

2022 Cloud Native M&A Review

M&A slowed to 18 announced deals in 2022, compared to 33 announced deals in 2021. With the exception of Datadog, public buyers have pulled back from the deal table with PE and VC backed private companies now leading the charge. Of note, Snyk, a provider of cloud native security and testing solutions has picked up two more companies in 2022, adding to the three companies they acquired in 2021. IPO rumors have been circulating on Snyk but with the recent market pull back, it’s challenging to see them launching an IPO in the first half of 2023. Regardless, we see Snyk and the broader group of late stage private companies continuing with aggressive M&A strategies as they broaden their product platforms and add further differentiation and scale.

2022 M&A Segment Mix

	2022		2021	
	Deals	%	Deals	%
Security/Networking	5	28%	19	58%
Monitoring/Logging	4	22%	8	24%
Management/Orchestration	2	11%	3	9%
DevOps/CI/CD	6	33%	2	6%
Data Management	1	6%	1	3%
Total Deals	18	100%	33	100%

While valuations and related multiples were not disclosed for the 18 transactions, our informal market discussions lead us to conclude valuations premiums are down for 2022 and are likely to remain depressed for the first half of 2023. It’s also becoming clearer of who the market winners will be and those not in the top three are deciding rather quickly to join forces with a leader vs. being left on the sidelines. We are still in the early innings of cloud native adoption but we are now past the point of lofty valuations driven mainly by market promises and the associated “hype” of cloud native. The cloud native marketplace is simply maturing with business models getting solidified and customers now seeing the tangible benefits of cloud adoption.

