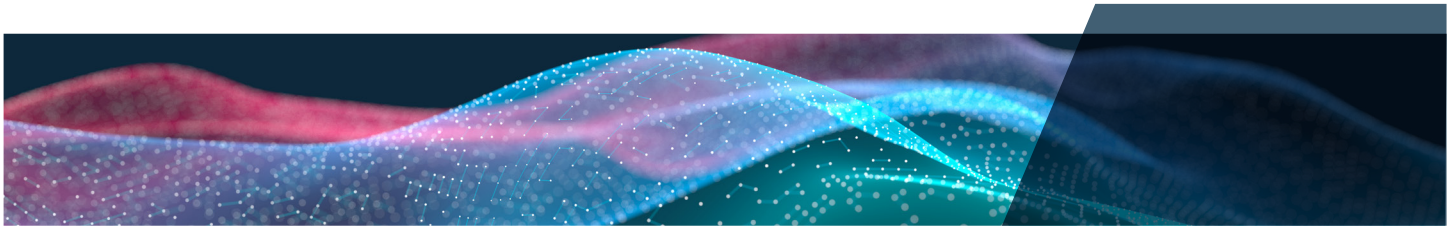
Why We Invested in Arctic Wolf – Ending Cyber Risk



Adams Street is excited to announce our follow-on investment in Arctic Wolf, a SaaS-based security operations platform that allows businesses of all sizes to dramatically improve their security posture without adding costly cybersecurity professionals.

Massive Market Need

Ending cyber risk is an audacious goal. The velocity at which large-scale cybersecurity breaches garner news headlines is accelerating. Especially in recent months, cybercrime has been up as businesses are increasingly vulnerable with employees working remotely. The common solution has been to deploy new cybersecurity tools and see what sticks. After all, there is no shortage of products in the market. This strategy, however, typically creates new challenges for security teams: excessive alerting, complexity of managing myriad products, and difficulty in hiring security professionals to actually run the show. As Arctic Wolf CEO, Brian NeSmith, observes, "organizations are realizing that they don't have a tools problem, but an operational one".

The major challenge of implementing a comprehensive security program is operationalizing disparate sources of information and responding appropriately to security threats. At the center of this challenge is an organization's security operations center (SOC), which refers to the people, processes, and technologies that a company puts in place to detect and respond to cybersecurity threats. SOCs are critical to modern security architectures yet are expensive to configure, complicated to operate, and require a significant human capital investment. This challenge has given rise to a category of businesses offering Managed Detection and Response (MDR) services or a "SOC-as-a-Service", which allow organizations to add 24/7 threat monitoring, detection, and response via a turnkey solution. According to Gartner, 25% of organizations will be using MDR services by 2025.

ARCTIC WOLF

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Brian NeSmith
CEO

HEADQUARTERS
California

Superior AI-Based Solution

Arctic Wolf's cloud-native security operations solution is leading the pack within the MDR space. The platform integrates with a customer's existing tech stack to collect over 65 billion events daily across cloud, network, and endpoint. Using advanced AI, Arctic Wolf correlates all of these captured events with industry-leading threat intelligence to identify possible behavioral patterns of a cyberattack. From there, it's time to act. Arctic Wolf has a dedicated "Concierge Team" of security operations specialists that work 24/7 to triage alerts, manage threats, and offer guidance on how a customer can mitigate issues in the future. The product is easy to implement, effective, and can be the difference in preventing a cyber breach. Arctic Wolf continues to innovate and broaden their product offering to include capabilities like risk management and cloud monitoring. The effectiveness of the platform has underpinned tremendous growth for the Company, which saw 106% YoY growth in subscription revenue and 301% YoY growth in the number of customers using multiple solutions.

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Deeply Experienced Management Team

It is rare to meet a cybersecurity executive that brings as much experience and industry vision as NeSmith, CEO and co-founder of Arctic Wolf. Scaling cybersecurity companies is not new to him. Previously, he served as CEO of Blue Coat Systems, a leading provider of content and web security. As CEO, he oversaw Blue Coat's IPO, acquired 8 companies, and grew the business from $5mm annual revenue to $500mm revenue and 1,300+ employees. Brian has surrounded himself with a team of experienced executives with deep security expertise. The management team brings a wealth of experience from other leading companies such as Cylance, CrowdStrike, Code42, and FireEye.

When Adams Street originally invested in Arctic Wolf in 2018, we knew that they were up to something special. NeSmith and team continue to impress with their product vision and execution. If there is any company that can end cyber risk, Adams Street believes that Arctic Wolf stands the best chance. ■