



The State of the Cyber Nation 2024

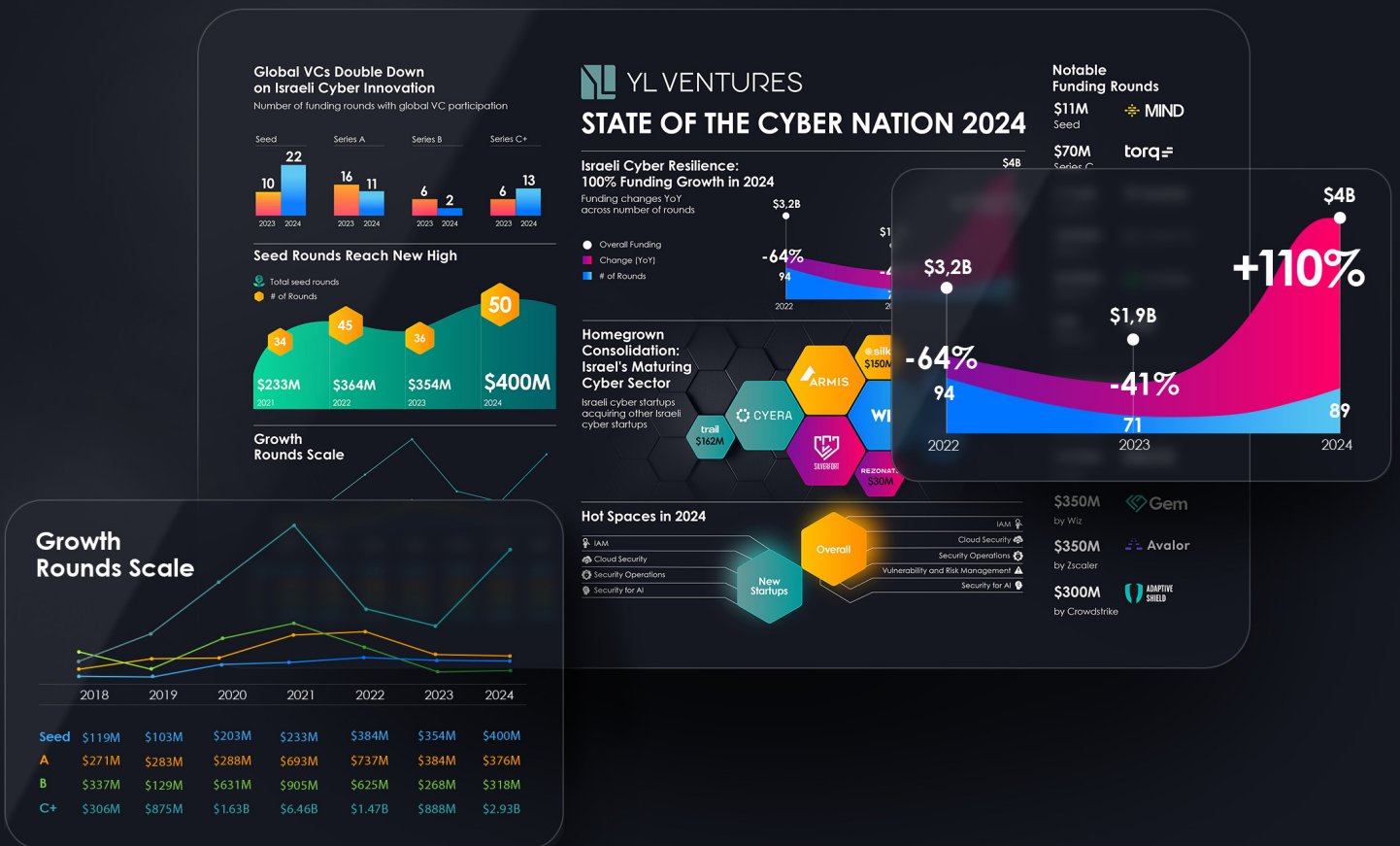
A comprehensive, data-driven analysis
of the Israeli cybersecurity ecosystem's
funding and M&A activity in 2024



The State of the Cyber Nation 2024

2024 was one of the most challenging years for the State of Israel. Since the catastrophic events of October 7th, 2023 and for over a year since then, Israeli society has contended with geopolitical, defense, economic and internal distress that has created an unstable and unpredictable reality.

