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Ace Barometer of European Investment in Cybersecurity

2nd issue – May 2021

(Eng. version)

Foreword by Mr. Cédric O, French Minister of State for the Digital Transition and Electronic Communication



To cope with cyberattacks, it is essential to organize a collective, effective and powerful response. This is the purpose of the national strategy presented by the President of the Republic last February, in which French cybersecurity start-ups have a major role to play.

Digital technology is increasingly present in our daily lives. From cars to the means of communication and from work tools to entertainment platforms, digital technology is transforming our way of life. If this transformation brings progress to our societies and help our companies to be more competitive, it also brings new risks. It is therefore essential that we organize our response for cybersecurity is a critical technology to protect French citizens and our data.

I would like recall that cybersecurity is everyone's problem and that alongside the actions carried out directly by the State and ANSSI, our industrial ecosystem must play its role. To support the emergence of French and European cybersecurity champions, on February 18th, 2021 President Macron announced the national strategy for cybersecurity in France, which allocates 1.3 billion euros to strengthen our cyber ecosystem. The cyber campus, already joined by more than 68 companies and associations of all sizes, is an emblematic element of this strategy and will be inaugurated by the end of the year. It symbolizes the awareness and the necessary convergence of efforts in this fight against the threat. Citizens, companies, institutions, a collective effort is necessary to ensure our security and our sovereignty.

This barometer of investment in cybersecurity shows that Europe still lags far behind the United States, but it also shows that while our ecosystem still has significant room for improvement. We must now go further and make France a benchmark country for cybersecurity at the global level. I encourage all the players in the industry to take up this challenge and assure them of the government's full support in creating the conditions for their development.

Cédric O

French Minister of State for the Digital Transition and Electronic Communication

Introduction and methodology

Ace Capital Partners is a subsidiary of Tikehau Capital. It is a private equity company specialising in the industrial and technology sectors, with over EUR 1 billion of assets under management. Founded in 2000, Ace takes a vertical investment approach within strategic industries and technologies (aerospace, defence, cybersecurity, etc.). Ace has built its model on partnerships with major groups investing in its funds (including Airbus, Safran, Dassault Aviation, Thales, EDF, Naval Group and Sopra Steria). Drawing on its expertise in these sectors and a strong entrepreneurial and industrial culture, Ace supports the long-term development of its portfolio companies through a differentiated strategy. Ace has offices in Paris, Toulouse and Montreal, and benefits from the global presence of Tikehau Capital. www.ace-cp.com

In particular, Ace has in its portfolio the following investments in the areas of cybersecurity and trusted technology:



This barometer covers the last 10 years from 2010 to 2020. Ace used, cross-referenced and analysed various sources of information in the preparation of this barometer, including the following:

<https://www.crunchbase.com>, <https://pitchbook.com>, <https://www.frenchweb.fr>,
<https://www.cbinsights.com/research-unicorn-companies>

The concept of “capital investment” includes pre-seed, seed, and Series A through to H operations, i.e. angel, venture capital and private equity funding rounds (but not IPOs, post-IPO investments, debt financing or subsidies).

The definition used for “cybersecurity” is quite broad and specifically includes the following activities: the security of networks, the cloud, work stations, mobile devices and infrastructure; the detection of threats, intrusion and fraud; the management of access, identities and cyber risks; penetration tests; and mail and web filtering.

The barometer covers the US, Israel and Europe. The “Europe” region includes the following countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Rumania, Slovakia, Slovenia, Spain, Sweden, Switzerland and the United Kingdom, (i.e. the 27 EU member states plus the United Kingdom, Norway and Switzerland).

Historic amounts have been translated into annual amounts in euro using the average exchange rate for each of the relevant years.

The barometer is essentially based on publicly available information published by the companies that have raised funds and as such does not claim to be exhaustive or completely accurate. Neither Ace Capital Partners nor its partners accept any liability with regards to the barometer. Please contact us if you note any errors or omissions or would like to suggest improvements for subsequent issues: contact@ace-cp.com.

