



# Cybersecurity Sector

M&A Industry Insights

Fall 2025



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## M&A Industry Insights, Fall 2025

Cybersecurity M&A activity accelerated markedly in Q3 2025, with 70 deals totaling \$27.1 billion in disclosed deal value and pushing the year-to-date deal count to a record 234. Deal value in the quarter was dominated by Palo Alto Network's \$24.1-billion acquisition of CyberArk, bringing the year-to-date deal value to \$63.3 billion, and just \$13.8 billion below the record of \$77.1 billion set in 2021.

The CyberArk acquisition underscored identity management's strategic importance to CISOs, particularly as agentic AI and IoT adoption propel machine and device identities to the center of enterprise risk management. Several major deals spotlighted the sector's shift to AI-first security solutions, including Check Point's acquisition of Lakeria, F5's buyout of Calypso AI, and Sentinel One's purchases of Prompt Security and Observo.ai. The other notable theme in the quarter was IoT coming to the fore in the wake of expanding device deployments with Mitsubishi's acquisition of OT security leader Nozomi Networks.

In cybersecurity services, Accenture's acquisition of CyberCX signaled accelerating convergence between automation and human expertise—managed detection and response, threat intelligence and incident response—driving services M&A, particularly as AI becomes integral to the MSSP ecosystem.

Notably, high-profile breaches, such as the estimated \$2.5-billion Jaguar Land Rover incident during the quarter, amplified urgency for investment in comprehensive cybersecurity platforms. Meanwhile regulatory tailwinds—including the SEC's cyber disclosure rules, the Digital Operational Resilience Act (DORA) in the EU, and the UK's Cyber Security & Resilience Bill—are increasingly also shaping M&A activity as buyers target governance, risk and compliance solutions.

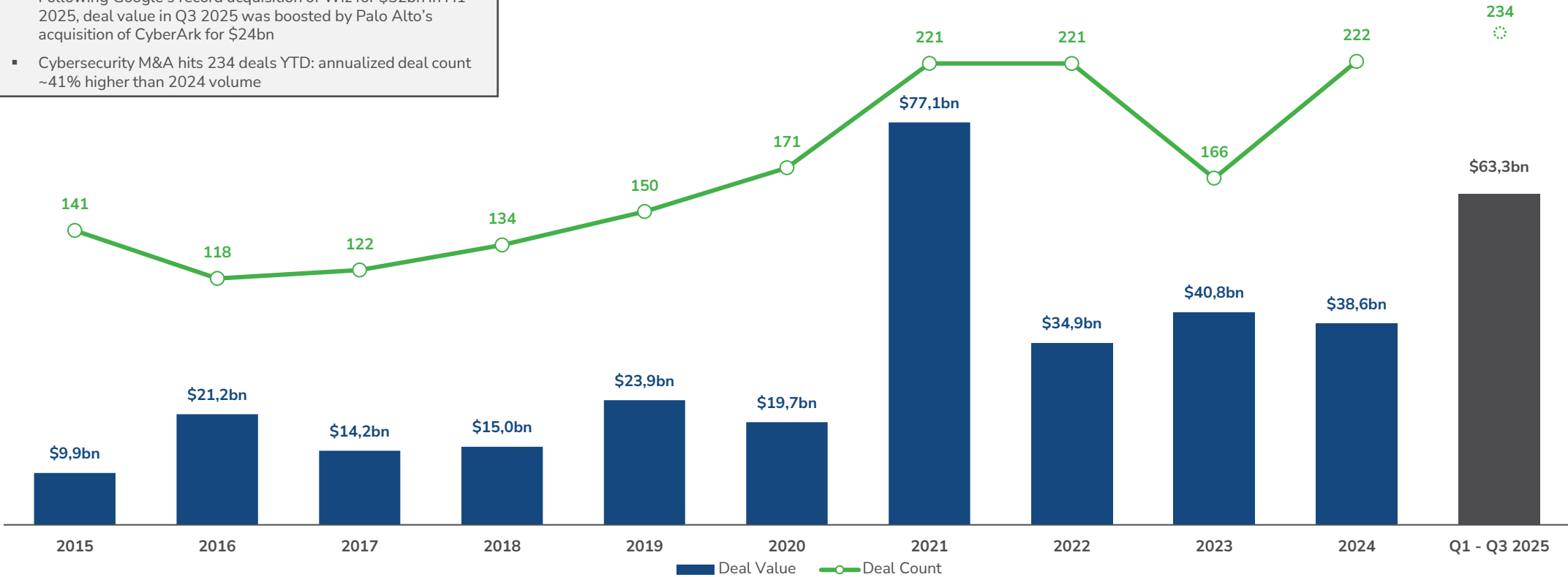
In public markets, Q3 saw the well-received \$900-million IPO of Netskope, even as the top quartile for EV/next twelve months' revenue for public stocks traded down from 13.0x to 10.7x over the quarter. Investors nevertheless continue to reward scale and product breadth, supporting what we expect to be a continuing theme of platform consolidation through M&As for the remainder of 2025.

