



Securing our Networks and Enabling the Digital Transformation

One app at a time



Philippe Courtot
Chairman and CEO

Sumedh Thakar
Chief Product Officer

Melissa Fisher
CFO

Online Investor Day – June 13th 2018

Agenda

Where are we now and where are we going?

Qualys Cloud Platform
2018 Deliverables and Demos

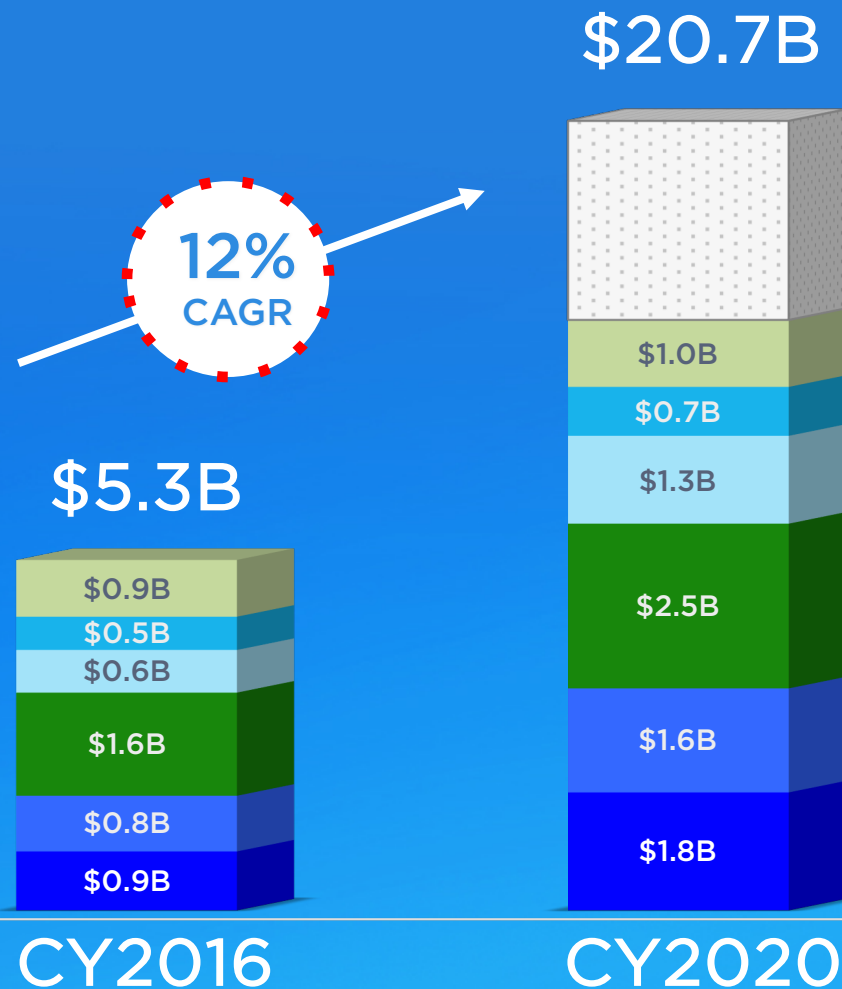
Financial Highlights and
Long Term Model



Increasing our TAM

One app at a time

20%
Qualys growth
CAGR



New Services Coming (IOC, FIM, PM, CertView, CloudView, ITAM...)

Web Security: SaaS (WAF) ⁽²⁾

Other Security

Network and Edge (PS)

Security Policy and Compliance (PC, PCI, SAQ)

Vulnerability Assessment: App (WAS)

Vulnerability Assessment: Device (VM)

Building a Global Customer Base

One customer at a time

74% of the Forbes Global 50, 47% of Global 500, and 25% of Global 2000 standardized on Qualys

- 9 of the top 10 in Software
- 8 of the top 10 in Consumer Discretionary
- 8 of the top 10 in Consumer Staples
- 8 of the top 10 in Major Banks
- 8 of the top 10 in Technology
- 8 of the top 10 in Telecommunications
- 7 of the top 10 in Healthcare
- 6 of the top 10 in Industrial & Materials
- 5 of the top 10 in Insurance

10,300+ Customers



Expanding our Cloud Platform

Unified approach to detection, prevention & response

Integrated Suite of Applications



Analytics and Reporting Engines



Distributed Sensors



Environments



Enabling vendor/stack consolidation

One application at a time

IT Security

RAPID7

tenable
network security

Compliance
Monitoring

McAfee

NetIQ

RAPID7

Symantec

tenable
network security

Trustwave

Web Application
Security

f5

iMPERVA

RAPID7

IBM

VERACODE

New Services

VENAFI

ForeScout

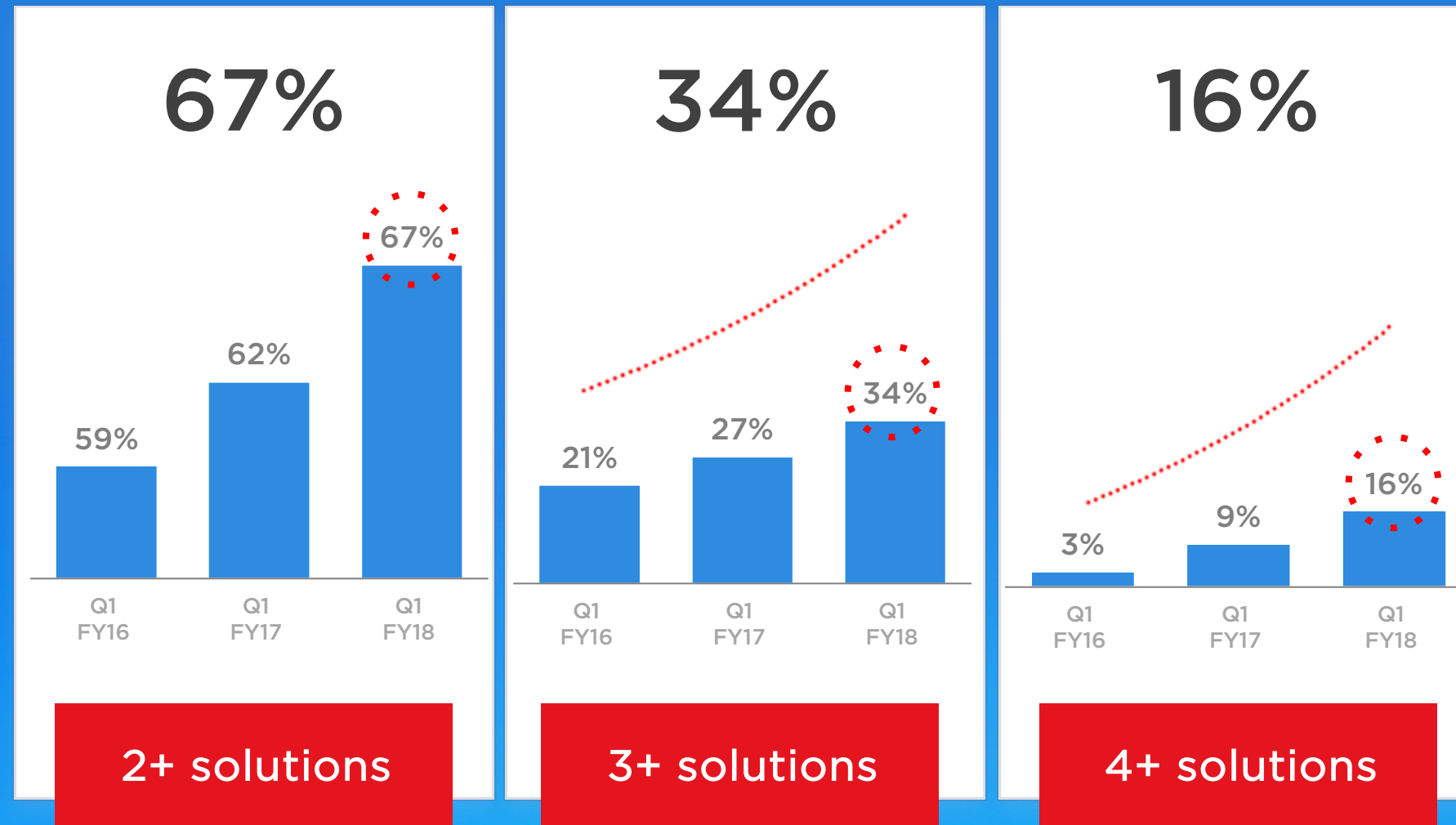
TANIUM

tripwire

FireEye

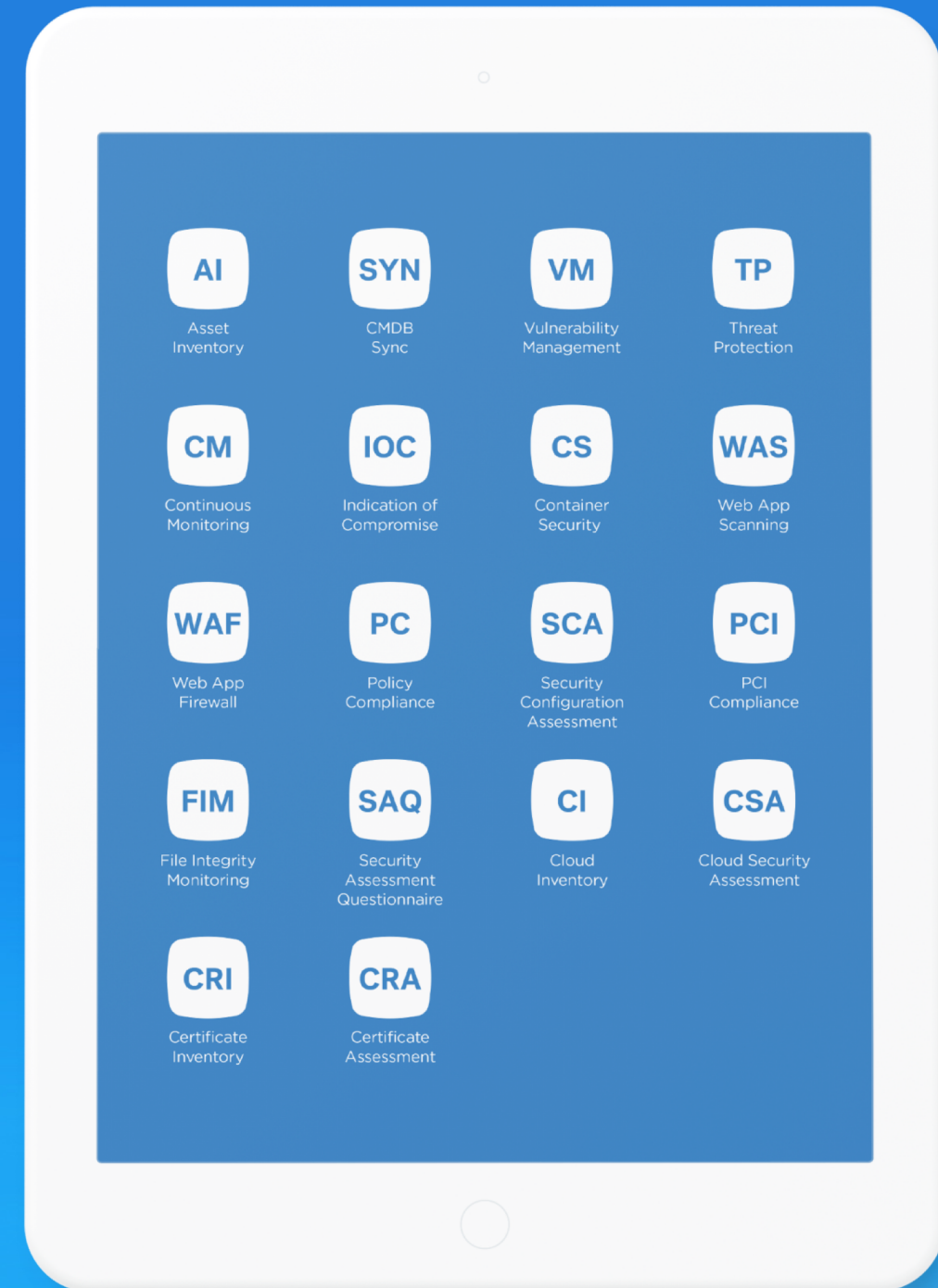
Carbon Black.
evident.io
Twistlock.
crowdStrike

