# CrowdStrike

February 24, 2026

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# Overview

CROWDSTRIKE

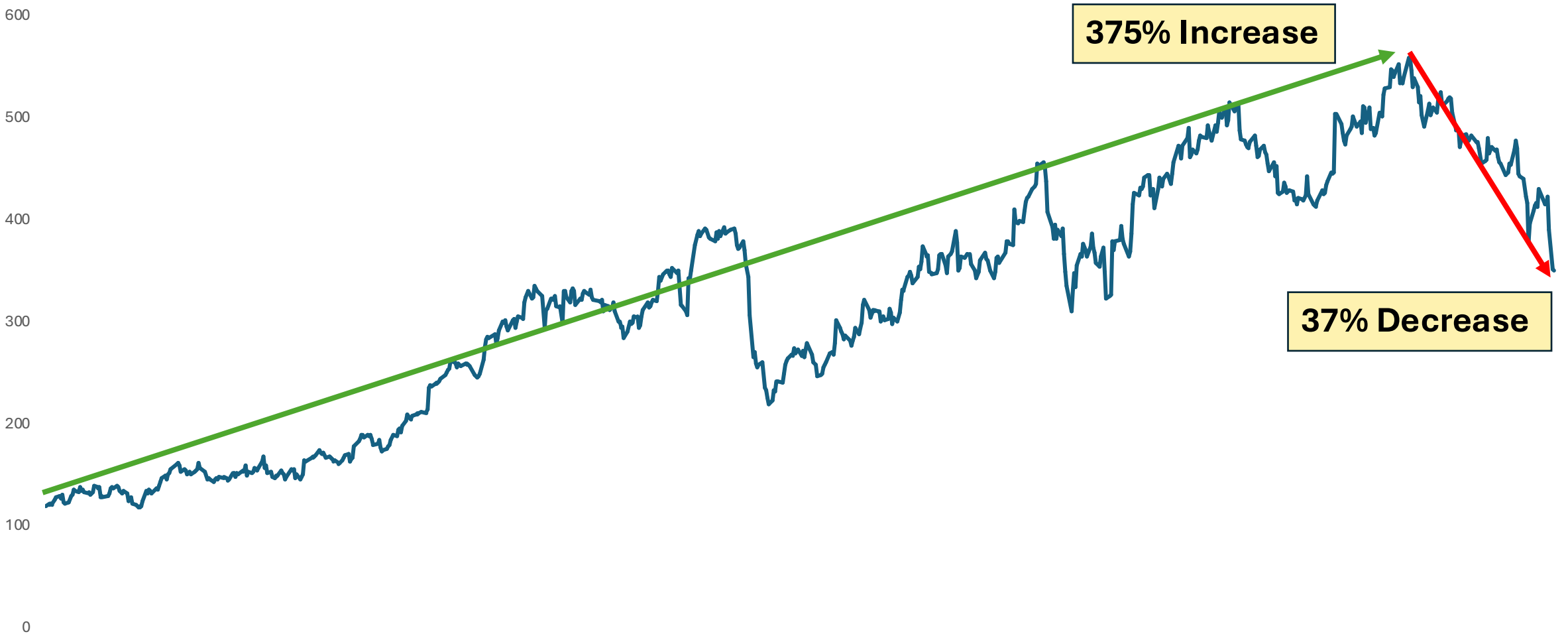
**Ticker: CRWD**

**Stock Price:**

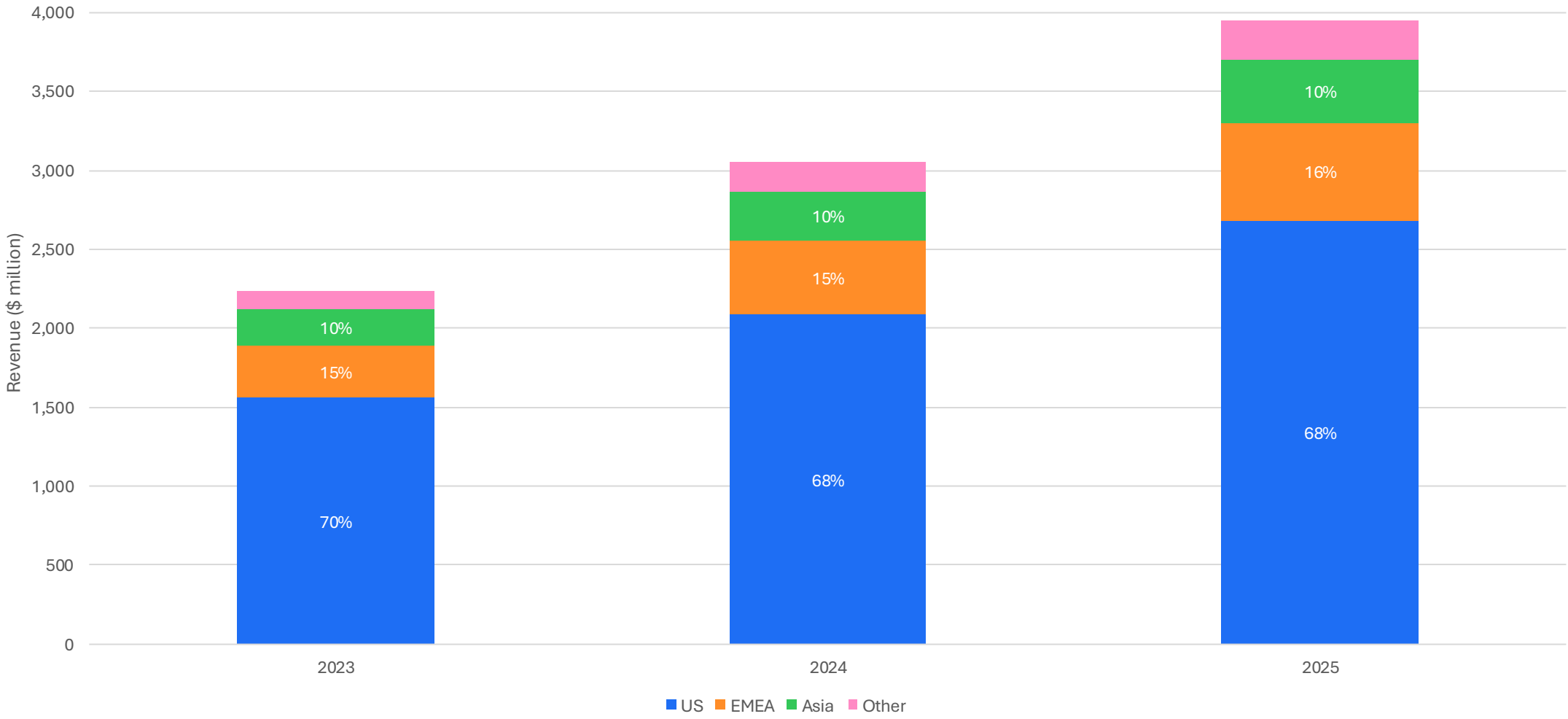
**$350.25**

- The leading cloud-native endpoint security platform
  - Founded in 2011; IPO in June 2019
- ~$4.24 billion in annual revenue (FY2026 guidance)
  - ~96% subscription revenue, ~4% professional services
- Market capitalization of ~$88 billion
- CEO George Kurtz has led CrowdStrike since founding

# 3 Year Stock Performance (since Feb. 2023)



# Revenue by Region



# Industry Overview

- Cybersecurity Market
  - ~$225 billion TAM by 2027, growing at ~12% CAGR
  - Fragmented market with no single dominant player above ~10% share
  - Platform consolidation is the key secular trend
- Endpoint Security
  - CrowdStrike, Microsoft, Palo Alto Networks, SentinelOne
  - Cloud-native architecture is the new standard
- Adjacent Markets
  - SIEM/log management, identity protection, cloud security
  - CrowdStrike expanding aggressively into all three