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2020 summary for the US, Israel and Europe

The US continued to dominate in 2020, in both the number and volume of funding rounds in the cybersecurity sector, accounting for 65% of the 638 operations recorded and 77% of the EUR 7.5 billion raised. There were around twice as many operations in Europe versus Israel, but total funds raised were comparable in the two regions at close to EUR 1 billion in each (EUR 926 million in Israel accounting for 12% of the total, and EUR 811 million or 11% of the total in Europe).

Cybersecurity funding rounds in 2020



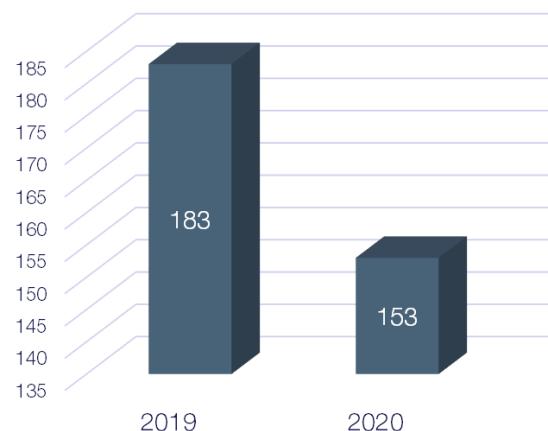
Funds raised in cybersecurity in 2020



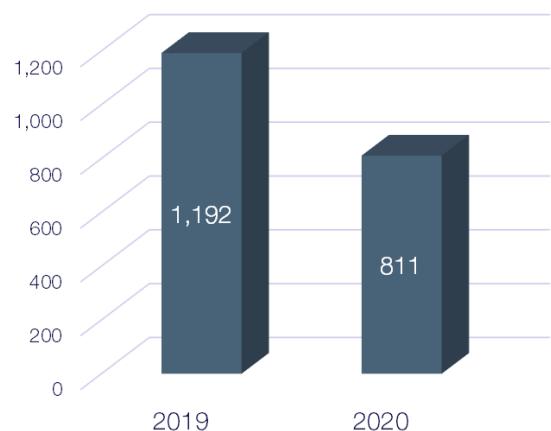
2020 vs 2019 in Europe

The healthcare crisis in 2020 resulted in a decrease in both the number and volume of cybersecurity funding rounds in Europe, of -16% and -32%, respectively.

Number of funding rounds

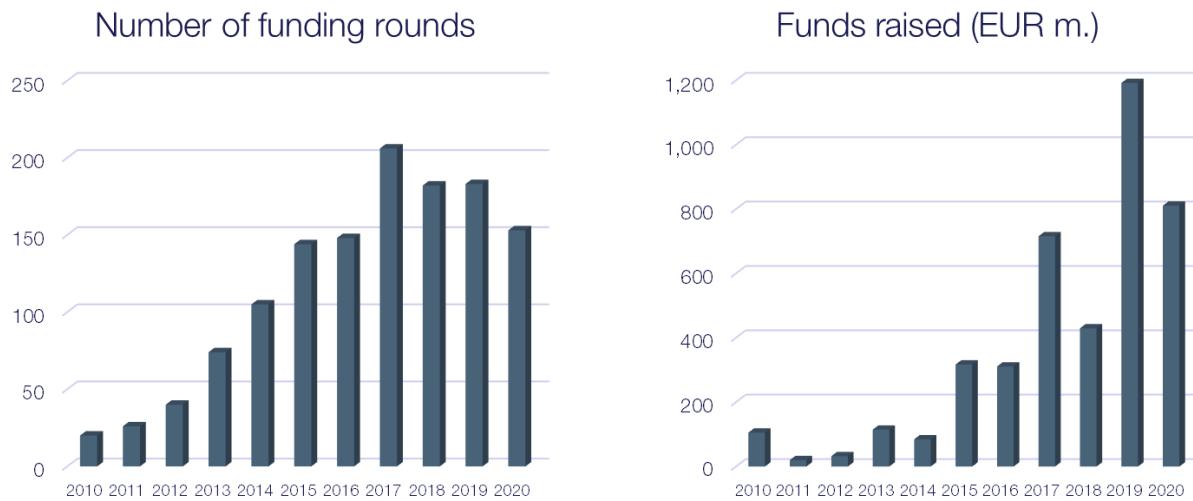


Funds raised (EUR m.)