# By Q3, 2025 Sets a Record for Cybersecurity M&A Deal Volume

Year to date deal value is nearly double the deal value in 2024, boosted by Palo Alto's acquisition of Cyberark

Global cybersecurity M&A activity

- Following Google's record acquisition of Wiz for \$32bn in H1 2025, deal value in Q3 2025 was boosted by Palo Alto's acquisition of CyberArk for \$24bn
- Cybersecurity M&A hits 234 deals YTD: annualized deal count ~41% higher than 2024 volume




Source: 451 Research, Jan-15 to Sep-25


# Largest Cybersecurity Acquisitions in Q3 2025

Palo Alto's CyberArk deal led deal value in Q3, following Mitsubishi's nearly \$1-billion acquisition of Nozomi Networks

July 2025

 **CYBERARK**<sup>®</sup>

acquired by


 **paloalto**<sup>®</sup>

**\$24.1 bn** **22.0x**


CyberArk Software provides cloud-native identity security and privileged access management software and services for businesses globally. Its software enables secure access for human and machine identities across hybrid and multicloud environments.

To strengthen its identity security strategy, Palo Alto acquired CyberArk to build a comprehensive offering in privileged access and identity management. The acquisition adds key capabilities in securing human and machine identities, enforcing zero-trust controls and mitigating credential-based threats, enhancing Palo Alto's existing platform approach. It also brings in deep expertise and a mature solution portfolio, which positions Palo Alto to address current enterprise security needs and prepare for a future where identity is the new perimeter.

September 2025

 **NOZOMI NETWORKS**

acquired by

 **MITSUBISHI ELECTRIC**

**\$0.9 bn** **12.7x**


Nozomi Networks provides AI-powered industrial operational technical (OT) and IoT security and visibility software for businesses globally. Its software features include asset discovery, network virtualization, vulnerability assessment, risk monitoring, real-time anomaly and threat detection, and asset inventory management.

Mitsubishi Electric's acquisition of Nozomi Networks aimed to accelerate its leadership in industrial cybersecurity, leveraging Nozomi's AI-driven OT and IoT security platform and strong global presence. The move aligns with Mitsubishi's focus on secure automation and digital transformation, and it brings deep domain expertise and a mature solution portfolio to support scaling and innovation across critical infrastructure.

August 2025

 **CyberCX**

acquired by


 **accenture**

**\$0.6 bn** **N/A**


CyberCX provides cybersecurity services for private- and public-sector organizations globally. Its services include managed detection and response, security integration, offensive security, cyber physical security, crisis management, threat intelligence, identity and access management, cloud and network security, digital forensics, and incident response.

Accenture acquired CyberCX to combine agentic AI capabilities with CyberCX's market leadership, innovative offerings, and trusted C-suite and government relationships. The collaboration aims to help clients across the Asia-Pacific region securely navigate change, accelerate business reinvention, and build resilience against evolving threats. This move positions cybersecurity as a strategic advantage and reinforces Accenture's vision for AI-driven security transformation.

September 2025

 **LAKERA**

acquired by


 **CHECK POINT**

**\$0.3 bn** **N/A**


Lakera offers AI-native security software and related APIs for businesses globally. Its software features include real-time visibility, threat detection and intelligence, red teaming, vulnerability management, collaborative remediation guidance, identifying unauthorized access, security strategy, prompt attack prevention, and policy enforcement.

Check Point acquired Lakera to address new attack surfaces introduced by AI adoption. Lakera brings AI-native security with superior precision and speed at scale, enabling penetration testing, runtime protection, and awareness for AI systems. The deal also marks a rare expansion into Europe for Check Point, with Lakera's Zurich headquarters becoming its AI security R&D hub. Together, they aim to set the benchmark for enterprise AI security and reinforce trust in AI adoption.

September 2025

 **pangea**

acquired by

 **CROWDSTRIKE**

**\$0.3 bn** **N/A**

Pangea Cyber Corporation provides AI security management software and related APIs for businesses globally. Its software features include detection and response, prompt injection defense, data leaks, application guardrails, red teaming, usage monitoring, policy enforcement, malware and threat prevention, impact assessment, and reporting.

CrowdStrike's acquisition of Pangea marks a strategic move to advance AI security and detection. By integrating Pangea's AI life cycle expertise with the Falcon platform, CrowdStrike aims to deliver the industry's first AI Detection and Response (AIDR) solution, providing unified visibility, governance, and safeguards across data, models, agents, identities, and interactions for more intelligent, automated, and resilient security operations.

