

# Driving Sustainable Long-Term Profitable Growth in a Changing Industry

Philippe Courtot, Chairman & CEO

Sumedh Thakar, President & Chief Product Officer

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Analyst & Investor Luncheon – QSC San Francisco, February 26, 2020

# 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.

# Agenda

## **Welcome and Agenda Review**

Melissa Fisher, Chief Financial Officer, Qualys

## **Driving Sustainable Long-Term Profitable Growth in a Changing Industry**

Philippe Courtot, Chairman and CEO, Qualys

## **The Evolution of the Qualys Platform and What is Next: Introducing Next-Gen VM, Data Lake/SIEM and EDR Initiatives**

Sumedh Thakar, President and Chief Product Officer, Qualys

## **Qualys Scalable Sales Model**

Laurie MacCarthy, EVP of Worldwide Field Operations, Qualys

## **Break**

## **Qualys Scalable Business Model**

Melissa Fisher, Chief Financial Officer, Qualys

## **Closing Remarks and Q&A**

Philippe Courtot, Chairman and CEO, Qualys

# Security at a Crossroads

The Role Qualys Plays in it and Where are We Going?

By Philippe Courtot,  
Chairman and CEO, Qualys Inc.

**Analyst and Investor Luncheon at QSC20 San Francisco**

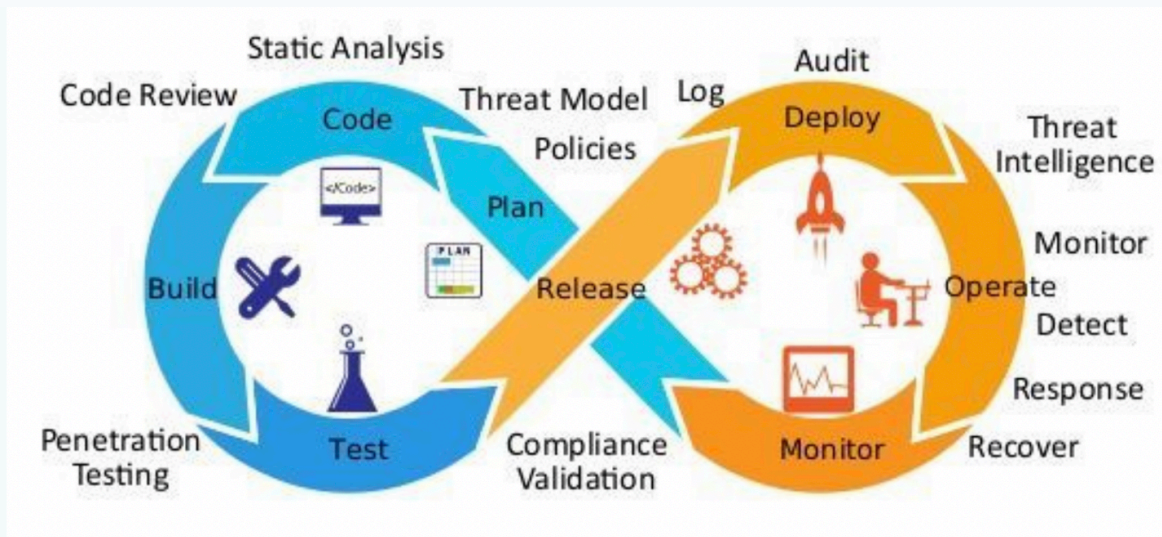
# Welcome to the Cloud-Based Computing Era

Internet + 5G  
Cloud Platforms  
Open Source Tools  
DevOps



# The DevOps Revolution

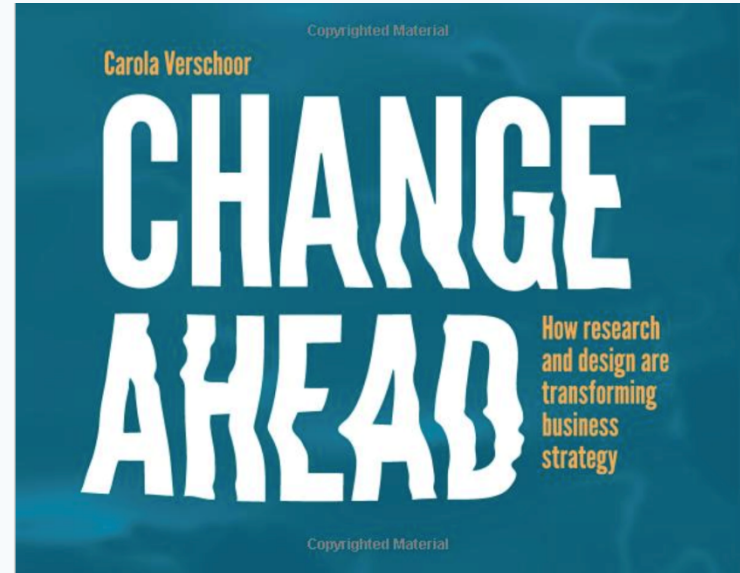
## Embedding Security into the DevOps Cycle



# What Does This Mean For Security?

Security now **Can**  
and **Must** be built-in

Bringing in its wake  
drastic and rapid  
changes to our  
industry as a whole



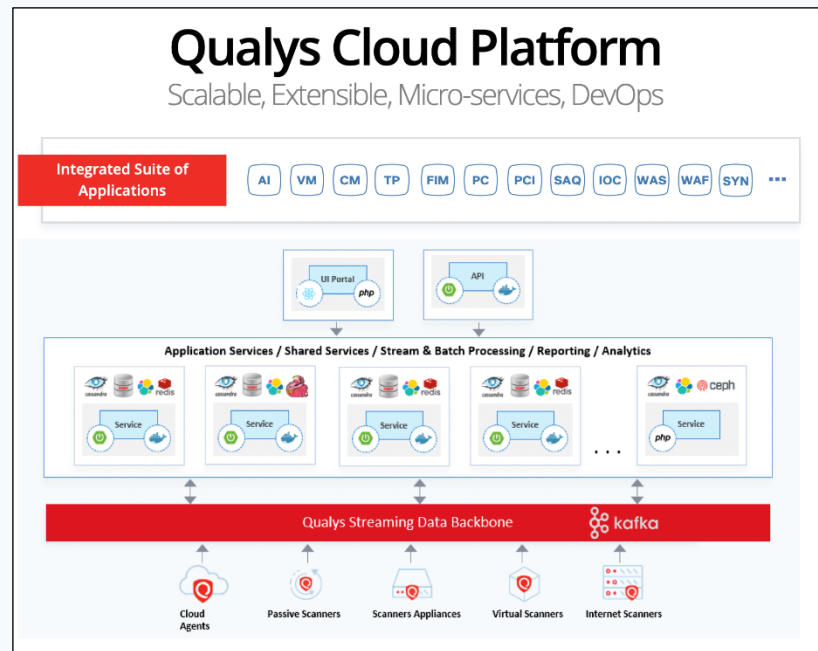
# The Role Qualys Plays in it

Providing unprecedented real-time **visibility** across the global hybrid IT environment

