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Security Software Publishing in the US

Unified security: paid add-on subscriptions — VPNs, password managers, enterprise security management and encrypted cloud storage — are driving revenue beyond the single-sale antivirus model.

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EXECUTIVE SUMMARY

Strong growth persists as cybersecurity becomes non-negotiable, even as the market matures

- Revenue reached $82.6 billion in 2026, surging at an 11.6% CAGR since 2021 — including a 20.0% jump in 2026 — as organizations treat cybersecurity as a board-level priority.
- Remote work, digital platforms and regulations like the CCPA make data protection non-negotiable, pushing more corporate and government spending toward anti-malware, VPNs and unified security suites.
- The shift from single-sale antivirus to recurring subscriptions (SaaS) — password managers and add-on suites often preinstalled on devices — is generating steadier, higher-value income and moderating volatility.
- Looking ahead, revenue is forecast to grow at a 6.1% CAGR through 2031, reaching $110.8 billion, as AI-enabled threats, zero-trust adoption and active M&A reshape the market.

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INDUSTRY OVERVIEW

At a Glance

$82.6bn 2026 REVENUE	**6.1%** '26-'31 REVENUE CAGR	**154,000** EMPLOYEES
2,140 BUSINESSES	**24.9%** PROFIT MARGIN	**$33.3bn** TOTAL WAGES

Definition

Security software publishers develop and distribute cybersecurity software and add-on packages — antivirus, encryption, firewall and other security-focused software — plus related consulting and technical support.

Product Mix (2026 Revenue)

Threat protection	26.9%
Endpoint security	23.1%
Email security	15.4%
Other	34.6%

KEY TRENDS

What's Driving Current Performance

A Board-Level Priority

Cybersecurity funding keeps rising even under budget pressure: a 2025 Ponemon survey found 71.0% of organizations plan to invest more, at an average budget of $24.0 million.

Shift to Subscriptions (SaaS)

VPNs, password managers and add-on suites — often preinstalled on devices, phones and cars — turn one-time antivirus sales into recurring revenue and reduce volatility.

AI & Machine Learning

93.0% of IT and security professionals use or plan to use AI in their platforms; tools like Darktrace and CrowdStrike detect suspicious patterns and automate real-time defense.

Integration & Consolidation

Poor interoperability between vendors is driving platform convergence and M&A, as providers bundle endpoint, email and threat protection into unified security suites.

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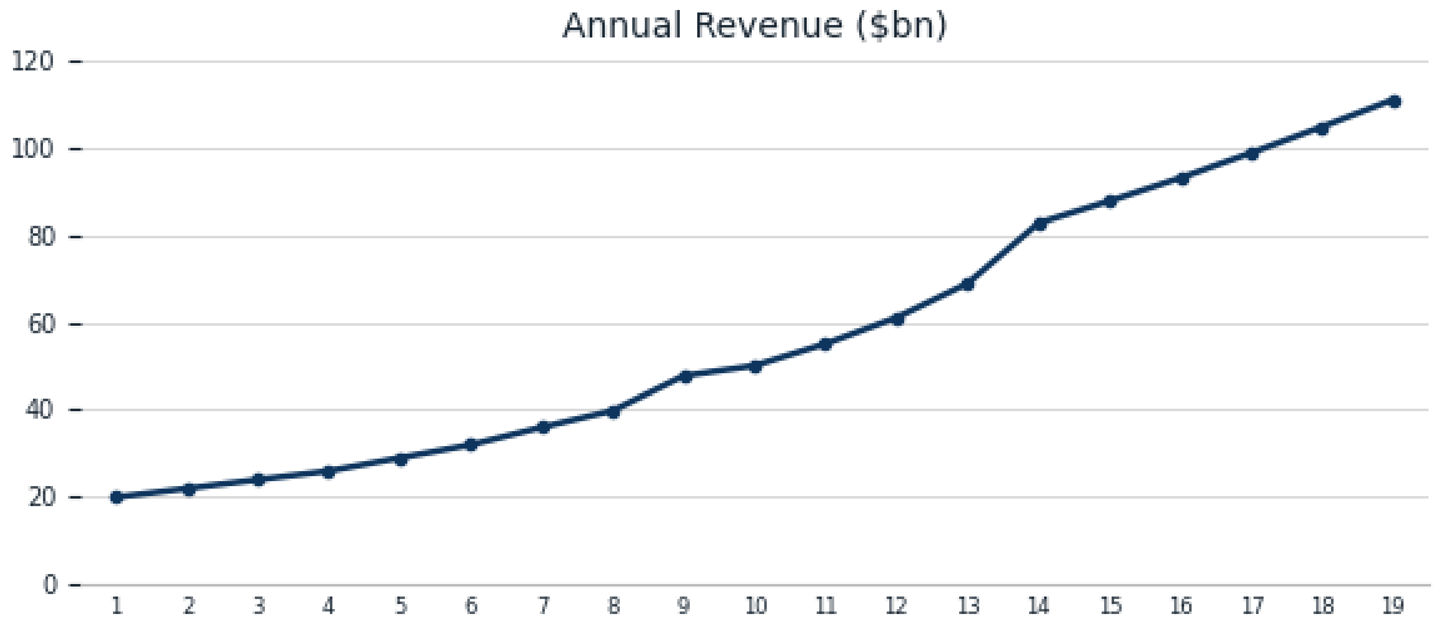
PERFORMANCE

