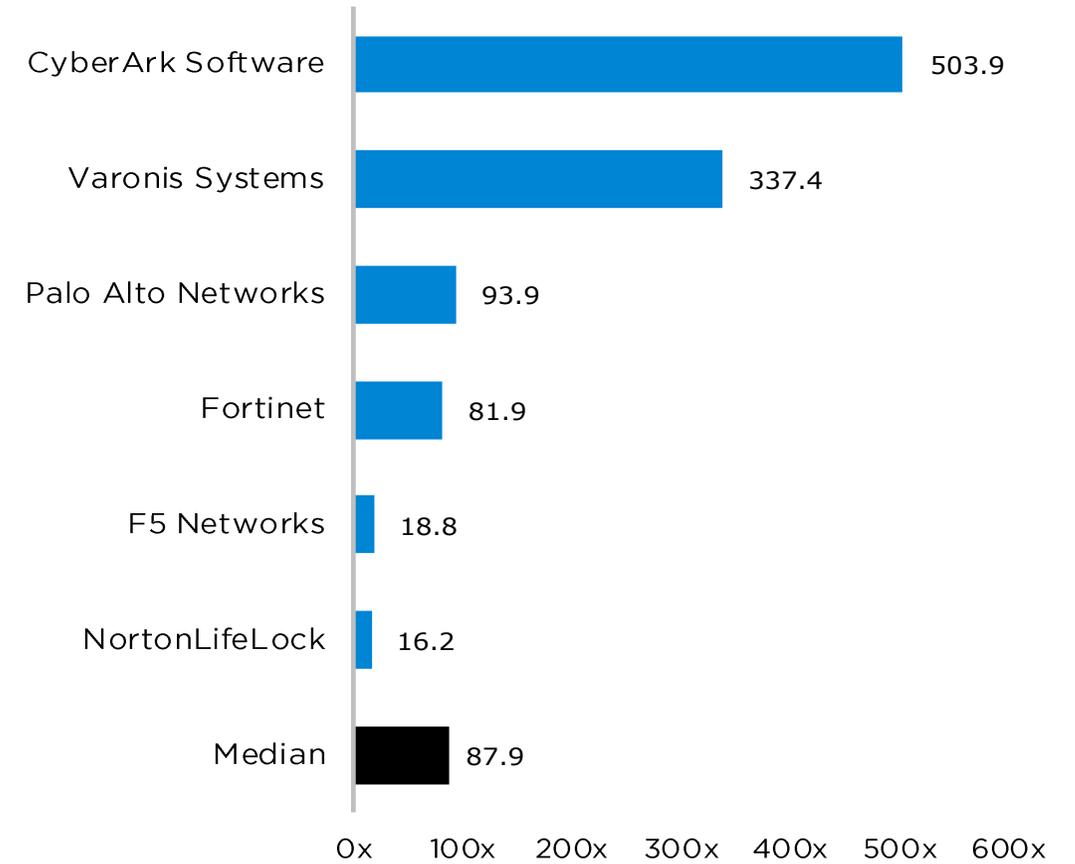


Valuation

TEV / LTM EBIT

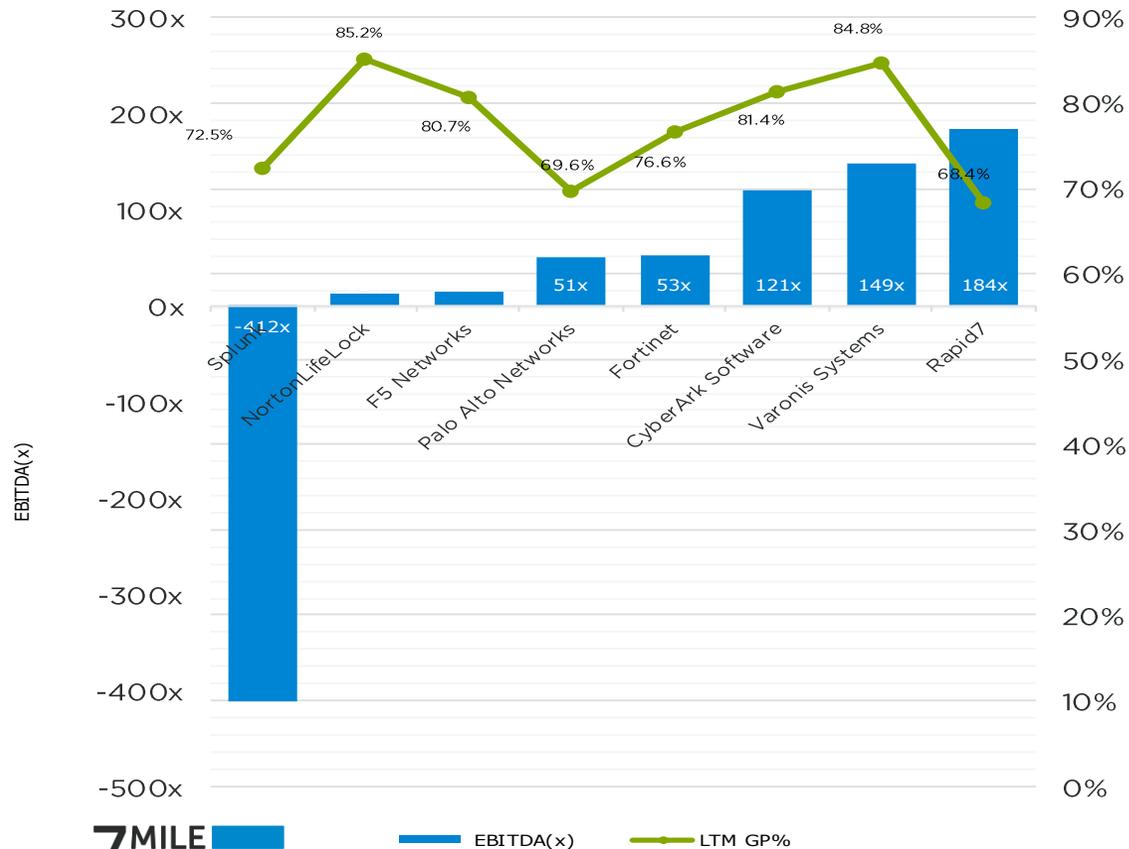


Price / LTM Earnings

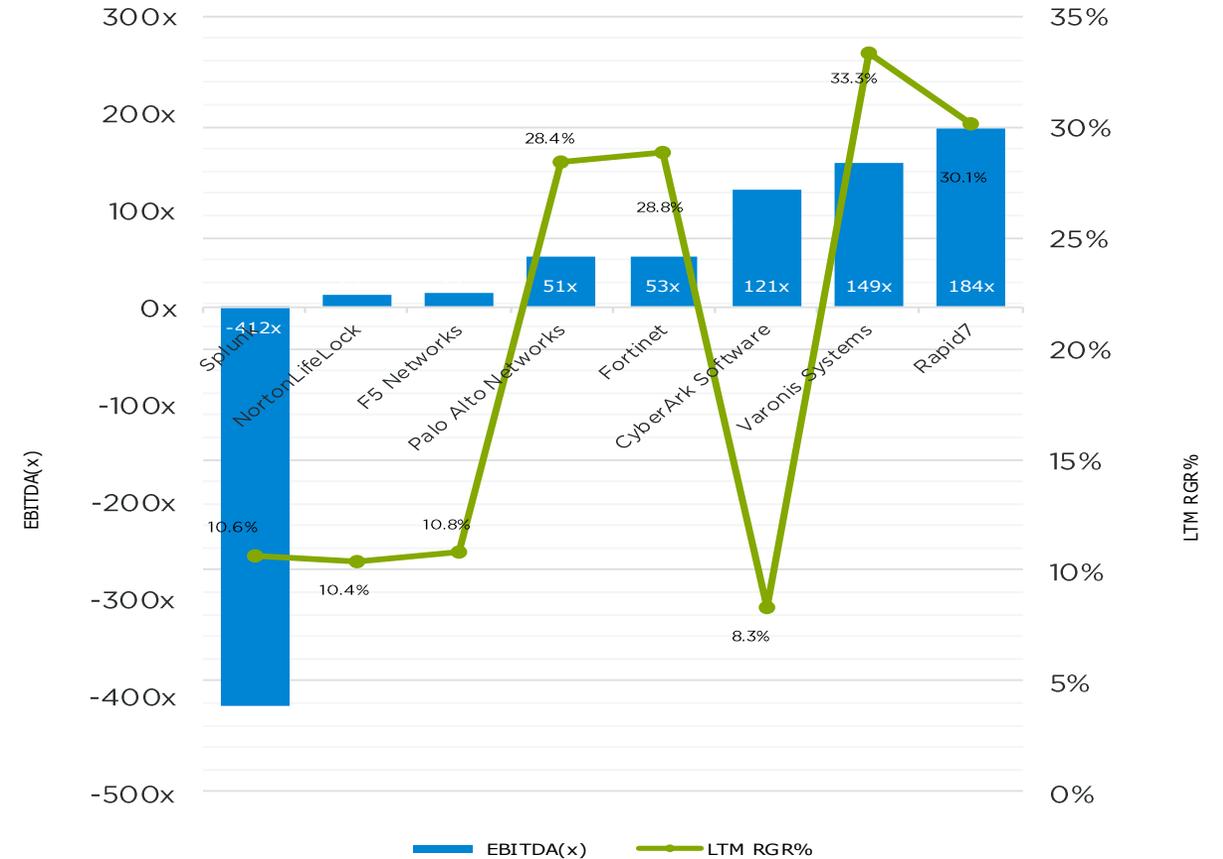


Valuation

Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer	Total Transaction Amount	Target Revenue (TTM at time of deal)	TEV / Revenue	TEV / EBITDA
21-Mar-22	Mechatronic	BAYOONET	-	-	-	-
18-Mar-22	proficom	EOS Partners (Munich)	-	-	-	-
16-Mar-22	Cyr3con	Cyber Security Works	-	-	-	-
16-Mar-22	EverWatch (Virginia)	Booz Allen	-	-	-	-
16-Mar-22	Exonar	NowVertical Group	-	-	-	-
16-Mar-22	Secure Halo	Egis Capital Partners	-	-	-	-
16-Mar-22	Transformyx	Lockstep Technology Group	-	-	-	-
15-Mar-22	Attivo Networks	SentinelOne	616.50	-	-	-
15-Mar-22	Kontra Application Security	ThriveDx	-	-	-	-
14-Mar-22	Debricked	CyberRes	-	-	-	-
14-Mar-22	Threat Status	Crossword Cybersecurity	2.05	-	-	-
10-Mar-22	Prompt PC	Linten Technologies	-	-	-	-
09-Mar-22	Alert Logic	Charlesbank Capital	-	-	-	-
09-Mar-22	Ansec IA	Outsource Group (Cyber	-	-	-	-
08-Mar-22	Mandiant	Alphabet	5400.00	483.46	6.63	-12.33
08-Mar-22	Trinity Guard	American Pacific Group	-	-	-	-
07-Mar-22	Integra (Canada)	Plurilock	0.94	-	-	-
05-Mar-22	Netcraft	Spectrum Equity	-	-	-	-
04-Mar-22	Riverlite	Xperience Group	-	-	-	-
03-Mar-22	Assac Networks	ASPIS Cyber Technologies	-	-	-	-
03-Mar-22	Ava Security	Motorola Solutions	-	-	-	-
02-Mar-22	TCG Network Services	Magna5	-	-	-	-
01-Mar-22	InfoSec (United States)	Cengage Learning	191.00	-	-	-
01-Mar-22	McAfee	Abu Dhabi Investment	14000.00	1920.00	6.87	26.80
01-Mar-22	Scaled Access	OneWelcome	-	-	-	-