It is against this backdrop that the high-tech industry - Israel's leading and most productive sector - continued providing innovative products, services and customer support to the global market while navigating widespread recruitment of employees to military reserve duty, an economy jolted by wartime disruptions and an overall national state of alert. The Israeli cybersecurity industry, the country's most prominent high-tech pillar, was also invariably affected by the war in the region. However, its unparalleled resilience, focus and determination to succeed despite these headwinds ultimately resulted in one of the most successful years in Israeli cybersecurity history.



Israeli Cyber Resilience: 100% Funding Growth in 2024

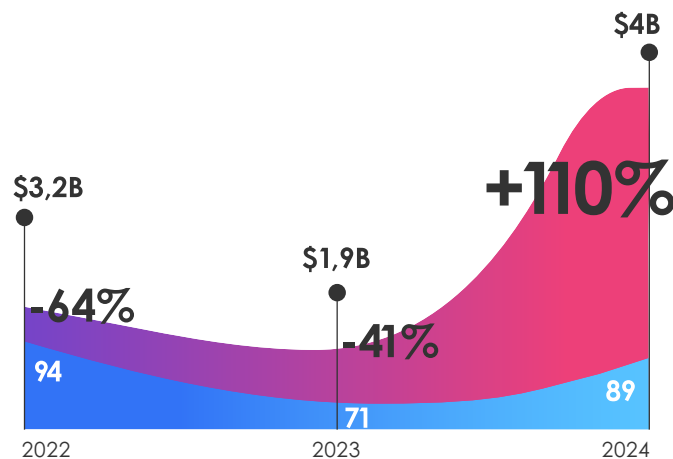
In 2023, we witnessed the consequences of the market cooling and the bursting of the 2021 bubble, as many companies that raised funding rounds in 2021 struggled to raise follow-on financing. Some of these startups raised capital at less favorable terms, while others sought acquisitions.

In 2024, the Israeli cybersecurity industry demonstrated exceptional growth, remarkable resilience and impressive results, with \$4B raised in 2024 across 89 funding rounds, more than double the amount raised in 2023 - \$1.89B across 71 funding rounds.

The vast majority of capital pouring into Israeli cybersecurity is primarily funded by overseas investors, emphasizing their continued confidence in the sector, its talent and solutions.

Funding changes YoY across number of rounds

- Overall Funding
- Change (YoY)
- # of Rounds



This meteoric growth in the number and size of funding rounds for Israeli cybersecurity startups reflects a perfect storm of a constantly maturing market and strategic shifts in how cybersecurity founders approach their entrepreneurial journeys. The increase in the number and size of rounds indicates sustained demand for Israeli cybersecurity talent and innovation, even amidst challenges like the ongoing conflict. The country's world-renowned cybersecurity talent pool, with decades of expertise cultivated through military intelligence units such as Unit 8200, is rightfully still considered the "Ivy League" of global cybersecurity. As the Israeli industry matures, its reputation is no longer based solely on its entrepreneurs' military intelligence background, but on the number of Israeli entrepreneurs who successfully built global, category-leading cybersecurity companies.

Israeli cybersecurity startups have historically demonstrated their ability to stay well ahead of the pack, rapidly dominating emerging categories and sustaining their well-earned reputation, which, our data shows, remains intact. In light of the persistent and constantly evolving threats, cybersecurity innovation that addresses the most acute pain points remains critical. This is the driving factor behind the extraordinary uptick in the number of seed rounds in 2024 and the total sum raised at this stage.

There were 50 seed rounds in 2024, an increase of 14 compared to 2023. Seed funding was also exceptionally high in 2024, reaching \$400M.





