How Wiz Deal Set a Record

Group of ex-Israeli officers stand to make billions from Google purchase

By Lauren Thomas
And Berber Jin


AVISHAG SHAAR-YASHUV
Wiz founders from left: Yinon Costica, Assaf Rappaport, Ami Luttwak and Roy Reznik.

When Google's talks to buy cybersecurity company Wiz fell apart last summer, the startup's founder told staff he was aiming for an initial public offering. Less than a year later, the company set the largest cybersecurity deal ever.

Wiz struck a $32 billion deal to sell the company to Google parent **Alphabet** on Tuesday, reviving a marriage that could bolster the tech giant's cyber muscle. The highly competitive business of selling cloud services has grown in complexity—particularly as generative artificial-intelligence advances—prompting companies like Google to beef up security to defend against hacks and other threats.

Assaf Rappaport and his cofounders stand to make more than $3 billion each from the sale, according to people familiar with the matter. It is the biggest sale for a private venture-backed company on record, displacing **Meta Platforms**' $19 billion acquisition of WhatsApp in 2014.

They are among the alumni of Unit 8200, part of the Israel Defense Forces known for its cybersecurity savvy and intensity. Former Unit 8200 members have been able to attract clients and investment money from Silicon Valley in spades, and the Wiz team is now among the ranks of unit veterans that founded highly valued cybersecurity companies, such as Palo Alto Networks and Fireblocks.

Rappaport, a 41-year-old Tel Aviv native, often dons a hoodie with Wiz's logo on it, in keeping with the tech aesthetic, or a white T-shirt, joggers and sneakers. His shoes, from the luxury Italian brand Golden Goose, typically cost more than $500.

He often brought his border collie Mika, dubbed Wiz's chief dog officer, to work at the company's offices in New York and Tel Aviv and encouraged other employees to bring their dogs as well. Mika, who died late last year, had her own LinkedIn page.

After the talks between Google and Wiz fizzled last summer, Wiz started talking to bankers again in the fall about a fresh deal. A paucity of initial public offerings this year prompted Rappaport and co-founders Ami Luttwak, Yinon Costica and Roy Reznik to explore deal conversations with several other parties, according to people familiar with the matter.

None was willing to pay up as much as Google. The companies were ultimately able to improve the terms of the deal—including a more than $3 billion termination fee for Wiz, should the agreement fall apart—and gain confidence that the Google transaction could overcome regulatory hurdles, the people familiar with the deal said.

Google views the Wiz deal as something that is in the best interest of America's national security. "The increased role of AI, and adoption of cloud services, have dramatically changed the security landscape for customers," the companies said Tuesday.

The acquisition is likely to test the Trump administration's antitrust appetite, but if it clears, Wiz's security features could help Google attract more cloud customers. Competition is stiff, particularly as generative AI fuels corporate America's need for computing power.

The all-cash deal would be Google's largest ever. Google has beefed up its cybersecurity muscle through acquisitions in recent years, buying Mandiant for $5.4 billion in 2022.

The four co-founders met while working together in the IDF unit, where advanced cybersecurity meets cyberwarfare. The quartet sold their first venture, cloud cybersecurity company Adallom, to **Microsoft** in 2015. Rappaport said in an interview last year with one of Wiz's board members that he knew their second would be a roller coaster.

Wiz was initially called Beyond Networks and focused on network security. Rappaport and his co-founders pivoted to software that offers customers more cyber protection than their tech-giant cloud providers might. It is backed by prominent Silicon Valley venture capitalists, including Sequoia Capital, Andreessen Horowitz, Index Ventures, Advent and Greenoaks.

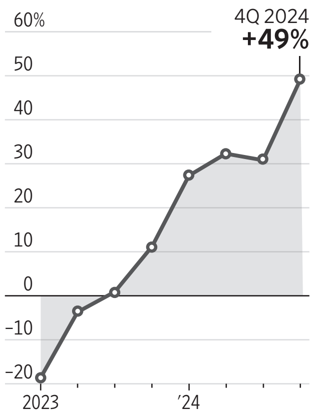
"They took a bold approach," said Gili Raanan, Wiz board chair and founder of the VC firm Cyberstarts. Their technology could "identify vulnerabilities" and issues "faster and more effectively than anything else on the market," he said. Today, Wiz's customers include several Fortune 100 customers.

The startup's valuation swelled to $16 billion in an employee tender offer in late 2024, The Wall Street Journal reported.

Xiaomi's Profit Soars 90% as Sales Hit Record

By Jiahui Huang

Xiaomi quarterly revenue, change from a year earlier



Source: S&P Capital IQ

Xiaomi's net profit nearly doubled in the fourth quarter on record revenue, thanks to the strong performance across its business segments.

The Beijing-based maker of smartphones and electronics said Tuesday that fourth-quarter net profit rose 90% from a year earlier to 9 billion yuan, equivalent to $1.24 billion.

After adjusting for share-based compensation and other items, quarterly profit was 8.32 billion yuan, up nearly 70% from a year earlier.

