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IB PERSPECTIVE

TMT

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GOOGLE'S \$32 BILLION ACQUISITION OF WIZ

The largest cybersecurity deal in history

JS

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\$32bn

DEAL VALUE

~46x

EV / ARR

\$3.2bn

REVERSE TERM. FEE

~100%

WIZ YOY GROWTH

H1 2026

EXPECTED CLOSE

Deal Overview

Acquirer: Alphabet Inc. (NASDAQ: GOOGL, GOOG)

Target: Wiz Inc. (Private)

Transaction Value: \$32 billion (all-cash)

Announcement Date: 18 March 2025

Expected Closing: First half of 2026

Reverse Termination Fee: \$3.2 billion (~10% of deal value)

Acquirer Advisors: Bank of America (Financial); Freshfields, Cleary Gottlieb (Legal)

Target Advisors: Goldman Sachs, Barclays (Financial); Cravath, Fenwick & West (Legal)

Executive Summary

Google has agreed to acquire Wiz, a cloud security startup, for \$32 billion in an all-cash transaction. This acquisition is the largest in Alphabet's history and a defining moment in both cloud computing and cybersecurity M&A. After walking away from a \$23 billion offer in July 2024, choosing instead to pursue an IPO, Wiz CEO Assaf Rappaport returned to the negotiating table under a new regulatory climate and secured a 39% premium to the rejected bid.

The transaction positions Google to close the gap with Amazon Web Services (AWS) and Microsoft Azure in enterprise cloud, using security as a key differentiator. For Wiz, the deal validates its extraordinary growth trajectory while it gains access to Google's AI capabilities and global infrastructure. Critically, Wiz will continue operating as a multi-cloud platform – a strategic necessity given that most enterprises use multiple cloud providers.

With DOJ antitrust clearance secured in November 2025, the deal is on track for H1 2026 completion.

Company Profiles

Alphabet (Acquirer)

Cash, cash equivalents & short-term marketable securities (2024): \$95.7 billion.

Free Cash Flow (2024): \$72.8 billion. Net Income (2024): \$100.1 billion. 2025 CapEx

Guidance: ~\$75 billion.

Google Cloud Platforms (GCP – Alphabet's enterprise cloud division) currently sits at 13% market share, 7 percentage points behind Azure and 16 behind AWS.

Despite significant investment making it the fastest growing of this 'Big Three', the gap has not been closing fast enough. More importantly, Google has been lacking integrated security bundled with their cloud platform – Microsoft bundles Defender and AWS has native security tools. Google acquired Mandiant for \$5.4 billion in 2022 (for threat intelligence and incident response capabilities) and has its Security Command Center (which only integrates with GCP) but nothing that competes with a comprehensive Cloud-Native Application Protection Platform (CNAPP) offering.

Companies have been put increasing weight on security when choosing cloud providers with Google therefore losing out in these evaluations. As Thomas Kurian noted in the deal announcement, organisations need cybersecurity solutions that span multiple clouds, protect against AI-related threats, and integrate across development and operations. Google couldn't build this fast enough; it had to buy.

Wiz (Target)

ARR: ~\$700-750 million. Growth: Reached \$100 million ARR in 18 months (fastest in software history). Customers: 40%+ of the Fortune 100 (inc. Salesforce, BMW, Morgan Stanley). Employees: ~1,700-1,800. Total Funding: \$1.9 billion across 5 rounds. Last Private Valuation: \$12 billion (May 2024, Series E).

Wiz is an Israeli-American cloud security company founded in 2020 by Assaf Rappaport and three co-founders, all of whom previously built and sold Adallom to Microsoft for \$320 million in 2015 and led Microsoft's cloud security group. Wiz pioneered the CNAPP category, offering agentless security that scans across AWS, Azure, GCP and Oracle Cloud through API connections. Its Security Graph

technology maps relationships between cloud assets, enabling organisations to identify attack paths and prioritise vulnerabilities.

Crucially, Wiz is the last CNAPP asset of this scale available: Palo Alto Networks and CrowdStrike are public (and would cost more); Orca Security is smaller; Lacework struggled (Wiz nearly acquired them for \$150-200 million). For Google, it was Wiz or build from scratch – a 5+ year endeavour with no guarantee of success.

Strategic Rationale

Why Google Is Doing This Deal

The first reason is that the substantial gap in market share between GCP, Azure and AWS, makes this acquisition a competitive necessity. While Google Cloud grew 31% in 2024 (faster than either competitor), customers have been increasingly demanding integrated security and Google has been losing deals specifically because of this security gap between it and its competitors.

Secondly, Wiz is unique in that, unlike traditional security products which are tied to a single cloud, Wiz works well across all major platforms. This multi-cloud positioning, and Google's commitment to keep Wiz cloud-agnostic, means that Google can sell its security services to AWS and Azure customers. Combining this with the fact that companies are increasingly operating in multi-cloud environments, this deal provides Google with a way to expand its market share and build commercial relationships with its competitor's customers with every deployment of Wiz on a competitor's cloud.