Natively **embedding** security into cloud platforms

**Integrating** our solutions with DevOps tools

Expanding our Platform capabilities from **Detection** to **Response**



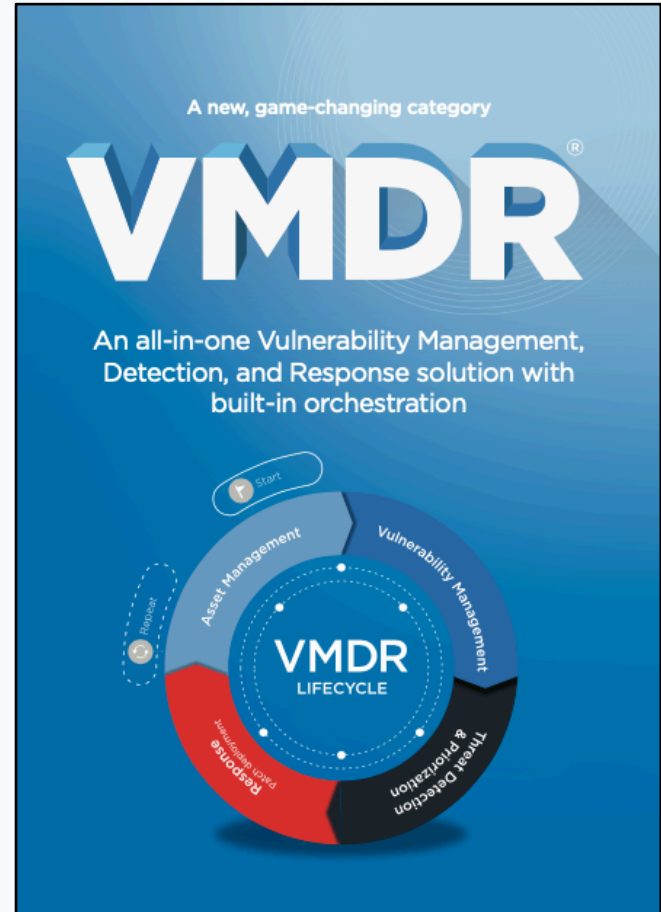


# Introducing VM DR

**Not a bundle** of solutions – It is in fact many years in the making

It is the Foundation for a **true** Risk-Based Vulnerability Management approach

It is the Foundation for our forthcoming **Next-Gen** Incidence Response and EDR offerings coming later this year



