

# Cybersecurity Services Market M&A report

March 2024



**Equiteq**  
Growing equity, realizing value

# Executive summary



The market is experiencing significant growth due to lack of cyber talent in the market combined with the increasing complexity of attacks



Recent cyber attacks and the advent of modern technologies such as GenAI has pushed cybersecurity to the top of the agenda for most services firms



The ecosystem is dominated by global and PE-backed firms, with a fragmented market providing opportunities for consolidation



M&A deals are concentrated in the US, with PE and PE-backed firms driving the market in recent years



The public markets value cyber security firms highly, often at or above the levels enjoyed by high-value consulting firms



M&A valuations reflect extremely strong multiples, with trade buyers willing to pay up to compete with PE buyers



**11%**  
2023-2028  
cybersecurity market  
CAGR



**>40%**  
Cybersecurity market  
attributed just to  
services



**309**  
Total services deals  
since 2021



**71%**  
Deals where targets were  
pureplay cybersecurity  
services in 2023



**49%**  
Deals focused on the  
North American  
market in 2023



**32%**  
Deals focused on  
executing cross-  
border strategies in  
2023



**14.3x**  
Public markets  
EV/EBITDA valuation



**13.4x**  
Transactions  
EV/EBITDA valuation

## Key acquirers in the sector



accenture

Booz | Allen | Hamilton

Deloitte.

NEVERHACK

nomios



THALES

- 1. Cybersecurity market drivers**
2. Cybersecurity services & landscape
3. M&A activity in the space
4. Cybersecurity valuation analysis
5. Appendix: About Equiteq



# The cybersecurity market is experiencing double-digit growth, driven by several macroeconomic factors

A

*Complex cyber viruses are expected to drive the cost of cyber incidents in the coming years*



B

*Increasing cyber talent shortage in the market has resulted in inadequately equipped organisations*



C

*Stringent regulations are forcing organisations to push cybersecurity agendas to the top of the list*

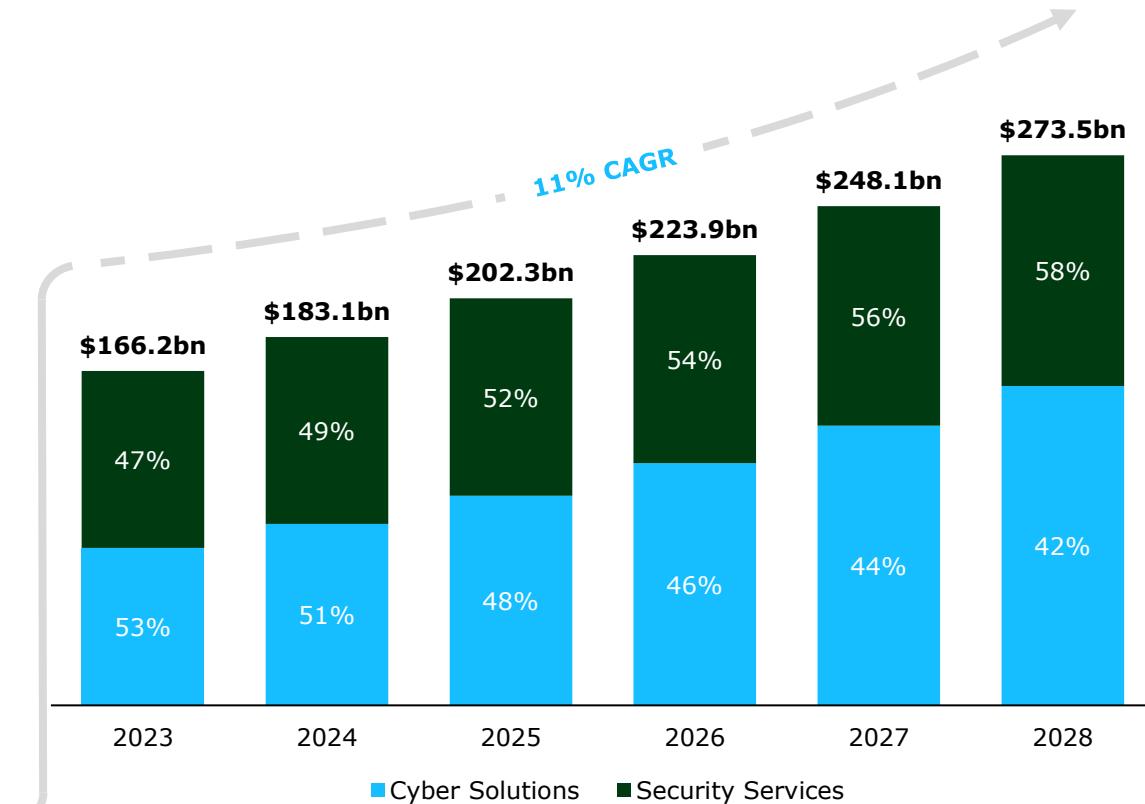


D

*Rapid adoption of new technologies increase the need for the implementation of effective cybersecurity solutions*

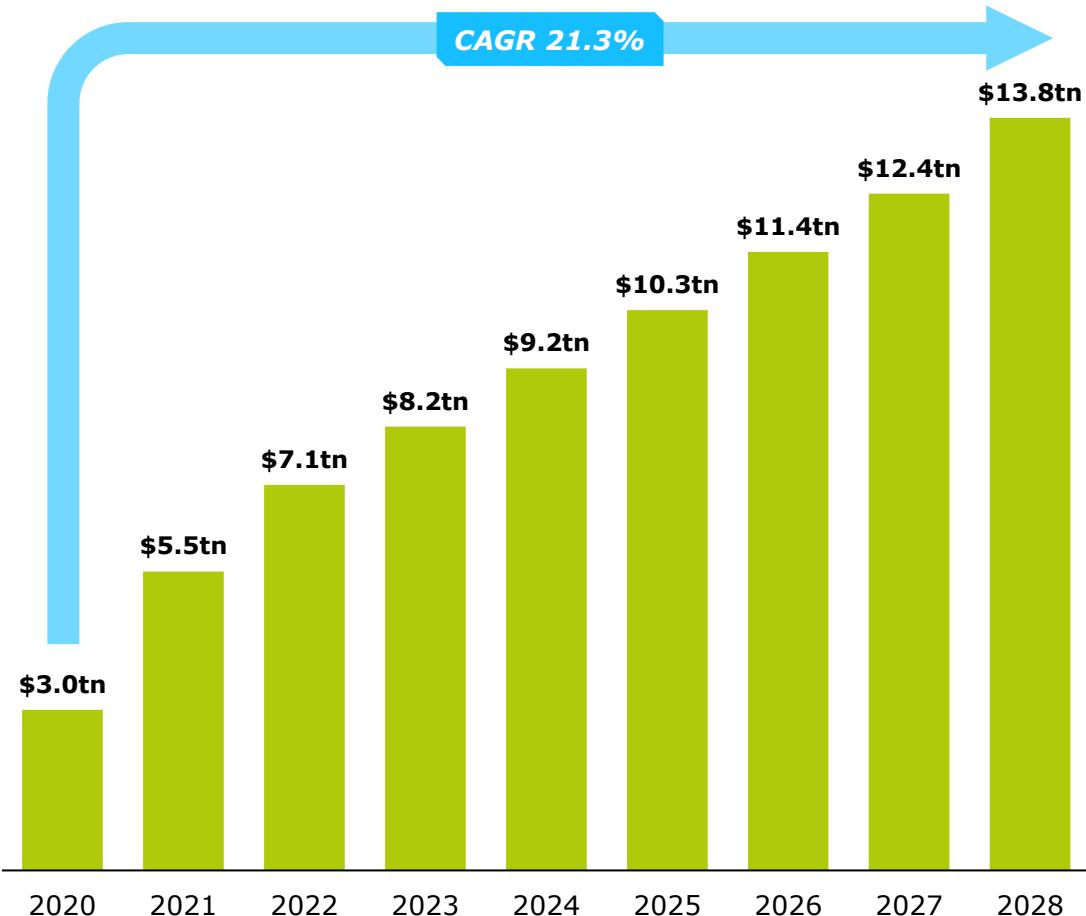


Global cybersecurity market



# Complex cyber viruses are expected to drive the cost of cyber incidents in the coming years

## Global cost of cybersecurity attacks



## Notable cyber attacks



**Viasat**  
Viasat Hack  
Feb 2022

The attack on Viasat on the 24<sup>th</sup> of February 2022 led to the disruption of broadband satellite internet access, disabling modems that communicate with one of Viasat's satellite networks that provide internet access to parts of Europe and Ukraine. Researchers from SentinelLabs have concluded that the attack was a result of a new strain of viper malware called "AcidRain". The attack also severely impacted a German energy company who lost remote monitoring access to over 5,800 wind turbines.



**EQUIFAX**  
Equifax Data  
Breach  
Jul 2017

Inadequate cybersecurity processes and protocols at Equifax led to hackers exploiting a known vulnerability to gain access to the privileged records of more than a 140m American citizens and about 15m British citizens. Known as one of the worst data breaches in history, the attack exposed the victims' names, addresses, dates of birth, social security numbers, and drivers' license numbers. In the wake of the incident, Equifax spent an estimated \$1.4b upgrading its security systems.

