

Security at a Crossroads – Part II

The drastic changes and opportunities the Cloud brings to the industry, the Security Vendors and the Security Professionals

Philippe Courtot
Chairman and CEO, Qualys, Inc.

Safe Harbor

This presentation includes forward-looking statements within the meaning of the federal securities laws. Forward-looking statements generally relate to future events or our future financial or operating performance. Forward-looking statements in this presentation include, but are not limited to, the following list:

- our business and financial performance and expectations for future periods, including the rate of growth of our business and market share gains;
- our ability to sell additional solutions to our customer base and the strength of demand for those solutions;
- our plans regarding the development of our technology and its expected timing;
- our expectations regarding the capabilities of our platform and solutions;
- the anticipated needs of our customers;
- our strategy, the scalability of our strategy, our ability to execute our strategy and our expectations regarding our market position;
- the expansion of our platform and our delivery of new solutions;
- the expansion of our partnerships and the related benefits of those partnerships; and
- our ability to effectively manage our costs

Our expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks include those set forth in our filings with the Securities and Exchange Commission, including our latest Form 10-Q and 10-K. The forward-looking statements in this presentation are based on information available to us as of today, and we disclaim any obligation to update any forward-looking statements, except as required by law. We also remind you that this presentation will include a discussion of GAAP and non-GAAP financial measures. The non-GAAP financial measures are not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP.

Looking Back

The Inconvenient Truth

RSA[®]
CONFERENCE
2012
FEBRUARY 27 – MARCH 2
SAN FRANCISCO



Qualys Keynote

Wednesday, Feb 29 at 3:40PM

The Urgent Need for a More Effective Approach to Security
Philippe Courtot, Chairman & CEO, Qualys

The Evolution of Computing

MAINFRAME COMPUTING	1955 – 2000	45 YEARS
MINI COMPUTERS COMPUTING	1977 – 1998	20 YEARS
CLIENT SERVER COMPUTING	1985 – 2015	20 YEARS
CLOUD BASED COMPUTING	AWS 2006, AZURE 2007, GCP 2008	

What's next?

5G – Quantum Computing – Genetic Storage ...

Changes and Opportunities Created



*Driven by advances in Computing Technologies
and the underlining architectures they enable*

What about Security?

MAINFRAME COMPUTING

For the very large companies

MINI COMPUTERS COMPUTING

For the Labs/ Departments

CLIENT SERVER COMPUTING

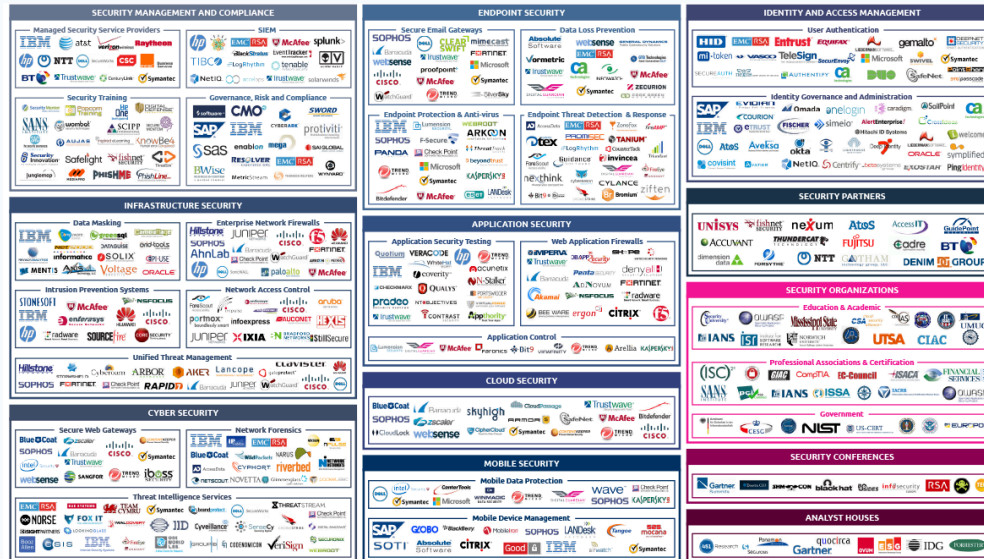
For the employees

CLOUD BASED COMPUTING

For everyone on the Planet

With Client Server Computing Security became far more Complex

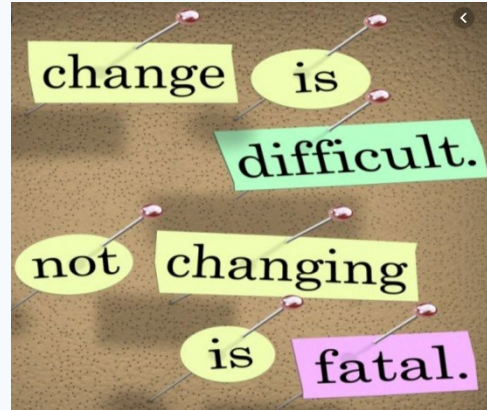
The Rise of Hackers – Bolting On Security



The Digital Transformation is accelerating and changing everything we know

The Four New Security Market Segments in the Making

- 1) LARGE ENTERPRISE
- 2) CLOUD COMPUTING VENDORS
- 3) A NEW GENERATION OF MSSPS
- 4) OT and IOT VENDORS



The Enterprise Network is about to shrink, accelerating the undergoing vendor consolidation

Challenges Facing Traditional Enterprise Security Vendors

- 1) RE-ARCHITECTING CHALLENGE
- 2) DISTRIBUTION CHANNELS ARE CHANGING
- 3) A NEW BUYER IS EMERGING
- 4) BUSINESS MODEL CHALLENGE

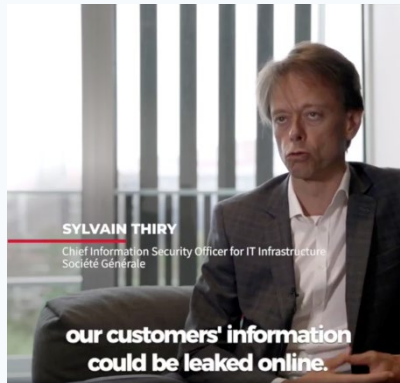
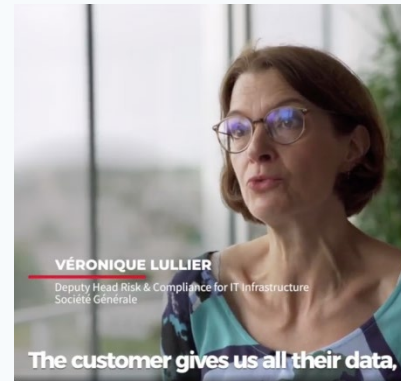
*Security Professionals must adapt
and embrace change*

IT, DevOps and Security Teams must Unite and Create True Partnerships with Vendors



*Security is now front and center
and it must be built-in*

Societe Generale Embracing the Change



Qualys Contribution

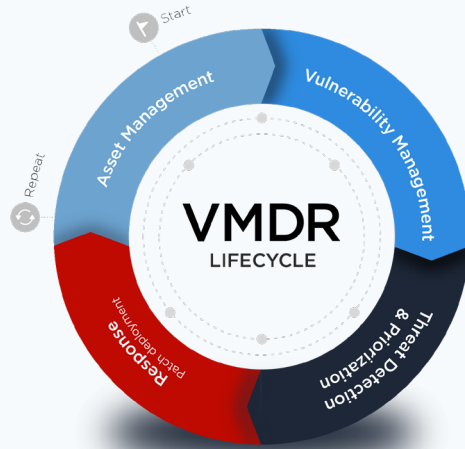
Introducing VMDR

Introducing  Qualys.

VMDR[®]

Vulnerability Management, Detection & Response

VMDR - Bringing VM to the Next Level



VMDR with Built-in
Orchestration

A Single Cloud Platform that unites IT, DevOps, Security and Compliance teams.

The underlying foundation for our forthcoming EDR, Data Lake/SIEM and other initiatives.

Unprecedented real time visibility, detection, automation and response with rich contextual information

A Tribute to our Customers

72% of the Forbes Global 50, 46% of Global 500, and 25% of Global 2000





ANALYST AND INVESTOR LUNCHEON AT QSC19 LAS VEGAS

Philippe Courtot
pcourtot@qualys.com



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The Evolution of the Qualys Platform

Unveiling Latest Updates and Next-Gen Initiatives

Sumedh Thakar

President & Chief Product Officer, Qualys, Inc.



T T R

Time To Remediate



True measure of effectiveness of security program

Digital Transformation is accelerating

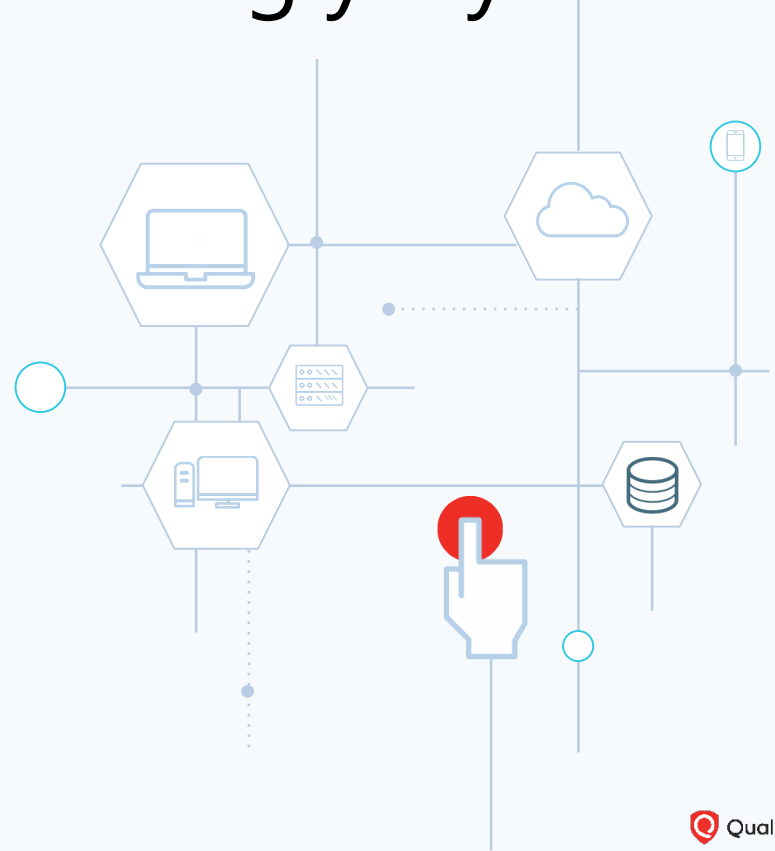


Rapid Adoption of New Processes and Technologies



Infrastructure is Increasingly Hybrid

Cloud, bare-metal,
Containers, Endpoints,
Mobility, OT, IoT, APIs, etc.

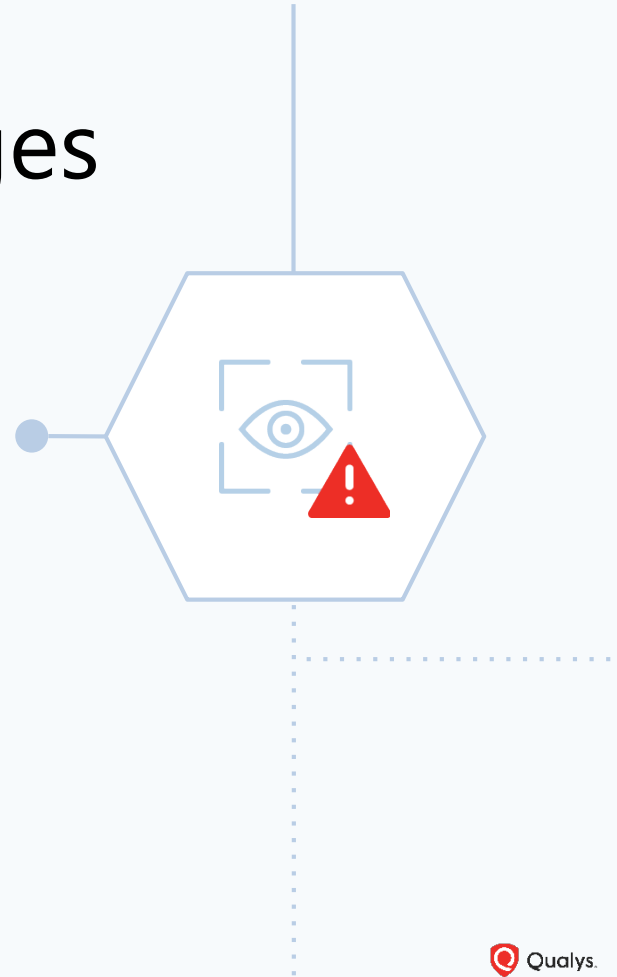


Security Challenges

Increasing surface area

Decreasing visibility

Increasing TTR



Silos!

