Investors welcome EU’s efforts to boost European cybersecurity market with €2 billion

The European Cyber Security Organisation (ECSO) and the Basque Cyber Security Centre (BCSC) welcome the publication of a report on the European Cybersecurity Investment Platform, jointly published by the European Commission and the European Investment Bank (EIB) on the 20th October 2022. The report marks an important strategic step towards creating a vigorous and competitive investment landscape in Europe amidst the increased global competition in the technology sector.

According to the market assessment presented in the report, the European cybersecurity market suffers from almost €2 billion investment gap, which forces European cybersecurity start-ups and scale-ups to leave the European market to fulfil their growth ambition. In recent years, ECSO has been calling for more investments in Europe’s cybersecurity market.

“ECSO and its Members are proud to have advanced the work on addressing the cybersecurity investment gap in Europe and proposing the concrete tools to overcome it. This work will help shape the future of the EU’s cybersecurity posture for years to come. We welcome this report, and we are confident that it will lead to important decisions reinforcing EU’s capacity to develop a robust cybersecurity market” – said Axel Deininger, ECSO Chairperson.

“The report represents an opportunity to increase Europe’s competitiveness on the global cybersecurity market which we should embrace. We support the report’s market assessment and its key message that now is the time for the creation of the European Cybersecurity Investment Platform (ECIP). We have a potential to create a useful tool to address the financing needs of European cybersecurity companies and support their ambition to scale up in Europe. The €2 billion investment is far from the sector’s needs, but it is a remarkable first step. We now need to have a close collaboration between the public and private sectors to translate this opportunity into reality” – stated Javier Diéguez, Director of the BCSC.

While endorsing the analysis of the European cybersecurity market and its investment gaps presented in the report, ECSO and BCSC, which represents one of the most vibrant cybersecurity ecosystems in Europe, call for a careful assessment of the future structure and functioning of the ECIP, as it will be paramount to its market success.

In its consultations with the EIB Group and the European Commission, ECSO has warned against the risk of creating a slow and unattractive financial mechanism unable to compete with investment offers from overseas, especially if it will contain a lengthy investment approval procedure, rigid market restrictions on investee companies or unintended competition among the investment funds in Europe. Having a solid experience in implementing cybersecurity investment activities and gathering European investors specialising in cybersecurity, ECSO offers its assistance to the EIB Group and the European Commission with building the effectively functioning ECIP.
“We are committed to continue working with the Commission and the EIB Group on creating the first European cybersecurity-focused investment tool to effectively resolve EU’s current market weaknesses. In particular, I echo ECSO’s call for creating a market-oriented investment platform with a fund of funds structure, which would enable swift investments and ensure the competitiveness of the EU investment funds against non-EU investors” – added Mr. Deininger.

ECSO’s call for creating a market-oriented investment platform has been endorsed and supported by the leading European cybersecurity organisations, including 33N Ventures, Basque CyberSecurity Centre, Cyber Wales, eCAPITAL, LSEC - Leaders in Security, secunet Security Networks, TIIN Capital|Dutch Security Tech Fund, Tikehau Ace Capital and Consorzio CINI, which have been working together to advance cybersecurity investments and market development in Europe.

Recognising the threats imposed by the cybersecurity market fragmentation and the investment gap in EU’s cybersecurity market, ECSO proposed the creation of the European Cybersecurity Investment Platform (ECIP) worth at least €1 billion EUR to address the urgent market needs. In 2020, the Letter of Intent to the European Commission detailing the proposal was endorsed by 49 public and private stakeholders representing the European cybersecurity market. Drawing on ECSO’s proposal, the feasibility study to assess the market and the set-up of the ECIP was launched by the EIB’s European Investment Advisory Hub in October 2021, upon official request of BCSC.

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About ECSO

The European Cyber Security Organisation (ECSO) is a non-for-profit organisation, established in 2016. ECSO unites more than 270 European cybersecurity stakeholders, including large companies, SMEs and start-ups, research centres, universities, end-users, operators, associations and national administrations. ECSO works with its Members and Partners to develop a competitive European cybersecurity ecosystem providing trusted cybersecurity solutions and advancing Europe’s cybersecurity posture and its technological independence. More information: www.ecs-org.eu

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About BCSC

BCSC, standing for the “Basque CyberSecurity Centre”, is the organisation designated by the Basque Government to promote cybersecurity in the Basque Country. Our mission is to promote and develop a culture of cybersecurity among Basque society, to energize activity and to strengthen the professional sector. More information: www.basquecybersecuritycentre.com
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