

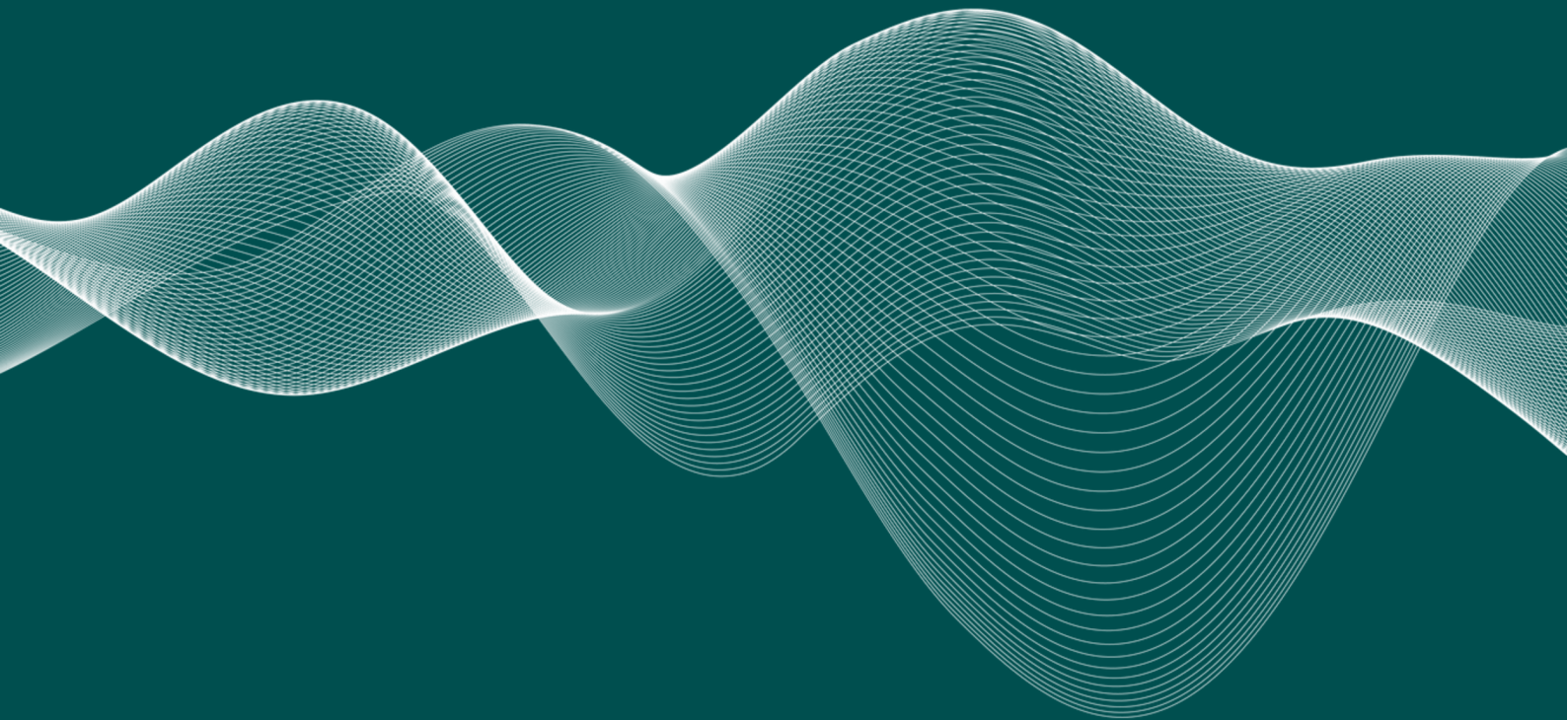


CYBER|IRELAND
IRELAND'S CYBER SECURITY CLUSTER

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Ireland Cyber Security Sector Snapshot 2024

SEPTEMBER 2024



Foreword

The inaugural “State of the Cyber Security Sector in Ireland 2022” Report established the size, operations and economic contribution of the cyber security sector for the first time. The report demonstrated the importance of the sector not only from the perspective of national cyber resilience, but also as a key sector of economic growth.

Two years on, we now have an updated overview of the cyber security sector in Ireland in this “Snapshot 2024”.