Platform adoption is accelerating



% of Enterprise customers with select number of solutions

Disruptive Go to Market The Platform is the Distribution Channel



Disruptive Go to Market

Recently Launched Community Editions



CloudView

Inventory and monitor
all your Clouds

[It's free >](#)



CertView

Identify cert grades,
issuers & expirations

[It's free >](#)

Disruptive Go to Market

New Community Editions to be launched end of June 2018



Community Edition

For Consultants, SMBs
and MSPs

It's free >

Disruptive Go to Market

Introducing a groundbreaking new app going beta end of June 2018

Qualys' Global IT Asset Inventory (ITAM)
with CMDB Synchronization

Global IT Asset Inventory

A Foundational Technology for Security

With this new App the Qualys Cloud Platform now uniquely offers CIOs and CISOs

- 2s visibility across ALL of their global IT assets
(across On-Premise, End-points, Clouds and Mobile environments)
- Continuous view of their Security and Compliance posture via dynamic and customizable dashboards
- Identifies in seconds those assets which are compromised or vulnerable to zero days attacks
- Consolidate their security and compliance stack, drastically reducing their spend

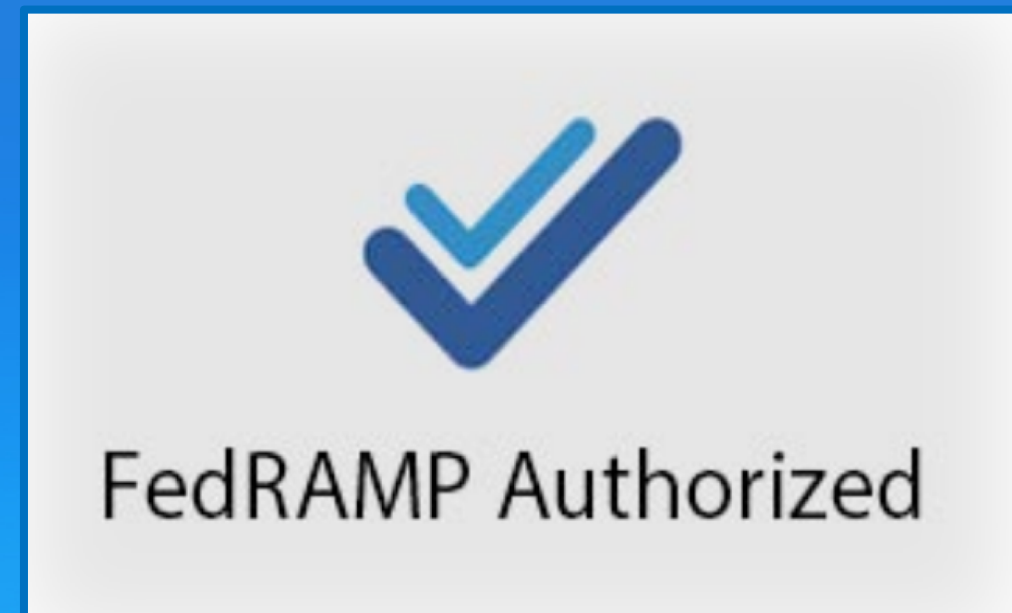
“You Simply cannot secure what you do not know”

Now Entering the Federal Market Qualys Gov Cloud Platform

Launch June 6th 2018 Washington DC

Platform can be deployed within agencies or partner datacenters to ensure data sovereignty

Hardware, virtualized or Cloud versions
FedRAMP Authorized, NIST CSF and 800-53compliant



Announced on 06/04/18 the intent to acquire SecondFront
www.secondfront.com

Expanding our Channels and New Business Sales Teams

ENTERPRISE

Large enterprise
(Over 5,000 employees)

New customers

Existing customers

SME & SMB

Small / medium business
(Up to 5,000 employees)

New customers

Existing customers

2017
REVENUES

Direct
60%

Channel
40%

accenture



HCL

Hewlett Packard
Enterprise



NTT

verizon



NTT Security



SecureWorks

Computacenter
Services & Solutions



Infosys

Deutsche
Telekom

IBM

Launching the CIO/CISO Interchange Forums

In participation with the Cloud
Security Alliance (CSA)

Federal CIO/CISO Interchange
Oct 16th 2018 - Washington DC

Enterprise CIO/CISO Interchange
December 10th 2018 – Orlando, FL



INAUGURAL EVENT:

Building security into the
digital transformation
- NOT bolting it on

Four Seasons, San Francisco / April 16

About

As companies embrace technologies such as the Internet of Things, big data, cloud, and mobility, security must be more than an afterthought. But in the digital era, the focus needs to shift from securing network perimeters to safeguarding data spread across systems, devices, and the cloud.

Co-founded by Philippe Courtot, Chairman & CEO, Qualys, Inc. and the Cloud Security Alliance (CSA), the CIO/CISO Interchange is a non-profit, non-commercial organization.

Securing the Digital Transformation

“Security must be re-invented as we simply cannot continue layering an ever increasing number of security and compliance solutions”



The 5 New Tenets of Security for enabling the Digital Transformation

In this new complex,
Highly Interconnected
and hybrid world



The 5 New Tenets of Security for enabling the Digital Transformation

Visibility

Accuracy

Scale

Immediacy

Transparent-Orchestration

Building-in -  NOT Bolting-on



Thank You

pcourtot@qualys.com





Our Journey into the Cloud: The Qualys Platform and Architecture

Sumedh Thakar
Chief Product Officer,
Qualys, Inc.



Online Analysts & Investors Day
June 13th 2018

The 5 New Tenets of Security for enabling the Digital Transformation

Visibility

Accuracy

Scale

Immediacy

Transparent-Orchestration

Building-in -  T Bolting-on



Qualys Cloud Platform Architecture

Integrated Suite of Applications



Analytics and Reporting Engines

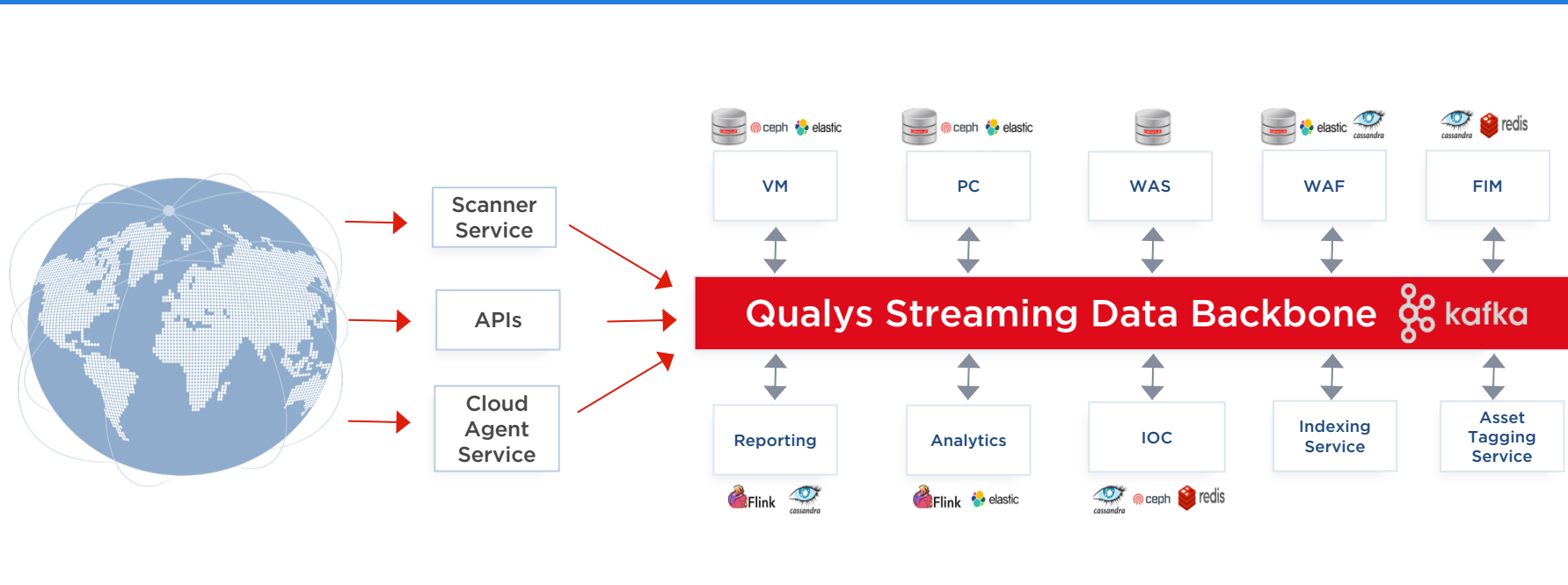


Distributed Sensors



Qualys Cloud Platform Backend

Scalable, Micro-services, DevOps



Qualys Sensors

Scalable, self-updating & centrally managed



Physical

Legacy data centers

Corporate infrastructure

Continuous security and compliance scanning



Virtual

Private cloud infrastructure

Virtualized Infrastructure

Continuous security and compliance scanning



Cloud/Container

Commercial IaaS & PaaS clouds

Pre-certified in market place

Fully automated with API orchestration

Continuous security and compliance scanning



Cloud Agents

Light weight, multi-platform

On premise, elastic cloud & endpoints

Real-time data collection

Continuous evaluation on platform for security and compliance



Passive

Passively sniff on network

Real-time device discovery & identification

Identification of APT network traffic

Extract malware files from network for analysis



API

Integration with Threat Intel feeds

CMDB Integration

Log connectors

Agentless + Agent Based + Passive

Qualys Cloud Platform

Unified approach to detection, prevention & response across on-premise, cloud and endpoints

On Premise



Endpoints



Cloud



Qualys Mobile Security Platform

1Mobility Acquisition

Cloud Agents on iOS, Android & Windows
Mobile

EMM (Enterprise Mobility Management)

Realtime Asset Inventory

AV, VM, PC & Threat detection

Policy enforcement

Beta Q4 2018



Cloud Agent Platform

Lightweight agent (3 MB) for on premise servers, dynamic cloud environments and mobile endpoints

Secure scalable architecture for millions of devices Centrally managed, self updating

Architecture for IoT device security and compliance with SDK



7.3 Million Cloud Agents
purchased over last 12 months
(Mar 2017 - Mar 2018)

Integrated Cloud Apps

ASSET MANAGEMENT



Asset Inventory

Maintain full, instant visibility of all your global IT assets



CMDB Sync

Synchronize asset information from Qualys into ServiceNow CMDB



Cloud Inventory

Inventory of all your cloud assets across AWS, Azure, GCP and others



Certificate Inventory

Inventory of TLS/SSL digital certificates on a global scale

IT SECURITY



Vulnerability Management

Continuously detect and protect against attacks, anytime, anywhere



Threat Protection

Pinpoint your most critical threats and prioritize patching



Indication of Compromise

Continuously monitor endpoints to detect suspicious activity



Certificate Assessment

Assess all your digital certificates for TLS/SSL vulnerabilities



Continuous Monitoring

Alerts you in real time about network irregularities



Container Security

Discover, track, and continuously protect containers



Patch Management (Beta in Sept)