Appendix

*Public Basket
Contact Information*



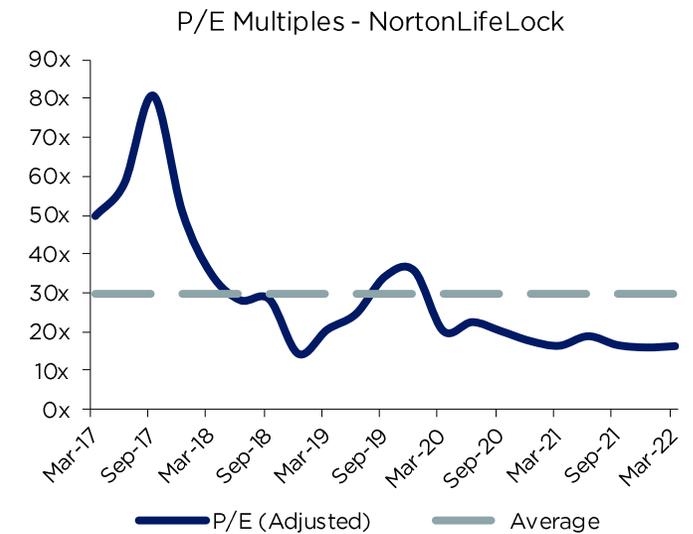
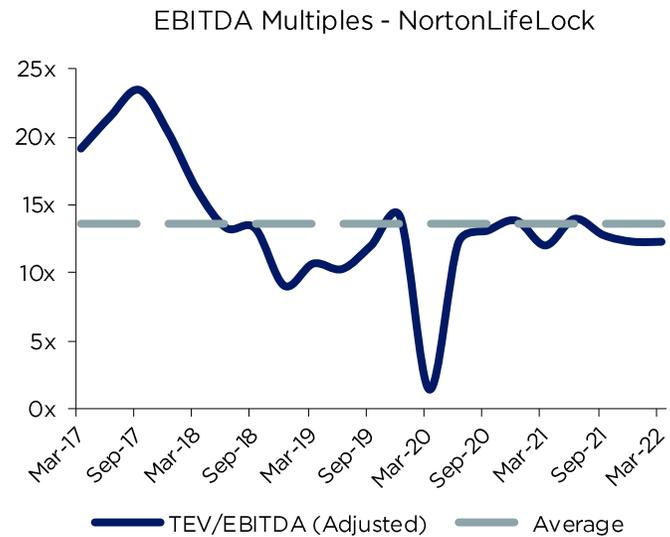
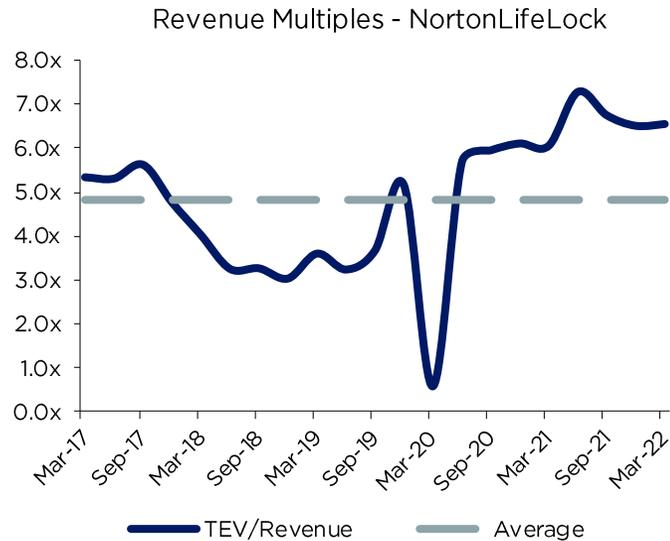
NortonLifeLock

NortonLifeLock sells cybersecurity and identity protection for individual consumers through its Norton antivirus and LifeLock brands.

The company divested the Symantec enterprise security business to Broadcom in 2019. The Arizona-based company was founded in 1982, went public in 1989, and sells its solutions worldwide.

Public Basket

NortonLifeLock



Company Name	Date	Deal Synopsis
Avast Software	11-Aug-21	The company (LON: AVST) reached a definitive agreement to be acquired by NortonLifeLock (NAS: NLOK) for \$8.6 billion on August 11, 2021. The deal will help NortonLifeLock, which primarily deals with consumer cyber safety, expand its focus to consumer software.
Avira Operations	08-Jan-21	The company was acquired by NortonLifeLock (NAS: NLOK) for \$360 million on January 8, 2021.

Rapid7

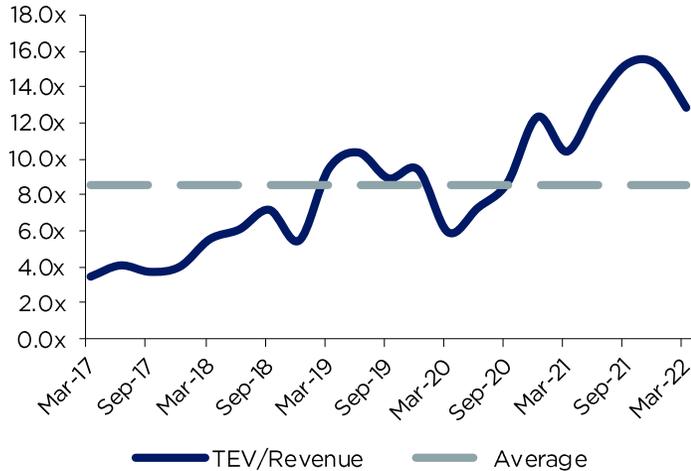
Rapid7 Inc is a provider of security data and analytics solutions that enable organizations to implement an active approach to cyber security.

The company combines a security data and analytics platform that provides solutions to cyber security that enables organizations to find and eliminate critical weaknesses and detect attacks in their information technology (IT) environments. Its products include Nexpose, Metasploit, Appspider, and Threat Intelligence. The firm serves various industries including technology, energy, financial services, healthcare and life sciences, manufacturing, media, and entertainment. Geographically, it operates in the region of North America and derives revenue from subscriptions, maintenance & support services and by the offering of other professional services.