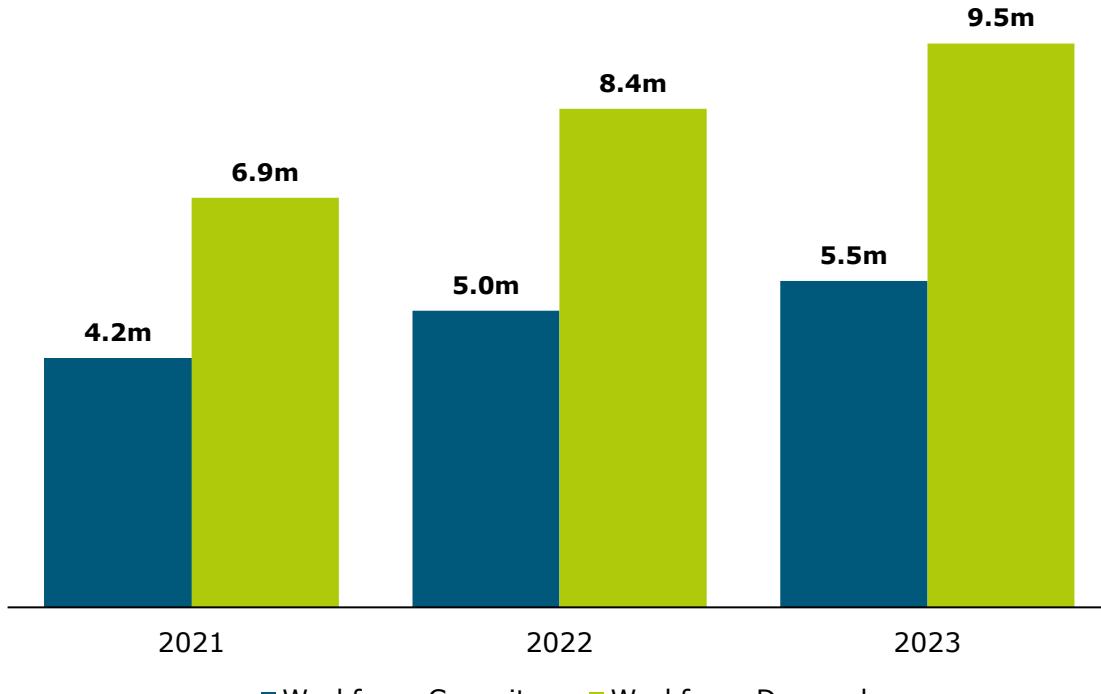


**WannaCry**  
Ransomware  
May 2017

The WannaCry Ransomware affected around 200,000 computers in over 150 countries around the world. The attack worked by encrypting user data on the affected computers, after which a ransom was demanded to decrypt said data. The fact that this attack exploited a vulnerability in Windows that was previously unknown meant people were caught off-guard. To make matters worse, the WannaCry virus was capable of spreading from computer to computer at alarmingly fast rates.

# Increasing cyber talent shortage in the market has resulted in inadequately equipped organisations

Global cybersecurity workforce shortage



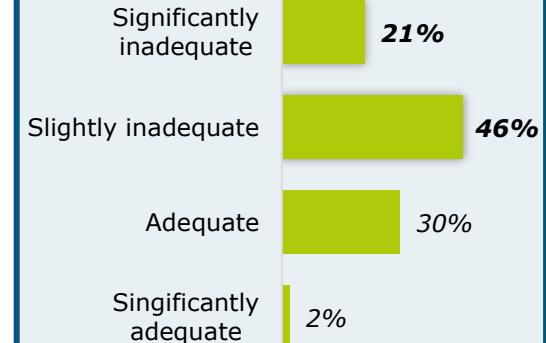
**The shortage in cybersecurity talent has steadily increased from 4.2m in 2021 to 5.5m in 2023 with AI, cutbacks, economic uncertainty, and a challenging threat landscape as key driving forces**

CxO perspectives on the cyber skill gap

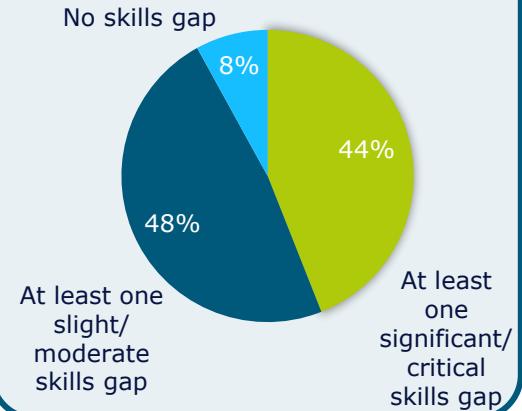
*"How do you feel about the adequacy of your organization's cybersecurity workforce to troubleshoot cybersecurity issues at your organization?"*



**Response A**



**Response B**

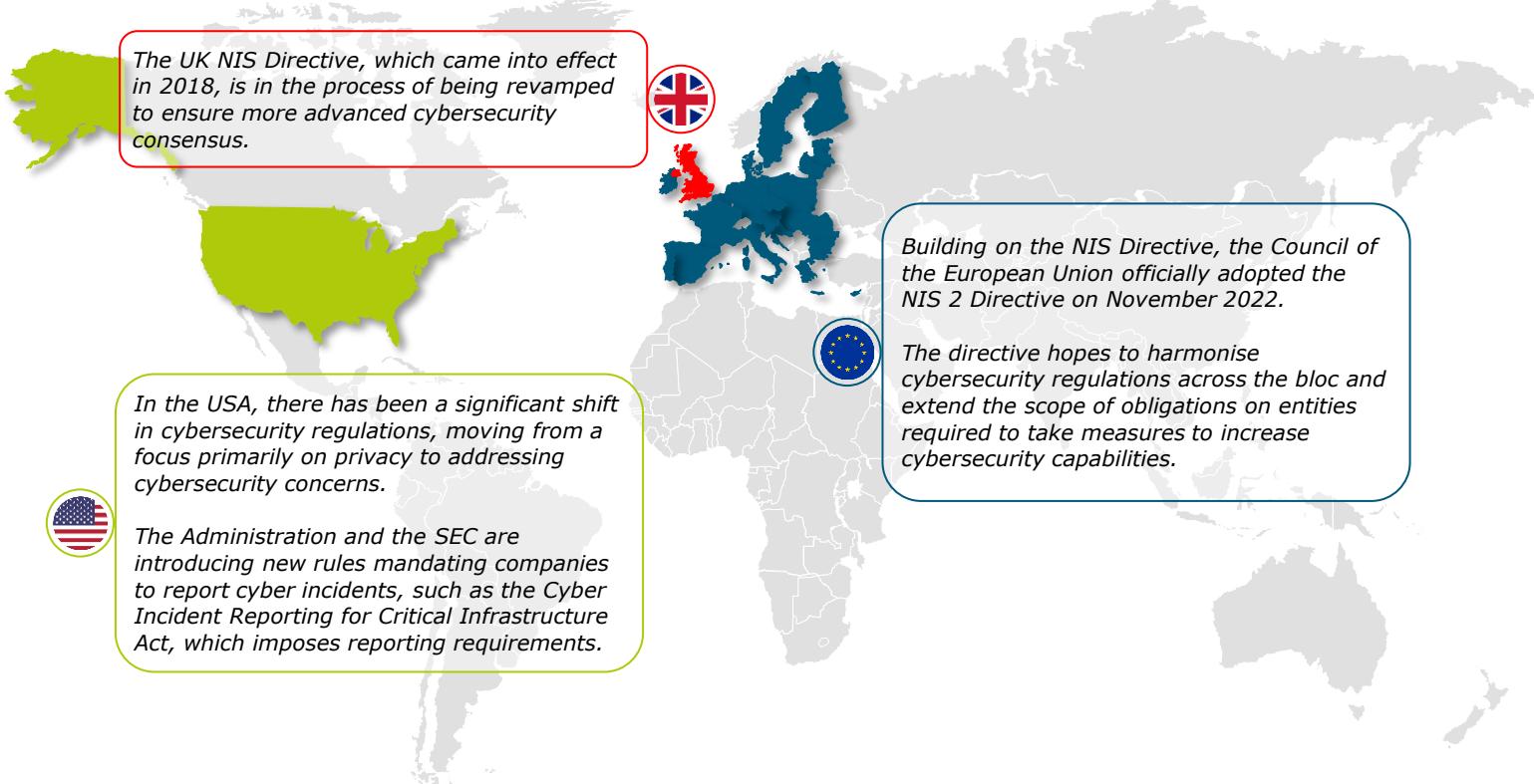


*"To what extent does your organization's cybersecurity team have one or more skills gaps?"*



# Stringent regulations are forcing organisations to push cybersecurity agendas to the top of the list

## Cybersecurity regulation adoption globally



**Increasingly global stringent regulation, coupled with an acute awareness of security matters, has given rise to a number of GRC advisors who aim to help businesses navigate regulation complexities**

## Expert perspectives

"Along with governments, regulatory agencies, and companies around the world, the US government has joined efforts to increase oversight of cybersecurity incidents. Companies should consider preparing for these changing requirements and adopting a framework for readiness, response, and remediation."

