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Cybersecurity
Software Sector

M&A Industry Insights

Summer 2025

Cybersecurity Software Sector

M&A Industry Insights, Summer 2025

Cybersecurity deal activity continued to accelerate in Q2 2025, building on the strong start to the year. At the mid-year point, annualized deal volume is on track to exceed 200 transactions for the first time. The quarter was dominated by mid-market activity, with only Proofpoint's acquisition of Hornet Security approaching the $1 billion mark.

A key theme was the growing emphasis on AI, with buyers seeking to embed generative AI and agentic automation into threat detection, triage and response—highlighted by F5's acquisition of Fletch and Snyk's acquisition of Invariant Labs. Cloud security remained a priority, sustaining strong demand for well-positioned cloud-native application protection platforms (CNAPP) and data security posture management (DSPM) assets. Identity management also returned to focus, driven by the rise of nonhuman AI agents and the growing need for automated identity controls. Radiant Logic's investment from Ridgeview Partners and Cyera's acquisition of Otterize illustrate this trend. Other themes included the rising complexity of threat environments, which is fueling investment in exposure management, as well as growing regulatory pressure and enterprise demand for integrated, AI-enabled platforms.

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 (enacted in April)—are increasingly shaping M&A activity. Buyers are prioritizing governance, risk and compliance solutions, with a particular focus on automation of audit, reporting and third-party risk workflows. Kiteworks' acquisition of Zivver, a provider of encrypted communications and compliance tools, is a notable example.

Looking ahead to the second half of 2025, we expect continued M&A activity in these areas, alongside growing interest in insider risk management, while the trend toward platform consolidation—as enterprises look to reduce vendor complexity—will likely also continue to drive M&A.
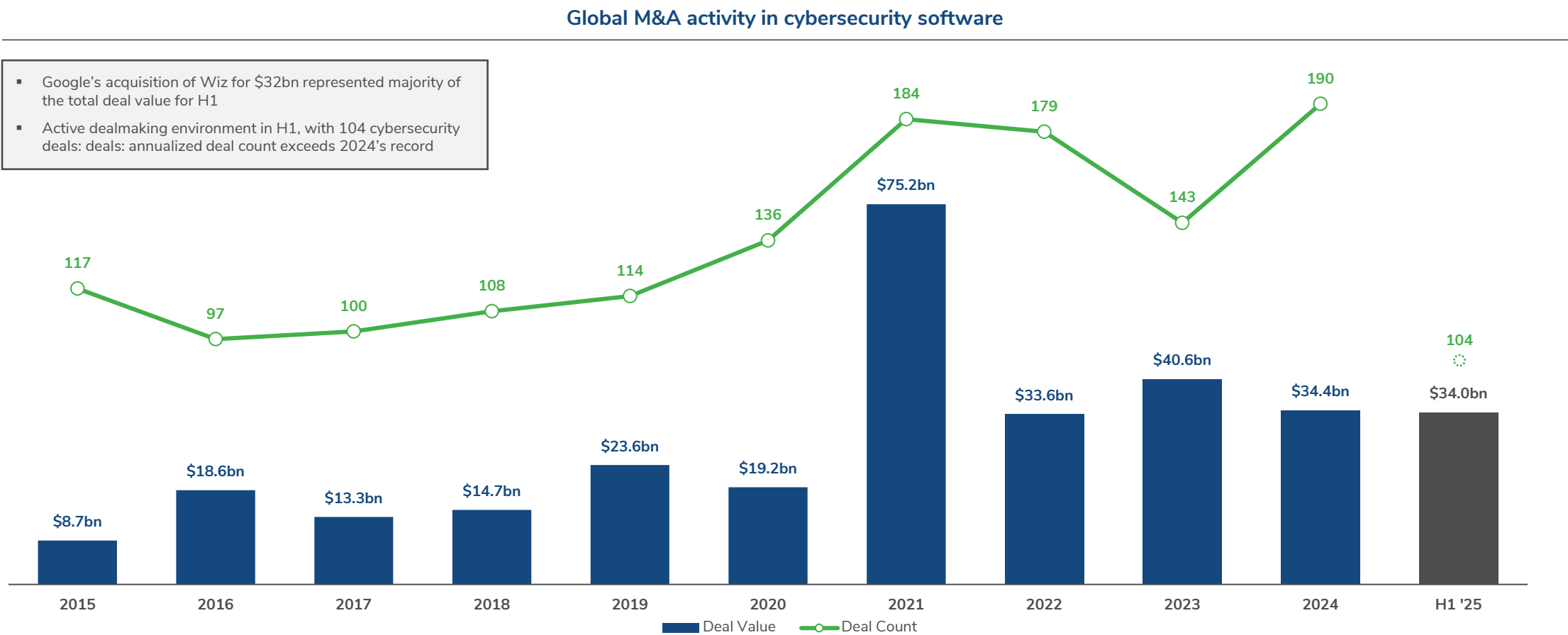
In public markets, Q2 saw a widening performance gap between leading cybersecurity platforms—such as Cloudflare, CrowdStrike, Palo Alto Networks and Zscaler—and the broader sector. The top quartile traded at a median EV/NTM revenue multiple of 13.0x, compared to 6.1x for the broader peer set—a spread of over 6.9x. Investors are rewarding scale and balance sheet strength, under the assumption that the AI investment surge and ongoing security arms race will favor the largest, best-capitalized vendors.