# Thank You

Philippe Courtot  
pc@qualys.com

# Unveiling VMDR: A Game Changer for Vulnerability Management

Analyst and Investor Luncheon at QSC20 San Francisco

**Sumedh Thakar**

President & Chief Product Officer, Qualys, Inc



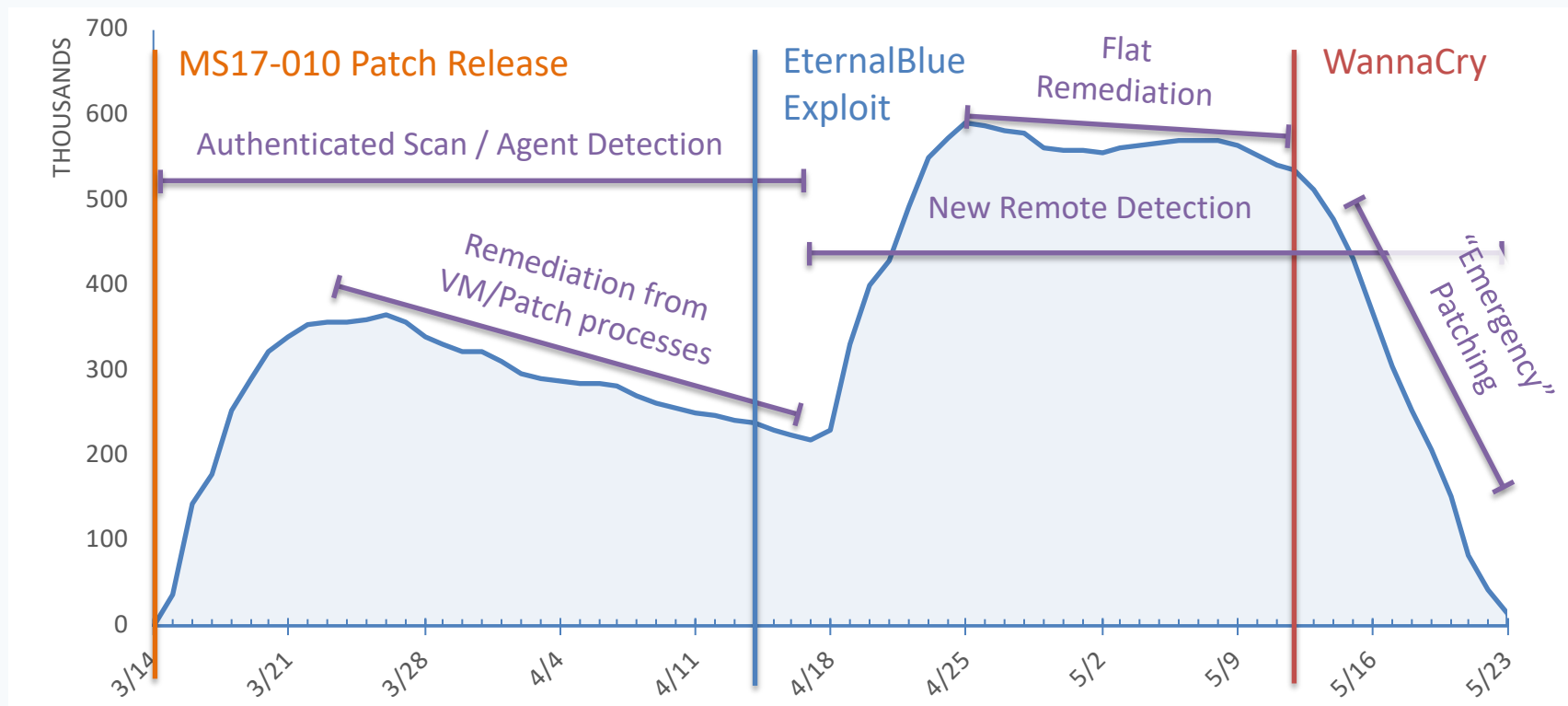
T T R

Time To Remediate

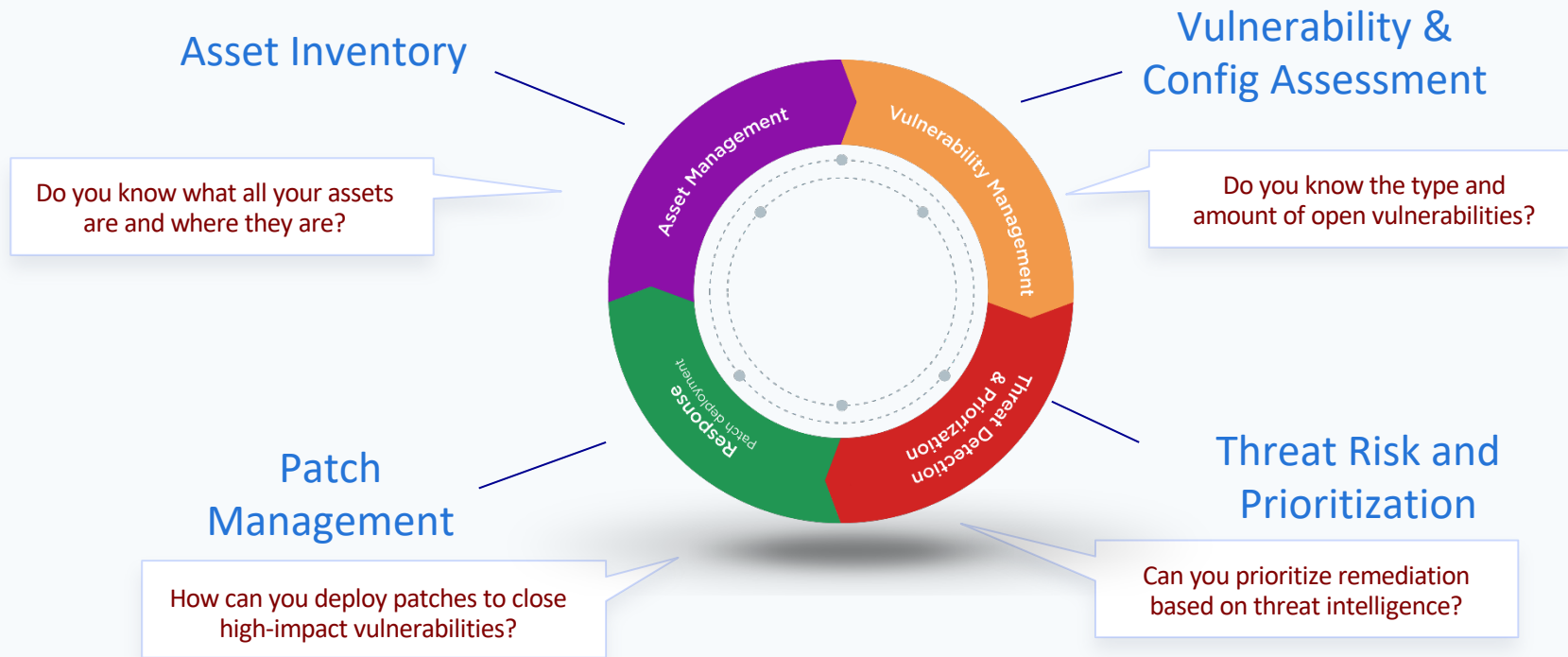


Time Organization is left exposed to risk

# WannaCry Timeline and Remediation



# Effective Vulnerability Management Program



# Asset Management Today

Rapid Expansion of IT infrastructure

Highly Dynamic environments with enterprise discovery tools make it hard to keep on top of up-to-date asset inventory

CMDBs are out-of-date

Manual grouping and classification of assets doesn't scale





# Vulnerability Management

More devices more vulnerabilities

Prioritization needs real-time Threat Intelligence & asset context

Risk based approach is lacking

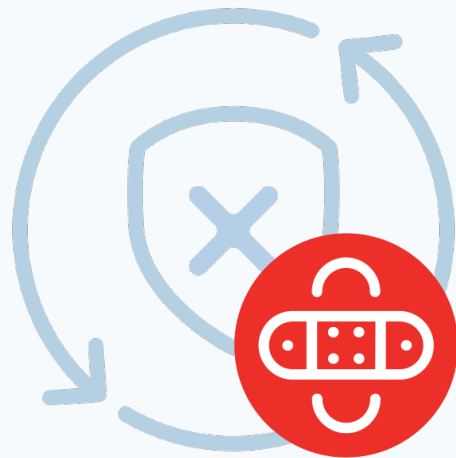


# Remediation Response

More than just patching

Struggle to find right mitigation

Decentralized IT tools & teams

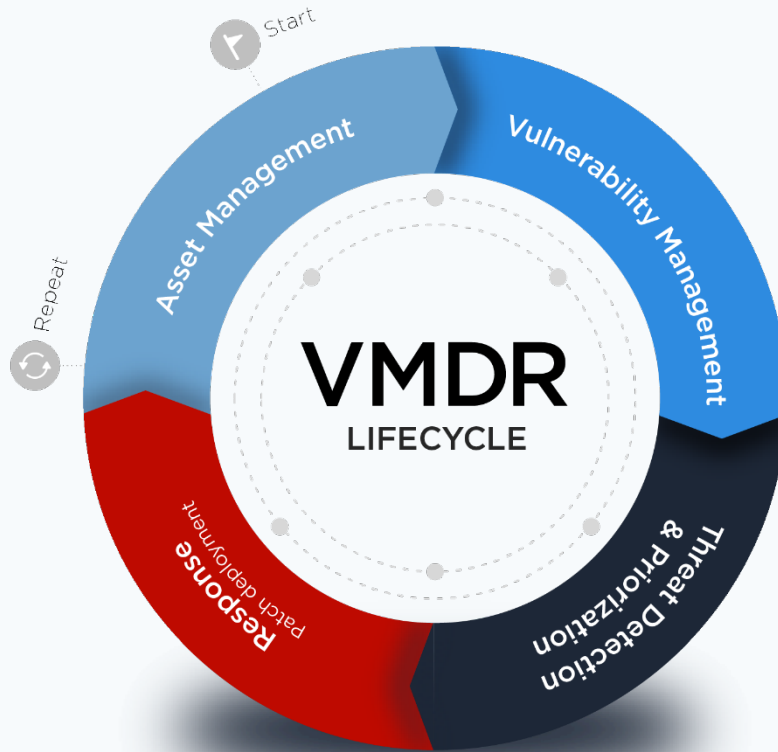


Introducing  Qualys.

# VMDR

Vulnerability Management, Detection and Response

True Risk Based Vulnerability Management



One solution to Discover, Assess, Prioritize and Fix critical vulnerabilities

# Qualys VMDR – A Game Changer

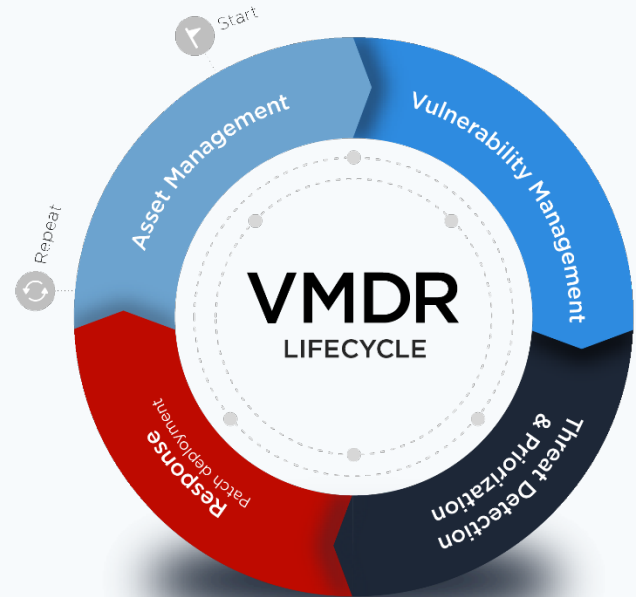
Discover & Inventory all managed & unmanaged assets – Global AI

Auto Organize assets with dynamic rule-based tagging

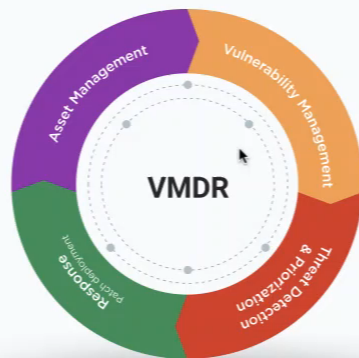
Continuous Vulnerability Assessment with Cloud Agents

Instant threat prioritization with new context engine

Rapid Response with built-in Remediation



# Quick Demo



Select your tags for prioritizing...

# VMDR - simple asset-based model

Includes Cloud Agents  
Unlimited Virtual Scanners  
Unlimited Passive Inv Sensors  
Certificate Inventory  
Cloud Inventory  
Container Inventory  
Mobile Device Inventory

Asset Categorization  
Asset Normalization  
Vulnerability Management  
Configuration Assessment  
CIS Benchmarks  
Continuous Monitoring  
Patch Detection and CVE Correlation  
CI/CD DevOps Integration

**Available March 2020**



# VMDR Experience UI Upgrade

Hello John!

## You are now **upgraded** to the **VMDR Experience**

Discover, assess, prioritize, and patch critical vulnerabilities in real time, across your global hybrid-IT landscape all from a single solution.