Revenue & Business Trends (2013-2031)



Performance Highlights

- Revenue grew at an 11.6% CAGR from 2021-2026, reaching $82.6bn, including a 20.0% jump in 2026.
- Cybersecurity is now a board-level priority; remote work and regulations like the CCPA make data protection non-negotiable.
- Revenue volatility is rated High; the industry sits in the Roller Coaster volatility/growth quadrant.
- Life cycle stage: Growth — the industry's contribution to GDP has outpaced the broader economy.

SWOT ANALYSIS

Industry Structure at a Glance

Strengths

- Medium & increasing barriers to entry
- High & increasing level of assistance
- Growth life-cycle stage
- High profit vs. sector average
- Low product/service concentration

Weaknesses

- High competition
- High customer class concentration
- Low revenue per employee
- High capital requirements

Opportunities

- Very high revenue growth (2005-2026)
- High revenue growth (2021-2026)
- High revenue growth (2026-2031)
- Rising private investment in software

Threats

- Low outlier growth
- Low performance drivers
- Slowing growth in mobile connections

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VALUATION & M&A

Dealmaking Is Accelerating in Cybersecurity

Landmark Transaction

$61.0bn

Broadcom completed its acquisition of VMware (November 2023), merging its hardware expertise with VMware’s cloud and virtualization technologies and more than doubling its industry market share from 2023 to 2025.

Why Buyers Are Circling

- Soaring, recession-resistant demand for cybersecurity and higher company valuations are encouraging strategic and private-equity dealmaking.
- With fewer avenues for organic growth as the market matures, providers use M&A to broaden offerings — as in the NortonLifeLock–Avast merger that formed Gen Digital.
- Bundling and platform convergence reward acquirers who can integrate endpoint, email and threat protection into unified suites.

Financial Snapshot

EBITDA/Revenue (10-yr avg)	29.4%
EBIT/Revenue (10-yr avg)	21.7%
Debt/Net Worth	5.6
Interest Coverage	2.6

What Strategic & PE Buyers Look For

1

Recurring Subscription Revenue

Multi-year SaaS contracts lock in predictable ARR, lower churn and smooth lumpy deal timing, making earnings easier to underwrite.

2

Strong Reputation & Brand Trust

In a trust-driven market, a reputation for reliable protection attracts enterprise clients and raises barriers for new entrants.

3

Skilled Technical Workforce

Rare talent in engineering, cryptography, malware analysis and incident response differentiates providers and is expensive to replace.

4

Ongoing R&D & AI Capability

Continuous investment in threat research and AI/XDR keeps products ahead of evolving threats and sustains renewals.

5

Proprietary IP & Differentiation

Protected algorithms and threat intelligence support licensing models, higher margins and defensibility in a concentrated market.