# Cybersecurity Market Dynamics

- Enterprises face an expanding attack surface
  - Cloud migration, remote work, and IoT proliferate endpoints
  - AI-powered attacks increasing in sophistication
- Regulatory pressure drives spending
  - GDPR, CCPA, SEC disclosure rules, NIS2 in Europe
  - Board-level priority: cybersecurity is no longer optional
- Platform consolidation replaces point solutions
  - Average enterprise uses 40-70 security tools
  - Consolidation onto fewer platforms reduces TCO and improves outcomes
  - CrowdStrike Falcon platform addresses this directly

# The Falcon Platform

- Single-agent, cloud-native architecture
  - Lightweight sensor deployed on endpoints
  - All processing in the cloud (no on-premise infrastructure)
- 28+ modules across multiple security domains
  - Endpoint Detection and Response (EDR/XDR)
  - Cloud Security (CNAPP/CSPM)
  - Identity Protection
  - Next-Gen SIEM (LogScale)
  - IT Operations (Falcon for IT)
  - Data Protection
- Falcon Flex: flexible licensing enabling platform consolidation
  - Customers adopt modules incrementally, deepening lock-in

# Competitive Standing

- Market leader in endpoint security with largest independent market share
  - Named a leader in Gartner Magic Quadrant for Endpoint Protection
  - #1 in IDC market share for modern endpoint security
- Strongest net retention and module adoption metrics in the industry
  - Net retention rate consistently above 120%
  - Customers with 5+ modules: 65%+; 7+ modules: 33%+
- Cloud-native architecture provides structural advantage vs legacy vendors
  - Microsoft bundling is the primary competitive threat
  - CrowdStrike positions as best-of-breed vs bundled solutions

# Competitive Advantage

- Massive data moat: trillions of security events processed weekly
  - AI/ML models improve with scale; more data = better detection
  - Threat graph correlates signals across entire customer base
- High switching costs once embedded in enterprise infrastructure
  - Deep integration with IT workflows, compliance, and incident response
  - Multi-module adoption compounds stickiness
- Network effects: each customer makes the platform better for all
- Platform breadth creates cross-sell engine
  - Land with endpoint, expand into cloud, identity, SIEM, and IT ops

# Why now?

- Post-incident recovery validates management and platform durability
  - July 2024 outage was a severe stress test
  - FY2026 Q2-Q3: reacceleration arrived earlier than expected
  - Record net new ARR in FY2026 Q3
- AI-driven security demand is accelerating
  - Enterprises need AI-powered defenses against AI-powered attacks
  - Cybersecurity spending is non-discretionary and growing
- Massive TAM expansion through platform consolidation
  - Falcon Flex driving larger, longer-term platform deals
  - Next-gen SIEM and identity markets represent major new growth vectors
- Stock has fallen ~37% from its highs

# AI “disruption”

- Claude Security scans a codebase to find vulnerabilities
  - Can export findings into existing security workflows (positioned as complementary to existing tools)
- Falcon platform provides endpoint security (AV/EDR/XDR) plus broader modules such as cloud security, exposure management, identity protection, and SIEM/log management
- CrowdStrike’s focus is detect/respond using telemetry from endpoints/workloads/identities
  - Claude Code Security is pre-deploy code review + patch suggestion
- Falcon Enterprise is $184.99 / year
  - The cost for 500 devices is less than just a single security engineer

# AI “disruption”

- Near-term revenue displacement is likely limited
- Longer-term displacement is also unlikely
  - Large-scale vendors have a positive feedback loop: more customers → more data → better detections → more customers
  - They correlate activity across industries, geographies, and cloud providers
  - Easier for security focused firms to hire the best talent
- Replicating these capabilities internally would require global sensor coverage, dedicated ML teams, 24/7 threat research, and continuous red-teaming and validation
  - That cost structure only works when amortized across thousands of customers

