

# Cybersecurity Services Market M&A report

March 2024



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

## Key acquirers in the sector

accenture



Booz | Allen | Hamilton

Deloitte.

NEVERHACK

nomios



THALES



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

- 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

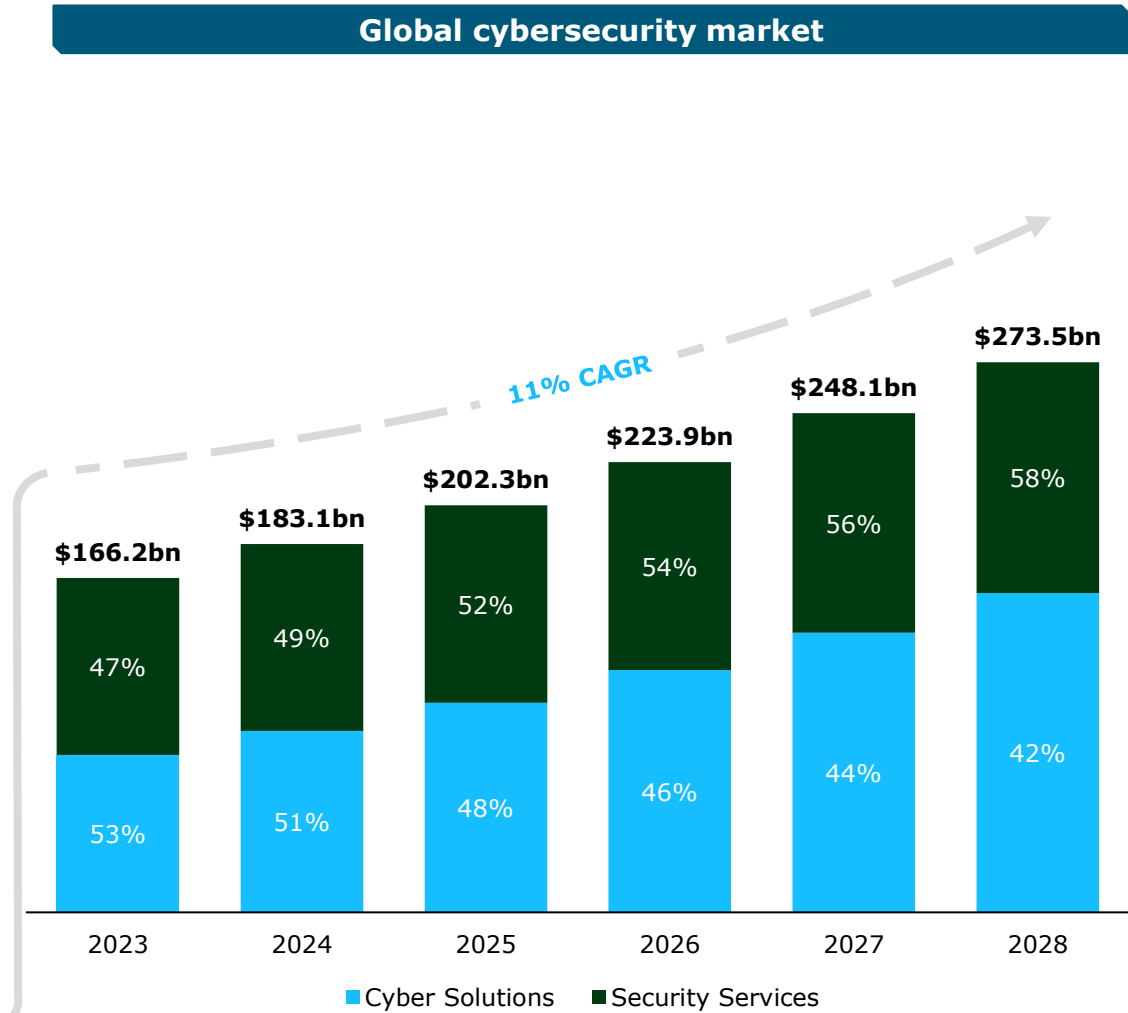
- A

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

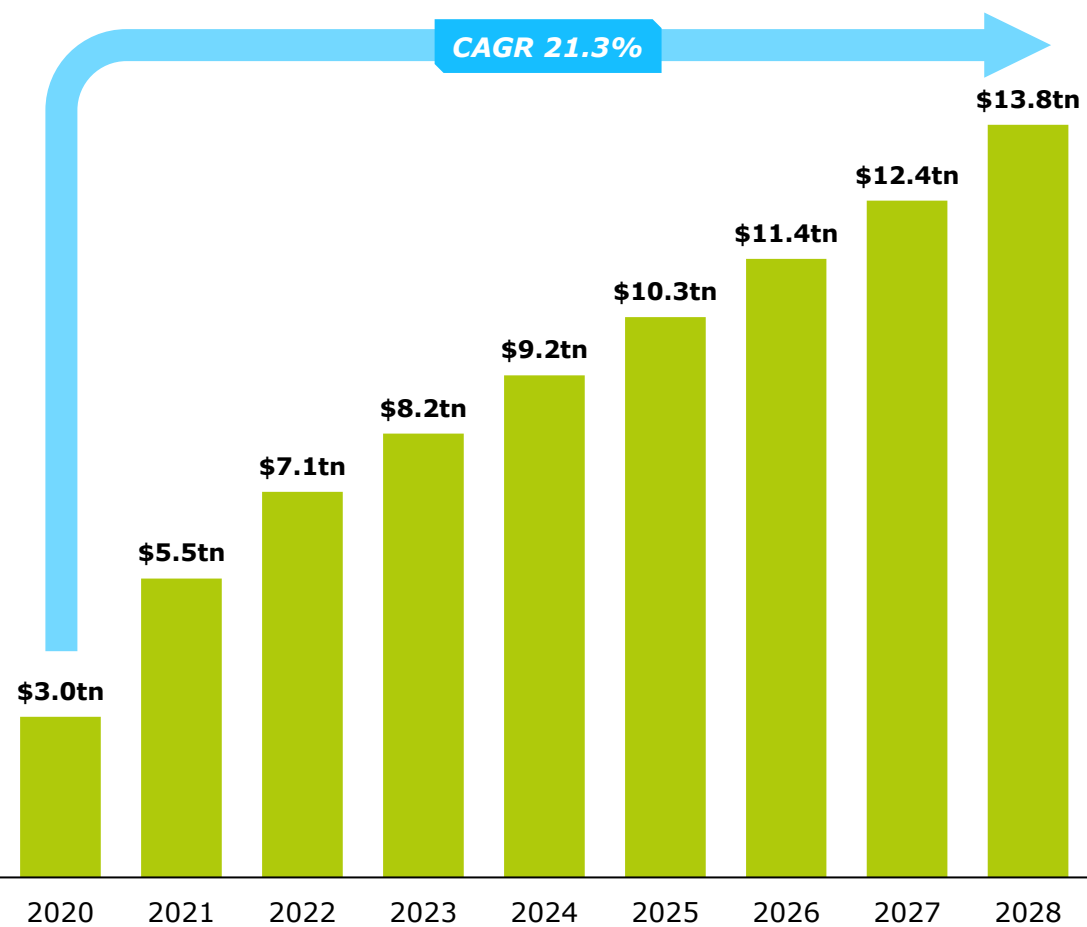
Stringent regulations are forcing organisations to push cybersecurity agendas to the top of the list
- D

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



# 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 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 Data Breach**  
Jul 2017