McKinsey & Company

"Management teams must actively embrace their responsibilities in cyber security and involve themselves in managing cybersecurity risks."

pwc

"Organisations must be prepared to handle cyber crises and have a cyber recovery plan in place. Organisations should be mindful that recovering modern technology infrastructure - including cloud environments - can be extremely complex."

pwc



# Rapid adoption of new technologies increase the need for the implementation of effective cybersecurity solutions



## Edge Computing

Ensuring standardised security protocols across multiple nodes is imperative in edge computing, given its decentralized architecture, necessitating the protection of edge devices and communication channels. Managing security and accommodating low-latency requirements and real-time processing are vital within edge computing environments



## Quantum Computing

The emergence of quantum computers presents a serious challenge to conventional encryption techniques like RSA and ECC, placing the confidentiality and integrity of sensitive data at risk. In response, the development and deployment of quantum-resistant cryptographic algorithms become imperative to safeguard secure communication amidst the advent of quantum computing



## Cloud Computing

Cloud computing has experienced widespread adoption, with the majority of technology leaders identifying as primarily reliant on cloud services. Nevertheless, ensuring the security of cloud environments poses ongoing difficulties. Hence, measures like establishing robust Identity and Access Management (IAM) protocols is critical to regulate access to cloud resources effectively



## 5G Networks

5G networks bring about an expanded attack surface due to their widespread deployment, encompassing a greater number of devices and increased data transmission volumes, while features like network slicing and virtualization introduce fresh vulnerabilities, demanding efficient segmentation and isolation to thwart unauthorized access and potential data breaches



## Artificial Intelligence and Machine Learning

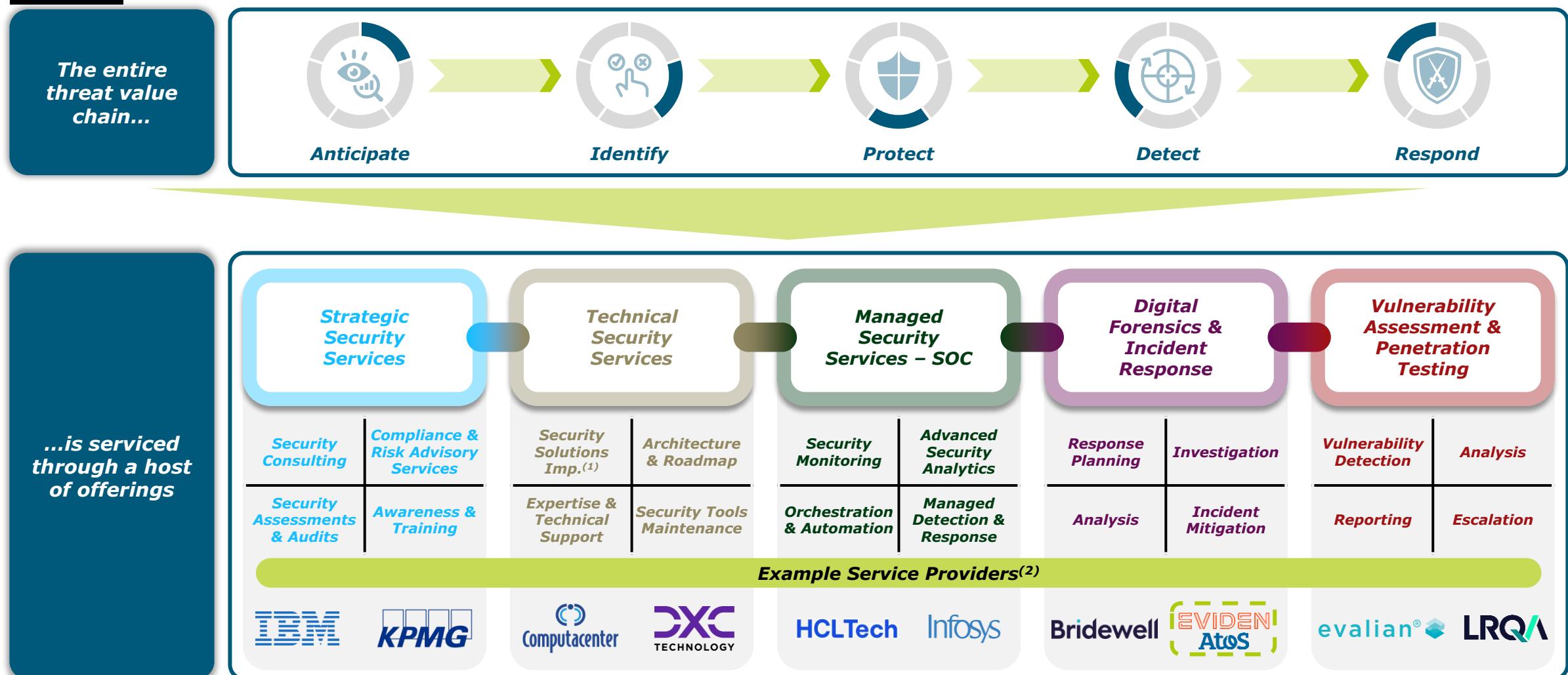
Artificial Intelligence (AI) and Machine Learning are increasingly essential in bolstering cyber security efforts, improving the detection of threats, and automating security tasks; however, they also introduce distinctive challenges as AI is harnessed to orchestrate more sophisticated cyber attacks



1. Cybersecurity market drivers
2. **Cybersecurity services & landscape**
3. M&A activity in the space
4. Cybersecurity valuation analysis
5. Appendix: About Equiteq



# Cybersecurity services offered by providers span the entire threat value chain



**The global cybersecurity market is highly fragmented and is well positioned for accelerated consolidation**



- The presence of large system integrators and consulting services firms in the cyber services market ensure high-value exit opportunities for both private equity buy-and-builds as well as cyber entrepreneurs
- While several assets of scale have been acquired or invested in, multiple opportunities still exist to invest into the cybersecurity space either through established platforms or through a buy-and-build of smaller-scale assets
- Notable names that have acquired or invested into this space include Accenture, Thales, Trill Impact, and Keensight Capital
- The global cybersecurity market is highly fragmented given its recent market catalysis, with a high volume of market participants operating with less than 200 employees

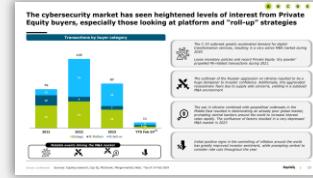
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# The cybersecurity services M&A market has been quite vibrant, with clear trends emerging on buyer preferences

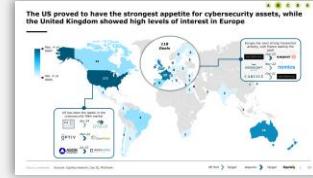
A

**The cybersecurity market has seen heightened levels of interest from Private Equity buyers, especially those looking at platform and “roll-up” strategies**



B

**The US proved to have the strongest appetite for cybersecurity assets, while the United Kingdom showed high levels of interest in Europe**



C

**Buyers have focused on pure-play cyber services over time, with an emphasis on consolidating the EMEA markets**



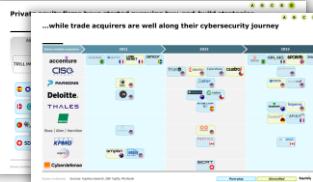
D

**While acquirers have historically focused on local transactions, private equity and the EMEA region have been champions of cross-border transactions**

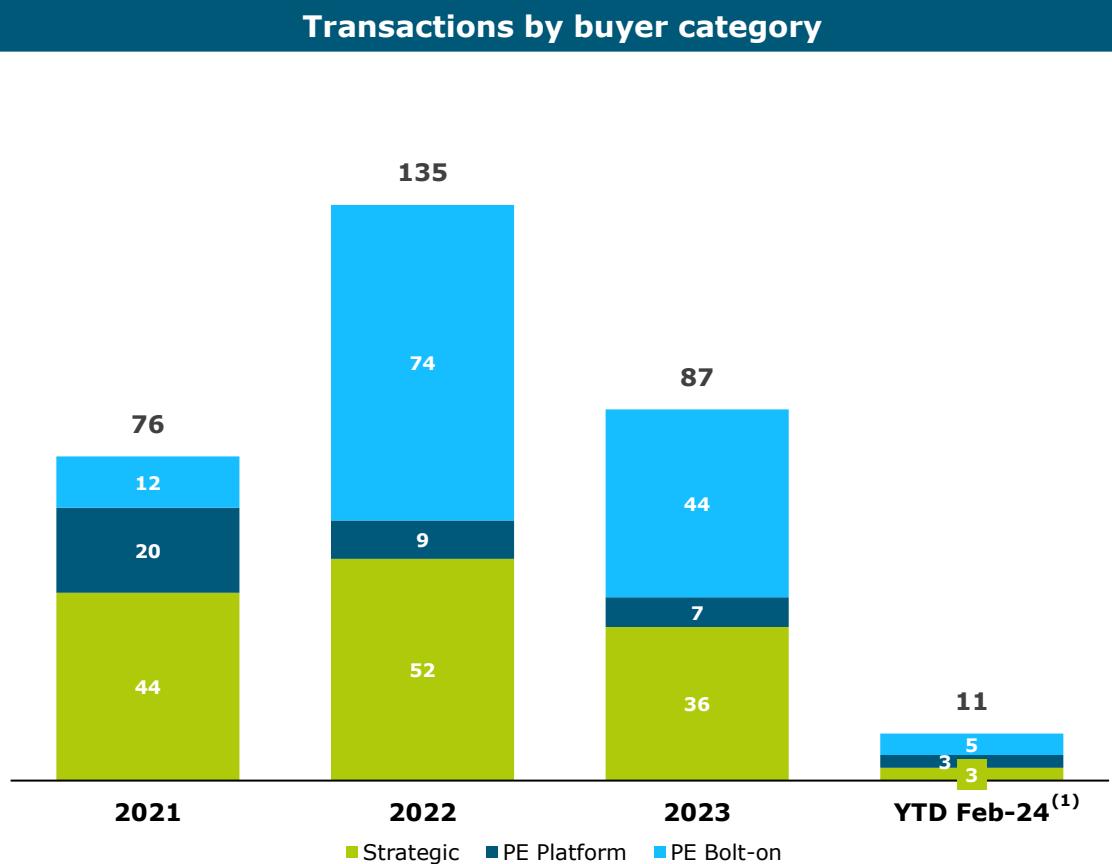


E

**Private Equity firms have started pursuing buy-and-build strategies while trade acquirers are well along their cybersecurity journey**



# The cybersecurity market has seen heightened levels of interest from private equity buyers, especially those looking at platform and “roll-up” strategies



The C-19 outbreak greatly accelerated demand for digital transformation services, resulting in a very active M&A market during 2020, the effects of which were witnessed till 2022.