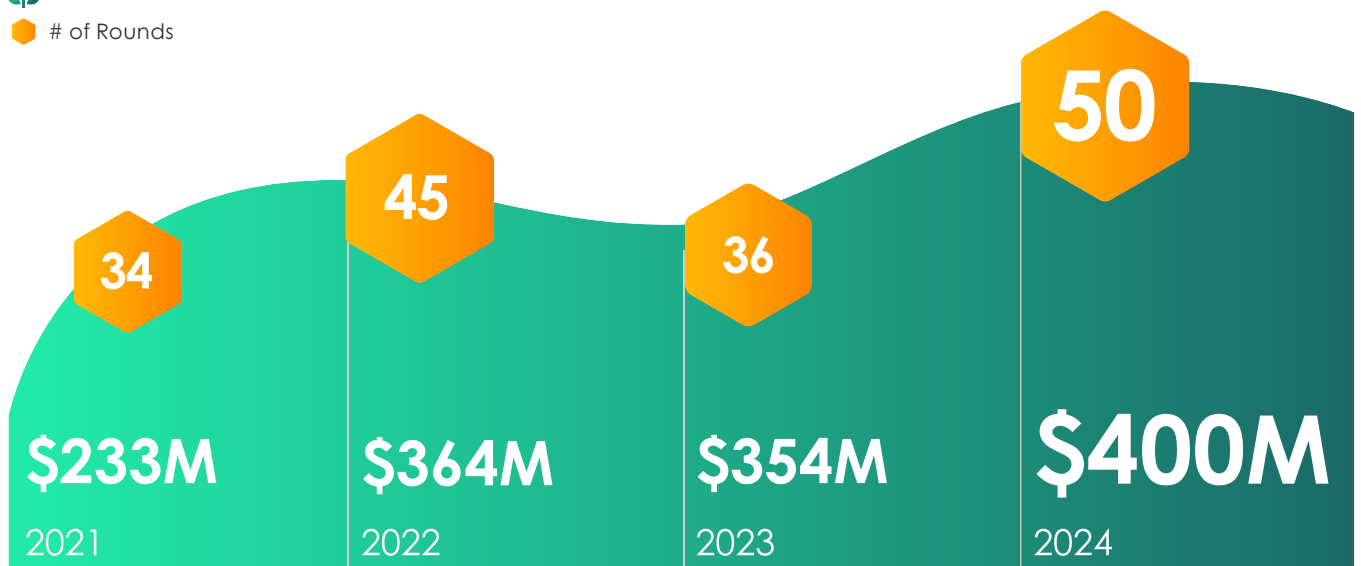
These funding numbers tell a powerful story about Israeli cyber resilience. What we're seeing isn't just a rebound – it's a validation of how our ecosystem has evolved. Israeli founders have always been technical powerhouses, but now they're combining that with business acumen. Even in a complex geopolitical environment, the market recognizes that Israeli cyber innovation isn't just continuing – it's accelerating.



Or Salom
Analyst at YL Ventures

Seed Rounds Reach New High

 Total seed rounds
 # of Rounds



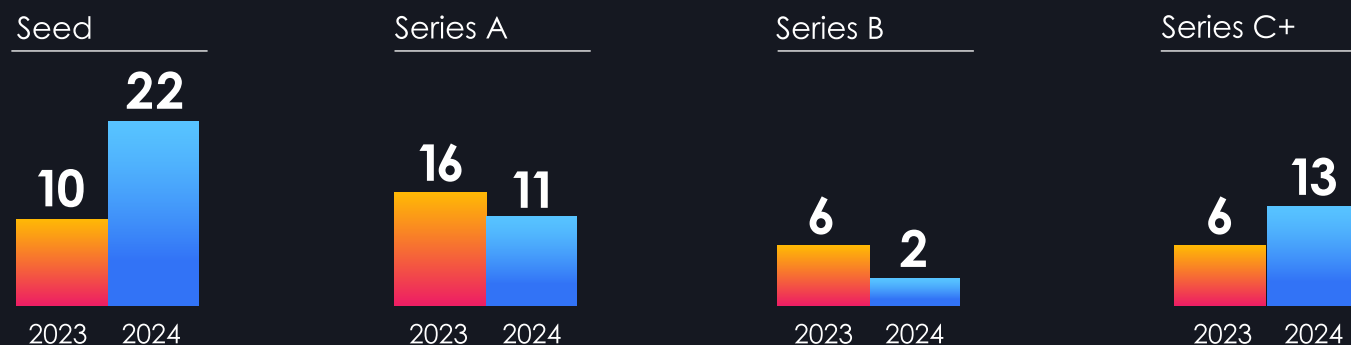
Top-tier Global VCs Double Down on Israeli Cyber

The Israeli reputation for producing the highest tier of cybersecurity innovators did not falter in 2024 - rather, the opposite. The highest caliber of global venture capital firms doubled down on their interest and active involvement in the Israeli cybersecurity ecosystem in 2024. These firms, including tier-1 global giants Sequoia, Greylock, Battery Ventures, General Catalyst, Accel, Lightspeed and others, manage billions of USD in capital and therefore only invest in companies that

they believe have the potential to scale in similar size and valuation. In 2024, we saw an accelerated entry of these firms and others into Israeli cybersecurity, underscoring their confidence in the Israeli industry. Some appointed Partners dedicated specifically to scouting Israeli cybersecurity innovation, others opened or re-opened local offices, and others invested in Israeli startups from seed to growth stages.

