



MARKET REPORT

UPDATED

08/08/2024

Arctic Wolf at \$438M ARR

TEAM

Jan-Erik Asplund

Co-Founder

jan@sacra.com

DISCLAIMERS

This report is for information purposes only and is not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal trade recommendation to you.

This research report has been prepared solely by Sacra and should not be considered a product of any person or entity that makes such report available, if any.

Information and opinions presented in the sections of the report were obtained or derived from sources Sacra believes are reliable, but Sacra makes no representation as to their accuracy or completeness. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a determination at its original date of publication by Sacra and are subject to change without notice.

Sacra accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that liability arises under specific statutes or regulations applicable to Sacra. Sacra may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect different assumptions, views and analytical methods of the analysts who prepared them and Sacra is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report.

All rights reserved. All material presented in this report, unless specifically indicated otherwise is under copyright to Sacra. Sacra reserves any and all intellectual property rights in the report. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of Sacra. Any modification, copying, displaying, distributing, transmitting, publishing, licensing, creating derivative works from, or selling any report is strictly prohibited. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of Sacra. Any unauthorized duplication, redistribution or disclosure of this report will result in prosecution.



Published on Aug 08th, 2024

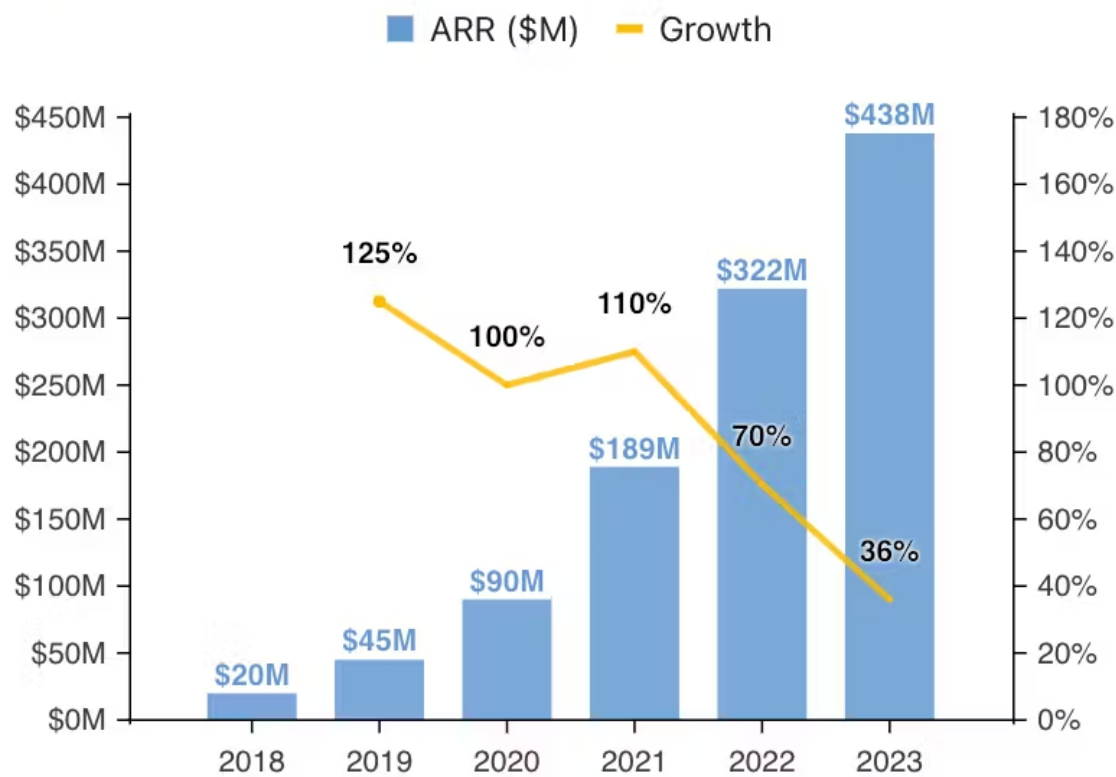
Arctic Wolf at \$438M ARR

By Jan-Erik Asplund

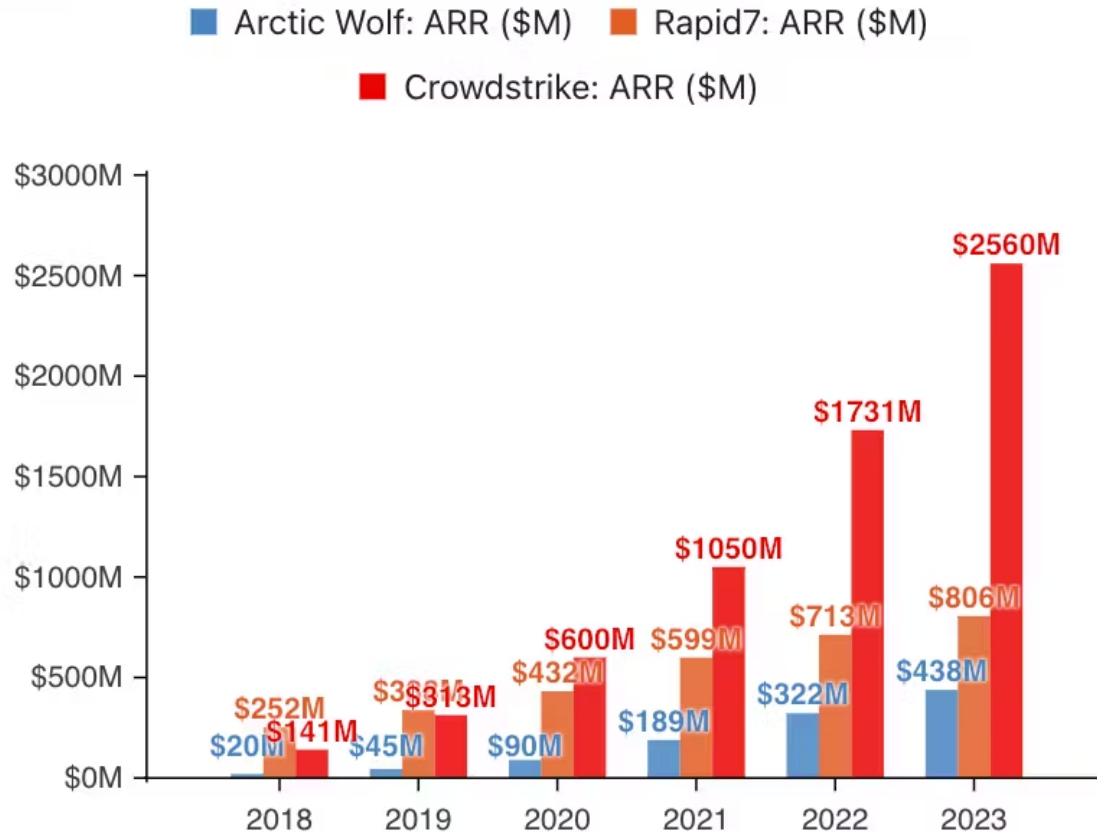
TL;DR: Sacra estimates that **Arctic Wolf** hit **\$438M** in annual recurring revenue (ARR) in 2023, up 36% year-over-year, with over 5,000 customers across 30 countries. Initially serving SMBs, Arctic Wolf is now aggressively expanding upmarket to compete for enterprise contracts against companies like CrowdStrike (NASDAQ: CRWD) and SentinelOne (NYSE: S). For more, check out our [full report](#) and [dataset](#) on Arctic Wolf.