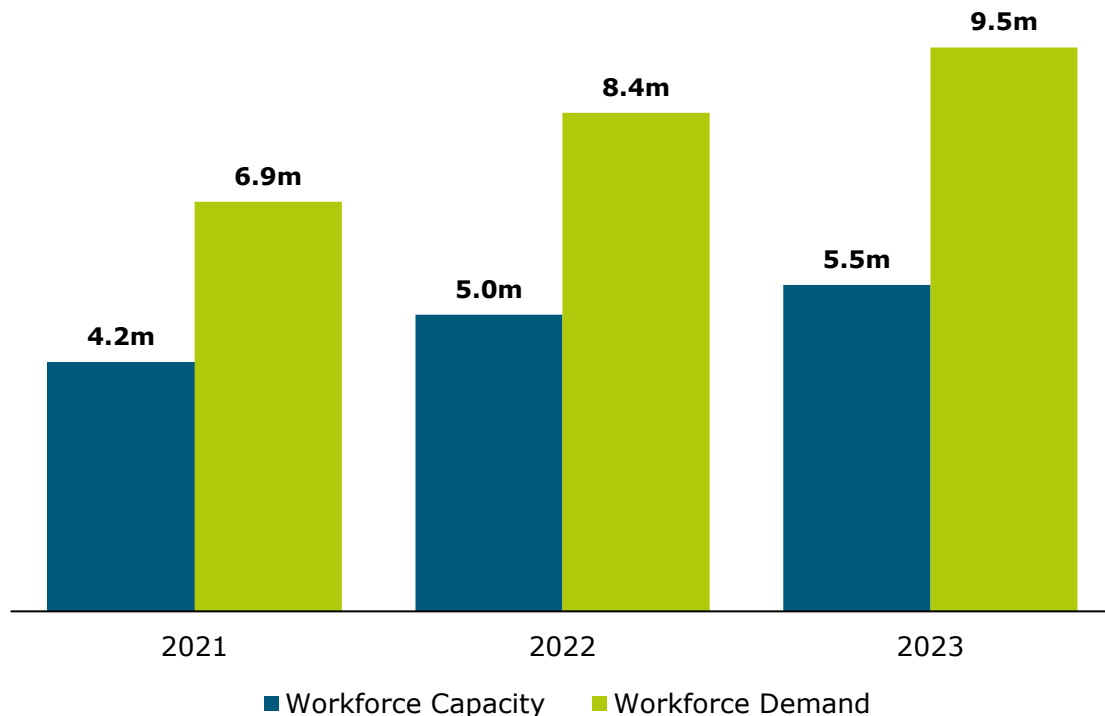
Inadequate cybersecurity processes and protocols at Equifax led to hackers exploiting a known vulnerability to gain access to the privileged records of more than a 140m American citizens and about 15m British citizens. Known as one of the worst data breaches in history, the attack exposed the victims’ 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



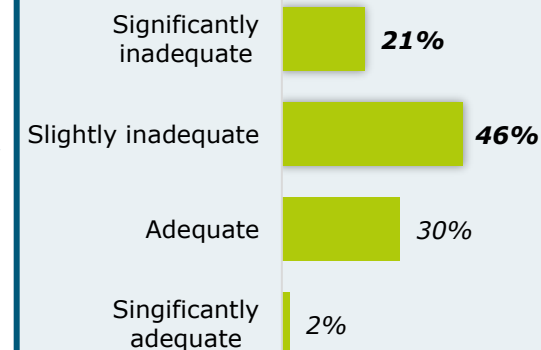
**The shortage in cybersecurity talent has steadily increased from 4.2m in 2021 to 5.5m in 2023 with AI, cutbacks, economic uncertainty, and a challenging threat landscape as key driving forces**

## CxO perspectives on the cyber skill gap

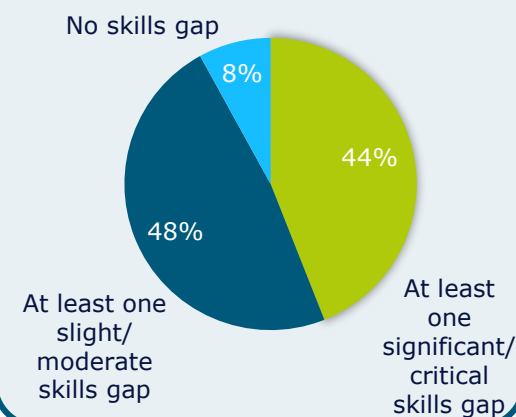
**"How do you feel about the adequacy of your organization's cybersecurity workforce to troubleshoot cybersecurity issues at your organization?"**



### 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

Expert perspectives

The UK NIS Directive, which came into effect in 2018, is in the process of being revamped to ensure more advanced cybersecurity consensus.

Building on the NIS Directive, the Council of the European Union officially adopted the NIS 2 Directive on November 2022.

The directive hopes to harmonise cybersecurity regulations across the bloc and extend the scope of obligations on entities required to take measures to increase cybersecurity capabilities.

In the USA, there has been a significant shift in cybersecurity regulations, moving from a focus primarily on privacy to addressing cybersecurity concerns.

The Administration and the SEC are introducing new rules mandating companies to report cyber incidents, such as the Cyber Incident Reporting for Critical Infrastructure Act, which imposes reporting requirements.