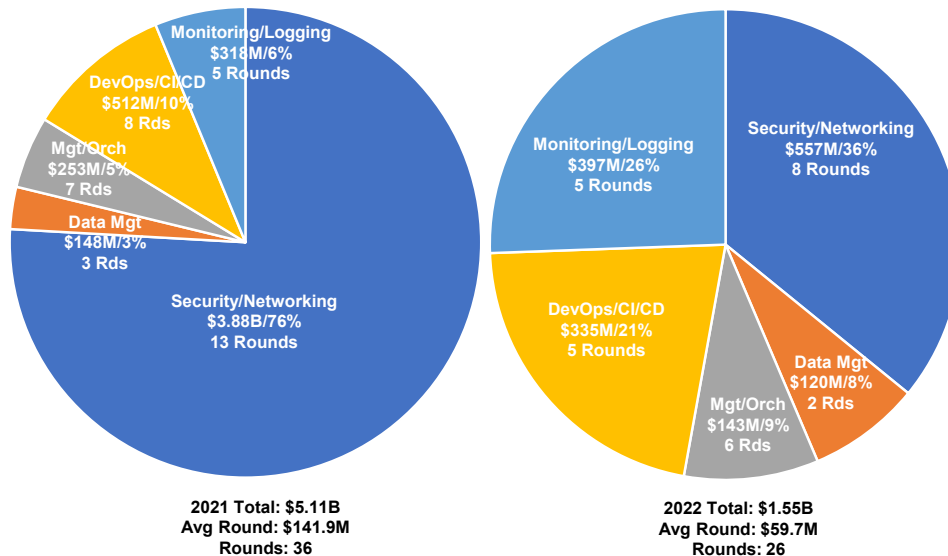
2022 Cloud Native M&A

Date Announced	Buyer	Seller	Seller Description	Container Segment
10/13/2022	Bitrise	Flare.build	Provides a continuous application deployment solution	DevOps/CICD
9/29/2022	CloudBees	ReleaseIQ	Provides DevOps automation software	DevOps/CICD
8/4/2022	Datadog	Seekret	Provides an API observability platform	Monitoring/Logging
7/22/2022	Mirantis	amazee.io	Provides a fully-managed application delivery platform & managed Kubernetes clusters	Management/Orchestration
6/21/2022	Docker	Atomist	Provides a platform for the automation of the code repository creation and the deployment of application workflows	DevOps/CICD
5/0/2022	Docker	NestyBox	Provides the ability to run more types of workloads with enhanced isolation with an open-source container runtime that works below Docker and Kubernetes	Security/Networking
5/5/2022	Datadog	Hdiv Security	Provides software to protect applications against security bugs and business logic flaws	Security/Networking
4/11/2022	Perforce Software	Puppet	Provides infrastructure automation and compliance tools including container DevOps/CI/CD	DevOps/CICD
3/22/2022	Harness	ChaosNative	Provides a scalable and secure enterprise platform for chaos engineering, offered both in the cloud and on-premises	DevOps/CICD
3/9/2022	CircleCI	Ponicode	Provides the ability to create, modify and visualize software	DevOps/CICD
3/7/2022	Snyk	TopCoat Data	Provides reporting and dashboarding software	Monitoring/Logging
2/28/2022	Rakuten Symphony	Robin.io	Provides data-centric compute and storage containerization software	Data Management
2/17/2022	Snyk	Fugue	Provides cloud infrastructure continuous compliance	Security/Networking
1/31/2022	Octopus Deploy	Dist	Provides a cloud-native container registry and artifact repository service	Management/Orchestration
1/31/2022	Cisco	Opsani	Provides optimization and ML for Kubernetes environments	Monitoring/Logging
1/31/2022	Diamanti	GroundWork Open Source	Provides IT monitoring software for physical, virtual, and cloud-based infrastructures	Monitoring/Logging
1/26/2022	Weaveworks	Magalix	Provides cloud-native security and policy as code	Security/Networking
1/1/1922	Orca Security	RapidSec	Provides a SaaS for website security including strong security headers and content-security policy	Security/Networking

2022 Cloud Native Venture Funding

Venture funding totaled \$1.55B across 26 rounds with an average round size of \$59.69M. This is significantly down from the \$5.11B raised in 2021 across 36 rounds. Security/Networking led all segments with \$557M in funding across 8 rounds while Monitoring/Logging was the second highest funded segment at \$397M across 5 rounds. 10 of the 26 rounds were second rounds followed by first rounds with 9 total. The nine first rounds of funding were a bit of a surprise as we have already seen significant funding in each segment over the past 5 years with M&A consolidation in full swing starting back in 2020. On the other hand, we are seeing an expanded need for next gen scalable cloud native platforms that are enterprise grade. Hence, there is certainly room for innovation and disruption in targeted areas.

2022 VC Funding
By Segment



The top five rounds in 2022 totaled \$827M or 53% of total funding. Grafana Labs, which provides cloud native, open-source software for monitoring, visualization, and metric analytics, had the largest round at \$240M. Snyk, which provides cloud-native application security, had the second largest round at \$196.5M in December. Harness, which offers a continuous delivery as a services platform for engineers and DevOps teams to release applications into production, had the 3rd largest round at \$175M. Teleport, which provides an access plane that consolidates connectivity, authentication, authorization and audit of apps and containers into a single platform, received \$110M in its third round to total \$165M. The come-back company, Docker, received a tremendous boost earlier this year with a \$105M 3rd round of funding. This brings the total to \$163M of funding for Docker since the restructuring in 2019. It is worth noting that cloud native object storage specialist Minio, secured an impressive \$103M 2nd round of funding at a \$1B valuation. In the challenging space of cloud native storage, Minio appears to be leading the start-up pack while a host of other players such as Maya Data and Robin.io exited through M&A.

Top Five Rounds (\$M)

Rank	Company	Round Size	Segment
1	Grafana Labs	\$240.0	Monitoring/Logging
2	Snyk	\$196.5	Security/Networking
3	Harness	\$175.0	DevOps/CI/CD
4	Teleport	\$110.0	Security/Networking
5	Docker	\$105.0	DevOps/CI/CCD
Total \$M		\$826.5	
% Total		53%	

