

HEIGHTENED CORPORATE VULNERABILITY DRIVES MERGER AND ACQUISITION ACTIVITY

CYBERSECURITY SECTOR UPDATE | DECEMBER 2022



**CAPSTONE
PARTNERS**

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Capstone Partners, a subsidiary of Huntington Bancshares Incorporated (NASDAQ:HBAN), has been a trusted advisor to leading middle market companies for over 20 years, offering a fully integrated range of expert investment banking and financial advisory services uniquely tailored to help owners, investors, and creditors through each stage of the company's lifecycle.

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Cybersecurity

Heightened Corporate Vulnerability Drives M&A Activity

KEY SECTOR TAKEAWAYS

Capstone Partners' Aerospace, Defense, Government & Security (ADGS) Group is pleased to share its December 2022 Cybersecurity report. The Cybersecurity sector demonstrates continued resilience amidst broader economic volatility and weakness in the Initial Public Offering (IPO), Merger and Acquisition (M&A), and Growth Capital Financing markets. Despite the softening economy, the mission-critical nature of cybersecurity products and services drives customer demand, spurring interest from strategic and private equity acquirers attracted to the sector's underlying strength. Sector highlights include:

1. The increasing frequency of cyber attacks have damaged governments and businesses of all sizes, spurring demand for advanced cybersecurity software and services providers.
2. Private and public sector defenders continue to rapidly innovate to thwart attacks and protect assets. Significant advancements have been made with the use of automation and the creation of multi-faceted eXtended detection and response (XDR) platforms.
3. Cybersecurity M&A activity year-to-date (YTD) has outpaced the same period in 2021, rising 13.1% year-over-year (YOY).
4. Buyers showcase a willingness to consolidate leading players at premium valuations, with middle market deals comprising the majority of sector M&A activity.
5. Private equity firms have increasingly verticalized sector portfolios, bolstering cybersecurity platform businesses through multiple add-on acquisitions.
6. The HACK ETF continued to outperform the S&P 500 on a revenue multiple basis, demonstrating the relative strength of public companies in the sector.
7. The Cybersecurity Financing market witnessed an influx of Software-as-a-Service (SaaS)-enabled startups completing early-stage venture capital rounds to enhance advanced capabilities.
8. While other sectors may struggle, the Cybersecurity space remains a bright spot for transaction activity with corresponding benefits for customers and businesses alike.

Capstone Partners has developed a full suite of corporate finance solutions, including M&A advisory, debt advisory, financial advisory, and equity capital financing to help privately owned businesses and private equity firms through each stage of the company's lifecycle, ranging from growth to an ultimate exit transaction.

To learn more about Capstone's wide range of advisory services and Cybersecurity sector knowledge, please [contact us](#).

