



M&A DEAL ANALYSIS

“Google's Acquisition of Wiz: A Strategic Move to Strengthen Cloud Security and Accelerate Innovation”

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M&A Deal Analysis

Acquirer: Google

Target: Wiz

Deal value: \$32bn

Sector: Cybersecurity

Type of M&A:

Exit multiple: 64x (ARR FY24)

Announced date: 18/03/2025

Completed date: awaiting regulatory approval



Acquirer details

Name: Google LLC

Founding year: 1998

Headquarters: Mountain View, CA

CEO: Sundar Pichai (2015 – present)

Number of employees: 182,500

Market Cap: \$1,860bn

EV: \$1,740bn

- LTM Revenues: \$348.16bn
- LTM EBITDA: \$135.4bn
- LTM EBITDA margin: 36.64%
- LTM EV/EBITDA: 13.37x
- LTM EV/Sales: 5.10x

(All financial data for FY2024)

Company industry: Google operates in the search engine industry, internet-based services and products as well as advertising. Its main competitors are Apple, Microsoft, Yahoo and Amazon.

Target details

Name: Wiz Inc.

Founding year: 2020

Headquarters: New York City, NY

CEO: Assaf Rappaport (2020 – present)

Number of employees: 2,700

Market Cap: N/A

EV: \$32bn

- LTM Revenues: >500mn
- LTM EBITDA: N/A
- LTM EBITDA: N/A
- LTM EV/EBITDA: N/A
- LTM EV/Sales: N/A

(All financial data for FY2024)

Company industry: cybersecurity company offering individuals and companies a platform to find vulnerabilities in their cloud computing.

Deal Overview

On the 18th of March 2025, Google LLC announced its intention to acquire the New York based Cybersecurity company Wiz Inc. A privately listed company, Google have agreed to acquire them for \$32bn, \$9bn more than the initial \$23bn offered in July 2024.

The acquisition is awaiting approval from US-based regulators and is expected to be completed during 2026.

Wiz was established in 2020 in New York, USA, with some operations being headquartered in Isreal. They have the intention to set up their first European office in London in FY2025.

As of April 2025, Wiz Inc. have roughly 2,700 employees and have the intention of expanding their workforce after the opening of their London office.

Since its establishment, Wiz Inc. has been an industry leader in identifying vulnerabilities in cloud computing for individuals and companies. They are trusted by over 50% of Fortune 100 companies, including LVMH, Morgan Stanley and BMW.

Goole acquired Wiz to bolster its cloud computing offerings, allowing them to compete on security with the likes of Microsoft.

Thomas Kurian, CEO of Google Cloud, said “Google Cloud and Wiz share a joint vision to make cybersecurity more accessible and simpler to us for organizations of any size and industry”.

Industry Overview

The cybersecurity industry has boomed in recent years with the emergence of Artificial Intelligence. In 2023, Private Equity firms posted double the number of cybersecurity acquisitions year-on-year. Recent transactions include Cisco’s acquisition of Splunk in September 2023 for \$23bn and Thales’ acquisition of Imperva for \$3.6bn in July 2023.

M&A in the cybersecurity industry is characterized by acquisitions, with many large technology firms executing their large market power to acquire entry-level firms in the industry. Google LLC’s acquisition of Wiz inc. is indicative of this trend, with another silicon-valley giant acquiring an incumbent firm.

This industry has been characterized with rapid change and constant change of practice, especially with the sudden increase in Artificial intelligence solutions across a range of business practices. As it was with the introduction of cloud computing, web and cloud-focused cybersecurity firms continue to remain at the forefront of technological advancements and ingenuity in the world.

Deal Rationale

Google has agreed to acquire Wiz, the cloud security startup, in a deal valued at \$32 billion. This marks one of the largest cybersecurity acquisitions in history.

The tech giant had previously explored acquiring Wiz in 2023 but talks did not lead to an agreement at the time. With cloud security becoming an increasingly critical area, Google renewed its interest and successfully reached a deal in 2025.

By acquiring Wiz, Google aims to enhance its cybersecurity capabilities, strengthen its multi-cloud security offerings, and reinforce its position against competitors like AWS and Microsoft Azure.

Leveraging existing partnerships for seamless integration

Google's acquisition of Wiz is not just about strengthening its cloud security portfolio—it also comes with the advantage of an already established partnership between the two companies. Wiz has been a trusted security provider for Google Cloud, meaning its technology is already integrated into Google's ecosystem. This familiarity eliminates many of the typical challenges that come with post-acquisition integration, allowing Google to seamlessly scale Wiz's solutions across its cloud offerings. Existing customers who rely on Wiz's security tools within Google Cloud will experience minimal disruption, reinforcing trust in Google's platform. Moreover, the deep understanding gained through past collaboration will help Google accelerate synergies and maximize the value of the acquisition more efficiently than if it had acquired an entirely external security provider.