The outbreak of the Russian aggression on Ukraine resulted to be a huge dampener to investor confidence. Additionally, this aggravated recessionary fears due to supply side concerns, yielding in a subdued M&A environment

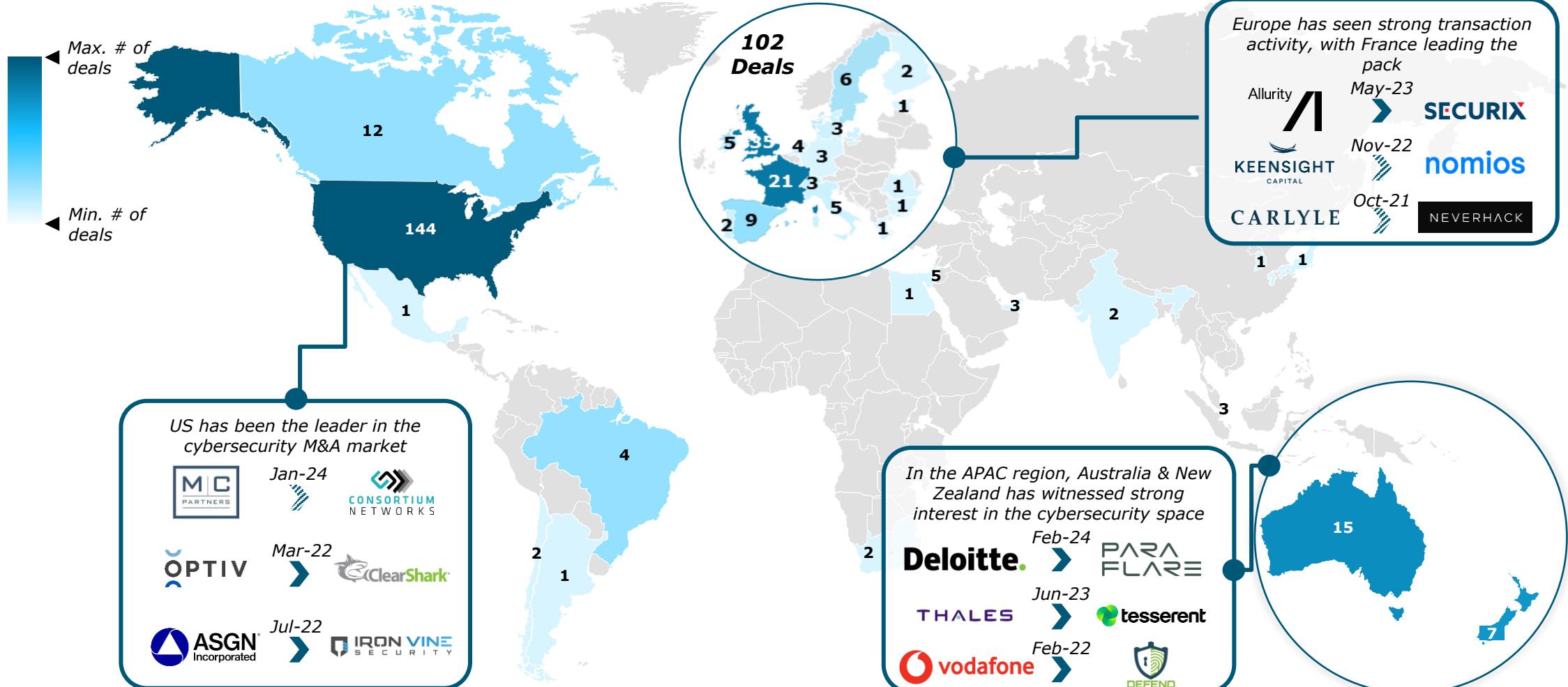


The war in Ukraine combined with geopolitical outbreaks in the Middle East resulted in deteriorating an already poor global market, prompting central bankers around the world to increase interest rates rapidly. The confluence of factors resulted in a very depressed M&A market in 2023

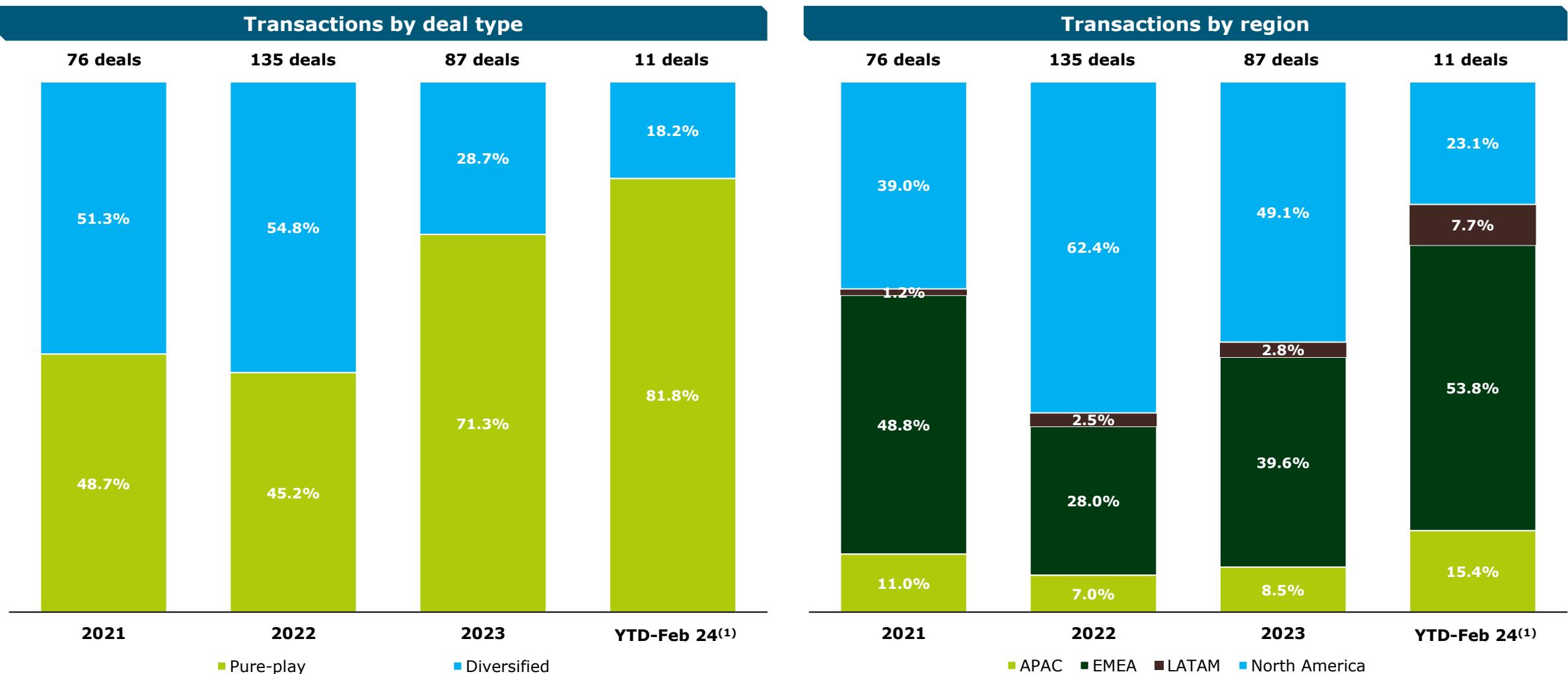


Initial positive signs in the controlling of inflation around the world has greatly improved investor sentiment, while prompting central to consider rate cuts throughout the year

