Computer software

Headline:	Cyber Research turns down buyers to build more value ahead of potential exit - CEO **Proprietary Intelligence**
Main body :	**Cyber Research**, a private Brisbane, Australia-based cybersecurity company, has turned down buyers to pursue its own growth strategy, including overseas expansion, and build value ahead of a potential exit in three to five years, said Chief Executive Officer and co-founder Tony Barnes. Down the line, a sale, including to a private equity firm, is a likely exit option. However, it could also opt for a listing to raise capital if it decides to pursue a buy-and-build strategy, said Barnes, who equally owns the company with New Zealand-based founding partner Steve Byrne. The three-year-old company has turned down offers from an overseas private equity firm looking to take a majority stake as well as from a large corporate, Barnes said, without elaborating. The company is proving attractive to buyers because the cyber security space is "red hot" and there are not many companies globally with a lot of expertise in this area, he explained. The company has Queensland-based corporate advisory firm **Funding Strategies** as its general advisor and is not currently looking for others, Barnes noted. It is, however, seeking board members that have expertise in growing software companies with a view to trade sale, he added. Cyber Research has a security operations centre (SOC) in New Zealand, and is starting the construction of two more centres in Australia and one in the UK this year, Barnes said. After those have completed, the company could build additional centres on the back of customer demand, most likely in the US, on the West Coast, and in the Asia-Pacific region, in Hong Kong or Singapore, he said. It would need to hire advisors on the ground in the US and Asia-Pacific region to set up local subsidiaries, but is not yet ready to be approached by advisors at this stage because new locations are yet to be finalized, the CEO added. With its underlying technology incorporating artificial intelligence, Cyber Research has core IP in the five main areas of cyber security, namely assessing, testing, protecting and responding to risk, as well as training, Barnes said.

The company's closest competitors, according to Barnes, are larger groups like Alexandria, Virginia-based **Mandiant,** which was bought by **FireEye** [NASDAQ:FEYE] in 2014 for some USD 1bn; and UK-based **Softcat,** which had 2017 sales of GBP 832m, as reported.

Currently valued at around AUD 5m (USD 4m), Cyber Research has had 100% revenue growth year-on-year since its inception and has been profitable since day one, Barnes said.

It has governments, blue-chip and enterprise customers in Australia, New Zealand, the US, UK, Malaysia and Singapore, particularly in mission critical industries like health, aviation and hospitality. On conservative sales estimates just in Australia and New Zealand, Cyber Research estimates 2020 revenue of around AUD 10.2m, the CEO said.

by Louise Weihart in Sydney

	Target: Cyber Research *Financial advisor*: Funding Strategies
Source :	Proprietary Intelligence
Size :	
Value :	4m USD (Current company valuation)
Stake Value :	N/A
Grade :	Confirmed
Alert :	Australian M&A Intelligence
Intelligence ID :	2617670