Revenue jumped 49% to 109.01 billion yuan, topping 100 billion yuan for the first time. Sales from its smartphone business, which remained the biggest revenue driver, rose 16% to 51.3 billion yuan on higher smartphone shipments and selling prices, the company said.

For the full year, Xiaomi's net profit increased 35% to 23.58 billion yuan as revenue climbed 35% to a record 365.91 billion yuan, supported by revenue from its Internet-of-Things and lifestyle products segment. Revenue from the segment rose 30% to 104.1 billion yuan in 2024, thanks to higher sales of large home appliances, tablets, wearables and certain lifestyle products.

70%
Xiaomi's stock has risen nearly this much in the year to date

The company's electric-vehicle business reported annual revenue of 32.1 billion yuan, with the gross profit margin for the segment, which includes other new initiatives, reaching 18.5%. The average selling price of its EV was 234,479 yuan last year.

Xiaomi had a strong 2024 thanks to the continued sales momentum in its smartphone and Internet-of-Things segments. Its rapidly growing EV division has lifted sentiment on the company's growth prospects, driving the stock's 53% gain in the fourth quarter and nearly 70% rise so far this year.

Some analysts have said they expect the company's auto business, which has been delivering robust sales growth and strong margin expansion, to turn a profit in 2025.

The company last month launched its new luxury electric vehicle, the SU7 Ultra sedan, with a lower-than-expected price tag. Earlier Tuesday, it raised its 2025 car delivery target to 350,000 units from 300,000 units previously.

BYD Climbs After EV Maker Unveils New Charging Tech

By Jiahui Huang

BYD's shares rose in Hong Kong after the Chinese electric-vehicle company unveiled its new fast-charging technology and announced an employee share incentive plan.

Shares rose as much as 6% to a record 408.80 Hong Kong dollars, equivalent to $52.61, early Tuesday before paring gains to 4.1%.

BYD's Shenzhen-listed shares climbed 1.1%.

BYD unveiled its new charging technology, which it said is capable of providing 400 kilometers, or nearly 250 miles, of range in five minutes of charging time.

That means users can charge their EVs as quickly as it takes conventional cars to refuel, BYD said.

The charging system will be available on the company's new Han L sedan and Tang L sport-utility vehicle models, which will go on sale next month, BYD said.

BYD's Hong Kong-listed stock performance

Note: HK$100 = $12.87
Source: FactSet

BYD has sparked a race in autonomous-driving technology among Chinese EV makers after saying last month that it would deploy its "God's Eye" driver-assistance system in its mass-market models.

BYD remained the top EV seller in China with total deliveries of 318,233 units for February.

Meanwhile, rival **Tesla** has seen its market share erode in China, the world's largest EV market, with its February sales sliding 49% from the prior year to 30,688 units.

BYD also said late Monday that it would issue to employees up to 10% of its total share capital this year, with the number of shares held by a single employee via the plan not exceeding 1% of its outstanding share capital.

BYD is expected to report fourth-quarter earnings next Monday.

XPeng Guides for Surging Revenue, Volumes as Quarterly Loss Narrows

By Jiahui Huang

XPeng projected revenue would more than double in the first quarter after reporting robust fourth-quarter results.

The Chinese electric-vehicle maker said Tuesday that its net loss was 1.33 billion yuan, equivalent to $183.9 million, narrowing slightly from 1.35 billion yuan a year earlier. That was better than the loss of 1.45 billion yuan estimated by analysts in a Visible Alpha poll.

Revenue rose 23% to 16.11 billion yuan, broadly in line with analysts' estimate of 16.13 billion yuan, thanks to strong vehicle sales, the company said. Its gross margin improved sharply to 14.4% in the fourth quarter from 6.2% a year ago, though it was lower than the record 15.3% in the third quarter.

The results are a reflection of the solid demand Chinese EV makers enjoyed in the final quarter of 2024, which was supported by government incentives for consumers to trade in old cars to purchase new ones.

For its part, XPeng has noted robust sales of the Mona M03, a fully electric car aimed at the mass market, and the P7+, a battery EV featuring an advanced driver-assistance system.

The EV maker forecast first-quarter deliveries would more than quadruple to 91,000 to 93,000 vehicles and revenue would soar to between 15 billion yuan and 15.7 billion yuan.

"In 2025, with the launch of more-attractive new products, we are confident in maintaining our investment in R&D while continuing to enhance profitability and free cash flow," Vice Chairman Hongdi Gu said.

For the full year, XPeng managed to scale up deliveries while maintaining its leading position in autonomous-driving technology and diversifying its revenue through its **Volkswagen** partnership.

As a result, the automaker narrowed its annual net loss to 5.79 billion yuan from 10.38 billion yuan.

Its revenue grew 33% to 40.87 billion yuan last year, driven by a near-doubling in revenue from its services segment, which includes revenue from its technical collaboration with Volkswagen.

The company's gross margin was 14.3% for the year, a sharp improvement from 1.5% in 2023, driven by cost reduction, XPeng said.

Last week, the Guangzhou, China-based company launched new, cheaper versions of the G6 and G9 SUVs, both equipped with its latest fast-charging functions and autonomous-driving features, as competition heats up in the country over AI-powered driving technology.