People

Process

Tools

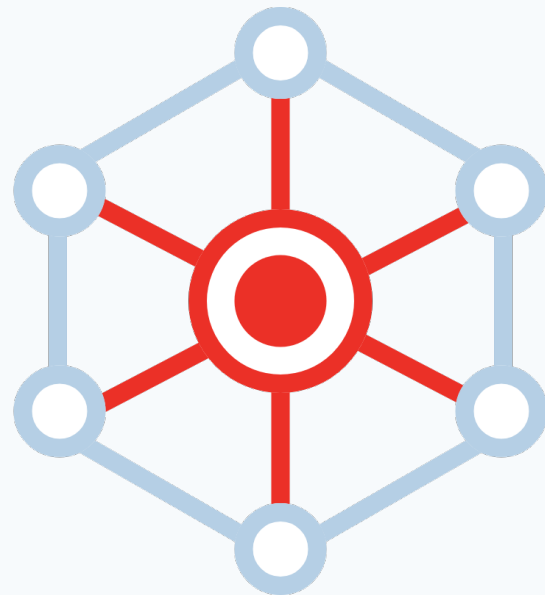
Reduce TTR

Real-time context with continuous data collection

Powerful analytics platform to correlate multiple datapoints and detect issues

Real-time response capabilities

Powerful decision engine to transparently orchestrate the response



Home Security Solutions

Nest Home Security Sensors
Nest Aware Subscription

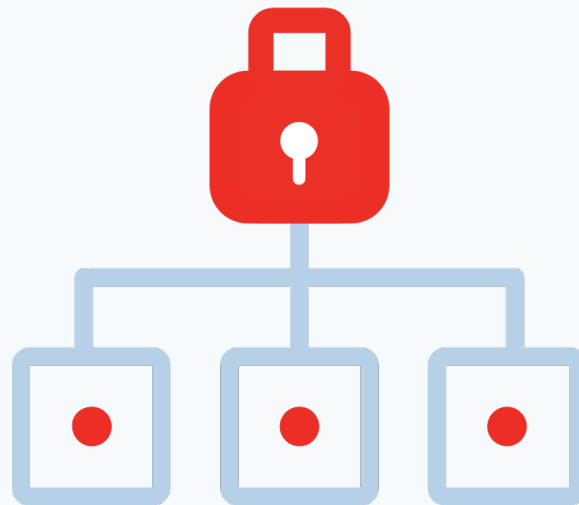


Enterprise Security Tools Today

Point solutions

Multiple agents

Multiple consoles

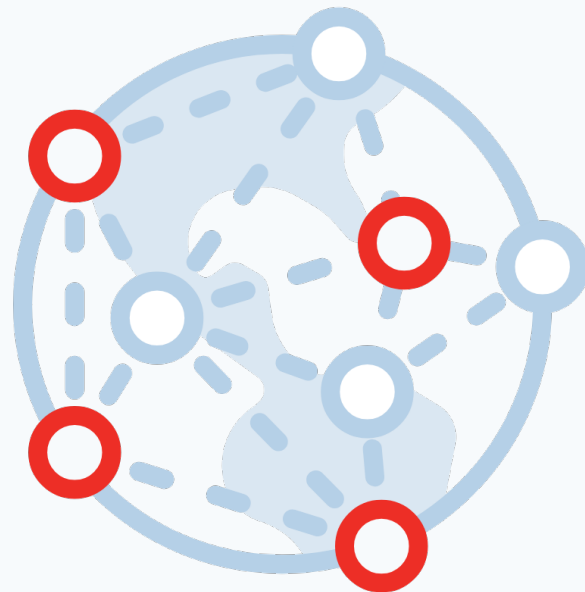


Integrations?

Integrate point solutions

But then too many point to point integrations

Doesn't provide full context



The Rise of the SIEM

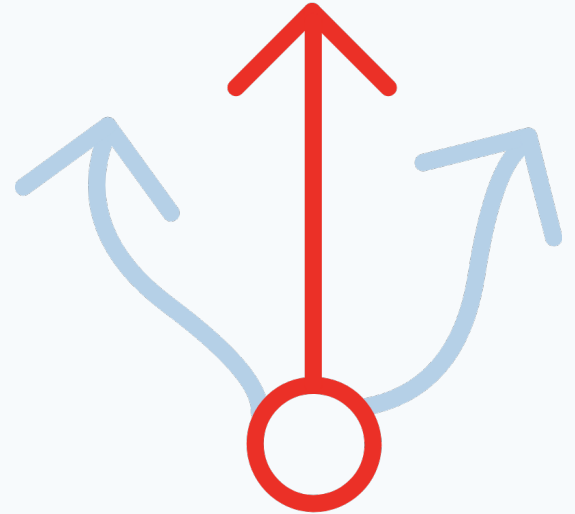
Tie together point solutions
But still point solutions!
+ UEBA + ML/AI

Detection? Sort of with low confidence



What About Response?

Additional point solutions to respond to
Well now we need new app - SOAR
Ties point solutions together – again!



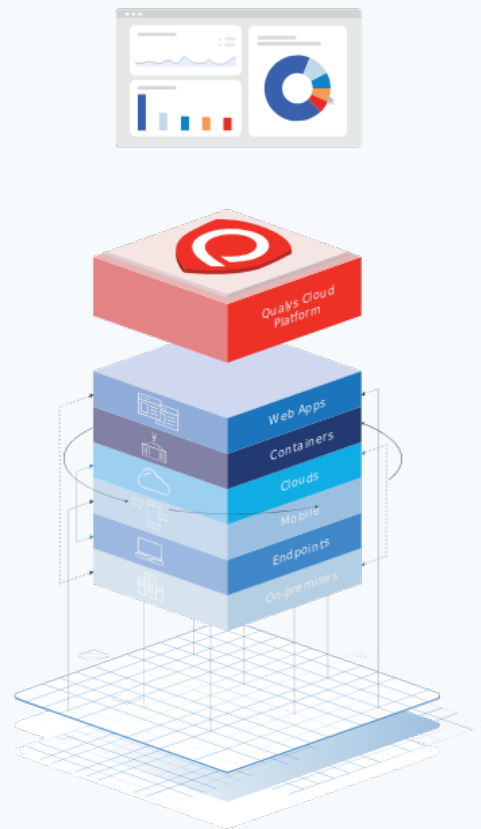
Evolution of the Qualys Cloud Platform



Remember those 19+ Apps?

Evolution of the Qualys Cloud Platform

Unifying IT, Security & Compliance
Consolidating the Stack: reducing point solutions, their agents and consoles



Reduce TTR

0

Best TTR ever?

Cloud & Container Leading the Way

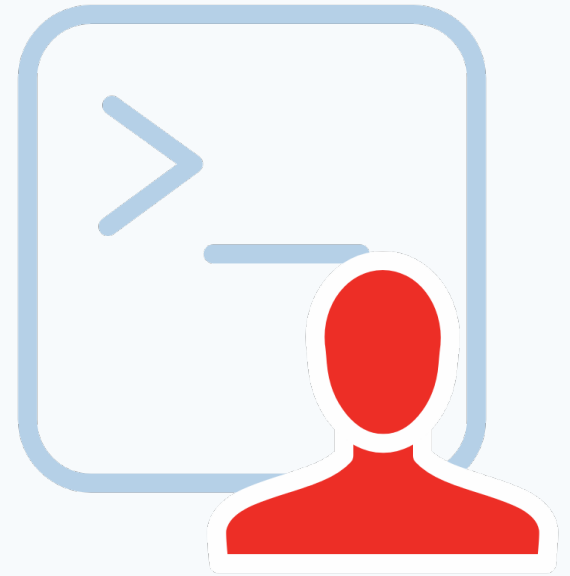
DevOps in CI/CD

Azure built-in security



Evolution of the Qualys Cloud Platform

Cloud-based platform build into
your DevOps



Qualys Next-Gen Initiatives



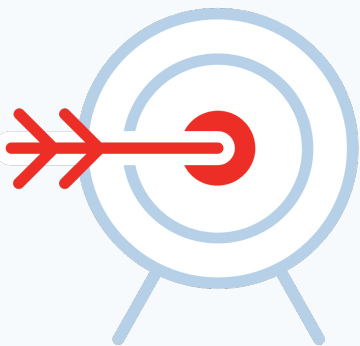
Next-Gen Initiatives 2020

Now introducing Qualys Respond

Adding Security Analytics &
Orchestration



Comprehensive Response Capabilities



Covering servers, endpoints, mobile, network, web applications, cloud & containers

Security Analytics, Correlation & Data Lake

Qualys built-in!

Plug-n-play analytics

Powerful cloud-based
correlation and analytics of
known & unknown threats

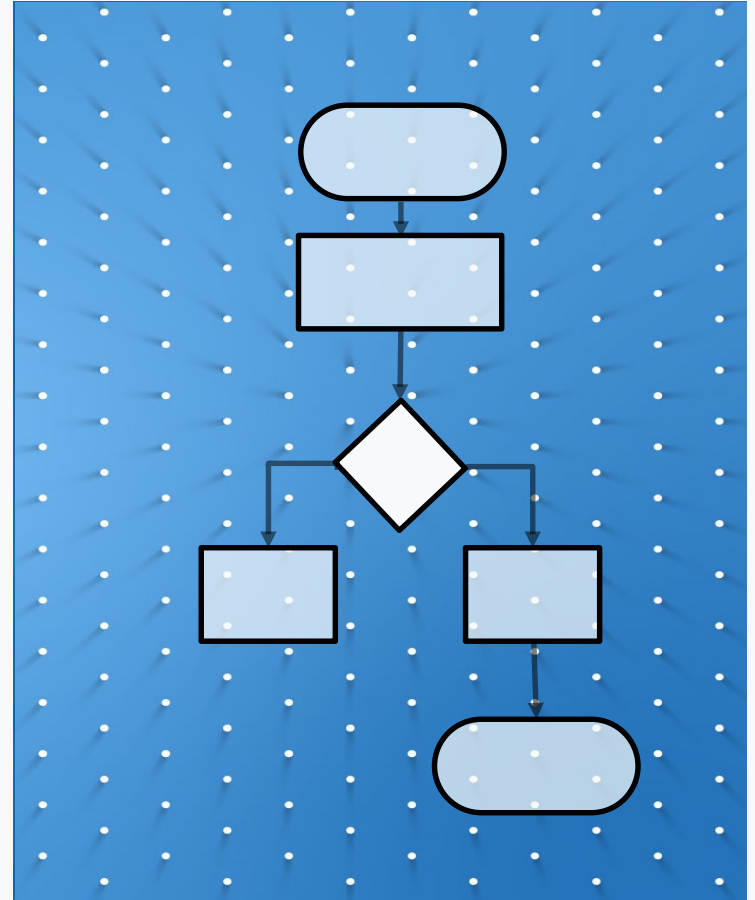


SOAR

Qualys built-in!