Select, manage, and deploy patches to remediate vulnerabilities

COMPLIANCE MONITORING



Policy Compliance

Assess security configurations of IT systems throughout network



PCI Compliance

Automate, simplify and attain PCI compliance quickly



File Integrity Monitoring

Log and track file changes across global IT systems



Cloud Security Assessment

Get full visibility and control across all public cloud instances



Security Configuration Assessment

Automate configuration assessment of global IT assets



Security Assessment Questionnaire

Minimize the risk of doing business with vendors and other third parties

WEB APPLICATION SECURITY



Web Application Scanning

Secure web applications with end-to-end protection



Web Application Firewall

Block attacks and virtually patch web application vulnerabilities

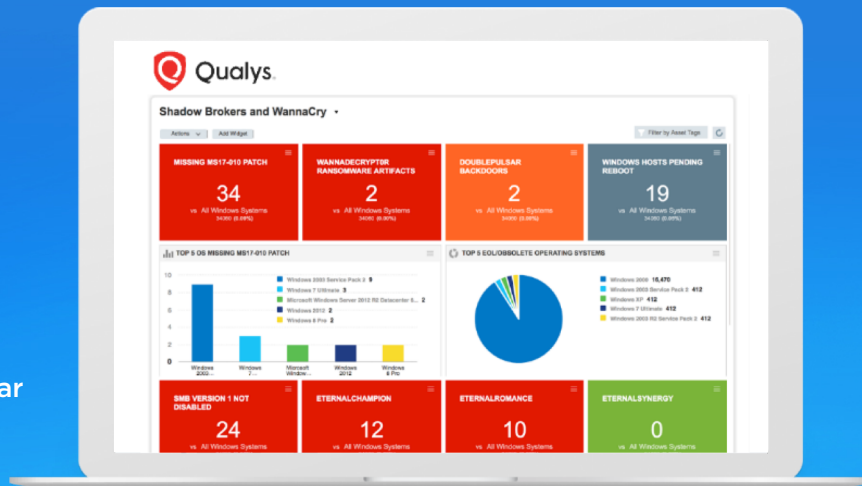
Single Pane of Glass

Dynamic and customizable dashboards

Centrally managed, self-updating, integrated Cloud Apps

1+ trillion
Security Events

3+ billion
IP Scans/Audits a Year



250+ billion
Data Points Indexed on
Elasticsearch Clusters

99.9996%
Six Sigma Scanning Accuracy

Journey into the Cloud

Hindered by the Silos



Datacenter Infrastructure Security



Corporate User Endpoint Security



Cloud Security



Web Application Security (AppSec)



CI/CD security automation
(DevOps/DevSecOps)



IT Asset Configuration Compliance & Audit



Multiple Point Security Solutions

Both Legacy and Next-Gen

SIEM

Console

Console
(FIM)

Console
(Compliance)

Console
(VM)

Console
(EDR)

Console
(PATCHING)

Console

Agent

Agent

Agent

Agent

Agent

Agent

Agent

End-to-end Security Architecture

Automated Continuous Monitoring & Response



Discovery

On-Prem
Cloud
Mobile Devices
OT/ICS
IoT
CMDB
Inventory



Prevention

Security Hygiene
Vulnerability Assessment
Threat Prioritization
Patch Management
Configuration
Assessment



Detection

Endpoint Activity
Cloud Infra Monitoring
Network Activity



Response

Security Orchestration
Incident Response
Quarantine
NAC

DevOps and SecOps

Accelerating Digital Transformation

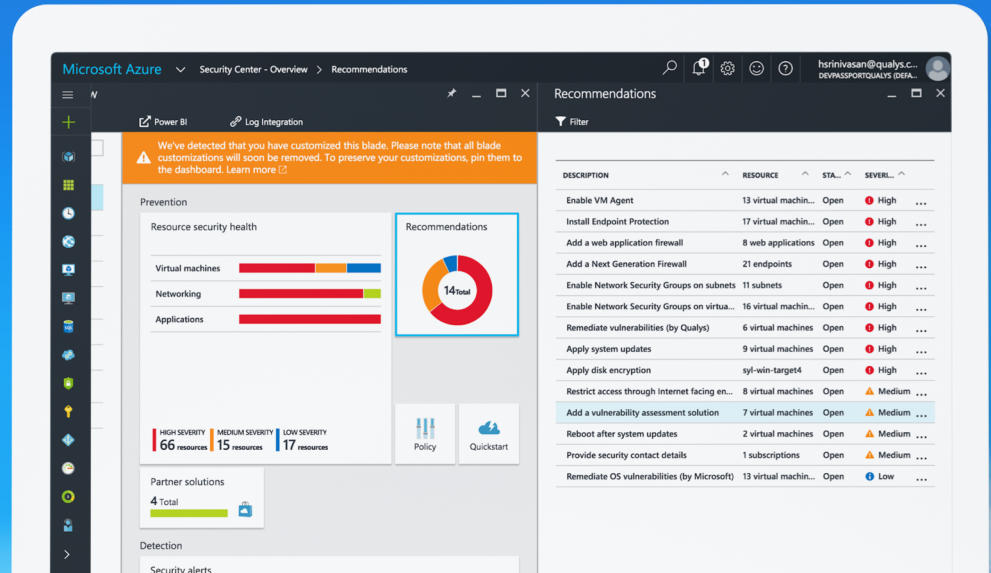
More Dev than Sec or
Ops

Built-in not bolted-on



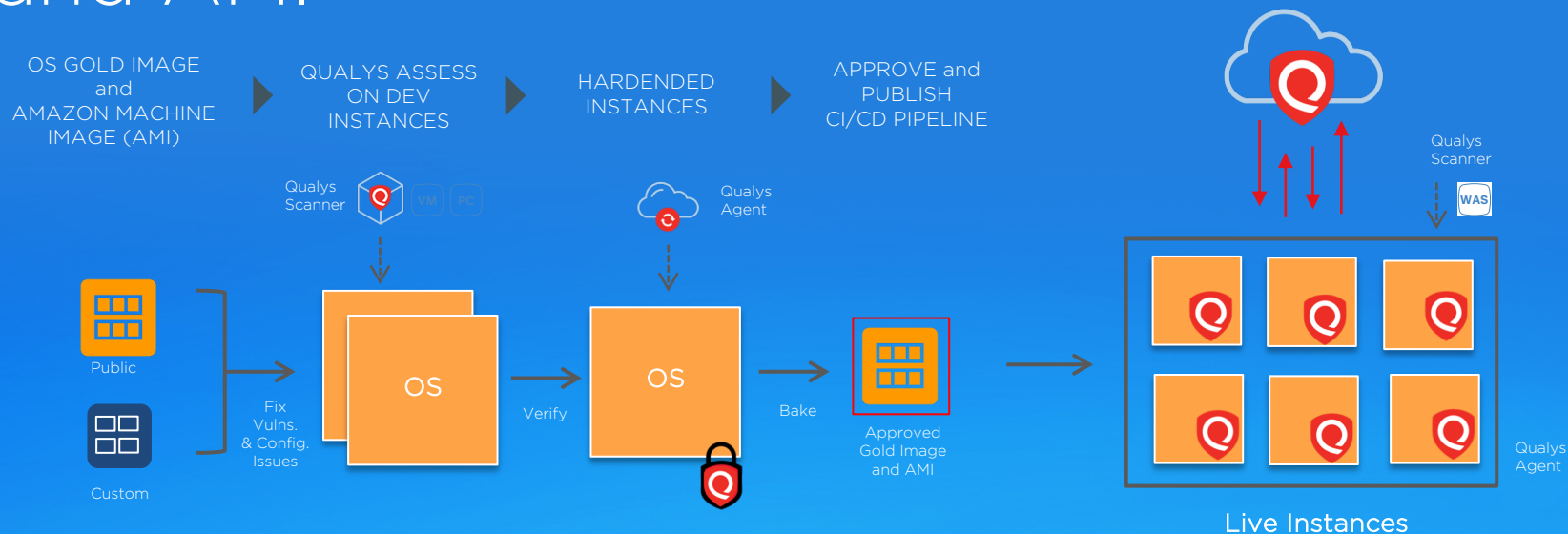
Transparent-Orchestration Built-in NOT Bolted-on

Microsoft Azure Seamless
Integration



CapitalOne: Introduce Security at the Source

Bake Qualys Security into Gold Images and AMI



Qualys Private Cloud Platform Data Sovereignty/MOD

Deployed within customer or partner datacenters to maintain data sovereignty

Same codebase as shared platform

Hardware, virtualized or AWS versions

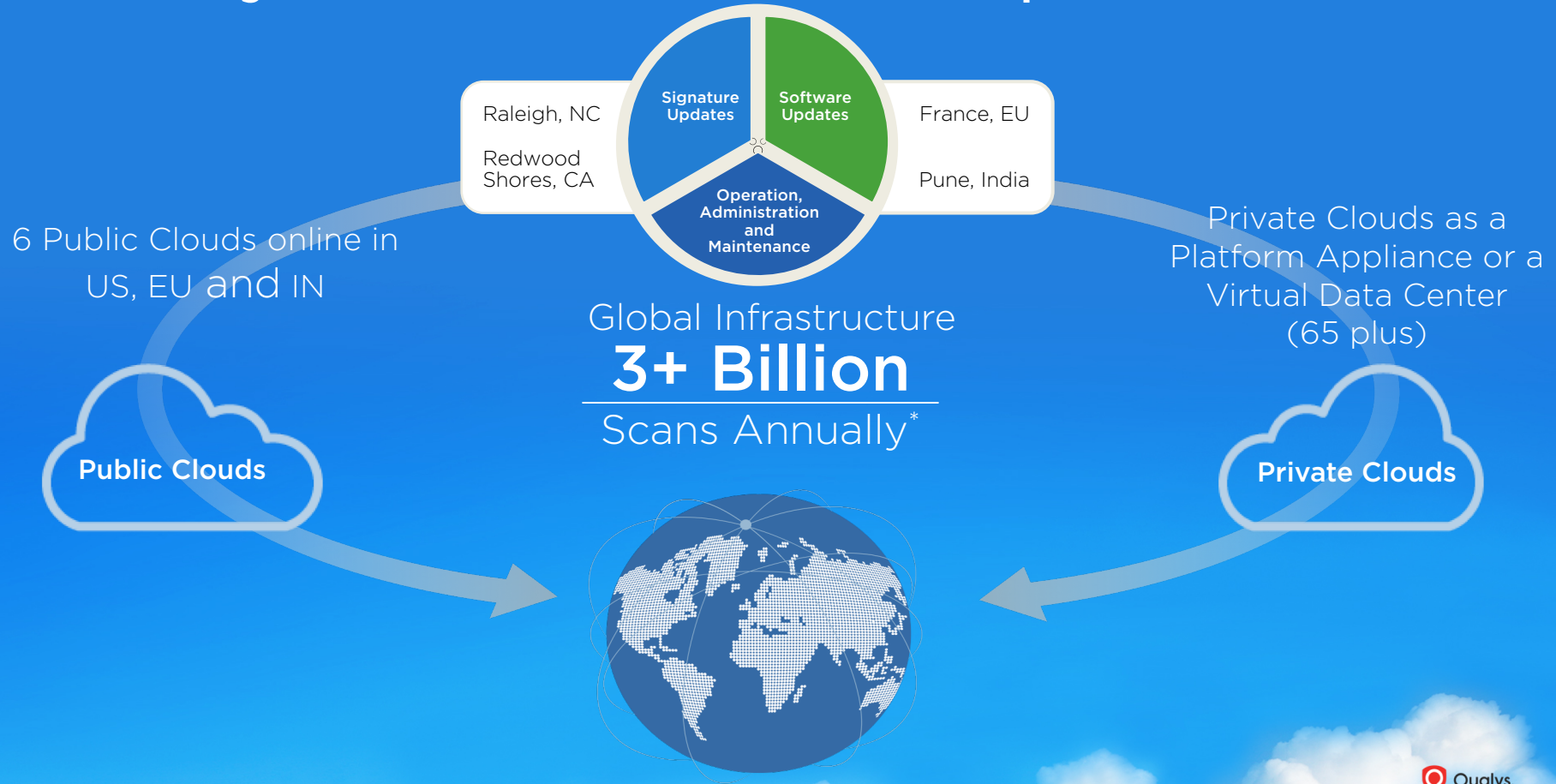
Fully or Partially managed by Qualys

FedRAMP Certified

Qualys Gov Cloud



Qualys Cloud Platform Operations



New Apps Releases and Roadmap

H1 2018

CertView

GA

CloudView

GA

Container Security

GA

Global IT Asset Inventory

Beta

H2 2018

Patch Management *Beta - Q3'18*

Passive Network Discovery *Beta - Q3'18*

Global IT Asset Inventory *GA - Q3'18*

Secure Access Control *Beta - Q4'18*

Secure Access Control *Beta - Q4'18*

Certificate Management *Beta - Q4'18*

Secure Enterprise Mobility *Preview - Q4'18*

Community Editions Launched April 2018



CloudView

Inventory and monitor
all your Clouds

[It's free >](#)



CertView

Identify cert grades,
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[It's free >](#)

Community Editions Q3 2018



Community Edition

For Consultants, SMBs
and MSPs

It's free >

Container Security

GA – June 2018

CI/CD pipeline Integration with Jenkins

Assess Images

Monitor running containers

Track drift of containers from images

Fully Integrated on Qualys Platform



Global IT Asset Inventory

Beta – June 2018

Source of truth for assets on the network

Discover all assets in global hybrid infrastructure

Asset information is normalized and categorized for hardware and software

Enriched with metadata and indexed for 2 second visibility

Sync with CMDB



Demo



Qualys Cloud Platform

A new unified approach to prevention and response



2-second visibility across all of your global IT assets (on premise, endpoints and cloud assets)



Continuous assessment of your global security & compliance posture



Identify compromise-able and compromised assets



Consolidate all your security and compliance stacks



Secure your digital transformation



Drastically reduce your spend

Thank You

sthakar@qualys.com





Melissa Fisher
CFO, Qualys, Inc.