CYBERSECURITY SECTOR SHOWCASES ECONOMIC DEFENSIBILITY

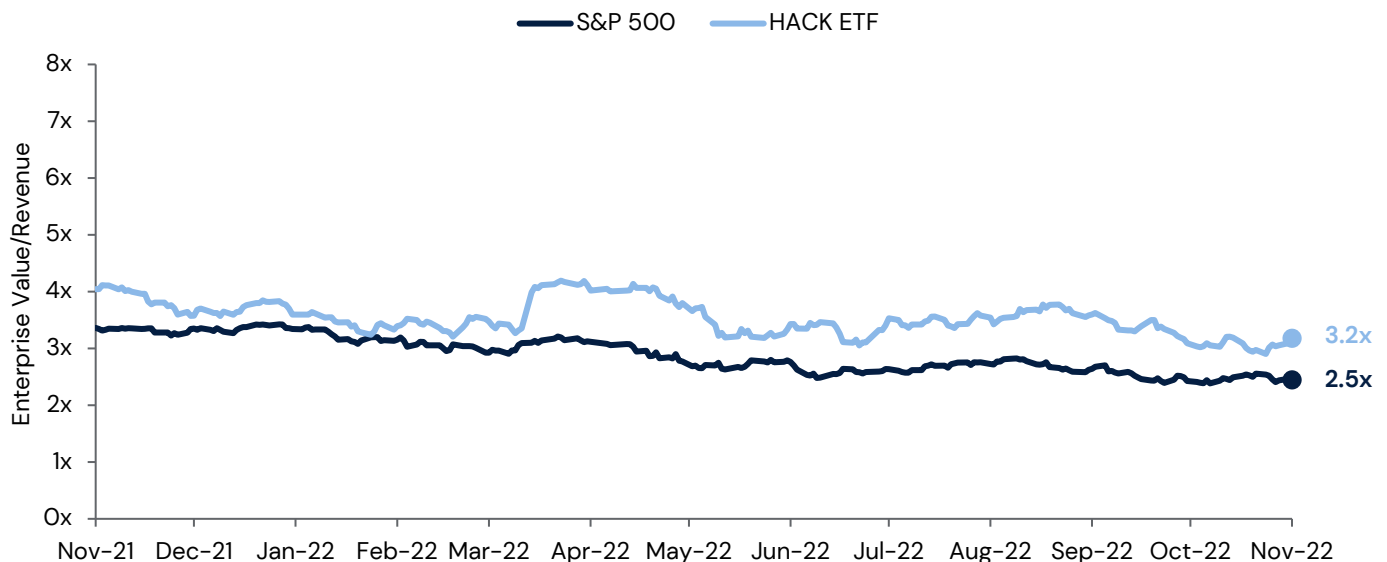
Rising inflation and interest rates have erected economic hurdles across industries on a global scale. At the same time, the Cybersecurity sector continued to demonstrate resilience amid volatile markets, providing mission-critical software and services to defend against increasing cyber attacks and data breaches. Over the last twelve months, the HACK ETF, comprised of public software and services cybersecurity players, has outpaced the S&P 500 index on a revenue multiple basis. As of November 8, 2022, the HACK ETF traded at 3.2x EV/Revenue, outperforming the S&P 500 (2.5x EV/Revenue). Although demand has remained strong across the sector, the Software segment has been at the forefront of innovation to combat increasingly complex cybersecurity threats, with leading players realizing significant revenues. Of note, XDR providers, companies that arm information technology (IT) security teams with a real-time overview of cloud network traffic, are recognized as the next pillar of cybersecurity.

SentinelOne (NYSE:S), a leading XDR and network detection and response (NDR) provider is showcasing the strength of this technology through its Singularity XDR platform, offering end-to-end enterprise visibility, protection, and response to IT security teams. In fiscal year (FY) Q2 2023, SentinelOne generated \$102.5 million in quarterly revenue, an increase of 124% YOY, according to the company's most recent earnings release.¹ In addition, SentinelOne expects full year FY 2023 revenue to reach \$417 million, with a gross margin of ~71%. Leveraging a healthy balance sheet, SentinelOne has completed three M&A transactions in 2022 to-date, bolstering its XDR capabilities, including the acquisition of Attivo Networks for an enterprise value of ~\$616.5 million, equivalent to ~4.9x EV/Revenue (closed May 2022).

Cybersecurity services providers have also enjoyed heightened revenue as organizations increasingly rely on managed services businesses to implement and monitor cybersecurity protocols. Notably, managed compliance and cybersecurity provider (MCCP) Cerberus Cyber Sentinel (Nasdaq:CISO) produced \$31.8 million in revenue in the first nine months of 2022, a 242% increase YOY, according to the company's Q3 2022 earnings release.² Founded in 2019, the company has quickly scaled through inorganic growth, completing 12 acquisitions in the space since October 2019. Cerberus Cyber Sentinel's growth strategy has been indicative of the broader Cybersecurity M&A market, with transaction activity uplifting public and private participants throughout the economic turmoil faced in 2022.

HACK ETF Continues to Outpace S&P 500

Over the last twelve months, the HACK ETF continued to outperform the S&P 500 index, demonstrating the ongoing strength of public players in the Cybersecurity sector amid economic turmoil.