September 2025

 **Prompt**

acquired by

 **SentinelOne**

**\$0.2 bn** **N/A**

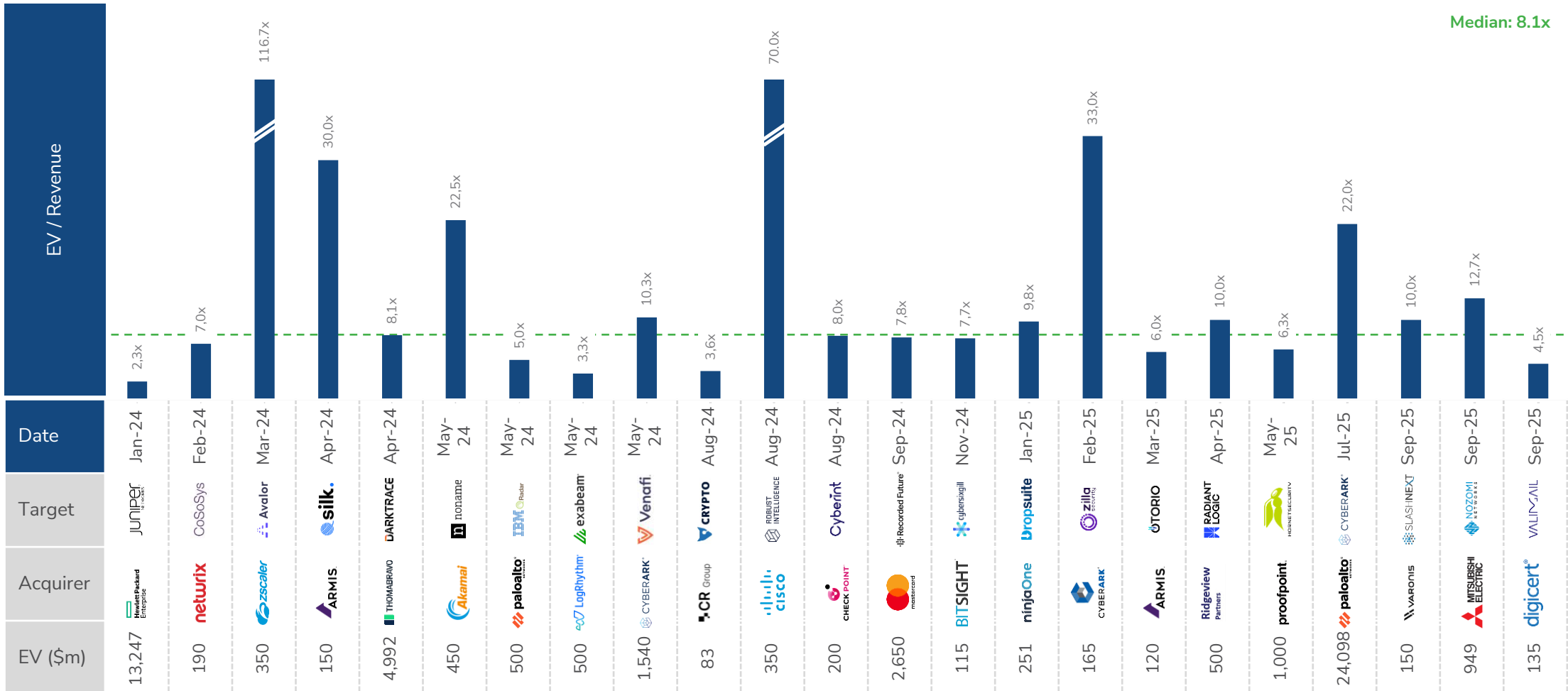
Prompt Security provides GenAI-native security software for businesses in the finance, insurance, and healthcare sectors globally. Software features include agentless monitoring, real-time threat detection, and protection of generative AI applications and data flows.

SentinelOne's acquisition of Prompt Security strengthens its position in securing generative and agentic AI across operations, development, and custom applications. By integrating Prompt's capabilities, SentinelOne enables CISOs and IT leaders to adopt AI safely at scale, while expanding its platform for next-generation security. This move unlocks new growth opportunities, reinforces SentinelOne's vision for AI-driven cybersecurity, and positions the company as a leader in securing emerging AI environments