Annual recurring revenue (ARR)



ARCTIC WOLF vs. RAPID7 vs. CROWDSTRIKE
Annual recurring revenue (ARR)



Key points via Sacra AI:

- **Arctic Wolf (2012)** pioneered the managed detection response (MDR) category as a fully outsourced, white-glove cybersecurity service for businesses that can't afford or don't want to manage their own in-house team — companies pass along their logs, integrate with all their existing security tools, and install Arctic Wolf's endpoint-monitoring agent. Arctic Wolf found early traction with 100-500 person businesses as a cheap way to outsource security at about \$30K/year vs. hiring a team of \$100K/year security analysts.
- In 2016, data breaches went from an annoyance to a mission-critical risk as the number of ransomware attacks exploded (638M breaches, up 16,689% year-over-year) and today Sacra estimates that **Arctic Wolf hit \$438M in annual recurring revenue (ARR) in 2023, up 36% year-over-year.** Internally, while still a services-heavy business, Arctic Wolf is driving towards SaaS-like gross margins of 70-80% by automating the work of their human analysts—with big potential upside from AI.



- Since Arctic Wolf's launch in 2012, many other players have entered the hot MDR market—newer startups like Expel and Rapid7 as well as established companies like CrowdStrike (NASDAQ: CRWD), SentinelOne (NYSE: S), and Palo Alto Networks (NASDAQ: PANW) all launching their own MDR services as part of their cybersecurity bundles. Compare Arctic Wolf to Rapid7 (NASDAQ:RPD) at \$805M ARR, up 13% year-over-year with 11,000 customers to ArcticWolf's ~5,000, and CrowdStrike, one of the leaders in MDR with their Falcon Complete product, at \$3.7B in ARR, up 33% year-over-year, serving 60% of the Fortune 500.

For more, check out this other research from our platform:

- Arctic Wolf (dataset)
- Israel's YC of cybersecurity
- Wiz (dataset)
- Cribl (dataset)
- Rubrik (dataset)
- BigID (dataset)
- Snyk (dataset)
- Noname Security (dataset)
- Lacework (dataset)
- Anduril (dataset)
- Ross Fubini, Managing Partner at XYZ Capital, on the defense tech opportunity
- Scott Sanders, chief growth officer at Forterra, on the defense tech startup playbook
- Zachary Friedman, associate director of product management at Immuta, on security in the modern data stack