Source: FactSet as of November 8, 2022

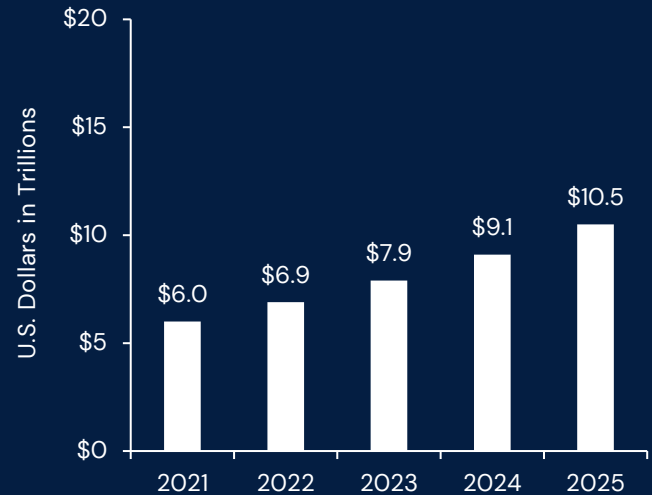
THE STATE OF CYBERSECURITY IN 2022

Cybersecurity attacks are again on the rise in 2022, this on top of global cybercrime damages of \$6 trillion in 2021, and a projected 15% increase per year over the next five years, according to Cybersecurity Ventures.³ Ransomware attacks have seen exponential growth over the last two years and are expected to increase in frequency to a single attack every two seconds by 2031, compared to every 11 seconds in 2021, according to Cybersecurity Ventures.⁴ These attacks can have devastating financial implications: ransomware instances are expected to cost victims \$265 billion annually by 2031, as illicit hacker groups increasingly market illegal infiltration software tools such as Ransomware-as-a-service (RaaS).

The rising number of internet users, expected to comprise 90% of the global population by 2030 (7.5 billion), presents significant vulnerabilities, according to Cybersecurity Ventures.⁵ As a result, the global Cybersecurity market is forecasted to grow from \$184.9 billion in 2021 to \$202.7 billion in 2022 and exceed \$500 billion by 2030, exhibiting a compound annual growth rate (CAGR) of 12%, according to Grand View Research.⁶

The prevalence of ransomware attacks and RaaS programs in 2022 pose a threat to businesses of all sizes. Notably, more than half (60%) of small businesses close their doors within six months of a cyber attack or data breach, according to Cybersecurity Ventures.⁷ The proliferation of organized cybercrime has resulted in numerous attacks on SMBs and large enterprises throughout 2022. Outlined below are notable, high-profile breaches committed against enterprise businesses.

**Projected Global Cybercrime Damages
2021–2025**



Source: Cybersecurity Ventures

Target: Microsoft
Date of Attack: March 2022
Geography: U.S.

Multinational technology giant Microsoft (Nasdaq:MSFT) announced in March 2022 that it had been breached by the cybercrime group Lapsus\$. The group posted a torrent file containing parts of source code belonging to Microsoft's Bing, Bing Maps, and Cortana software applications. Microsoft insists that no customer code or data was compromised, as a single employee's account was breached granting Lapsus\$ limited access to Microsoft's systems. In the time following the hack, several key members of Lapsus\$ were arrested halting the group's activity as a result, according to TechCrunch.⁸ The attack demonstrates the importance of containment when defending against data breaches.

Target: Toyota
Date of Attack: March 2022
Geography: Japan

Global car manufacturer Toyota (TSE:7203) was the target of a major cyberattack in March 2022. On March 1, one of Toyota's main suppliers, Kojima Industries, was compromised grounding production across 14 Toyota facilities. A message left in English infected Kojima's servers with a virus that reduced Toyota's output by 13,000 cars for each day their facilities were shutdown. Local authorities suggested that the attack could have been in retaliation for Toyota's sanctions against Russia following the invasion of Ukraine, according to Reuters.⁹ The hack on Toyota highlights the heightened vulnerability of operational technology (OT) systems with the rise of IT interoperability and internet-connected devices.

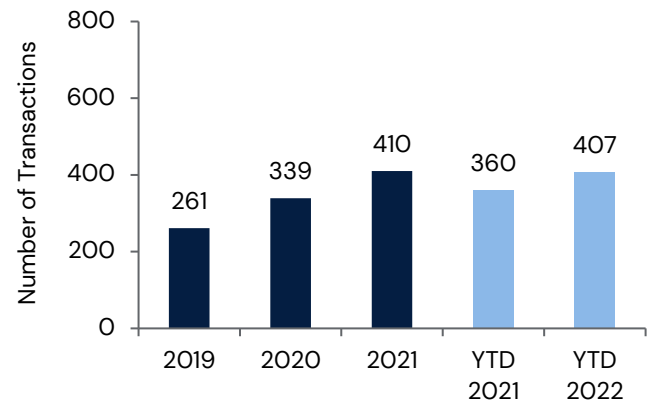
M&A VOLUME CONTINUES AT BLISTERING PACE

M&A volume in the Cybersecurity sector has surged through YTD (ending November 8th) with 407 transactions announced or completed, nearly matching 2021's full year volume (410 deals) and outpacing YTD 2021 levels by 13.1%. Although the broader M&A market has softened through Q3 2022, elevated sector activity has been driven by robust buyer appetite from sponsors and strategics. Cybersecurity's mission-critical function has also insulated sector M&A activity from current economic turmoil as corporations, manufacturers, and individuals continue to face complex cyber threats.