Source: 451 Research, Mergermarket, Press Releases

# Precedent Transactions – Cybersecurity Software

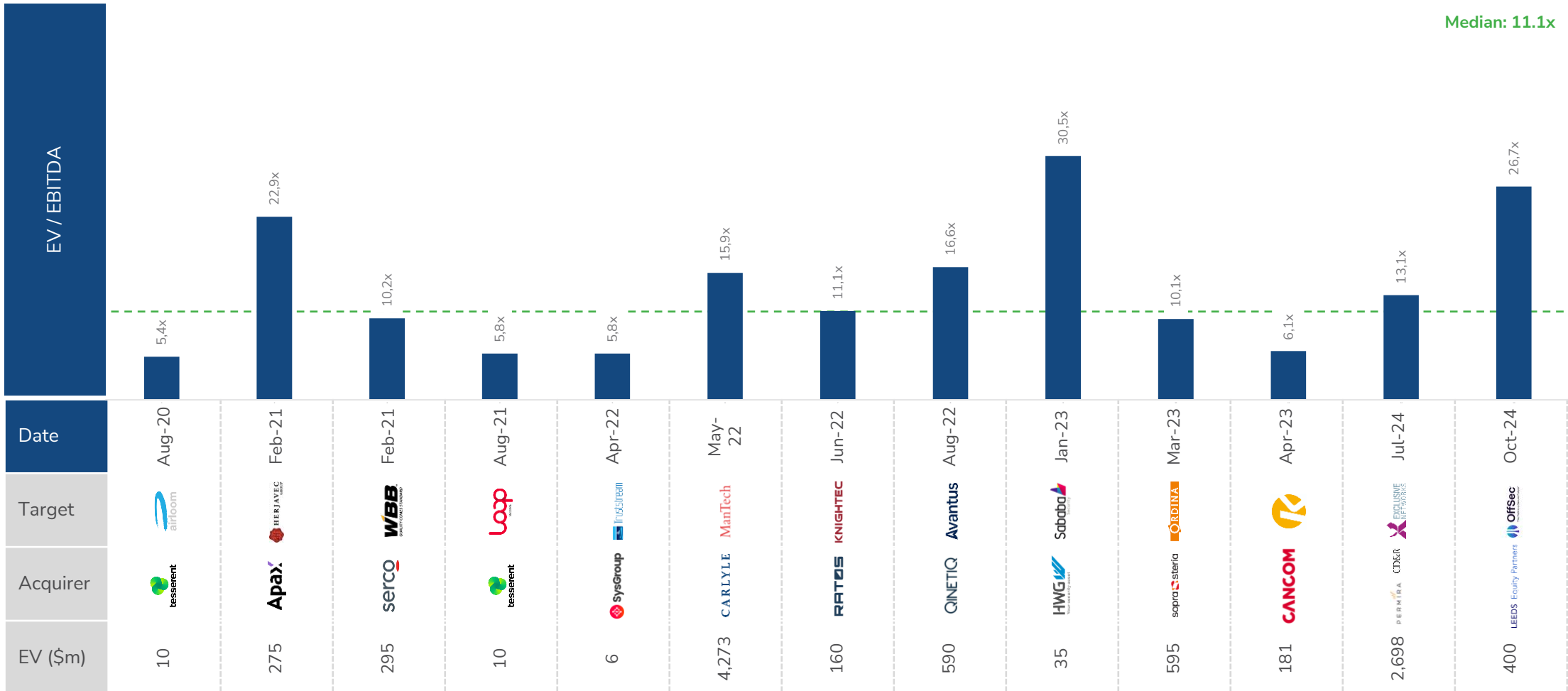
Software cybersecurity deals since Jan-24 have had median EV / revenue multiple of 8.1x



Sources: Mergermarket, Megabyte, Pitchbook, 451 Research, S&P Capital IQ

# Precedent Transactions – Managed Security Services

Recent managed cyber services deals have had median EV / EBITDA multiple of 11.1x



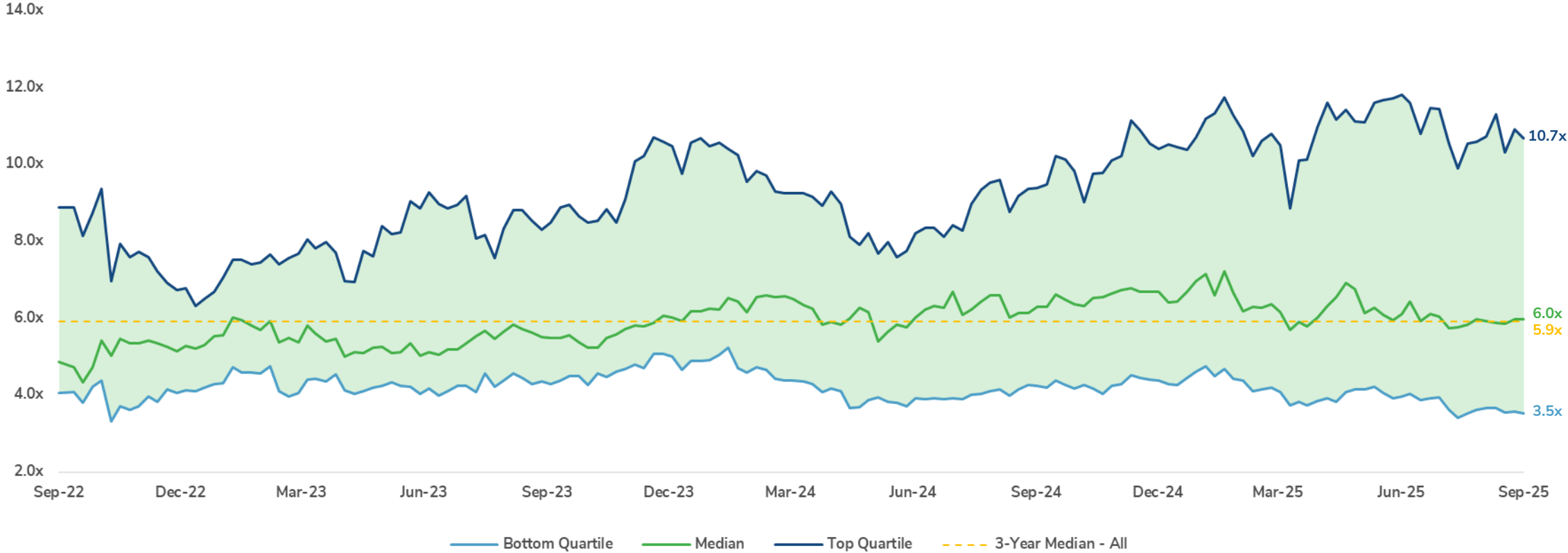
Sources: Mergermarket, Megabyte, Pitchbook, 451 Research, S&P Capital IQ