[How does it impact me?](#)



## VMDR Experience upgrade gives you

Near-instant searching and dynamic widgets for tracking and trending vulnerability detections

[Continue](#)



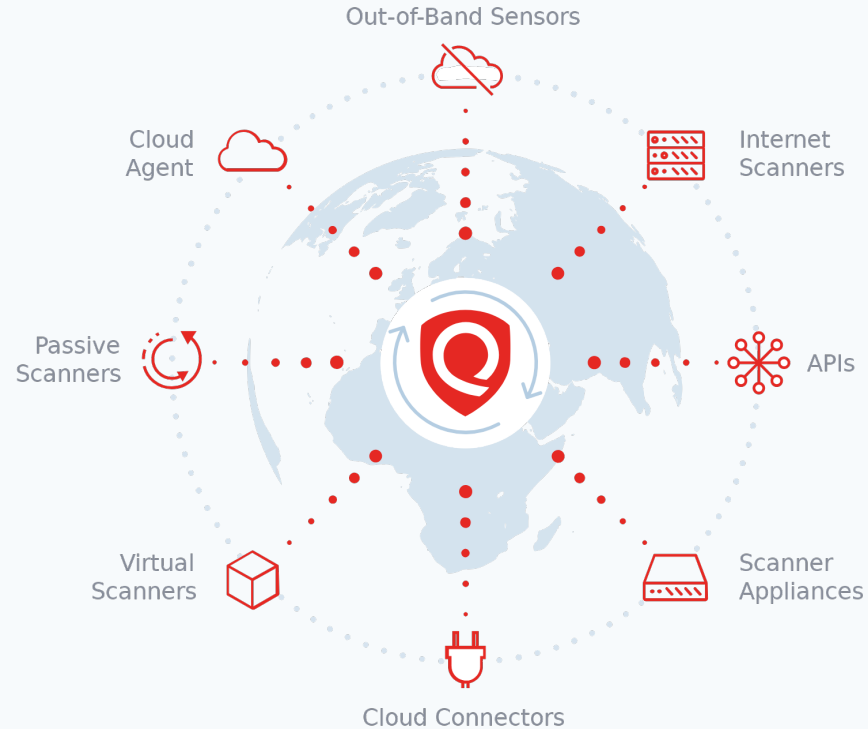
## Fully Customizable Dashboards

Fully customizable dynamic dashboards with trending information

Dashboards help you visualize your assets and prioritize vulnerabilities for remediation. Add widgets with search queries to see exactly what you're interested in. You can also export and import Dashboard and Widget configurations to a file in a json format allowing you to share them between accounts or within the Qualys community.



# 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

15,700+ customers

8 shared cloud platforms across North America, Europe & Asia

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

19+ PB storage and 27,000 cores



# Qualys Cloud Platform

3+ billion IP scans/Audits per year

50,000+ Scanner Appliances

30+ million Cloud Agents

2+ trillion security events annually

5+ billion messages daily across Kafka clusters

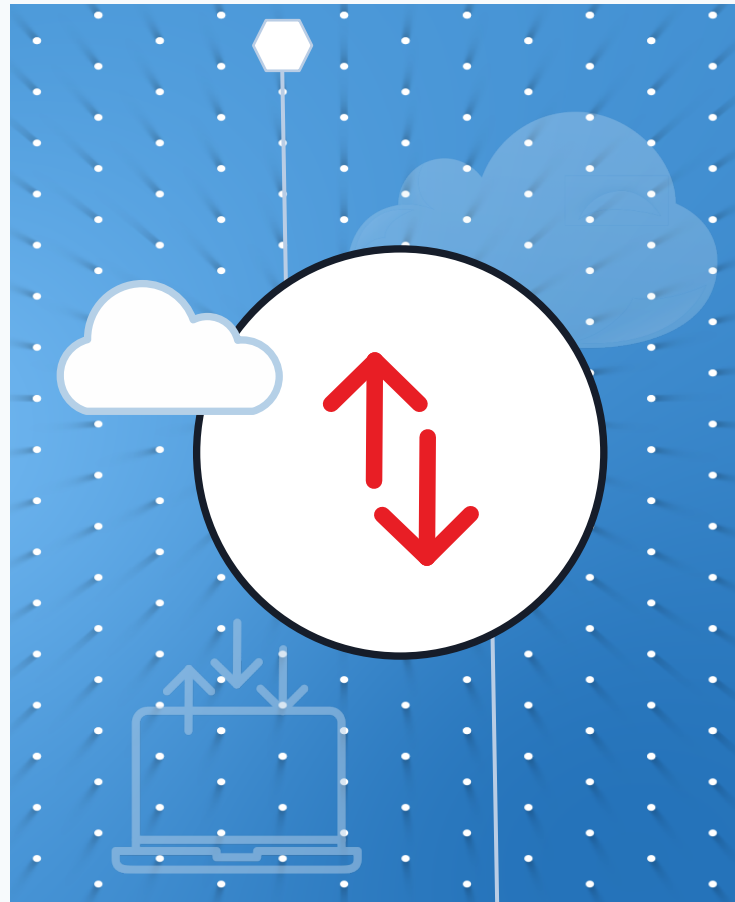
3.2+ trillion data points indexed in our Elasticsearch clusters



# Continued Platform Expansion

ICS OT Environments

SaaS Security & Compliance



# More DRs coming 2020

Endpoint Detection & Response

Cloud Detection & Response

Container Detection & Response

Mobile Device Detection & Response

SaaS Security Detection & Response



# Security Analytics, Correlation & Data Lake

Powerful cloud-based correlation  
and analytics of Known & Unknown  
Threats

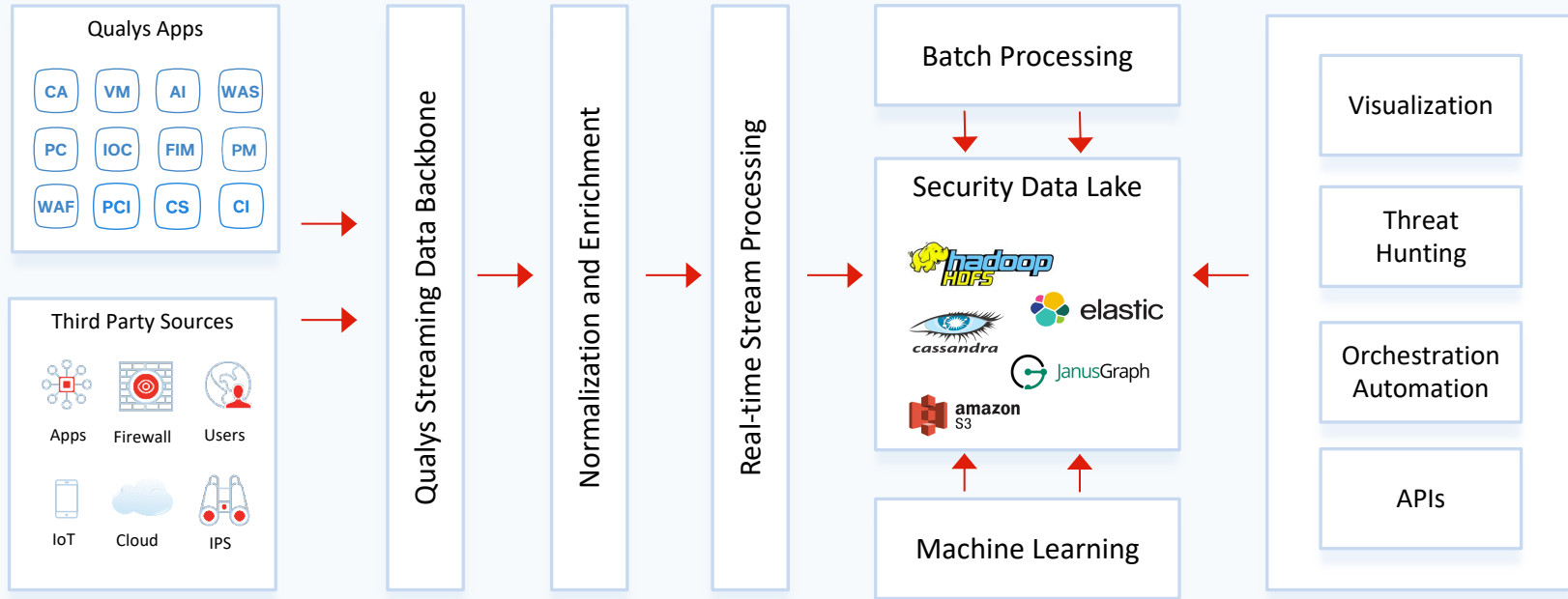
Qualys built-in!

