



COALFIRE HIRED BY PRIVATE EQUITY FIRM TO EVALUATE CYBERSECURITY PROGRAM BEFORE INVESTMENT

RESULTS AT A GLANCE

- Findings delivered to investors in non-technical terms.
- Provided well-documented evidence that enabled both parties to confidently proceed with the transaction.
- Private Equity firm was concerned about deficiencies in target company's cyber controls program and Coalfire was hired to conduct a rapid, thorough cybersecurity assessment.

CLIENT CHALLENGE

This private equity firm was in final negotiations in its bid for a majority stake in a fast-growing provider of a Software-as-a-Service security solution. An earlier due diligence review (also performed by Coalfire) confirmed the value proposition of the SaaS service but also highlighted significant deficiencies in the SaaS-provider's own controls program. Those deficiencies led to material doubts about the deal economics, and principals at the PE firm needed an expert, independent opinion on the post-acquisition remediation requirements.

APPROACH

Given the fixed nature of the deal timeline, the firm commissioned Coalfire to conduct an expedited and selective cybersecurity assessment. Coalfire designed a penetration test to emulate both insider and external threat actors and also evaluate the design and effectiveness of 46 high-priority controls articulated in the NIST Cybersecurity Framework (v1.0). The firm informed management of the test and made it a condition of the deal, but did not reveal the attack vectors that Coalfire would pursue in its technical testing. Management also instructed Coalfire to develop a corrective action plan for significant control deficiencies.

EXECUTION

Over a 3-week period, Coalfire completed an external penetration test, an internal penetration test and dispatched an assessor to the SaaS provider's primary development and operations center in India. Simultaneously, Coalfire assessors interviewed security architects and senior management, and documented corrective actions that would be required to bring the company up to minimally-acceptable security standards. On the eve of the deal deadline, Coalfire briefed leadership at the private equity firm, explaining the findings and implications in non-technical terms. Immediately thereafter, Coalfire presented findings to management at the SaaS provider.

RESULTS

Coalfire's testing, report and management briefings provided both the private equity firm and the SaaS provider with valuable, well-documented evidence that enabled both parties to confidently proceed with the transaction. By outlining corrective security actions within the terms of the deal, both parties were able to proceed with the investment. Following the transition, leadership at both firms began working on the corrective actions articulated in the Coalfire report.

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North America | Latin America | EMEA
877.224.8077 | info@coalfire.com | coalfire.com

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