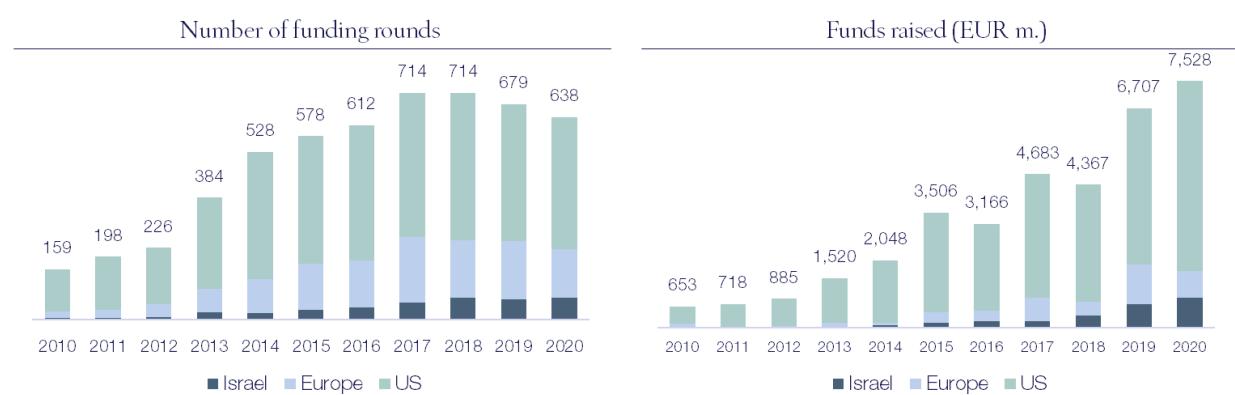
2010-2020 trends in Europe

Europe has experienced growth since 2010, despite a downward trend in the average number of cybersecurity funding rounds since 2017.



2010-2020 trends in Europe, Israel and the US

After a record year in 2018, the number of cybersecurity funding rounds in Europe, Israel and the US has fallen slightly in each subsequent year, but total funds raised each year have grown strongly, reaching a record level in 2020.



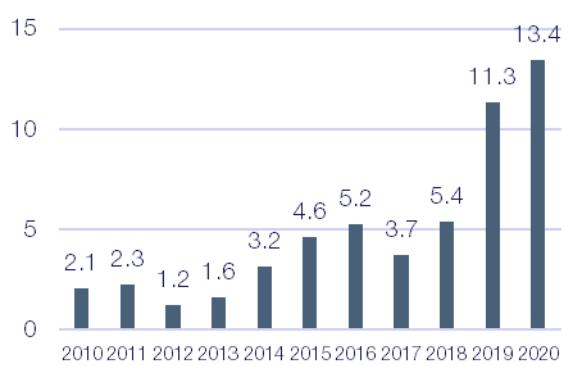
2010 – 2020: average size of funding rounds

The average size of funding rounds has been on a rising trend since 2010, and particularly since 2015. Over the same period, however, and particularly in 2019 and 2020, the average size of funding rounds has been very similar in the US and Israel (EUR 13.9 million and EUR 13.4 million, respectively, in 2020) but significantly lower in Europe at EUR 5.3 million.

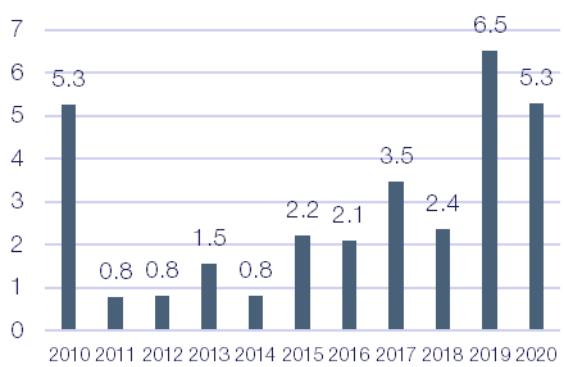
Average size in the US (EUR m.)