M&A Industry Insights

H1 2025 Cybersecurity Software M&A

Deal value in H1 2025 already in line with total deal value in 2024, boosted by Google's record acquisition of Wiz

Global M&A activity in cybersecurity software

- Google's acquisition of Wiz for $32bn represented majority of the total deal value for H1
- Active dealmaking environment in H1, with 104 cybersecurity deals: deals: annualized deal count exceeds 2024's record

Deal Value — *Deal Count*

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Notable Cybersecurity Acquisitions in Q2 2025

Mid-market M&A dominated in the quarter, with only one deal hitting the $1 billion mark

May 2025
HORNETSECURITY
acquired by
proofpoint
$1.0 bn | 6.3x

Hornetsecurity is a provider of AI-powered and Microsoft-based cloud security software for businesses globally. The software features email security, impersonation protection, insider threat management, intelligent compliance, language analysis, knowledge assessment, security awareness and more.

Proofpoint's acquisition of Hornetsecurity marks a move to expand into the small- and medium-sized business (SMB) and managed service provider markets, in line with its strategy to deliver human-centric security across email, cloud and digital channels. With Hornetsecurity's large SMB customer base and partner network, Proofpoint boosts its presence in underserved segments, grows its footprint in Europe and supports global expansion, helping it better serve smaller organizations with scalable cybersecurity solutions.

May 2025
red canary
acquired by
zscaler
$0.7 bn | 5.4x

Red Canary offers managed detection and response (MDR) services, as well as security operations center and threat intelligence services, for businesses. The company's offerings aid in detecting threats using application behavior analysis, user behavior analytics, organizational intelligence, binary analysis and threat intelligence.

Zscaler's acquisition of Red Canary represents a strategic step toward enhancing its managed detection and response and threat intelligence capabilities. The move supports Zscaler's vision for an AI-powered security operations center by integrating Red Canary's advanced MDR tools and expertise with its Zero Trust platform. This positions Zscaler to deliver more intelligent, automated and cohesive security operations for its customers.

May 2025
KUDU DYNAMICS
acquired by
leidos
$0.3 bn | N/A

Kudu Dynamics offers cybersecurity systems and related services to the U.S. Department of Defense and other government agencies. Its offerings consist of networking, software development, reverse engineering, and program and data analysis.

Leidos acquired Kudu Dynamics to bolster its offensive cyber capabilities with AI-generated tools that support rapid innovation in cyber warfare. The acquisition adds deep expertise in vulnerability discovery, reverse engineering and model generation, reinforcing Leidos' commitment to building smarter, full-spectrum cyber solutions for U.S. and allied dominance.

April 2025
PROTECT AI
acquired by
paloalto NETWORKS
$0.7 bn | N/A

Protect AI is a leading provider of security posture management software for enterprise AI systems. The software's capabilities consist of canning, testing, remediation and governance of large-scale AI and LLM models and applications.

To advance its AI security strategy, Palo Alto acquired Protect AI to build a comprehensive offering in AI security posture management. The acquisition adds key capabilities in model testing, vulnerability management, observability and governance, enhancing its existing Precision AI defenses. It also brings in specialized expertise and a mature solution portfolio, positioning Palo Alto to meet current customer needs and innovate for a future when AI drives technological transformation.

April 2025
RADIANT LOGIC
acquired by
Ridgeview PARTNERS
$0.5 bn | 10.0x

Radiant Logic provides identity security posture management (IPSM) software for businesses globally. Its software offers features for identity data management, enterprise information integration, authentication, data synchronization, generative AI data assistance, compliance and governance management, third-party access, and fraud prevention.

Ridgeview Partners' acquisition of Radiant Logic aimed to accelerate its leadership in Identity Security Posture Management (ISPM), leveraging Radiant's AI-powered platform and strong growth trajectory. The move aligns with Ridgeview's focus on data, security and AI, and it brings strategic board-level expertise to support global scaling and innovation.