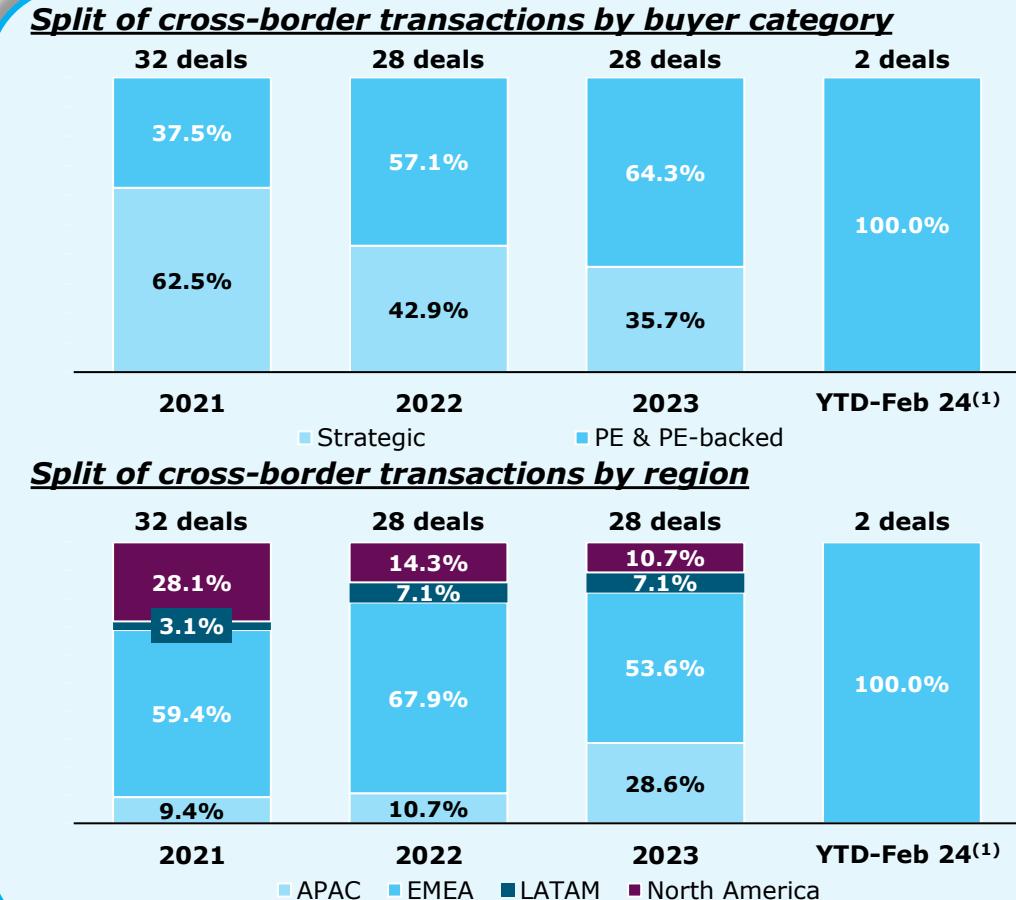
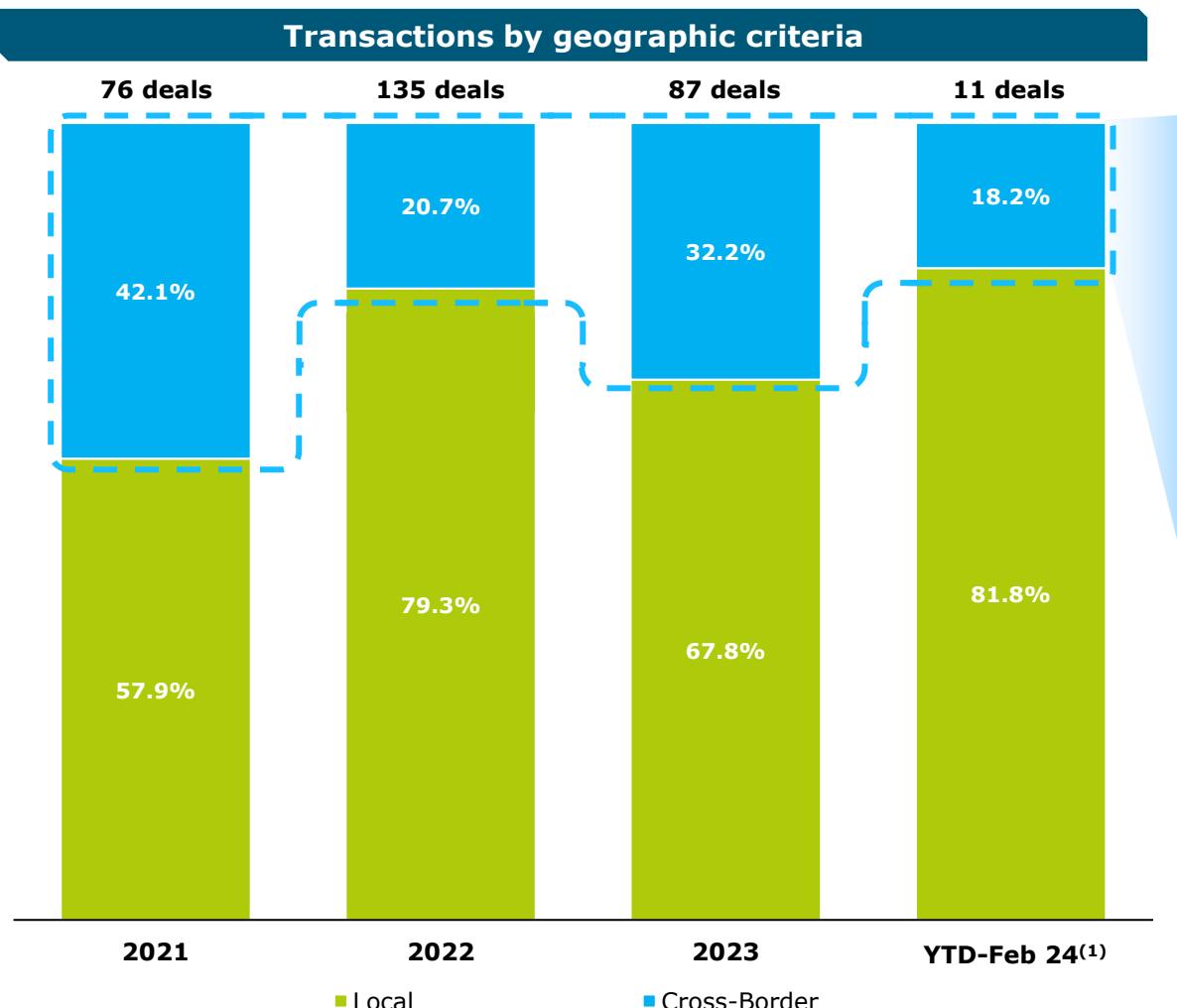
# The US proved to have the strongest appetite for cybersecurity assets, while the United Kingdom showed high levels of interest in Europe



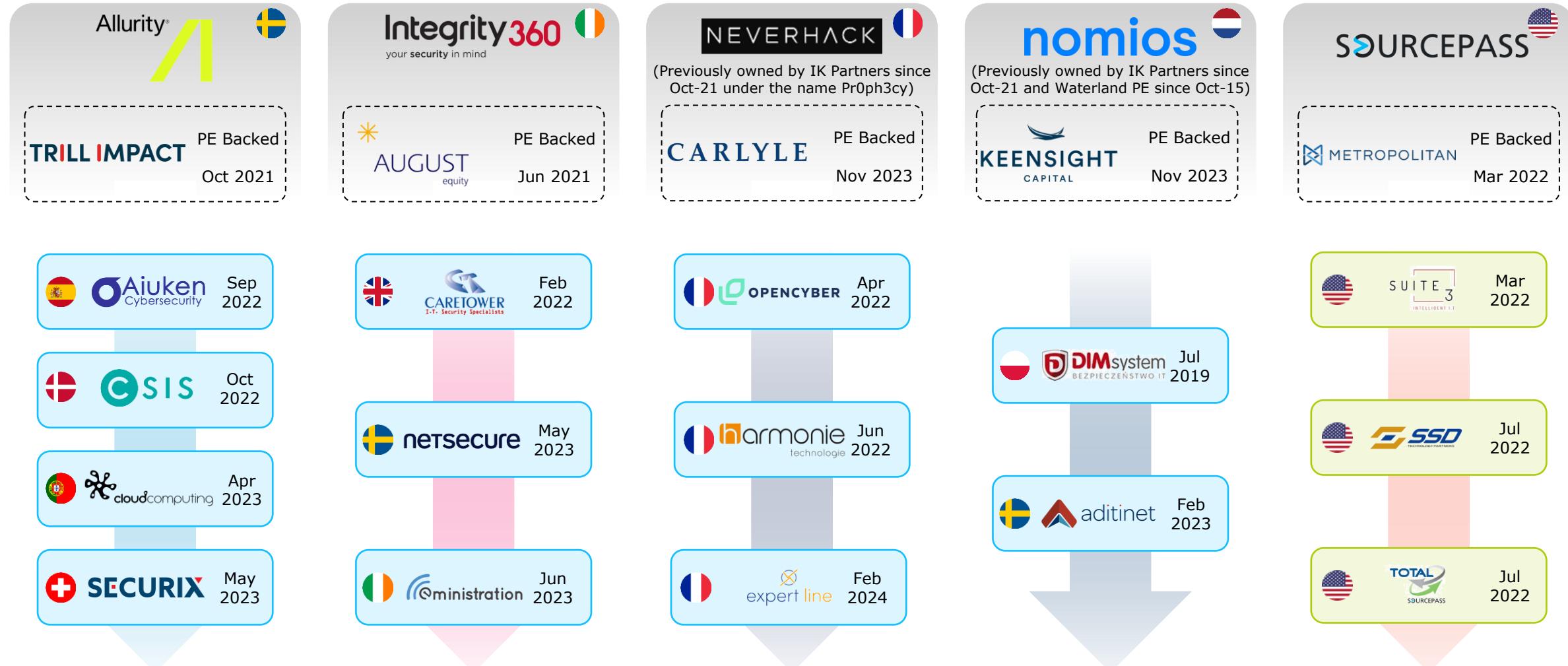
# Buyers have focused on pure-play cyber services over time, with an emphasis on consolidating the EMEA markets



