SPAC Cybersecurity Merger: Tailwind, QOMPLX Tackle Microsoft Active Directory Security -

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QOMPLX, a cloud-native provider of risk analytics for cybersecurity and insurance, is merging with Tailwind Acquisition Corp., a Special Purpose Acquisition Company (SPAC). The resulting company will be valued at roughly $1.4 billion.

QOMPLX's areas of expertise include Microsoft Active Directory security and authentication attack detection. That's a particularly timely topic, considering Microsoft Active Directory security was a major concern raised during the February 2021 SolarWinds Orion cyberattack hearings in Washington, D.C. The core QOMPLX platform is a cloud-based service that supports risk analytics.

Once the QOMPLX-Tailwind deal is finalized, the resulting company will operate as QOMPLX and plans to list under the stock symbol QPLX.

Qomplx, formerly known as Fractal Industries, previously raised $78.6 million in Series A funding in 2019.

QOMPLX Also Acquires Two Businesses

As part of the SPAC merger, QOMPLX is acquiring two other businesses in the cybersecurity and insurance analytics industries. The QOMPLX acquisitions include:

- Sentar, a cyber intelligence, analytics and operations solutions providers focused on the National Security sector.
- Tyche, which develops software to help insurance companies price risks, model and reserve capital, and improve efficiency, the buyer says.

These are technology M&A deals number 149 and 150, 148 that MSSP Alert and sister site ChannelE2E have covered so far in 2021. See all technology M&A deals for 2021 and 2020 listed here.

Additional investors in the QOMPLX-Tailwind deal include Cannae Holdings, Fidelity Management & Research Company LLC, Hedosophia and RenaissanceRe Ventures Ltd., a subsidiary of RenaissanceRe, the companies say.

SPAC Merger: QOMPLX Company Details

Andrew Sellers, CTO, Qomplx

QOMPLX, co-founded by CEO Jason Crabtree and CTO Andrew Sellers, develops a proprietary risk cloud. That cloud can ingest disparate data sources to help organizations better quantify, model, and predict risk in areas including cybersecurity, insurance, and finance, the company says.

Key QOMPLX financial stats include:

- Pro forma 2021 revenue that is expected to be $141 million.
- Pro forma 2020 go forward revenue base was $96 million.
- The core company had a 139% net revenue retention rate.
- Organic growth was more than 700 percent from fiscal year 2019 to fiscal year 2020.
- The combined business has more than 95 enterprise and government customers.

Still, QOMPLX did not mention EBITDA (earnings before interests, taxes, depreciation and amortization) or net income in the its list of financial metrics.

SPAC-QOMPLX Merger: Executive Perspectives

In a prepared statement about the deal, William P. Foley, II, founder and chairman of Cannae Holdings, said:

> "We are very excited to announce Tailwind's transaction with QOMPLX and to invest additional capital into this portfolio company as it enters public markets. Cybersecurity and risk management are increasingly fundamental in business and government. QOMPLX uses technology to drive more disciplined business decisions about risk with a

> financial lens. This is a highly scalable company with real and rapidly growing revenues with formidable domain expertise."

Added Jason Crabtree, co-founder & CEO of QOMPLX:

> "Today's agreement furthers QOMPLX's mission to help organizations get to "ground truth" in their cybersecurity and risk quantification, risk management and risk finance efforts. Andrew and I founded QOMPLX with the express goal of allowing organizations to make economically rational decisions about cybersecurity and other challenging risks. Exceptional risk programs require continuous monitoring of real world data along with prospective modeling of future scenarios. Reaching public markets via our partnership with Tailwind expedites QOMPLX's ability to reach more customers globally and supports our continued development of the core technology platform for mission critical customer applications. With the exceptional Sentar and Tyche domain experts joining QOMPLX, we are poised for growth fueled by extraordinary people, defensible technology, and a strong balance sheet."

Concluded Philip Krim, chairman of Tailwind Acquisition Corp.:

> "QOMPLX has developed the most advanced cloud native software when it comes to identity attacks, privilege escalation, and lateral movement detection. These capabilities are now must have competencies for organizations of all sizes, and the demand for this has crossed a tipping point given recent events like SolarWinds which highlight the gaps in Active Directory and enterprise authentication. QOMPLX is differentiated in its ability to link specific data, security controls, and simulations to financial risk. Jason and Andrew are world class founders who will lead QOMPLX to become the 'go to' Risk Cloud for organizations who realize data can quantify and reduce risk in critical areas like cybersecurity and business continuity."

What is a SPAC?

A SPAC or "blank check" company is designed to raise funds in an initial public offering (IPO) with the aim of acquiring a private business. That private company then becomes public as result of the merger, Reuters notes.

The SPAC trend helped to fuel $63 billion of IPO fundraising worldwide in January 2021, more than five times the proceeds from the same period a year earlier, Bloomberg reports.

ChannelE2E is tracking an expansive list of technology SPACs here. We're also watching to see if MSSPs (managed security services providers) merge with SPACs in order to trade publicly.

Amid all the SPAC activity, some pundits believe we're heading toward a SPAC bubble — which involves too much money potentially flowing to lower-quality companies that perhaps shouldn't be publicly held.