Strengthening Google's position in the cloud computing market

The acquisition is a strategic move aimed at reinforcing its position in the highly competitive cloud computing market, where it faces strong rivals like AWS and Microsoft Azure.

Cloud security has become a critical factor for enterprises choosing a cloud provider, and by integrating Wiz's cutting-edge security solutions, Google can offer a more robust and differentiated security offering. This move not only enhances Google Cloud's appeal to large enterprises operating in multi-cloud environments but also helps it close the competitive gap with its larger rivals. Additionally, security is one of the fastest-growing segments in cloud computing, and acquiring Wiz positions Google at the forefront of this expansion, making it a stronger player in the cybersecurity-driven cloud market.

Addressing Google's competitive weakness in cloud security

Beyond the strategic benefits, this acquisition also addresses a critical risk for Google Cloud: the possibility of falling further behind in the cloud computing race. Google remains a distant third behind AWS and Microsoft Azure, both of which have aggressively expanded their cloud security capabilities. Without Wiz, Google risked losing enterprise customers who prioritize best-in-class security solutions, potentially making it even harder to close the gap with its rivals. By acquiring Wiz, Google not only strengthens its security offerings but also prevents competitors from gaining access to one of the most innovative cloud security platforms. In this sense, the deal is as much a

defensive move as it is an opportunity for growth, ensuring that Google remains a relevant and competitive force in the cloud market.

Capitalizing on a high-growth market

While the \$32 billion price tag is undeniably steep, the acquisition must be viewed in the context of Wiz's exceptional growth trajectory and the rapid expansion of the cloud security market. Since its founding in 2020, Wiz has experienced unprecedented revenue growth, reaching \$350 million in ARR in just four years, one of the fastest growth rates ever seen in the cybersecurity sector. This momentum reflects the increasing demand for cloud-native security solutions, a market that is projected to grow significantly as enterprises continue migrating to the cloud. Given this high-growth environment, Google's willingness to pay a premium signals a long-term bet on cloud security as a core pillar of its cloud computing strategy. While the valuation multiple is high, Wiz's track record suggests it has the potential to scale rapidly, making this acquisition a strategic investment in Google's future competitiveness.

Deal Structure

On March 18, 2025, Google announced that it has acquired Wiz for \$32 billion in cash. This acquisition is the largest acquisition in Google's history. The deal surpasses Google's \$12.5 billion purchase of Motorola Mobility in 2012.

The acquisition is a large and significant premium from Wiz's latest private valuation in May of 2024 of \$12 billion, which speaks to Google's strong belief in the company's potential for strategic development and revenue growth. At a total purchase valuation of around 32 times Wiz's projected revenue for 2025, it shows the bubble of optimism surrounding the future of cloud security and its growing importance for companies - especially in regard to Wiz's place in this market.

Once completion, Wiz and its development team will function and operate under Google Cloud and will bolster Google's security products and Google's overall cloud services in general. Despite being acquired by Google, Wiz will continue to operate under a multi-cloud model and continue to maintain compatibility with Amazon Web Services (AWS) and Microsoft Azure, among others.

The agreement includes a reverse termination fee of \$3.2 billion - among the largest in history and indicative of the size of the transaction and of both parties' commitment to following through.

Like any acquisition of a large company, it will be subject to regulatory approval by authorities such as the U.S. Federal Trade Commission (FTC), and the Department of Justice (DOJ). Google anticipates the deal will close in 2026, allowing time to navigate the complex regulatory landscape.

Risks and Implications

The announcement of Google's acquisition of Wiz has sparked significant attention from analysts, investors, and industry stakeholders. While the deal holds strong strategic potential and could unlock substantial long-term value, it also presents a range of risks and challenges in both the short and long run.

Short-term

In the short term, the transaction will likely face high-level regulatory scrutiny, primarily due to concerns about increased concentration in the cloud computing and cybersecurity space. Regulatory bodies such as the U.S. Department of Justice (DOJ) and the Federal Trade Commission (FTC), and international regulators, will consider the competitive impact of the transaction. Prior pushback—such as the DOJ's resistance against HPE acquiring Juniper Networks—anticipates Google to face similar obstacles as regulators deliberate on the impact on market forces.

Aside from the regulatory issues, integration risks present the largest concern. Harmonious convergence of the cultures of the two firms in a successful integration of Wiz into Google Cloud will necessitate retention of key talent and smooth continued provision of services to customers. These objectives will be essential to the successful fruition of the estimated synergies of the deal and long-term customer trust.

