

Cyber M&A Assessment

Analyzing Cyber Risk for Mergers and Acquisitions

The Evolving Cyber Landscape

With the growth of digitization in recent years, the worldwide information security market and risk management market is projected to reach \$221 billion in spending by 2025' (Gartner). Breaches can lead to devastating financial consequences for an organization and its stakeholders.

To better understand cyber risk posture, entities are using a variety of tools and services to identify possible vulnerabilities. However, this strategy may ignore the potential threats brought in from target companies during M&A activity. With cyber threats evolving constantly, insight into associated cyber risks is now an important step in analyzing potential M&A targets.

Cyber M&A Assessment

Cyber M&A Assessment may assist you as an acquiring company to proactively identify the potential cyber risk of a prospective merger or acquisition. Lack of cybersecurity artifacts, documentation, and evidence can pose a challenge, and quantifying the potential cyber-related risks for valuations and price negotiations is prudent. Cyber M&A Assessment helps to fill the gap and gives you a perspective on the potential vulnerabilities and cyber risks impacting the target company to help you assess the cybersecurity implications of business decisions. The Assessment package includes data regarding the acquirer and target company's risk posture across multiple risk categories, peer analysis, and potential loss scenarios for the post-M&A entity.

The Assessment provides qualitative and quantitative analysis of the potential impact of a proposed transaction, including:

- Cyber posture including overall score and risk categories and factors for the acquirer, target, and the consolidated entity.
- Detailed analysis on the cyber risk posture of the target including historical cyber performance and data breaches.
- Extensive cyber value at risk scenario analysis at different speed and depth of integration.
- Benchmarking against industry peers for cyber posture on a pre- and post-acquisition basis across 8 key risk factors and cyber value at risk.

Why work with us

We believe access to data is essential to decision making. Through our relationship with Guidewire, we can deliver cyber data that may be useful for entities looking to make informed assessments around potential transactions. The Cyber M&A Assessment offers a view on the cyber risk of a combined entity post-merger for an outside-in perspective. It may provide data for negotiating more favorable terms of acquisition based on better insight into a target's potential cyber risk and forecasted remediation costs.

Methodology

Assessments are produced by Guidewire and are calculated using Guidewire proprietary data and supplemented with qualitative Guidewire analysis. Guidewire data is based on threat data from 400+ sources and 1,000+ data points in real time with over 10,000 event loss simulations.

Qualified Events

- Mergers and acquisitions
- Financial and demutualization restructurings

Eligibility

Entities in all industries are eligible for Cyber M&A Assessment. You do not need to be a rated company to inquire.

Guidewire Background

S&P Global Ratings expanded our longstanding relationship with Guidewire in 2021 as part of our commitment to providing customers with insights to make decisions with more knowledge. S&P Global integrates the cyber risk insights of Guidewire Cyence Risk Analytics into our product platforms so that customers can better stay on top of new and emerging threats in an evolving cyber landscape. Guidewire has strong principles of Research & Development, with over 120 staff working on models and data collection and \$47 million annual product and service investment. The company is used by global P&C insurance companies to underwrite Cyber risk insurance.

About S&P Global Ratings

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