

Google's Acquisition of Wiz

A Bold Play to Gain More "Wiz-dom" in Cloud Security

Transaction Highlights: On March 18, 2025, Google announced the acquisition of Wiz for \$32 billion in an all-cash transaction. This price marks Google's largest acquisition ever and is the biggest standalone cybersecurity acquisition to date. Wiz will join Google's Cloud division once the deal closes (expected by early 2026, pending approvals). Notably, the agreement includes a reverse termination fee of over \$3.2 billion, one of the largest in M&A history, signaling Google's confidence the deal will close and compensates Wiz if regulators block the merger.

The \$32 billion price is a significant jump from Google's earlier \$23 billion offer in 2024, which Wiz rejected. Wiz's last private valuation was about \$12 billion in mid-2025, implying Google paid roughly a 2.5x premium. The price also equates to 64x Wiz's ARR of ~\$500 million and consequently, Google's stock initially fell 3-4% on the news reflecting investor concerns over the hefty price tag.

On the buy side, Google was advised by Bank of America. On the sell side, Wiz was represented by Goldman Sachs.

Rationale: This acquisition is aimed at bolstering Google Cloud's cybersecurity portfolio and sharpening its competitive edge in cloud computing against AWS and Microsoft Azure. Google identified two major trends it wants to accelerate in the "AI era": 1) improved cloud security and 2) multicloud adoption. Wiz's platform aligns perfectly with these goals. Wiz offers a unified cloud security platform (often termed a Cloud-Native Application Protection Platform) that connects to all major clouds and code environments to detect and remediate risks.

By combining Google's expertise in AI and infrastructure with Wiz's innovative security tools, the synergies are expected to provide an end-to-end, automated security solution across organizations of all sizes, reduce customers' cost of implementing and managing cloud defenses, and counter new AI-driven cyber threats and improve breach prevention/response. Importantly, Google has stated Wiz will continue operating as a multicloud platform available on rival clouds – preserving Wiz's vendor-neutral appeal to customers and addressing potential antitrust concerns.

Valuation: Following this transaction, we expect an accretion of 2.4%.



Consortium Research Group
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Transaction value:	\$32bn
EPS Target:	\$10.38
Current EPS:	\$10.14
Potential Accretion:	2.4%
Ticker:	\$GOOG

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Company Overviews

Acquirer (Alphabet) — one of the world's largest technology conglomerates. Headquartered in California, Alphabet (otherwise known as Google) encompasses flag products and services such as Search, Android, YouTube, Gmail, and the Google Cloud Platform. Google's mission is "to organize the world's information and make it universally accessible and useful," and through Google it impacts billions of users daily.

Google is the third-largest tech company globally by revenue. In the most recent fiscal year, it generated roughly \$350 billion in revenue (LTM as of early 2025) with a robust EBITDA of around \$129.5 billion. Google's core business (advertising via search and YouTube) is highly profitable, and it has used this cash flow to invest in cloud computing, hardware, and "Other Bets." Google Cloud, while a distant third in cloud market share, is a high-growth division. It generated \$40+ billion in revenue in 2024, growing faster than Google's legacy search business. Not to mention, Google had over \$23 billion in cash on hand at 2024's end, giving it liquidity to fund acquisitions like Wiz.

Target (Wiz) — a rapidly growing cybersecurity company specializing in cloud infrastructure security. Founded in January 2020 by Assaf Rappaport and three fellow entrepreneurs (all of whom previously built and sold a startup to Microsoft), Wiz has quickly become one of the world's most prominent cloud security unicorns. Headquartered in New York City with significant operations in Tel Aviv, Israel, Wiz provides a platform that helps organizations secure their cloud environments across AWS, Azure, Google Cloud, Oracle Cloud, and Kubernetes.