Global VCs Double Down on Israeli Cyber Innovation

Number of funding rounds with global VC participation



The number of seed investments made by these VCs increased from only **10 seed rounds in 2023 to 22 in 2024** - despite the war in Israel. Investing at the seed stage means a seat at the table of potential future cyber giants. As the Israeli industry matures and produces a growing number of category dominators such as Wiz, Axonius and Cato Networks, these investors are keen to get in early. That being said, a similar trend can also be observed in later funding stages. The number of growth rounds (Series C+) funded by top-tier, global VCs **increased sizably from only 6 rounds in 2023 to 13 in 2024**. This surge reflects a strategic response to a market gap, as Israeli firms traditionally have a limited presence in growth-stage cybersecurity investments, and those who do invest in growth rounds find it hard to compete with global giants. Global VCs are capitalizing on this and recognizing the potential to secure positions in cybersecurity category leaders.

Split-seed investing is an emerging investment strategy that these global VCs, local Israeli cyber-focused VCs and founders find increasingly beneficial. According to this model, global top-tier VC firms mitigate the risk inherent in large seed investments by co-investing with local VCs specializing in cybersecurity, bringing with them deep knowledge in these areas, an extensive CISO network, hands-on value add support during their most critical stages and experience in Israeli seed investing. Cybersecurity founders appreciate the combination of a top Israeli cybersecurity-focused VC specializing in early-stage funding and a top-tier global VC supported by a strong and well-known brand and significant capital. This collaborative investment model is a tremendous force multiplier for early stage startups wanting to bolster their growth trajectory and set themselves apart from the competition.

There were 12 split-seed rounds shared by Israeli and global top-tier investors in 2024, compared to only 8 in 2023.



Historically, the Israeli cybersecurity ecosystem, with its technical talent and market appeal, has consistently produced category-defining companies - and 2024 seems to be no exception.

Heightened global attention to the success and growth trajectories of these startups will invariably help bridge the gap between Israeli innovation and the global market, complementing the support and guidance they receive from local investors.



Barak Schoster
Partner at Battery Ventures

A Maturing Industry

As the industry continues to expand and mature, Israeli cybersecurity founders are undeterred by the growing saturation in many of the sector's rapidly growing spaces; they find new, emerging spaces to conquer or disrupt existing ones. A lucrative exit is no longer their goal, after seeing the recent successes and global market domination of their peers in the industry. A growing number of these entrepreneurs structure their companies with solid foundations for longevity and seek the guidance of those who came before, seeing an IPO on the horizon, rather than an acquisition. They are witnessing Israeli cybersecurity startups growing in size and scale, challenging incumbent vendors and leading in their field.

Impacting the shift from quick exits to longevity are seasoned cybersecurity entrepreneurs with one or more

startups and exits under their belt. These experienced founders are actively and significantly involved in helping and supporting young entrepreneurs as advisors, angel investors and board members and may also participate in team building and ideation for these new startups. Their impact creates a self-reinforcing cycle of expertise and capital that is transforming the industry's funding landscape. With the maturation of the industry and the focus on sustainable and long-term growth, seed rounds are returning to a healthy size following years of consistent growth.

For the first time in 6 years, the average seed round has stabilized, down from \$9.8M in 2023 to \$8.5M in 2024.



The Israeli cybersecurity startup landscape has evolved beyond the 'move fast and break things' era.

While experience now commands larger seed rounds, this reflects our industry's maturation rather than a closed door for new innovators. The market has shown there's room for both veterans and fresh perspectives. These seasoned founders have developed a culture of 'giving back to their community' by mentoring young entrepreneurs and sharing their experience, guidance and capital, thereby fostering the growth of the next generation of cybersecurity innovators.