Over the last two years, Ireland’s cyber security sector has shown significant resilience and growth during a global technology sector downturn that particularly impacted Ireland. The number of firms in the sector grew to 535 (+9%) employing almost 8,000 individuals, an employment increase of 8% since 2022.

Cyber security sector revenue has increased to €2.7bn, up €600m (+29%) in the previous two years, with a CAGR of 13.4%. The sector continues to make a substantial economic contribution and demonstrates productivity growth with Gross Value Added (GVA) of €1.2bn, up 11%.

The geographical spread of cyber security firms across Ireland is a testament to the sector’s nationwide impact and promotes both regional economic development and strengthens the cyber security resilience of organisations nationwide.

We must support a strong domestic cyber security sector to scale companies so that they can deliver high value solutions and provide cyber resilience for the country and compete internationally.

We must also continue to leverage our strengths as an international hub in Europe to grow appropriate foreign direct investment (FDI) in cyber security. There are opportunities to attract and grow internal cyber security operations of “diversified” firms across key sectors such as financial services, healthcare, manufacturing, and others that have existing MNC operations here.

The European Union (EU) is taking an increasingly central role with new regulations for cyber security that will improve and standardise and improve cyber security across the EU while increasing demand for cyber security solutions and skills. This brings both opportunities and challenges for the cyber security sector in Ireland. Preparation is key to proactively adapt to these regulations for cyber security companies to be able to serve their customers, ensure access to the EU market, and realise the market opportunity.

The opportunity exists for Ireland to capitalise on its strengths and competitive advantages to develop a leading cyber security sector in Europe, and globally, providing resilience domestically and competing internationally. Cyber Ireland aims to be the driving force to deliver on Ireland’s cyber potential.

Eoin Byrne
Cluster Manager
Cyber Ireland



Introduction

The “State of the Cyber Security Sector in Ireland 2022” Report was the first comprehensive study on Ireland’s cyber security sector. It assessed the size of the cyber security sector, the companies and employment, the economic contribution to Ireland’s economy, benchmarked against other regions and explored potential sectoral opportunities.

Cyber Ireland has commissioned Perspective Economics to update the data, assess the trends over the past two years and produce an updated “Ireland Cyber Security Sector Snapshot 2024” report.

The primary objectives of this research are to map the size and scale of Ireland’s cyber security sector, including updating key metrics such as the number of companies, employment, revenue, GVA and investment. It aims to assess the trends in comparison to the baseline data from 2022 to understand the opportunities for, and barriers to, growth for the sector.

The findings support evidence-based decision-making and help shape strategies to support the growth and competitiveness of the sector, ultimately contributing to economic development of and improved cyber resilience of organisations across Ireland.

This report was supported with funding from InterTradeIreland as well as funding for Cyber Ireland from Enterprise Ireland.

Key Findings:

Robust employment but slower growth: The research estimates that there are now 535 firms in Ireland's cyber security sector, an increase of 46 (+9%) since 2022. These firms employ approximately 7,911 individuals, an increase of 560 (+8%) since 2022. This suggests modest yet robust employment growth in cyber security employment of 4% CAGR, although less than the projected 10% from the 2022 baseline study. The slower growth is positive in the context of significant redundancies within the tech sector since 2022 with estimates that 'Ireland accounts for the largest proportion (around 40%) of all redundancies in the tech sector in the EU'[1] given the high concentration of European headquartered firms based here. The cyber security sector has demonstrated resilience and robust growth in the face of slower growth across the wider tech sector.

Substantial economic contribution: We estimate the cyber security related revenue from firms in the sector is approximately €2.7bn, which compares strongly against the 2022 baseline estimate of €2.1bn. Sector revenue has grown by approximately €600m (+29%) in the previous two years, with an estimated CAGR of 13.4%.

GVA is used as a measure of productivity (at a firm level, or above). The baseline research estimated that Ireland's cyber security sector generated approximately €1.1bn in GVA in 2021. For 2023, GVA is estimated at €1.2bn, a more modest increase of €125m (11% over two years) or c. 6% CAGR. The majority of GVA is generated by large firms (over 250 staff).