Financial Highlights and Business Model



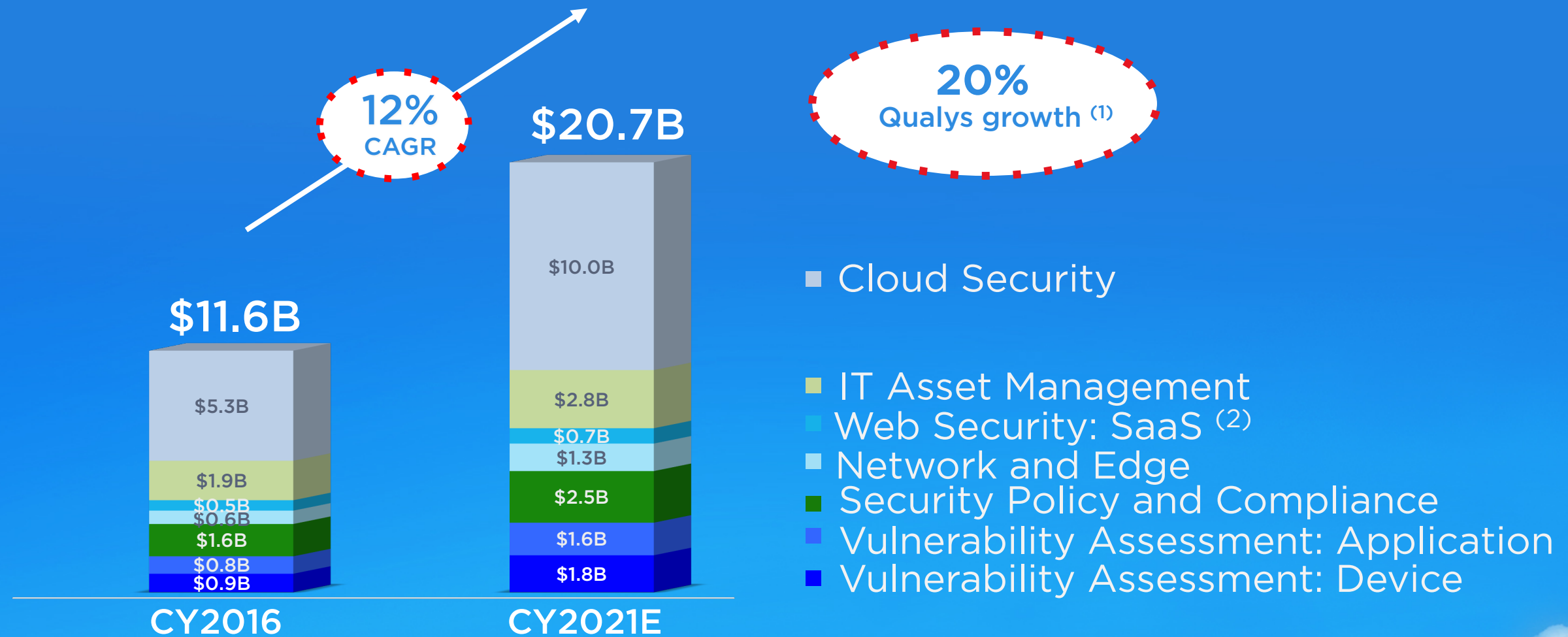
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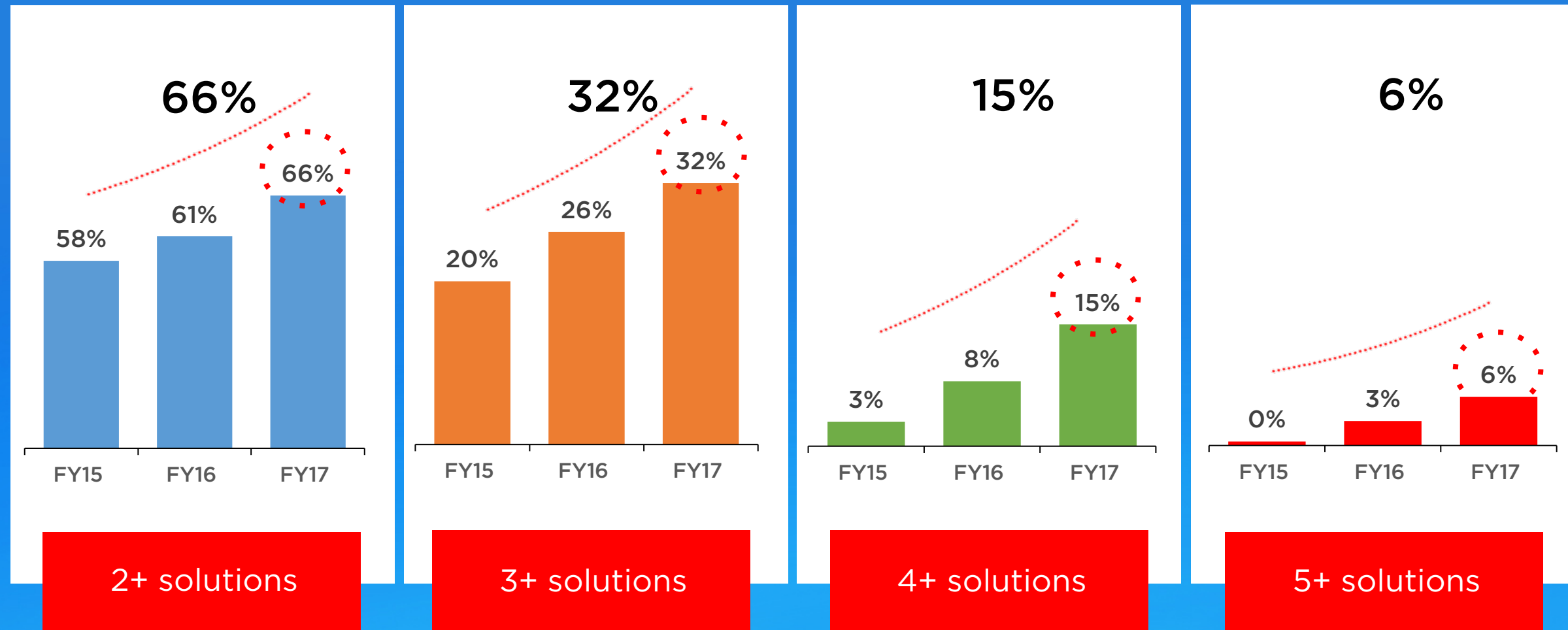
Online Investor Day – June 13th 2018

We are in the fastest growing security markets and expanding our TAM



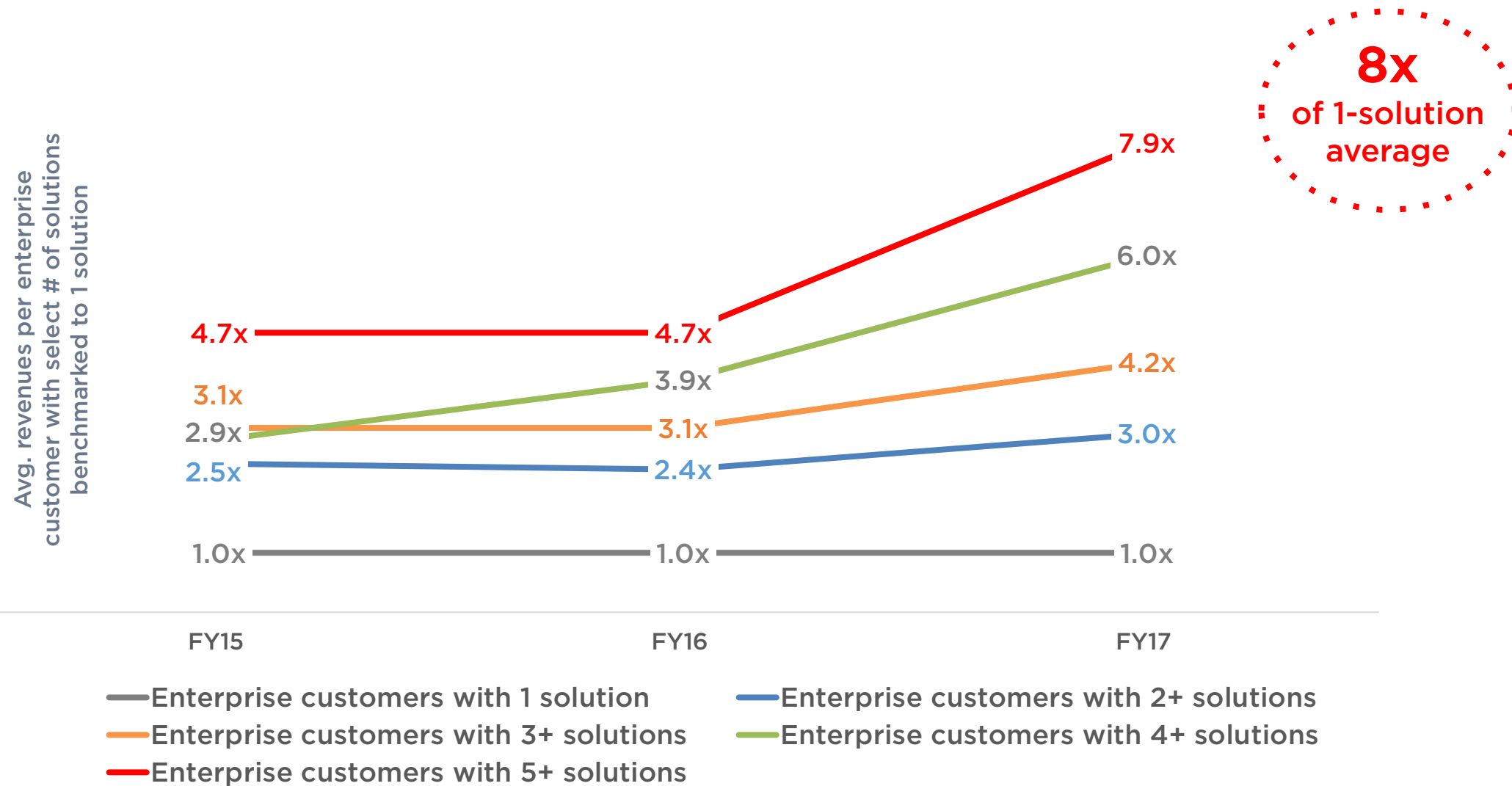
(1) Midpoint of 2018 Revenue Guidance
(2) 2015 to 2020E period
Source: IDC

Platform adoption is accelerating...