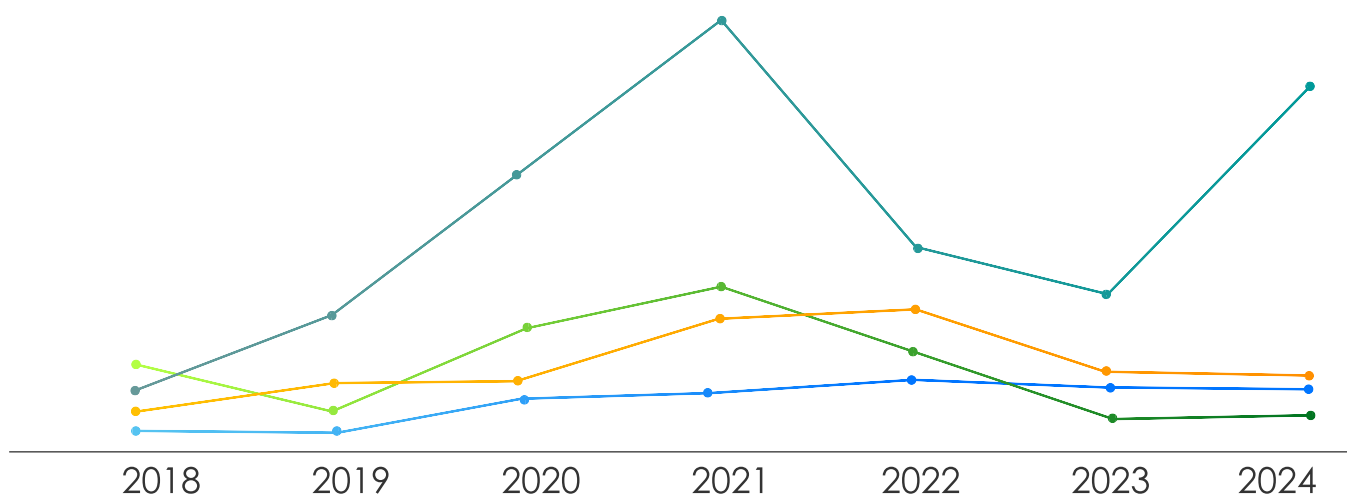
Vladi Sandler

Director of Partnerships and Integrations, Cisco and former Co-founder and CEO, Lightspin (acquired by Cisco)

Within the seed stage category, we saw in 2024 a stark contrast between first-timers and seasoned entrepreneurs. Young founders raised smaller rounds - \$6-8M on average. A few first-time, and a handful of experienced founders raised seed rounds in the \$10-16M range, reflecting increased confidence in their team and strategy, while a small number of experienced teams landed seed rounds in excess of \$20M in 2024. This funding, coupled with the considerable (and proven) execution abilities of these serial founders will help them succeed in raising substantial amounts in later stages as

they scale. In 2024 there were 15 new startups built by serial entrepreneurs who have already built and sold a startup - an increase from 10 such teams who raised seed rounds in 2023. Investors clearly have more confidence in placing big bets on experienced founding teams, but the door isn't closed for first-time founders. New categories in cybersecurity quickly become competitive, so startups will still require the essential capital to build a competitive company, focusing on securing top talent and demonstrating market traction early on.

Growth Rounds Scale



| | | | | | | | |
|------|--------|--------|---------|---------|---------|--------|---------|
| Seed | \$119M | \$103M | \$203M | \$233M | \$384M | \$354M | \$400M |
| A | \$271M | \$283M | \$288M | \$693M | \$737M | \$384M | \$376M |
| B | \$337M | \$129M | \$631M | \$905M | \$625M | \$268M | \$318M |
| C+ | \$306M | \$875M | \$1.63B | \$6.46B | \$1.47B | \$888M | \$2.93B |

While the number of seed rounds has increased steadily, follow-on rounds (Series A-B) have been considerably more challenging to raise in the past several years, becoming a drop-off point for cybersecurity startups that lacked the foundations or the traction to grow sustainably.

We saw a further decline in the number of Series A rounds raised in 2024 - down from 20 rounds in 2023 to 16 in 2024, and Series B rounds - down from 8 in 2023 to 7 in 2024.

One of the main drivers of this decline is the highly competitive nature of the Israeli cybersecurity ecosystem. Following their seed rounds, startup founders must rapidly gain traction to differentiate themselves from their competitors as cybersecurity categories become increasingly saturated. This demands strong execution from the very beginning, with a "go big or go home" mentality.

