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SentinelOne

Five-Pillar Analysis

NYSE: S | FIVE-PILLAR ANALYSIS | OCTOBER 17, 2026

One clean pass and four partials that share a root cause: everything structural about SentinelOne is mid-construction. The platform is real but sub-scale, the fortress is financed rather than earned, and the founder now leads a team that has not yet worked a year together.

Moderate fit: 1 pass, 4 partial · Overall report score 62/100, Selective Positive · Reference \$21.58, October 16, 2026

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Pillar	Grade	One-line evidence
1. Sunrise	PASS	AI expands the attack surface and the budget; S's fastest products aim at the new spend
2. Leadership	PARTIAL	Proven founder; near-total team turnover, CFO churn, pledged shares, sell-only insiders
3. Moat	PARTIAL	Real architecture and breadth at 3-6% share, squeezed by CRWD above and MSFT's bundle below
4. Iron Fortress	PARTIAL	Pro forma net cash and no maturity until 2031, against -31% GAAP margins and SBC-funded operations
5. Free Cash Flow	PARTIAL	FCF margin +1% to +5% and rising, but thin, volatile, and diluted ~5% a year

The four partials share a root cause: SentinelOne is in the middle of three transitions at once, from endpoint vendor to platform, from growth-at-all-costs to profitable growth, and from founding team to institutional team. The pillars grade the company as it is in October 2026, not as the scenarios imagine it.

A moat under construction, a fortress financed rather than earned, and a sunrise that is not the question.

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1 SUNRISE: PASS

Global security spending grows roughly double digits (Gartner: ~\$244B in 2026, +11%); the endpoint market alone is ~\$18B growing ~11-14%; AI expands both the attack surface (agents as identities and data paths, AI-compressed exploit timelines) and the defense budget (AI security as a new category). SentinelOne grows 21-22% with its fastest products aimed at the new spend: AI security ARR tripled year over year, the AI SIEM rides the SIEM-consolidation wave (RPO +45%), and Flex licensing matches how platforms now get bought. The 39% international mix leaves room the US-centric story understates. The tide is strong and the company points at where it is going. PASS.

2 LEADERSHIP: PARTIAL

Weingarten built this from a 2013 startup to \$1B of revenue, made the right architectural bet early, and has been strategically consistent for a decade. The grade is capped by the record around him: the June 2023 ARR methodology change and guidance cut (a -35-38% day) took years to rebuild from; guidance since is good on revenue and operating income (fiscal 2026 landed on its final guide; fiscal 2027 raised twice), but the

fiscal 2027 EPS guide was cut on dilution, a self-inflicted line; the executive team turned over almost entirely in eight months (two CFO transitions in 15 months, the December 2025 resignation costing 14.4% in a day, a new CRO, the product chief gone in October 2026); the founder has pledged 3.42M Class B shares (up from 0.92M); insiders sell under plans and do not buy; the anchor early backer exited fully in 2025. A strong founder, an unproven team, and governance habits not yet matured to the company's scale.

3 MOAT: PARTIAL

Elements exist: genuine technical differentiation (on-device behavioral AI, Storyline, patented rollback), breadth across endpoint, cloud, identity, data, and AI security on one data model, six straight Gartner Leader years, FedRAMP High, ~14,000 customers with 3+ solution adoption at 65%, and switching costs that deepen as the AI SIEM and Wayfinder embed. The position is partial because it is sub-scale and squeezed: roughly 3-6% endpoint share, CrowdStrike at 4.8x the ARR with superior attach economics (51% of customers on 6+ modules) above, Microsoft's zero-marginal-price bundle (now including agent security) below. And the moat's key gauge has gone quiet: NRR was last precisely disclosed at ~115% in early fiscal 2025, just as net new ARR growth flattened to +4%. A moat widening in breadth, unproven in depth.

4 IRON FORTRESS: PARTIAL

The balance sheet alone now passes: pro forma ~\$1.9B of cash and investments against \$1.5B of zero-coupon converts due 2031, nothing cash-pay and nothing due for five years, a buyback running, a \$400M revolver in discussion. The pillar holds at partial because the fortress is financed, not earned: GAAP operating margin -32% (fiscal 2026) and -31% (Q2 fiscal 2027); fiscal 2026's GAAP net loss (-\$450.7M) included a surprise \$171.0M tax provision; quarterly operating cash flow still swings negative (-\$6.6M in Q2 fiscal 2027); and the model runs on ~\$300M a year of stock comp, a fortress wall built from the shareholders' own bricks. When GAAP losses narrow toward the non-GAAP line and cash flow holds positive for a full year, this pillar upgrades.

5 FREE CASH FLOW: PARTIAL

The trajectory is right; the level is not yet there. Company-defined FCF margin: +1% (fiscal 2025) to +5% (fiscal 2026); adjusted FCF margin 22% in Q1 fiscal 2027, ~6% TTM; Q2 fiscal 2027 negative in absolute terms. Peers run far richer (CrowdStrike near ~30%). And the SBC debate matters at the share level: entity cash conversion has not yet become per-share compounding while dilution runs ~5% a year. Direction supports a partial with an upgrade path; level does not support a pass.

Synthesis and monitoring

One pass and four partials supports the report's 62/100 Selective Positive when paired with a multiple that already discounts the incompleteness (~6.1x forward sales versus peers at 18-41x). Fastest upgrade path: Pillar 5 (a full year of double-digit FCF margin) and Pillar 3 (NRR transparency plus net new ARR re-acceleration). Fastest downgrade: Pillar 2 (another senior departure or a guidance credibility event). Grade the transition on the pillars, not the story.

Sources: company filings and releases (FY2026 10-K; Q1-Q2 FY2027 releases; October 2026 convertible documents; 2026 proxy), Gartner, IDC, Reuters, CRN, MarketBeat, Finnhub (October 16, 2026). Fiscal years end January 31. Full evidence in the companion investment report.