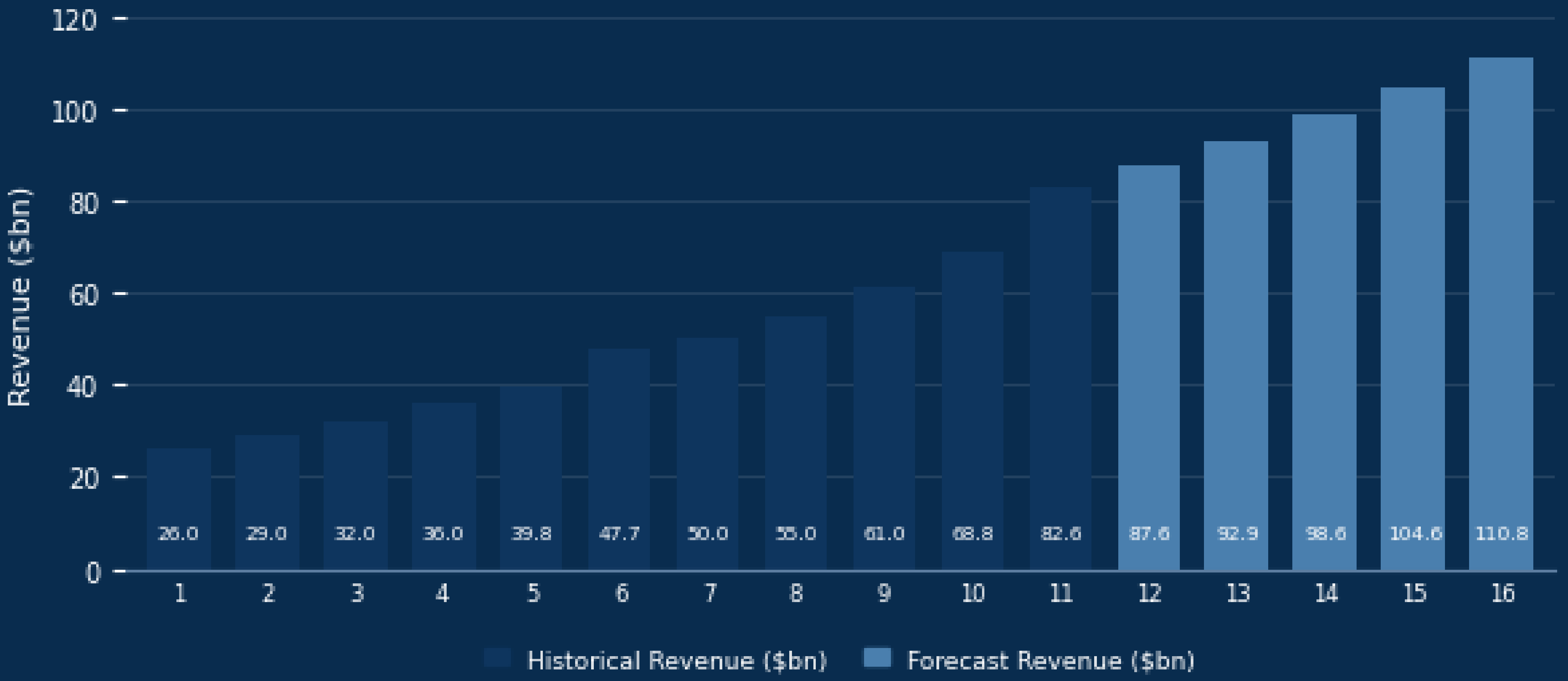
6

Integrated, Unified Platform

Buyers reward providers who consolidate point solutions into a cohesive endpoint, email and threat-protection platform.

