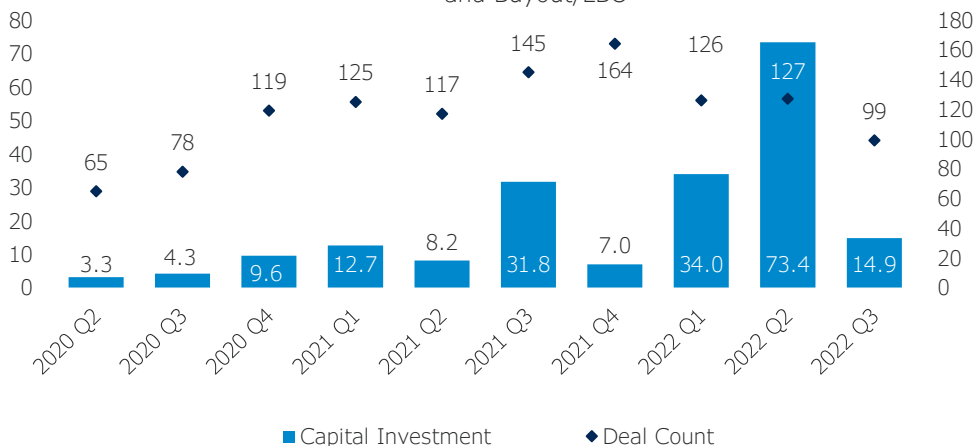


# Market Update Cybersecurity & Infrastructure Services

- 1 Market Overview
- 2 Sector Snapshot
- 3 Public Markets
- 4 Notable Deals

In Q3 of 2022, the Cybersecurity & Infrastructure Services industry saw nearly \$15.0 billion of capital deployed globally for M&A and Buyout/LBO transactions. Additionally, the quarter also saw 99 deals take place across a bevy of sub-sectors, including primarily network management software, IT consulting and outsourcing, and business/productivity software. The majority of these transactions took place in the U.S., specifically San Francisco, and Austin, and other leading regions include Dubai, Canada, Italy, and Germany. Geographically, this composition has stayed in line with historic trends.

Historical Cybersecurity Capital Investment and Deal Count – M&A and Buyout/LBO



## Industry Challenges and Trends

**Cloud Security.** It has become a requirement for modern-day enterprises and SMBs to move their data to the cloud. There are still considerable drawbacks for specific industries with more sensitive data sets, as the majority of cloud providers do not offer encryption or authentication as security measures. There is an urgent need to enhance cloud security capabilities, with innovative measures currently being introduced today that will likely extend to 2023 to combat cyber threats.

**Attacks on Healthcare Companies.** Certain sectors are especially vulnerable to cyber attacks given the massive amounts and types of information and data they deal with. As the financial sector is notoriously known for frequent cyber attacks, so is healthcare, which is expected to be increasingly under threat in H2 2022 and 2023. Alarmingly, since 2009, the number of cyber attacks on U.S. healthcare businesses has increased from 18 to 713 per year.

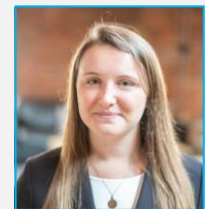
**User Awareness.** Cybersecurity threats are continuing to become more and more prevalent each year. Businesses of all sizes are increasingly dedicating a greater portion of their IT budget on cybersecurity-related upgrades, enhancements, and trainings. Notably, there is a growing move towards security awareness training as many cyber attacks are directly caused by human error rather than a breakdown in digital security measures. As humans became more aware of phishing attacks and spoofing scams, password strengths improve, and companies routinely encourage basic cyber health advice, H2 2022 and 2023 cyber attacks could be greatly prevented.

7MA has completed numerous M&A transactions for companies operating in the aforementioned sectors and has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please contact Leroy Davis, Sydney Scadden, Tomas Adduci and/or Trent McCauley if you would like to learn more about Cybersecurity & Infrastructure Services.