Plug-n-Play Analytics





# Correlation and Data Platform Architecture



# Thank You

Sumedh Thakar  
sthakar@qualys.com

# Qualys Global Sales Model

Analyst and Investor Luncheon at QSC20 San Francisco

Laurie MacCarthy

EVP, Worldwide Field Operations

# Agenda

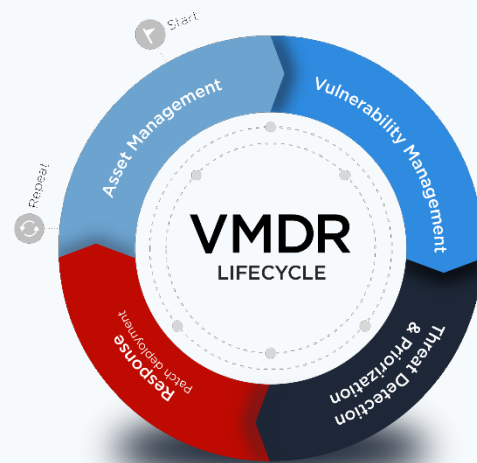
Bringing VMDR to Market for  
General Availability

Asset Based Pricing Model

Customer Transition and Interest

Case Studies (3 unique scenarios)

Growing into 2020

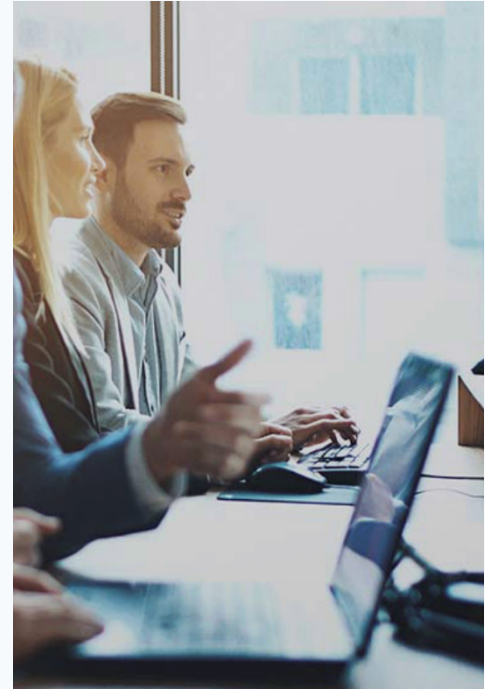


**VMDR with Built-in  
Orchestration**

# What makes our pricing model scalable?

Qualys has now transitioned to a per asset licensing model that is consistent across all employer/customer sizes.

- Small Business
- Medium Enterprise
- Enterprise



# 2020 Key Revenue Drivers

We are the ONLY solution in our space that provides:

- Global Visibility
- Entire VM lifecycle
- Consolidates multiple enterprise security and compliance solutions
- Built Security into the Digital Transformation



# Initial Customer Transition

As Qualys prepares for the GA release in March of 2020, we are already seeing demand and heightened interest.

- 24 Customers that have transitioned generating total bookings of \$7.3M
- Currently have provided 576 quotes with total bookings of approximately \$24.8M



# Case Study (Customer Transition– Healthcare)

- Engaged in a head to head bake off with Rapid7 and Tenable at a large non-profit health care company with 70,000 assets
- Why Qualys VMDR won?:
  - The per asset pricing model
  - Less restriction on sensor infrastructure
  - Global Asset Inventory functionality
  - The logic-based workflow built into the VMDR Platform





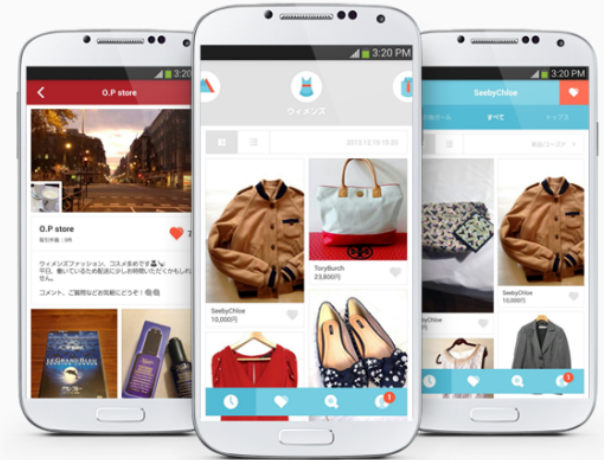
# Case Study (Customer Transition– Financial)

- Customer M&A which caused a need to standardize on one platform which resulted in a displacement of Rapid7
- How we came out on top:
  - Cloud based and SaaS deliver model- the client was seeking to virtualize their entire environment
  - FedRAMP Certified Platform
  - Inherent built-in threat intelligence and prioritization
  - Excess budget based on VM DR pricing allowed for the purchase of additional modules (FIM, CSA, WAS, and CS)
  - Doubled annual bookings from \$1.2M to \$2.4M



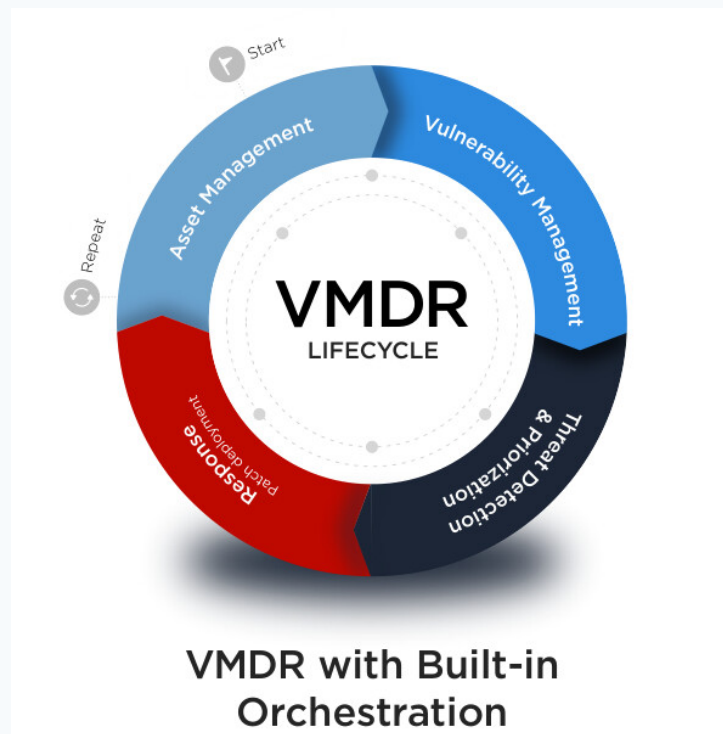
# Case Study (New Logo C2C Consumer Web App)

- Competitive vs Tenable.io and Rapid7 with 5,000 assets and growing
- Why was Qualys the better choice?:
  - Single pane of glass perspective with VMDR and Container Security
  - Integrated patch management workflow
  - AWS and Azure asset identification and inventory
  - Future requirement for configuration management



# In summary....

- Per asset licensing
- Unlimited sensor licensing
- Global visibility
- The only all-in-one cloud-based app that fully automates the entire VM lifecycle across your entire environment
- Qualys has listened to our clients and is meeting their needs...