"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

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

BHConsulting

CyberCompare

CyberSecOp

FORESITE

GRC

GRC International Group

ICA CONSULTANCY

IRM

MIRAI

NVISO

PRISM

ProCircular

risk crew

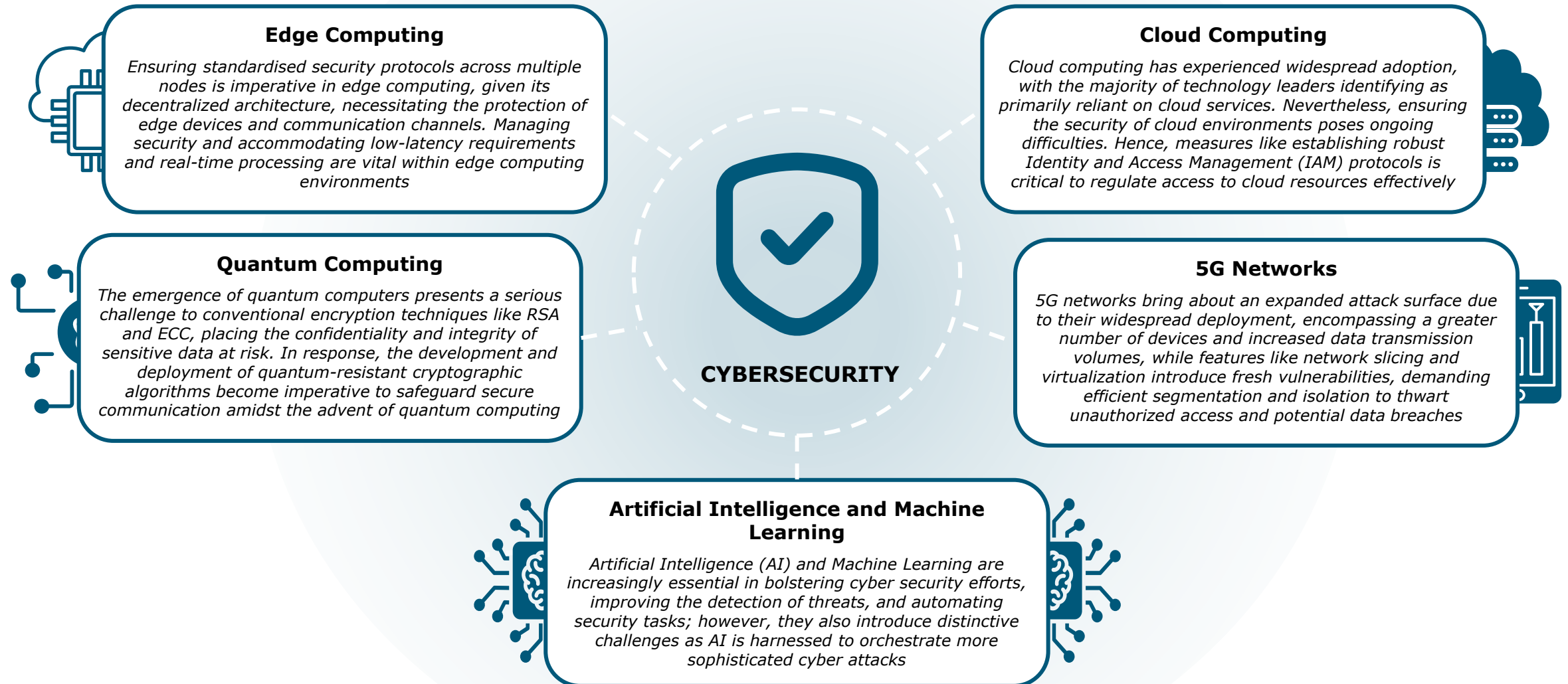
SECURE RESULT

TURN

VAULTES



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



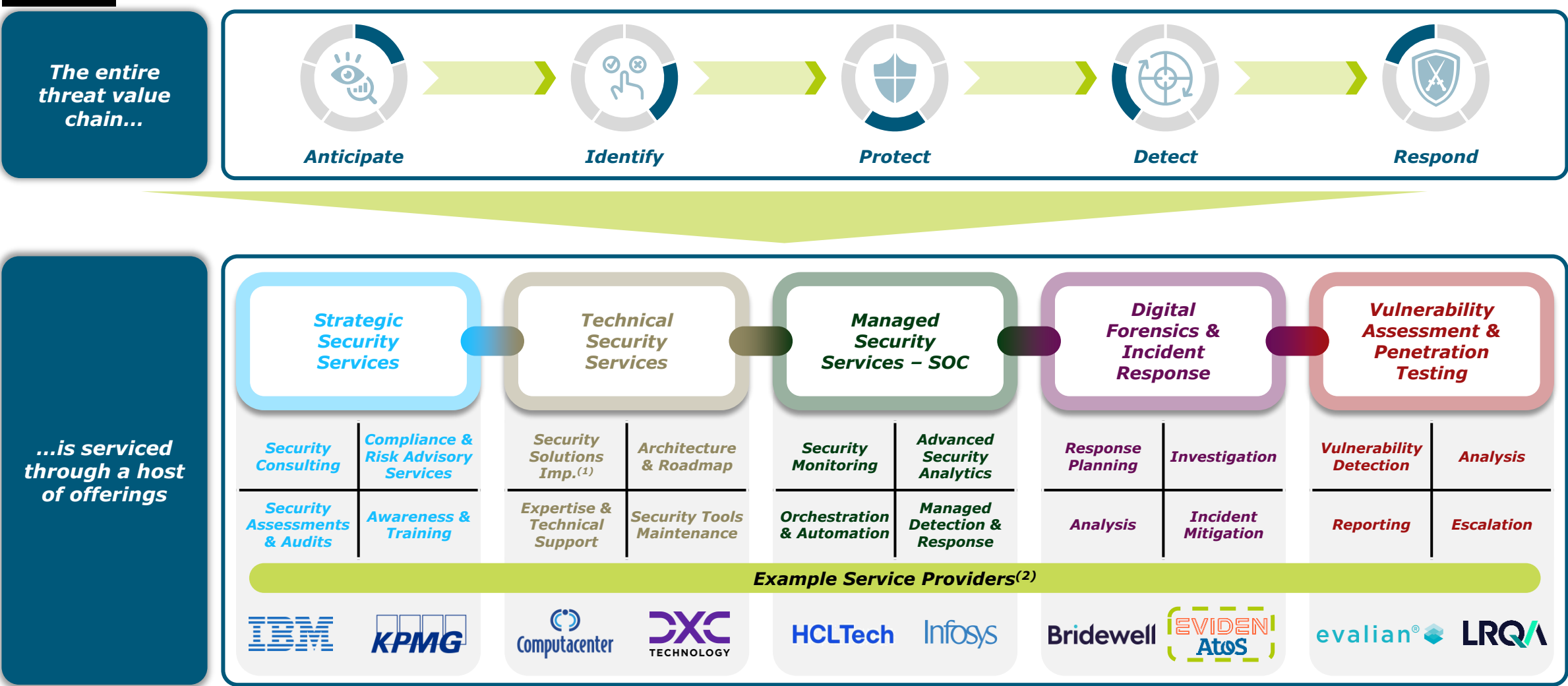




1. Cybersecurity market drivers
2. **Cybersecurity services & landscape**
3. M&A activity in the space
4. Cybersecurity valuation analysis
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# Cybersecurity services offered by providers span the entire threat value chain