## Sector Coverage Team



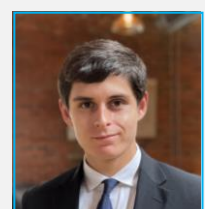
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# Sector Snapshot

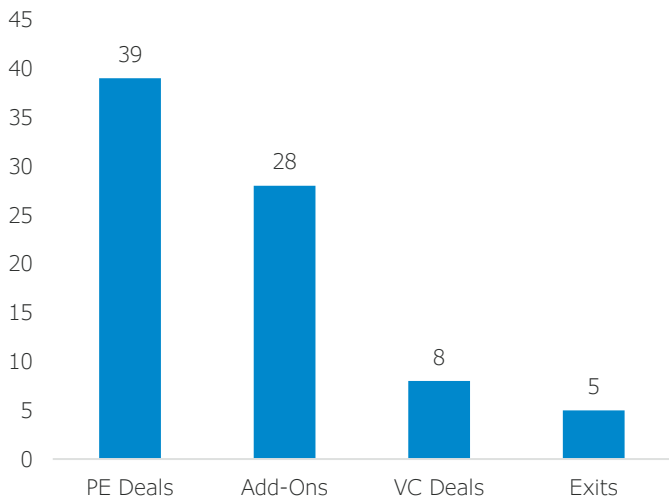
## Thoma Bravo's 2022 Spending Spree

As publicly-traded enterprise software companies have struggled throughout 2022 resulting in less capital on hand to partake in M&A activities, private equity firms with hundreds of millions of dry powder have been provided great opportunity to fill the M&A void. In 2022, global private equity firm Thoma Bravo has made massive waves in the enterprise software space, acquiring / announcing to acquire companies such as Anaplan, Bottomline Technologies, and, more recently, leading IAM (identity and access management) solution providers SailPoint Technologies, Ping Identity, and ForgeRock.

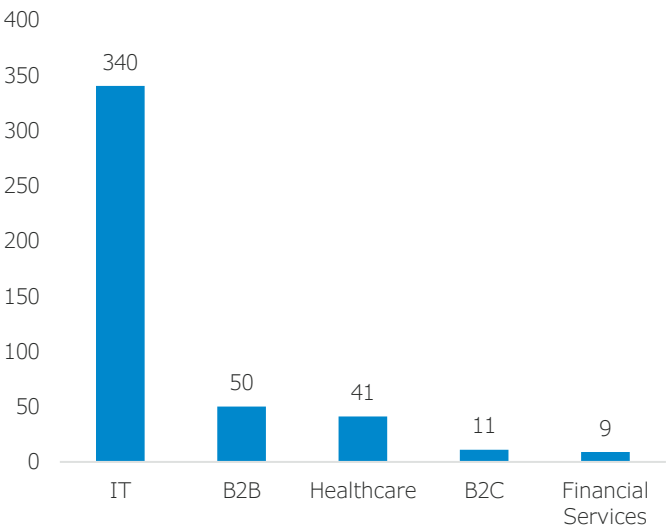
On August 16th, global private equity firm Thoma Bravo completed its previously announced purchase of identity security and governance services provider SailPoint Technologies in an all-cash transaction valued at around \$6.9 billion. At completion of the purchase, SailPoint was delisted from the NYSE and stockholders received approximately \$65.25 in cash per share of the company's common stock. Today, SailPoint is now a privately held entity. Also notably, just a few weeks before the SailPoint transaction's completion, Thoma Bravo announced its intent to acquire federated ID management firm Ping Identity for roughly \$2.8 billion. With this transaction expected to close in the fourth quarter of 2022, once complete, Ping, too, will go from being a publicly-listed company to a private entity under the Thoma Bravo umbrella. Specifically, Ping's current stockholders will receive around \$28.50 in cash per share of common stock upon the transaction's completion. Both U.S.-based companies, SailPoint and Ping Identity were estimated to be purchased at 16.25x and 8.40x revenue, respectively, on a TTM June 2022 revenue basis. The companies have historically "jump-roped" the positive-EBITDA threshold but are both believed to have been purchased at slightly negative EBITDA numbers.

Unsurprisingly, as two of the largest IAM vendors in the world are expected to be paired together under the Thoma Bravo umbrella, the consulting and services market operating around these solutions will be very interesting to follow over the coming years. As traditionally vendor agnostic IAM services firms react to market demand, there may be a shift in demand for services capabilities within the SailPoint and Ping Identity ecosystems, leading to a less fragmented IAM market that we have seen historically.