The background is a solid blue color with a pattern of small white dots arranged in a grid. The dots are slightly blurred, giving a soft, textured appearance.

# Thank You

[lmaccarthy@qualys.com](mailto:lmaccarthy@qualys.com)

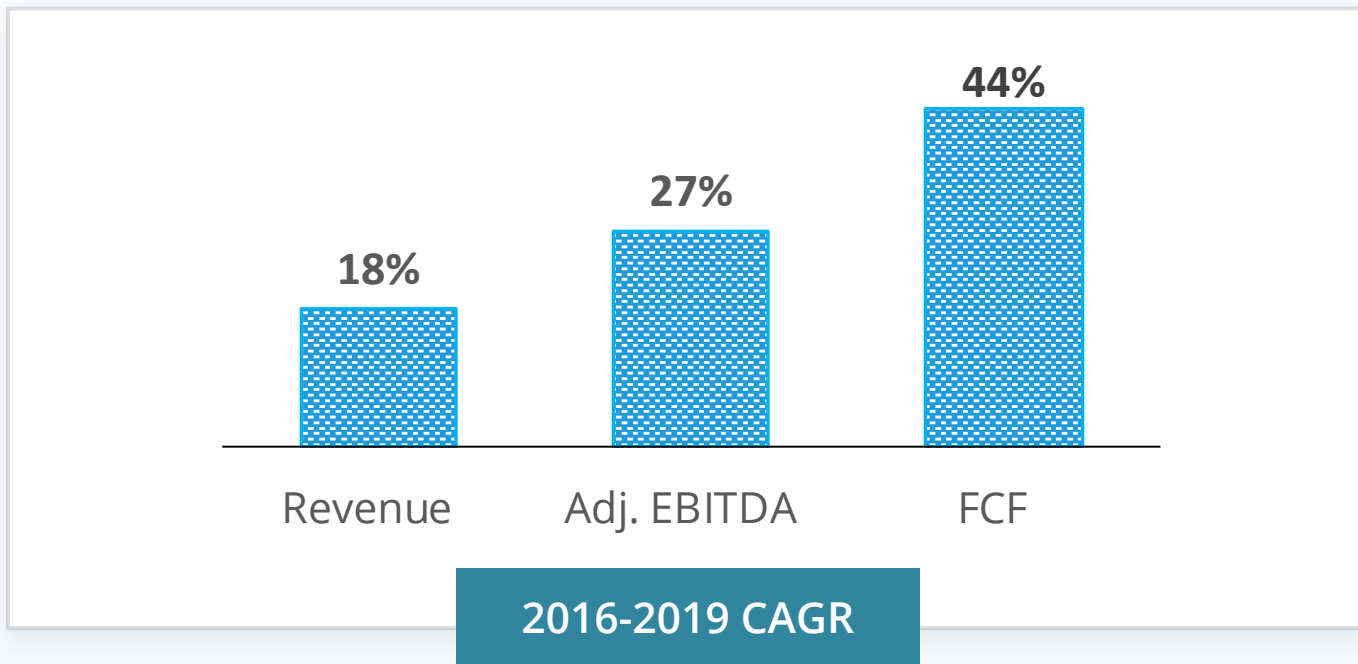
# Qualys Scalable Business Model

Analyst and Investor Luncheon at QSC20 San Francisco

Melissa Fisher  
CFO, Qualys, Inc.

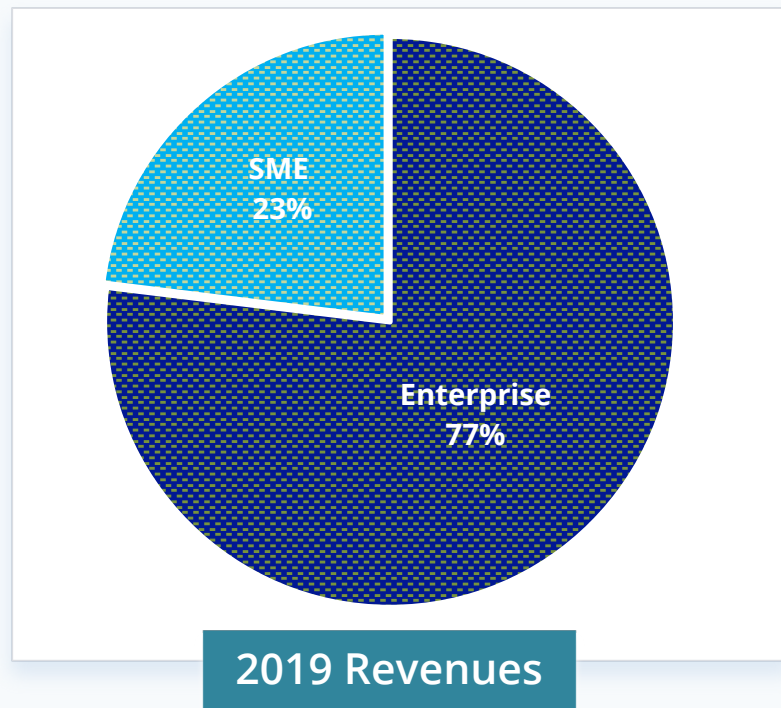
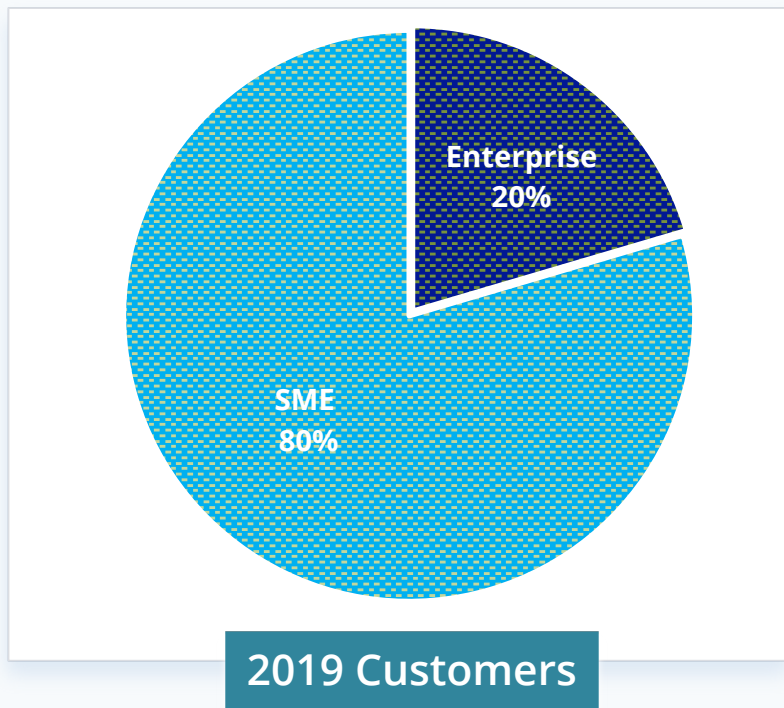
# Scalable Business Model

