

AP CAPITAL RESEARCH

M&A Deal of The Week

Google & Wiz

The Google logo is displayed in its multi-colored font (blue, red, yellow, blue, green, red) on a white rectangular background. This background is positioned over a photograph of a modern glass-walled building, likely a Google office, with the Google logo visible on the facade. A large, thick yellow 'X' is drawn over the Google logo and extends across the center of the page.The Wiz logo features the word "WIZ" in a bold, white, sans-serif font on a solid blue rectangular background. A small white four-pointed star is located to the upper right of the letter "Z". The logo is placed on a dark blue background with abstract, glowing blue lines and shapes.

WRITTEN BY

Max Hanson
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EDITED BY

Samuel Thompson

DATE

21st of April, 2025.



Executive Summary

M&A DEAL OF THE WEEK

Deal Summary

- In March 2025, Google (under its parent company Alphabet) announced that it would acquire cloud cybersecurity startup Wiz for \$32 billion in an all-cash deal. This is Google's biggest acquisition ever, even larger than its \$12.5 billion Motorola purchase back in 2012. The acquisition is a strategic move to strengthen Google Cloud's cybersecurity offering, especially as competition in cloud services continues to grow.
- Wiz is a relatively new company, founded in 2020, but it's grown really fast. It offers cloud security services to major companies, including over 40% of the Fortune 100. Its platform works across AWS, Azure, and Google Cloud, making it a good fit for Google's push into multicloud infrastructure.
- Wiz was actually in talks with Google before—in 2024 they turned down a \$23 billion offer because of regulatory concerns and plans to go public. But with changes in the U.S. political landscape and a more appealing \$32 billion offer on the table, Wiz decided to accept.
- From a financial perspective, Wiz is on track to hit \$1 billion in annual recurring revenue by the end of 2025. The company's founders are expected to walk away with over \$3 billion each, and the deal even includes a \$3.2 billion termination fee, which shows how serious both sides are.
- While the deal still needs to pass regulatory approval, it's expected to go through sometime in 2026.
- This acquisition makes a lot of sense for Google. Security is one of the biggest concerns for companies moving to the cloud, and by acquiring Wiz, Google is trying to show that it's serious about offering top-tier security. It also helps Google stand out more against cloud competitors like Amazon Web Services and Microsoft Azure. With AI and multicloud systems becoming more important, having Wiz's tech in-house gives Google a competitive edge.
- Overall, the deal seems like a win-win. Google gets a strong cybersecurity platform, and Wiz gets massive resources and scale to grow even faster.

Key Figures

Deal Value: \$32 Bn
Enterprise Value: \$1.86 Tn
EV/EBITDA: 14.27x
P/E Ratio: 22.27 x
Market Cap: \$2.19 Tn
CEO: Sundar Pichai
Employees: 183,323
Debt/Equity: 0.93

Premium: 39%
Enterprise Value: \$32 Bn
EV/EBITDA: n/a
P/E Ratio: n/a
Market Cap: n/a
CEO: Assaf Rappaport
Employees: 900
Debt/Equity: n/a



Company Information

M&A DEAL OF THE WEEK

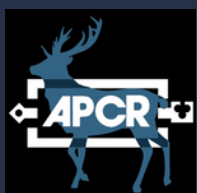
Alphabet Inc. (NASDAQ: GOOG)

- Founded in 1998 by Larry Page and Sergey Brin, Alphabet Inc. is the parent company of Google and a global leader in technology and innovation. Headquartered in California, Alphabet's diverse portfolio encompasses internet search, digital advertising, cloud computing, hardware, and artificial intelligence (AI). The company operates through various segments, including Google Services (Search, YouTube, Android, Chrome) and Google Cloud.
- Alphabet has been actively investing in AI, integrating it across its products and services. CEO Sundar Pichai emphasised the company's commitment to AI-driven innovation.
- Google is facing potential legal challenges from the U.S. Department of Justice over alleged anti-competitive practices in the display advertising market.
- In 2024, Alphabet reported a full-year revenue of \$350.0 billion, marking a 14% increase from 2023. Net income rose to \$100.1 billion, up 36% year-over-year, with a profit margin of 28.6%. Earnings per share (EPS) increased to \$2.15, up from \$1.51 in early 2024.
- The company's growth has been driven by strong performances in its core and AI-focused segments. Google Cloud revenue soared 35% in Q3 2024 to \$11.4bn, fuelled by rising demand for AI infrastructure and AI solutions. Google Services, including Search and YouTube ads, contributed significantly to the revenue, with Google Services revenues increasing by 13% to \$76.5bn.