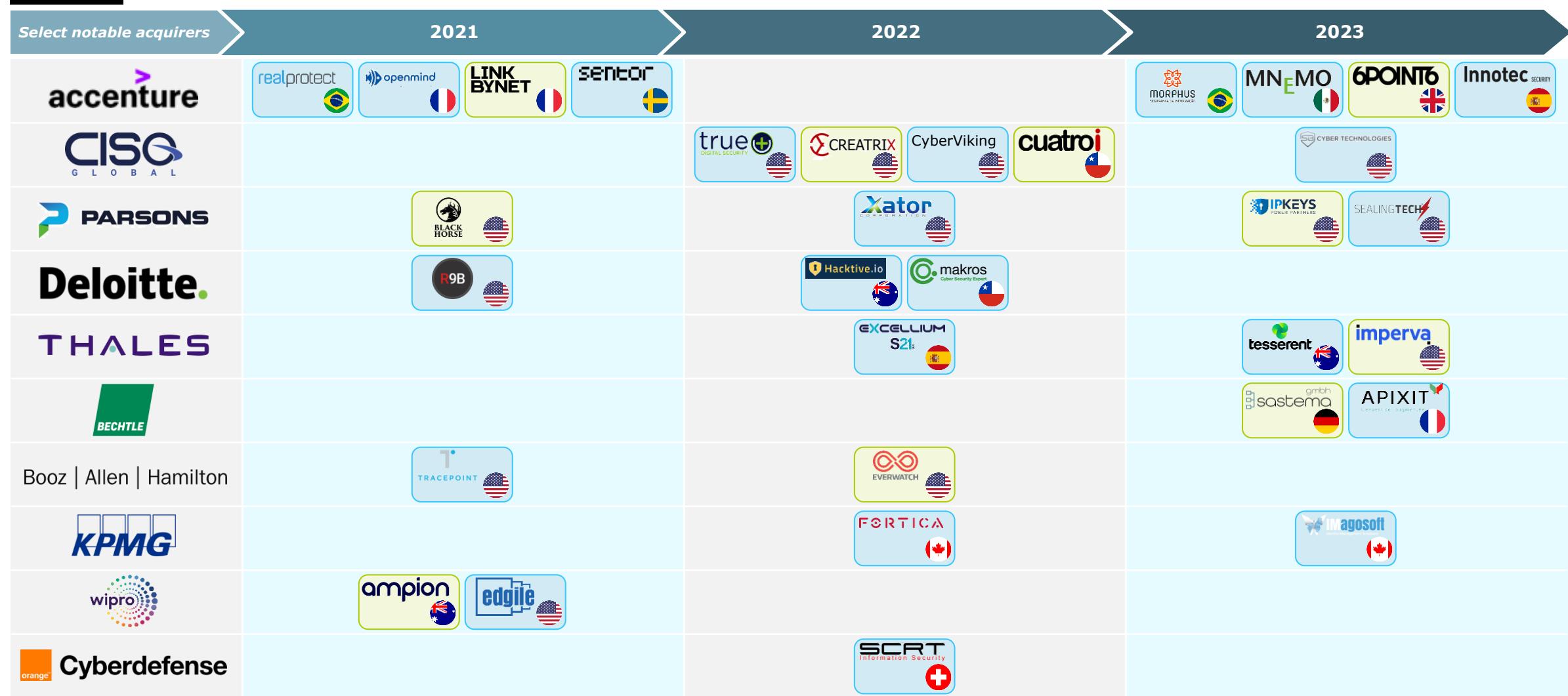
# While acquirers have historically focused on local transactions, private equity and the EMEA region have been champions of cross-border transactions



# Private equity firms have started pursuing buy-and-build strategies...



## **...while trade acquirers are well along their cybersecurity journey**



# Notable pure-play cybersecurity services M&A transactions

## PE and PE-backed

Deal Date	Target	Target HQ	Buyer	Buyer HQ	FTEs	Deal Rationale
Feb-24	 expert		NEVERHACK		79	The acquisition will enable Neverhack to offer a more consolidated set of services while bringing it closer to being the one-stop shop in cybersecurity
Feb-24	 DULIN TECHNOLOGIES		SCALIAN		35	The acquisition will strengthen Scalian Spain's cybersecurity market positioning, while simultaneously bolstering its product portfolio in the Identity and Access Management (IAM) space
Jan-24	 NEWLODE GROUP		squad		22	The acquisition will accelerate Newlode's national and international sales strategy and enable it to become a leading player in the European cybersecurity market
Nov-23	 nomios		KEENIGHT CAPITAL		710	The acquisition will see Nomios focus on both organic and inorganic growth to grow its footprint in the European market
Jul-23	 Three Two Four		 NODE4		30	The acquisition will enhance Node4's cybersecurity offerings, and strengthen its transformation capabilities, particularly for enterprise-level clients
Jun-23	 REVELSEC		 DATAPRIZE		19	The acquisition will further expand Dataprise's national footprint and add high-value vertical expertise
May-23	 SECURIX		Allurity 		75	The acquisition will further strengthen Allurity's pan-European presence and vision to become the preferred partner for tech-enabled cybersecurity services in Europe
Apr-23	 cloudcomputing		Allurity 		27	The acquisition will further strengthen Allurity's aim of becoming a European cybersecurity services provider
Mar-23	 ClearShark		 OPTIV		n.a.	The acquisition will further strengthen Optiv's presence in the US Govt federal services space, more than doubling headcount for this service
Feb-23	 aditinet		 nomios		82	The acquisition will enable the Nomios Group to offer further services, via an increased vendor portfolio, but also add new services to its services stack

# Notable pure-play cybersecurity services M&A transactions

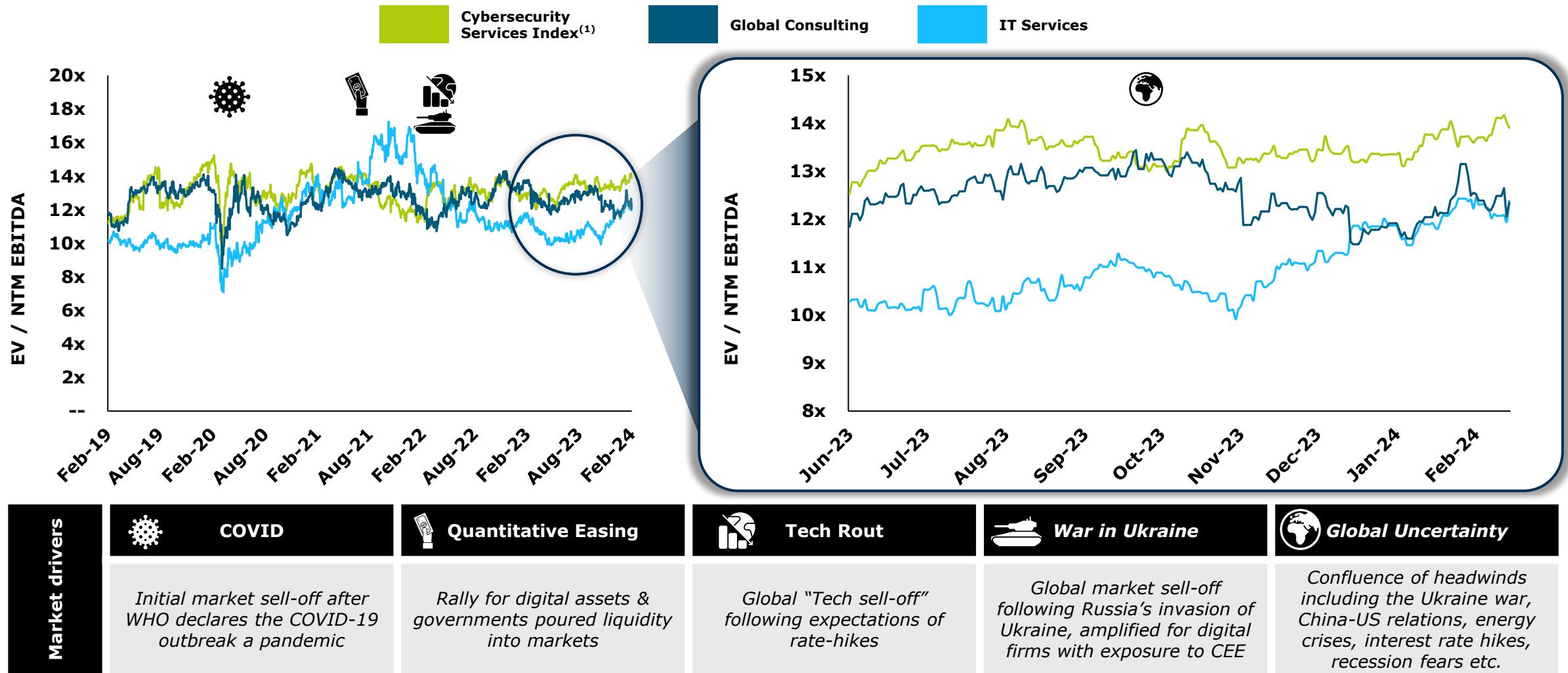
## Strategic

Deal Date	Target	Target HQ	Buyer	Buyer HQ	FTEs	Deal Rationale
Feb-24	 <b>ParaFlare</b>		<b>Deloitte.</b>		22	The acquisition will enhance Deloitte Australia's cyber security capabilities and accelerate growth in managed detection and response and national security
Nov-23	 <b>Innotec SECURITY</b>		 <b>accenture</b>		500	The acquisition will accelerate growth and market presence of Accenture Security, enhancing its ability to provide end-to-end cybersecurity services
Oct-23	 <b>MNEMO</b>		 <b>accenture</b>		629	The acquisition will enhance Accenture's cybersecurity service offerings by integrating MNEMO Mexico's managed cybersecurity services and industry expertise, strengthening its position in the regional market
Oct-23	 <b>APIXIT</b> <small>Expertise segments</small>		 <b>BECHTLE</b>		380	The acquisition will enable the addition of several cybersecurity IT services to Bechtle's offerings while furthering its foothold in regional French markets
Oct-23	 <b>agosoft</b>		 <b>KPMG</b>		n.a.	The acquisition will strengthen KPMG's Identity and Access Management service offering, helping clients manage data and prevent unauthorized network access amidst rising cybercrime threats
Aug-23	 <b>SealingTech</b>		 <b>PARSONS</b>		107	The acquisition will see the creation of a full-spectrum cybersecurity solutions provider, with Sealing Tech's defensive capabilities complementing Parsons' offensive capabilities
Jun-23	 <b>tesseract</b>		 <b>THALES</b>		500	The acquisition will significantly strengthen Thales' global expertise in the field of cybersecurity
May-23	 <b>Bitweave</b>		 <b>CACI</b>		n.a.	The acquisition will bolster CACI's national security intelligence services with Bitweave's expertise in software engineering, data analysis, and cyber services
Apr-23	 <b>ICY Security</b>		 <b>Columbus</b>		50	The acquisition will enhance Columbus A/S's portfolio by incorporating ICY Security's expertise in Identity & Access Management, meeting the rising demand for cyber security services among its clientele
Feb-23	 <b>Morphus</b> <small>SEGURANÇA INFORMÁTICA</small>		 <b>accenture</b>		n.a.	The acquisition will bolster Accenture's cybersecurity, leveraging Morphus's expertise in cyber defense, risk management, and threat intelligence services