Strong and Consistent Performance



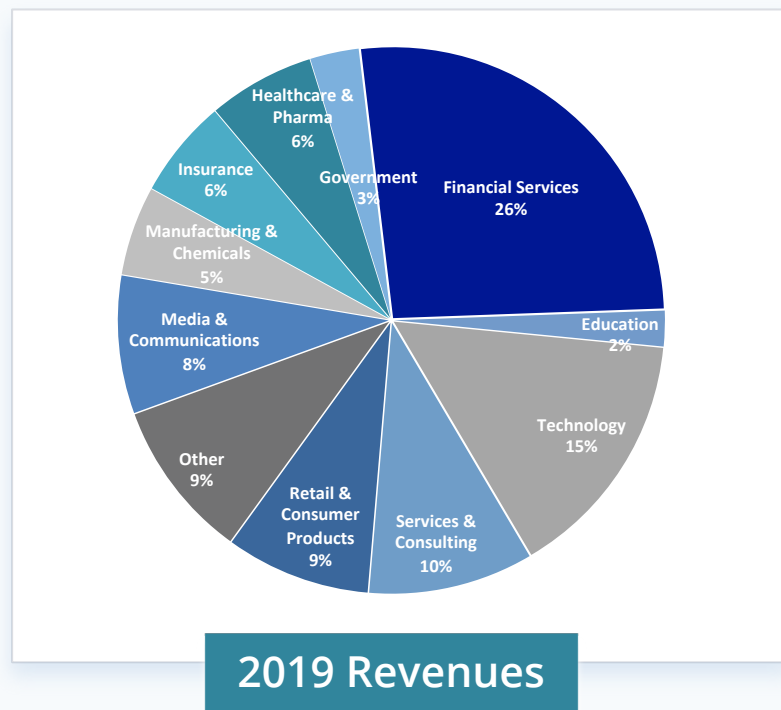
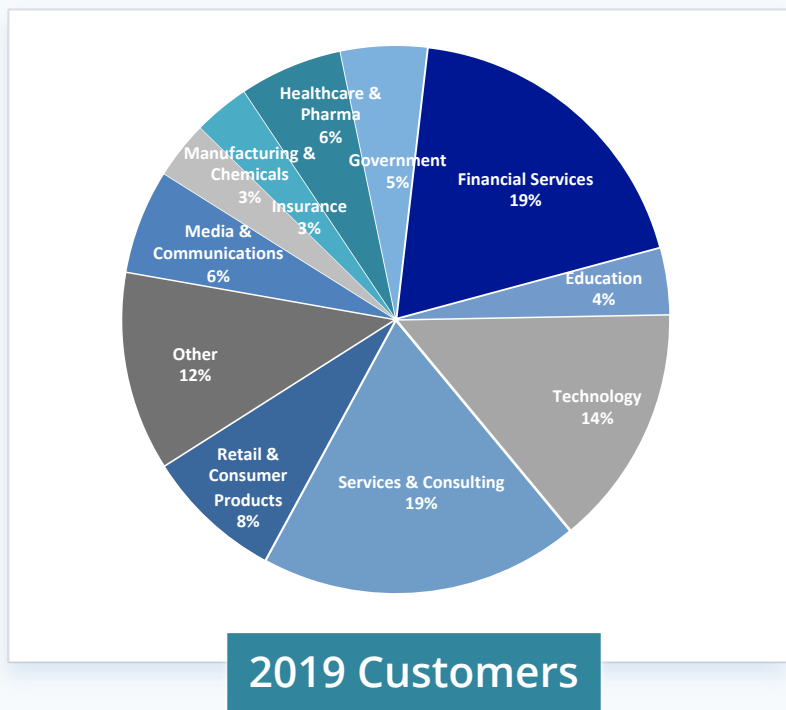
Note: 2017 & 2019 non-GAAP Free cash flow margin normalized for headquarters office facility costs (net)

# Qualys' Balanced Customer Mix



Note: Excludes revenues and customer count of those with only PCI or scanner subscriptions and those from consultants/MSSPs with limited end customer information

# Qualys' Diversified End Markets



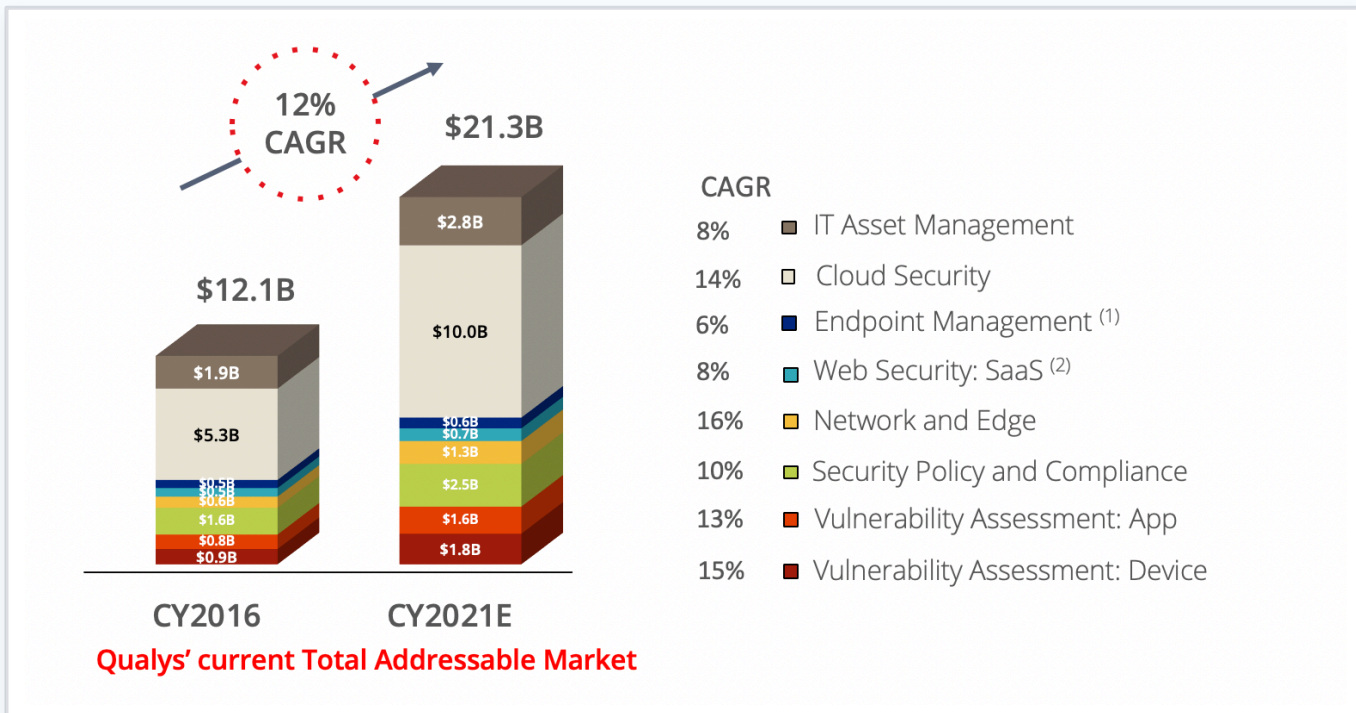
Note: Excludes revenues and customer count of those with only PCI or scanner subscriptions and those from consultants/MSSPs with limited end customer information