# Public Comparables – Cybersecurity Through the Cycle

Upper Quartile multiple traded at 10.7x, stabilizing after a strong rebound in Q2

## Performance of Our Technology Investment Banking Practice Cybersecurity Index over the Past 3 Years

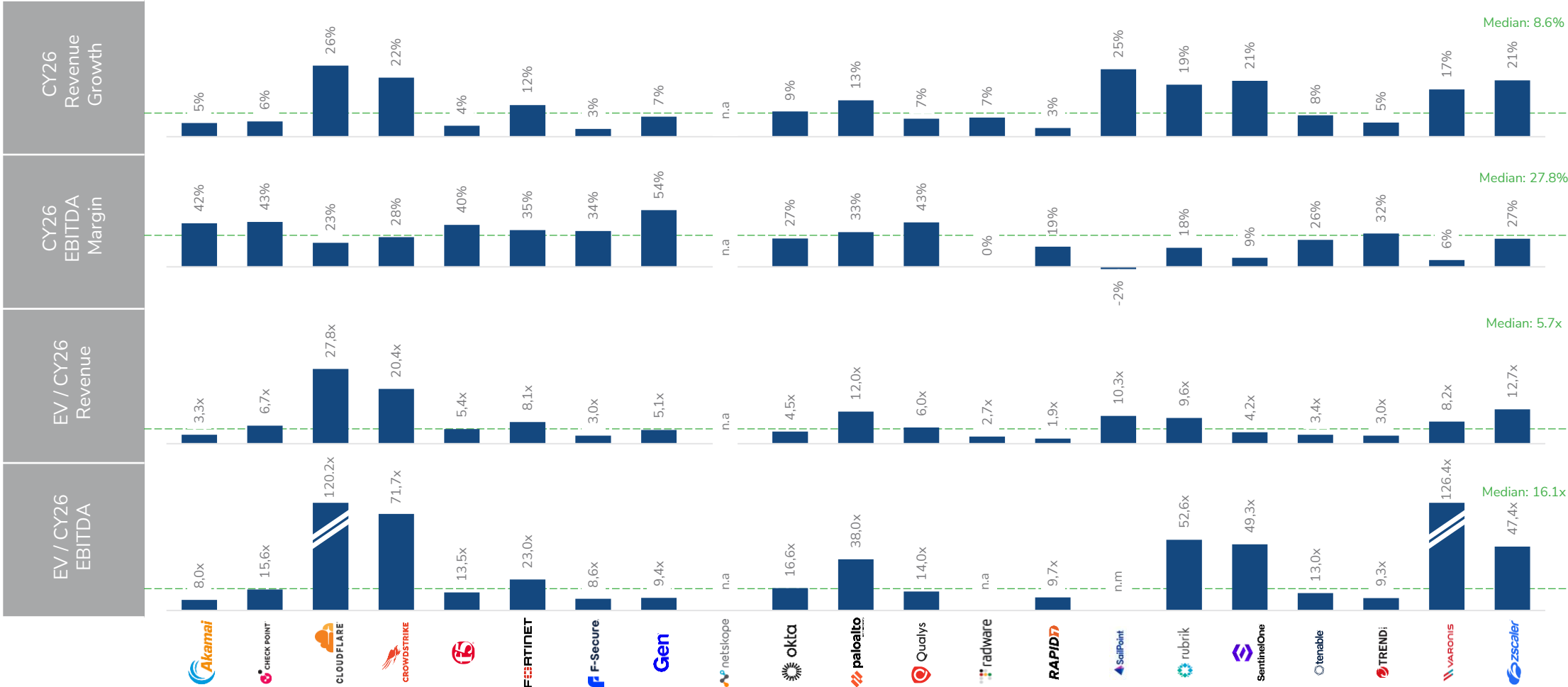
EV / Next 12 Months Revenue



Source: Capital IQ as of 30.09.2025; Note: Index includes 21 public traded cybersecurity companies as detailed in the next slide

# Public Comparables – Benchmarking

Cloudflare and CrowdStrike trading at highest revenue multiples of c. 28x and 20x respectively



Source: Capital IQ as of 30.09.2025

# Top Strategic Acquirors of Cybersecurity Software

Most active strategic acquirors of cybersecurity software businesses over the last 5 years