FINANCIAL DATA

Industry Revenue, 2016-2031



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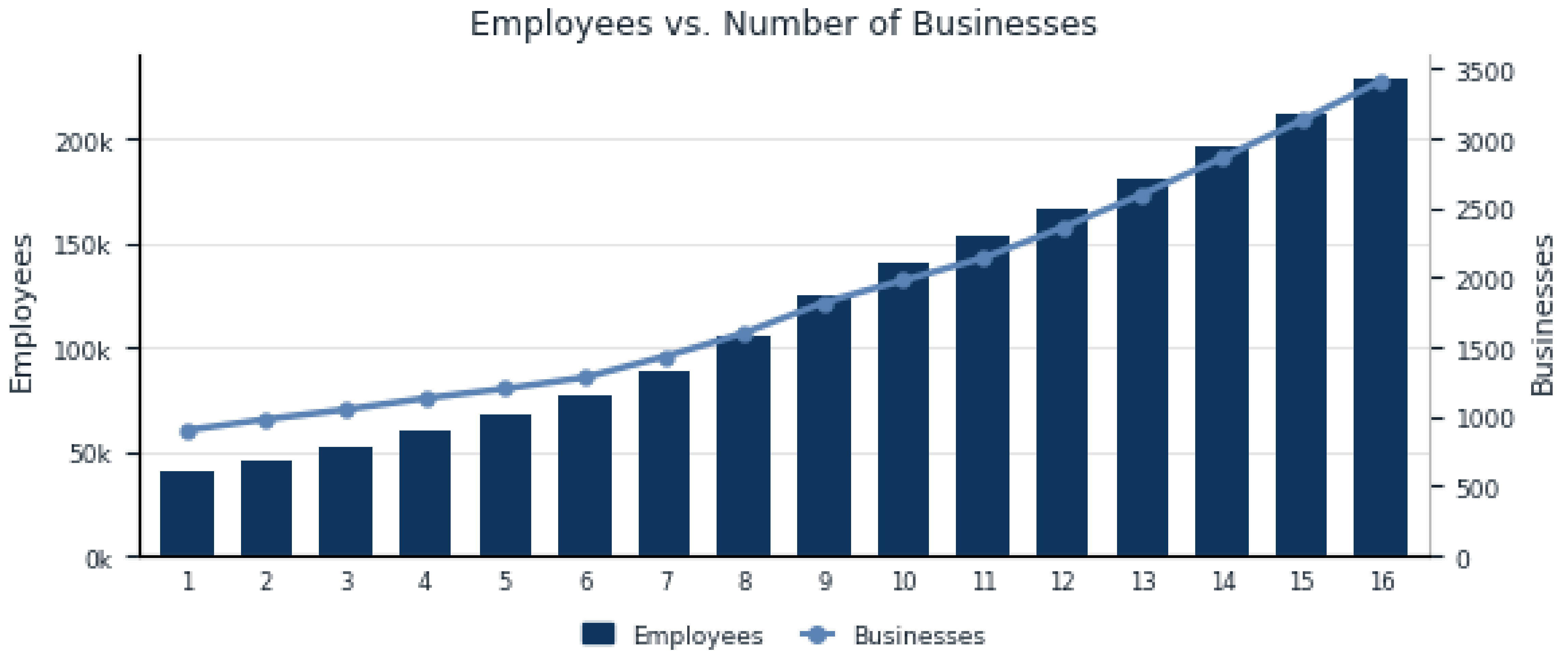
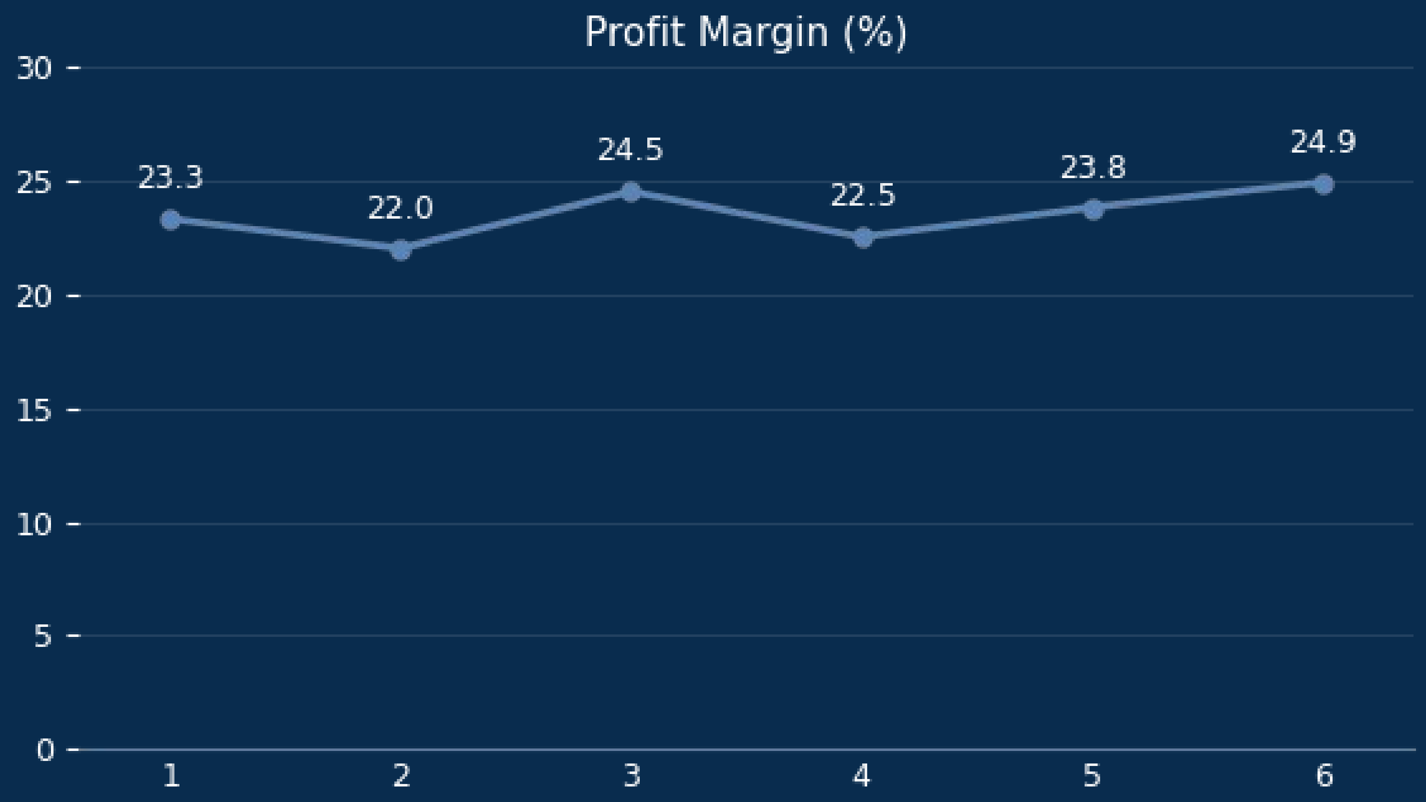
Employment & Business Count, 2016-2031