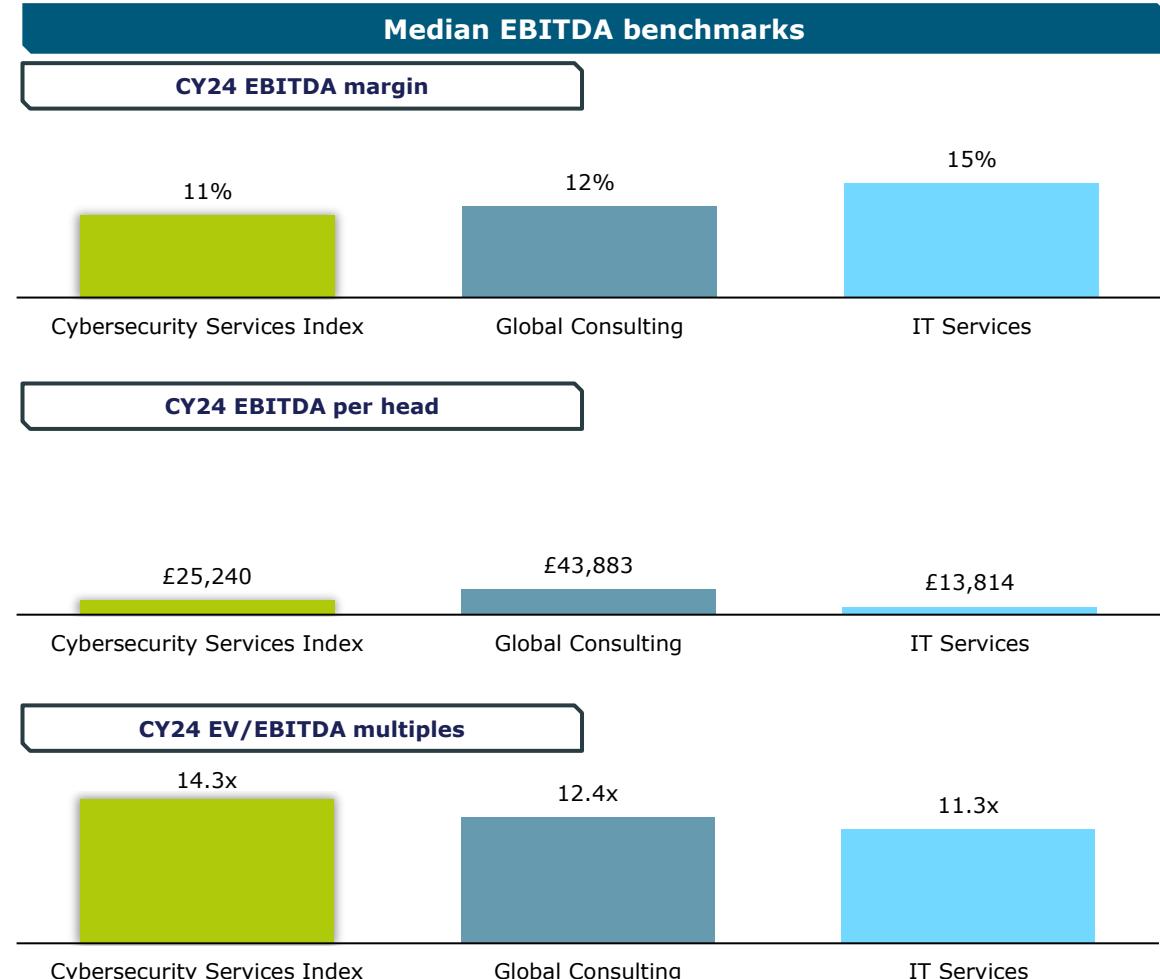
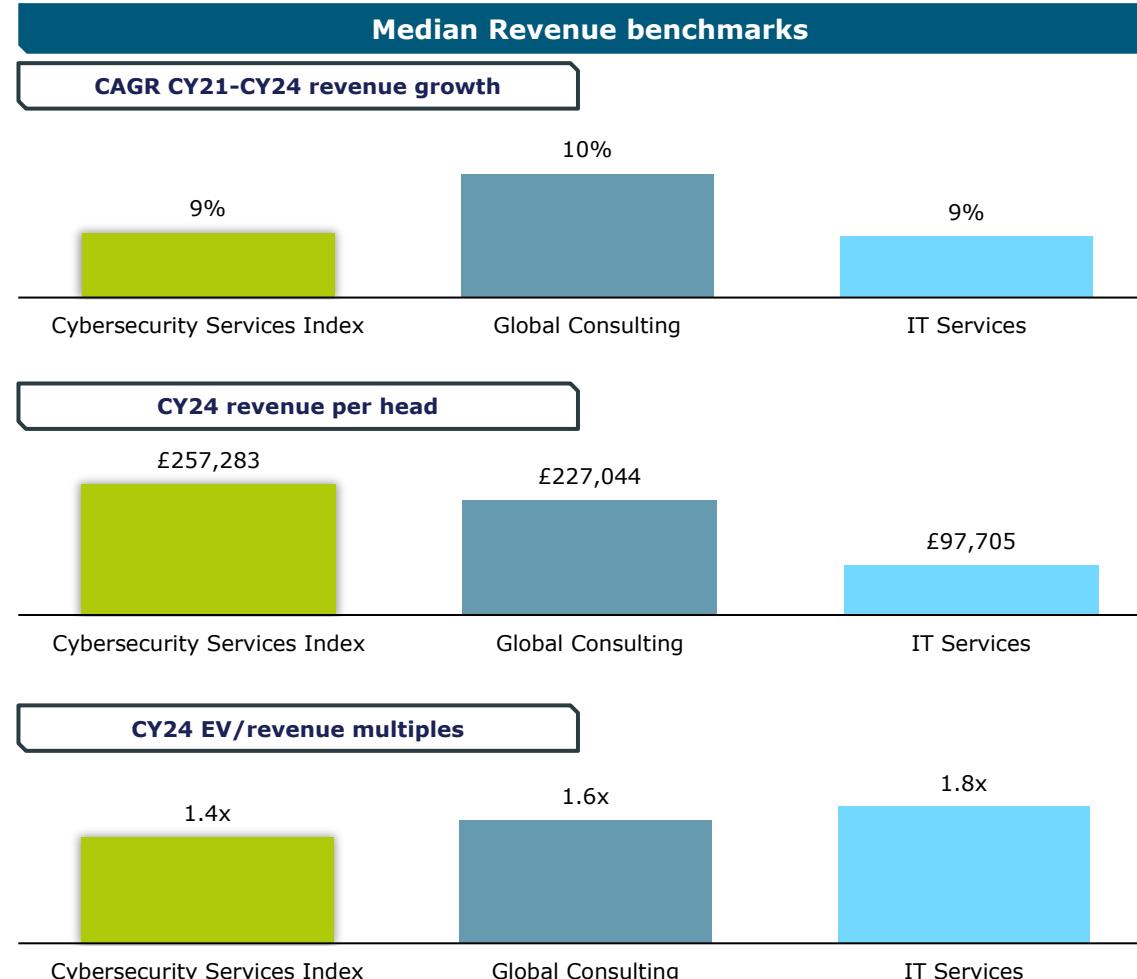
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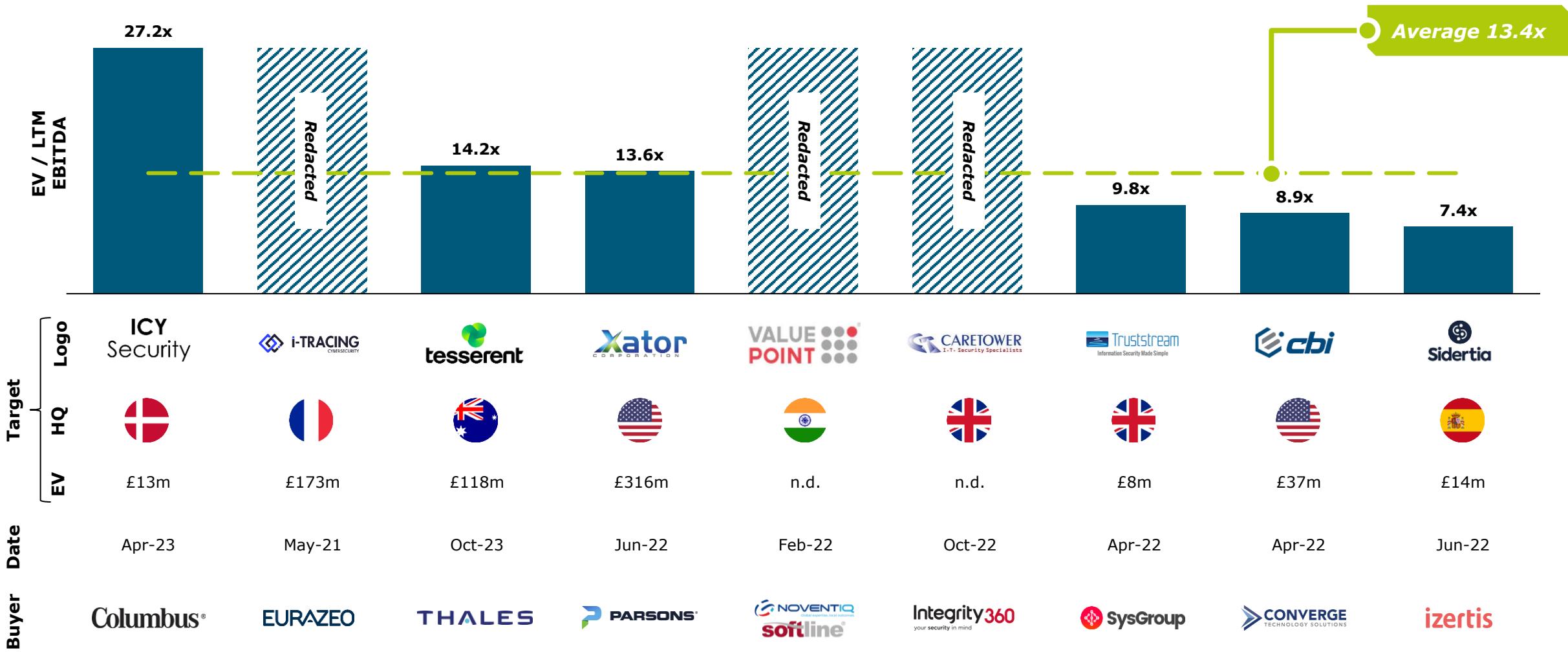
# Recent geopolitical concerns have bolstered the performance of cybersecurity stocks as compared to the broader market