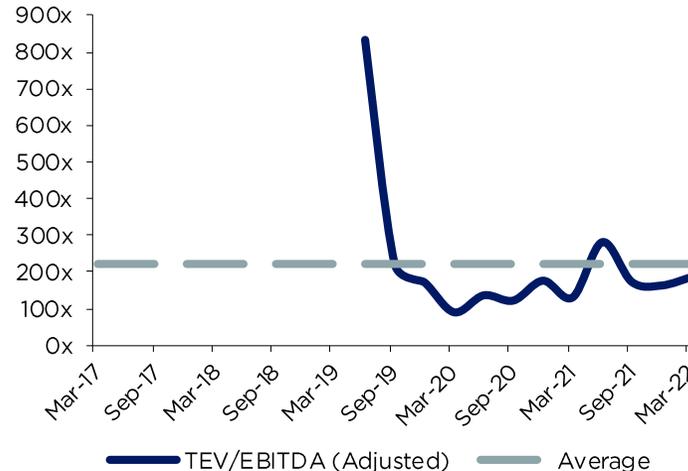
Public Basket

Rapid7

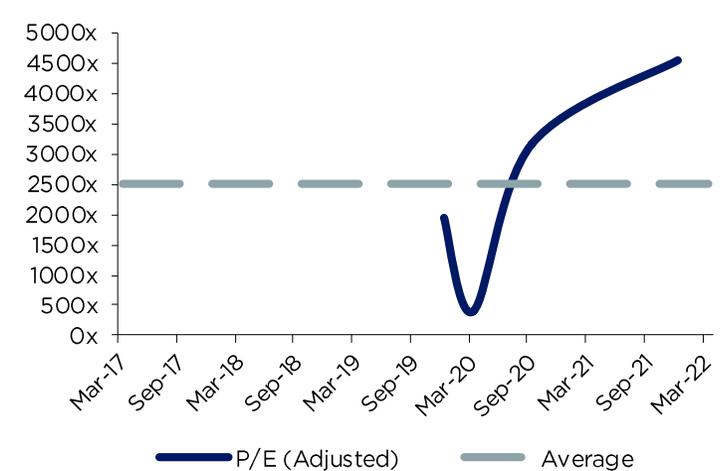
Revenue Multiples - Rapid7



EBITDA Multiples - Rapid7



P/E Multiples - Rapid7



Company Name	Date	Deal Synopsis
Resilience (Network Management Software)	22-Nov-21	The company raised \$80 million through a combination of Series C1 and Series C2 venture funding in a deal led by Rapid7 and General Catalyst on November 22, 2021, putting the company's pre-money valuation at \$570 million. Founders Fund, Lightspeed Venture Partners, Intact Ventures, Shield Capital Partners and Charles River Capital also participated in the round. The funds will be used to accelerate the delivery of Insure + Secure solutions more broadly in North America and now globally.
IntSights	16-Jul-21	The company was acquired by Rapid7 (NAS: RPD) for \$322.17 million on July 16, 2021.

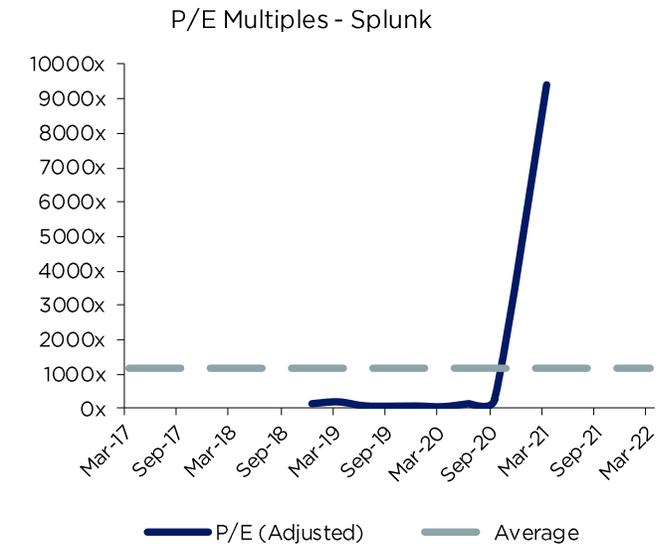
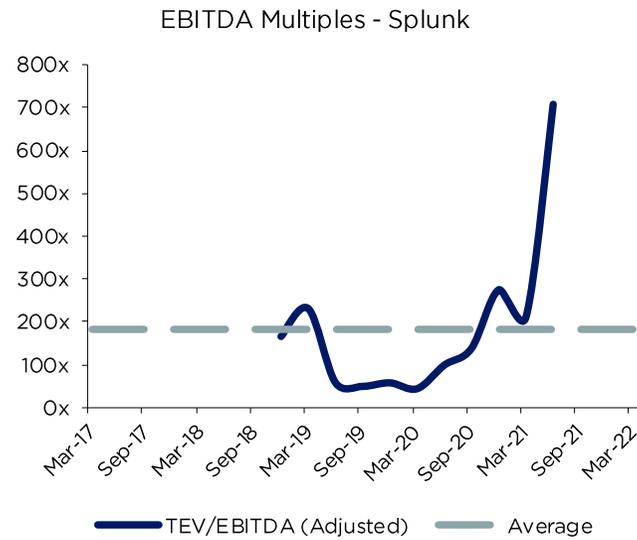
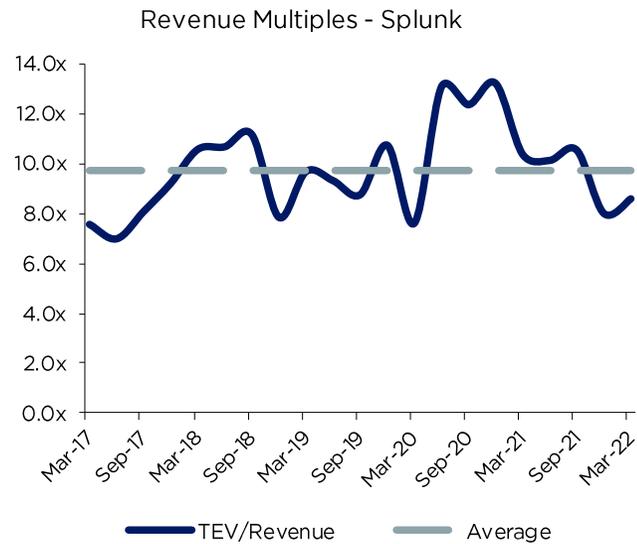
Splunk

Splunk is a cloud-first software company that focuses on analyzing machine data.

