

Good quarter; Mythos pouring fuel on a fire that is already lit; UK Cyber Bill drives MDR opportunity; Charlotte AI works

PRIMARY VENDOR

CRWD

OTHER VENDORS

PANW, S

GEOGRAPHY

UK

QUARTER

Q1 FY27

CUSTOMER SIZE

Enterprise 1b

PARTNER SENTIMENT QOQ

Unchanged

CURRENT QUARTER

On Plan

BUSINESS OUTLOOK

On Plan

THE NEWS

UK

Good quarter. Our CRWD team are making some good money.

Better than good on the MDR side, actually. And before you say it - it's not just because of a Mythos bounce. MDR momentum was already building. Customers have been quietly accepting they can't staff 24/7 detection and response internally for a while now. The economics don't work, the analysts don't exist. Mythos is likely to pour fuel on a fire that was already lit.

We focus on where the need is greatest - (1b) orgs who don't have the resources of (1a) orgs, but have similar regulatory headaches. And in fact we're seeing more orgs across the economy get pulled in by the regulatory tractor beam. We were at a Lloyds of London event earlier this week and our eyes were opened to the role that insurers are having in cyber. Cyber insurers are quietly becoming MDR providers in the UK SMB market. According the stats, around 35% of SMBs now use their insurer for managed detection and response, versus 27% using traditional MSPs. Bet you didn't know that! The insurers are managing their own claims exposure by bringing telemetry in-house. Now, that doesn't really affect us, but that was really quite eye opening.

What's more interesting for us is the incoming [UK Cyber and Resilience Bill](#) that's winding its way through parliament. Up to 1000 UK MSPs are coming into scope in what's called Relevant Managed Services Providers. They'll have to provide 24 hours initial notification of any incident, and a full incident report within 72 hours. Penalties up to £17m if they don't comply. This will scare the poop out of a lot of MSPs who haven't had to provide anywhere near that level of service. Could be an opportunity for us to go and pick up a few stranded assets... and likely the PE companies will smell an opportunity. Most MSPs are likely to adopt something like CRWD to meet the criteria. So it'll be good news for the vendors who want more MSSP/MDR partners.

We've been trialing Charlotte AI and it's been a pleasant surprise - we really are seeing the impact that CRWD said we would. It doesn't always work out that way with vendors and their promises, as you know.. but yeah, it's good. We're triaging quicker and our analysts are getting access to critical data faster. Of course we've got a bunch of home-grown tools that we're integrating this into, but we can corroborate CRWDs claims in terms of making our SOC teams lives easier, and collapsing much of the toil that goes into triage and response. I think there's likely to be further improvements as we automate more processes.

Mythos

From our perspective it's only going to push more customers to invest in MDR services. Our challenge is how we operationalize ourselves to be able to fulfil our SLAs and commitments. This is a reality check for the industry - because right now no MSSP/MDR service is going to be able to commit to accelerated patching at the scale and velocity that customers might start asking for. We need to approach that carefully. Also, we might need to orchestrate our response using multiple solutions on top of CRWD. Turning on and tuning IPS rules, next-gen SOAR etc. ... lots to think about.

FyQ2

We should be fine.

COMPETITION

S has followed CRWDs lead in going after MSSP/MDR partners. The major difference that we're seeing is that they're going after the MDR shops who cater to smaller orgs. Mid Market orgs, and perhaps ones that are not as highly regulated as the orgs we're going after.

PANW has repackaged their XSIAM + Unit 42 offering yet again. I'm not sure how they're doing, but we don't see them in the market that much in terms of their MDR offering - or partners packaging that up under their own banner.

CONFIDENTIALITY AND DISCLOSURE NOTICES: Unless otherwise indicated, this message (and/or documents accompanying it) is intended only for the personal and confidential use of Marker customers. If you are not the intended recipient of this message you are hereby notified that any review, dissemination, distribution or copying of this message is strictly prohibited. If you have received this transmission in error, please notify the sender. As part of its business, Marker Advisors, LLC provides clients reports concerning private and publicly traded companies. To ensure compliance with federal securities laws and Marker Advisors, LLC's policy, nothing in this communication or any of its attachments is intended to request or solicit the disclosure or communication of any material non-public information, any proprietary data or information, nor any information subject to any duty of confidentiality or non-disclosure, concerning any business or entity. Marker Advisors LLC