The third reason is that the rise of AI has drastically expanded cybersecurity threats and therefore companies are demanding improved security. AI-era security requirements and Wiz's agentless architecture and Security Graph are uniquely

positioned to address these emerging threats. Combined with Google's Gemini AI capabilities, this creates potential for AI-native security that neither AWS nor Microsoft currently offers. This provides Google with a forward-looking strategic advantage as it can now begin to offer differentiated AI-powered security.

The final reason is timing. Building a Wiz competitor internally would take 5+ years and still lack the customer relationships and market credibility. At \$32 billion, Google is paying for time, certainty, and talent, while the strategically unacceptable notion of organic development would have allowed Microsoft and AWS to extend their lead. Furthermore, the deal comes under a new U.S. administration perceived as more favourable to large tech acquisitions. The DOJ has already cleared the deal as of November 2025 – a milestone that may have seemed less certain under the prior regulatory environment.

Why Wiz Sold Now

At the time of Google's \$23 billion offer in July 2024, Wiz decided that its IPO had the potential to exceed this figure and therefore walked away from the deal. However, the IPO market remained uncertain in the following year and Google's 39% price increase to \$32 billion validated this initial decision to walk away.

Furthermore, Wiz's investors had been wary after seeing Adobe's attempted \$20 billion takeover of Figma collapse due to antitrust scrutiny in late 2023. However, the Trump administration's arrival and Lina Khan's departure from the FTC opened a window for deals that would have faced opposition months earlier.

This private sale provides Wiz with liquidity and less execution risk than a public offering – and at a higher valuation than most IPO scenarios. Access to Google's AI capabilities and enterprise distribution accelerates Wiz's innovation, resources and reach in cybersecurity – as Rappaport stated, “becoming part of Google Cloud is effectively strapping a rocket to our backs”.

Wiz: Valuation Analysis

Key Metrics at Valuation

EV: \$32 billion. Estimated ARR (early 2025): ~\$700 million. EV/ARR: ~46x. Projected ARR (end 2025): ~\$1 billion.

Trading Comparables Analysis

Company	EV / Revenue	Growth Rate	Notes
CrowdStrike	~20-23x	20-25%	Market leader, endpoint security
Palo Alto Networks	~12-15x	15-20%	Diversified security platform
Zscaler	~15-18x	25-30%	Cloud security pure-play
Wiz (This Deal)	~46x	~100%	CNAPP leader, fastest-growing

At 46x ARR, Google is paying roughly 2x the highest public comp multiple. Out of context this looks aggressive, but Wiz is growing at 100% YoY compared to public comps at 15-30%. On a growth-adjusted basis, this premium narrows significantly. For example, if we were to divide EV/Revenue by the Growth Rate (a multiple equivalent to PEG) assuming CrowdStrike trades at 20x revenue growing at 25%, Wiz growing at 46x growing 100% implies a lower multiple.

Secondly, there are no other CNAPP assets of this scale and growth trajectory

available, meaning Google's only alternative to this acquisition was to build – which would take years and with uncertain success. For Google, this acquisition's aim is to buy competitive relevance and so they are not asking “is 46x ARR a good return?” but instead, “what is the cost of not doing this deal?”. At 13% market share and losing out on security-conscious market demand, not taking action would have had its own price.

Thirdly, it should be noted that paying \$32 billion with \$95.7 billion in liquid assets and \$73 billion in annual free cash flow, Google is not stretching its balance sheet too thinly – this is an expensive but manageable transaction.

Risks and Considerations

Firstly, Wiz's startup culture and product velocity may prove difficult to maintain given Google's consensus-based and process-heavy approach. Moreover, large previous acquisitions by Google have a mixed track record – Motorola Mobility (\$12.5B) was largely sold off two years after being acquired. Some friction is likely but early departures of senior Wiz leadership would be a bad sign.

A second risk is customer retention. Wiz's value proposition is multi-cloud neutrality, meaning the fact it is now owned by a cloud provider may lead customers to question this neutrality. If customers perceive Google ownership as compromising Wiz's independence, they may seek alternatives. Although Google has committed to continued multi-cloud support, competitor responses from AWS and Azure could pose problems. It is uncertain whether they will continue supporting Wiz integration or make it more difficult.

Thirdly, there is a valuation risk – 46x ARR is pricing continued rapid growth. Even if Wiz's growth slows from 100% to 50% (still excellent, but below current trajectory), the implied valuation looks aggressive. Furthermore, post-acquisition integration

often slows growth temporarily as attention shifts to organisational matters. Overall, this means the acquisition could become a write-down risk.

Our View

This is a strategically sound acquisition for Google. The cloud infrastructure market is maturing, and security is increasingly the deciding factor in enterprise vendor selection. Google's gap in this area has been a genuine competitive disadvantage, and Wiz addresses it directly. At 13% cloud market share and losing security-conscious deals, the cost of not doing this deal exceeded the premium paid.

For Wiz shareholders, the deal represents a strong outcome – particularly given the IPO market's continued challenges. The 39% increase from the initial rejected offer validates Rappaport's negotiating strategy, although it also raises the bar for what Google needs to achieve to justify the price.

The key question is execution: Google must preserve Wiz's product momentum and customer trust while extracting synergies with its broader security and cloud portfolio. If successful, this deal could be a defining moment in Google Cloud's trajectory. If mishandled, it will join a long list of large tech acquisitions that failed to deliver on their promise.

Editor: Jonathan Smith

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