Granular flexible playbooks

Quickly respond with complex actions



Advanced Correlation & Analytics

ML/AI Service

Patterns | Outlier | Predictive SoC

Orchestration & Automation

Integration | Playbooks | Response

UEBA

User & Entity Behavior Analytics

Threat Hunting

Search | Exploration | Behavior Graph

Security Analytics

Anomaly | Visualization | Dashboard

Advanced Correlation

Actionable Insights | Out-of-box Rules

Qualys Security Data Lake Platform

Data Ingestion | Normalization | Enrichment | Governance



Network



Security



Server



End Point



Qualys Apps



Apps



Cloud



Users



IoT

Qualys Quick Connectors

Evolving Qualys Cloud Platform to the Next Level



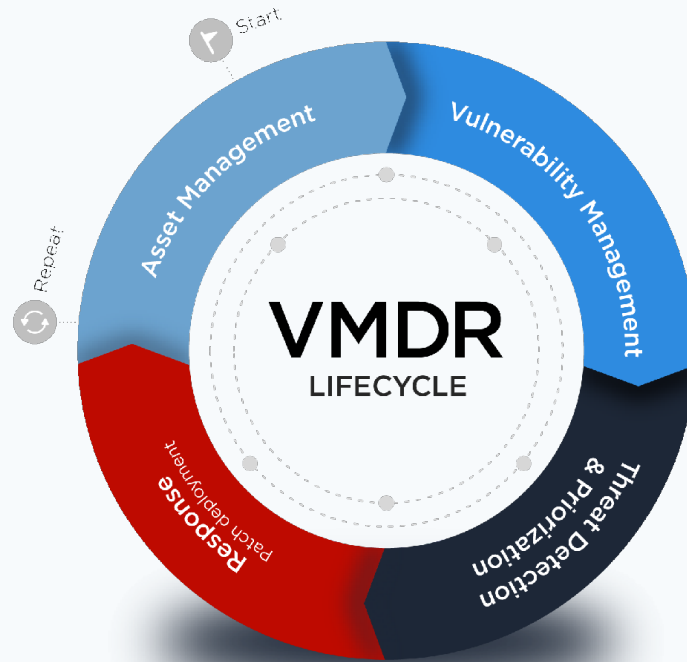
Single platform for detection & response with
built-in orchestration

Introducing  Qualys.

VMDR[®]

Vulnerability Management, Detection & Response

One solution to discover, assess, prioritize and patch critical vulnerabilities



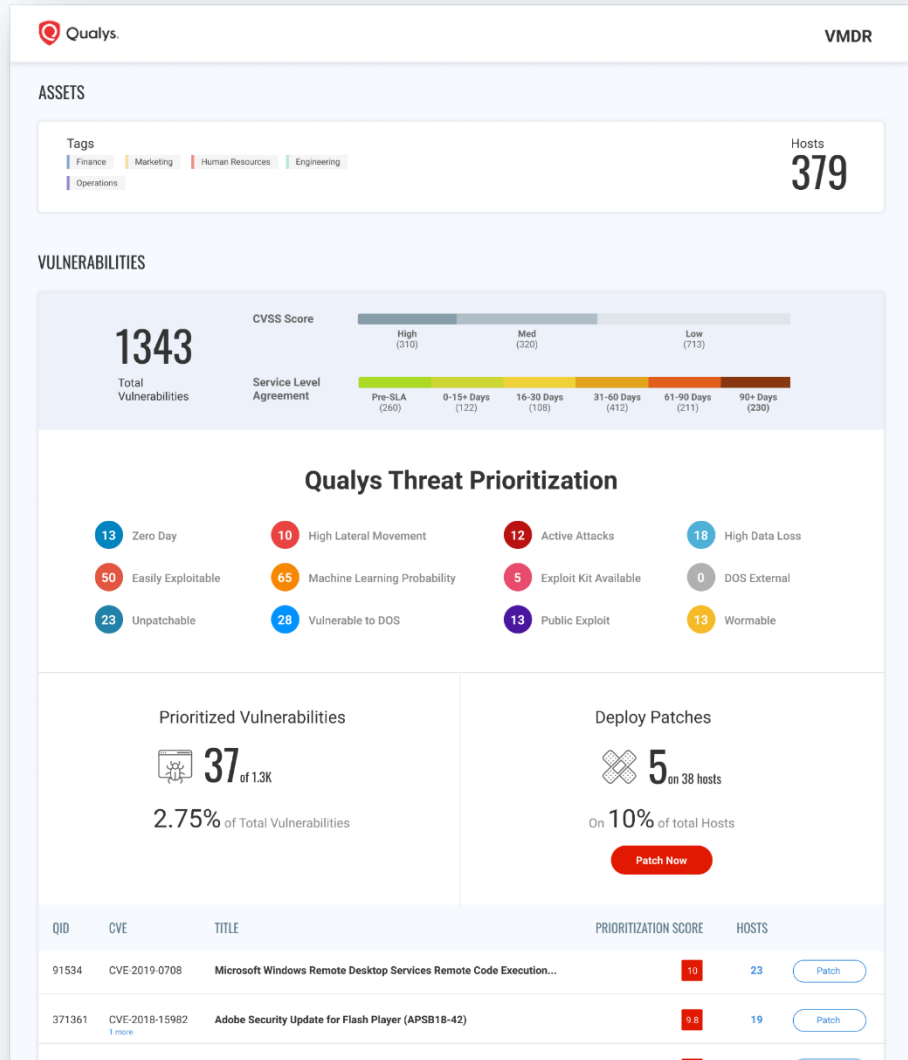
VMDR with Built-in Orchestration

New prioritization engine

Combining real-time threat intelligence, asset context and machine learning

Accurately pinpoint patches for most lethal vulnerabilities instantly

End-to-end workflows & real-time, interactive dashboards

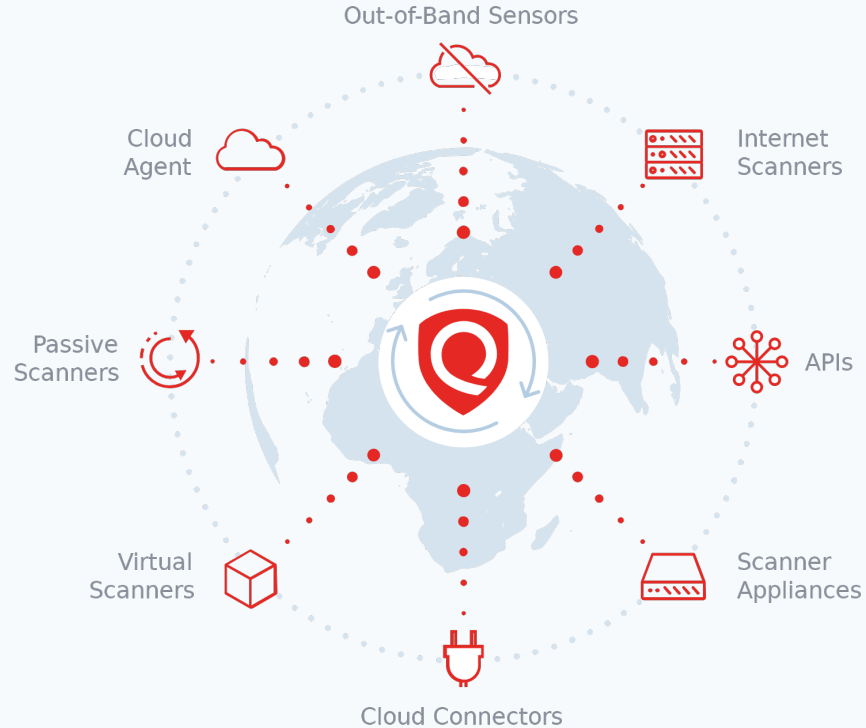


Qualys VMDR

Fastest platform to go from discovering new assets
to patching it's most critical vulnerabilities with
contextual prioritization

PERIOD!

Cloud Platform Architecture



Qualys Sensor Platform

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

Qualys Cloud Platform

19+ products providing comprehensive suite of security solutions

12,200+ customers and active users

8 shared cloud platforms across North America, Europe & Asia

87 private clouds platforms deployed globally... on-prem, AWS, Azure, GCP

19+ PB storage and 27000 cores



Qualys Cloud Platform

3+ billion IP scans/Audits per year

50,000+ Scanner Appliances

28 million Cloud Agents

2+ trillion security events annually

5+ billion messages daily across Kafka clusters

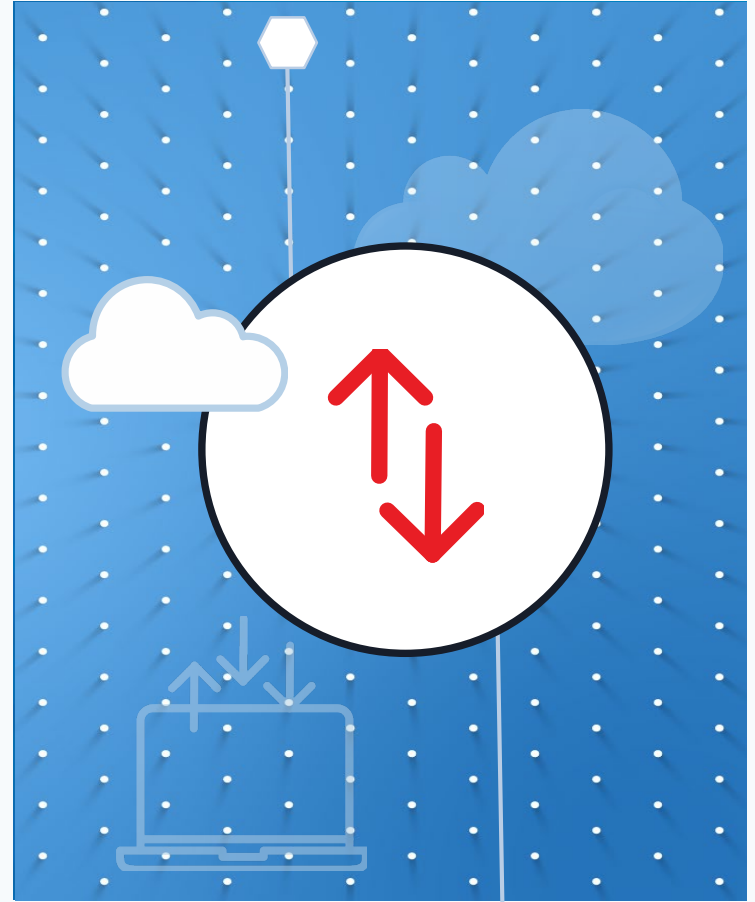
3.2+ trillion data points indexed in our
Elasticsearch clusters



Continued Platform Expansion

ICS OT environments

SaaS security & compliance



More DRs Coming Soon

Endpoint Detection & Response

Cloud Detection & Response

Container Detection & Response

Mobile Device Detection & Response

SaaS Security Detection & Response





ANALYST AND INVESTOR LUNCHEON AT QSC19 LAS VEGAS

Sumedh Thakar
sthakar@qualys.com



ANALYST AND INVESTOR LUNCHEON AT QSC19 LAS VEGAS

Qualys Global Sales Model

QSC19 Investor Session

Laurie MacCarthy
EVP, Worldwide Field Operations

Agenda

What makes the Qualys sales model scalable?

Our Unique Field Operations approach...

How do we enable the sales team?

The Qualys platform as a distribution model

Growing into 2020

What makes our sales model scalable?

Qualys leverages Pre (Hunters) and Post (Farmers) Technical Account Managers with expertise across our entire platform that support a Hybrid Sales Model comprise of Direct and Indirect Sales via Resellers and MSSPs.



Our Unique Field Operations Approach

Our Technical Account Managers build trusted relationships with our customers based on the understanding of their security and compliance strategies.



Field Enablement

Subject Matter Experts (SME) are part of the Field Operations working closely with product managers to ensure that each of our TAMs are equipped to support each of our solutions.



The Qualys Platform is the Distribution Channel (Try and Buy)

	New	Existing	Total	Country	Count of Signups
Signups	4403	1074	5477	United States	1179
Activated	3684	1074	4758	India	346
% Activated	83.67%	100%	86.87%	United Kingdom (GB)	286
Using	601	322	923	China	149
% Using	13.65%	29.98%	16.85%	Canada	128
				Brazil	98

Our freemium services continue to lead the industry in providing coverage and visibility for everyone at a fraction of the cost of traditional lead-gen campaigns.

2020 Key Revenue Drivers

We are the ONLY solution in our space that provides:

- Global Visibility
- Entire VM lifecycle
- 12+ enterprise security and compliance solutions consolidated
- Security built into the Digital Transformation



The background is a solid blue color with a grid of small white dots. Three of these dots are highlighted in red, located at approximately (10, 600), (150, 820), and (850, 200) in a 1000x1000 coordinate system.