Strategic buyers continue to lead the Cybersecurity M&A market, comprising 57.2% of transactions to-date. Public strategic acquirers (22.4% of deals YTD) leverage healthy balance sheets to complete multiple mid-sized deals, bolstering cybersecurity defenses. Private equity firms are increasingly targeting sector participants in an effort to verticalize portfolios and capitalize on sector tailwinds. Add-on deals rose 5% YOY in 2022 YTD as sponsors looked to inorganically grow portfolio businesses, utilizing buy-and-build strategies. Capstone expects add-on transactions to continue to rise through year end and into 2023 following multiple multi-billion-dollar platform acquisitions announced by private equity firms Thoma Bravo and Vista Equity Partners in 2022 (see page 10 for transaction details).

At the top end of the Cybersecurity M&A market, 12 deals were announced or completed YTD with valuations exceeding \$1 billion, demonstrating buyers' willingness to consolidate leading players. However, the middle market (less than \$500 million enterprise value) has continued to comprise an overwhelming majority of sector deal activity, accounting for 84.6% of disclosed transactions to-date, an increase of 6.5% YOY.

Cybersecurity M&A Year-to-Date Outpaces 2021 Levels



Year-to-date (YTD) ended November 8
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Cybersecurity Valuation Analysis

Valuation Method	Average Revenue Multiple	Average EBITDA Multiple
Cybersecurity Sector M&A Transactions (2019-2022 YTD)	4.0x	13.3x
ADGS Industry M&A Transactions (2019-2022 YTD)	2.5x	12.0x

Year-to-date (YTD) ended November 8
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Valuation Insight

Cybersecurity sector M&A purchase multiples have averaged a robust 4.0x EV/Revenue and 13.3x EV/EBITDA from 2019 through 2022 YTD, outpacing the broader ADGS industry average of 2.5x EV/Revenue and 12.0x EV/EBITDA during the same period. Although Cybersecurity sector purchase multiples are uplifted by large-scale transactions, middle market deals continue to garner strong M&A multiples, with an average of 3.2x EV/Revenue and 10.1x EV/EBITDA over the last three years. In a recent example, private equity firm Bridgepoint Development Capital acquired Cast (ENXTPA:CAS) for an enterprise value of \$131.9 million, equivalent to 2.9x EV/Revenue and 21.4x EV/EBITDA (May 2022). The transaction demonstrates sponsors' inclination to pursue middle market cybersecurity software providers at premium valuations.

THOMA BRAVO VERTICALIZES CYBERSECURITY PORTFOLIO



Headquarters: Chicago, Illinois
Markets: Software & Technology
Assets Under Management: \$122 Billion
Total Portfolios: 74 Holdings
Cybersecurity Portfolios: 16 Holdings

Cybersecurity Portfolio Activity

Private equity firm Thoma Bravo showcased the strength of its cybersecurity investment thesis throughout 2022, completing three cybersecurity platform acquisitions: aggregating 12 total cybersecurity deals over the last three years. The platform acquisitions of ForgeRock (NYSE:FORG) (October 2022, ~\$2 billion), Ping Identity (NYSE:PING) (August 2022, \$2.8 billion), and SailPoint Technologies (April 2022, \$7.1 billion) demonstrate Thoma Bravo's continued commitment to its Cybersecurity vertical. Thoma Bravo has realized 11 cybersecurity exits since 2011, including the recent sale of cybersecurity and data protection solutions provider Barracuda Networks to KKR (NYSE:KKR) in August 2022 (undisclosed). Following its acquisition of Barracuda in February 2018 (\$1.4 billion), Thoma Bravo cited strong product, customer, and revenue growth allowing for a successful portfolio exit, according to a press release.¹⁰

"Thoma Bravo has been in cybersecurity since 2008. We were the first private equity group from a control standpoint to develop a large portfolio in cybersecurity and today we have \$6 billion in revenue. If you put all of our cybersecurity companies together, this makes us the largest cybersecurity company in the world. It is so important now that corporations all over the world, and especially in the United States, have a strong, what we call, cybersecurity posture," said Orlando Bravo, Thoma Bravo Founder and Managing Partner, in an interview with CNBC.¹¹

With more than \$122 billion in assets under management (Thoma Bravo¹²), Thoma Bravo is well positioned to continue its verticalized investment strategy through platform acquisitions, add-on deals, and equity financing opportunities in the Cybersecurity space.