Finally, the announcement has generated mixed reactions in the market. Some have viewed the deal as a strategic move that would cement Google's position in cloud security, but others have worried about the high valuation and the difficulties that might be involved in integrating the assets.

Long-Term

Long-term success will depend on Google's success in retaining Wiz's current customers, such as several Fortune 100 companies, and leveraging the acquisition to reach new customers, most notably end-to-end, multi-cloud security solutions. Retaining those relationships will be key to gaining traction and credibility in the post-acquisition landscape.

In addition, profitability in the deal will be based on realization of expected synergies and tangible return on Google's significant \$32 billion investment. Steady revenue growth and profitability will be essential in justifying the high valuation and capturing long-term value creation for shareholders.

Market Reaction

In March 2025, Google announced its largest acquisition to date: the \$32 billion purchase of Wiz, a leading cloud cybersecurity startup. The all-cash deal drew immediate attention from investors, analysts, and the broader technology sector, as it marked a major strategic play by Google to better its position in the increasingly competitive cloud computing market. Wiz, known for its powerful multi-cloud security platform used across AWS, Azure, and Google Cloud, represents a significant addition to Google's cybersecurity capabilities.

The market's initial response was cautious. Alphabet's stock (GOOGL) dropped approximately 2.2% following the announcement, closing around \$161 per share. Although modest in percentage terms, the decline reflected investor hesitation over the deal's size, particularly as it nearly doubled Wiz's last private valuation. Nevertheless, some analysts argued this was an overreaction, suggesting that scepticism was driven more by the sheer size of the deal than by its fundamentals.

Investors began re-evaluating their positions in other firms offering point-solution cybersecurity tools, such as CrowdStrike, Palo Alto Networks, and SentinelOne. The concern was that Google's strengthened capabilities could shift enterprise spending and compress market share. Moreover, the move placed competitive pressure on other cloud providers, particularly Amazon and Microsoft, who may now face calls to match or exceed Google's security posture, potentially triggering a new wave of acquisitions or strategic alliances in the sector.

Investor sentiment, while initially mixed, leaned toward long-term optimism. Some questioned the deal's valuation, raising concerns about Alphabet's capital deployment priorities. However, with over \$95 billion in cash reserves, Alphabet has ample liquidity to pursue transformative deals without threatening its financial stability. More importantly, many investors recognised that this acquisition reflects a clear and ambitious growth strategy: investing in cybersecurity as a foundational pillar of Google Cloud's value proposition. The all-cash nature of the deal also reassured markets by eliminating dilution concerns associated with stock-based transactions.

Analyst perspectives have been largely favourable. Many view the deal as a powerful strategic move that could help Google Cloud close the gap with Amazon Web Services and Microsoft Azure. Wiz's innovative approach to identifying and mitigating cloud vulnerabilities aligns with Google's broader vision of providing secure, AI-enabled infrastructure services. Analysts at Bank of America emphasised that the deal reinforces Google's commitment to security and could enhance its ability to win enterprise cloud customers. Jefferies noted that Wiz's technology platform adds immediate value to Google's portfolio and should serve as a catalyst for new growth, particularly among clients with heightened security demands.

Looking forward, several factors will shape the success of this acquisition. Regulatory scrutiny is likely, given the size of the deal, though Google's current market share in cloud infrastructure (under 15%) may help it avoid antitrust roadblocks. Integration is another key challenge. Merging

Wiz's fast-moving startup culture with Google's broader cloud organization will require careful planning to retain key talent, preserve innovation, and maintain customer relationships. However, if integration is well-managed, the long-term upside is considerable. Wiz's platform has the potential to differentiate Google Cloud in a crowded market, supporting deeper customer engagement and expanding revenue opportunities.

In conclusion, the market reaction to Google's acquisition of Wiz reflects a balance of short-term concern and long-term strategic confidence. The deal underscores the critical importance of cybersecurity in the future of cloud computing. For Google, this acquisition is more than a tactical investment, it is a bold declaration that secure cloud infrastructure will be central to its growth strategy. If executed successfully, the Wiz acquisition could prove transformational, reshaping Google's competitive position and influencing the direction of the cybersecurity sector at large.

Deal Advisors

Google was advised by Freshfields Bruckhaus Deringer as lead legal counsel, Cleary Gottlieb Steen & Hamilton for regulatory matters, and Bank of America as financial advisor.

On the other side, Wiz was advised by Fenwick & West as lead counsel, Cravath, Swaine & Moore for regulatory issues, and received financial advice from Goldman Sachs and Morgan Stanley.

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