Thank You

lmccarthy@qualys.com



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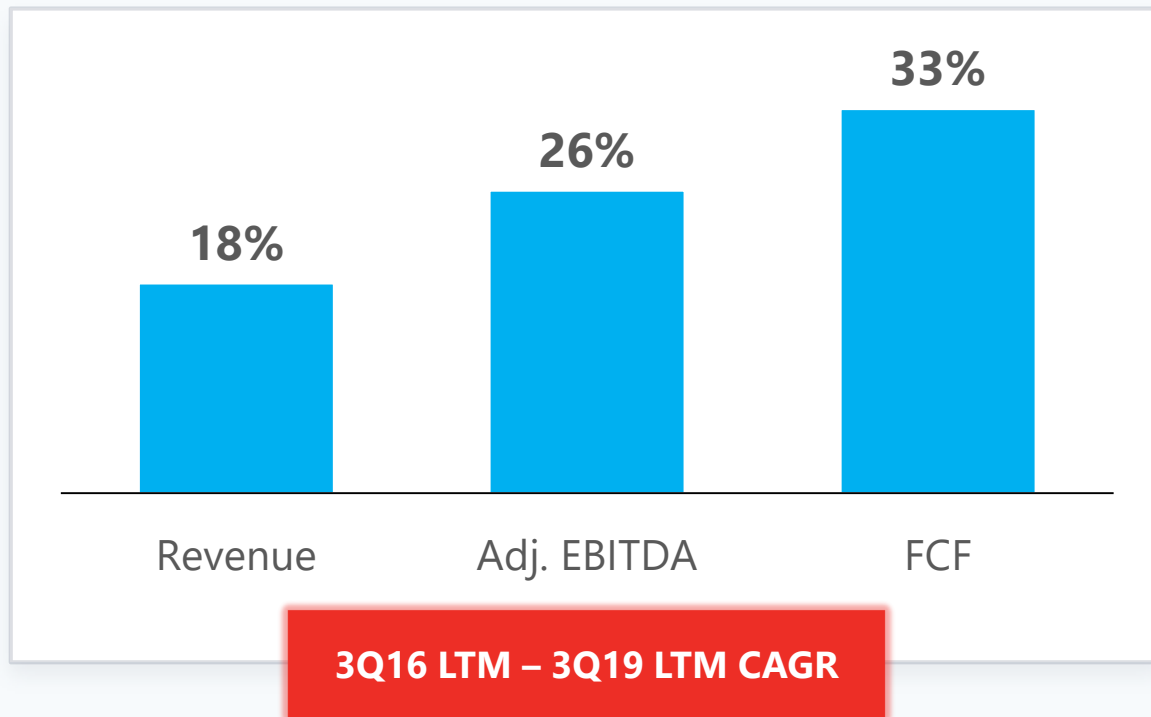
Qualys Scalable Business Model

Melissa Fisher, CFO

November 20, 2019

Scalable Business Model

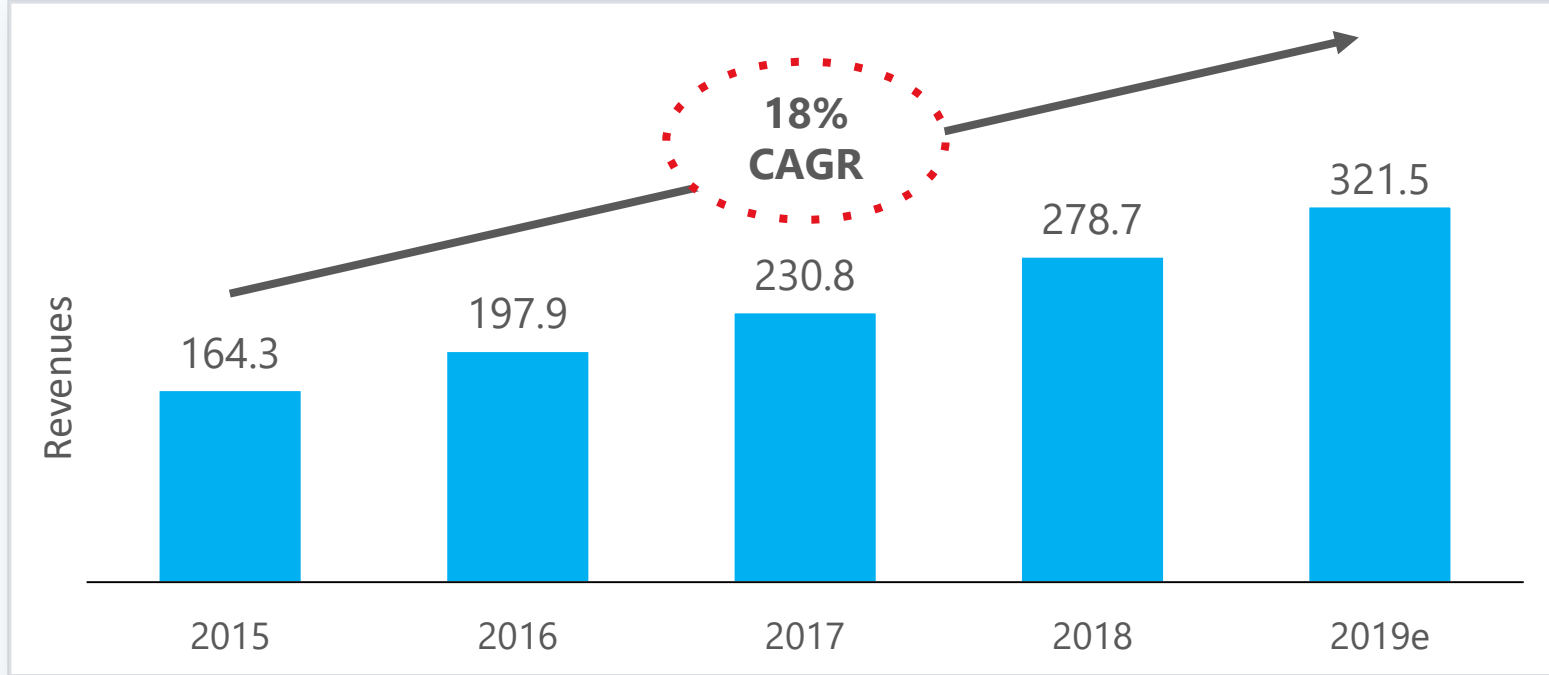
Strong and Consistent Performance



Strong Organic Revenue Growth

Outperforming Market and Gaining Share

(\$ in millions)



Multiple Levers of Revenue Growth...

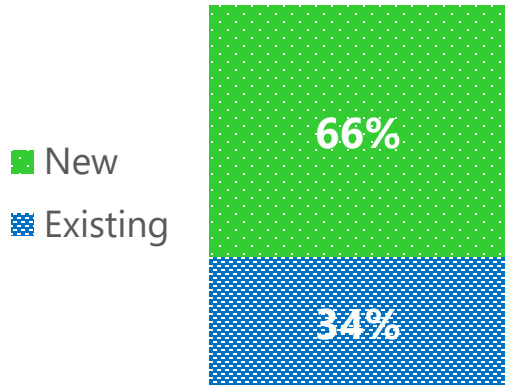


* Free Service

** Paid and Free Service

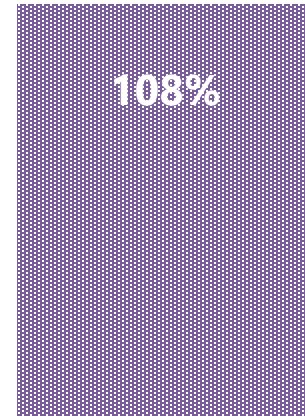
...For Both New and Existing Customers

% of Bookings Growth



LTM 3Q19

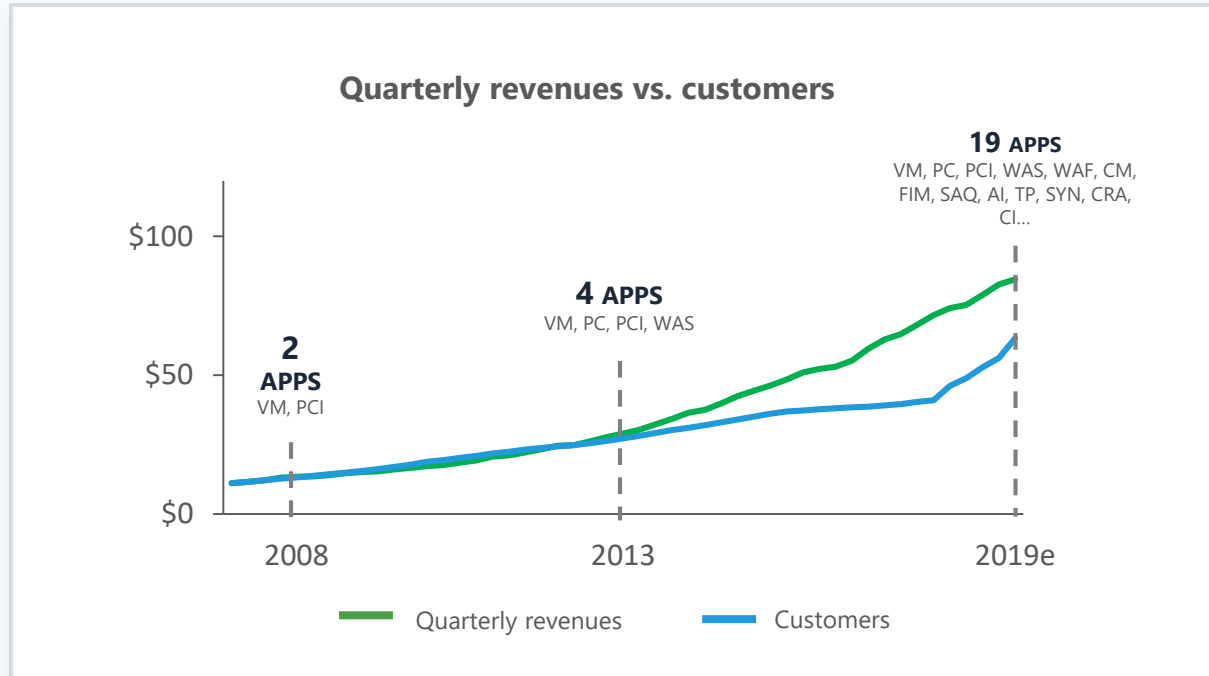
Enterprise Net Dollar Expansion Rate



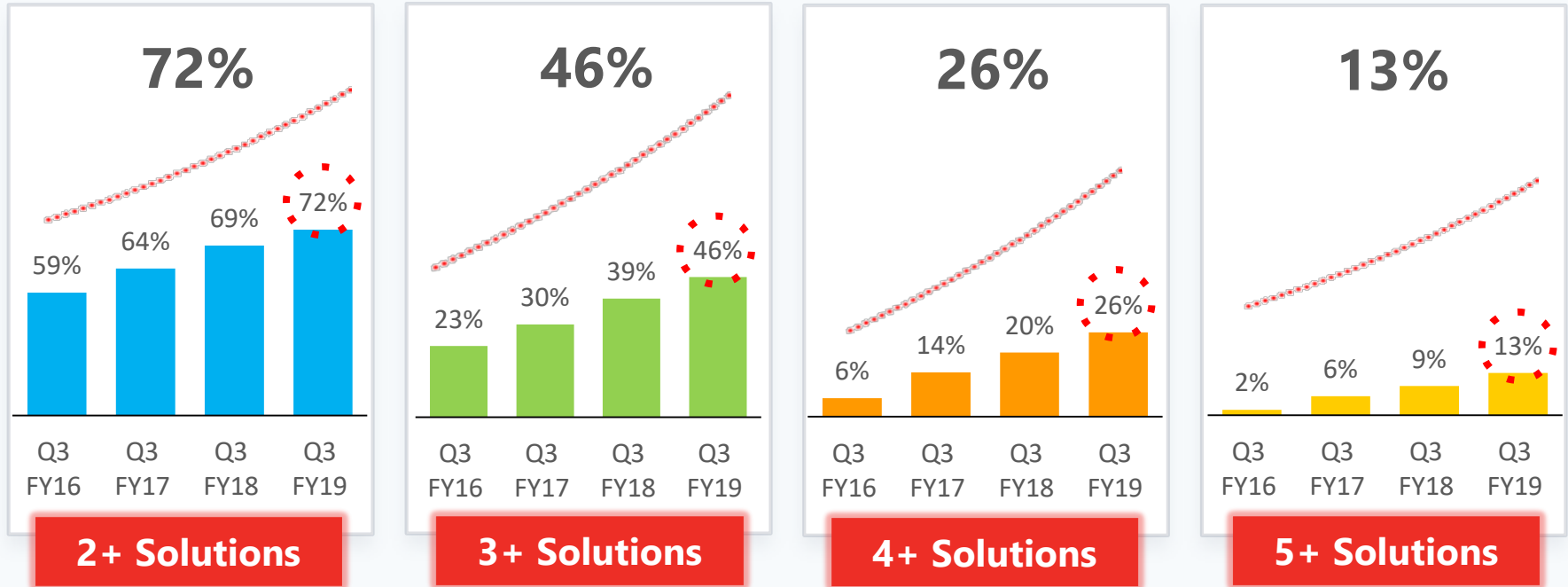
LTM 3Q19

Adoption of New Solutions Fuels Growth and Profitability

(\$ in millions)

