2023 Cloud Native M&A Review

In 2023 Cloud Native M&A continued to slow with 14 deals, compared to 18 in 2022 and 33 in 2021. Public buyers returned in 2023 accounting for 6 of the 14 deals or 43% with the remaining 8 deals by 7 VC-backed companies and 1 PE firm. Comparatively, in 2022 3 of the 18 deals were by public companies.

M&A Segment Mix

	2023		2022		2021	
	# Deals	%	# Deals	%	# Deals	%
Security/Networking	6	43%	5	28%	19	58%
Monitoring/Logging	2	14%	4	22%	8	24%
Management/Orchestration	1	7%	2	11%	3	9%
DevOps/CI/CD	4	29%	6	33%	2	6%
Data Management	1	7%	1	6%	1	3%
Total	**14**	**100%**	**18**	**100%**	**33**	**100%**

Security continued to have the most deals in 2023 with 6 or 43% of the total. In 2022 Snyk was a leading acquirer and continued on that path in 2023 with 2 Security/Networking acquisitions and was joined by Cisco which acquired 2 Security/Networking companies as well. Harness was another leader with 2 DevOps/CI/CD acquisitions.
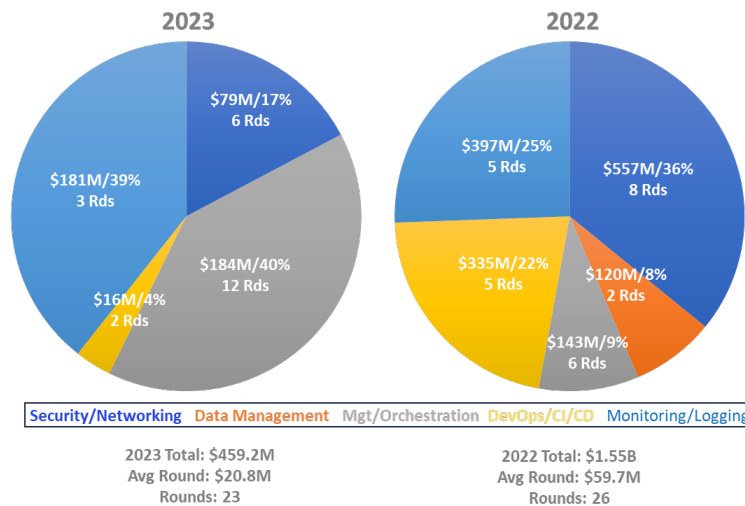
2023 Cloud Native M&A Details ($M)

Count	Date Announced	Buyer	Seller	Seller Description	Price	Seller Revenue	Price/ Revenue	Container Segment
1	12/21/2023	Cisco	Isovalent	Provides open source networking, service mesh, security, and observability software for modern cloud native infrastructure	ND			Security/Networking
2	10/30/2023	Snyk	Reviewpad	Provides an AI-based platform that help developers push their code changes faster and safely through pull requests	ND			Security/Networking
3	9/19/2023	Buildkite	PackageCloud	Provides a secure, automated service to store and distribute software packages	ND			Security/Networking
4	9/8/2023	Tenable	Ermetic	Provides a cloud native application protection platform to prevent breaches by analyzing configurations across identities	$240.0	ND	ND	DevOps/CI/CD
5	6/15/2023	Virtana	OpsCruise	Provides container, Kubernetes, and serverless monitoring	ND			Monitoring/ Logging
6	6/7/2023	Snyk	Enso Security	Provides an application security posture management solution	ND			Security/Networking
7	5/16/2023	IBM	Polar Security	Provides a data security posture management platform to automate cloud data security and compliance	ND			Security/Networking
8	3/29/2023	Cisco	Lightspin	Provides a contextual cloud security platform that protects Kubernetes, and microservices from known and unknown risks	$200.0	ND	BD	Security/Networking
9	3/2/2023	Akamai	Ondat	Provides cloud-based container storage solutions	ND			Data Management
10	3/1/2023	Harness	OverOps	Provides Root Cause analysis of production code in real-time to automatically deliver the complete source code and variables behind any critical error	ND			DevOps/CI/CD
11	2/9/2023	Francisco Partners	Sumo Logic	Provides of cloud-based machine data analytics that enables reliable and secure cloud native applications	ND			Monitoring/ Logging
12	1/26/2023	Mirantis	Shipa	Provides an application management framework to build, deploy, and manage cloud native applications without requiring Kubernetes expertise	ND			DevOps/CI/CD
13	1/23/2023	Harness	Propelo	Provides real-time engineering metrics to help improve team performance and will be part of the Harness Trellis Framework	ND			DevOps/CI/CD
14	1/23/2023	Dell	Cloudify	Provides cloud orchestration and autoscaling based on the deployed workloads	$100.0	$15.0	6.67x	Management/ Orchestration

2023 Cloud Native Venture Funding

Cloud native venture funding totaled $459M across 23 rounds with an average round size of $20.8M. This is down significantly from the $1.6B raised in 2022 across 26 rounds with an average round size of $59.7M. The good news is that 2023 was a year of funding new startups. The number of 1st rounds accounted for 52% or 12 of the 23 and $131M or 28.6% of total funding.

In 2023 Management/Orchestration was the most funded segment at $184M across 12 rounds with an average round size of $17.3M. It includes the 3rd and 4th largest rounds of the year with Cast AI's $25.0M 2nd round and CloudZero's $32.0M 2nd round. Monitoring/Logging was the second most funded segment at $181M across 3 rounds with an average round size of $60.3M. It includes the 2 largest rounds of the year with Chronosphere's $115M 3rd round and Honeycomb's $50.0M 4th round.