The company is a major player in two markets: security and full-stack monitoring & analysis. Splunk is currently undergoing a cloud transition as the company weans its on-premises customers over to its cloud products that are delivered as software-as-a-service. The firm's top line consists of the sale of software licenses, cloud subscriptions, and maintenance and support.

Public Basket

Splunk



Company Name	Date	Deal Synopsis
Orca Security	05-Oct-21	The company raised \$550 million of Series C venture funding from Science Applications International, Splunk and CapitalG on October 5, 2021, putting the company's pre-money valuation at \$1.25 billion. 10 other investors also participated in the round. The funding will be used by the company to continue to deliver more functionality, extend its global reach, and be on the go-to-market.
Fletch (Database Software)	01-Jul-21	The company raised an undisclosed amount of venture funding from GV, Splunk, HardYaka and Real Ventures on July 1, 2021. DCVC and August Capital also participated in the round.

Palo Alto Networks

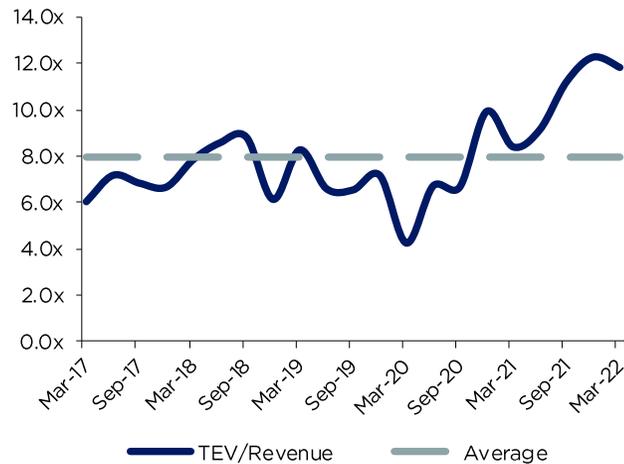
Palo Alto Networks is a pure-play cybersecurity vendor that sells security appliances, subscriptions, and support into enterprises, government entities, and service providers.

The company's product portfolio includes firewall appliances, virtual firewalls, endpoint protection, cloud security, and cybersecurity analytics. The Santa Clara, California, firm was established in 2005 and sells its products worldwide.

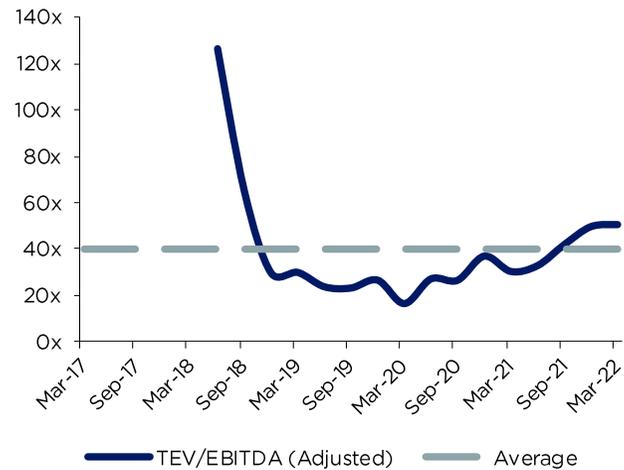
Public Basket

Palo Alto Networks

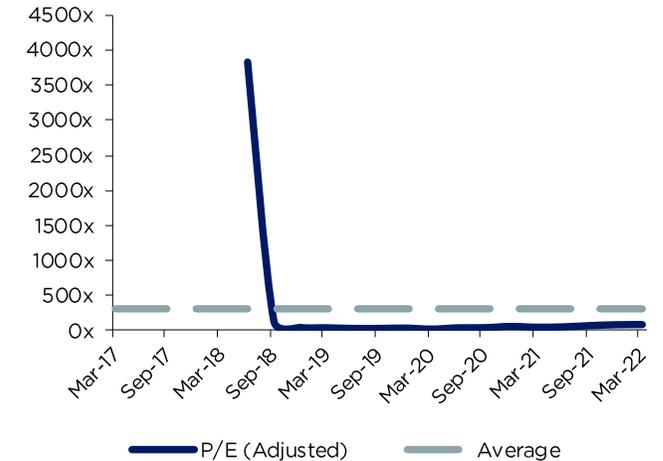
Revenue Multiples - Palo Alto Networks



EBITDA Multiples - Palo Alto Networks



P/E Multiples - Palo Alto Networks



Company Name	Date	Deal Synopsis
Bridgecrew	02-Mar-21	The company was acquired by Palo Alto Networks (NYS: PANW) for \$156.9 million on March 2, 2021.
Expense	15-Dec-20	The company was acquired by Palo Alto Networks (NYS: PANW) for \$797.2 million on December 15, 2020. The deal comprised approximately \$775.6 million in cash and stock, and approximately \$21.6 million in replacement equity awards to acquire the company.

Varonis Systems

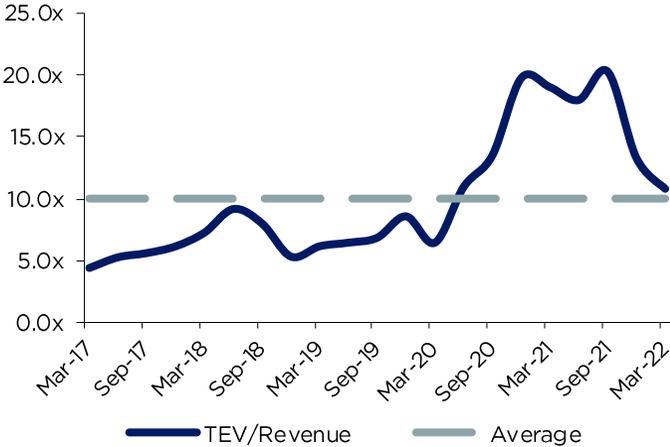
Varonis Systems Inc provides software solutions that protect data from insider threats and cyber attacks.

The company, through its software, allows organizations to protect data stored on premises and on a cloud, such as sensitive files and emails; confidential customer, patient and employee data; financial records; strategic and product plans; and other intellectual property.