[1]<https://www.lavellepartners.ie/news/2023/10/02/the-impact-of-redundancies-in-the-irish-tech-sector/>

Understanding the cyber security operations of firms: This study has further defined the types of cyber security offerings and operations of firms in the sector:

- ‘External’ firms provide cyber security solutions externally, of which there are 322. Within this there are ‘dedicated’ firms that only focus on providing cyber security solutions (142), and ‘diversified’ firms that provide cyber security solutions as part of a wider offering (180).
- ‘Internal’ firms, of which there are 213, provide cyber security solutions internally to a large or multi-national (MNC) company.

External and internal firms with cyber security solutions have different needs and challenges due to who their customers are, either the market or the company itself. Defining and mapping the type of firm operations broadens our understanding of the sector and allows for specific strategies to support these firms.

Diverse firm composition – Scaling Irish firms and supporting FDI:

Of the 535 firms in the sector, 59% are micro-enterprises (213) and small companies (102) sized under 50 employees, which are primarily Irish-owned. Conversely, 27% of firms are large, with over 250 employees globally, the majority of which are US firms.

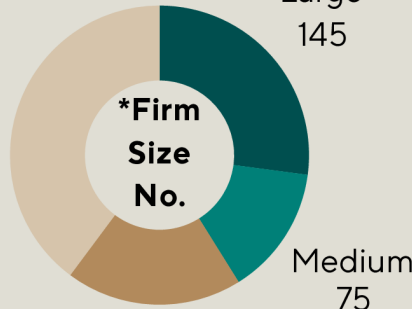
This points to the need for a twin track approach: 1) to support Irish companies to scale to become internationally competitive, and 2) to continue to support FDI as a key driver of the sector for both dedicated and diversified firms. Developing distinctive supports for each cohort of firms along with broader sectoral supports is critical in driving growth and innovation across the sector.

Key Figures



Firms in the sector

Micro
213



Small
102



Cyber Sector Workforce
7,911 FTEs

(+560, +8% since 2022)



Cyber Related Revenue:

€2.7bn

(+€600m, since 2022 baseline)

Annual CAGR: 13.4%

Gross Value Added (GVA):

€1.2bn

(+€125m since 2022 baseline)

Annual CAGR: 6%

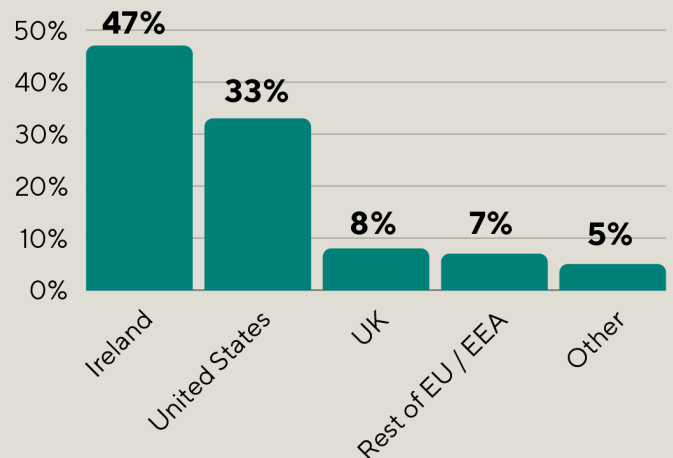
Cyber Security Office Locations**



Over 750 cyber security offices identified across Ireland.

Significant growth in Dublin, Cork, Galway, Limerick, Clare, and Kildare

Cyber Firms Headquartered Location:



A strong indigenous sector (50% Irish Firms) and recognised FDI location (33% USA HQ Firms)