Thoma Bravo 2022 General Statistics



Thoma Bravo Investments by Industry



### Notable Cybersecurity & Infrastructure Acquirers in Q2 & Q3 2022 (M&A and PE)



Headcount



*Please reach out to 7MA team to get access to the full list.*

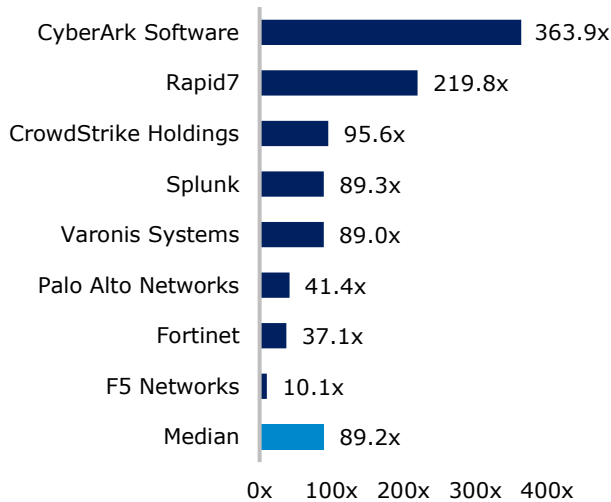
# Public Markets

## Publicly-traded Cybersecurity & Infrastructure Companies – Q3 2022

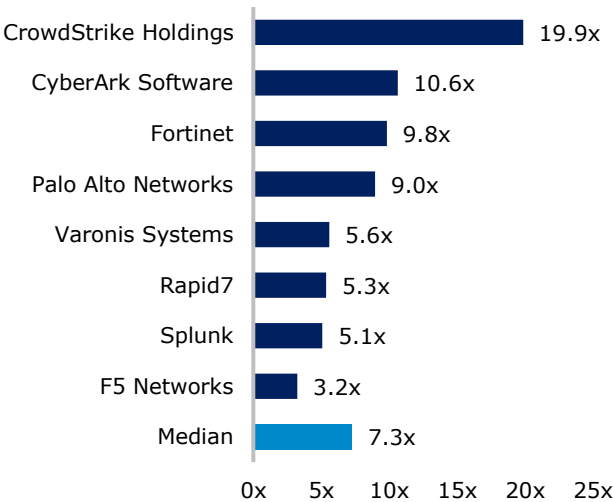
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Varonis Systems	2,424	27	435	29.7%	84.5%	6.3%	5.6x	89.0x	2,065	210
Rapid7	3,295	15	616	33.4%	67.7%	2.4%	5.3x	219.8x	2,353	262
CyberArk Software	5,764	16	543	12.8%	80.1%	2.9%	10.6x	363.9x	2,373	229
F5 Networks	8,631	855	2,678	5.6%	80.5%	31.9%	3.2x	10.1x	6,461	414
Splunk	15,412	173	3,039	26.0%	74.1%	5.7%	5.1x	89.3x	8,180	371
NortonLifeLock	15,782	1,522	2,817	7.4%	85.5%	54.0%	5.6x	10.4x	2,700	1,043
CrowdStrike Holdings	36,414	381	1,834	61.2%	73.7%	20.8%	19.9x	95.6x	6,163	298
Fortinet	37,491	1,010	3,816	31.1%	75.3%	26.5%	9.8x	37.1x	11,508	332
Palo Alto Networks	49,288	1,190	5,502	29.3%	68.8%	21.6%	9.0x	41.4x	11,870	463
Average	19,389	577	2,364	26.3%	76.7%	19.1%	8.2x	106.3x	5,964	403
Median	15,412	381	2,678	29.3%	75.3%	20.8%	5.6x	89.0x	6,163	332