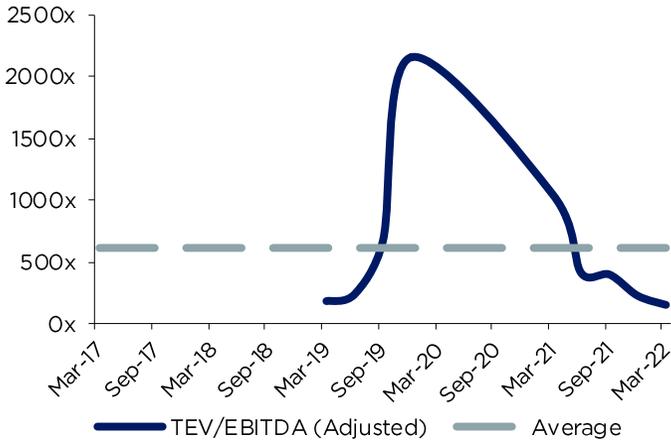
Public Basket

Varonis Systems

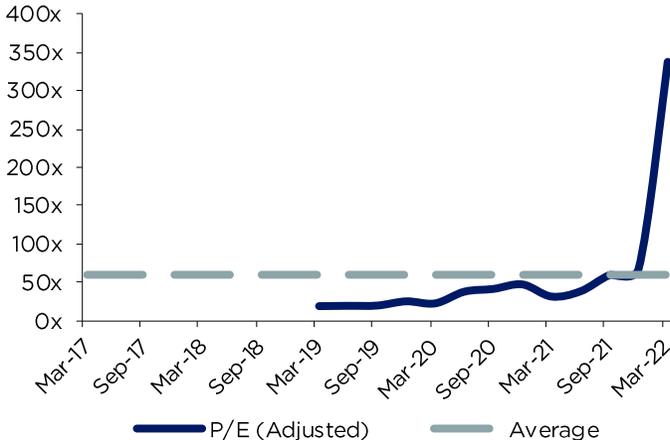
Revenue Multiples - Varonis Systems



EBITDA Multiples - Varonis Systems



P/E Multiples - Varonis Systems



Company Name	Date	Deal Synopsis
Polyrize	28-Oct-20	The company was acquired by Varonis Systems (NAS: VRNS) for an undisclosed amount on October 28, 2020. The acquisition will help the company to expand its data security platform to cover additional cloud applications and infrastructure.

CyberArk Software

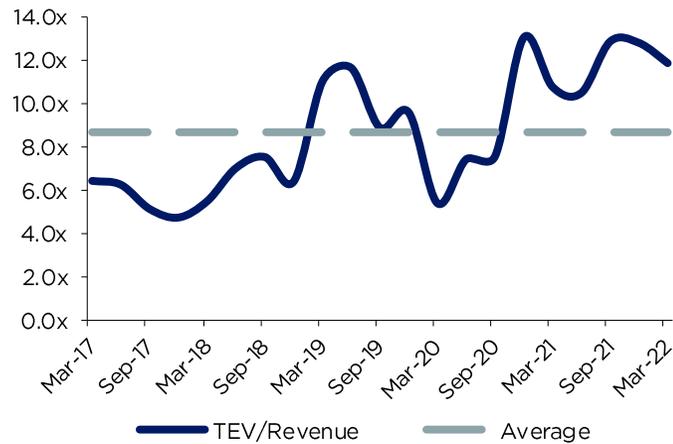
CyberArk Software Ltd provides Information technology security solutions to protect data, infrastructure, and assets across the enterprise.

The company software solutions focused on protecting privileged accounts, credentials, and secrets. Its products and services include Enterprise Password Vault, Privileged Session Manager, Privileged Threat Analytics, CyberArk Privilege Cloud. The company provides a solution on Audit and Compliance, Security and Risk Management, Industry Solutions. Geographically, it generates maximum revenue from the United States and also has a presence in the United Kingdom; Europe, the Middle East and Africa and Other countries.

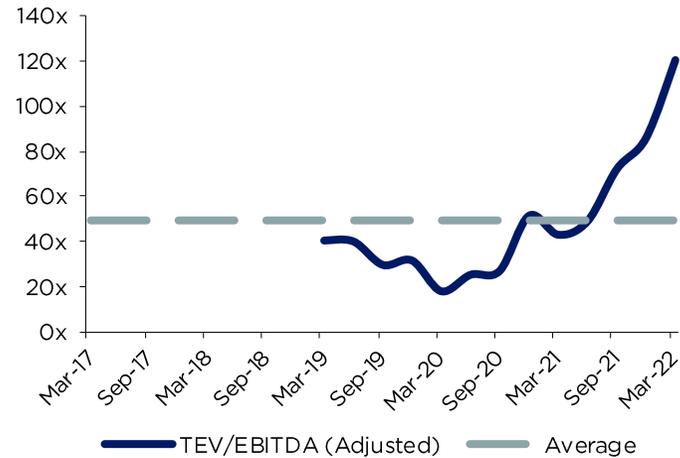
Public Basket

CyberArk Software

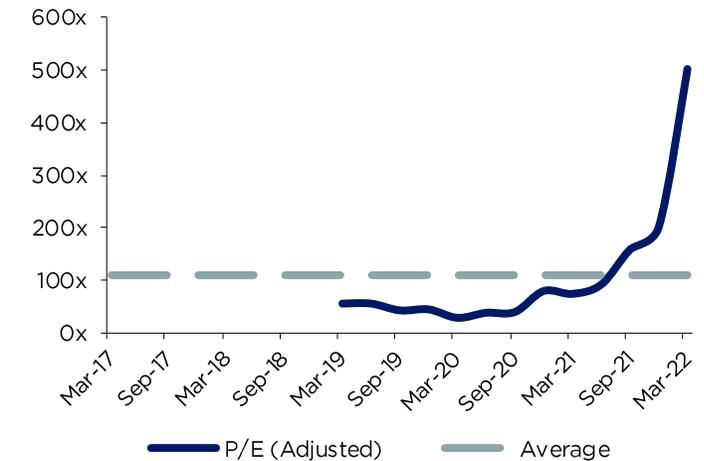
Revenue Multiples - CyberArk Software



EBITDA Multiples - CyberArk Software



P/E Multiples - CyberArk Software



Company Name	Date	Deal Synopsis
Idaptive	13-May-20	The company, a subsidiary of Centrifly, was acquired by CyberArk Software (NAS: CYBR) for \$70 million on May 13, 2020.
Vaultive	12-Mar-18	The company was acquired by CyberArk (NASDAQ: CYBR) for \$19 million on March 12, 2018. The acquisition will enable CyberArk to add additional depth and proactive protection for enterprises facing an expanding attack surface in the cloud.