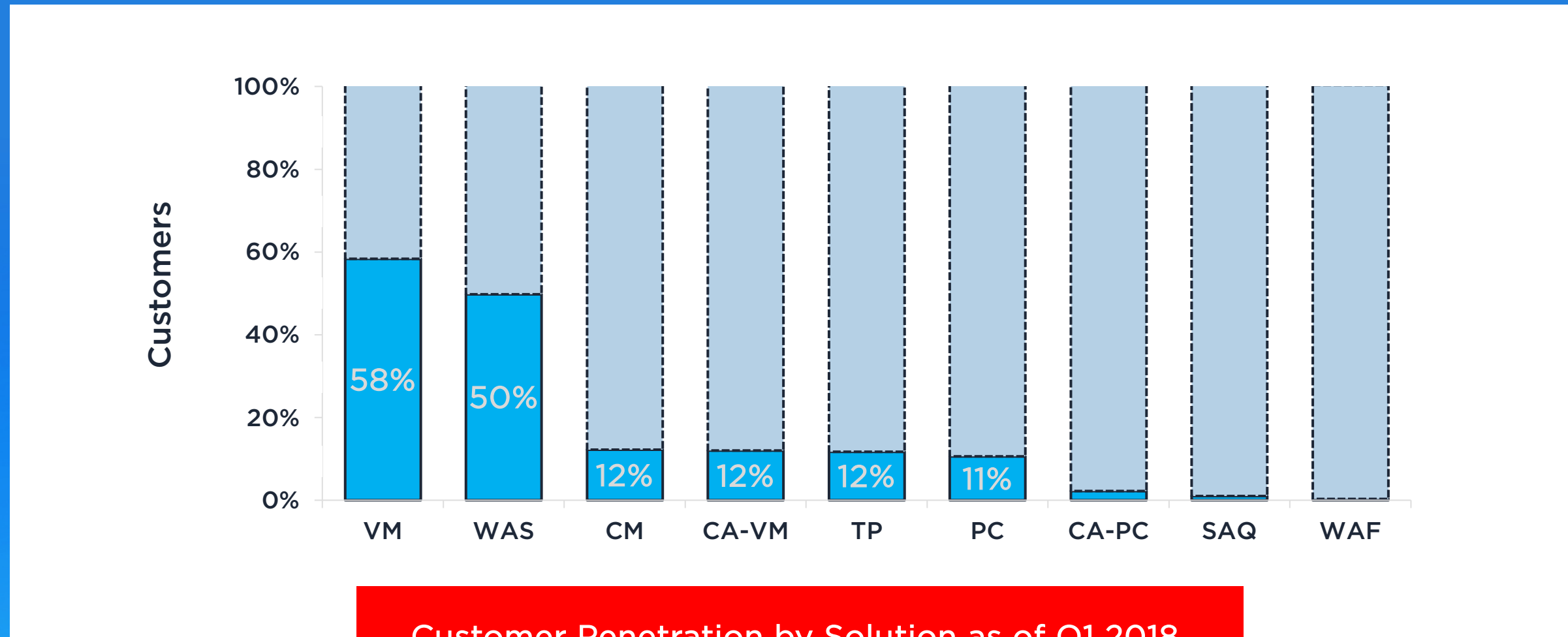


% of Enterprise customers with select number of solutions

...contributing to higher ARPU



Significant opportunity remains for cross-sell and upsell

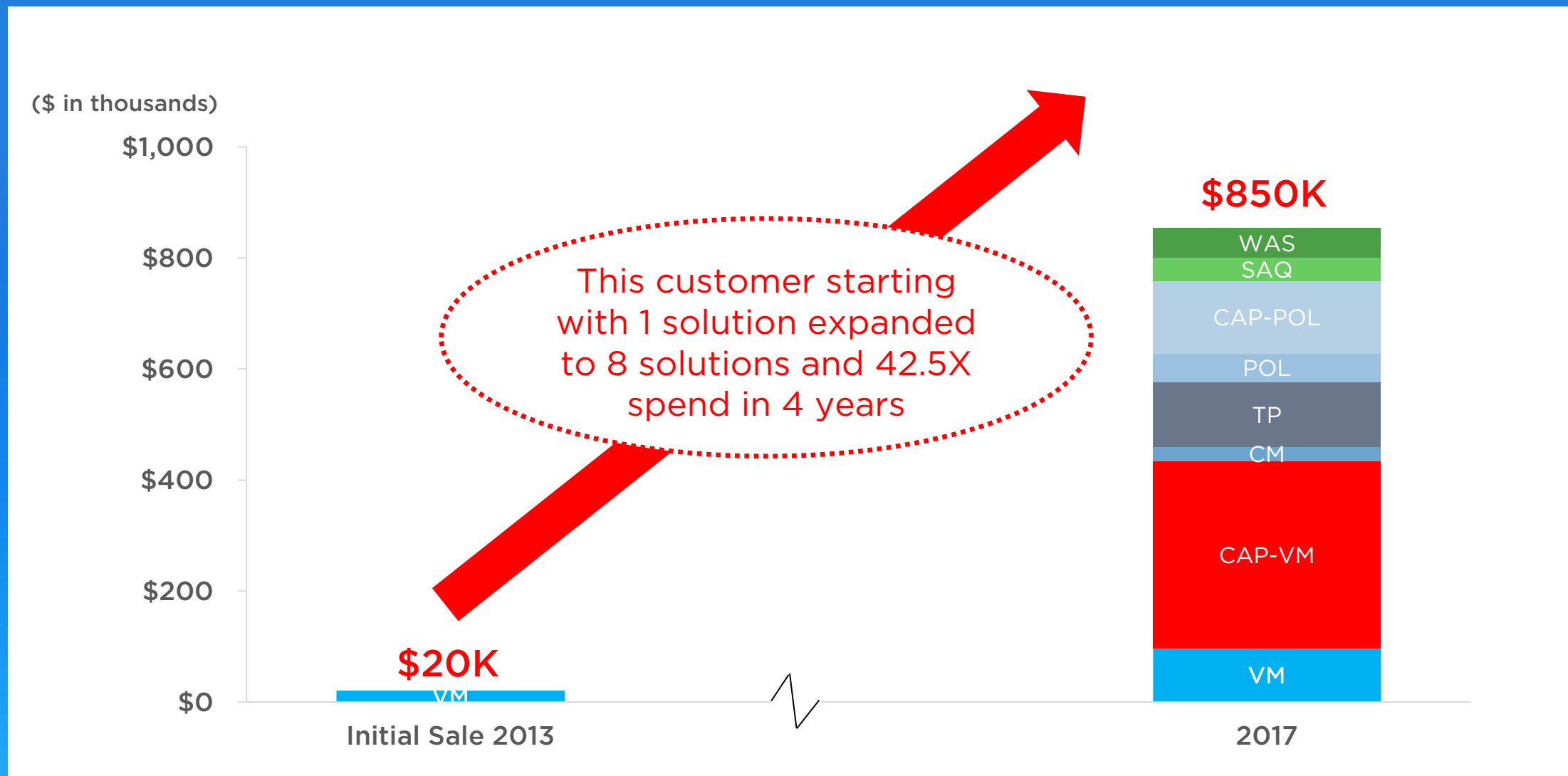


Customer Penetration by Solution as of Q1 2018

Note: Excludes customers from select MSSPs with limited end customer information

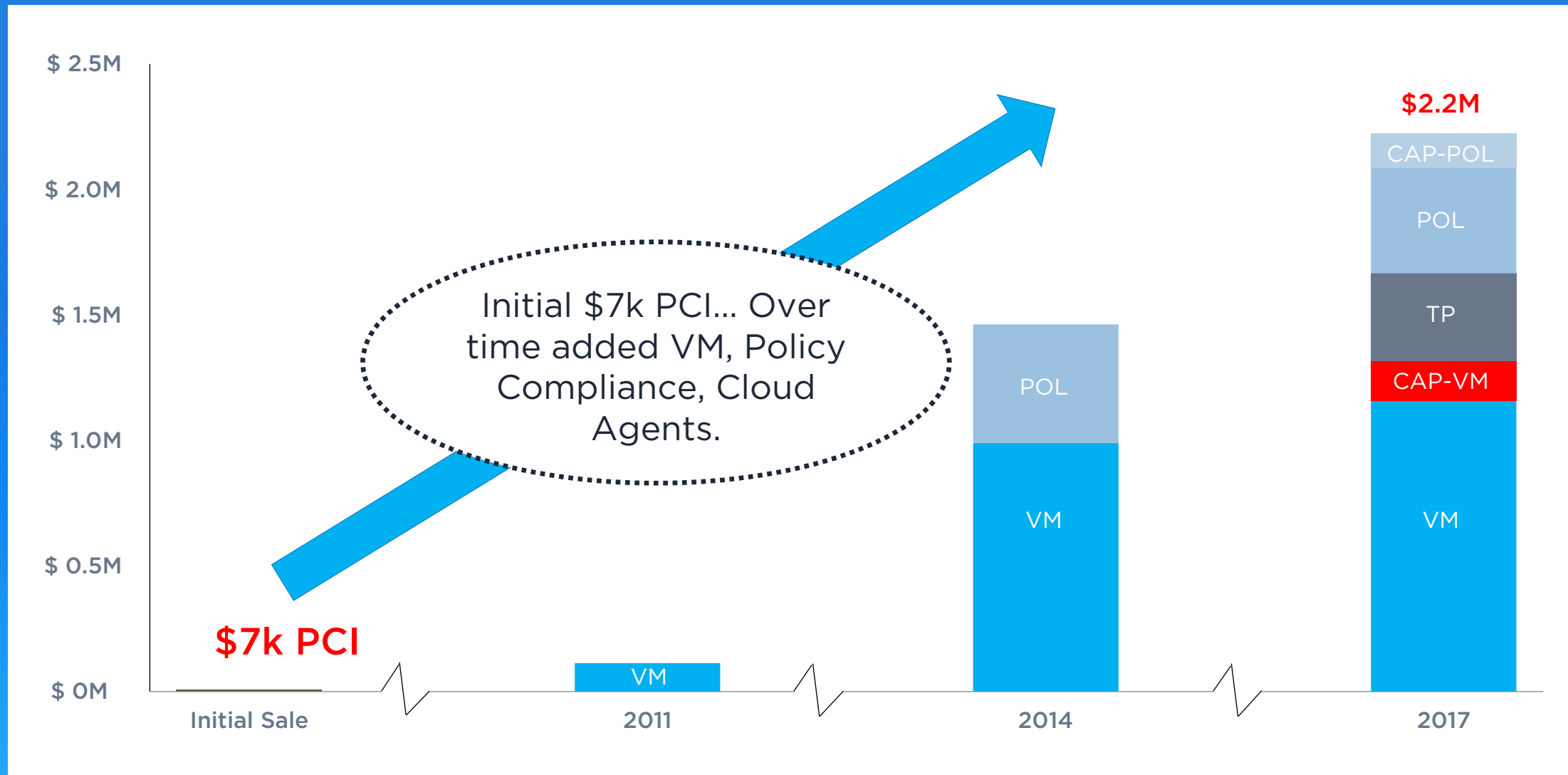
Significant Opportunities for Expansion

Example: Large UK Retailer



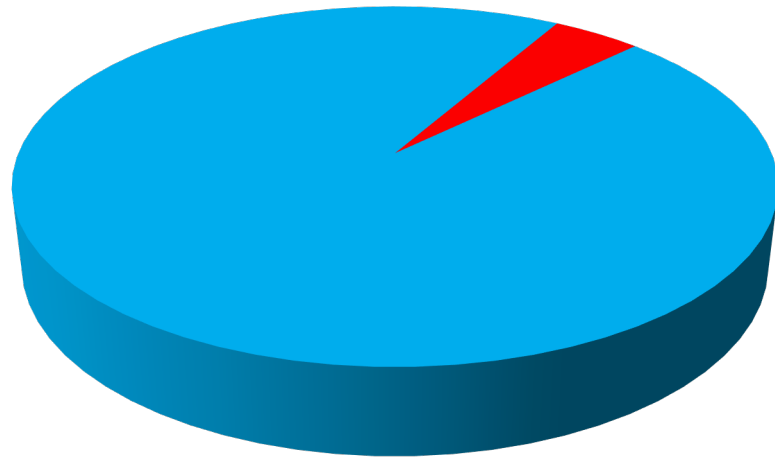
Significant Opportunities for Expansion

Example: Major US Retailer



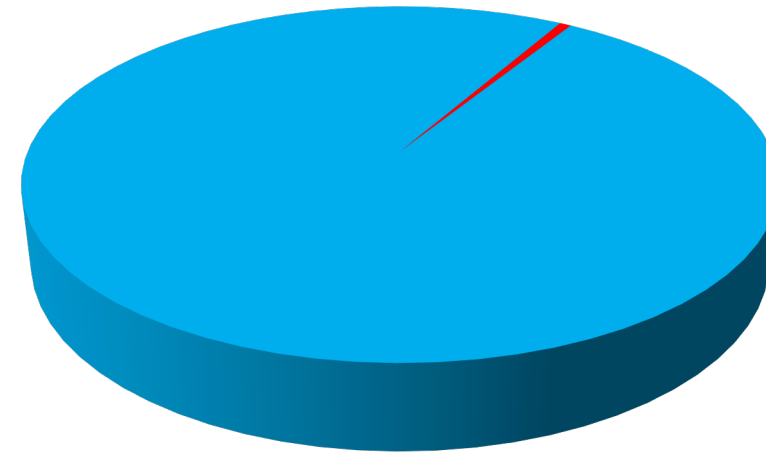
Significant opportunity remains to grow the customer base