Average size in Israel



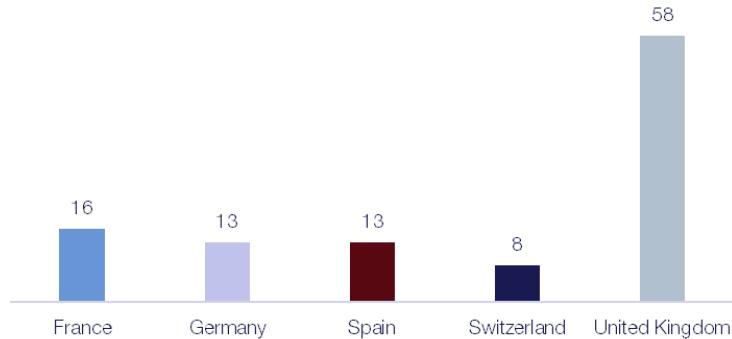
Average size in Europe



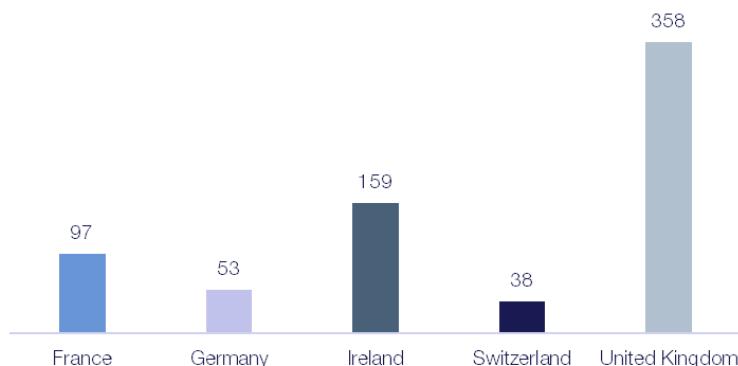
2020: focus on Europe and France

In 2020, France placed second place within Europe for the number of cybersecurity funding rounds, significantly behind the United Kingdom, but ahead of Germany, Spain and Switzerland. It came third for total funds raised, behind the United Kingdom and Ireland, but ahead of Germany and Switzerland, and in joint second place with the United Kingdom for average funds raised, slightly ahead of the European average (EUR 6 million vs EUR 5.4 million).

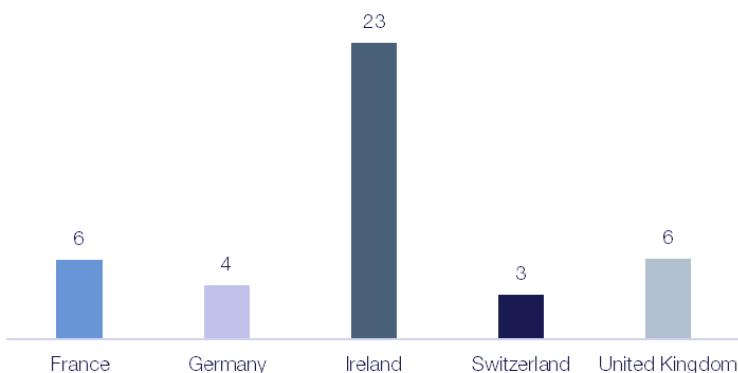
Top 5 – Number of funding rounds



Top 5 – Funds raised (EUR m.)