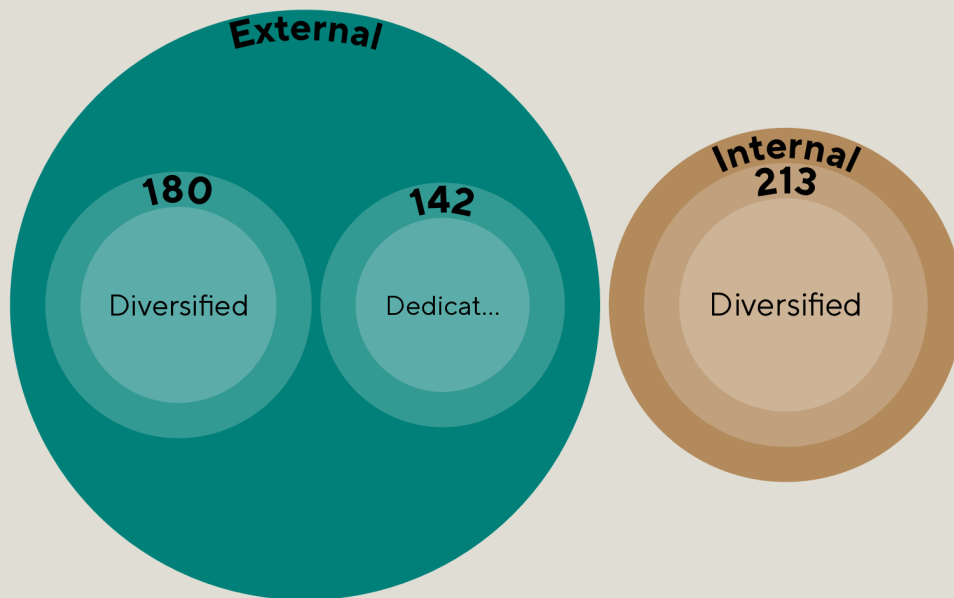
* Large (>250 employees), Medium (50-249 employees), Small (10 - 49 employees), Micro (<10 employees)

** Large dot denotes a higher concentration of firms (see the 2022 baseline for full breakdown of location data)

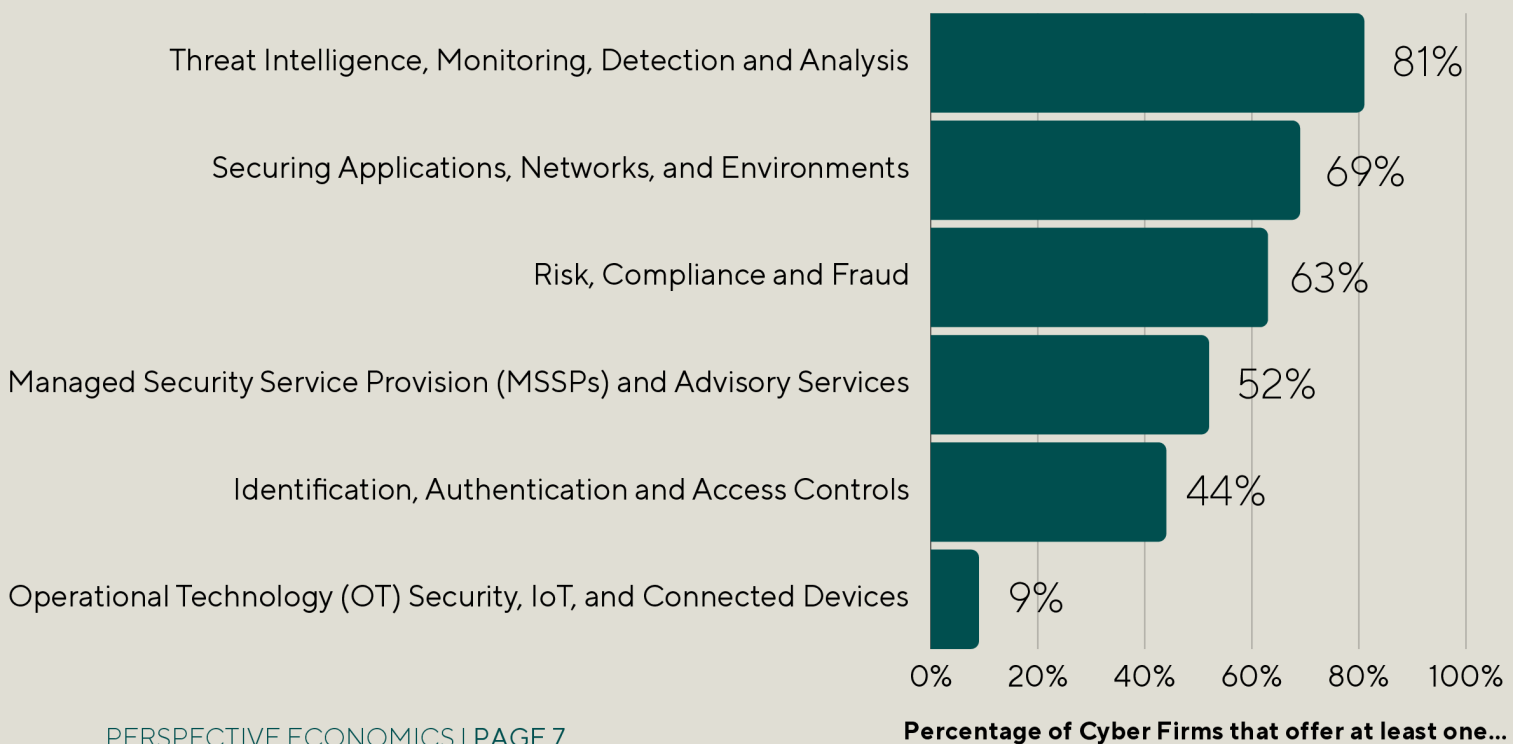
Cyber Security Operations:

We find three types of cyber security offering within Ireland:

- **External-facing:** There are 322 providers that sell cyber security products or services externally.
 - 180 - '**diversified**' firms that sell cyber security products or services as part of a wider company offering, and
 - 142 - '**dedicated**' or 'pure-play' firms that only focus on cyber products or services.
- **Internal:** There are 213 firms with internal cyber security capabilities.



Market Taxonomy: What do cyber firms provide?

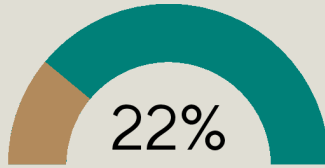


Market Trends

Labour Market



10% drop in cyber security vacancies between 2022-2023



Estimated 22% of the cyber security workforce are female

€75,000

Median Advertised Cyber Security Salary (2024)

Source: PE and Lightcast (2024)

Investment

€185m raised by Irish cyber security firms over last five years (2019 - 2024)

Cyber Ireland is partnering with Irish, European and International investors to support investment activity

Market Trajectory



Strong Sector Revenue Growth - 13% CAGR



Amid a tighter labour market and softening demand - 4% per employment growth

Growth Targets to 2030 (from baseline report 2022)



17,000 jobs



€2.5bn GVA

About Cyber Ireland

Cyber Ireland is the national cyber security cluster organisation, an industry representative body for the cyber security sector in Ireland. We connect the cyber security sector to drive business growth through collaboration, talent development and innovation.

Established in 2019 by Munster Technological University (MTU) and industry, it is supported by government through the National Cyber Security Centre, IDA Ireland and Enterprise Ireland (EI).

We bring together over 180 member organisations nationwide, including 100 Irish start-ups and SMEs, 50 MNCs, as well as Universities and training providers, government agencies, and investors across the cyber security ecosystem.

Our aim is to position Ireland to become the leading location for cyber security in Europe. In January 2024, Cyber Ireland launched its new cluster strategy 2024 – 2027 outlining how the cluster will lead the growth of the cyber security sector through its four focus areas:

Cyber Ireland Cluster Strategy: Focus Areas & Initiatives

Build the Community

- a. Facilitate Communities
- b. Connecting the Sector
- c. Driving Collaboration

Develop the Workforce

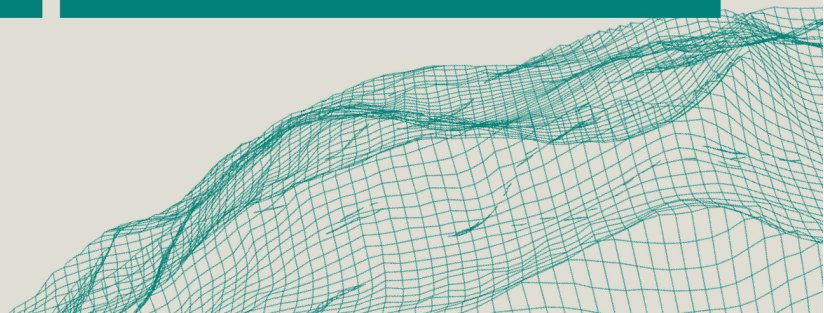
- a. Understand Industry Demand and Needs
- b. Working with Education & Training Providers
- c. Promoting cyber security careers, pathways and diversity

Drive Business Growth

- a. Supporting Business Growth
- b. Facilitating innovation, new solutions and start-ups
- c. Connecting the sector globally

Advocate and Promote

- a. Representing the Sector
- b. Providing Industry Research and Reports
- c. Promoting the Sector





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