Qualys only 4% of Global Enterprise Market



Global Enterprise
Company Count 38K

Qualys only 1% of Global SME & SMB Market



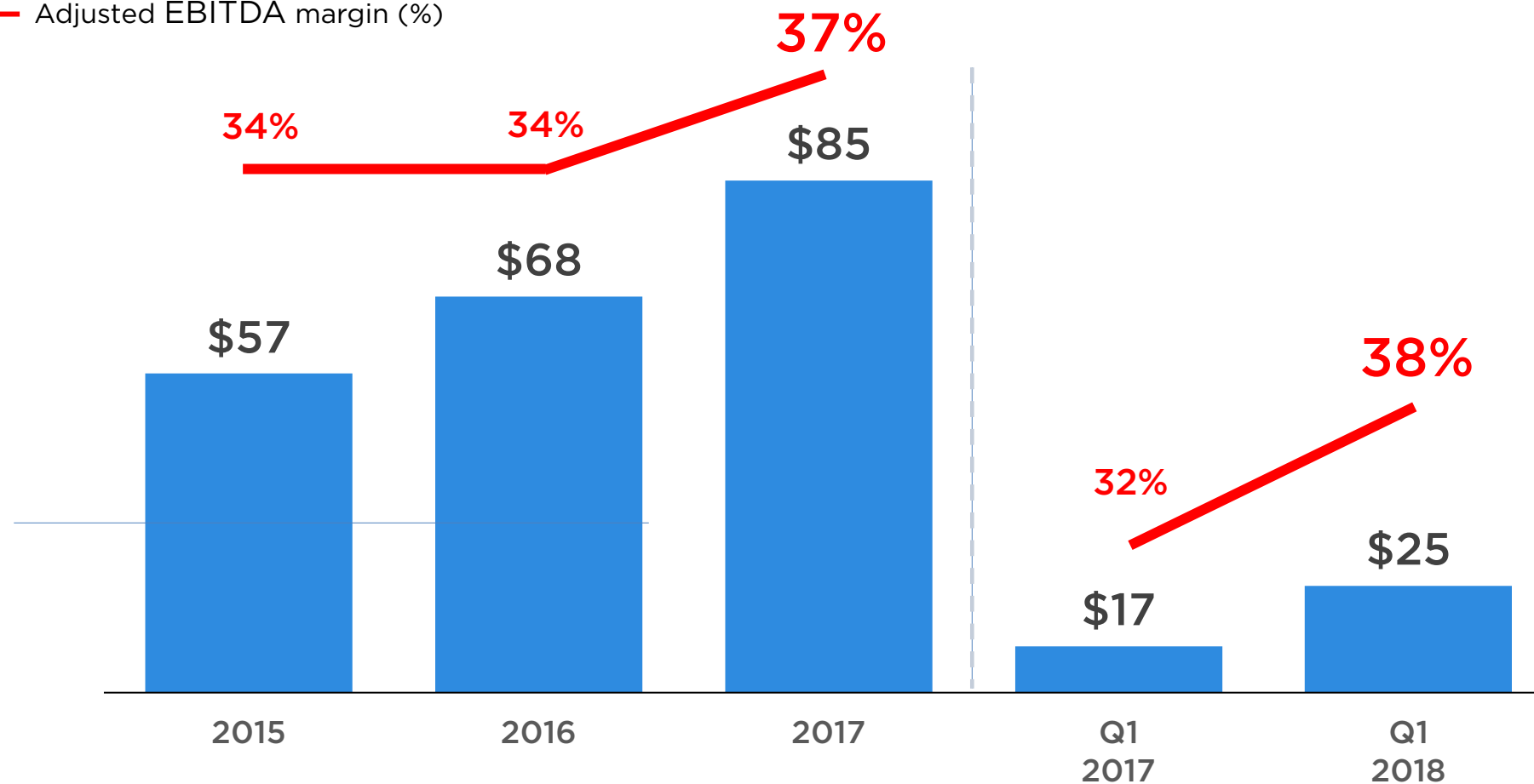
Global SME & SMB
Company Count 1.5M

Note: Global Enterprise company count includes companies with more than 5,000 employees or more than \$1B in LTM revenues;
Global SME & SMB company count includes companies with less than 5,000 employees and more than \$1M but less than \$1B LTM revenues
Source: Capital IQ

Increased revenue has driven higher EBITDA margins

(\$ in millions)

- Adjusted EBITDA
- Adjusted EBITDA margin (%)

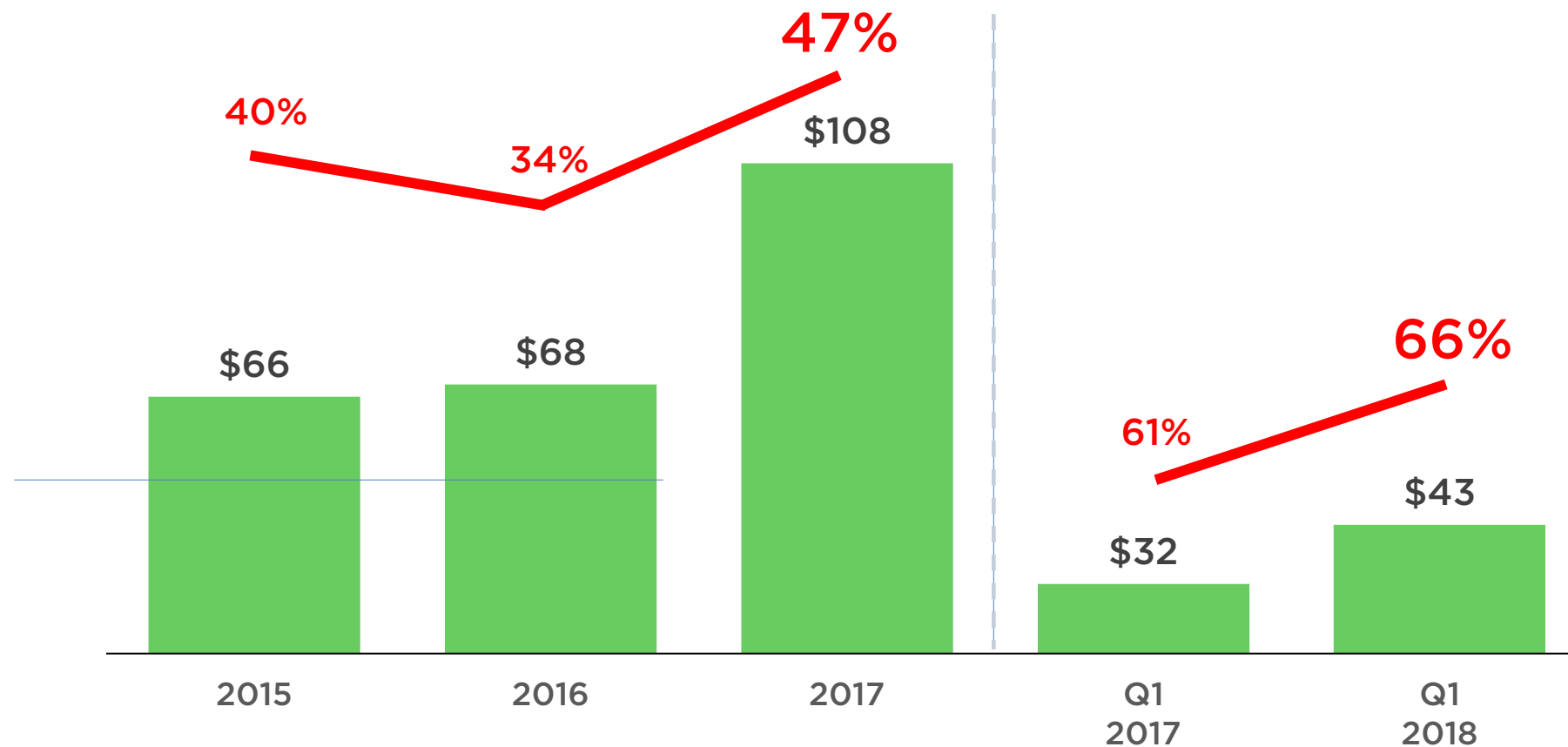


Note: Non-GAAP financial measure. See Appendix for reconciliation to most comparable GAAP measure.

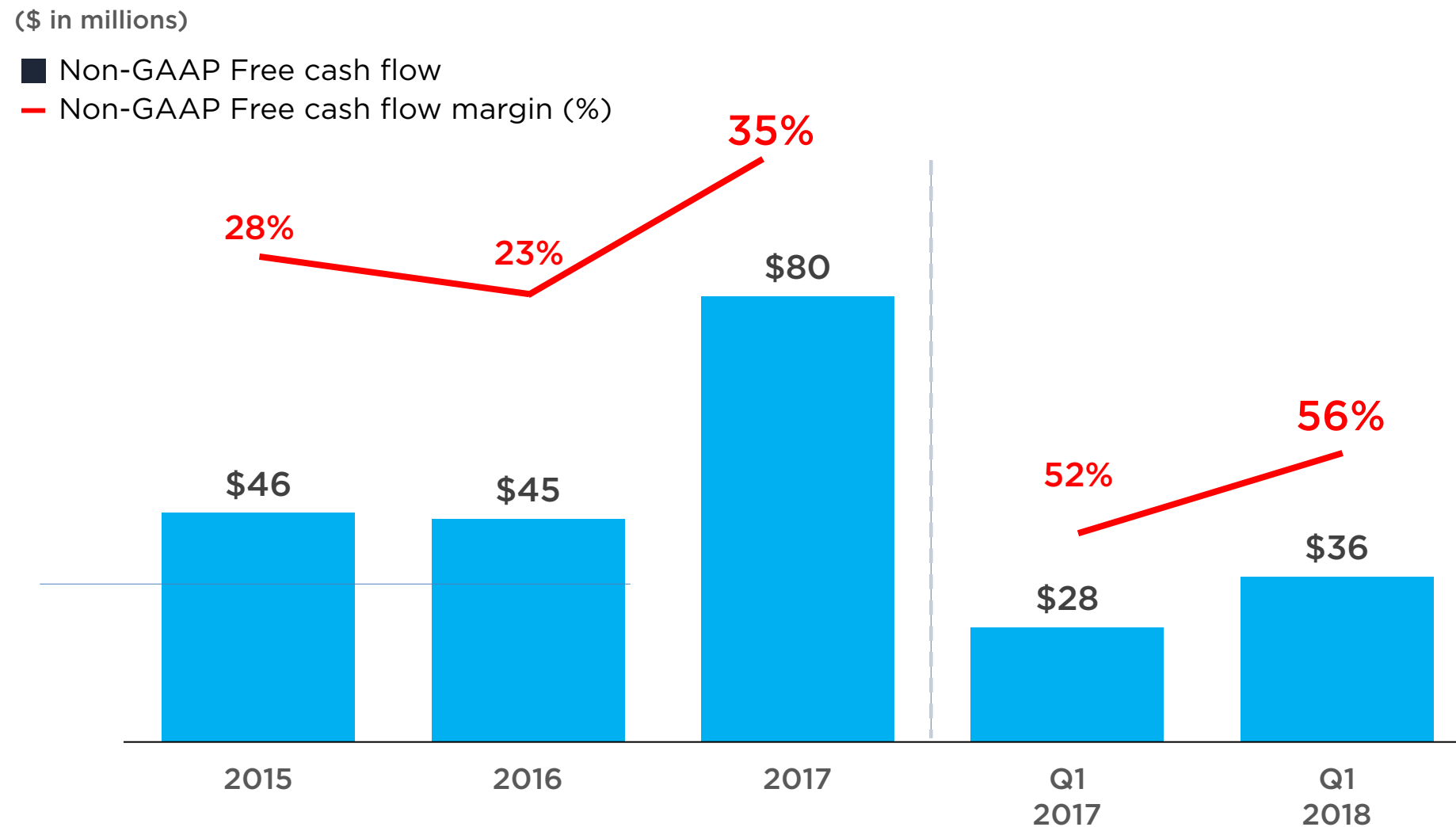
Qualys' operating cash flow margins are also increasing...