Thoma Bravo's Cybersecurity Holdings, 2020-2022 Year-to-Date

Holding	Announce Date	Deal Type	Business Description
ForgeRock (NYSE:FORG)	10/11/22	Platform Acquisition	Operates a digital identity platform.
Ping Identity (NYSE:PING)	08/03/22	Platform Acquisition	Offers intelligent identity solutions.
GrayShift	06/21/22	Equity Financing	Provides digital forensic solutions.
AppOmni	06/02/22	Equity Financing	Develops security for SaaS.
Imprivata	04/11/22	Equity Financing	Provides identity protection solutions.
SailPoint Technologies	04/11/22	Platform Acquisition	Offers identity security solutions.
Intel 471	09/08/21	Equity Financing	Develops cybercrime solutions.
Illumio	06/23/21	Equity Financing	Provides Zero Trust segmentation.
Proofpoint	04/26/21	Platform Acquisition	Offers cybersecurity compliance.
Delinea	03/02/21	Equity Financing	Provides access management solutions.
Venafi	12/10/20	Equity Financing	Offers machine identity management.
Exostar	06/02/20	Equity Financing	Provides cloud identity management.

Source: Capital IQ and Thoma Bravo

CAPSTONE ADVISES NADAVON CAPITAL ON ITS SALE OF ACCUME

In October 2022, Capstone Partners advised Nadavon Capital Partners on its sale of [Accume Partners](#) to Parthenon Capital-backed [Cherry Bekaert](#). Terms of the transaction are confidential.

Accume Partners provides integrated cybersecurity, risk, and compliance advisory services to highly regulated industries. In 1994, the firm began providing internal audit, regulatory compliance, and risk management services to financial institutions, and has since expanded to include specialized cybersecurity and technology compliance advisory across a number of highly regulated industries. The company's services also include information technology internal auditing, regulatory compliance, quality assurance review, and enterprise risk management.

The acquisition of Accume expands Cherry Bekaert's focus on providing internal audit, risk, and compliance offerings to the Financial Services industry. The addition also broadens the company's risk advisory practice with a strong mid-Atlantic and Northeast presence. "In response to the ever-increasing regulatory requirements, Cherry Bekaert is focused on growing our practice with top talent to meet the needs of our clients. The Accume Partners team brings a track record of success in internal audit that will be additive along with a geographical expansion of our practice. We are pleased to welcome them to the firm as we further strengthen our risk and accounting advisory capabilities," said Srikant Sastry, Advisory Leader at Cherry Bekaert.



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The Capstone team delivered on what they promised at the onset of the engagement. Capstone's deep market knowledge, buyer relationships, and commitment to transaction execution enabled us to achieve an outstanding result. We couldn't be more pleased.

//

Romir Bosu
Founder and CEO,
Nadavon Capital Partners



Tom McConnell,
Managing Director

"This is an ideal fit for both Accume Partners and Cherry Bekaert given their shared cultures and mutual commitment to excellence. This partnership brings expanded opportunities for both employees and customers and positions both organizations for long-term success. The transaction is indicative of the opportunity for accretive M&A outcomes for businesses providing mission critical services that maintain strong financial performance and growth opportunities."

NOTABLE M&A TRANSACTIONS

Notable Large-Scale M&A Deals



In October 2022, global private equity firm Thoma Bravo announced its platform acquisition of ForgeRock for an enterprise value of ~\$2 billion, equivalent to 10.6x EV/Revenue. The offer marks a 53% premium over ForgeRock's closing share price on October 10, 2022, according to a press release.¹³ ForgeRock, a leader in digital identity protection solutions, represents Thoma Bravo's third platform acquisition in the Cybersecurity sector YTD, all of which have been valued in excess of \$1 billion in enterprise value. The transaction is expected to close in the first half of 2023, at which point ForgeRock will be taken private.