# The July 2024 Incident

- On July 19, 2024, a Falcon sensor update caused widespread system crashes
  - Issue identified at 04:09 UTC, remediated by 05:27 UTC
  - Affected millions of Windows endpoints globally
  - CISA issued a formal alert about the incident
- Near-term impact on sales cycles and customer sentiment
  - Management launched Customer Commitment Packages (CCP)
  - CCP designed as adoption accelerator, not permanent concession
  - Guided for approximately year-long headwind profile

# Post-Incident Recovery

- Reacceleration arrived earlier than management guided
  - FY2026 Q2: net new ARR inflected positively a quarter early
  - FY2026 Q3: record quarterly net new ARR, accelerating ARR growth
- CCP program ended on schedule as incident became historical
  - Temporary measure sunset, not perpetuated (key management quality signal)
  - Falcon Flex adoption accelerated as a direct result of CCP
- Record free cash flow and operating income in FY2026 Q3
- Demonstrates platform durability through the most severe stress test

# Strong Financial Position

- Minimal debt for a high-growth software company
  - Net cash position: the company is net cash positive
  - $1 billion share repurchase authorized in FY2026 Q1
- Strong and improving free cash flow generation
  - Free cash flow margins consistently expanding toward 35%+
  - Capital-light SaaS model requires minimal reinvestment

# Management

- Platform consolidation + module adoption as central strategy
- Maintained discipline: grew revenue while expanding margins
- Transparent about challenges
  - Upfront about July 2024 incident impacts on sales cycles and KPIs
  - Quantified CCP costs and timeline for investors
  - Guided conservatively, then delivered reacceleration ahead of schedule

# Management

- Consistently at the forefront of product innovation
  - Expanded from endpoint into cloud, identity, SIEM, and IT ops
  - Multiple successful acquisitions integrated (Humio/LogScale, Bionic, etc.)
- Strategic realignment plan (5% workforce reduction) to improve margins
- Actions taken quickly within a year of the incident

Management has shown that they operate as owners and understand what drives business value.

# Earnings Growth

- CrowdStrike guided toward the top end of their Q2 range in their Q3 call

| | Old | New |
|---|---|---|
| Revenue | $4.78 ± $0.03 billion | $4.80 ± $0.01 billion |
| Margins | 19.6% ± 0.5% | 19.8% ± 0.05% |
| non-GAAP EPS | $3.66 ± $0.06 | $3.71 ± $0.01 |

- Two quarters of EPS acceleration
- Strong revenue and ARR growth should continue
- Cloud Security will continue to be the fastest growing segments within security at ~25% CAGR (Gartner)
- Endpoint has one of the largest TAMs within security and is one of the fastest growing

# Risks

- Lingering fallout from the July 2024 incident
  - Delta litigation and DOJ/SEC information requests remain unresolved
- Microsoft bundling intensifies
  - Microsoft Defender gaining share, especially in SMB/mid-market
- Macro spending slowdown reduces security budgets
  - Cybersecurity is non-discretionary but enterprise budgets can stretch timelines
- Execution risk in adjacent markets (SIEM, identity, cloud)
  - Entering crowded markets against entrenched competitors
- Valuation compression if growth decelerates
  - Premium multiple requires sustained high growth

# CrowdStrike: Summary Investment Thesis

- ✓ Dominant platform in the large and growing cybersecurity market
- ✓ Cloud-native architecture provides structural competitive advantage
- ✓ 28+ modules create deep customer lock-in and cross-sell engine
- ✓ Proven management that navigated a major crisis with discipline
- ✓ Post-incident recovery validates platform durability and customer loyalty
- ✓ AI-driven threats ensure cybersecurity spending remains non-discretionary
- ✓ Attractive entry point after post-AI panic

CrowdStrike is a good business, in a good industry, with good management, at a good price.