Profit Margin Trend, 2021-2026



Profit Margin Takeaways

- 2026 industry profit margin: 24.9%, well above the broader information sector average of 14.83%.
- Profit rose at a 13.1% CAGR from 2021-2026, reaching $20.6bn, or about $9.6m per business.
- High pricing power and largely digital distribution keep margins elevated despite premium wages for scarce cybersecurity talent.

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What's Shaping the Outlook

Private investment in computers and software	Positive
Number of mobile internet connections	Positive
Number of broadband connections	Positive
Corporate profit	Positive
Tariff & geopolitical uncertainty	Negative

Rising private investment in software, corporate profit and mobile and broadband connections are set to keep demand strong; IBISWorld forecasts revenue climbing at a 6.1% CAGR to $110.8bn by 2031, though tariff and geopolitical uncertainty cloud the near-term path.

What This Means for Owners Considering an Exit

Timing favors sellers riding a growth market

With revenue forecast to climb to $110.8bn by 2031, owners who can show durable, subscription-led growth are positioned to command premium multiples.

Scale, brand and platform breadth attract buyers

The Broadcom–VMware deal shows strategic and PE buyers rewarding scale, integration and unified platforms — a roadmap for smaller vendors building toward exit.

Recurring revenue lowers perceived risk

Providers who have converted one-time antivirus sales into multi-year SaaS contracts present steadier earnings and a lower-risk profile in due diligence.

Talent and IP are core value drivers

Scarce engineering talent, proprietary threat intelligence and protected IP are prized by acquirers and hard to replicate, supporting valuation.

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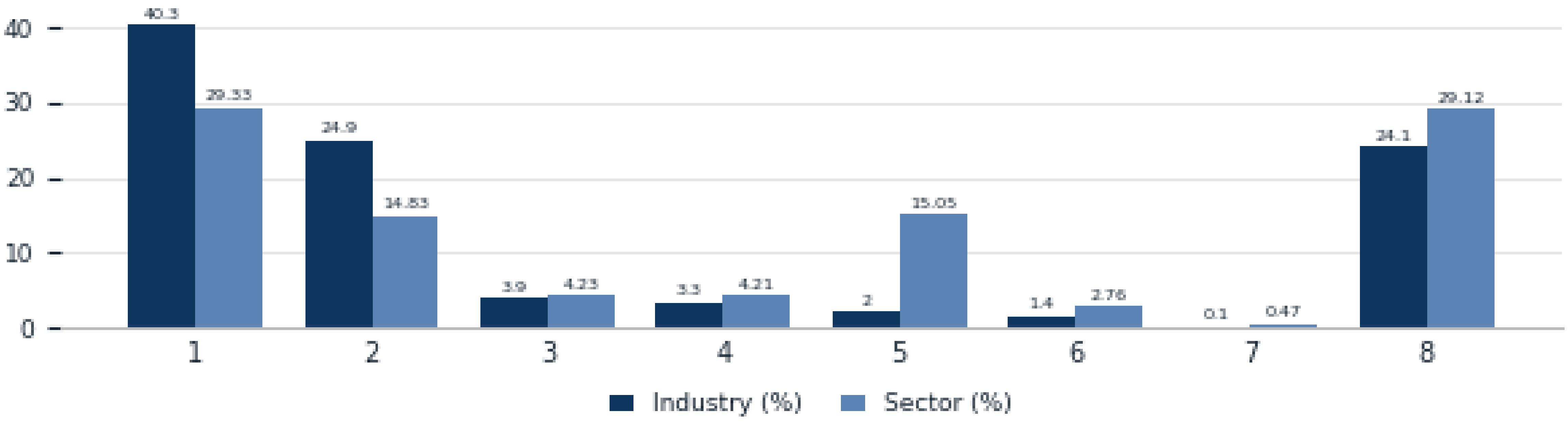
Cost Structure vs. Sector Average



24.9%

PROFIT MARGIN — HIGHER THAN SECTOR

$216,000

AVERAGE WAGE — HIGHER THAN SECTOR

40.3%

LARGEST COST — WAGES — HIGHER THAN SECTOR

Sources & Citations

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