Notable Middle Market M&A Deals



ReliaQuest, a force multiplier of IT security operations, acquired U.K.-based Digital Shadows in August 2022 for an enterprise value of \$160 million. Digital Shadows offers cyber threat intelligence and data loss protection solutions. The acquisition combines ReliaQuest's XDR capabilities across cloud, network, and endpoint environments with Digital Shadows' risk and threat intelligence technology. The technological and cultural synergies in the acquisition has provided ReliaQuest with a sizeable opportunity to offer end-to-end cybersecurity solutions to clients in North America and Europe.



Private equity firm Vista Equity Partners entered into a definitive agreement to acquire KnowBe4 (Nasdaq:KNBE) in September 2022 for an enterprise value of \$4.4 billion, or 15.2x EV/Revenue. The enterprise value represents a 44% premium on KnowBe4's closing share price on September 16, 2022, according to a press release.¹⁴ KnowBe4 operates a SaaS cybersecurity awareness platform for enterprise clients. The platform enables organizations to analyze security risks and automate the management of compliance and audit functions. KnowBe4 also provides a software product for cybersecurity training.



In June 2022, Synopsys (Nasdaq:SNPS) completed its strategic acquisition of WhiteHat Security from NTT Security for an enterprise value of \$307.3 million. WhiteHat provides application security through its proprietary SaaS platform, protecting applications throughout the development lifecycle, including finished cloud-based applications. The addition of WhiteHat Security will provide Synopsys with significant SaaS capabilities and dynamic application security testing (DAST) technology to strengthen its application security testing portfolio, geographic footprint, and technology client base.



David Brinkley,
Managing Director

"Despite significant capital markets volatility, strategic investment in cybersecurity and related enabling technologies continues apace, driven by long-lived secular market trends, including: (i) ever expanding, multi-layered attack surfaces, (ii) the increasing sophistication of cyber attack methodologies, including obfuscation, and (iii) the maturation of illicit markets for monetization. At the same time, the combination of AI and ML technologies with SaaS business models is forcing disruption in fast moving segments and attracting capital as a result."