June 2025
CORELLIUM
acquired by
Cellebrite
$0.1 bn | N/A

Corellium is a provider of Arm-based virtualized mobile device infrastructure and security testing software for businesses and government agencies globally. Its software provides features for mobile app penetration testing, malware analysis, IoT DevOps and embedded system development using Arm-native virtualization.

Cellebrite's acquisition of Corellium marks a strategic expansion into Arm-based virtualization and mobile security testing, aligning with its mission to enhance digital investigations and public safety. By integrating Corellium's leading platform, Cellebrite boosts its capabilities in mobile vulnerability research, DevSecOps and penetration testing, while broadening its addressable market across public and private sectors.

EV | EV/LTM Rev

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Precedent Transactions – Cybersecurity Software

Software cybersecurity deals since Jan-24 have had median EV / Revenue multiple of 8.0x

Median: 8.0x

EV / Revenue																			
	2.3x	7.0x	116.7x	30.0x	8.1x	22.5x	5.0x	3.3x	10.3x	3.6x	70.0x	8.0x	7.8x	7.7x	9.8x	33.0x	6.0x	10.0x	6.3x
Date	Jan-24	Feb-24	Mar-24	Apr-24	Apr-24	May-24	May-24	May-24	May-24	Aug-24	Aug-24	Aug-24	Sep-24	Nov-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Target	JUNIPER NETWORKS	CoSoSys	Avalor	silk.	DARKTRACE	noname	Radar	exabeam	Venafi	CRYPTO Group	ROBUST INTELLIGENCE	Cyberint	Recorded Future	cybersixgill	Dropsuite	zilla security	OTORIO	RADIANT LOGIC	HORNETSECURITY
Acquirer	Hewlett Packard Enterprise	netwrix	zscaler	ARMIS	THOMABRAVO	Akamai	paloalto	LogRhythm	CYBERARK	CR Group	CISCO	CHECK POINT	mastercard	BITSIGHT	ninjaOne	CYBERARK	ARMIS	Ridgeview Partners	proofpoint
EV ($m)	13,247	190	350	150	4,992	450	500	500	1,540	83	350	200	2,650	115	251	165	120	500	1,000

