LYTICAL COMMUNITY UPDATE

In our last Community Update, we talked about the movement of software applications to the public cloud and how cloud-native applications are built and behaving unlike their legacy counterparts. The shift in where applications are run and how they're built has spawned a new class of cloud-native cybersecurity tools, security tools that are purpose-built for cloud-native applications and, therefore, should outperform their legacy counterparts. In our November 2022 issue of Cyber Thoughts, we posed the question, will Microsoft become the next cybersecurity juggernaut? Essentially asking, will legacy platform companies win market share over best-of-breed software solutions, such as newer cloud native cybersecurity tools? This is a particularly timely question given all the prognostication over the chances of an economic recession in 2023. The logical answer might be that platforms win in times of recession. But when it comes to cybersecurity, we think the answer is more nuanced. For sure, Microsoft is aggressively going after the security market with offers to bundle their endpoint solution, Defender, with Office 365 and the Windows OS. We'd characterize Defender as a bit better than "good enough" and excellent with Microsoft services so this will be very compelling for some buyers. But, in speaking with our Chief Information Security Officers (CISOs), we're seeing movement to best-of-breed solutions because the platform solutions are failing to integrate as promised, and their security tools can be less effective. When it comes to cybersecurity, often the most innovative and effective solution will come from a best-of-breed provider, making them highly sought after by the enterprise as a customer and the platform provider as an acquirer.

We held our 5th Annual Limited Partner Meeting in New York City in early November. By all measures, it was a huge success. After being virtual for the last two years, we brought together investors, advisors, and industry experts in the fields of cybersecurity, artificial intelligence, and geopolitics. Allie Miller, the former Head of Machine Learning Business Development at Amazon Web Services (AWS) and advisor to Lytical, presented on the top trends in artificial intelligence. Charles Henderson, Global Head of X-Force at IBM and advisor to Lytical, shed light on the explosion in ransomware attacks, hacker's top targets, and where companies should focus their cyber defenses. We finished the event with a "fireside chat" between General David H. Petraeus, US Army (Ret.), and Colonel Candice Frost, U.S. Army, JIOC Commander at United States Cyber Command. A special shout out to Steve Berg, Lytical Partner, for cultivating a relationship with General Petraeus and Colonel Frost, without which these two luminaries would not have volunteered their time to be with us.

The opportunity to invest in cybersecurity and artificial intelligence is as good as we've seen in the past 15 years. Simply put, valuations have zcome down and demand for enterprise intelligence technologies is up. If we've struck your fancy with this update, please reach out to us via email. We benefit greatly from engaging with our community!

FOLLOW-ON INVESTMENTS

RECIPROCITY
Francisco Partners

Reciprocity, a leader in information security, risk, and compliance, closed on a $60M strategic growth investment from Francisco Partners. The company's pioneering approach to cyber risk management, Risk Observation, Assessment, and Remediation ("ROAR™") Platform, has become an essential technology solution for businesses by tying an organization's risk directly to its business strategy.

Visit Reciprocity >>

careviso
Ballast Point

careviso, a healthcare technology company and market leader in molecular diagnostic patient access technology, raised over $17 million in Series B funding led by Ballast Point Ventures with participation from existing investors Mercury and Lytical Ventures. The new funding will enable careviso to broadly expand its existing technology platform into the diagnostic space providing patients with clarity around their cost of care while reducing administrative burdens for physicians.

Visit Careviso >>

PORTFOLIO COMPANY SPOTLIGHT

clausematch

Any enterprise that operates in an environment with government regulation has no choice but to comply with the laws in place. If they don't, they face a punitive response. A GRC (governance, risk and compliance) strategy is essential. A spreadsheet and a file with policy documents are not good enough. What companies are finding is that GRC should be a cornerstone of building a full-on cybersecurity posture. Progressive companies are even learning that GRC can be shifted from being reactive to proactive. A progressive stance on GRC can help define corporate culture, elicit good behavior and create the perception of being highly ethical in the eyes of customers. At its best, great compliance can be a competitive advantage and help generate good will and even revenue.

Visit Clausematch >>

HackNotice

Most hackers breach businesses through simple human errors. HackNotice Teams is a platform designed to prevent attacks by educating employees about their security habits and building cybersecurity awareness. Personalizing cybersecurity learning and focusing on real-world examples provides employees with actionable information along with their education.

Visit HackNotice >>

NETMAKER

Netmaker is an open source tool that creates virtual networks 5-20 times faster than the closest alternatives using the Wireguard protocol. A mesh VPN (Virtual Private Network) is a type of network configuration in which each device in the network is connected to every other device, forming a mesh-like structure. In a mesh VPN, each device acts as a node in the network and can communicate directly with any other device in the network. This allows for more flexible and efficient communication among devices, as traffic does not have to pass through a central server or router. Because Netmaker was created with cloud platforms like Kubernetes in mind it has some inherent advantages over its competition.

Visit Netmaker >>

ABOUT LYTICAL VENTURES

Lytical Ventures is a New York City-based venture firm investing in Corporate Intelligence, comprising cybersecurity, data analytics, and artificial intelligence. Lytical's professionals have decades of experience in direct investing generally and in Corporate Intelligence specifically.