



M&A DEAL OVERVIEW

CISCO SYSTEMS TO ACQUIRE PORTSHIFT FOR \$100 MILLION



ACQUIRER	Cisco Systems, Inc. (NASDAQ: CSCO)	
ACQUIRER DETAILS	<ul style="list-style-type: none"> • Cisco Systems design, manufacture and sell Internet Protocol based networking and other products related to the communications and informational technology industry • Based on market cap, Cisco is the world's largest company in the networking and communication industry • Founded in 1984 with headquarters in San Jose, California • Employees – 77,500 (July 25 2020) 	
ACQUIRER FINANCIAL INFORMATION	<ul style="list-style-type: none"> • Market Cap: \$168.4 billion • EV: \$153.2 billion • LTM Revenue: \$49.3 billion • P/E Ratio: 15.0x 	<ul style="list-style-type: none"> • LTM EBITDA: \$15.8 billion • LTM EV / Revenue: 3.1x • LTM EV / EBITDA: 9.7x
TARGET	Portshift Software Technologies Ltd (privately held company)	
TARGET DETAILS	<ul style="list-style-type: none"> • Portshift is a start-up that focuses on building application security solutions for cloud-native development environments • Founded in Apr 2018, headquarters in Tel Aviv, Israel • Employees – 16 	
TARGET FINANCIAL INFORMATION	<ul style="list-style-type: none"> • Market Cap: N/A • EV: N/A • LTM Revenue: \$5 million • P/E Ratio: N/A 	<ul style="list-style-type: none"> • LTM EBITDA: N/A • LTM EV / Revenue: N/A • LTM EV / EBITDA: N/A
DEAL POINTS	<ul style="list-style-type: none"> • Deal announced – 01/10/2020 (1st October) • Expected completion date – First half of Cisco's Fiscal Year 2021 • Deal price – reported \$100 million but financial details not yet confirmed 	
RATIONALE	<ul style="list-style-type: none"> • With a number of 13,319 application security vulnerabilities detected in just 2019, the need to address security early in the application development lifecycle has become increasingly apparent. Businesses today need to adapt faster, thus application and workload security are taking on a higher priority today. • For Cisco, the deal to acquire Portshift fits strategically in a number of ways. Firstly, today's application security space is filled with many start-ups addressing only part of the problem. But, Portshift's expertise in this sector and all-in-one platform that covers many aspects of Kubernetes security, grabbed Cisco's attention straight away. The augmentation of Kubernetes is not cut short – this platform continues to grow, reaching a new high of 91% adoption rate this year. • With an LTM revenue of \$49.3 million this year, Cisco plans to tap into Portshift's market leading assets and business experience will "act as a catalyst for providing end-to-end application and API security solutions for cloud-native, application-first businesses." – Liz Centoni, VP of Cisco Emerging Technologies and Incubation. • The deal is not only limited to how containerization, and specifically Kubernetes, have become a major part of the enterprise world, but also highlights how large tech companies are tapping into this area, as well as the increasing demands such products from its end users. The International Data Corporation (IDC) has forecasted a five-year compounded annual growth rate of 79% for enterprise container instances, with total containers amounting to 1.8 billion by 2021 	