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

Top Strategic Cybersecurity Acquirors

Most active strategic acquirors in cybersecurity over the last 5 years

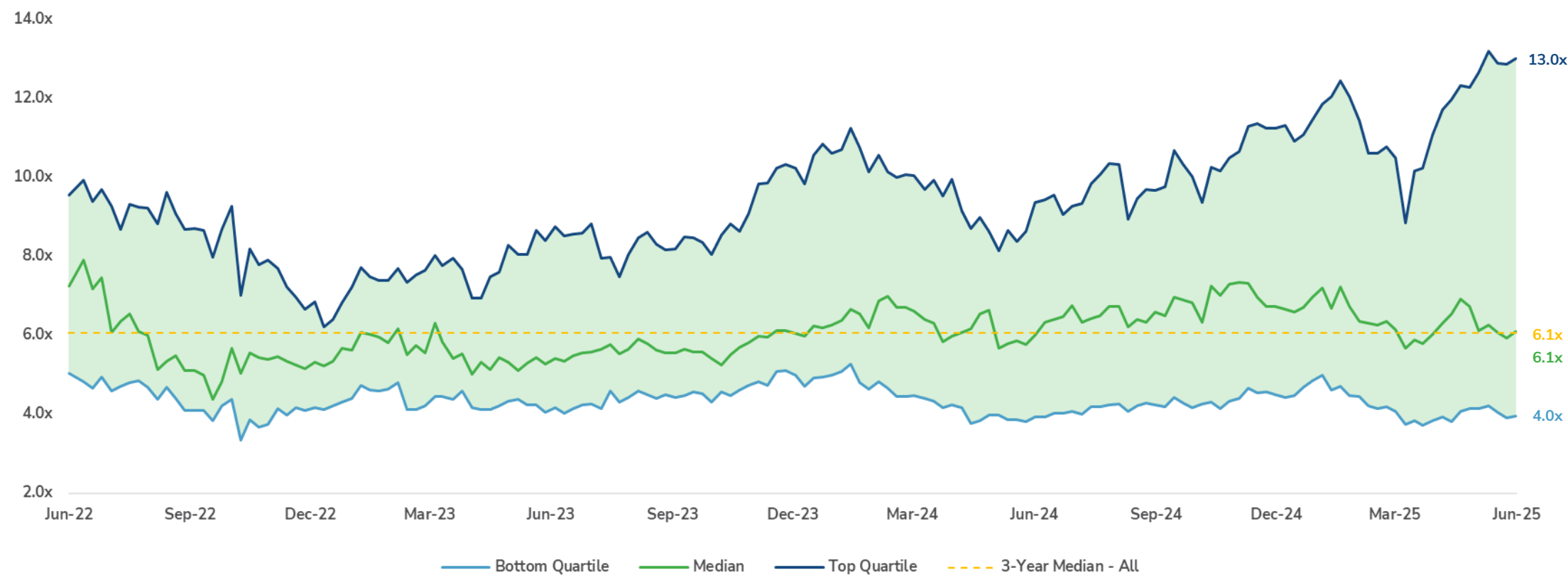| Company	# Acquisitions	(earlier)	Select Transactions				(most recent)
FORTRA	14	**AGARI** Email security	**PHISHLABS** Threat intelligence	**DIGITAL GUARDIAN** Threat mgmt. & protection	**tripwire** Security management	**TERRANOVA SECURITY** Security awareness	**Lookout** Cloud Security Business
CISCO	9	**Lightspin** Cloud security	**Armorblox** Email security	**OORT** Identity & access management	**splunk>** Security & observability	**ROBUST INTELLIGENCE** AI security	**SNAPATTACK** Threat management
netwrix	9	**USERCUBE** Identity management	**MATESO PASSWORD SAFE** Password management	**GroupID** Active directory security	**Remediant** Privileged access mgmt.	**CoSoSys** Endpoint protection	**PING CASTLE** Vulnerability management
paloalto	9	**bridgecrew** Cloud security	**Cider** Application security	**Dig Security** Cloud data security	**TALON** Enterprise browser protection	**IBM QRadar** Detection & response	**PROTECT AI** Threat detection & security
zscaler	9	**SMOKESCREEN** Defense & deception	**ShiftRight** Security workflow automation	**CANONIC** Application security	**Avalor** Data security	**AIRGAP** Zero trust segmentation	**red canary** MDR
FORTINET	8	**SHIELDX** Cloud & network security	**sken.ai** Application security	**Gigamon** ThreatINSIGHT business	**LACEWORK** CNAPP	**next** Data loss prevention	**PERCEPTION POINT** Email security
tenable	8	**cymptom** Attack path mgmt.	**BIT DISCOVERY** External attack surface mgmt.	**ermetic** CNAPP	**eureka** DSPM	**VULCAN.** Cyber risk mgmt.	**APEX** Exposure mngmt.
CROWDSTRIKE	7	**humio** Log mgmt. & observability	**SecureCircle** Endpoint security	**Reposify** External attack surface mgmt.	**BIONIC** App security posture mgmt.	**FLOW.** Cloud security	**ADAPTIVE SHIELD** Vulnerability management
CHECK POINT	7	**AVANAN** Cloud email security	**Spectral** Developer security	**perimeter 81** Network security & SASE	**Atmosec** Security management	**Cyberint** Threat intelligence	**VERITI** Exposure remediation
RAPID7	6	**DivvyCloud** Cloud security	**alcide** Kubernetes security	**Velociraptor** Endpoint security	**INTSIGHTS** Threat intelligence & protection	**MINERVA** Managed detection & response	**noetic** CAASM

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

Public Comparables – Cybersecurity Through the Cycle

Upper Quartile multiple touched 13.0x, reflecting persistent upward momentum post-Covid