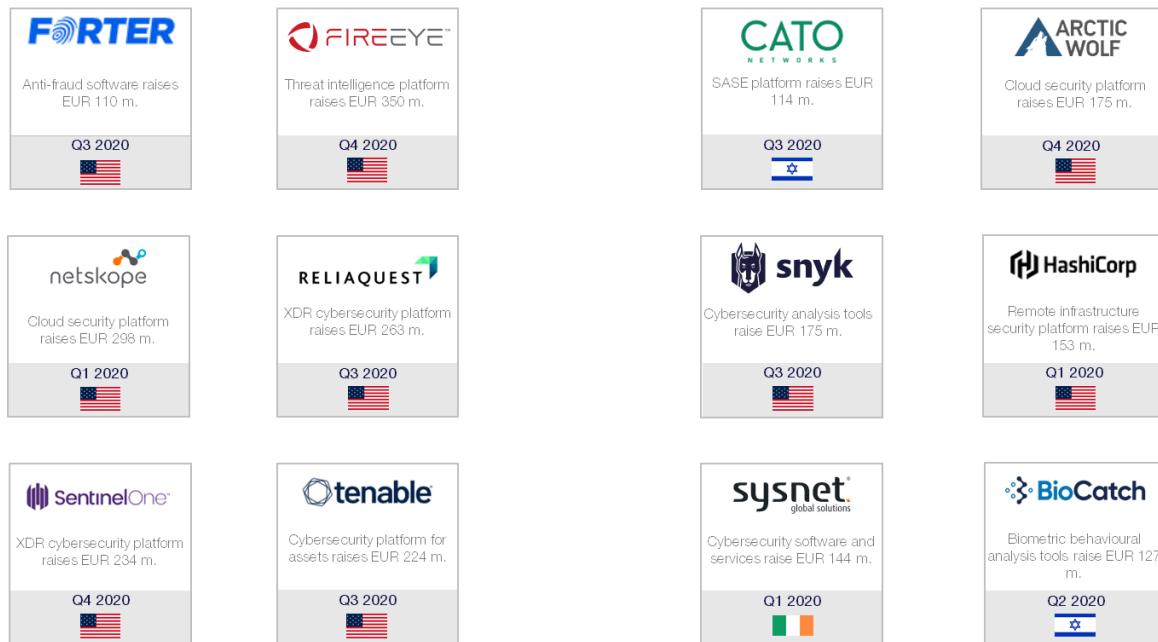


Average funds raised (EUR m.)



2020: largest funding rounds

The 12 largest cybersecurity funding rounds in 2020 were all over EUR 100 million and all in the US, apart from two in Israel and one in Ireland.



2020: the new unicorns

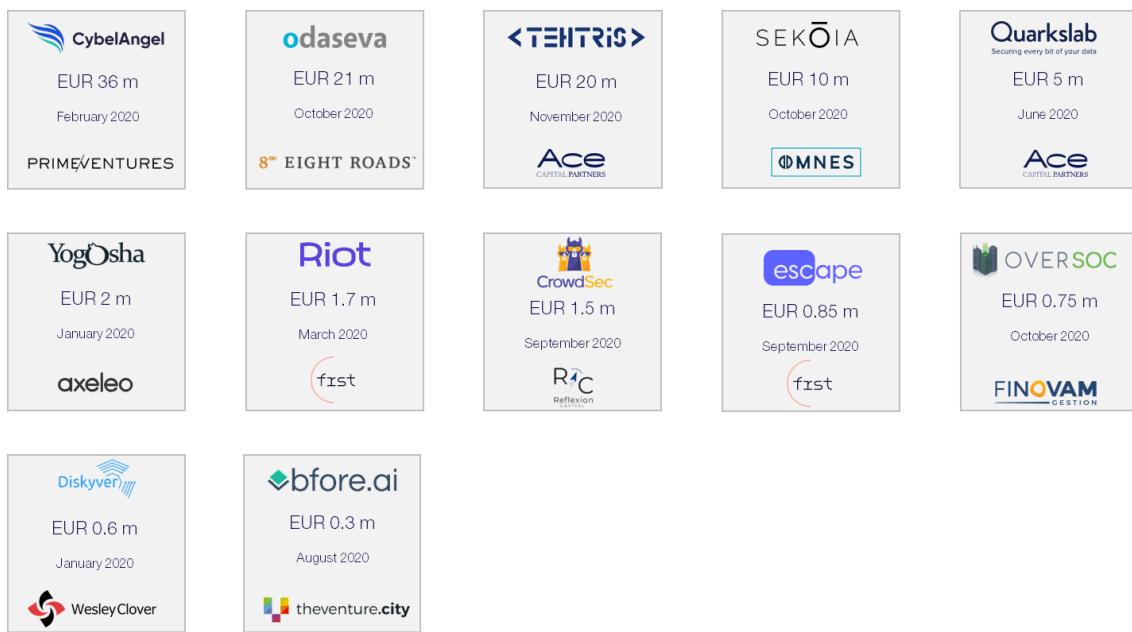
In 2020, eight new cybersecurity companies achieved the unicorn status (with a valuation of over USD 1 billion), of which six are in the US, two in Israel and none in Europe.