(\$ in millions)

- Operating cash flow
- Operating cash flow margin (%)

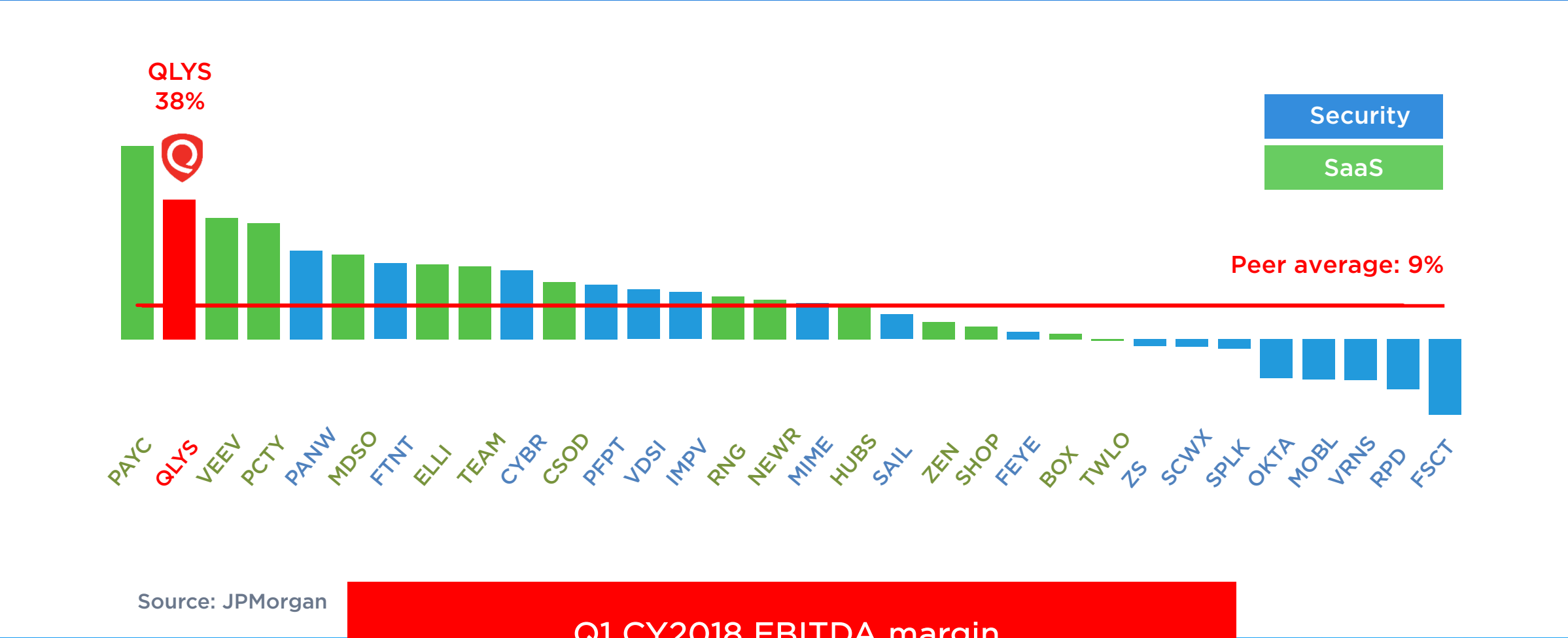


...as well as free cash flow margins



Note: 2017 normalized for headquarters office facility costs (net); Non-GAAP financial measure. See Appendix for reconciliation to most comparable GAAP measure.

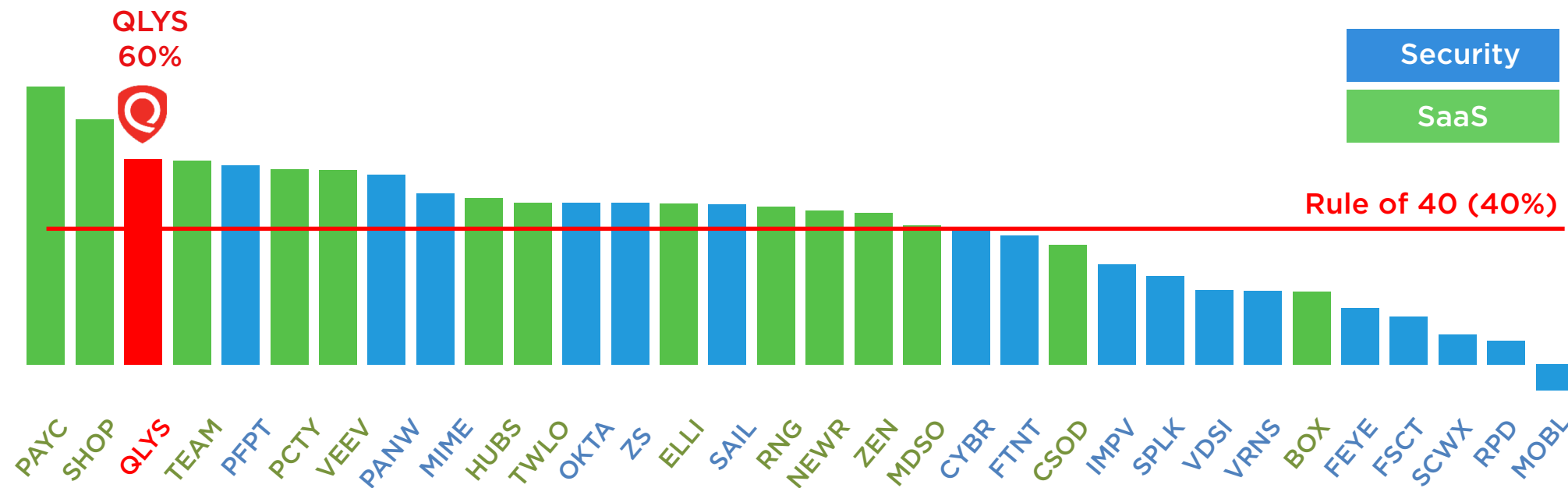
Qualys' Industry-leading margins



Source: JPMorgan

Q1 CY2018 EBITDA margin vs. select Security and SaaS peers

Qualys and the Rule of 40



Source: JPMorgan

Q1 CY2018 Revenue Y/Y Growth + EBITDA margin vs. select Security and SaaS peers

2021 Financial Model

As the platform adoption continues to increase, we expect to see in 2021:

Revenue growth of low 20s to mid 20s

Gross margins of approximately 80%

EBITDA margins of 40% to 42%

Non-GAAP free cash flow margins of 35% to 40%
(Assuming a 23% cash tax rate)

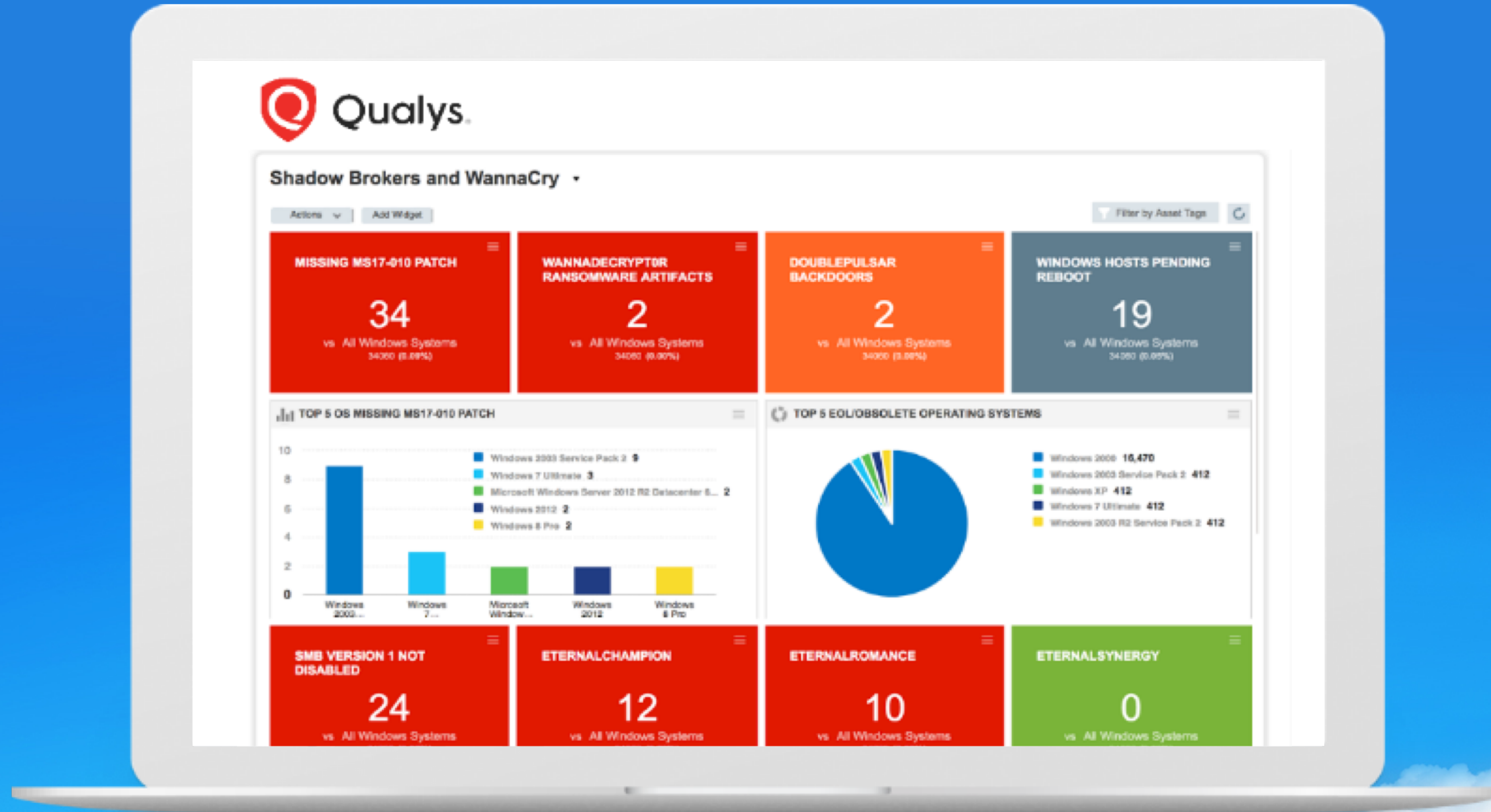
QLYS Investment Highlights

Uniquely positioned to capitalize on stack consolidation and move to the cloud

Multiple levers of recurring revenue growth

Scalable business model and industry-leading profitability

Appendix



Q2 2018 and Full Year 2018 Guidance Reminder

Q2 2018

Revenues in the range of \$66.8 to \$67.3 million, representing 21% to 22% growth over the same quarter in 2017