Notable Funding Rounds

\$11M  **MIND**
Seed

\$70M  **torq**
Series C

\$116M  **SILVERFORT**
Series D

\$200M  **AXONIUS**
Series E

\$300M  **CYERA**
Series D

\$1B  **WIZ**
Series E

Mirroring the seed stage category, growth rounds - Series C and above - also increased in number and size in 2024 and were the driving factor behind the year's explosive funding growth.

There were 16 such rounds in 2024, more than doubling 2023's 7 rounds - the most since 2021.

These startups successfully stood out in their categories, securing early Series A/B rounds and positioning themselves as category leaders. With their growth trajectory came investors who competed for a spot in these growth rounds.

The total sum of Series C+ rounds was \$2.9B in 2024, up 300% from 2023's \$888M, but with an important caveat - Wiz raised a \$1B Series E round, skewing the data as an outlier.

Hot Spaces in 2024

Unsurprisingly, AI and its myriad benefits for business enablement and efficiency continue to dominate the market, and the security sector is finding new ways to leverage this technology beyond securing it. The **Security for GenAI** market has developed rapidly in the past 18 months, becoming increasingly saturated and competitive, with multiple startups vying for market share. We expect a healthy decrease in the number of new startups in this space, as the current race is for category domination.

Beyond securing the use of GenAI, founders are also looking at AI as a vehicle to transform traditional security domains. Practically all security vendors in the market today are now promising to deliver more comprehensive and effective security solutions with AI-enhanced tools. These aim to replace existing inefficiencies and processes that are time and resource-intensive, and can now be performed by AI agents. We've seen this approach affect an evolution in existing spaces such as **Security Operations**, in which we've noticed growth in 2024 (from 6 funding rounds in 2023 to 10 in 2024) and will see further expansion in 2025.



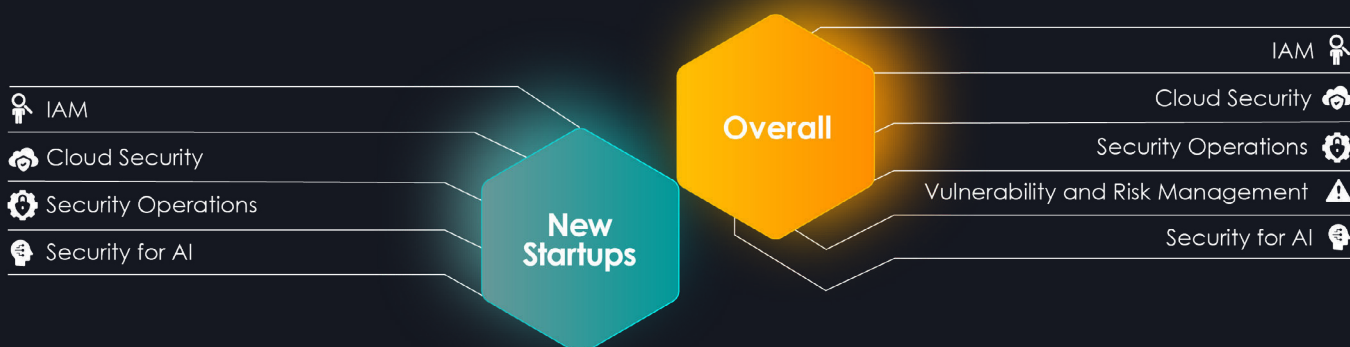
In 2023, AI security startups flooded the market, but in 2024 we witnessed a pivotal shift: the market realized that AI isn't just something that we need to secure, but rather the force transforming how we approach security itself.

Future category leaders will be those who can seamlessly integrate AI to solve long standing security challenges, and show longevity potential in emerging spaces.



Benny Porat
Co-founder and CEO,
Twine Security

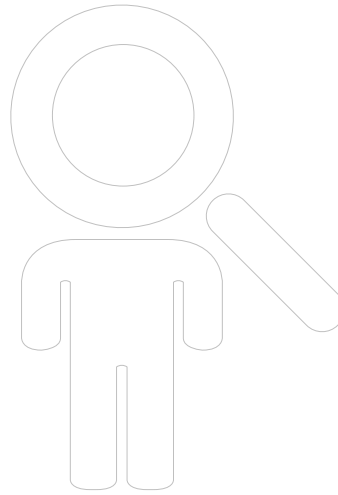
Hot Spaces in 2024



Throughout 2024, Israel's cybersecurity ecosystem demonstrated remarkable growth in the Cloud Security sector, leading with 15 funding rounds in this category - more than double the previous year's total of 6.