Fortinet

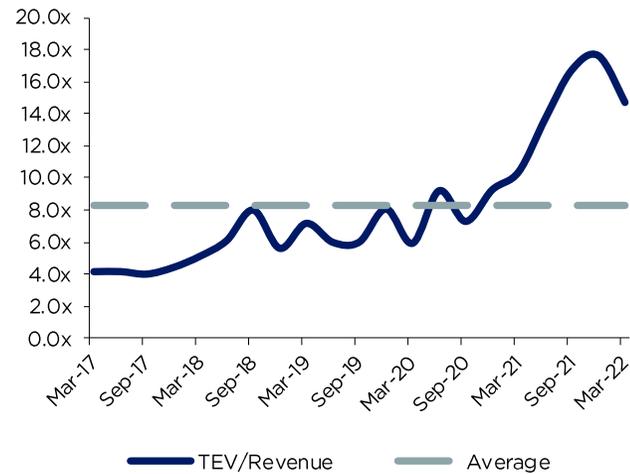
Fortinet is a cybersecurity vendor that sells products, support, and services to small and midsize businesses, enterprises, and government entities.

Its products include unified threat management appliances, firewalls, network security, and its security platform, Security Fabric. Services revenue is primarily from FortiGuard security subscriptions and FortiCare technical support. At the end of 2021, products were 38% of revenue and services were 62% of sales. The California-based company sells products worldwide.

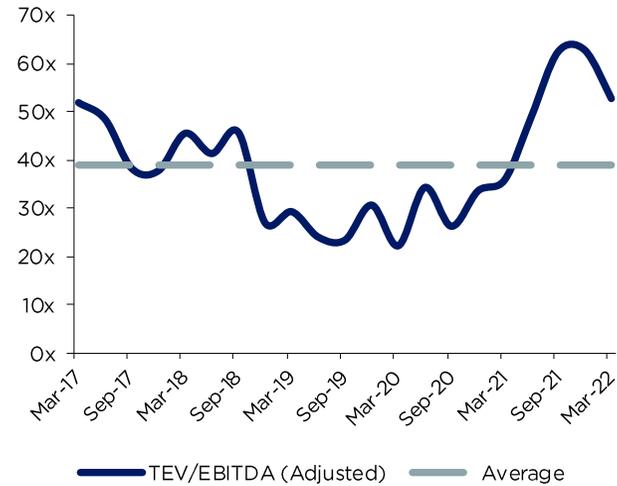
Public Basket

Fortinet

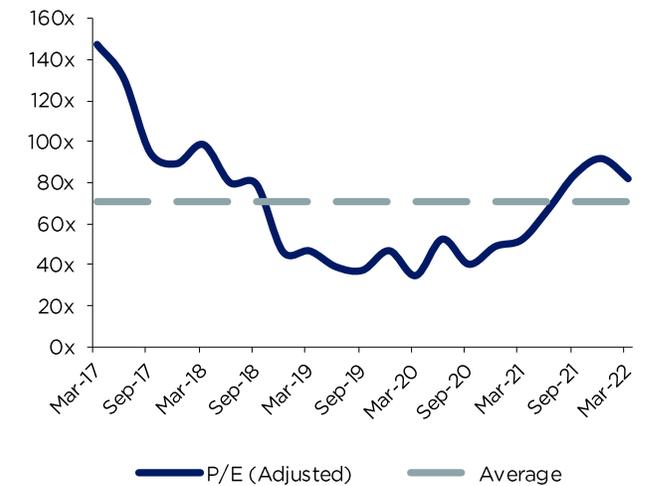
Revenue Multiples - Fortinet



EBITDA Multiples - Fortinet



P/E Multiples - Fortinet



Company Name	Date	Deal Synopsis
Alaxala Networks	31-Aug-21	The company was acquired by Fortinet (NAS: FTNT) for an estimated \$64 million on August 31, 2021. The investment increases Fortinet's total addressable market and reflects its leadership on the convergence of networking and security.
Sken.ai	07-Jul-21	The company was acquired by Fortinet (NAS: FTNT) for an undisclosed amount on July 7, 2021.