Company	# Acquisitions	Select Transactions					
		(earlier)					(most recent)
<b>FORTRA</b>	14	<b>AGARI</b> Email security	<b>PHISHLABS</b> Threat intelligence	<b>DIGITAL GUARDIAN</b> Threat mgmt. & protection	<b>tripwire</b> Security management	<b>TERRANOVA SECURITY</b> Security awareness	<b>Lookout.</b> Cloud Security Business
<b>paloalto NETWORKS</b>	10	<b>Cider</b> Application security	<b>Dig Security</b> Cloud data security	<b>TALON</b> Enterprise browser protection	<b>IBM QRadar</b> Detection & response	<b>PROTECT AI</b> Threat detection & security	<b>CYBERARK</b> Identity Security
<b>CISCO</b>	9	<b>Lightspin</b> Cloud security	<b>Armorblox</b> Email security	<b>OORT</b> Identity & access management	<b>splunk</b> Security & observability	<b>ROBUST INTELLIGENCE</b> AI security	<b>SNAPATTACK</b> Threat management
<b>netwrix</b>	9	<b>USERCUBE</b> Identity management	<b>MATESO PASSWORD SAFE</b> Password management	<b>GroupID</b> Active directory security	<b>Remediant</b> Privileged access mgmt.	<b>CoSoSys</b> Endpoint protection	<b>PING CASTLE</b> Vulnerability management
<b>zscaler</b>	9	<b>SMOKESCREEN</b> Defense & deception	<b>ShiftRight</b> Security workflow automation	<b>CANONIC</b> Application security	<b>Avalor</b> Data security	<b>AIRGAP</b> Zero trust segmentation	<b>red canary</b> MDR
<b>CROWDSTRIKE</b>	9	<b>Reposify</b> External attack surface mgmt.	<b>BIONIC</b> App security posture mgmt.	<b>FLOW.</b> Cloud security	<b>ADAPTIVE SHIELD</b> Vulnerability management	<b>onum</b> Real-time telemetry pipeline	<b>pangea</b> AI detection & response
<b>FORTINET</b>	8	<b>SHIELDX</b> Cloud & network security	<b>skn.ai</b> Application security	<b>Gigamon</b> ThreatINSIGHT business	<b>LACEWORK</b> CNAPP	<b>next</b> Data loss prevention	<b>PERCEPTION POINT</b> Email security
<b>tenable</b>	8	<b>cymptom</b> Attack path mgmt.	<b>BIT DISCOVERY</b> External attack surface mgmt.	<b>ermetic</b> CNAPP	<b>eureka</b> DSPM	<b>VULCAN.</b> Cyber risk mgmt.	<b>APEX</b> Exposure mngmt.
<b>CHECK POINT</b>	8	<b>Spectral</b> Developer security	<b>perimeter 81</b> Network security & SASE	<b>Atmosec</b> Security management	<b>Cyberint</b> Threat intelligence	<b>VERITI</b> Exposure remediation	<b>LAKERA</b> AI application security
<b>RAPID7</b>	6	<b>DivvyCloud</b> Cloud security	<b>alcide</b> Kubernetes security	<b>Velociraptor</b> Endpoint security	<b>INTSIGHTS</b> Threat intelligence & protection	<b>MINERVA</b> Managed detection & response	<b>noetic</b> CAASM

Source: 451 Research, Jan-20 to Sep-25

# Cybersecurity Software Ecosystem

Kroll tracked cybersecurity software universe



# Security Services Market – Value Chain

Security services vendors are building out new technology-enabled service and MSSP offerings by leveraging best-of-breed software capabilities

## Specialized Security Services

Architecture / Code Review	Policy Development	Penetration Testing	Staffing	Forensics & Incident Response	Execution	Vulnerability Assessment	Risk Analysis	Independent Verification & Validation	Certification / Security Training	Application Testing						
accenture	BISHOPFOX	Booz   Allen   Hamilton*	breachlock	Cigital / SYNOPSIS*	CALFIRE	cognizant	Deloitte.	DXC TECHNOLOGY	EY	HCL	IBM	KPMG	KROLL	logica / CGI	nccgroup*	NEOHAPSIS / CISCO
NetSPI™	NISOS The Managed Intelligence Company*	NOPSEC	OPTIV	praetorian	pwc	TATA	TRUSTEDSEC	STROZ FRIEDBERG / AON	wipro							

## Diversified MSSPs

AV / Content Protection	PKI / IAM	Managed Detection & Response	Vulnerability Scanning	Intelligence & Information Sharing Analysis	Security Management (Network)	Security Management (Host)	DDoS / DNS Protection	Security Monitoring (Network)	Security Monitoring (Host)	Security Monitoring (Application)
ARCTIC WOLF	ARMOR	Atos	AT&T	AVERTIUM	BINARY DEFENSE*	BlueVoyant	Booz   Allen   Hamilton*	BT	CERBERUS SENTINEL	CLOUDFLARE
CRITICALSTART	CYDERES	CYSIV / FORESCOUT	DEEP seas	deepwatch	eSENTIRE	expel	FIELD EFFECT	FORTRA		
GOSECURE	IBM	McAfee	neustar	NTT Security	nuspire	Orange Cyberdefense	PROLEXIC / Akamai	red canary		
SAVIYNT	Secureworks*	SOPHOS	Symantec / accenture	THALES	Trustwave / Singtel	VERISIGN	verizon / cybertrust			