Wiz's core product is a Cloud-Native Application Protection Platform (CNAPP) that scans and analyzes an organization's cloud infrastructure to identify complex risk combinations and vulnerabilities. Essentially, Wiz gives a unified view of security across different cloud providers and even into development pipelines ("from cloud to code"). This holistic, agentless approach and easy deployment have been key to its rapid adoption. The company was not yet profitable (as is typical for high-growth startups investing in expansion). Wiz spent heavily on R&D and sales. However, its revenue growth has been exponential, doubling ARR in under a year. At ~\$500M ARR mid-2024 and aiming for \$1B ARR, Wiz's revenue scale was already comparable to some mid-sized public software companies. Wiz's focus on large enterprise clients, who typically sign multi-million-dollar contracts, means its revenue is likely recurring and sticky, but also subject to enterprise sales cycles.

Investment Theses

We believe this is a good deal for Google, with compelling strategic rationale and a 2.4% potential accretion of its EPS.

Strategic Upside: Acquiring Wiz positions Google at the forefront of cloud security, a booming market projected to grow from ~\$30B in 2023 to \$100B+ by 2032. Google Cloud has trailed Amazon and Microsoft in cloud infrastructure, so adding Wiz's best-in-class security platform can be a game-changer in winning over enterprise customers. Wiz instantly gives Google Cloud a large enterprise user base (it serves ~40–45% of Fortune 100 companies) and a reputation for innovation. This could accelerate Google Cloud's growth by cross-selling Wiz's solutions to Google's clients and vice-versa. Furthermore, the deal aligns with Google's focus on AI as cybersecurity is increasingly an "AI + cloud" problem, and Wiz's AI-driven threat detection combined with Google's AI research might yield next-generation security products. In essence, Google is buying not just a product but a talented team and a platform that can be expanded. The founders of Wiz have a track record of success and now will innovate under Google's umbrella.

Defensive Play: By acquiring Wiz, Google prevents its rivals from doing so. It's conceivable that Microsoft or Amazon could have targeted Wiz (or a similar top startup) to bolster their own cloud security, especially since Wiz's founders had past ties to Microsoft. Google's move denies competitors this asset and keeps Wiz's technology out of their hands. Owning Wiz also complements Google's prior investments in security (Chronicle, Mandiant, VirusTotal, etc.), potentially allowing an end-to-end security offering from cloud infrastructure protection (Wiz) to threat intel and incident response (Mandiant). This could make Google a leader in cybersecurity at large, not just cloud – a new pillar alongside its advertising and cloud businesses. In the long run, if cloud security becomes deeply integrated with cloud services, Google's early bet on Wiz might yield a competitive moat.

Financial Safety Net: While \$32B is unquestionably high, Google can afford it – the company generates tens of billions in free cash flow annually. The all-cash deal won't dilute shareholders, and if Wiz continues its growth (toward \$1B+ ARR), the revenue multiple would quickly come down. Google may issue debt to fund part of the deal; if so, its net debt position will increase. However, Google had a very low debt ratio prior, so even an added \$10–15B in debt (if they finance that much) keeps leverage modest relative to its massive equity and cash flow. In other words, Google's balance sheet can absorb the deal, but it will have a noticeable one-time impact (and the \$3.2B breakup fee risk until closing).

Projections

Acquirer Financial Profile		Target Financial Profile	
Fully Diluted Shares Outstanding	13,000.5	Fully Diluted Shares Outstanding	1
Current Share Price	\$291.70	Current Share Price	\$32,000.00
Equity Value	\$3,792,246	Equity Value	\$32,000
EPS (TTM)	\$10.14	EPS Estimate (2)	\$500.00
P/E Multiple	28.8x	P/E Multiple	64.0x
Transaction Assumptions		Form of Consideration	
Offer Price Per Share	\$32,000.00	% Stock	–
% Offer Premium	–	% Cash	100.0%
Offer Value (1)	\$32,000		
Pro Forma Financials		Pro Forma EPS	
Consolidated EBT	\$165,406	Pro Forma Net Income	\$134,959
Less: Interest Expense and Financing Fees	–	Pre-Deal Acquirer Shares Outstanding	13,001
Less: Transaction Fees	(800)	Plus: New Shares Issuances	–
Plus: Synergies, net	4,500	Pro Forma Diluted Shares	13,001
Less: Incremental Depreciation	(408)		
Pro Forma Adjusted EBT	\$168,698	Pro Forma EPS	\$10.38
Less: Taxes	(33,740)	% Accretion / (Dilution)	2.4%
Pro Forma Net Income	\$134,959		