Performance of Our Technology Investment Banking Practice Cybersecurity Index over the Past 3 Years
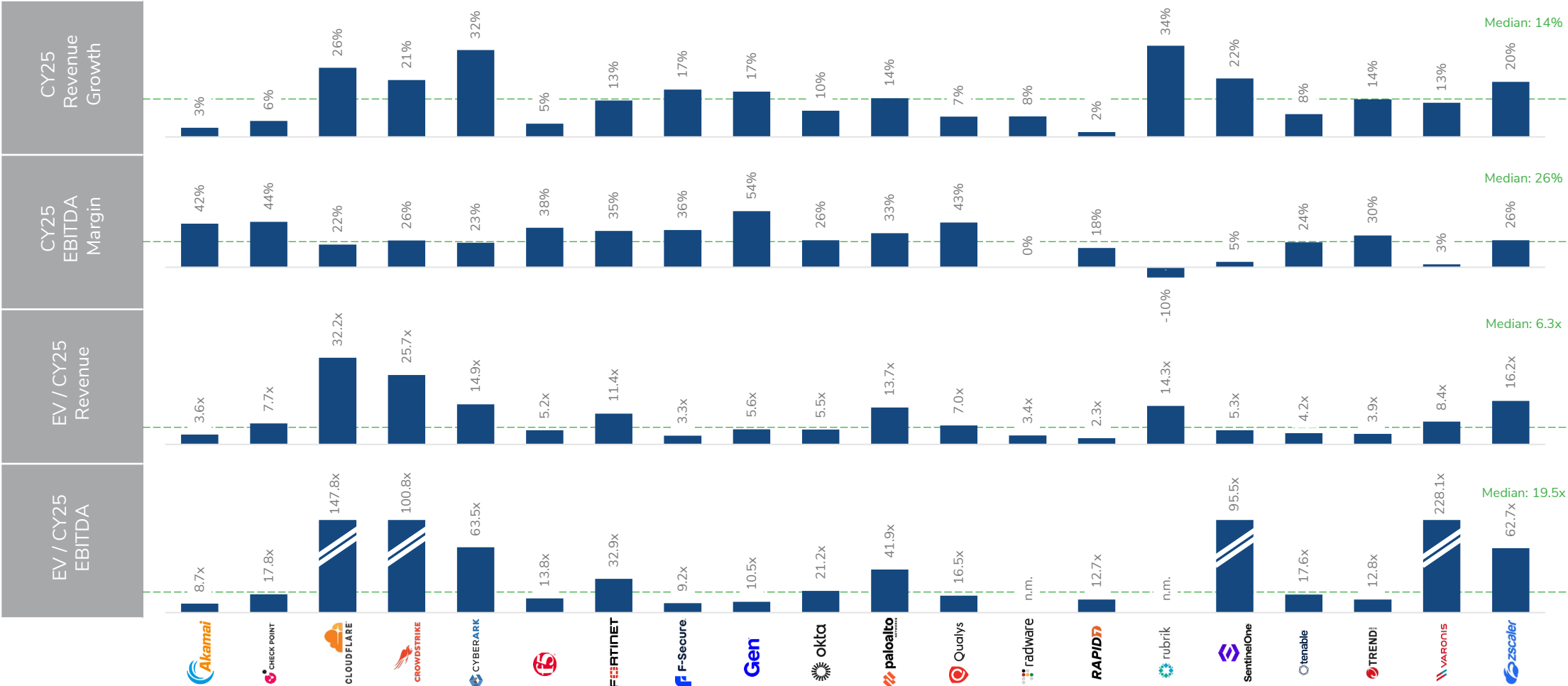
EV / Next 12 Months Revenue

Legend: Bottom Quartile · Median · Top Quartile · 3-Year Median - All

Public Comparables – Benchmarking

Cloudflare and CrowdStrike trading at highest revenue multiples at c. 32x and 25x respectively

CY25 Revenue Growth (Median: 14%)

Akamai	Check Point	Cloudflare	CrowdStrike	CyberArk	F5	Fortinet	F-Secure	Gen	Okta	Paloalto	Qualys	Radware	Rapid7	Rubrik	SentinelOne	Tenable	Trend	Varonis	Zscaler
3%	6%	26%	21%	32%	5%	13%	17%	17%	10%	14%	7%	8%	2%	34%	22%	8%	14%	13%	20%

CY25 EBITDA Margin (Median: 26%)

| 42% | 44% | 22% | 26% | 23% | 38% | 35% | 36% | 54% | 26% | 33% | 43% | 0% | 18% | -10% | 5% | 24% | 30% | 3% | 26% |

EV / CY25 Revenue (Median: 6.3x)

| 3.6x | 7.7x | 32.2x | 25.7x | 14.9x | 5.2x | 11.4x | 3.3x | 5.6x | 5.5x | 13.7x | 7.0x | 3.4x | 2.3x | 14.3x | 5.3x | 4.2x | 3.9x | 8.4x | 16.2x |

EV / CY25 EBITDA (Median: 19.5x)

| 8.7x | 17.8x | 147.8x | 100.8x | 63.5x | 13.8x | 32.9x | 9.2x | 10.5x | 21.2x | 41.9x | 16.5x | n.m. | 12.7x | n.m. | 95.5x | 17.6x | 12.8x | 228.1x | 62.7x |

