

• CYLON INSIGHTS •

OUR LESSONS FROM 1000 CYBER STARTUPS

{ISSUE 1}

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INTRODUCTION

At CyLON, we find, grow and invest in the world's best emerging cyber companies. This means we spend a lot of time with our ears to the ground, keeping close to trends and to product innovation in cyber security. We work intensively across our global network to find untapped early-stage talent: the best teams, ideas and technologies coming on to the market.

Every year, we receive hundreds of applications to our programmes in London and Singapore. Since CyLON was founded in 2015, we have scrutinised over 1000 early-stage cyber companies. We have evaluated every team, every product, and have interviewed hundreds of companies in person, with 83 making the grade to join our programmes to date.

As a result, we have developed a pretty good sense of what works and what doesn't - not just in security innovation, but in the team dynamics of a successful startup.

In this white paper, we distill some findings from our analysis of CyLON's early-stage cyber company applications.

KEY FINDINGS



Solve a real problem

In our experience, too many early-stage cyber startups have not validated customer appetite for their solution. We understand that it is hard to access individual customers for that validation, but there is good research available on where security teams feel underserved and where they want to focus their spend. Recent breaches and exploits will also demonstrate areas of weakness. If a startup can show that it has identified a true market need, it will stand out.



Know your competition

Almost every startup we see thinks they are doing something unique. Few of them are. A startup will always face competition, and the chances are they will need to displace an existing vendor even if they are solving a problem in a new way. Cyber security is a crowded and noisy market, so startups need to understand their true differentiators. Proper competitor analysis is a key first step to establishing the product USP.

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Cyber innovation is globally distributed

Good news: cyber talent is spread all over the world (see map below).

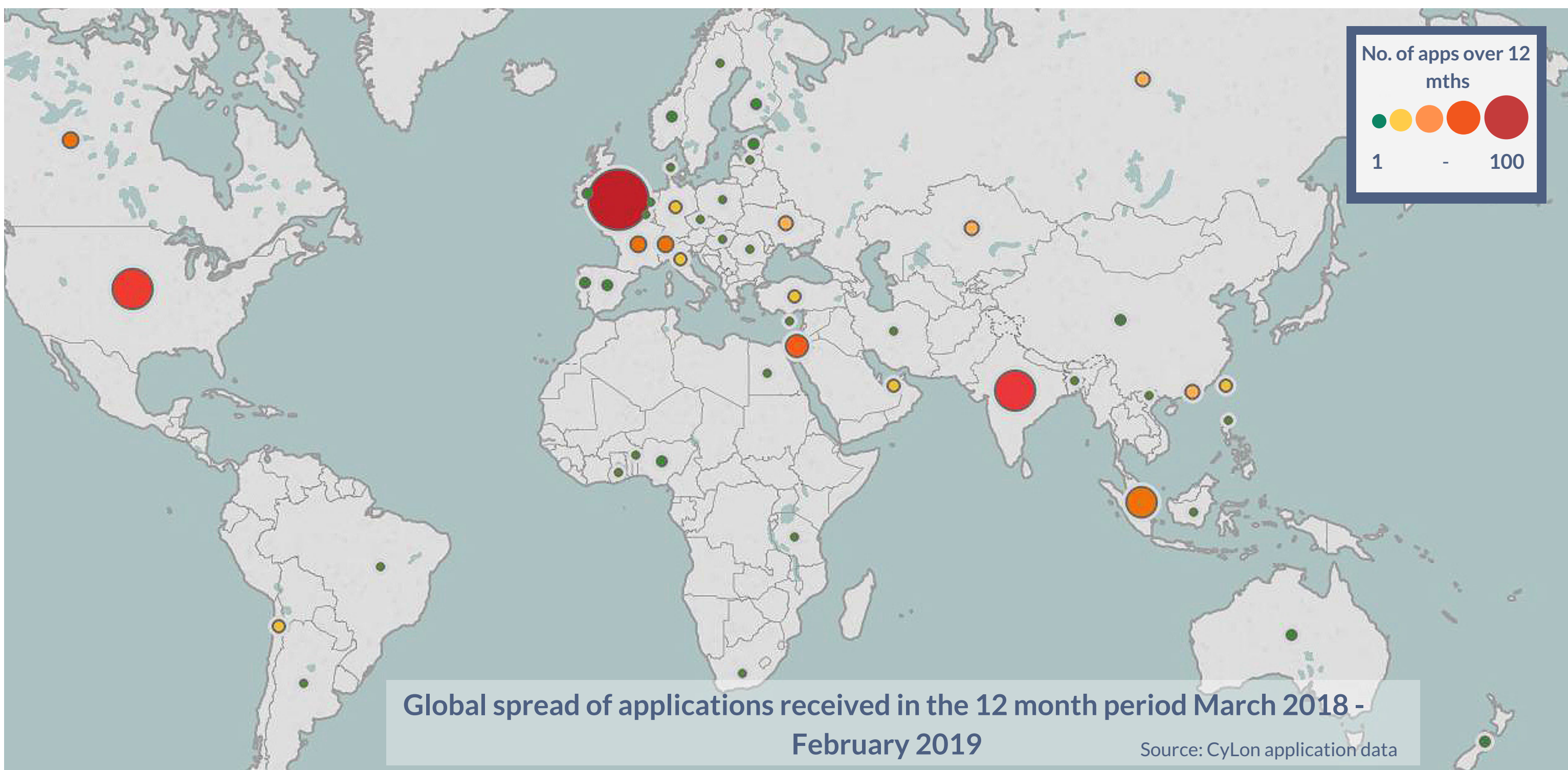
And it is not just Israel and the US that are producing top cyber startups. In the last year alone we have had applications from companies in **52** countries and **six** continents, including Germany, Latvia, Chile, Egypt, Singapore, Canada and Tanzania. We have accepted Founders of over **35** different nationalities.