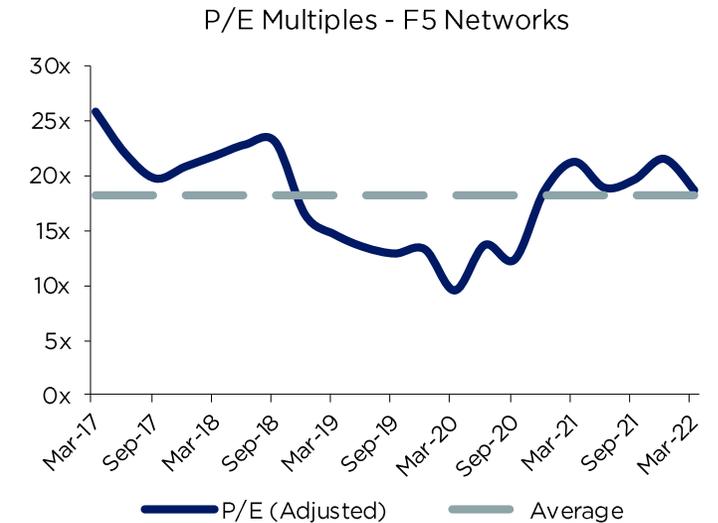
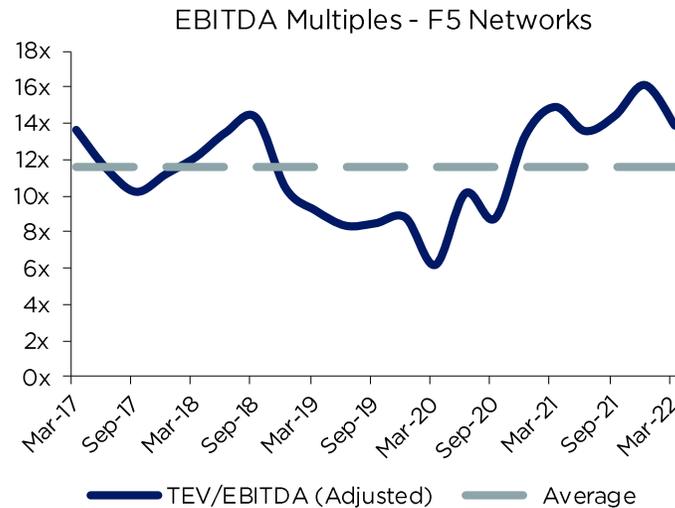
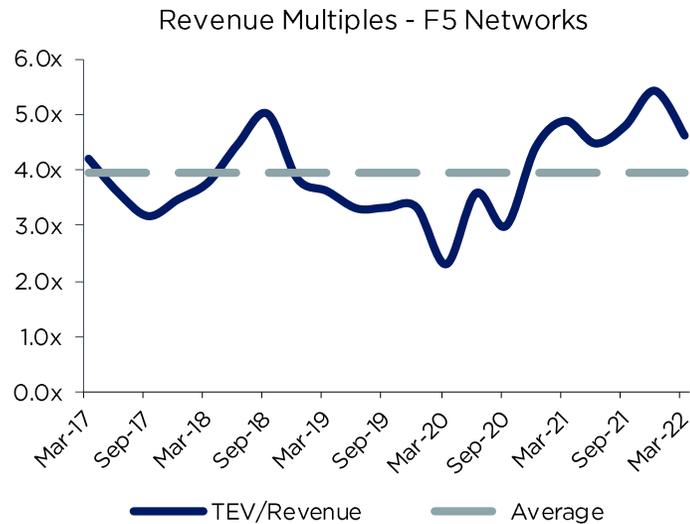
F5 Networks

F5 is a market leader in the application delivery controller market.

The company sells products for networking traffic, security, and policy management. Its products ensure applications are safely routed in efficient manners within on-premises data centers and across cloud environments. More than half of its revenue is based on providing services, and its three customer verticals are enterprises, service providers, and government entities. The Seattle-based firm was incorporated in 1996 and generates sales globally.

Public Basket

F5 Networks



Company Name	Date	Deal Synopsis
Threat Stack	04-Oct-21	The company was acquired by F5 Networks (NAS: FFIV) for \$68 million on October 4, 2021. The acquisition will broaden F5 Networks' cloud security portfolio, thereby enhancing its capabilities and expertise in providing visibility and protection across its application infrastructure and workloads. The buyout is anticipated to strengthen the company's competitive position in enterprise application security and delivery services.
Volterra	22-Jan-21	The company was acquired by F5 Networks (NAS: FFIV) for \$427.2 million on January 22, 2021. With this acquisition, F5 will advance its Adaptive Applications vision with an Edge 2.0 platform that solves the complex multi-cloud reality enterprise customers confront.

Contact Info

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions and provide market assessments and benchmarking.

As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

John Cooper, Partner	704.973.3996	john@7mileadvisors.com
Leroy Davis, Partner	704.899.5962	leroy@7mileadvisors.com
Tripp Davis, Partner	704.899.5762	tripp@7mileadvisors.com
Tom Delbrook, Partner	404.647.0989	tom@7mileadvisors.com
Andy Johnston, Partner	704.899.5961	andy@7mileadvisors.com
Mark Landry, Partner	561.972.0609	mark@7mileadvisors.com
Simon Baitler, Executive Managing Director	310.829.1635	simon.baitler@7mileadvisors.com
Tim Frye, Managing Director	704.973.3994	tim@7mileadvisors.com
Kristina Sergueeva, Managing Director	704.899.5149	kristina@7mileadvisors.com
Horacio Yenaropulos, Managing Director	(+) 54.261.4617300	horacio@7mileadvisors.com
Chris Calton, Senior Advisor	629.236.6119	Chris.calton@7mileadvisors.com
Steve Buffington, Vice President	704.960.1828	steve@7mileadvisors.com
Ben Garber, Vice President	412.626.7898	ben.garber@7mileadvisors.com
Garth Martin, Vice President	704.973.3997	garth.martin@7mileadvisors.com
Nicholas Prendergast, Vice President	704.973.3995	nicholas@7mileadvisors.com
Sydney Scadden, Vice President	704.973.3998	sydney@7mileadvisors.com
Ilia Ulianchuk, Vice President	704.414.8743	ilia@7mileadvisors.com
Ariail Barker, Director, Sales & Marketing	704.981.2908	ariaill@7mileadvisors.com
Ben Bruggeworth, VP, Business Development	704.365.8859	ben.bruggeworth@7mileadvisors.com
Steve Sypek, VP, Business Development	704.414.8736	steve.sypek@7mileadvisors.com
Alexis Papa, Senior Analyst, Business Development	704.414.8732	lexi.papa@7mileadvisors.com
Nic Anderko, Analyst, Business Development	704.398.3991	nic.anderko@7mileadvisors.com
Kevin Postigo, Associate	704.912.4903	kevin.postigo@7mileadvisors.com
Conor Smith, Associate	704.855.2134	conor.smith@7mileadvisors.com
Nic Anderle, Senior Analyst	704.826.7492	nic.anderle@7mileadvisors.com
Chris McConnell, Senior Analyst	704.912.4584	chris@7mileadvisors.com
Tomas Adduci, Analyst	(+) 54.911.64809643	tomas@7mileadvisors.com
Adam Alderfer, Analyst	704.644.1917	adam@7mileadvisors.com
Lucas Cerbelli, Analyst	704.336.0118	lucas@7mileadvisors.com
Tanner Lange, Analyst	704.672.0611	tanner.lange@7mileadvisors.com
Trent McCauley, Analyst	704.644.1916	trent.mccauley@7mileadvisors.com
Tyler Ratterree, Analyst	704.706.9168	tyler@7mileadvisors.com
Alejo Vidal, Analyst	(+) 54.911.41589065	alejo@7mileadvisors.com