# The global cybersecurity market is high fragmented and is well positioned for accelerated consolidation

## Large players (1,000+ employees)



- 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

## Medium players (200-1,000 employees)



- 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

## Small players (0-200 employees)



- 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

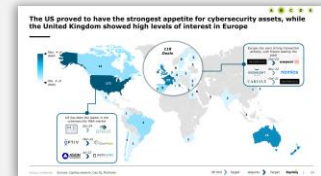
**A**

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



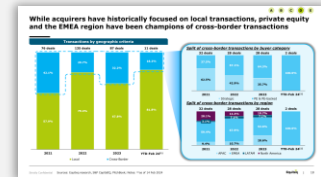
**C**

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



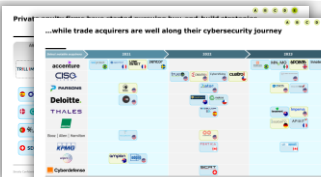
**D**

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

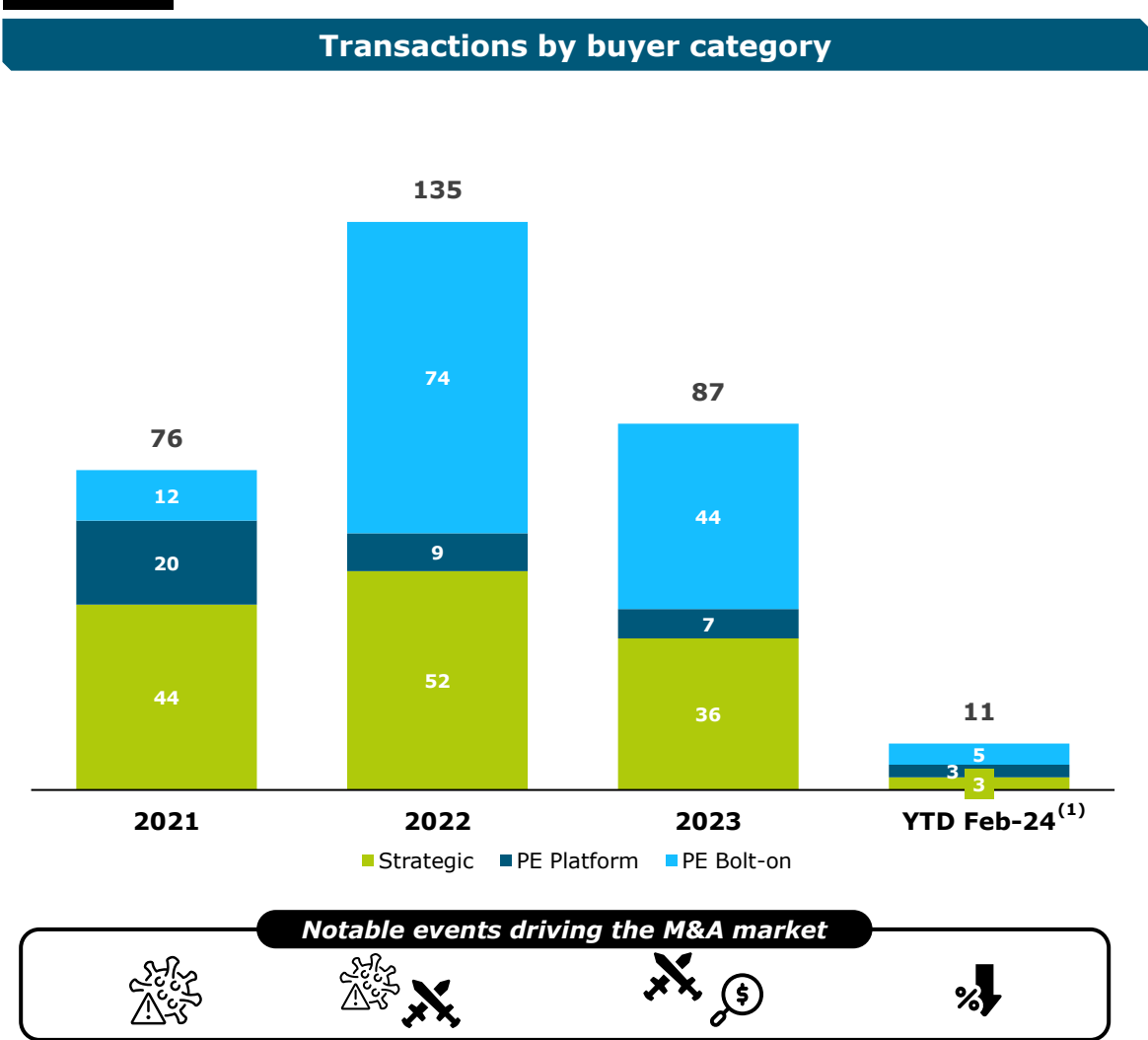



**E**

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.


Loose monetary policies and record private equity ‘dry powder’ propelled PE-related transactions during 2021 and 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



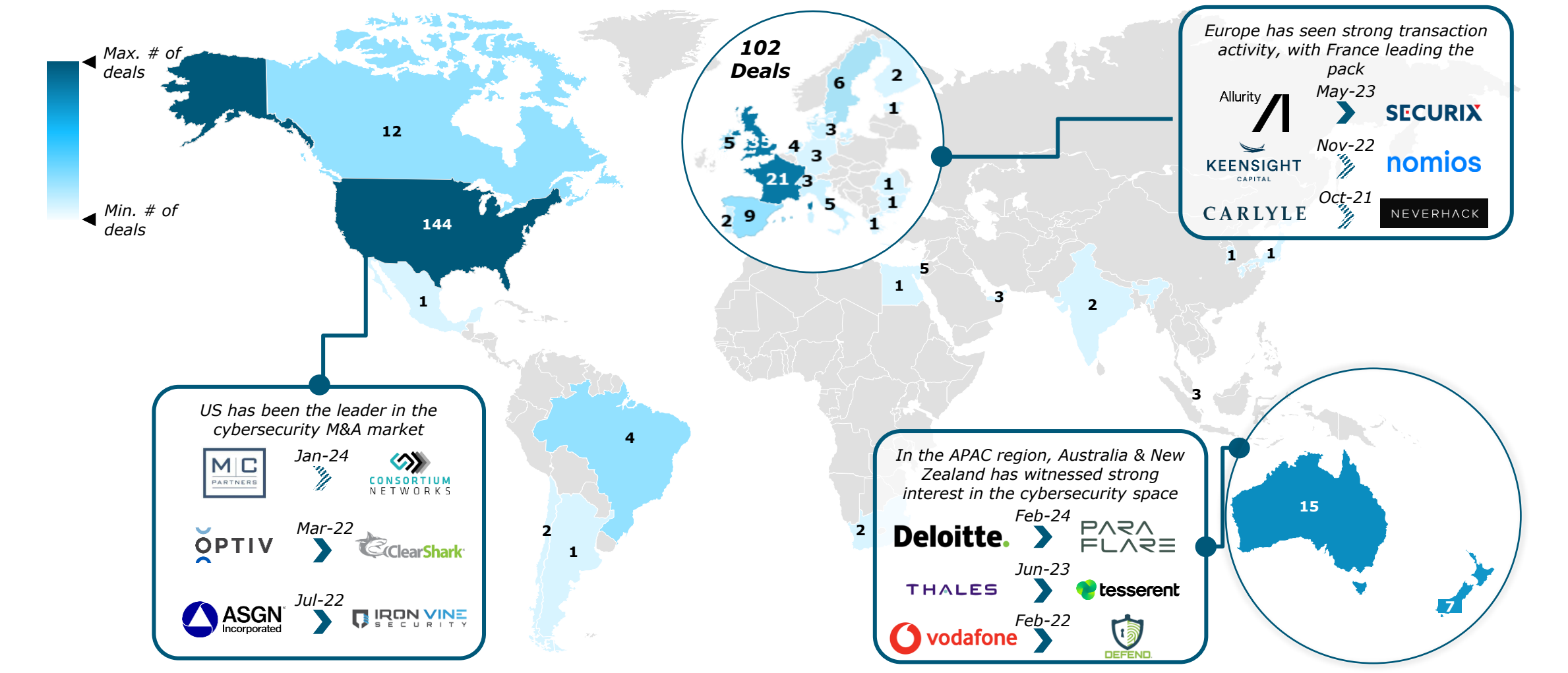
The war in Ukraine combined with geopolitical outbreaks in the Middle East resulted in deteriorating an already poor global market, prompting central bankers around the world to increase interest rates rapidly. The confluence of factors resulted in a very depressed M&A market in 2023