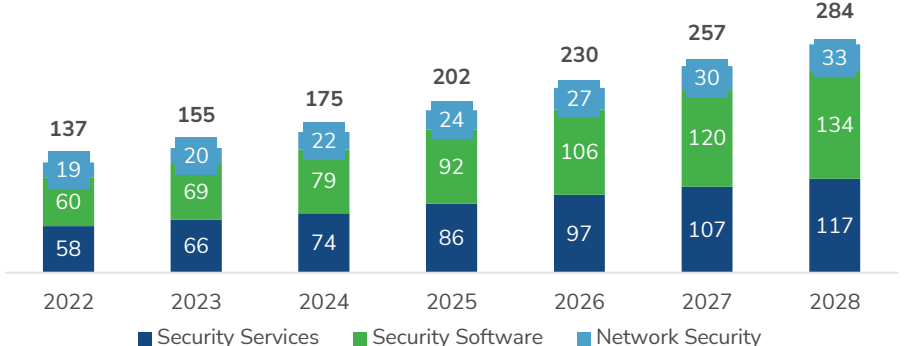
Note: Company name after grey slash indicates financial backer

# Cybersecurity Market Overview

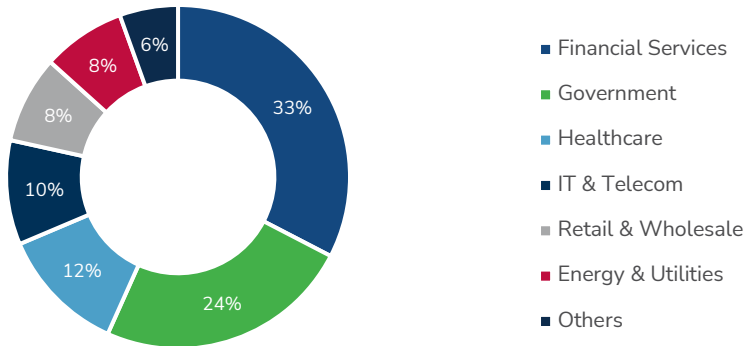
Cybersecurity represents a large \$200-billion+ market

## Cybersecurity market growing at ~13% CAGR

Enterprise information security spend, \$bn



## Cybersecurity spend by industry



Sources: Gartner, Statista

## Market trends

### Exponential growth of data

The rapid increase in security-related data is overwhelming traditional tools and analysts, requiring advanced analytics and automation for effective processing. Security teams are struggling to monitor the massive volume of telemetry across their expanding infrastructure, which underscores the urgent need for sophisticated data processing and threat detection tools.

### Increasing sophistication of threat actors

While AI developments have allowed IT teams to streamline threat detection and response processes, they have also allowed cybercriminals to employ increasingly complex and multistaged attack techniques. These capabilities have the potential to evade traditional security measures, orchestrating more targeted, persistent threats.

### Human risk management (HRM)

HRM has emerged as a critical risk factor that recognizes that the expanded digital workplace and complex modern communications have vastly increased the human attack surface. This approach goes beyond traditional security awareness training to address a wide range of human-related risks, including errors, privilege misuse and social engineering.

### From threat management to risk management

In the face of an ever-increasing threat landscape, practitioners are shifting from threat management to risk management by adopting a more comprehensive approach that assesses and prioritizes threats in relation to business outcomes, critical systems, and broader enterprise risks and investments.

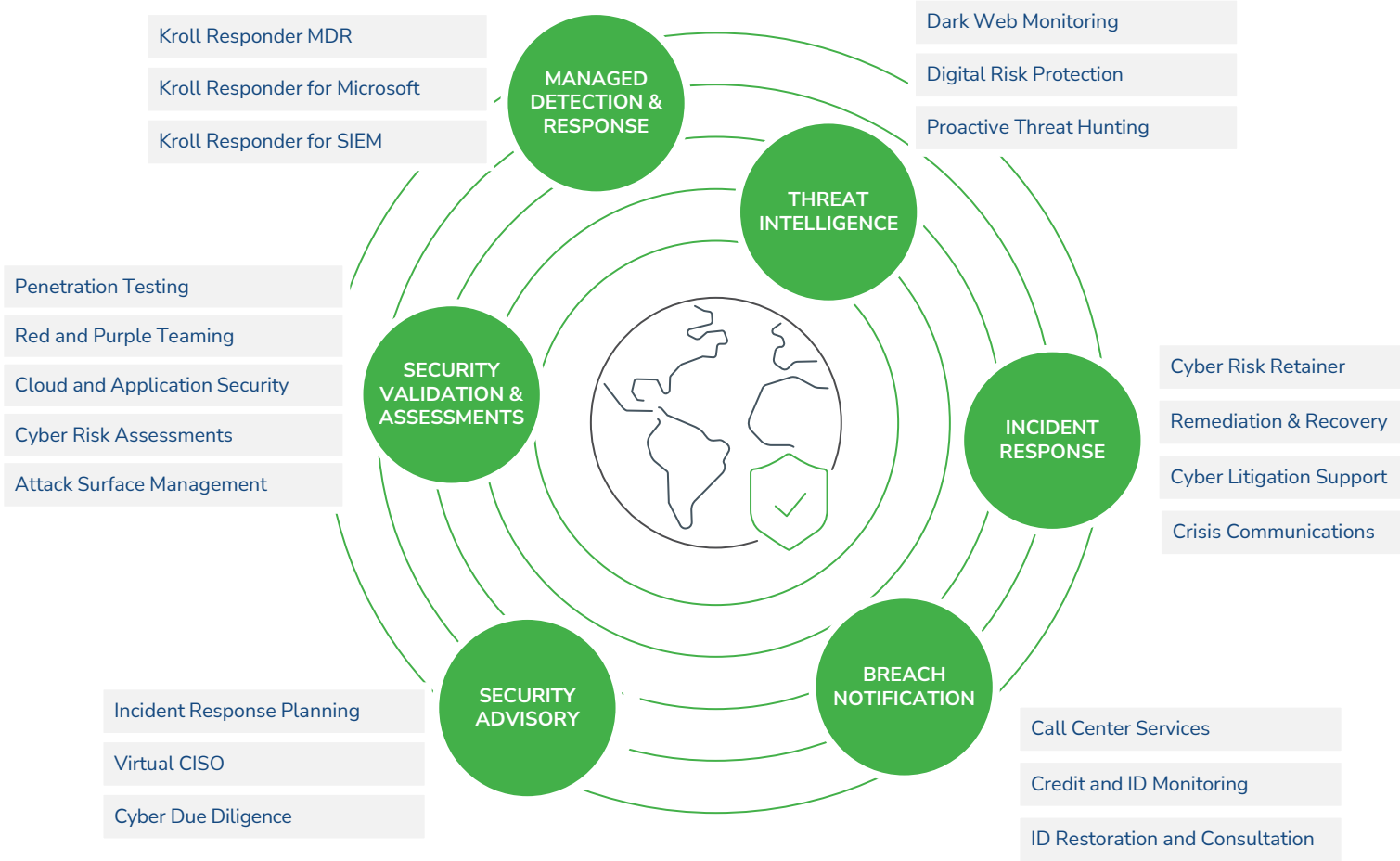
### Consolidation of vendors and tech stacks