share price as of 10Oct22

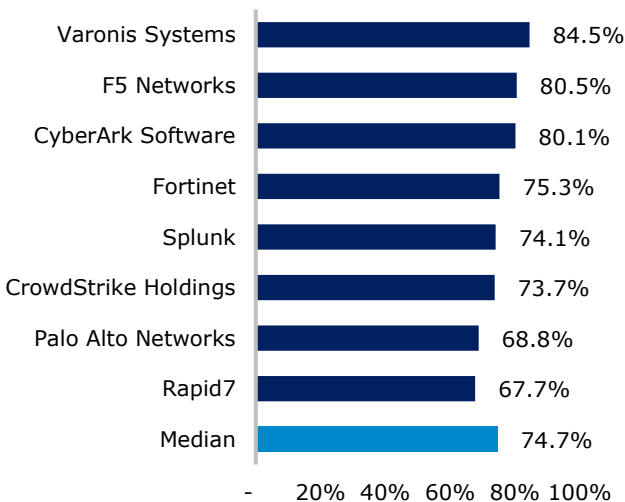
### TEV / EBITDA X



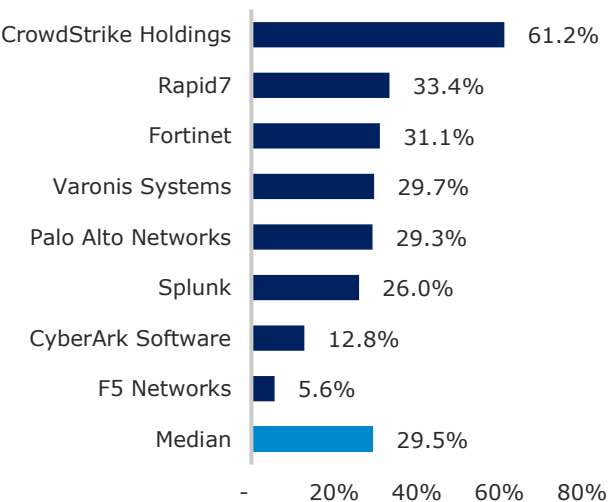
### TEV / Rev X



### LTM Gross Margin %

















### LTM Rev Growth %



# Notable Deals

## 2022 Q3 M&A Transactions

Date	Target	Buyer	Target Description
September 2022			<ul style="list-style-type: none"><li>Developer of cloud-based cybersecurity software designed to manage threats and security risks. The company's platform utilizes publicly available and proprietary threat information and data analytics approach to anonymize real-time data on customer networks to enable advanced analytics and threat hunting capabilities, enabling organizations to have real-time visibility into the threats and get enterprise-grade threat protection at a reduced cost.</li></ul>
September 2022		 	<ul style="list-style-type: none"><li>Provider of managed security and cloud security solutions intended to protect large enterprises and public administrations from cyber attacks. The company's services include installation, upgrading and management of the firewall and perimeter elements, the unified management of threats and solutions for the detection of anomalies, and helping organizations to mitigate the attacks against protected IT infrastructure.</li></ul>
September 2022			<ul style="list-style-type: none"><li>The company monitors, detects, analyzes, and responds to cybersecurity incidents and offers managed security services, managed detection and response, consultancy and advisory services and more, thereby helping clients with cybersecurity challenges and providing the knowledge and experience needed to grow businesses and capabilities.</li></ul>
September 2022			<ul style="list-style-type: none"><li>Provider of cybersecurity services specialized in solutions intended to support business processes innovation and digital transformation. The company offers to deliver value to clients, which enables them to go beyond traditional standards every day.</li></ul>
September 2022		 	<ul style="list-style-type: none"><li>Provider of cloud computing and artificial intelligence services intended to serve private companies and public administrations. The company offers artificial intelligence and smart analytics, digital assistants, intelligent assisted reality, cloud collaboration and network security operation services, enabling clients to optimize their business through digital transformation.</li></ul>
September 2022			<ul style="list-style-type: none"><li>CynergisTek Inc provides companies with cybersecurity, privacy, and compliance services through the assessment and technical testing, remediation, management, and validation services. These services are delivered primarily through its three-year managed services agreements or short-term consulting and professional services engagements.</li></ul>
August 2022			<ul style="list-style-type: none"><li>Provider of information technology and managed services based in Santiago, Chile. The company offers mobile and web applications development, automation, application modernization and cloud services as well as software development services, information technology consultancy and cybersecurity services to clients.</li></ul>
August 2022			<ul style="list-style-type: none"><li>Provider of cybersecurity services intended to offer security to its customers. The offers technical expertise in big data analytics, information technology services, counter-insider threat, cybersecurity, and program management enabling them to offer solutions in support of the critical missions of our customers</li></ul>
August 2022			<ul style="list-style-type: none"><li>Provider of managed services, technology consulting and systems integration to the life sciences, manufacturing, financial services and construction/engineering industries. The company specializes in working with small and medium-sized businesses to improve efficiencies, increase profits and get more out of their technology investments.</li></ul>

# About 7 Mile Advisors

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. All securities transactions are executed by 7M Securities, LLC, member FINRA / SIPC. For more information, including research on the M&A markets, visit [www.7mileadvisors.com](http://www.7mileadvisors.com).



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## Notable 7 Mile Transactions



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