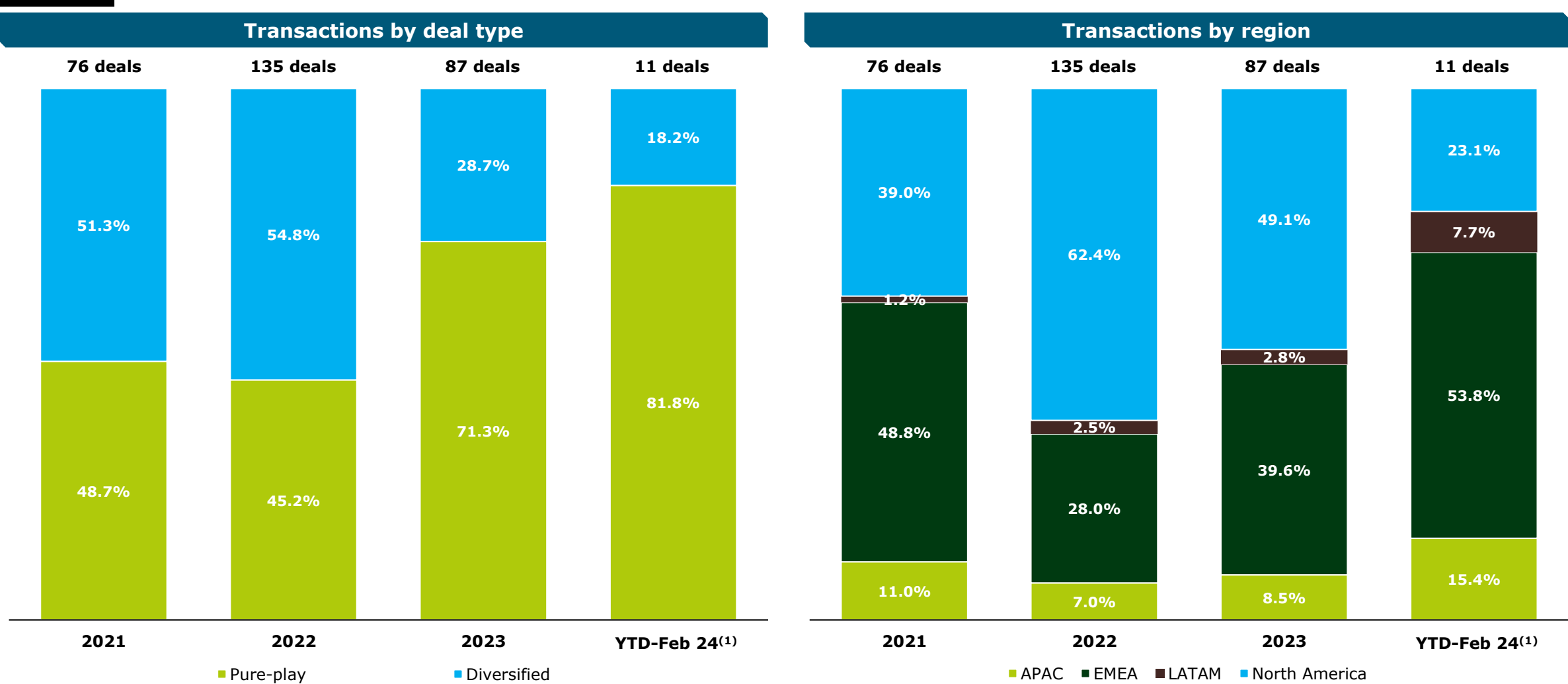
Initial positive signs in the controlling of inflation around the world has greatly improved investor sentiment, while prompting central to consider rate cuts throughout the year



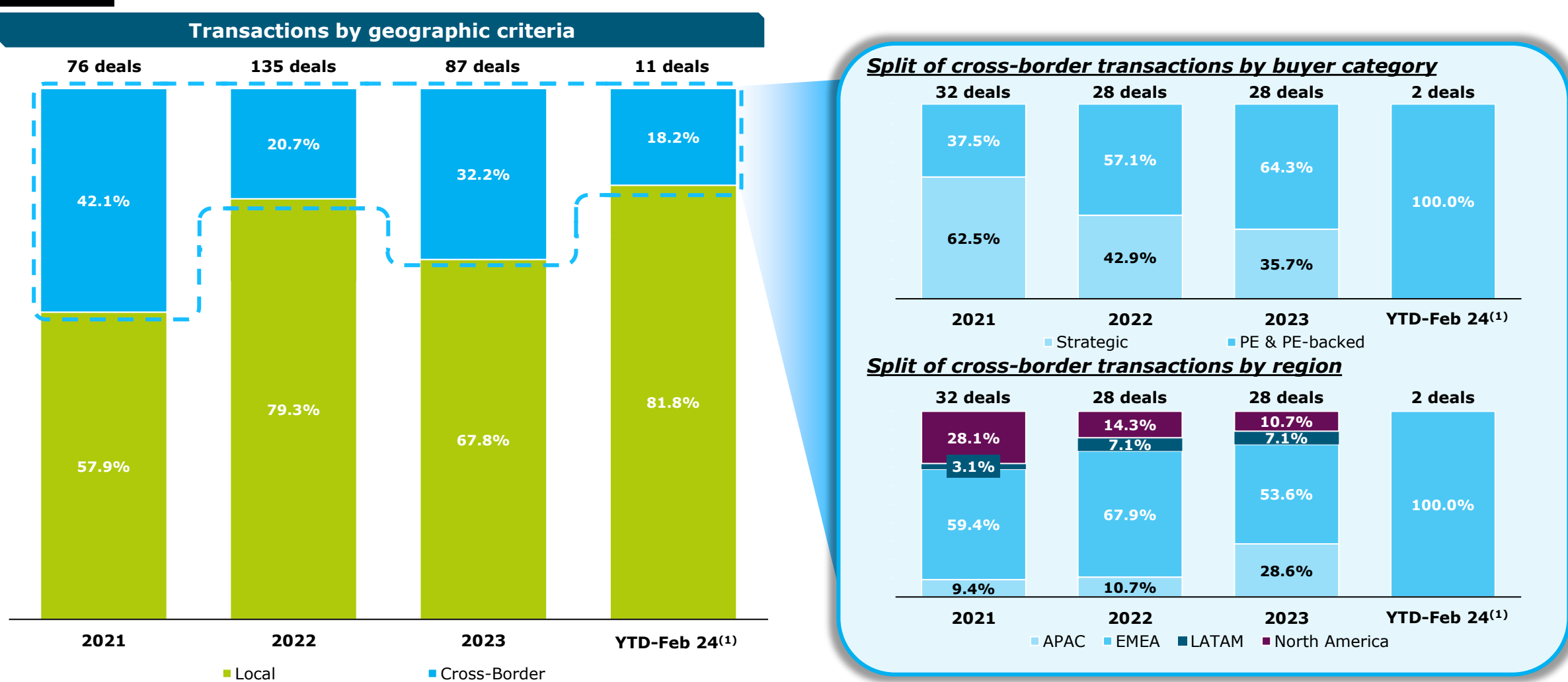
# The US proved to have the strongest appetite for cybersecurity assets, while the United Kingdom showed high levels of interest in Europe