2022 Venture Funding Details (\$M)

Date Announced	Company	Description	Segment	Amount Raised	Round	Total Raised
12/12/2022	Trilio	Provides cloud-native data protection for Kubernetes, OpenStack and Virtualization	Data Management	\$17.0	2nd	\$24.0
12/12/2022	Snyk	Provides cloud-native application security	Security/ Networking	\$196.5	7th	\$1,000.0
11/15/2022	Buildkite	Provides an application testing and development platform for any language and any environment	DevOps/CI/CD	\$21.0	2nd	\$41.3
11/3/2022	Apiiro	Provides cloud-native application, cloud & software supply chain security for DevSecOps in Kubernetes	Security/ Networking	\$100.0	2nd	\$135.0
9/14/2022	Groundcover	Provides Kubernetes monitoring at scale	Monitoring/ Logging	\$20.0	1st	\$20.0
9/7/2022	Isovalent	Provides open-source networking, service mesh, security, and observability software for modern cloud-native infrastructure	Security/ Networking	\$40.0	2nd	\$69.0
8/30/2022	Ambassador Labs	Provides a developer control plane for Kubernetes, integrating development, deployment, and production infrastructure	Management/ Orchestration	\$20.0	3rd	\$38.0
6/22/2022	Portainer	Provides GUI management toolset designed to build, manage, and maintain Swarm and Kubernetes environments	Management/ Orchestration	\$6.2	1st	\$6.2
6/14/2022	Platform9	Provides Kubernetes-as-a-Service for multi-cloud, on-premises, or at edge	Management/ Orchestration	\$26.0	5th	\$100.0
6/2/2022	Chainguard	Provides DevOps security and ensures only trusted container images are run on Kubernetes clusters	Security/ Networking	\$50.0	1st	\$50.0
5/16/2022	Akuity	Provider of cloud based tools for managing continuous deployment and deliveries of Kubernetes clusters	Management/ Orchestration	\$20.0	1st	\$20.0
5/12/2022	Komodor	Provides cloud and K8 based Kubernetes native monitoring and troubleshooting platform provider	Monitoring/ Logging	\$42.0	2nd	\$67.0
5/12/2022	StackHawk	Provides application testing during development on containers	Security/ Networking	\$20.7	2nd	\$35.0
5/11/2022	Observe	Provides software observability platform for SaaS firms on AWS & Kubernetes	Monitoring/ Logging	\$70.0	1st	\$70.0
5/3/2022	Teleport	Provides an access plane that consolidates connectivity, authentication, authorization, and audit into a single platform for apps, containers, etc	Security/ Networking	\$110.0	3rd	\$165.0
4/26/2022	Harness	Provides a Continuous Delivery-as-a-Service platform for engineering and DevOps teams to release applications into production	DevOps/CI/CD	\$175.0	4th	\$370.0
4/6/2022	Grafana Labs	Provides cloud-native, open source software for monitoring, visualization and metric analytics	Monitoring/ Logging	\$240.0	4th	\$540.0
3/31/2022	Docker	Provides a collaboration and appdev platform	DevOps/CI/CD	\$105.0	3rd	\$163.0
3/23/2022	Spectro Cloud	Provides container management software	Management/ Orchestration	\$40.0	2nd	\$60.0
3/20/2022	Garden	Provides a platform for Kubernetes and cloud native app dev, testing, and DevOps automation	DevOps/CI/CD	\$16.0	1st	\$16.0
3/2/2022	RapidFort	Provides a release management platform for securing containers & the cloud	Security/ Networking	\$9.4	1st	\$9.4
2/22/2022	Okteto	Provides the ability to develop the application in Kubernetes infrastructure in a cloud-native way	DevOps/CI/CD	\$18.1	1st	\$18.1
2/18/2022	Kubecost	Provides cloud-based Kubernetes cost allocation and management software	Monitoring/ Logging	\$25.0	1st	\$25.0
1/26/2022	Minio	Provides object storage solutions	Data Management	\$103.0	2nd	\$123.0
1/26/2022	Slim.AI	Provides cloud-based container management software	Management/ Orchestration	\$31.0	2nd	\$52.0
1/18/2022	Banyan Security	Provides a cloud-based zero trust access solution with high performance connectivity, granular policy controls and one-click infrastructure access for DevOps in Kubernetes and other environments	Security/ Networking	\$30.0	2nd	\$44.0
2022 Total Cloud Native Venture Funding				\$1.55B		
Average Round Size				\$59.69M		

2022

Cloud Native Report



About SASI:

SASI is a boutique strategic M&A advisory firm focused on IT Infrastructure software and services across networking, security, data management/protection and emerging cloud native architectures. For more information, please contact Managing Director, John Rotchford at john@sasillc.com, [linkedin.com/in/johnrotchford](https://www.linkedin.com/in/johnrotchford).