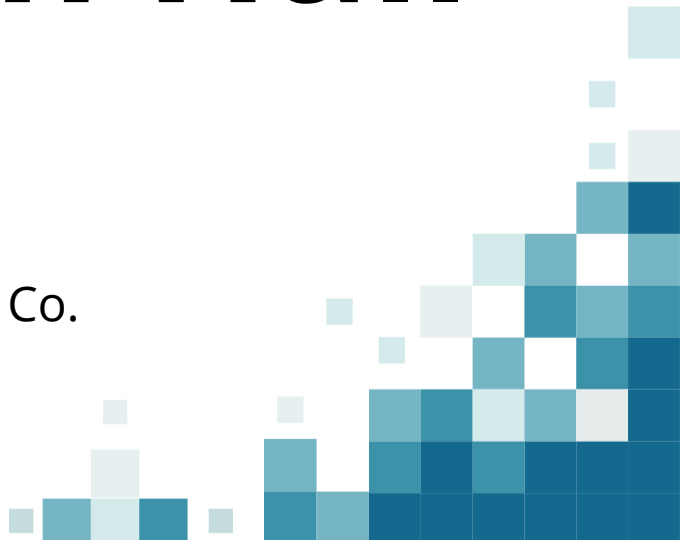




CYBER SECURITY
SUMMIT 2017

Investor Town Hall

Catharine Trebnick, Vice President, Dougherty & Co.
Equity Analyst Security and Infrastructure



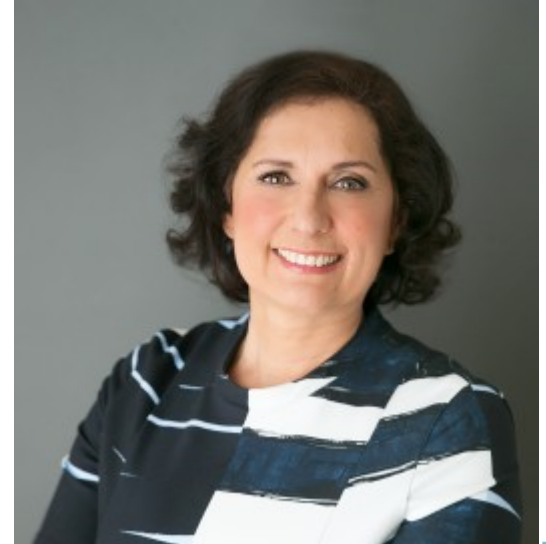


CYBER SECURITY SUMMIT 2017

Committee Chair: Catharine Trebnick

Vice President, Senior Research Analyst, Dougherty & Company LLC

- Sector Coverage: Security, Network Infrastructure, and Unified Communications
- *+10 Years of Experience on Wall Street as Technology Analyst*
- *Frequent Guest on CNBC. Often Quoted by Investment Publications such as Barron's, Investor's Business Daily, Reuters, and Bloomberg*
- *Prior to Wall Street, Held Senior-Level Product Management Positions at Various Telecommunications Firms Including Time Warner Telecom, Level 3 Communications, Lucent Technologies and AT&T*
- *MBA - University of Chicago;*
- *BS in Chemistry – University of Maryland*



DOUGHERTY & COMPANY LLC

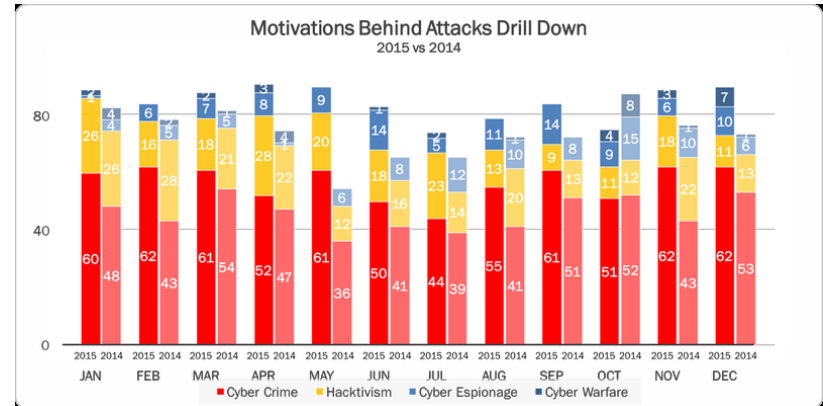
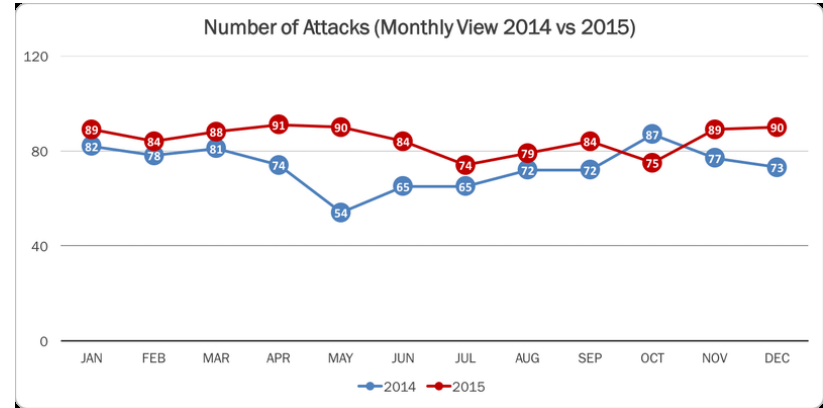