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

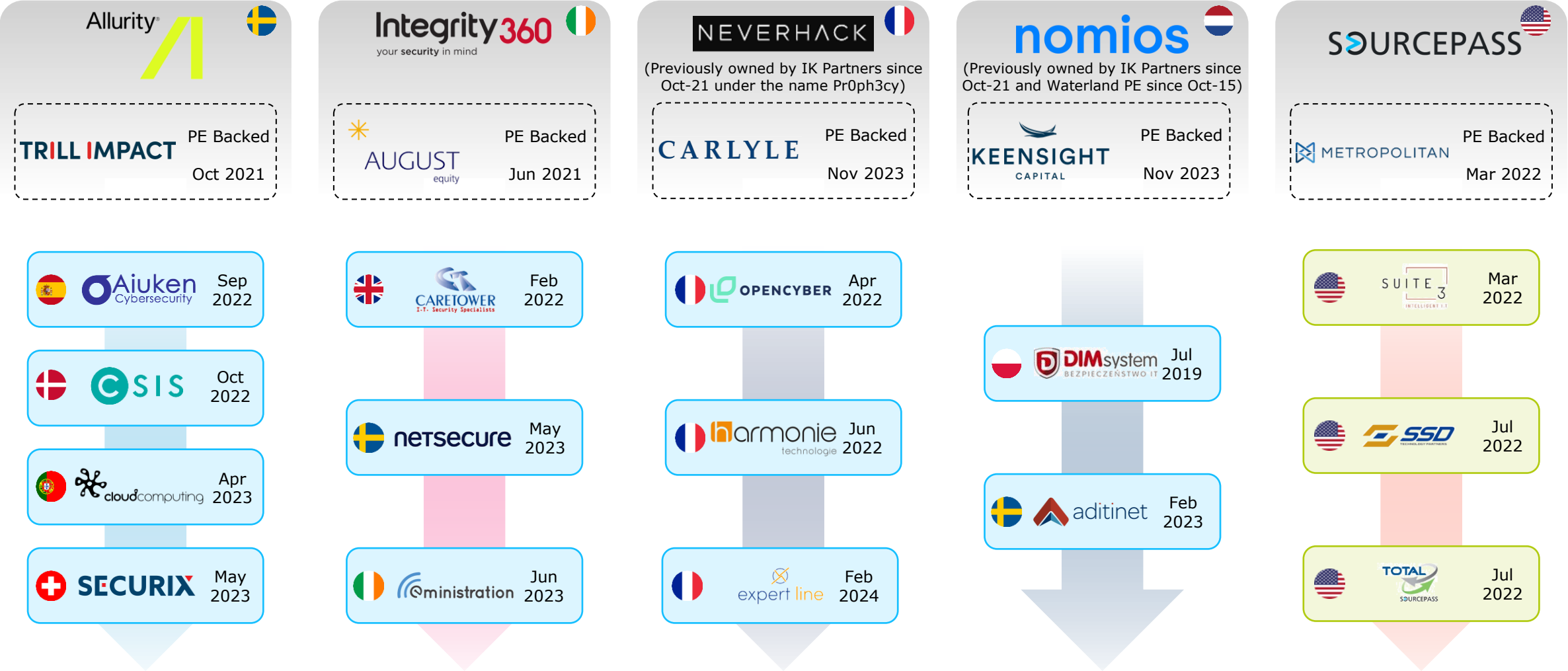


# While acquirers have historically focused on local transactions, private equity and the EMEA region have been champions of cross-border transactions





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







































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

Select notable acquirers	2021	2022	2023
accenture	realprotect openmind LINK BYNET sentor		MORPHUS MNE MO 6POINT6 Innotec
CISCO GLOBAL		true+ CREATRIX CyberViking cuatro	CYBER TECHNOLOGIES
PARSONS	BLACK HORSE	Xator	IPKEYS SEALINGTECH
Deloitte.	R9B	Hacktive.io makros	
THALES		EXCELLIUM S2i	tesseract imperva
BECHTLE			sastema APIXIT
Booz   Allen   Hamilton	TRACEPOINT	EVERWATCH	
KPMG		FORTICA	in agosoft
wipro	ampion edgile		
Cyberdefense		SCRT	

# 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	<b>expert</b> 		<b>NEVERHACK</b> 		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		 <b>SCALIAN</b>		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	 <b>NEWLODE</b> GROUP		 <b>squad</b>		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	<b>nomios</b>		 <b>KEENSIGHT</b> CAPITAL		710	The acquisition will see Nomios focus on both organic and inorganic growth to grow its footprint in the European market
Jul-23	 <b>Three Two Four</b>		<b>NODE4</b>		30	The acquisition will enhance Node4's cybersecurity offerings, and strengthen its transformation capabilities, particularly for enterprise-level clients
Jun-23	 <b>REVELSEC</b>		 <b>DATAPRISE</b>		19	The acquisition will further expand Dataprise's national footprint and add high-value vertical expertise
May-23	<b>SECURIX</b>		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	 <b>cloud computing</b>		Allurity 		27	The acquisition will further strengthen Allurity's aim of becoming a European cybersecurity services provider
Mar-23	 <b>ClearShark</b>		 <b>OPTIV</b>		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	 <b>aditinet</b>		<b>nomios</b>		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