Source: Capital IQ as of 30.06.2025

Cybersecurity Software Sector Ecosystem
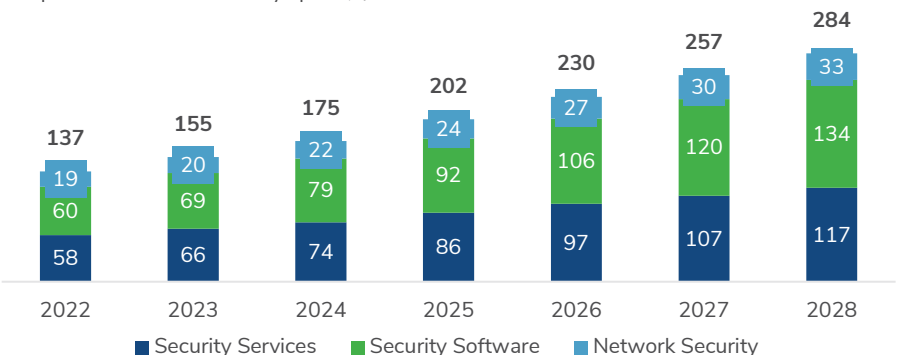
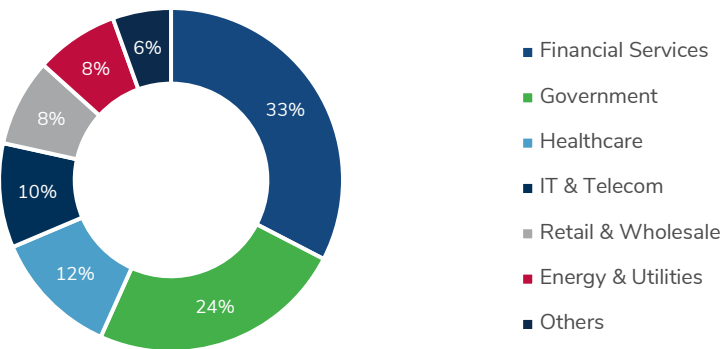Kroll tracked cybersecurity universe
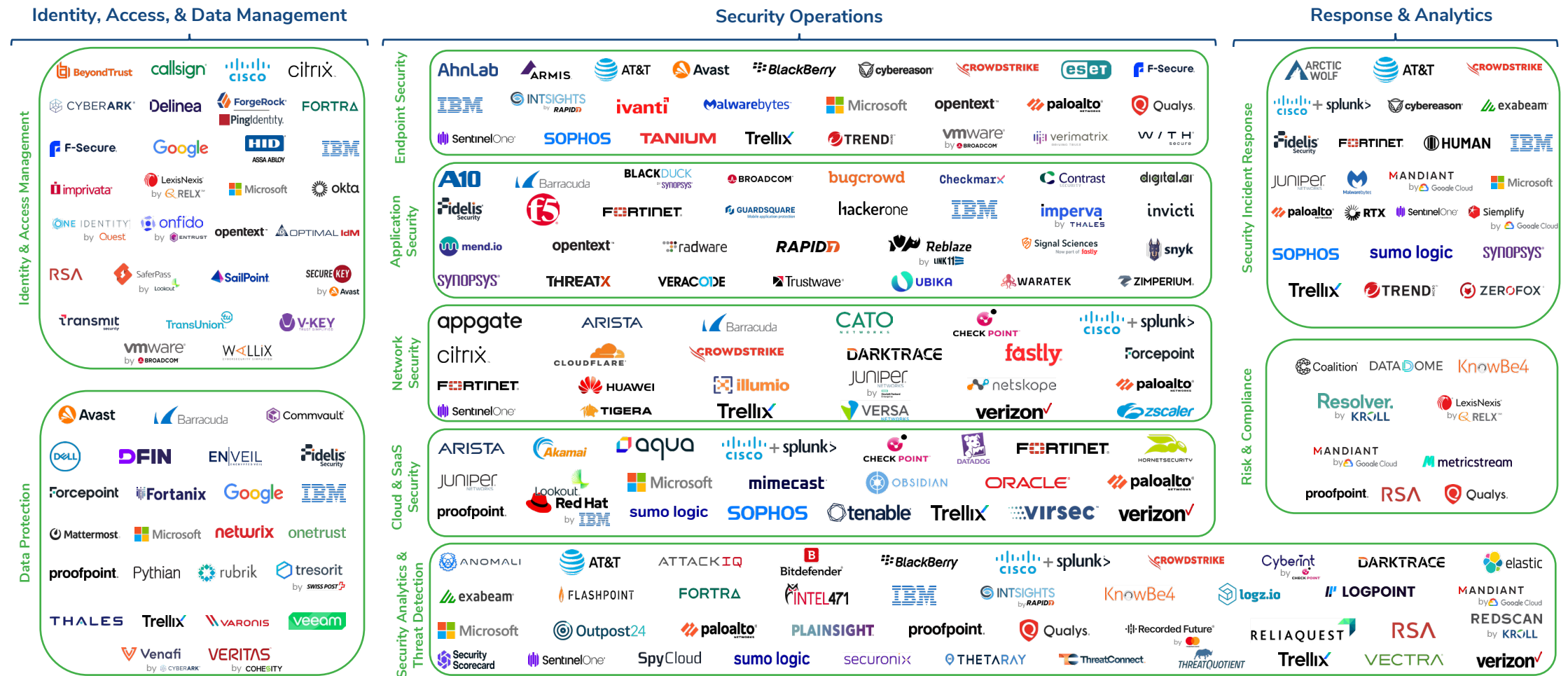
Cybersecurity Market Overview