# High revenue per head metrics signify increased demand for cybersecurity services, translating to a premium EBITDA multiple



# Pure-play cybersecurity services have been values significantly higher than the broad IT services market, commanding an average multiple of 13.4x



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# We are custom-built to deliver optimized transaction outcomes for consulting entrepreneurs

## Why Equiteq is best-placed to deliver value to our clients

**Focused**

*Exclusively focused advisory business for consulting M&A*

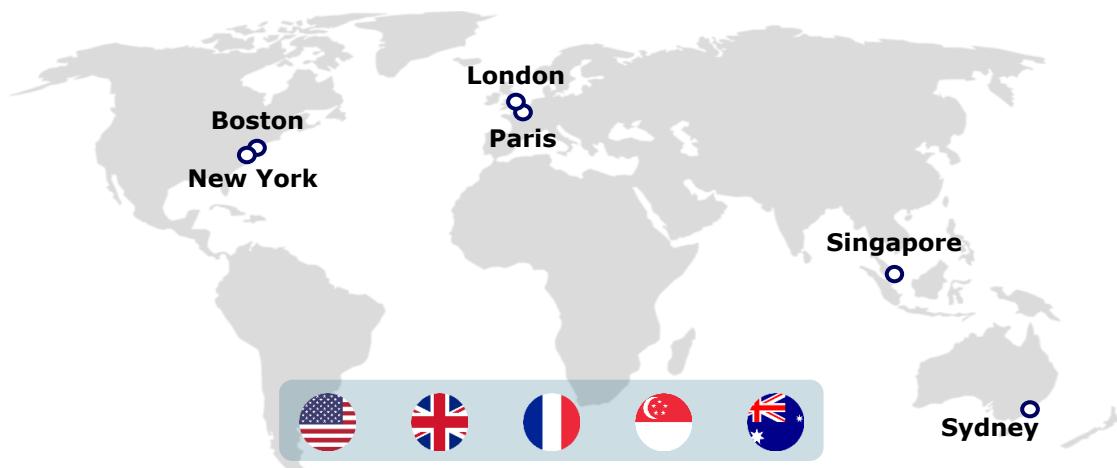
**Honest**

*Hands-on, straightforward advice*

**Global**

*A truly integrated global team and network*

*Growing equity, realising value*



## Equiteq results

170+

Completed transactions in consulting and technology services segments

85%+

Sell-side vs buy-side

~40

Average number of active mandates

€20-250m

Average deal size range

6

Global offices - London, New York, Paris, Singapore, Boston, Sydney

20-50

Average range of consulting specialist buyers engaged for each process

# We are the most active M&A advisor for the Knowledge Economy worldwide

## Selected Completed Transactions

<b>INFINITIUM</b> Serving Payment Ecosystems	<b>KEENIGHT CAPITAL</b> Private Equity invested in	<b>lumeri</b> Strategic Consulting Firm	<b>evolv</b> Data-Driven Digital and Business Consulting Firm	<b>KRESK DEVELOPPEMENT</b> Venture Capital and Private Equity Firm	<b>oligos</b> Pegasystems Solutions Consultancy	<b>onebridge</b> Premier Data & Analytics	<b>ADIVO</b> Global Healthcare consultancy	<b>solnet</b> IT Services Partner	<b>ProcureAbility</b> Procurement Services Specialist
Digital Payments Specialist Sold to <b>Euronet</b> Advised on the sale February 2024	Private Equity invested in <b>PLATFORMATION</b> Advised on the investment February 2024	Strategic Consulting Firm Sold to <b>ankura</b> Advised on the sale January 2024	Data-Driven Digital and Business Consulting Firm Received Investment from <b>INTERLOCK EQUITY</b> Advised on the sale January 2024	Venture Capital and Private Equity Firm Invested In <b>Citwell</b> Advised on the acquisition January 2024	Pegasystems Solutions Consultancy Sold to <b>Magellan Partners</b> Advised on the sale January 2024	Premier Data & Analytics Sold to <b>marlabs</b> Advised on the sale January 2024	Global Healthcare consultancy Sold to <b>Herspiegel DFW CAPITAL PARTNERS</b> Advised on the sale December 2023	IT Services Partner Sold to <b>accenture</b> Advised on the sale November 2023	Procurement Services Specialist Sold to <b>JABIL</b> Advised on the sale November 2023
<b>Apax</b> Acquired	<b>tquila</b> Intelligent Automation Consultancy Acquired	<b>bizanalytica</b> Data Management Solutions Provider Sold to <b>Mastek</b> Advised on the sale August 2023	<b>INTERLOCK EQUITY</b> Private Equity Firm Invested into <b>Lovelytics</b> Advised on the investment June 2023	<b>aquient</b> Salesforce Gold Partner Sold to <b>DGA</b> Advised on the sale June 2023	<b>TSA</b> Project Management and Advisory Firm Acquired	<b>zebu</b> Web3 Technology-Focused Marketing Agency Sold to <b>flightstory</b> Advised on the acquisition May 2023	<b>TSA</b> Project Management and Advisory Firm Acquired	<b>nvm</b> Private Equity Invested in <b>leadingresolutions</b> Advised on the investment April 2023	<b>cg consus</b> Procurement and Supply chain solutions provider Sold to <b>YCP Holdings</b> Advised on the sale April 2023
<b>KIN+CARTA</b> Advised on the acquisition October 2023	<b>elementBlue</b> Advised on the acquisition September 2023	<b>Talan</b> Digital Transformation Specialist Acquired	<b>BAIN &amp; COMPANY</b> Management Consultancy (ET) Acquired	<b>CLEARTELLIGENCE</b> Data & Analytics Consultancy Recapitalized by <b>ALIGN CAPITAL PARTNERS</b> Advised on the acquisition January 2023	<b>Delivery Associates</b> Public Sector Impact Consultancy Sold to <b>TRILLIMPACT</b> Advised on the sale November 2022	<b>HBR CONSULTING</b> Legal Consultancy Sold to <b>RENOVUS CAPITAL</b> Advised on the sale November 2022	<b>BIOS</b> Managed Cloud Provider Sold to <b>ZAIN TECH</b> Advised on the sale October 2022	<b>VALUE POINT</b> Cybersecurity Solutions & Services Sold to <b>softline</b> Advised on the sale October 2022	<b>LEXICON</b> Digital Consultancy Sold to <b>endava</b> Advised on the sale October 2022
<b>HelloTech</b> Software CPaaS firm company Sold to <b>soprano</b> Advised on the sale April 2023	<b>MML</b> Private Equity Firm Invested in <b>KICKMAKER</b> Advised on the investment February 2023	<b>Talan</b> Digital Transformation Specialist Acquired	<b>BAIN &amp; COMPANY</b> Management Consultancy (ET) Acquired	<b>CLEARTELLIGENCE</b> Data & Analytics Consultancy Recapitalized by <b>ALIGN CAPITAL PARTNERS</b> Advised on the acquisition January 2023	<b>Delivery Associates</b> Public Sector Impact Consultancy Sold to <b>TRILLIMPACT</b> Advised on the sale November 2022	<b>HBR CONSULTING</b> Legal Consultancy Sold to <b>RENOVUS CAPITAL</b> Advised on the sale November 2022	<b>BIOS</b> Managed Cloud Provider Sold to <b>ZAIN TECH</b> Advised on the sale October 2022	<b>VALUE POINT</b> Cybersecurity Solutions & Services Sold to <b>softline</b> Advised on the sale October 2022	<b>LEXICON</b> Digital Consultancy Sold to <b>endava</b> Advised on the sale October 2022
<b>ALLATA</b> CSD & Digital Transformation Consultancy Received investment from <b>CIVIC PARTNERS</b> Advised on the investment September 2022	<b>NOVATIO</b> RPA Consultancy Received investment from <b>KEYSTONE CAPITAL</b> Advised on the investment August 2022	<b>SOLVERA</b> Digital Transformation Services Sold to <b>accenture</b> Advised on the sale July 2022	<b>risUAL</b> Azure Partner & Cloud Specialist Sold to <b>NODE4</b> Advised on the sale July 2022	<b>SCANOMI</b> Anaplan Gold Partner Sold to <b>VISEO</b> Advised on the sale June 2022	<b>Pexlify</b> Platinum Salesforce Partner Sold to <b>dentsu group</b> Advised on the sale June 2022	<b>BEDFORD Consulting</b> Anaplan Gold Partner Received investment from <b>KEENIGHT CAPITAL</b> Advised on the investment May 2022	<b>grit.</b> Design & Innovation Consultancy Sold to <b>CYIENT</b> Advised on the sale April 2022	<b>infrata</b> Infrastructure Consultancy Receives majority investment Lonsdale Capital Partners Advised on the investment April 2022	<b>ist</b> CX Tech Consultancy Sold to <b>majorel</b> Advised on the sale March 2022

# The Equiteq team is comprised of deeply experienced professionals who can help you navigate the M&A market

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## Executive Leadership



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**Growing equity, realizing value**

**New York – Boston – London – Paris – Singapore – Sydney**

[www.equiteq.com](http://www.equiteq.com)