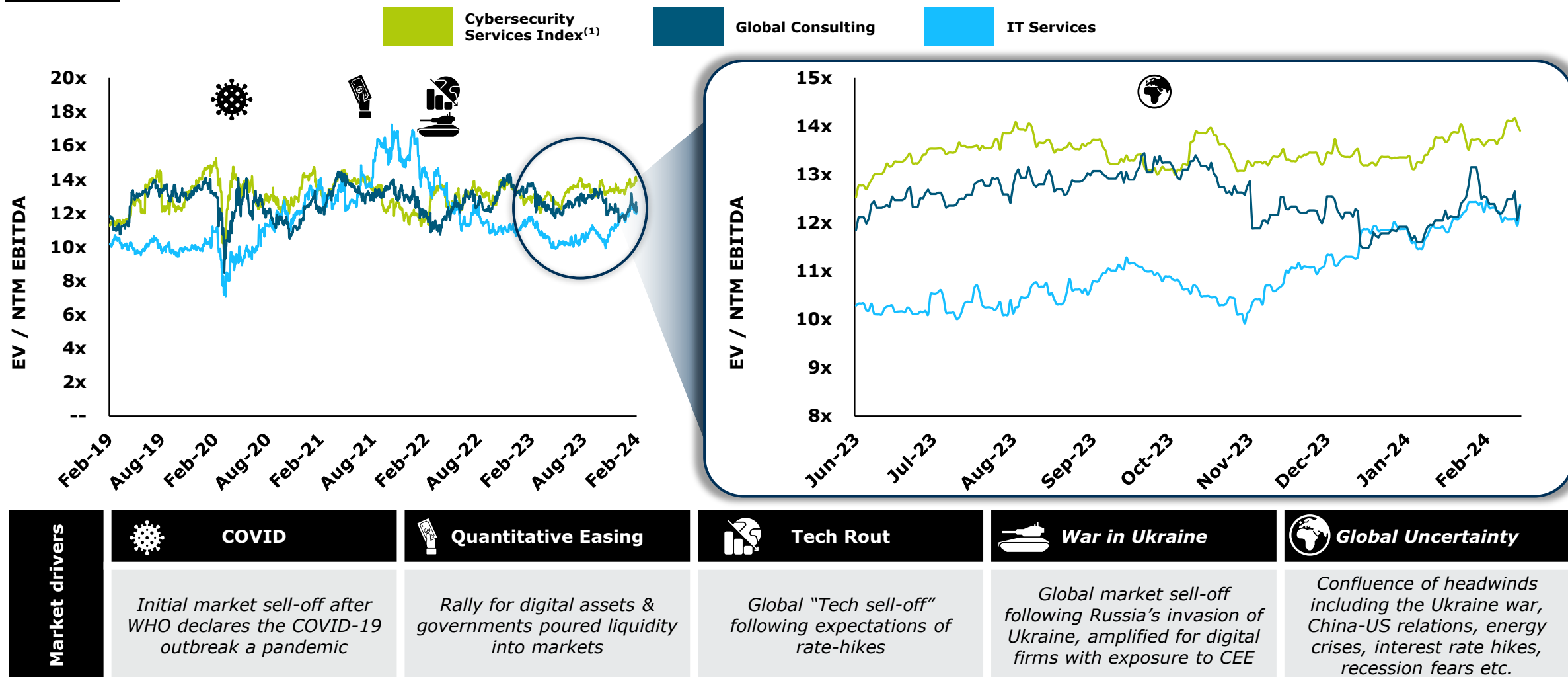
## Strategic

Deal Date	Target	Target HQ	Buyer	Buyer HQ	FTEs	Deal Rationale
Feb-24	 PARAFIRE		<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</b> SECURITY		 <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>		 <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>tesserent</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>		 <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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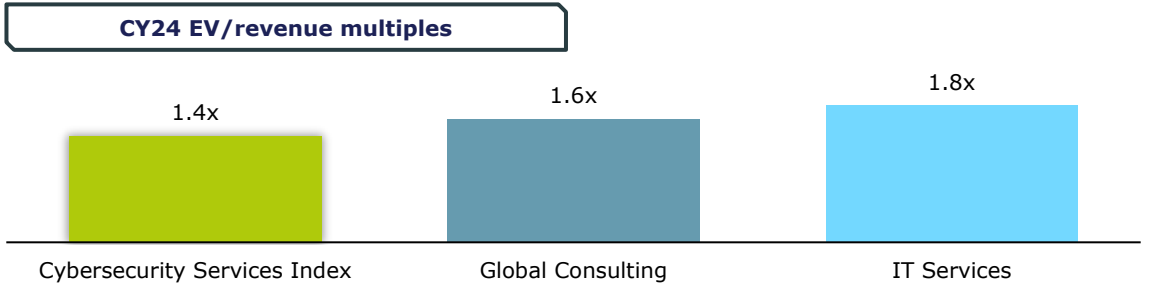
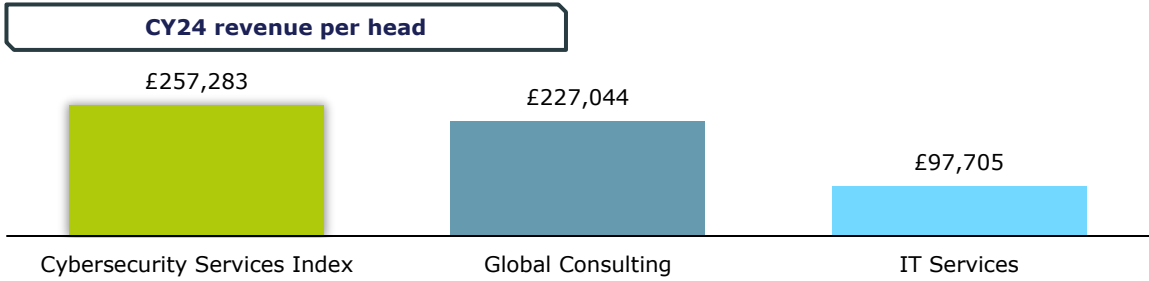
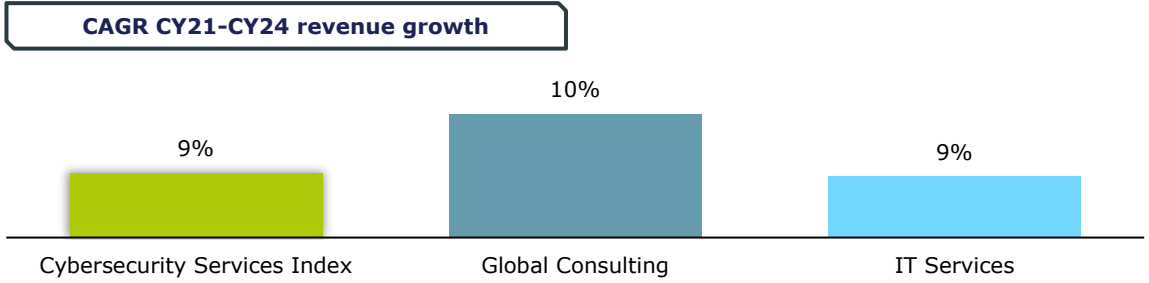


## Recent geopolitical concerns have bolstered the performance cybersecurity stocks as compared to the broader market

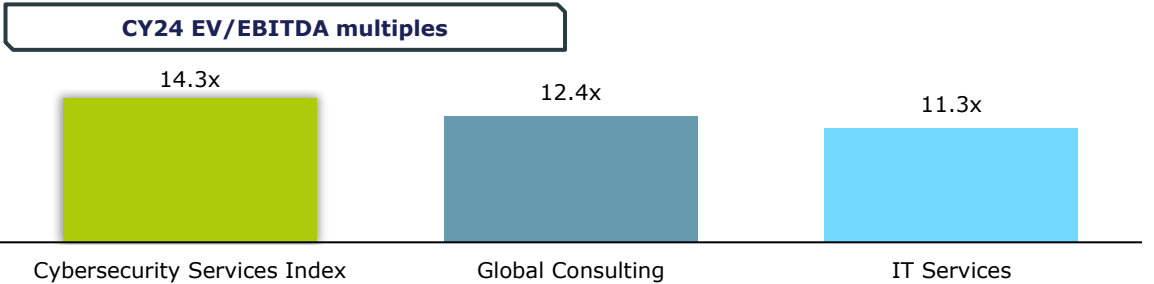
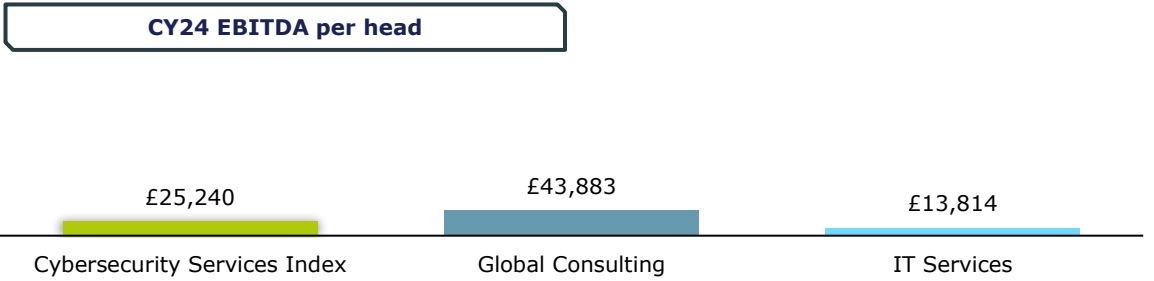
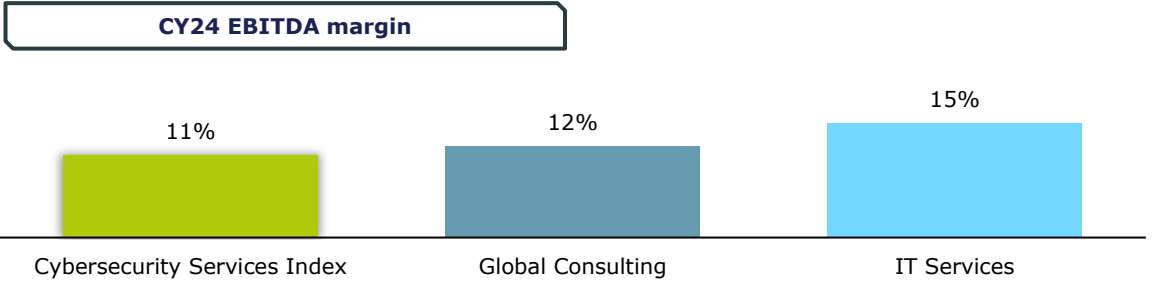


# High revenue per head metrics signify increased demand for cybersecurity services, translating to a premium EBITDA multiple