SELECT M&A TRANSACTIONS

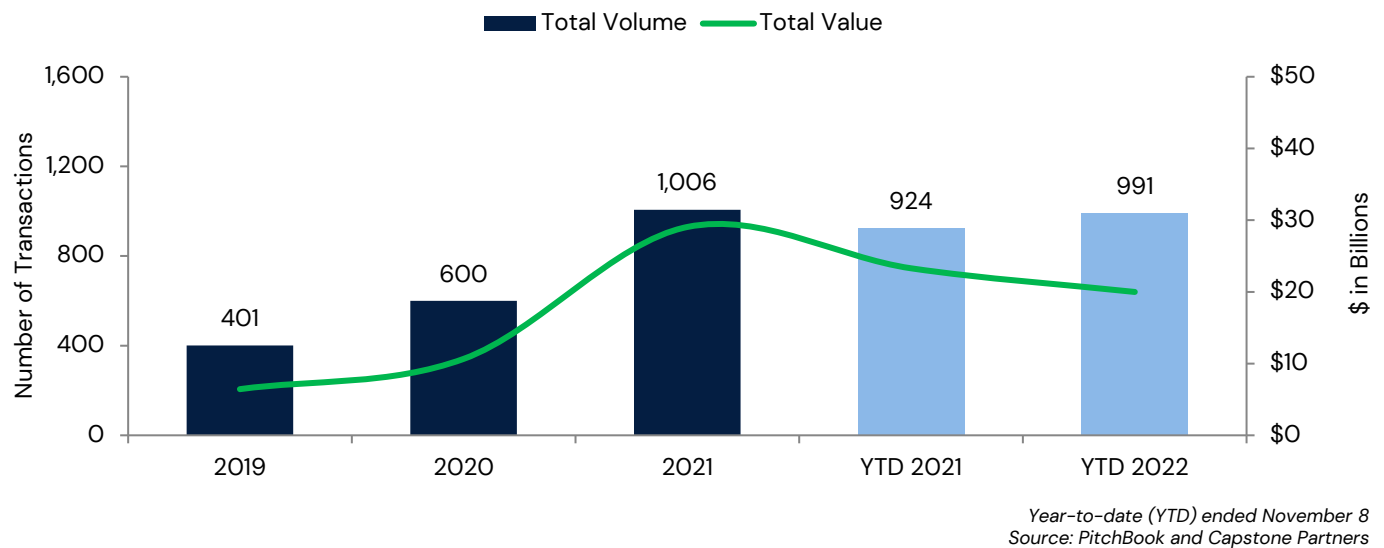
Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM	
					Revenue	EBITDA
11/08/22	Templarbit	BOXX Insurance	Develops a security solution that protects applications from XSS (Cross-Site Scripting) attacks.	-	-	-
11/03/22	Clean.io	Human Security	Delivers an anti-malware security solution.	-	-	-
11/02/22	Rtm Communications	IntraSystems	Provides cybersecurity, risk assessment, and disaster recovery solutions.	-	-	-
10/31/22	Hyper30 Data	Star8 (OTCPK:STRH)	Offers IT solutions and cybersecurity monitoring tools.	-	-	-
10/27/22	eMundo	Gofore (HLSE:GOFORE)	Develops cybersecurity and service processes software.	\$10.8	1.8x	27.0x
10/19/22	Cognyte Software Intelligence Assets	Volaris Group	Provides managed cybersecurity services.	\$82.5	-	-
10/19/22	Accume Partners	Cherry Bekaert	Offers internal audit, advisory, and cybersecurity services.	CF	CF	CF
10/11/22	ForgeRock (NYSE:FORG)	Thoma Bravo	Operates a digital identity security platform.	\$1,994.5	10.6x	-
09/19/22	KnowBe4 (Nasdaq:KNBE)	Vista Equity Partners	Develops a SaaS-based cybersecurity awareness platform.	\$4,380.4	15.2x	-
08/15/22	ManageYOURiD	System High	Develops a cybersecurity platform to provide data security and online privacy protection services.	CF	CF	CF
08/03/22	Ping Identity (NYSE:PING)	Thoma Bravo	Offers intelligent identity solutions for enterprise systems.	\$2,792.9	9.1x	-
06/08/22	WipeDrive	Blanco Technology Group (AIM:BLTG)	Develops cybersecurity software solutions.	\$10.0	2.8x	-
06/01/22	Digital Shadows	ReliaQuest	Provides protection from data loss and targeted cyber threats.	\$160.0	-	-
05/19/22	Cast (ENXTPA:CAS)	Bridgepoint Development Capital	Offers software intelligence and security solutions.	\$131.9	2.9x	21.4x
05/17/22	Maxive CYBERSECURITY	Thales (ENXTPA:HO)	Provides cybersecurity monitoring services.	\$126.4	2.0x	-
05/17/22	SysEleven	secunet Security Networks (XTRA:YSN)	Offers cloud infrastructure, managed security, and managed services.	\$68.5	4.3x	-
04/27/22	WhiteHat Security	Synopsys (Nasdaq:SNPS)	Operates an application security SaaS platform.	\$307.3	-	-
04/12/22	Barracuda Networks	KKR (NYSE:KKR)	Designs and develops security and data protection solutions.	-	-	-
04/11/22	SailPoint Technologies	Thoma Bravo	Provides enterprise identity security solutions.	\$7,051.2	15.2x	-
04/11/22	Datto	Kaseya	Offers managed cloud-based software and security services.	\$6,028.4	9.4x	-

Blue shade indicates Capstone advised transaction; CF = confidential
Source: Capital IQ, PitchBook, FactSet, and Capstone Partners

FINANCING ACTIVITY

Venture capital deal volume in the Cybersecurity sector continued to climb through 2022, with 991 transactions announced or completed in the YTD period, an increase of 7.3% compared to YTD 2021 (924 deals). However, total allocated funding YTD has declined 14.2% YOY to \$20.0 billion as venture capital firms have increasingly chased small- to mid-sized deals amid a heightened interest rate environment. Notably, the cybersecurity financing market has seen an influx of SaaS- and software-enabled startups completing early-stage venture capital rounds to bolster research and development, advanced capabilities, and market share.