Agenda

- **Update Cyber Security Marketplace**
- **Next Generation Techniques Replacing Legacy Software Tools**
- **Lessons Never Learned: A Way Through the Valley**
- **Discussion on Defense M&A**
- **Investing Through the Lens of Accredited Investors and Thought Leaders**

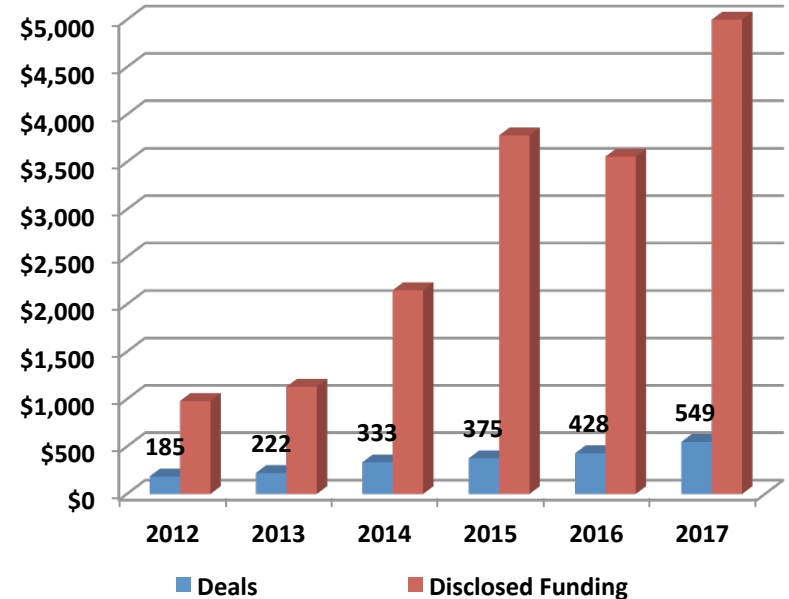
What's Happening With Security Spending

- Given the rising quantity and severity of cyber attacks, cybersecurity continues to be one of the hottest tech sectors in recent history. Following mega-breaches in 2014/2015 security spend hit 18% Y/Y and in 2016 slowed to 9% Y/Y.
- However, with recent high volume breaches spending has again picked up. Attacks and breaches remain as prevalent as ever.



Market Pulse ...Cyber Security Global Annual Financing History

- Companies and governments are seeking to better secure their networks, data, and devices resulting in investors making more deals to private cybersecurity companies.
- Cybersecurity deals hit an [all-time quarterly high](#) of 146 deals in Q1'17, up 26% Y/Y.
- Q2'17, 145 total deals were completed and equity funding reached \$1.6B
- Six firms obtained funding runs over \$100M plus, highest record quarter.
- Notable 2017 IPOs.. Okta and ForeScout expected later this week.





Key Cyber Security Investors

- New Enterprise Associates, Accel Partners, Intel Capital, Andreessen Horowitz, Sequoia Capital, etc.
- Cross over investors from Fidelity (CloudFlare), Franklin Templeton (Tanium), Blackstone Grp (Carbon Black)
- Cross over from Cloud providers: Baidu, Amazon, Salesforce Ventures...
- Private Equity Playing a role (TPT, Thoma Bravo)
- M&A companies such as Americas Growth Capital
- California is home to over 30% of US cybersecurity firms.
- Seven CA based companies have raised over \$200M to date. Including: Tanium (\$329M), Lookout (\$281M), illumio (\$267M), CrowdStrike (\$256M), Sumo Logic (\$235M), netskope (\$221M). While over 25 have raised over \$100M
- Top 9 Cyber states have raised \$100M as of 9/25/2017.
- The other 8 Cyber states with security startups are located in Virginia, Massachusetts, New York, Texas, Maryland, Florida, Colorado, and Washington



Cybersecurity Investment Across the US

1. California: Tanium (\$329M), Lookout (\$281M), illumio (\$267M), CrowdStrike (\$256M), Sumologic (\$235M), Netskope (\$221M), Druva (\$198M), CloudFlare (\$182M), LogicMonitor (\$152M), Zcaler (\$148M), Skybox Security (\$145M)
2. Virginia: Lookinglass (\$104M), ENDGAME (\$96M), Verisys (\$73M), distil (\$59M), PHISHME (\$58M).
3. Massachusetts: CarbonBlack (\$119M), cybereason (\$189M), Digital Guardian (\$113M), CounterTack (\$98M), BITSIGHT (\$87M), threatstack (\$72M)
4. New York: PayFone (\$69M), dashlane (\$50M), Flashpoint (\$43M)
5. Texas: StackPath (\$180M), Armor (\$148M), Alert Logic (\$118M), SecureLink (\$66M), ClearDataa (\$54M), Ziften (\$50M).
5. Maryland: tenable (\$302M), Zerofox (\$80M), Fugue (\$76M)
6. Colorado: LogRhythm (\$126M), Webroot (\$109M), Protectwise (\$62M).
7. Florida: Sonavation (\$59M), Reliaquest (\$30M)
8. Washington: AuthO (\$54M), Tempered (\$25M)
9. Arizona's BeyondTrust (\$195M) and Minnesota's Code42Software (\$138M)