## Median Revenue benchmarks

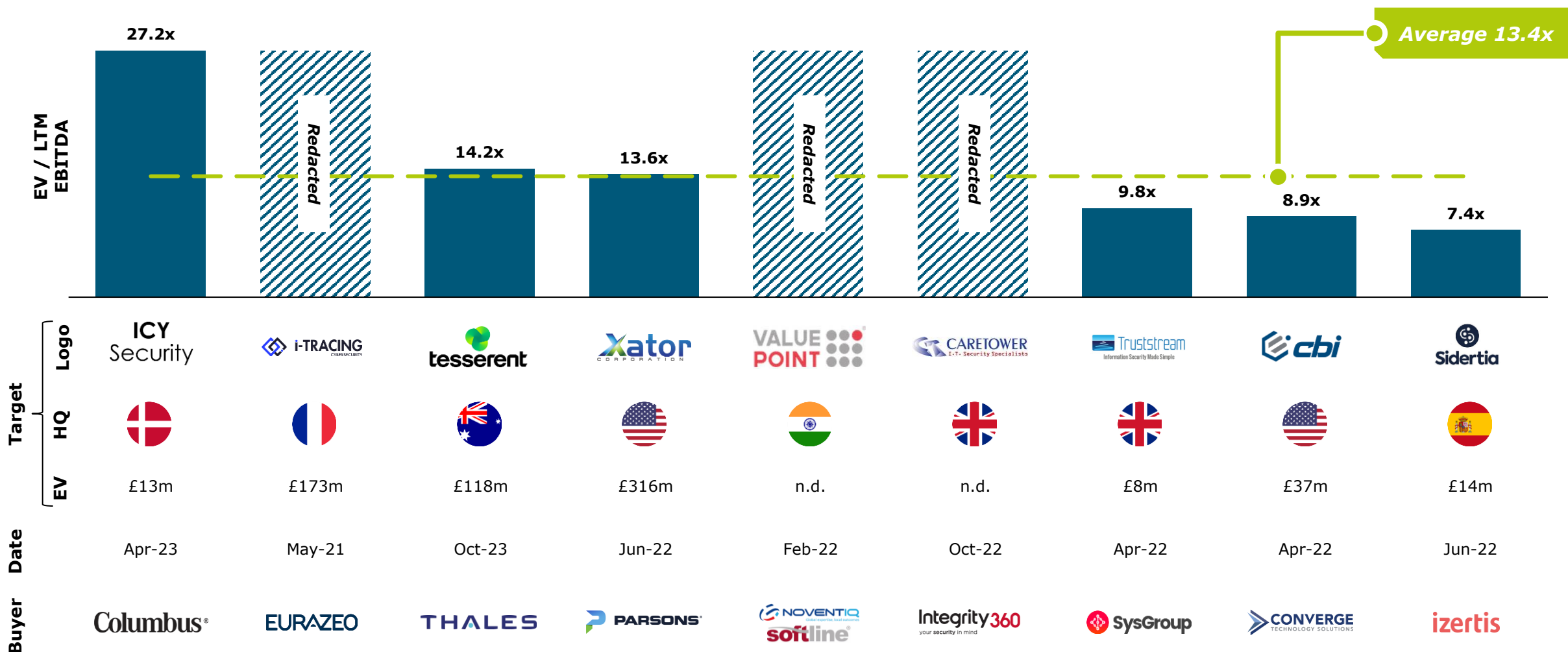


## Median EBITDA benchmarks





# 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

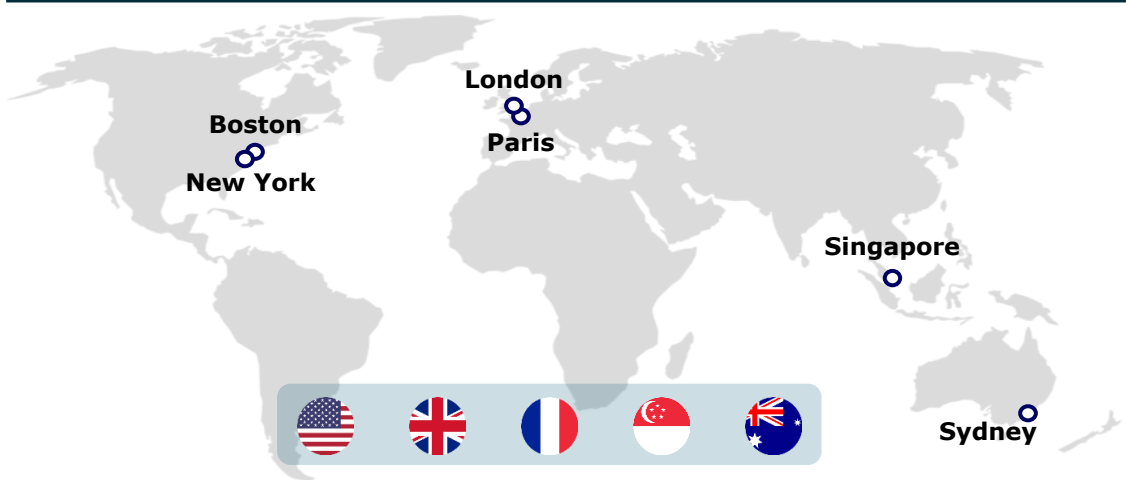
Honest

Hands-on, straightforward advice

Global

A truly integrated global team and network

Growing equity, realising value



Equiteq results	
<div>170+</div> <div>Completed transactions in consulting and technology services segments</div>	<div>85%+</div> <div>Sell-side vs buy-side</div>
<div>~40</div> <div>Average number of active mandates</div>	<div>€20-250m</div> <div>Average deal size range</div>
<div>6</div> <div>Global offices - London, New York, Paris, Singapore, Boston, Sydney</div>	<div>20-50</div> <div>Average range of consulting specialist buyers engaged for each process</div>

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

## Selected Completed Transactions

<b>INFINITIUM</b> <small>Security Partners &amp; Support</small> Digital Payments Specialist Sold to <b>Euronet</b> Advised on the sale February 2024	<b>KEENSIGHT CAPITAL</b> Private Equity invested in <b>PLATOMATION</b> Advised on the investment February 2024	<b>lumeri</b> Strategic Consulting Firm Sold to <b>ankura</b> Advised on the sale January 2024	<b>evoliv</b> <small>compelling. evolves.</small> Data-Driven Digital and Business Consulting Firm Received Investment from <b>INTERLOCK</b> Advised on the sale January 2024	<b>KRESK DEVELOPMENT</b> Venture Capital and Private Equity Firm Invested In <b>Citwell</b> Advised on the acquisition January 2024	<b>oligos</b> Pegasystems Solutions Consultancy Sold to <b>Magellan Partners</b> Advised on the sale January 2024	<b>onebridge</b> Premier Data & Analytics Sold to <b>marlabs</b> Advised on the sale January 2024	<b>ADIVO</b> Global Healthcare consultancy Sold to <b>Herspiegel</b> <small>DFW CAPITAL PARTNERS</small> Advised on the sale December 2023	<b>solnet</b> IT Services Partner Sold to <b>accenture</b> Advised on the sale November 2023	<b>ProcureAbility</b> Procurement Services Specialist Sold to <b>JABIL</b> Advised on the sale November 2023
<b>Apax</b> Acquired <b>KIN+CARTEA</b> Advised on the acquisition October 2023	<b>tquila</b> Intelligent Automation Consultancy Acquired <b>elementBlue</b> Advised on the acquisition September 2023	<b>bizanalytica</b> Data Management Solutions Provider Sold to <b>Mastek</b> <small>Trust. Value. Velocity.</small> Advised on the sale August 2023	<b>INTERLOCK</b> Private Equity Firm Invested into <b>Lovelytics</b> Advised on the investment June 2023	<b>aquient</b> Salesforce Gold Partner Sold to <b>2</b> Advised on the sale June 2023	<b>TSA</b> Project Management and Advisory Firm Acquired <b>DGA</b> Advised on the acquisition June 2023	<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>Henry Riley</b> Advised on the acquisition May 2023	<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>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>Gemserv</b> Advised on the acquisition January 2023	<b>BAIN &amp; COMPANY</b> Management Consultancy (ET) Acquired <b>Enterprise Blueprints</b> <small>PART OF BAIN &amp; COMPANY</small> Advised on the acquisition January 2023	<b>CLEARTELLIGENCE</b> Data & Analytics Consultancy Recapitalized by <b>ALIGN CAPITAL PARTNERS</b> Advised on the sale January 2023	<b>Delivery Associates</b> Public Sector Impact Consultancy Sold to <b>TRILL IMPACT</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>zoaiN 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>risuql</b> Azure Partner & Cloud Specialist Sold to <b>NODE4</b> <small>Empowering business to do more</small> Advised on the sale July 2022	<b>SCANQMI</b> Anaplan Gold Partner Sold to <b>VESEO</b> <small>PARITIS CAPITAL PARTNERS</small> 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>KEENSIGHT 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 <b>Lonsdale Capital Partners</b> 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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