Cybersecurity represents a large $200bn+ market

Cybersecurity market growing at ~13% CAGR

Enterprise information security spend, $bn

	2022	2023	2024	2025	2026	2027	2028
Total	137	155	175	202	230	257	284
Network Security	19	20	22	24	27	30	33
Security Software	60	69	79	92	106	120	134
Security Services	58	66	74	86	97	107	117

■ Security Services   ■ Security Software   ■ Network Security

Cybersecurity spend by industry

- ■ Financial Services — 33%
- ■ Government — 24%
- ■ Healthcare — 12%
- ■ IT & Telecom — 10%
- ■ Retail & Wholesale — 8%
- ■ Energy & Utilities — 8%
- ■ Others — 6%

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, underscoring 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 multi-staged attack techniques. These capabilities have potential to evade traditional security measures, orchestrating more targeted, persistent threats.

Human risk management (HRM)

HRM has emerged as a critical risk factor, recognizing 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 error, 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, adopting a more comprehensive approach that assesses and prioritizes threats in relation to business outcomes, critical systems, and broader enterprise risks and investments.
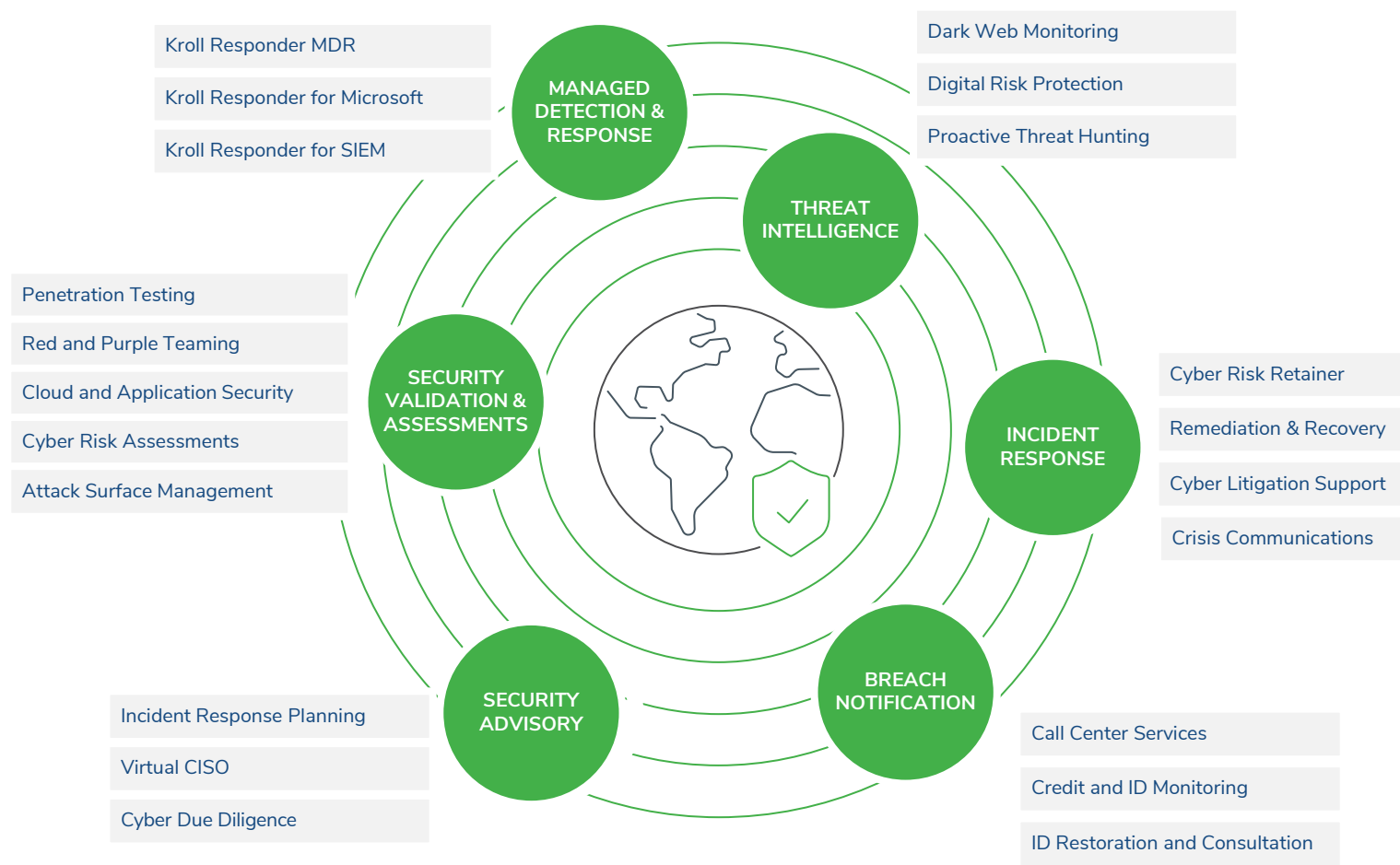
Consolidation of vendors and tech stacks