Layered infrastructure security stacks are increasing the challenges of security configuration management, leaving organizations with security control gaps. Platforms with modular sets of integrated security product capabilities are growing in demand, leading to consolidation between security vendors, with larger players using M&As to build security platforms focused on broader domains.

# About Kroll

# Kroll Cyber Risk Services

Leading end-to-end services provide unique market insight for thoughtful positioning and buyer access



**3,000+**

Engagements per year for Fortune 100 companies to medium-sized businesses

**650+**

Practitioners across 19 countries with global cyber expertise

**100+**

Industry certifications (CISM, CREST, ISO, CISSP, ISSAP and more)

**60+**

Preferred/approved vendor for 60+ cyber insurance carriers

# Kroll Investment Banking

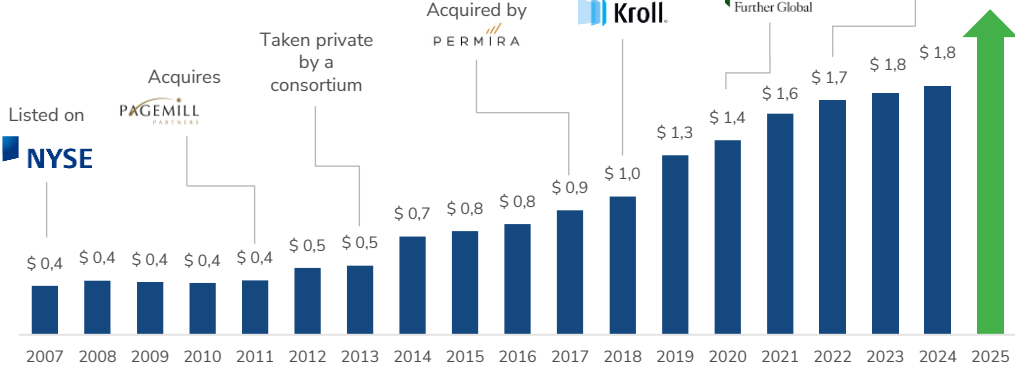
Comprehensive advisory capabilities and leading M&A franchise



Kroll provides risk and financial advisory solutions, including corporate finance, valuation, cyber risk and other strategic advisory services

<b>30+</b> Countries with offices	<b>6,500+</b> Employees	<b>\$4.2bn</b> 2020 valuation
<b>88%</b> We work with 88% of Fortune 100 TMT companies	<b>350%</b> Revenue growth since 2011	<b>\$1.8bn</b> 2024 revenue

26 acquisitions completed over past 10 years, including:



Notes: (1) LSEG Data (U.S. deals \$10m < \$170m, including deals without a disclosed value). Full years 2014 through 2023; (2) LSEG Global M&A Review 2023; (3) Masonite International Corp. acquisition of Fleetwood



- M&A Advisory
- Private Capital Markets & Debt Advisory
- Distressed M&A and Special Solutions
- Financial Restructuring
- Fairness & Solvency Opinions
- Transaction Advisory Services
- Financial Sponsors Group
- ESOP & ERISA Advisory

- #5 U.S. middle-market advisor over the past 10 years<sup>1</sup>
- #1 for fairness opinions globally over the past 20 years<sup>2</sup>
- 2,300+ fairness and solvency opinions since 2005, with over \$7 trillion in deal value
- Middle-market deal of the year 2024<sup>3</sup>



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## About Kroll

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