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## SharesPost: Cybersecurity to Grow to \$165 Billion Market; Big Tech Will Continue to Acquire VC-Funded Start-Ups

**SAN FRANCISCO – August 20, 2018** – A record volume of venture capital being invested in cybersecurity firms has unleashed a wave of innovation that could result in mostly M&A liquidity events rather than initial public offerings over the next few years, according to a trio of new cybersecurity reports from SharesPost.

“The cybersecurity industry is growing in complexity and scope to address the widening array of global threats,” said [Rohit Kulkarni](#), Managing Director and Head of Research of SharesPost, Inc. “The upshot is that the cybersecurity market could continue to see capital flow to fund new companies and innovation. At the same time, cyber spending could outpace IT spending, creating a \$165 billion market in 2023 from \$95 billion today.”

Among key findings of the report:

- **More M&A Ahead.** Cybersecurity firms such as Zscaler and Carbon Black have enjoyed strong IPOs this year, but don’t expect emerging venture and private equity-backed start-ups to follow that example. The most likely exit opportunity for cyber security start-ups will be M&A, not an IPO, the report found. The likely acquirers will be big tech firms, such as Symantec, Cisco, Microsoft, and Raytheon, which have been acquiring cyber start-ups. The sector is also an attractive opportunity for private equity investors to roll-up best-of-breed solutions. Click to read: [Exit Scenarios For Cybersecurity Growth Firms: Why Investors are More Likely to See Acquisitions than IPOs](#)
- **SharesPost Survey Reveals Cybersecurity Lapses.** Despite increased awareness of cybersecurity threats, 61% of security professionals surveyed reported malware, malicious data breaches, hacker activity or other cybersecurity threats over the past 12 months. This number likely understates the ubiquity of breaches because it can’t account for undiscovered breaches, and respondents are often unwilling to disclose breaches, even anonymously. The survey, which received 372 responses from cybersecurity industry professionals, also found that more than 90% of those polled are planning to increase their spend on cybersecurity software and cybersecurity insurance products. Only 5% said they plan to spend less over the next year. Click to read: [Cybersecurity Survey: Industry Professionals Report Rising Threats, Rising Costs](#)
- **New Technology, New Challenges, New Products & Markets.** Three developments could likely have the most widespread impact on cybersecurity in the near-term: Cloud and hybrid security solutions, advanced data analytics and Machine Learning. As important, cybersecurity is now an issue for entire countries, not just public or private companies. Governments around the world are increasingly trying to protect consumers, corporations and national security with new regulations

that will create new demand for cybersecurity solutions. Click to read: [\*The Third Evolution of Cybersecurity: How Security Threats and Cyber Defenses Shifted Over the Years\*](#)

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The matters described herein contain forward-looking statements. These statements include, but are not limited to, statements about research on late-stage, venture-backed companies. We caution that these statements are not guarantees of future performance. Actual results may differ materially from those expressed or implied in the forward-looking statements. Forward-looking statements involve a number of risks, uncertainties or other factors beyond SharesPost's control. These factors include, but are not limited to, factors detailed in the white paper. We undertake no obligation to release any revisions to any forward-looking statements.

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