Wiz, Inc.

- Founded in January 2020, Wiz, Inc. is an Israeli-American cloud security company headquartered in New York City. The company's platform analyses computing infrastructure and does vulnerability scanning and risk identification hosted in Amazon Web Services, Microsoft Azure, Google Cloud Platform, Oracle Cloud Infrastructure, and Kubernetes for combinations of risk factors that could allow malicious actors to gain control of cloud resources and/or exfiltrate valuable data.
- Wiz has raised a total of \$1.9 billion from a combination of venture capital funds and private investors, and individual investors such as Bernard Arnault and Howard Schultz.
- The company has also expanded through strategic acquisitions, including the purchase of Tel Aviv-based Raftt, a cloud-based developer collaboration platform, for \$50 million in December 2023; cloud detection and response startup Gem Security for around \$350 million in April 2024; and security remediation and risk management startup Dazz for a cash-and-share deal valued at \$450 million in November 2024.
- From late 2024, Wiz employed around 1,995 people, with most sales and marketing personnel scattered across North America and Europe, while most engineering personnel are based in Tel Aviv, Israel. The company reached a total revenue of \$750 million, up from \$500 million in 2024.

WRITTEN BY
Max Hanson



Deal Rationale and Risk

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Rationale - Cloud Security, Multicloud Strategy, Enterprise Clients

Cloud Security

Google's acquisition of Wiz is driven by the need to enhance its cloud security capabilities. Wiz's agentless, cloud-native platform provides real-time visibility and risk detection across cloud environments, addressing key gaps in Google's security stack. As enterprises increasingly adopt multicloud and AI-driven systems, securing these complex environments has become essential for cloud providers to remain competitive.

Multicloud Strategy

With Wiz supporting all major cloud platforms – including AWS, Azure, and Oracle Cloud – the acquisition aligns with Google's goal to serve enterprises operating in multicloud environments. As businesses increasingly distribute workloads across multiple providers for flexibility and risk management, Google's ability to offer seamless security across these platforms becomes crucial. This move strengthens Google's position as a multicloud-enabling provider, making its cloud services more appealing to large enterprises with complex infrastructure needs.

Enterprise clients

Wiz brings a rapidly expanding customer base, including nearly half of the Fortune 100 and \$500 million in annual recurring revenue. For Google, this acquisition is not just about adding security capabilities – it's a strategic move to penetrate deeper into the enterprise segment, where it has historically lagged behind AWS and Microsoft Azure. By gaining direct relationships with high-value clients already using Wiz, Google strengthens its competitive positioning in the cloud market and creates new opportunities to convert enterprise customers to its broader cloud ecosystem.

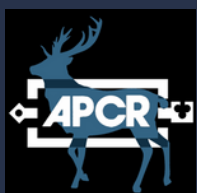
Risk - Integration Challenges & Loss of Vendor Neutrality

Integration Challenges

One of the most significant risks is the complexity of integrating Wiz's platform with Google Cloud's existing security assets, such as Mandiant and Chronicle. Differences in product architecture, culture, or strategic focus could lead to friction, delays, or reduced innovation. Ensuring seamless alignment between platforms will be critical to realising the full value of the acquisition and avoiding disruption to Wiz's existing development momentum.

Loss of Vendor Neutrality

Another notable concern is the potential erosion of Wiz's cross-cloud positioning. Its ability to operate independently across major cloud providers—particularly AWS and Azure—has been central to its rapid adoption by large enterprises. Under Google ownership, even the perception of preferential alignment with Google Cloud could create hesitation among clients who rely on other platforms. This may result in customer churn or diminished trust, especially among businesses pursuing multicloud strategies.



Industry Analysis

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This merger pertains to the Technology sector, with a particular focus on the Cybersecurity industry. Google's acquisition of Wiz, a leading cloud security company, reflects growing strategic emphasis on integrating advanced cybersecurity capabilities into hyperscale cloud ecosystems. As digital transformation accelerates globally, cybersecurity has become an indispensable pillar within the broader technology landscape, driving intense innovation, competitive realignment, and robust M&A activity.

The Technology and Cybersecurity Market

The global technology sector continues to experience sustained growth, with worldwide IT spending projected to exceed \$4.9 trillion in 2025, fueled by digital transformation, artificial intelligence, and the expanding use of cloud computing. Within this context, cybersecurity has emerged as one of the fastest-growing verticals. The cybersecurity market is valued at around \$190 billion in 2023 and forecast to reach over \$300 billion by 2028.

