Venture Capital Investments at Risk: DynaRisk Identifies Critical Cybersecurity Gaps in Companies Backed By Some Of London's Biggest VC Funds

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DynaRisk, the intelligence-led cybersecurity software company, has released a ground-breaking report exposing the concerning cyber posture of the portfolio companies of leading Venture Funds with a presence in London. The report highlights severe cybersecurity issues within portfolio companies and aims to raise awareness among fund managers about the urgent need to incorporate cyber risk monitoring as an essential part of their due diligence and portfolio company monitoring processes.

DynaRisk's analysis encompassed 5,482 companies within these venture capital portfolios. Shockingly, the report revealed that every single one of these companies had cybersecurity issues that could leave them exposed, with 65% (3,565) exhibiting 'High' rated Risk Signals, and 8.6% (470) exhibiting 'Critical' risk signals. These alarming statistics indicate that every VC fund has a number of companies in its portfolio that are highly susceptible to cyber attacks. Examples of risk signals can include data breaches, the use of outdated and vulnerable software, and indications of hacker chatter on the dark web. These issues are well-known drivers of hacking activity.

A successful cyber attack can cause a potentially existential risk to a business by impacting its ability to operate, damaging its reputation or suffering large financial losses from hundreds of thousands to millions of pounds. A successful cyber attack can lead to greatly reduced shareholder value due to declining revenue from the loss of customers, loss of intellectual property and the risk of the company being hit with regulatory fines and lawsuits.

One particularly notable case from DynaRisk's research involved a fintech portfolio company. In November 2020, DynaRisk observed a critical vulnerability in the company's system. Subsequently, in February 2021, the company announced a £5.5 million fundraise led by a UK VC fund, and in May 2021, the portfolio company fell victim to a ransom attack.

> "Had this fund been monitoring the company for cyber risks during the due diligence stage or after joining the company's board, the hack could have been prevented, and the risks to the business greatly reduced," said Andrew Martin, CEO of DynaRisk. "The fund had a total of 139 days to identify the issue and help the portfolio company fix it."

The need for comprehensive cyber risk monitoring has never been clearer. DynaRisk's cyber risk monitoring software, Breach Check, empowers fund managers to safeguard their investments, supporting them in maximising secure growth, minimising risk and leveraging the insights generated to increase engagement with management teams.

DynaRisk is dedicated to bridging the gap in the market for simplified and accessible cybersecurity solutions supported by robust threat intelligence. The company's suite of cybersecurity software, including Cyber Xpert, Breach Defence, and Breach Check, supports over 20 clients protecting hundreds of thousands of consumers and thousands of businesses globally.

To request a free copy of the report and view the risk profile of VC portfolio companies, visit https://dynarisk.com/resources/resource-centre/uk-eu-venture-capital-portfolios or get in touch with DynaRisk at info@dynarisk.com.

For more information on DynaRisk's software, head to https://dynarisk.com

DynaRisk analysed the portfolio companies of the following funds for this report: A-Z

Albion Capital, Amadeus Capital, Anthemis, ARIE Capital, Ascension Ventures, Augmentum Fintech Management, Axc (axeleo Capital), Basinghall, Better Ventures, BGF, Britbots, British Design Fund, Cherry Ventures, Committed Capital, Concept VC, Cornerstone, Deepbridge Capital, DSW Ventures, EMV Capital, Endeavour Ventures, Episode 1, Exponential Group, Finch Capital, Flint Capital, Fom venture Capital, Foresight, Forward, Fuel Ventures, Hambro Perks, Hoxton Ventures, Hummingbird, Imbiba, Impact Venture, Index Ventures, InReach Ventures, Insurtech Gateway, IW Capital, Jam Jar Investments, Jenson Funsing Partners, Kelvin Capital, Kindred, KPN Ventures, Martlet Capital, Maven, Mayfair Equity, Mercia, MMC Ventures, Molten, Moonfire Ventures, Moscar, NBS Ventures, Newable, Northzone, o2h Ventures, Octopus Ventures, Omnes Capital, Oxford Technology, Parkwalk, Portage,

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