This surge reflects a broader evolution in the Cloud Security landscape. As established players like Orca and Wiz have helped define and mature the Cloud Native Application Protection Platform (CNAPP) market, entrepreneurial attention has shifted toward identifying and addressing specialized needs within the broader Cloud Security framework.

Malicious actors are increasingly focused on executing attacks against cloud infrastructures as cloud environments become more sophisticated and complex, and a growing amount of sensitive data migrates to the cloud. These evolving threats require the security ecosystem to move beyond posture management to advanced, proactive security, as cloud security budgets increase accordingly. These emerging requirements will likely fuel another wave of innovation and investment activity in 2025, further cementing Cloud Security's position as a critical focus area in the cybersecurity industry.



Identity and Access Management (IAM)

remains a critical concern for security practitioners, as identity continues to be the leading attack vector for malicious actors. An existing but unresolved gap in this sector is the growth of machine, or Non-human Identities (NHIs), which are projected to scale in number exponentially in the next few years. As application ecosystems now span enterprise, cloud, and SaaS services, the need for security solutions to resolve this threat creates a fertile ground for technological innovation and market expansion.

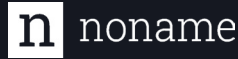
This sector led the pack in 2024, with 16 funding rounds compared to 9 in 2023 - 8 of them seed rounds for new startups in the sector.



Homegrown Consolidation

Notable Exits

\$450M
by Akamai



\$350M
by Zscaler



\$450M
by Wiz



\$300M
by CrowdStrike



\$350M
by Wiz



In the cybersecurity M&A space, 2024 was nearly identical to 2023 in terms of the numbers and sizes of exits. We did observe an interesting trend in 2024, which coincides with our assessment of the industry's shift to a more mature, consolidated state. In 2024, we noted that **5 Israeli cybersecurity startups** - some of them founded less than 5 years ago - acquired other young Israeli cybersecurity startups. This homegrown consolidation by successful companies such as Wiz, Cyera and Silverfort positions them as category leaders and helps them grow at a faster pace while leveraging quality technical talent, cutting-edge innovation and a complementary offering to their own platforms. These three companies also raised significant funding in 2024, indicating their intention to expedite the introduction of their broader platform. These acquisitions will help them expand their capabilities, build broader platforms and shorten the time it will take them to lead in their category or reinforce their leadership. These acquirers are betting big and are entering strategic and competitive deals to corner the market and drive their growth.



Beyond consolidation, these acquisitions are creating cybersecurity companies with real staying power and bolstering Israeli innovation.

Israel has a unique blend of talent, ingenuity and strong entrepreneurial spirit. This consolidation is a natural progression, allowing us to harness the collective power of our brightest minds. We're building a future in which Israeli cybersecurity solutions are leading the global market.



Hed Kovez
Co-founder and CEO,
Silverfort

Homegrown Consolidation: Israel's Maturing Cyber Sector

Israeli cyber startups acquiring other Israeli cyber startups



“The changes we’re observing in 2024—global VCs investing earlier in companies, an opening up of the seed and growth round markets and more acquisitions, especially by Israeli companies—signal a rising tide for 2025. While the floodgates aren’t going to crash open, expect to see more activity across the board: A & B rounds should become more accessible, C and later rounds larger and an increase in seed rounds. Split-seed investments should also increase, as global VCs want to get an early piece of the pie and founders seek to gain value from multiple investors and their varying forms of value add support. This may lead to an overall increase in larger seed rounds. As competition grows fiercer, having more capital means faster go-to-market traction, more aggressive expansion and a clear route to category domination.



Andy Ellis
Partner at YL Ventures and veteran CISO

Despite continued geopolitical instability, a still recovering global economy and growing saturation across many of cybersecurity’s existing spaces, the Israeli industry shows no signs of slowing down. We foresee that the country’s

reputation will fully expand from a hotbed of exceptional security solutions and talent to international recognition of Israeli cybersecurity companies as global market leaders.



The State of the Cyber Nation 2024