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 increasingly in demand, leading to consolidation between security vendors, with larger players using M&A 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

Kroll Responder MDR

Kroll Responder for Microsoft

Kroll Responder for SIEM

Dark Web Monitoring

Digital Risk Protection

Proactive Threat Hunting

MANAGED DETECTION & RESPONSE

THREAT INTELLIGENCE

Penetration Testing

Red and Purple Teaming

Cloud and Application Security

Cyber Risk Assessments

Attack Surface Management

SECURITY VALIDATION & ASSESSMENTS

INCIDENT RESPONSE

Cyber Risk Retainer

Remediation & Recovery

Cyber Litigation Support

Crisis Communications

Incident Response Planning

Virtual CISO

Cyber Due Diligence

SECURITY ADVISORY

BREACH NOTIFICATION

Call Center Services

Credit and ID Monitoring

ID Restoration and Consultation

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

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Technology & Business Services Investment Banking Group

Kroll's dedicated technology and business services investment banking team comprises industry professionals with deep sector expertise and an extensive network of strategic advisors and industry executives

Practice Overview

Significant Transaction Experience

Strong track record of execution, 500+ transactions completed

Unparalleled Access to Buyers

Deep reach into tech and business services focused financial sponsors and strategics

Deep Domain Expertise

Fluency in key trends in the tech and business services sectors

Unconflicted and Focused Approach

Singular focus on sector advisory services

Verticals & Thematic Areas of Focus

- Information Technology
- Financial Services
- Professional Services
- Engineering & Facility Services
- Cybersecurity
- Supply Chain & Logistics
- Education & Training
- Data & Analytics
- Real Estate & Construction
- Human Capital Management
- Marketing & Media
- Retail & Commerce

Extensive Cybersecurity M&A Expertise

Secure Comms & Secure Hosting

LUXSCI®

has received investment from

MAIN CAPITAL PARTNERS

Online Protection & Product Authentication

OPSEC

has gone public via SPAC merger backed by

INVESTCORP

Email and Cloud Security SaaS

PSG

has reinvested alongside TA Associates into

HORNETSECURITY

Mobile Application Protection SaaS

whiteCryption

has been acquired by

ZIMPERIUM

App Threat Detection and Protection SaaS

Prevoty

has been acquired by

imperva

Online Risk and Cyber Threat Intelligence

brandprotect

has been acquired by

LLRpartners

SIEM & Network Monitoring

accelops

has been acquired by

FORTINET

Embedded Security and Content Protection

Elliptic

has been acquired by

SYNOPSYS®

Data Security and Enterprise Mgmt.

LIQUID|MACHINES
The Freedom of Security.™

has been acquired by

CHECK POINT

Email Encryption

POSTX

has received investment from

CISCO   IRONPORT

Email and Web Security

BorderWare™

has been acquired by

WatchGuard®

Identity and Access Management

eurekify

has been acquired by

ca technologies

Strong Track Record Closing Deals with Software Investors

Kroll's technology investment banking team has long-standing embedded relationships with global players across private equity and strategic buyer communities

Select Private Equity Transactions

InfinityHR
has received investment from
PSG | PROVIDENCE STRATEGIC GROWTH

Aucerna
has received investment from
THOMABRAVO

insightsoftware
has received investment from
TA ASSOCIATES

resonate
has received investment from
ZMC ZELNICK MEDIA CAPITAL

accruent
has received investment from
VISTA

whiteCryption
has received investment from
WARBURG PINCUS
SoftBank

AIA Contract Documents
has received investment from
TRUE WIND

avangate
has received investment from
FP FRANCISCO PARTNERS

ZEST AI
has received investment from
INSIGHT PARTNERS

Select Strategic Buyer Transactions

Brightpearl
has been acquired by
Sage

FLUIDMESH NETWORKS
has been acquired by
CISCO

metaio
has been acquired by
(Apple logo)

CAMILION SOLUTIONS
has been acquired by
SAP

AdECN
has been acquired by
Microsoft

EntropySoft
has been acquired by
salesforce

TALARI Networks
has been acquired by
ORACLE

DataMirror
has been acquired by
IBM

sensity
has been acquired by
verizon

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About Kroll

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