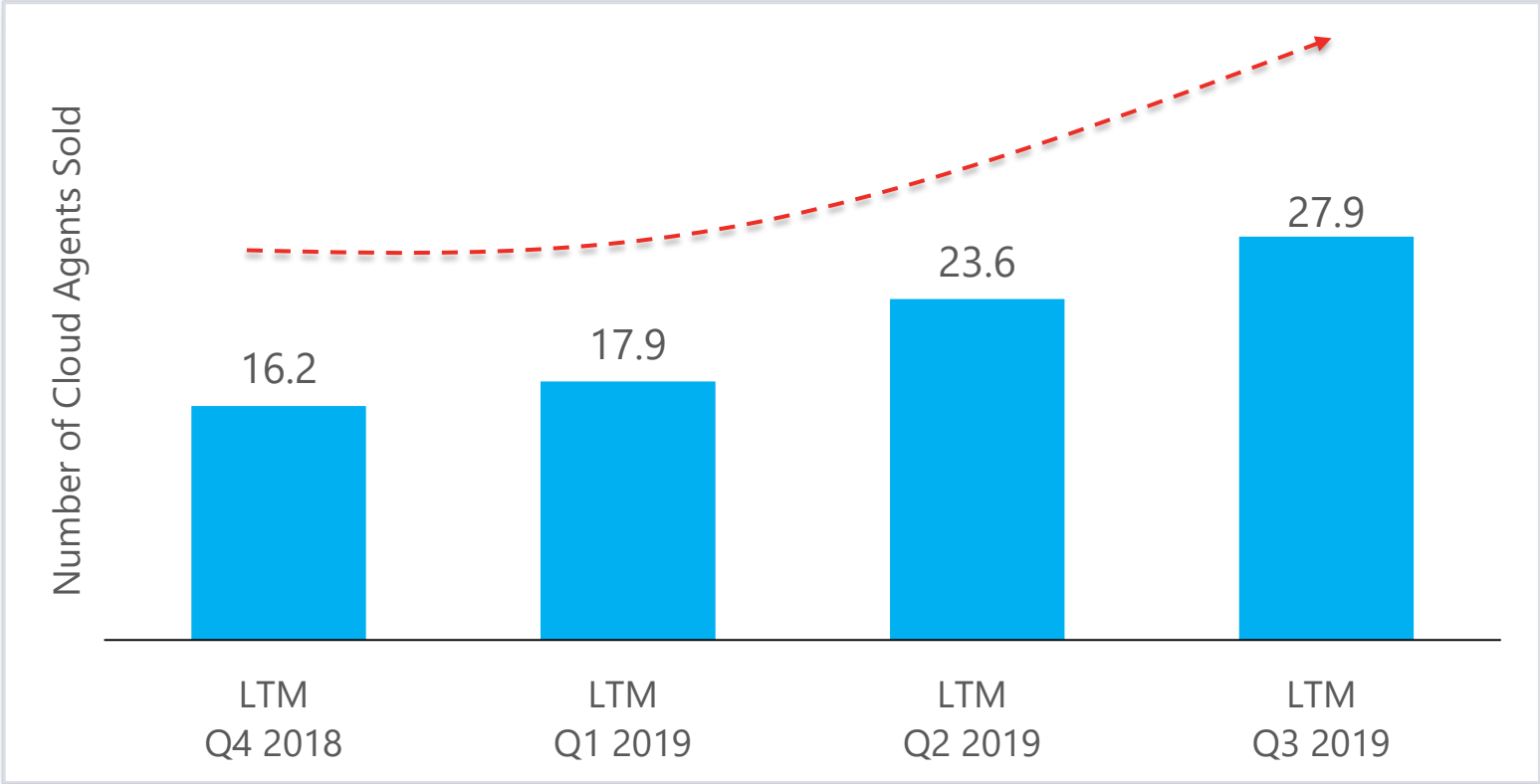


Multi-Solution Adoption Increasing

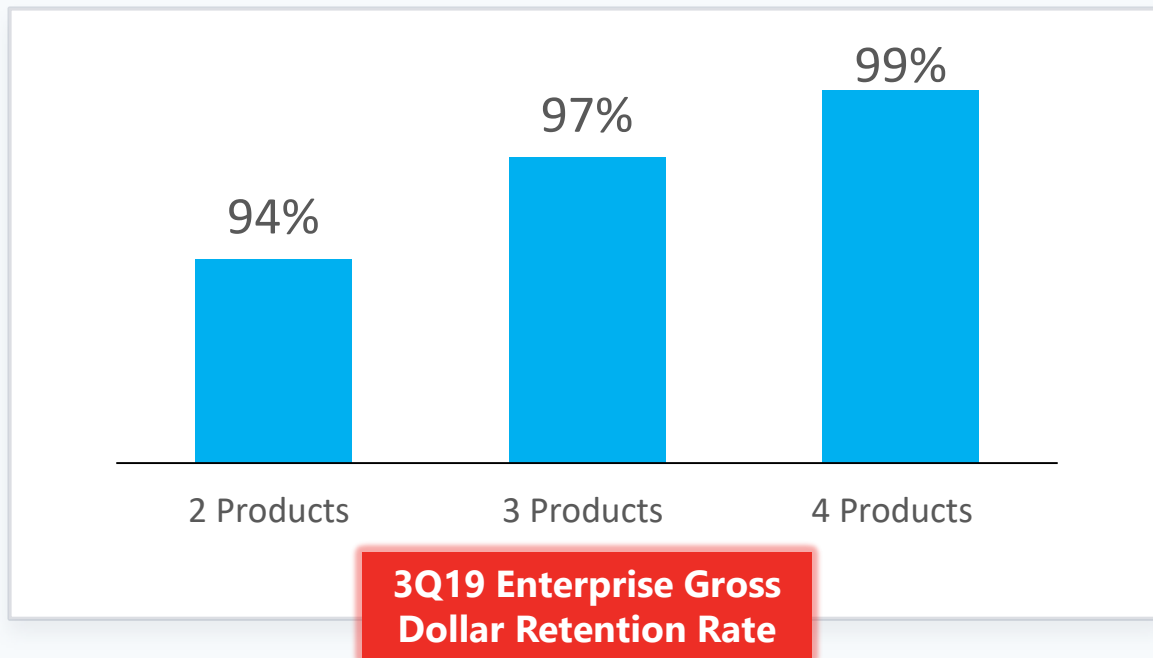


% of Enterprise customers with select number of solutions

Cloud Agents Driving Adoption of New Solutions



Multiproduct Adoption Drives Increased Stickiness...

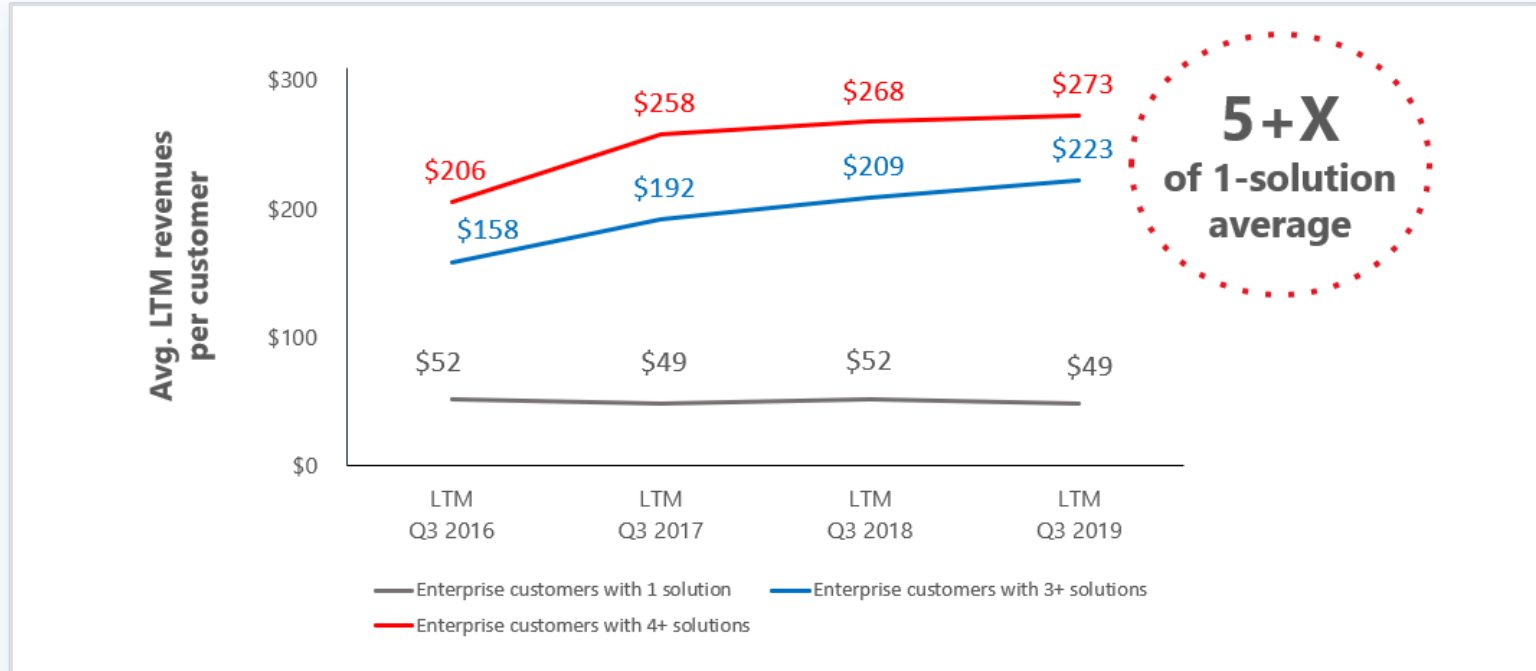


Note: Gross Dollar Retention Rate is the retention rate of prior year Enterprise ARR (excluding upsell and downsell) averaged over the last four quarters