2023 VC Funding by Segment

2023

$79M/17%
6 Rds

$181M/39%
3 Rds

$184M/40%
12 Rds

$16M/4%
2 Rds

2022

$397M/25%
5 Rds

$557M/36%
8 Rds

$335M/22%
5 Rds

$120M/8%
2 Rds

$143M/9%
6 Rds

Security/Networking   Data Management   Mgt/Orchestration   DevOps/CI/CD   Monitoring/Logging

**2023 Total: $459.2M
Avg Round: $20.8M
Rounds: 23**

**2022 Total: $1.55B
Avg Round: $59.7M
Rounds: 26**

The Top Five rounds in 2023 totaled $257M or 56% of total funding. Chronosphere, a cloud native observability platform, raised the largest round at $115M, which came on the heels of a record revenue year.

2023 Top Five Rounds ($M)

Rank	Company	Round Size	Segment
1	Chronoshpere	$115.0	Monitoring/Logging
2	Honeycomb	$50.0	Monitoring/Logging
3	Cast AI	$35.0	Management/Orchestration
4	CloudZero	$32.0	Management/Orchestration
5	Snyk	$25.0	Security/Networking
	Total $M	**$257.0**	
	% Total	**56.0%**	

2022 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	**53.3%**	

2023 Venture Funding Details ($M)

Date Announced	Company	Description	Segment	Amount Raised	Round	Total Raised
12/31/2023	ScaleOps	Provides a Kubernetes workload optimization & configuration management platform	Management/ Orchestration	$15.0	2nd	$21.5
11/7/2023	Cast AI	Provides AI-driven cloud optimization platform that slashes cloud cost, optimizes DevOps, and automates disaster prevention	Management/ Orchestration	$35.0	2nd	$73.0
10/3/2023	PerfectScale	Provides software for AI-based Kubernetes configuration management	Management/ Orchestration	$7.1	1st	$7.1
9/14/2023	Spectro Cloud	Provides container management software to manage Kubernetes in production, at scale	Management/ Orchestration	ND	3rd	$67.5
6/29/2023	Causley	Provides causal AI platform for cloud native applications and Kubernetes operational issues and application performance	Management/ Orchestration	$10.8	1st	$10.8
6/12/2023	CloudZero	Provides a SaaS platform that automates the collection, allocation, and analysis of cloud cost data, including Kubernetes	Management/ Orchestration	$32.0	2nd	$47.6
5/17/2023	Union	Provides cloud-based orchestration software for data & ML infrastructure	Management/ Orchestration	$19.1	1st	$29.1
4/24/2023	Sonet.io	Provides cloud native security and visibility into applications, data, and servers for remote workforce	Security/Networking	$6.0	1st	$6.0
4/12/2023	Cerbos	Provides an open-source authorization layer for implementing roles and permissions across various deployment models like Kubernetes, AWS Lambda, and Amazon EKS & EC2	Security/Networking	$7.3	1st	$7.3
4/6/2023	Honeycomb	Provides full-stack observability for engineering teams to understand, debug, and improve production systems	Monitoring/Logging	$50.0	4th	$148.9
3/29/2023	env0	Provides a platform that automates and manages Infrastructure-as-Code at scale, including Kubernetes	Management/ Orchestration	$18.1	1st	$35.1
3/20/2023	Accuknox	Provides protection for public & private clouds, Kubernetes, VMs, Bare metals, IoT Edge, and 5G security	Security/Networking	$6.0	1st	$6.0
3/9/2023	Cado Security	Provides forensic-level detail into cloud, container and serverless environments	Security/Networking	$20.0	2nd	$30.0
3/7/2023	SpeedScale	Provides software to helps Kubernetes engineering teams validate how new code will perform under production-like workload conditions	DevOps/CI/CD	$9.0	1st	$9.0
3/1/2023	Cast AI	Provides AI-driven cloud optimization platform that slashes cloud cost, optimizes DevOps, and automates disaster prevention	Management/ Orchestration	$20.0	2nd	$38.0
2/23/2023	Earthly Technologies	Provides a platform for offering container continuous integration	DevOps/CI/CD	$6.5	1st	$6.5
2/22/2023	Entitle	Provides software to automate how permissions are requested, granted, and managed, including AWS and Kubernetes offerings.	Security/Networking	$15.0	1st	$15.0
1/31/2023	Nobl9	Provides a software reliability platform for Kubernetes, open source and cloud native environments	Monitoring/Logging	$15.8	3rd	$44.3
1/24/2023	Snyk	Provides cloud native application security that enables developers to build software securely including a Container-specific offering	Security/Networking	$25.0	8th	$1,200.0
1/1/2023	Amberflo	Provides real-time cloud metering and usage-based pricing platform	Management/ Orchestration	$15.0	1st	$15.0
1/11/2023	Morpheus Data	Provides a centralized platform for creating private clouds and consolidating Kubernetes deployments	Management/ Orchestration	$5.0	1st	$5.0
1/6/2023	Chronosphere	Provider of a cloud native data observability platform for enterprises	Monitoring/Logging	$115.0	3rd	$369.0
1/1/2023	ScaleOps	Provides a Kubernetes workload optimization & configuration management platform	Management/ Orchestration	$6.5	1st	$6.5
		2023 Total Cloud Native Venture Funding		**$459.2M**		
		Average Round Size		**$20.8M**		

About SASI: SASI is a boutique strategic M&A advisory firm focused on IT infrastructure software and services across data management and protection, emerging cloud native architectures, security, and networking. Please contact Managing Director, John Rotchford at john@sasillc.com, linkedin.com/in/johnrotchford