Post-Merger Outlook

Google has indicated Wiz will “retain operational independence” and even continue working with competing cloud providers. This approach mirrors how Google handled other acquisitions (like keeping YouTube relatively autonomous initially) and is meant to preserve Wiz's innovative culture and customer relationships. For Wiz's ~2,000 employees, the short-term outlook likely involves increased resources and hiring to meet demand, while staying focused on their product roadmap.

It's also quite possible that this deal triggers responses: Microsoft, Amazon, or others could invest in rival platforms or improve their native security to avoid ceding ground. We might see, for instance, Microsoft Azure doubling down on its Defender and Sentinel security products, or even acquiring other firms, to ensure Azure-centric customers stick with Microsoft's tools rather than a Google-owned Wiz. Similarly, independent security vendors (Palo Alto Networks, CrowdStrike, etc.) will adapt – perhaps focusing on multi-cloud support themselves or consolidating to counter a Google/Wiz powerhouse.

A major long-term question is whether Wiz can retain its platform-agnostic appeal under Google's ownership. If in 3–5 years, customers still perceive Wiz as neutral and it works just as well with AWS/Azure as before, then Google has successfully balanced integration with independence. That could yield maximum benefit: Google profits from all cloud ecosystems. On the other hand, if over time Google were to favor integrating Wiz tightly with GCP at the expense of non-Google clouds (for example, offering best features only on GCP), then enterprises might look for other neutral options. There is some risk that Wiz's neutrality erodes in the long run – either by Google's choice or by perception. Already, some advocates say any exclusive tie-up down the line would be concerning. Ideally, Wiz could become for Google what LinkedIn is for Microsoft – a subsidiary that still serves competitors (LinkedIn still works on Google/Apple app stores etc., benefitting Microsoft broadly). If that balance is kept, Wiz could continue to dominate its space.

Transaction Risks

Regulatory Overhang: Antitrust and regulatory scrutiny loomed over this transaction from the start. Google is already battling antitrust cases (e.g., DOJ's suit over search monopoly) and regulators could worry that owning Wiz might give Google too much power in cloud security. That said, Google Cloud's relatively small market share and Wiz's continued support for other clouds make antitrust issues less acute. Indeed, the U.S. DOJ cleared the deal by late 2025, suggesting regulators saw no major harm to competition. However, regulatory risk isn't entirely gone as approvals from other jurisdictions (EU, etc.) are still needed, and any unexpected conditions or delays could impact the timeline.

Integration Downside: Merging an agile startup into a tech giant is tricky. Integration risk includes blending Wiz's products, systems, and culture into Google Cloud. There's a chance of cultural clash – Wiz's startup ethos versus Google's corporate structure. If Google imposes too much bureaucracy, it could stifle Wiz's innovation or prompt an exodus of talent. Google is addressing this by letting Wiz operate with independence, but over time integration tends to increase. Technologically, Google must integrate Wiz's platform into its ecosystem and execution missteps (delays in integration, miscommunication to customers, internal turf wars between Wiz and Google teams) could erode the value of the deal.

Customer Retention & Cannibalization: One of the unique risks here is ensuring that Wiz's acquisition doesn't scare off its customers. Many of Wiz's clients use it to secure AWS or Azure environments; they might worry that a Google-owned Wiz could favor GCP or share data with Google. Post-merger, Google will further have to rationalize overlapping features, which run the risk of some products being deprecated or merged, causing short-term pain for customers. Additionally, Wiz has partnerships with systems integrators and other vendors. Will those partners continue recommending Wiz now that it's part of Google? Or will, say, an AWS-aligned consultant shies away from a Google product? Google will need to work extra hard in the long run to convince the industry that Wiz remains open and trustworthy across platforms.