...And Higher ARPU

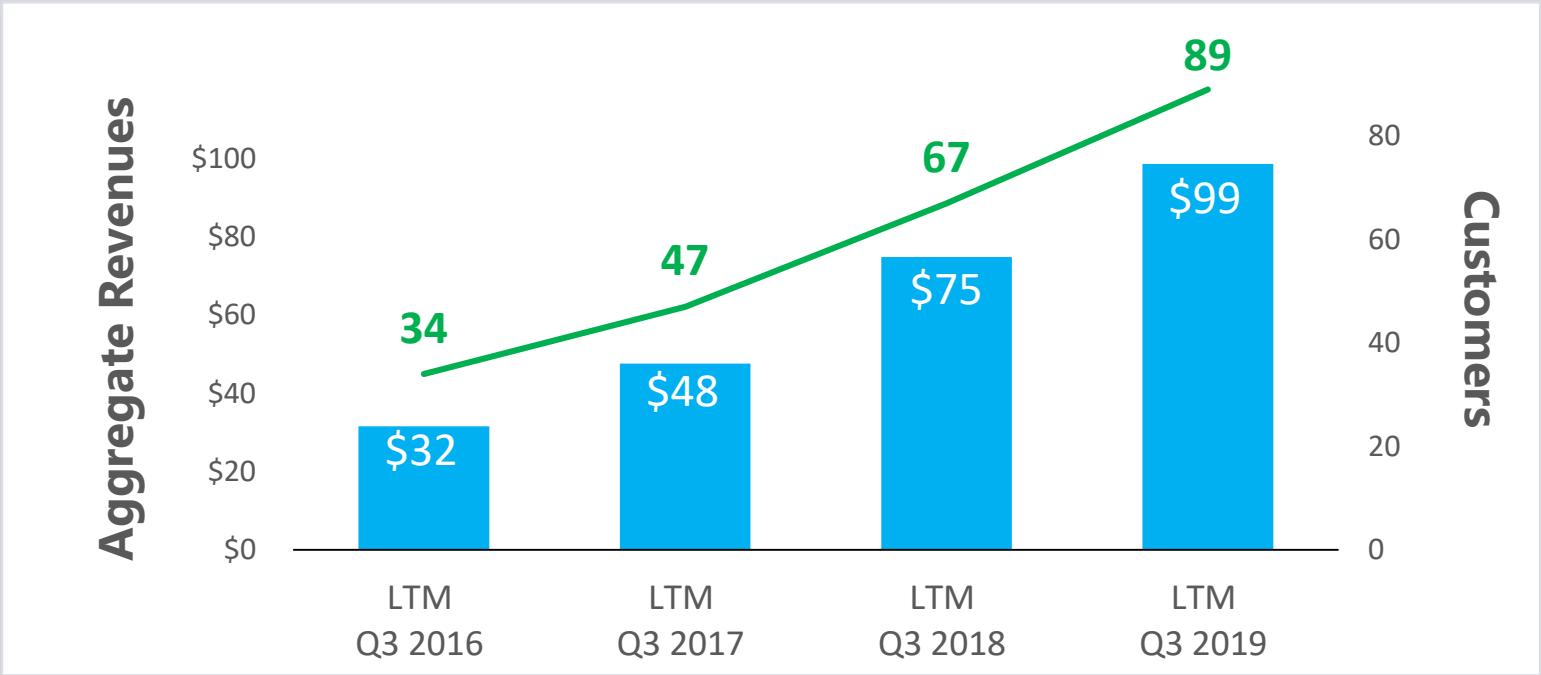
Enterprise customers with 4+ solutions spend over 5x that of 1-solution customers

(\$ in thousands)



Increasing Number of Large Customers

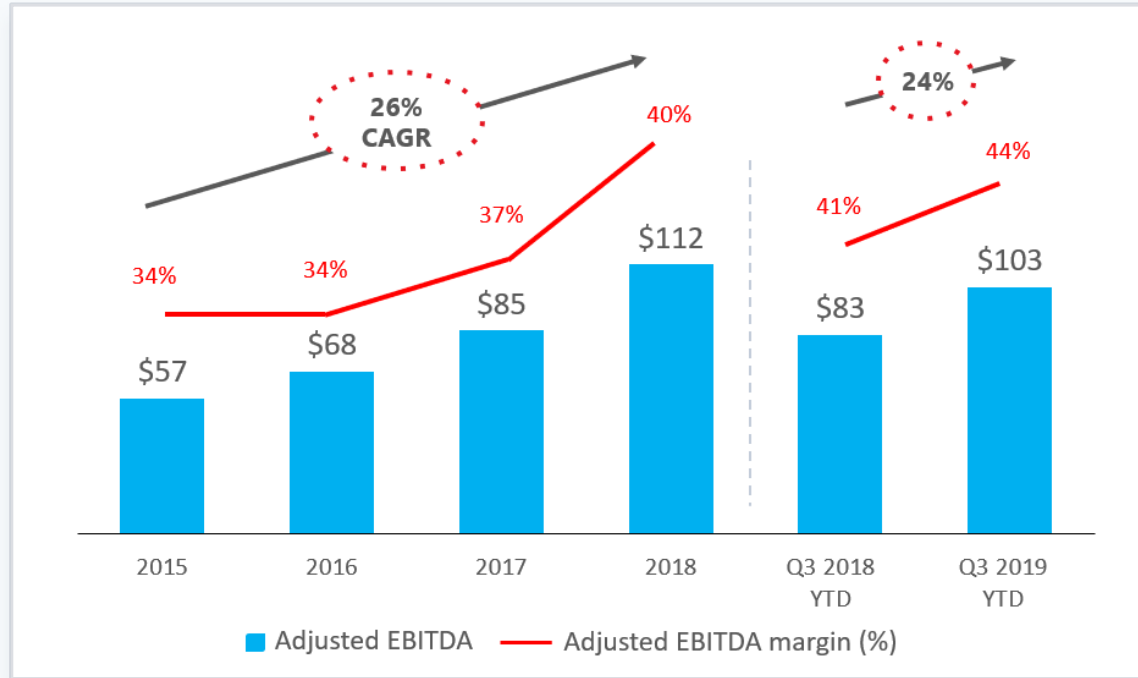
(\$ in millions)



Note: Customer count is defined as customers with greater than \$500K in annual revenue

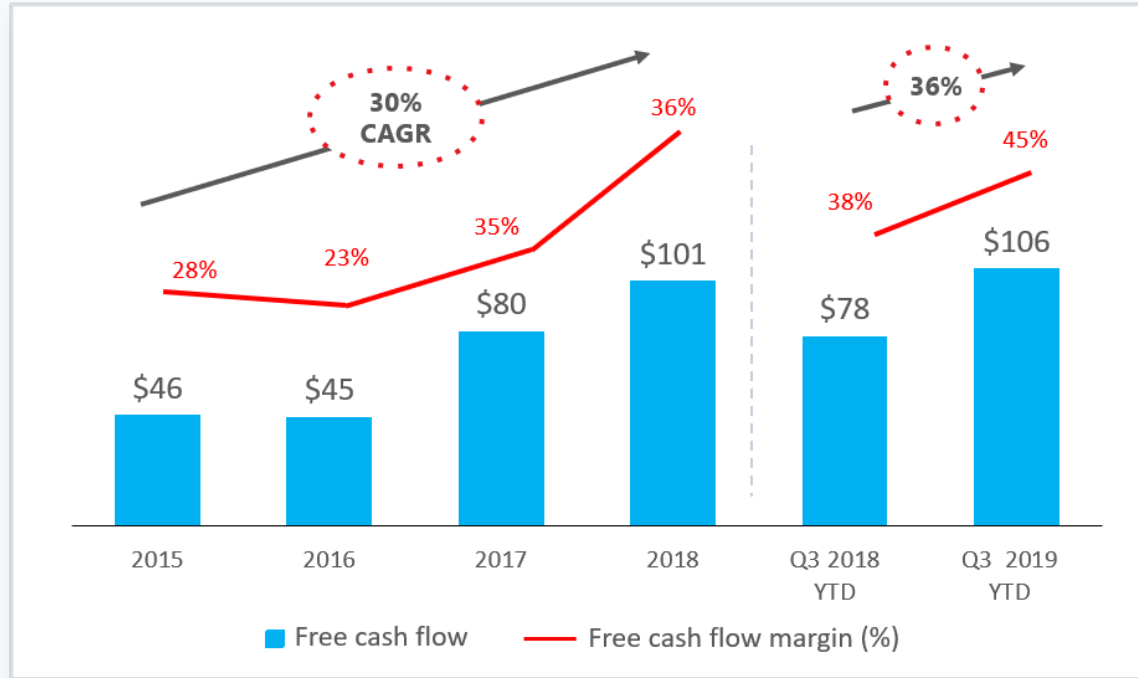
Multiple Levers for Expanding Margins...

(\$ in millions)



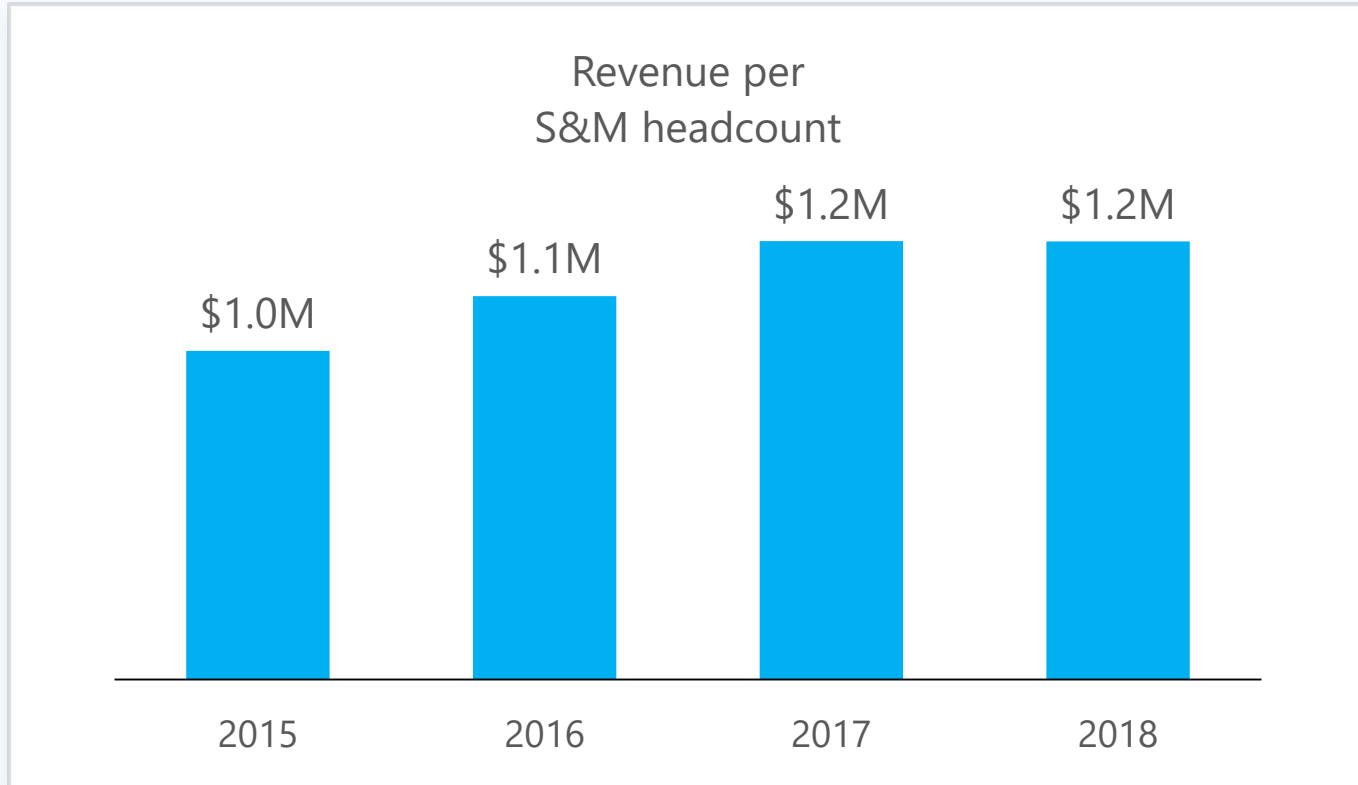
...Driving Strong Cash Flow Generation

(\$ in millions)