**Cybersecurity Venture Capital Raises
(2019 – YTD 2022)**



NOTABLE VENTURE CAPITAL TRANSACTIONS

- In October 2022, XDR software provider Tehtris raised \$43.3 million in a Series B funding round led by Jolt Capital. AQUITI Gestion and Tikehau Ace Capital also participated in the round. Tehtris plans to use the funds to accelerate the company's development through recruitment and building a sales force, bolstering its geographic expansion throughout Europe.
- PreVeil, a provider of cloud-based email and file encryption software, raised \$20 million in Series C financing for a post-money valuation of \$100 million (October 2022). Providence Strategic Growth (PSG), a global growth equity firm focused on the Software and IT markets, led the round. With the added capital, PreVeil plans to enhance its market penetration in the Education & Training industry.
- Cloud-native runtime cybersecurity provider Spyderbat secured \$10 million in Series A funding in October 2022 for a post-money valuation of \$37 million. The round was led by NTTVC with participation from LiveOak Venture Partners, Benhamou Global Ventures, and John McHale. The financing supported Spyderbat's launch of its open-source cybersecurity SaaS offering.
- Bolster, a developer of artificial intelligence (AI)-enabled phishing detection software, secured \$15 million in a Series A funding round led by Cervin, Liberty Global Ventures, and Cheyenne Ventures with participation from previous investors Thomvest Ventures and Crosslink Capital. Upon completion of the deal in October 2022, the company's post-money valuation reached \$55 million. The funding will fuel additional company growth and enable clients to detect phishing threats across social media platforms and application stores.

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Tom joined Capstone Partners in 2011 and brings over 20 years of investment banking experience for clients' benefit. He has an impressive track record of completed transactions with cyber security, physical security, compliance and risk management related companies. Mergers, acquisitions, and capital raise engagements with founder-owned, private equity-backed and public corporations across the United States and internationally, demonstrate the depth of his sector knowledge and transaction acumen. Throughout his career, Tom has also believed in the importance of giving back to the community and has been recognized for his professional accomplishments and leadership. He co-founded Colorado Cyber with the mission of connecting private and public sector leaders in the cybersecurity ecosystem, stimulating discussion on critical issues, and supporting economic growth. Tom has also served on numerous nonprofit boards including the Breckenridge Outdoor Education Center, Griffith Centers for Children, Supervisory Committee to the Board of Directors for Bellco Credit Union and the Denver Advisory Board. He is a Series 63 Registered Securities Representative and Series 79 Registered Banking Representative.

**David Brinkley**

Managing Director

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David brings 20 years of experience executing over \$3bn in strategic transactions for middle market firms in the aerospace, defense and government sectors. David is widely recognized for his industry expertise, which encompasses intelligence and national security activities and applied advanced technologies and cyber operations. In addition, David holds unique security credentials that enable him to advise on the most sensitive government transactions. David also serves as a subject matter expert to the Office of the Secretary of Defense on matters pertaining to the financial health of the U.S. defense industrial base and on Pentagon-sponsored technology investments. Prior to joining Capstone Partners, David founded Castellum Capital Advisors, a boutique investment bank providing advisory services to middle market firms engaged in the national security sector. Castellum Capital served as exclusive financial advisor on several high-profile transactions, including large scale corporate divestitures and niche intelligence acquisitions. David is a Series 63 Registered Securities Representative and Series 79 Registered Banking Representative.

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Joe is a Market Intelligence Analyst at Capstone Partners primarily focusing on the Aerospace, Defense, Government & Security (ADGS) and Healthcare industries. Prior to joining Capstone's Market Intelligence Team, Joe was an intern at Recount Media Inc., a digital media and political news company. At Recount Media he worked on client outreach, social media strategy, and database management for content produced by the company's slate of news podcasts. Joe has a BA in Politics from Bates College.

FIRM TRACK RECORD

Capstone Partners' [ADGS practice](#) leverages superior sector knowledge to execute a spectrum of transactions in the middle market including mergers and acquisitions, recapitalizations, growth capital and specialty high yield debt, and minority and majority equity investments. Below is a sample of recent transactions in the Cybersecurity space.

PROJECT FORTIFY

CORPORATE SALE
(IN MARKET)

CYBERSECURITY XDR &
CLOUD SOFTWARE

PROJECT BRAVO

CORPORATE SALE
(IN MARKET)

ENDPOINT PROTECTION
& VULNERABILITY
MANAGEMENT SaaS

PROJECT BOREALIS

INTERNATIONAL
BUY-SIDE

VALUE-ADDED
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 SilverSky

 BACKBONE
IT Audit Security Data Privacy

HAS BEEN ACQUIRED BY

 CYNERGISTEK

 VIRTUAL ARMOUR

HAS BEEN ACQUIRED BY

 Evergreen
Services Group

STRATOZEN

HAS BEEN ACQUIRED BY

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SECURITY

HAS BEEN ACQUIRED BY

 **accenture**

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