This growth is being driven by the widespread shift to hybrid and multi-cloud environments, growing threat complexity, and increased regulatory focus on data protection.

As organizations adapt to remote work, AI integration, and cloud-native operations, the need for scalable, automated, and proactive security solutions has made cybersecurity core to enterprise infrastructure.

Key Trends

1. Cloud-Native Security & AI-Driven Threat Detection: The rise of hybrid and multi-cloud adoption has elevated the importance of cloud-native security platforms. Solutions like Wiz's provide visibility, risk prioritisation and runtime protection at cloud scale. Simultaneously, artificial intelligence is reshaping cybersecurity, enabling faster threat detection and response.
2. Regulatory Pressure & Compliance-Driven Spend: Governments and regulatory bodies worldwide are tightening cybersecurity standards. Frameworks such as the EU's NIS2 Directive, the U.S. SEC's disclosure rules, and data privacy regulations like GDPR and CPRA are prompting enterprises to invest in compliance-oriented security stacks. This is driving demand for integrated platforms that cover risk monitoring, identity management, and incident response across cloud, endpoint and network environments.

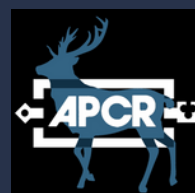
Emerging Trends and Insights

Cybersecurity consolidation and Strategic M&A

Cybersecurity M&A activity remains strong, with over 270 deals annually since 2021, driven by both strategic buyers and private equity. In 2024, large-cap tech companies aggressively pursued cloud security firms to strengthen vertical integration. Cisco's \$28B acquisition of Splunk, and now Google's \$32B acquisition of Wiz—the largest cybersecurity deal to date—highlight a clear shift toward platform consolidation. These acquisitions enable hyperscalers to offer security as a foundational element of their cloud value proposition.

Digital Transformation Tailwinds & Spending Resilience

Despite macroeconomic volatility, cybersecurity budgets remain resilient. Gartner reports that security and risk management spending will grow 14% YoY in 2025, outpacing broader IT spending. Digital transformation—particularly in sectors like finance, healthcare, and government—is accelerating cloud migration and the adoption of security-by-design frameworks. This reinforces cybersecurity's position as a non-discretionary investment, underpinning competitive advantage and digital trust.



Final Thoughts

M&A DEAL OF THE WEEK

Max Hanson

With this deal, Google is strengthening its position in the cloud security space by acquiring Wiz. The \$32 billion price tag, Google's largest acquisition to date, underscores the strategic importance of cybersecurity as AI adoption accelerates. However, with Wiz still in its early stages and yet to demonstrate long-term profitability, the acquisition introduces financial and integration risks. If Google fails to take advantage of Wiz across its Cloud ecosystem, or if anticipated profitability is lacklustre, the long-term payoff of this high-priced deal could remain uncertain.

Riccardo di Silvio

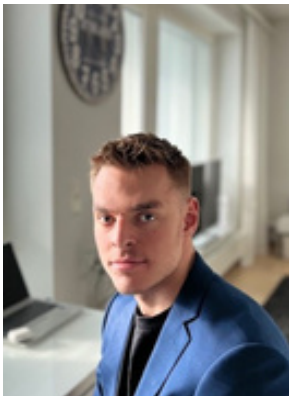
Google's acquisition of Wiz for \$32 bln marks a defining moment in the cybersecurity and cloud landscape, reinforcing the tech giant's strategic focus on integrated, AI-driven security within multicloud environments. The record-breaking price reflects not just confidence in Wiz's innovative platform and growth trajectory, but also the broader industry shift toward treating cybersecurity as foundational to digital infrastructure. While the deal positions Google Cloud to better compete with AWS and Microsoft Azure on security differentiation, success will ultimately hinge on seamless integration and the ability to scale Wiz's capabilities across enterprise clients

Noah Benger-Pereira

Google's \$32 billion acquisition of Wiz shows how seriously it's investing in cloud security. Paying such a high premium highlights their confidence in Wiz's tech and growth potential, especially as demand for multicloud and AI-driven security solutions keeps rising. While it's a big move, the real challenge will be how well Google integrates Wiz and whether it delivers long-term value. Overall, the deal highlights how important cybersecurity has become for major tech firms, especially with the rise of cloud computing, and it shows that big players like Google are willing to spend heavily to stay ahead.

Max Brown

The acquisition marks an important step for Google in reinforcing its position within the cloud services market. Whilst it offers substantial opportunities, including improved security capabilities and deeper access to the enterprise segment, the long-term value of the deal will depend on Google's ability to integrate Wiz effectively without compromising its vendor-neutral appeal.



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