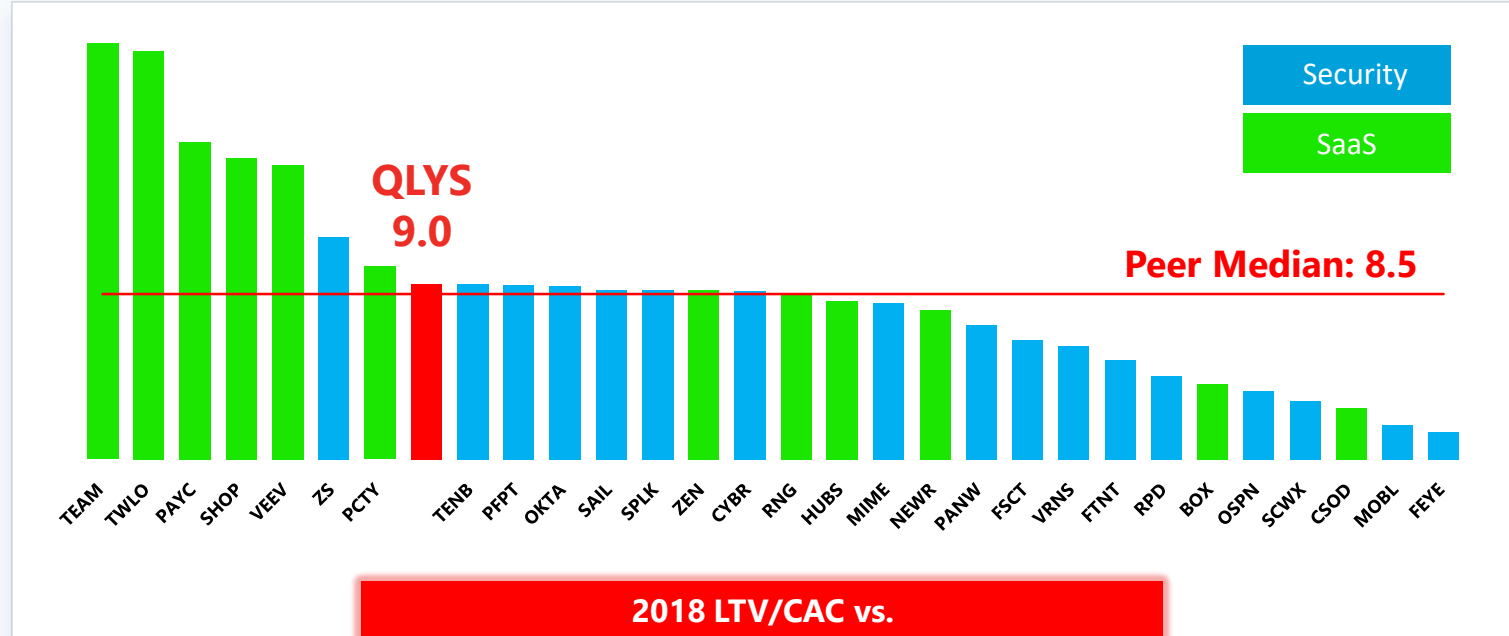


Note: 2017 non-GAAP Free cash flow normalized for headquarters office facility costs (net)

High Sales Leverage



Strong LTV/CAC

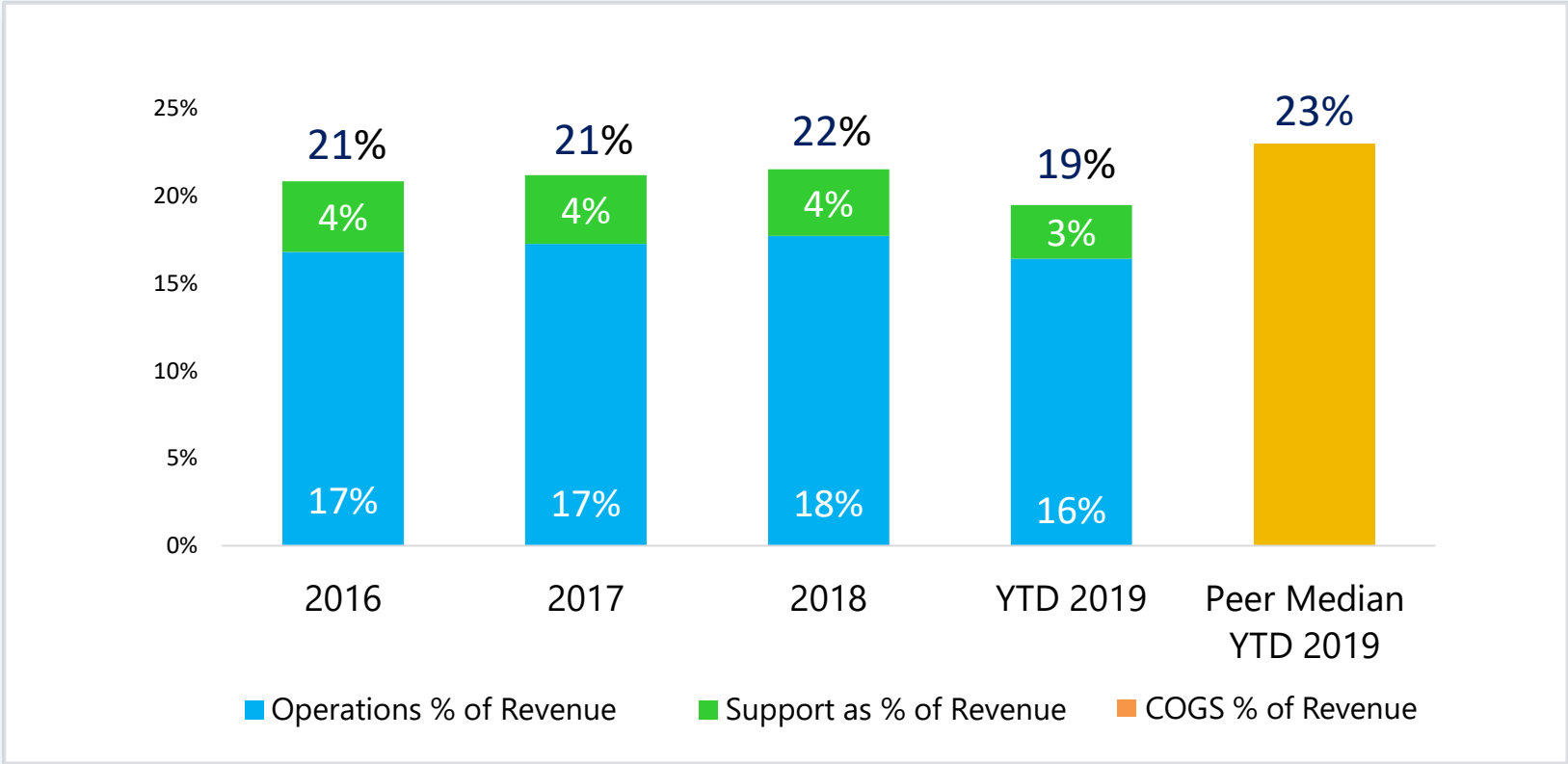


2018 LTV/CAC vs. select Security and SaaS peers

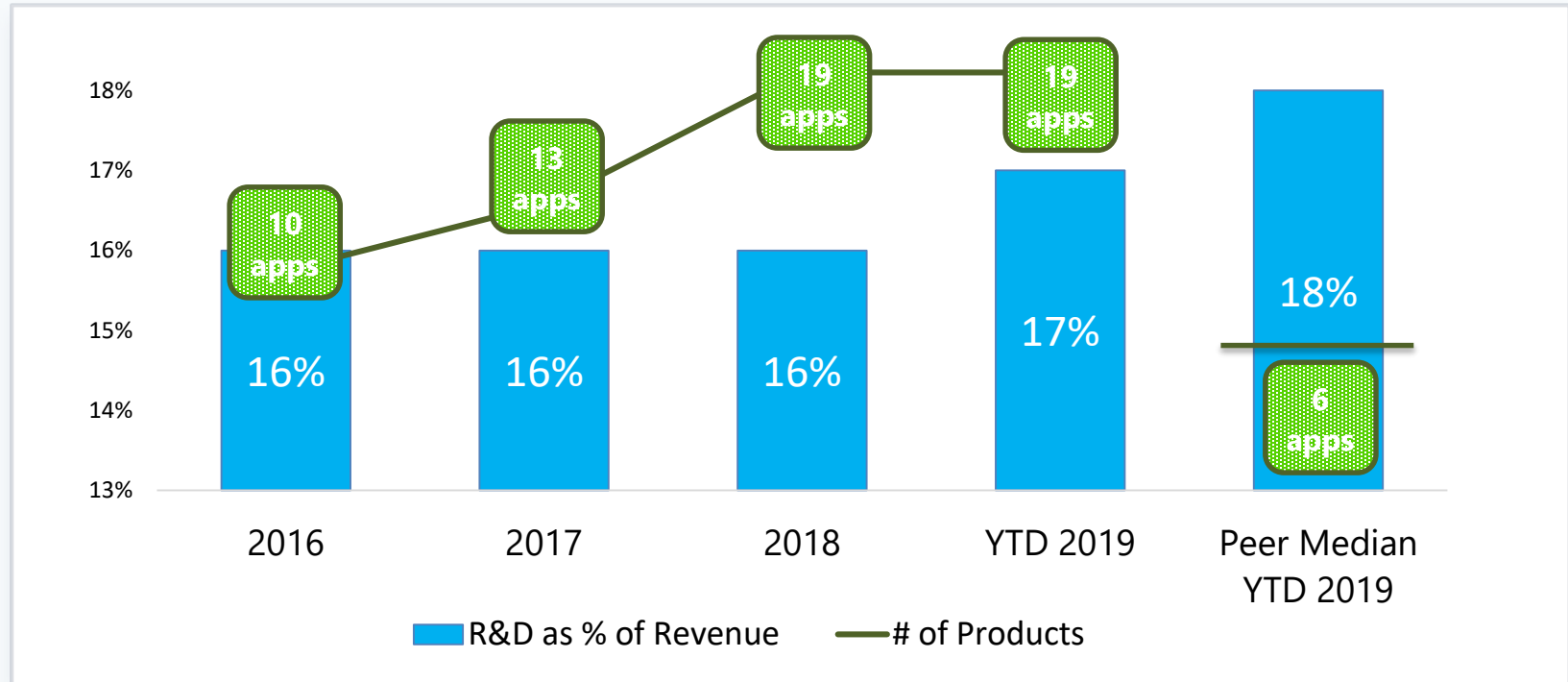
Source: Morgan Stanley

Note: Calculated using Barclay's Research methodology using GAAP financials:
CAC = 80% of PY S&M; LTV = Net New Revenue multiplied by Gross Margin divided by Churn Rate (assumption 8%)

Cloud Platform Drive Operational Efficiencies

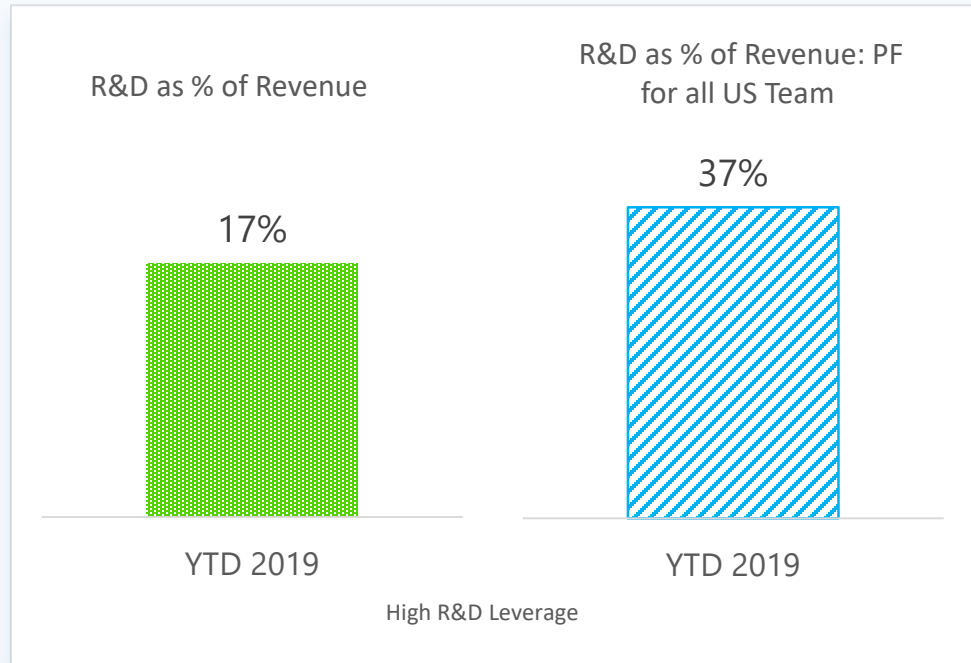
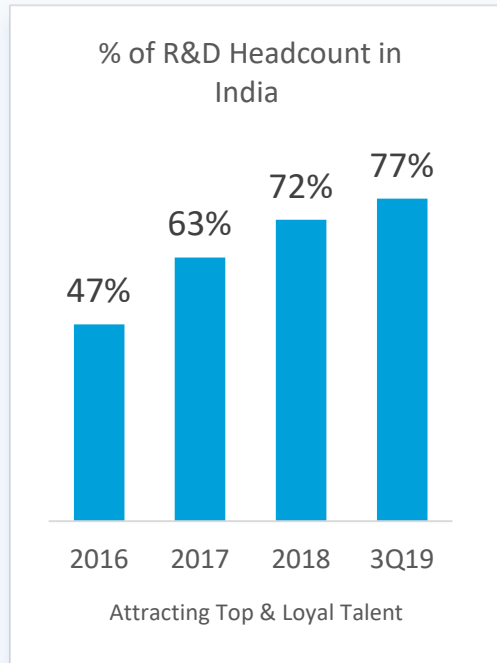