GAAP EPS in the range of \$0.11 to \$0.13 per diluted share

Non-GAAP EPS in the range of \$0.33 to \$0.35 per diluted share

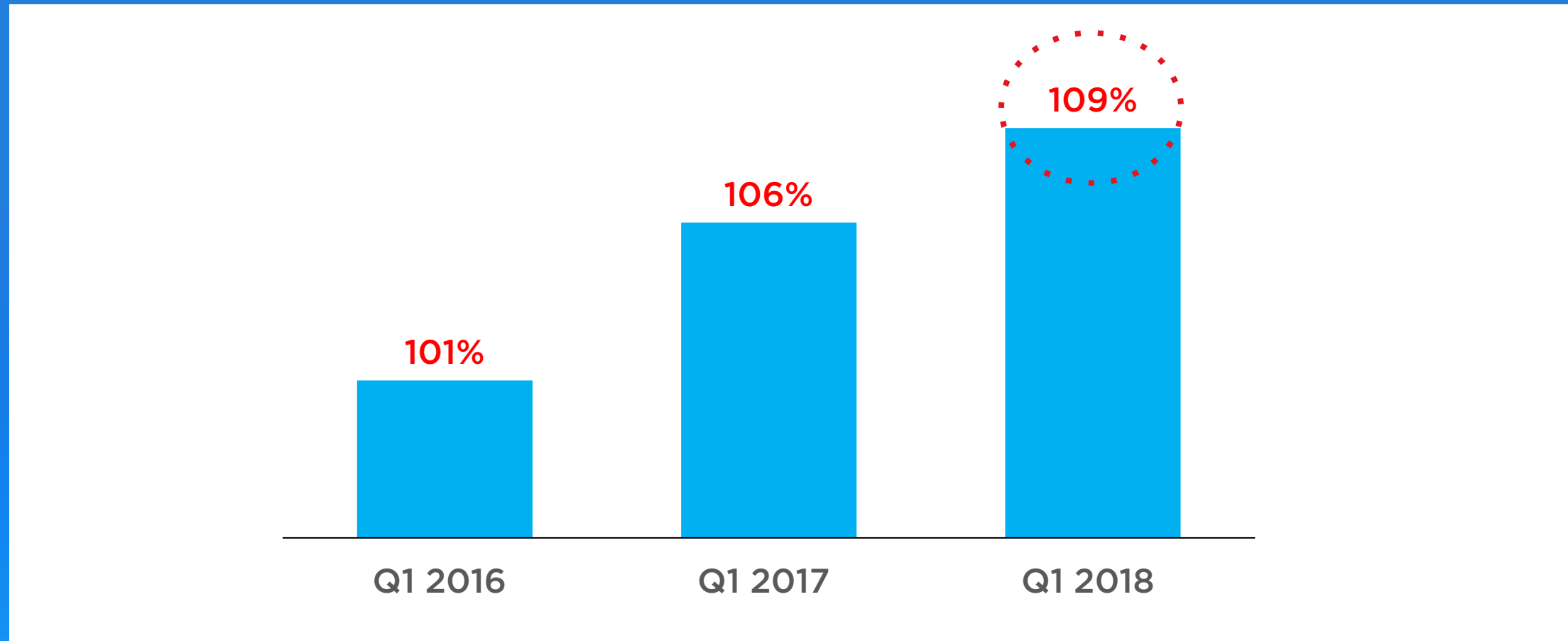
Full year 2018

Revenues in the range of \$276.8 million to \$278.5 million, representing 20% to 21% growth over the full year FY2017

GAAP EPS in the range of \$0.74 to \$0.79 per diluted share

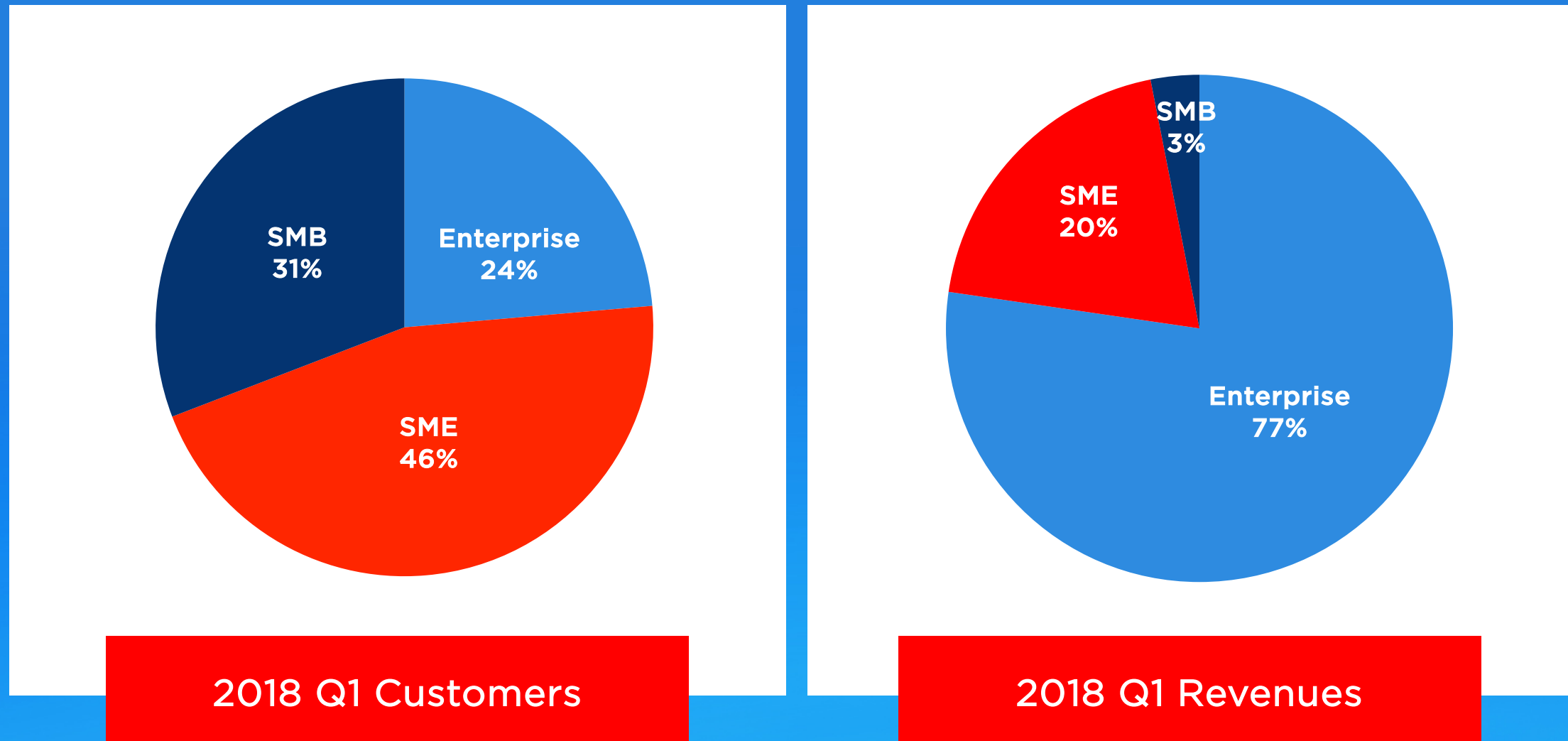
Non-GAAP EPS in the range of \$1.43 to \$1.48 per diluted share

Strong Net Dollar Expansion Rates



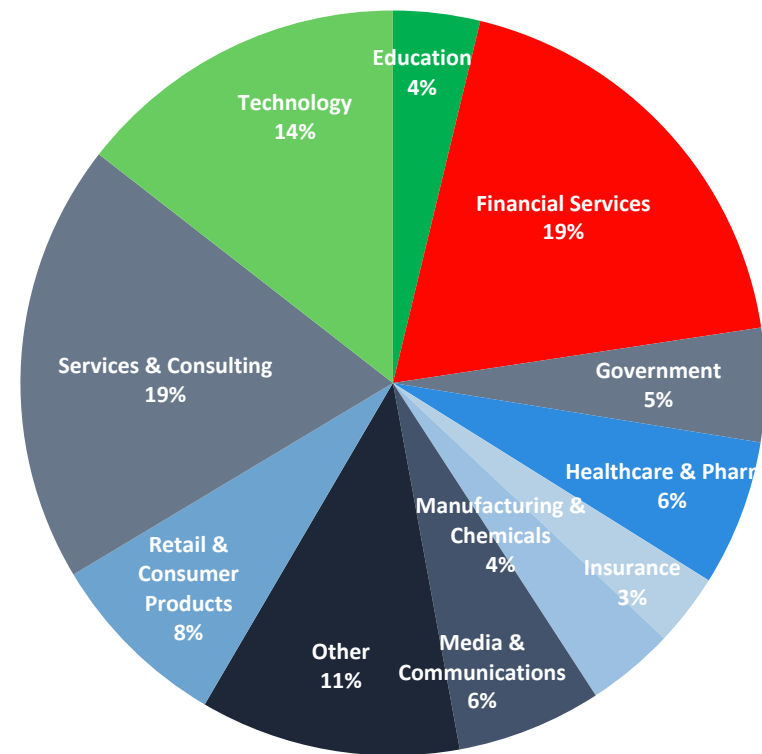
Note: Net dollar expansion rate is calculated by dividing implied monthly recurring revenues at the end of the respective period of customers who were also customers at the end of the one year ago period by the implied monthly recurring revenues, for that same customer base, at the end of the one year ago period. We define implied monthly recurring revenues as the total amount of recurring revenues contractually committed to, under each of our customer contracts over the entire term of the agreement, divided by the number of months in the term of the agreement. 2016 and 2017 net dollar expansion rate excludes all deals from the MSSP with whom we signed a new arrangement in February 2016

Qualys' Balanced Customer mix

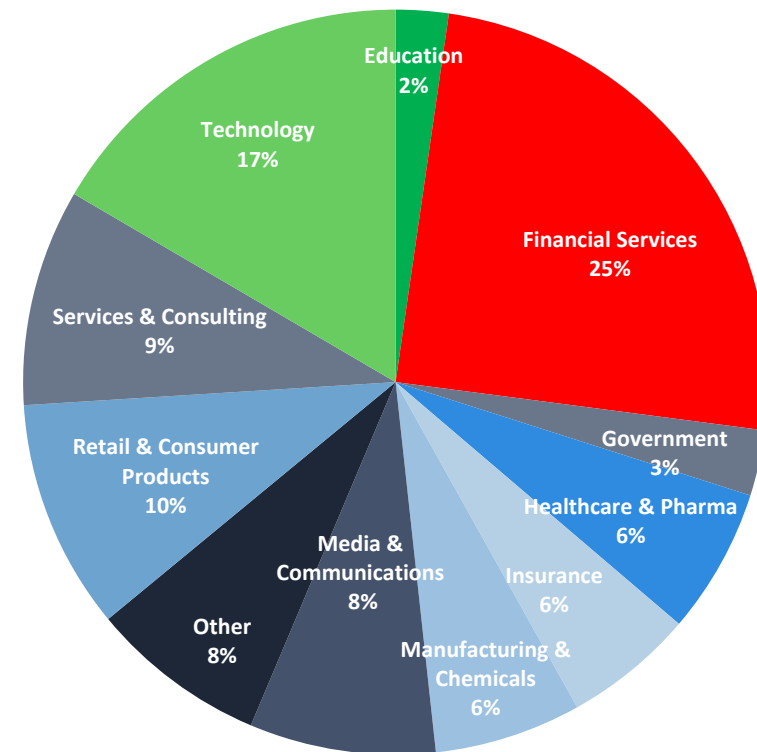


Note: Pie chart percentages may not sum to 100% due to rounding. Excludes revenues and customer count of those with only PCI or scanner subscriptions and those from select MSSPs with limited end customer information

Qualys' Diversified Industry Mix



2018 Q1 Customers



2018 Q1 Revenues

Note: Pie chart percentages may not sum to 100% due to rounding. Excludes revenues and customer count of those with only PCI or scanner subscriptions and those from select MSSPs with limited end customer information

Reconciliation of Adjusted EBITDA

(\$ in millions)	2015	2016	2017	Q1 2017	Q1 2018
Net income	\$15.9	\$19.2	\$40.4	\$21.9	\$9.1
Depreciation and amortization of property and equipment	14.0	16.6	19.8	4.7	6.4
Amortization of intangible assets	0.4	0.4	0.8	0.1	0.6
Interest expense	0.0	0.0	0.0	0.0	0.0
Provision for (benefit from) income taxes	8.7	11.2	(1.1)	(13.8)	0.5
Stock-based compensation	17.5	20.1	27.0	4.3	8.9
Other (income) expense, net	0.3	(0.3)	(2.1)	(0.5)	(1.3)
Acquisition-related expense	---	---	0.1	---	0.3
One-time tax related expense	---	0.7	---	---	---
Adjusted EBITDA	\$56.7	\$68.0	\$84.9	\$16.8	\$24.6

Reconciliation of Non-GAAP Free Cash Flow

(\$ in millions)	2015	2016	2017	Q1 2017	Q1 2018
GAAP Cash flows provided by operating activities	\$66.0	\$68.1	\$107.6	\$32.4	\$43.0
Purchases of property and equipment	(20.1)	(23.2)	(37.8)	(4.5)	(6.0)
Capitalized software development costs	(0.1)	---	---	---	---
Headquarters office facility costs (net)	---	---	10.5	---	---
Principal payments under capital lease obligations	---	---	---	---	(0.7)
Non-GAAP Free cash flow	\$45.8	\$44.9	\$80.3	\$27.9	\$36.3

Note: 2017 non-GAAP Free cash flow normalized for headquarters office facility costs (net)

Thank You

mfisher@qualys.com