This diversity of background and approach has brought a unique energy to the CyLON community; our Founders have helped each other understand how to access both established and relatively underserved markets.



Customers > investors in cyber

Many applicants to CyLON have already raised some external funding, and a high number of our companies raise after the programme. Our experience shows that a strong team with a good idea will not struggle to find VC money. But what even well-funded cyber startups generally lack is access to customers. CISOs and other budget holders are swamped by vendors and do not have the bandwidth to triage potential new solutions. CyLON has built a network of contacts who understand the changing nature of the threat environment and are willing to work with early-stage teams to solve problems. Most applications to CyLON cite access to this network as their key motivation.



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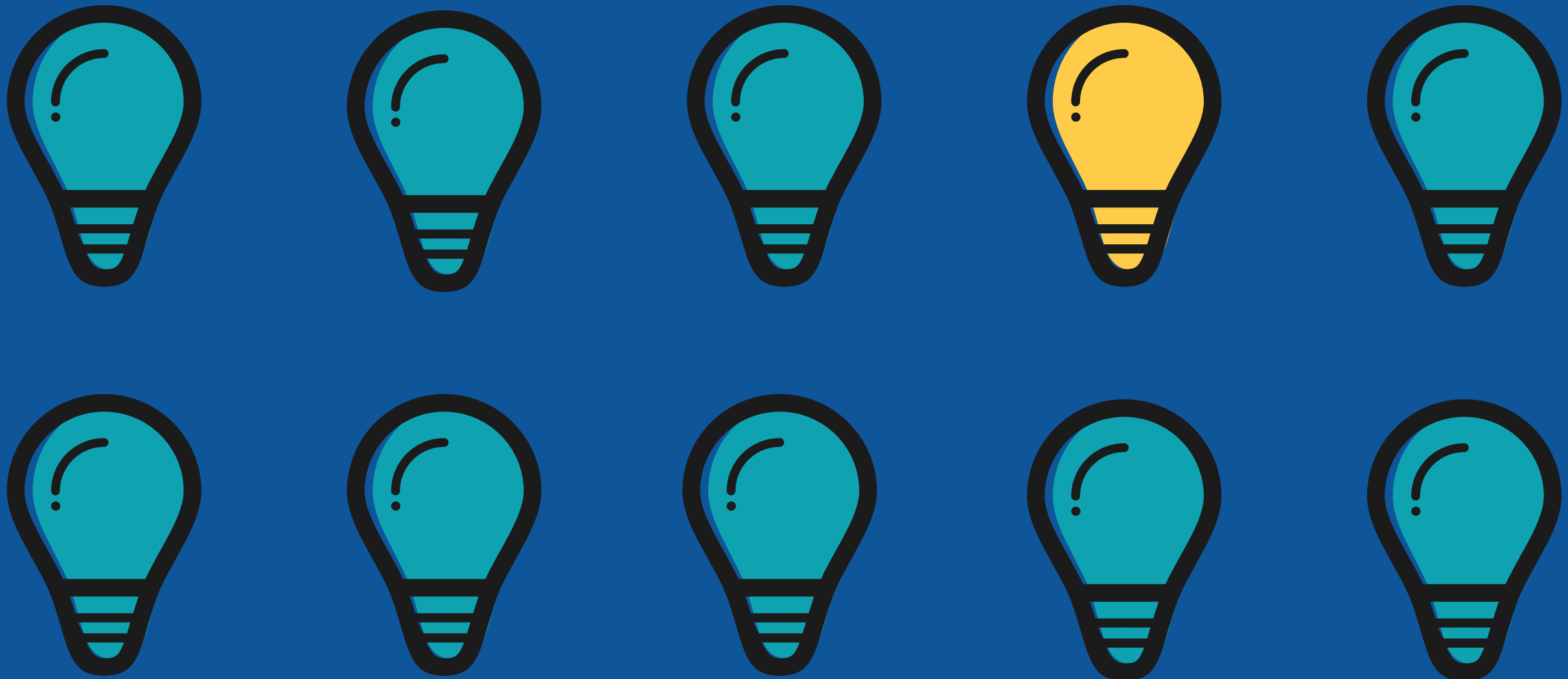
Balanced team skills are crucial

We have found that the most successful founding teams have a mix of cyber experience and credible commercial expertise. Technical knowledge is necessary but not sufficient: you still have to sell. Teams with exclusively research or academic backgrounds have typically struggled to make the transition, even in this technical space.

And with age comes beauty... We see most applications from teams with a

significant number of years' experience in the sector, rather than fresh graduates. On average fewer than 5% of our applications are from Founders with exclusively academic backgrounds, and many applicants list between 15 and 25 years of relevant commercial experience.

Women are still underrepresented: only 17% of our companies have had women in their leadership teams, but the opportunity for them is huge as the security market seeks to better reflect the priorities of all those it serves.



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For more information about our programmes in London and Singapore, please visit cylonlab.com or contact mail@cylonlab.com