Maintaining R&D Efficiency while Increasing Product Deployment



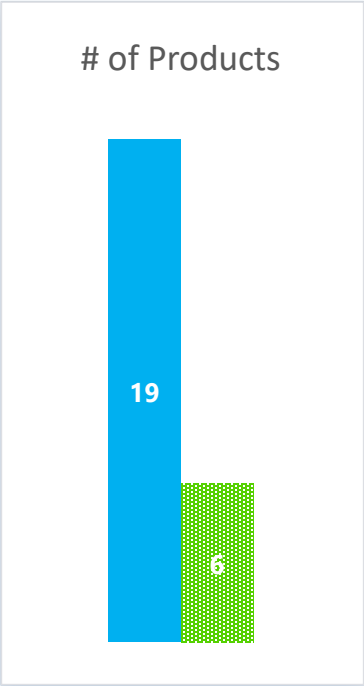
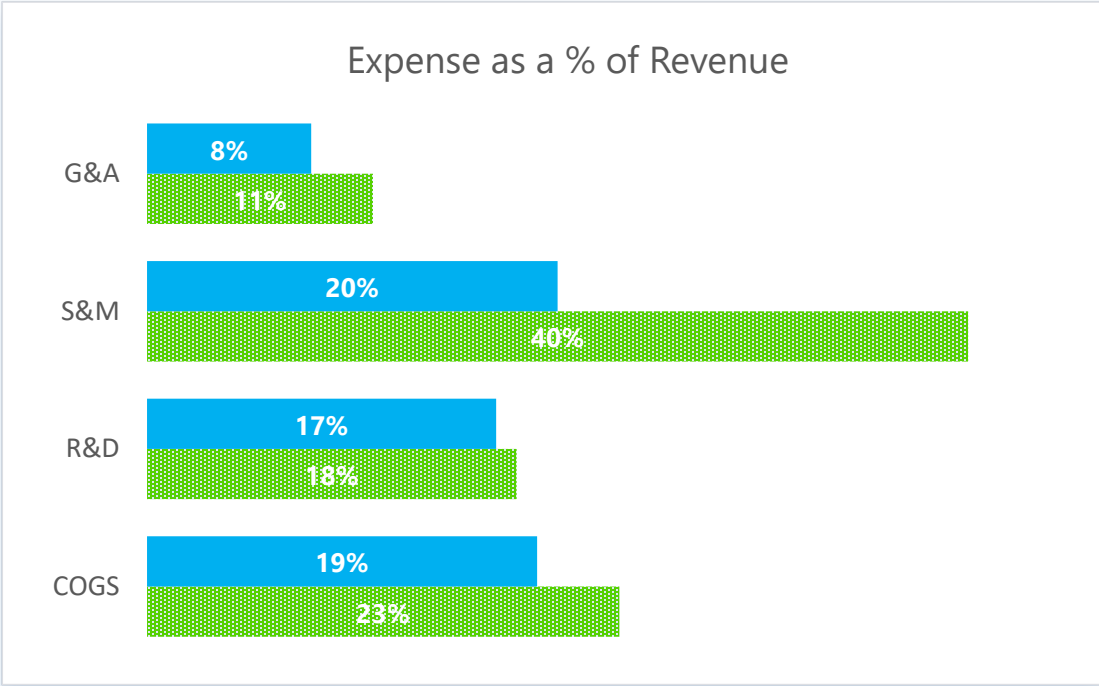
Scalable R&D Model

Platform Leverage & Strong Engineering Presence in India



Note: 'PF for all US Team' represents the estimated cost as % of revenue if India R&D headcount were employed in US based on average cost of U.S.-based employees in R&D

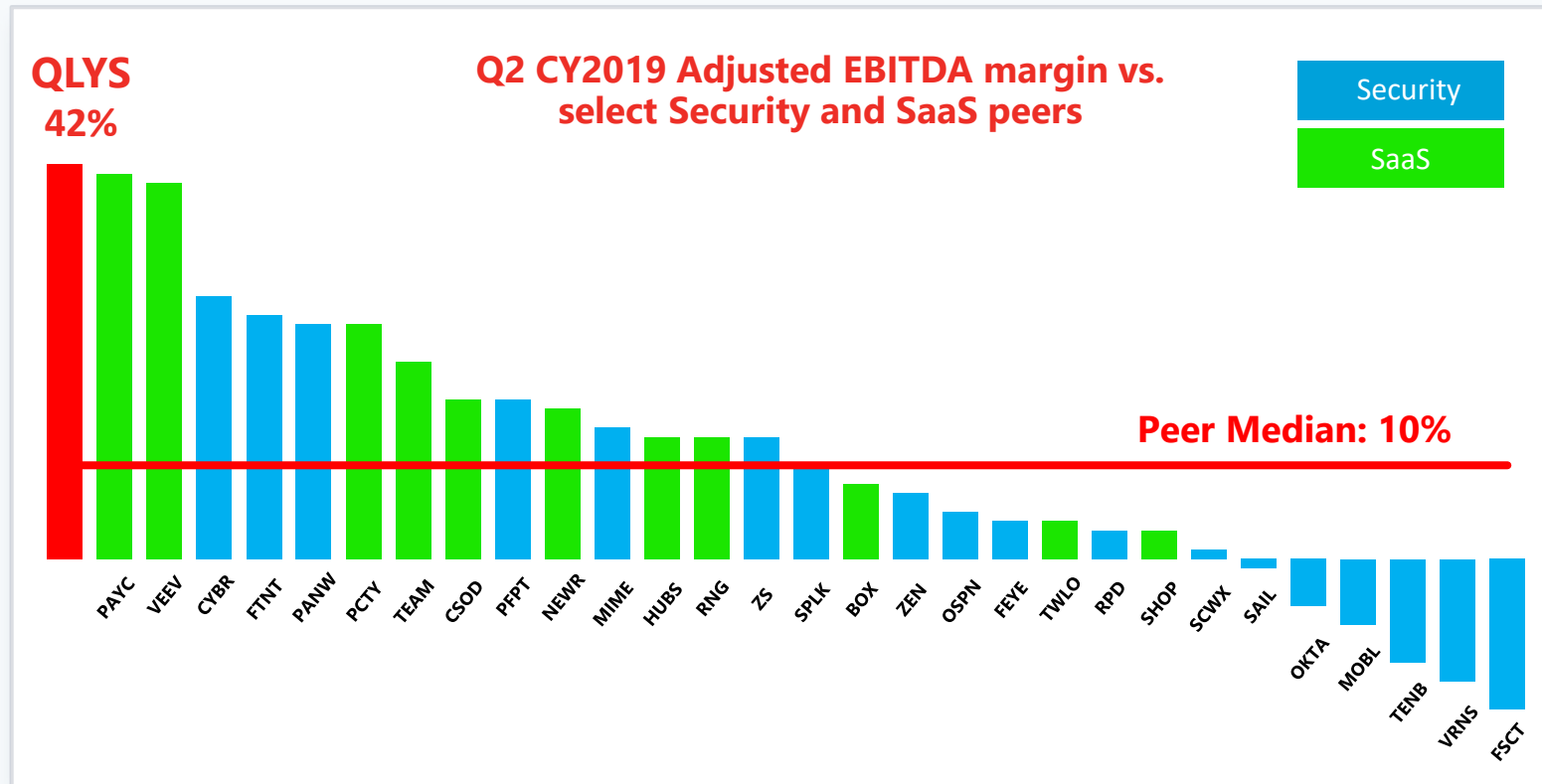
Delivering a Best-In-Class Operating Model



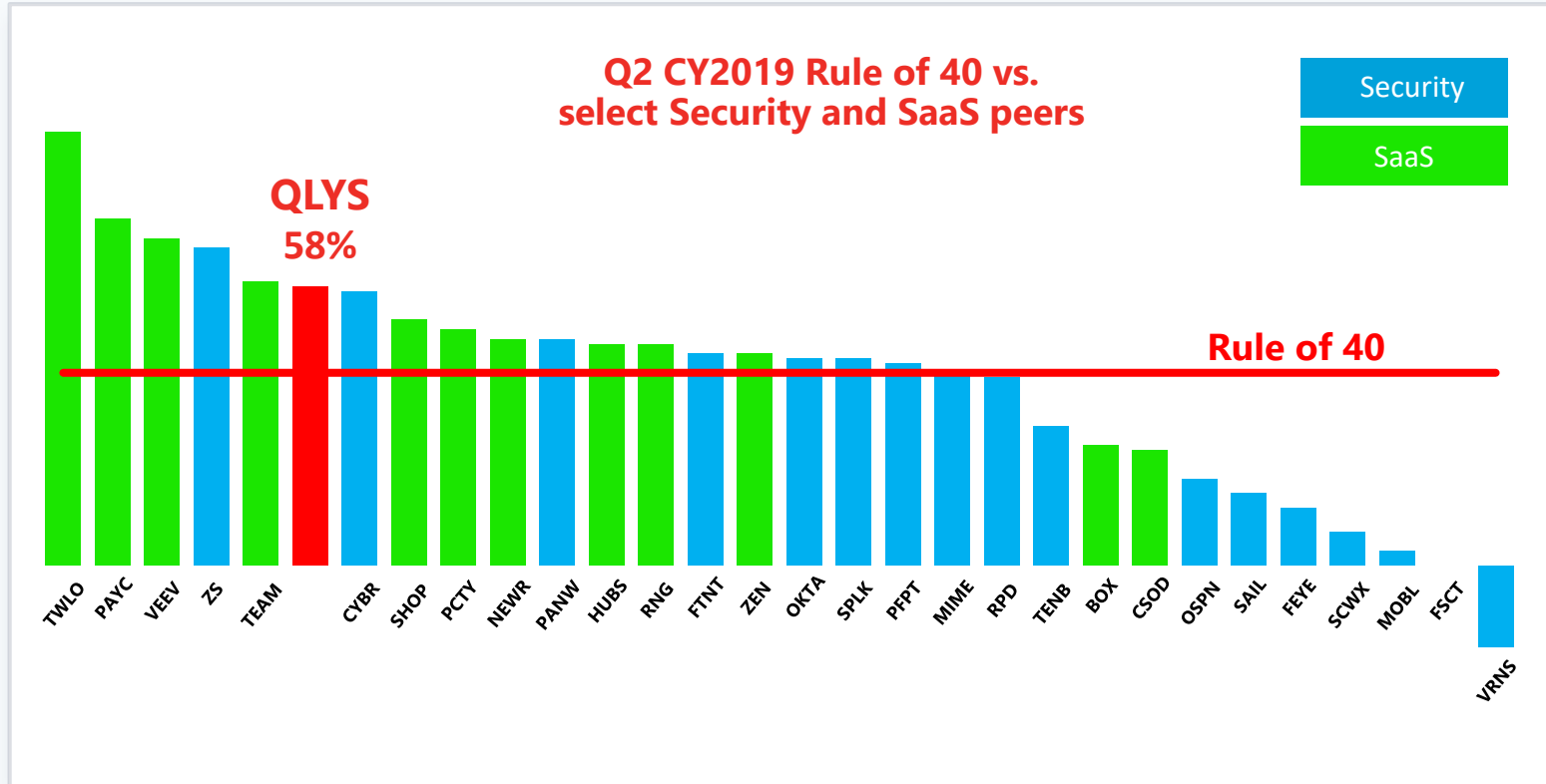
■ Qualys ■ Peer Median

Note: YTD 2019 Expenses as % of revenue (Non-GAAP); Source: Morgan Stanley excluding OneSpan

Industry Leading Margins



Superior Performance on the Rule of 40





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Melissa Fisher
mfisher@qualys.com