About \$GOOG and Wiz

Alphabet (\$GOOG), founded in 1998, operates as a global technology company specializing in internet-related services and products. It is best known for its search engine but also generates revenue through advertising, cloud computing, consumer hardware, and AI-driven software solutions. Google's main business segments include Google Services, Google Cloud, and Other Bets, with operations spanning over 100 countries. The company's core goal is to organize the world's information and make it universally accessible and useful, while expanding its leadership in AI and cloud infrastructure.

Wiz, founded in 2020, operates as a cloud security company that provides organizations with visibility and protection across their entire cloud environment. The company's platform scans for vulnerabilities, misconfigurations, and identity risks across multi-cloud infrastructures like AWS, Azure, and Google Cloud. Headquartered in Tel Aviv with offices in New York, Wiz is known for its agentless approach to cloud security and rapid scalability. Its mission is to make cloud environments safer and simpler to manage enterprises of all sizes.

Disclosures & Ratings

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Appendix

Acquirer Financial Profile

Fully Diluted Shares Outstanding	13,000.5
Current Share Price	\$291.70
Equity Value	\$3,792,246
EPS (ITM)	\$10.14
P/E Multiple	28.8x

Transaction Assumptions

Offer Price Per Share	\$32,000.00
% Offer Premium	—
Offer Value (1)	\$32,000

Cash Consideration (All-Debt Funded)

Offer Value	\$32,000
% Cash	100.0%
Total Debt Financing	\$32,000
Financing Fee	\$640
Financing Fee % Total Debt	2.0%
Borrowing Term	5 Years
Financing Fee Amortization	\$128
% Interest Rate (3)	5.4%
Annual Interest Expense	\$1,728

Purchase Price Accounting

Offer Value	\$32,000
Less: Net Tangible Book Value (5)	2,000
Purchase Premium	\$34,000
Less: PP&E Write-Up	(3,060)
Less: Intangibles Write-Up	(5,100)
Plus: Deferred Tax Liability (DTL)	1,632
Goodwill Created	\$27,472

Accretion/Dilution Analysis

Acquirer Standalone Net Income	\$131,825
% Tax Rate	20.0%
Earnings Before Taxes (EBT)	\$164,781

Pro Forma Financials

Consolidated EBT	\$165,406
Less: Interest Expense and Financing Fees	—
Less: Transaction Fees	(800)
Plus: Synergies, net	4,500
Less: Incremental Depreciation	(408)
Pro Forma Adjusted EBT	\$168,698
Less: Taxes	(33,740)
Pro Forma Net Income	\$134,959

Target Financial Profile

Fully Diluted Shares Outstanding	1
Current Share Price	\$32,000.00
Equity Value	\$32,000
EPS Estimate (2)	\$500.00
P/E Multiple	64.0x

Form of Consideration

% Stock	—
% Cash	100.0%
Cash/ Debt Toggle	—

Stock Consideration

Offer Value	\$32,000
% Stock	—
Stock Consideration	—
Number of Acquirer Shares Issued	—

Deal Assumptions

Synergies, net (4)	\$4,500
Transaction Fees	\$800
Transaction Fees % Offer Value	2.5%

Asset Write-Ups

% Allocation to PP&E (6)	9.0%
Useful Life Assumption	20 Years
Incremental Depreciation	\$153
% Allocation to Intangibles (6)	15.0%
Useful Life Assumption	20 Years
Incremental Amortization	\$255

Target Standalone Net Income

Target Standalone Net Income	\$500
% Tax Rate	20.0%
Earnings Before Taxes (EBT)	\$625

Pro Forma EPS

Pro Forma Net Income	\$134,959
Pre-Deal Acquirer Shares Outstanding	13,001
Plus: New Shares Issuances	—
Pro Forma Diluted Shares	13,001

Pro Forma EPS	\$10.38
% Accretion / (Dilution)	2.4%