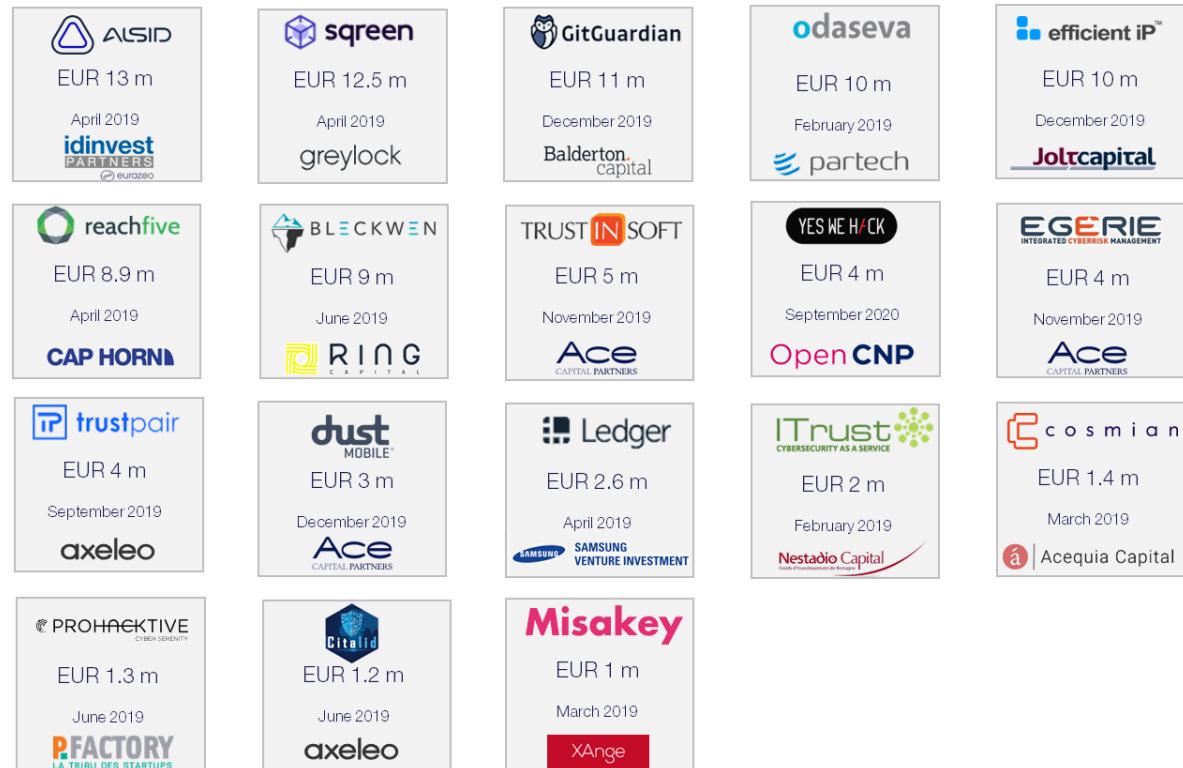
2019 and 2020: Cybersecurity funding rounds in France

Here, for France, the most important funding rounds, ranked in descending order of amounts, announced by companies in the field of cybersecurity for 2020 and 2019.

French cybersecurity funding rounds announced in 2020.



French cybersecurity funding rounds announced in 2019.



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