# Multiple Levers of Revenue Growth



# Expanding Market Opportunity



(1) 2017 to 2021E period

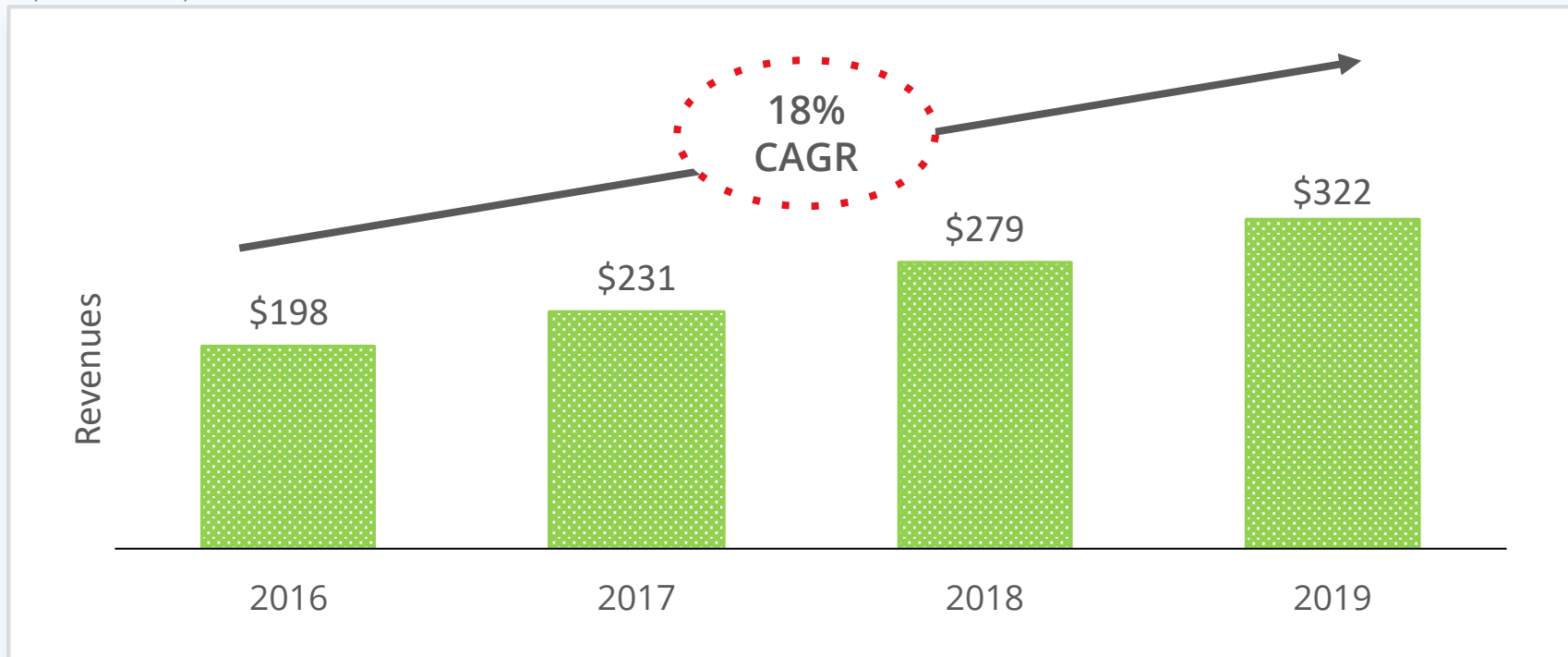
(2) 2015 to 2020E period

Source: IDC

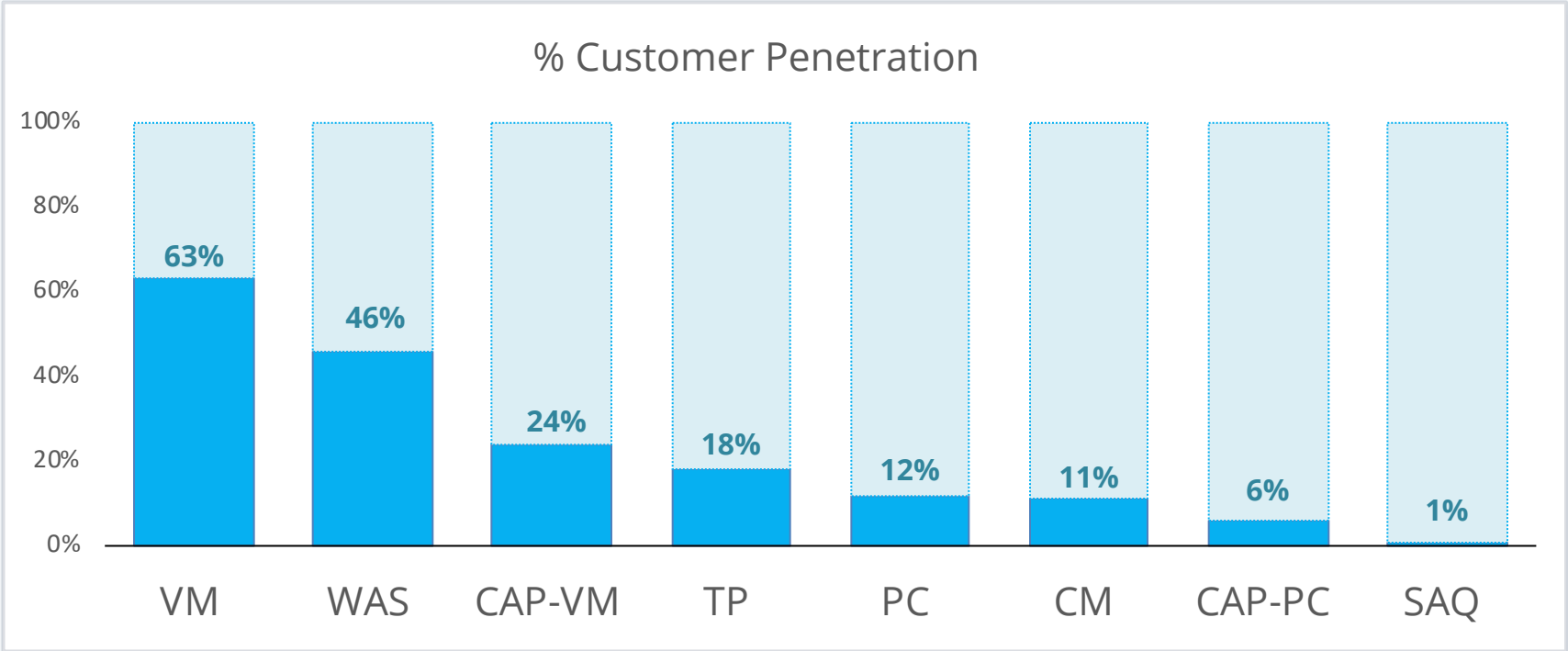
# Strong Organic Revenue Growth

Outperforming Market and Gaining Share

(\$ in millions)

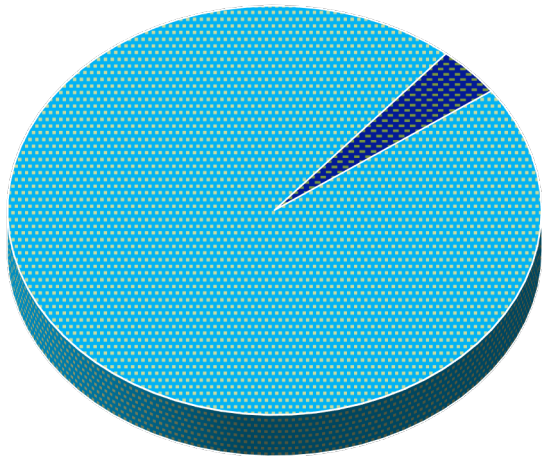


# Significant Opportunity Remains for Cross-sell and Upsell...



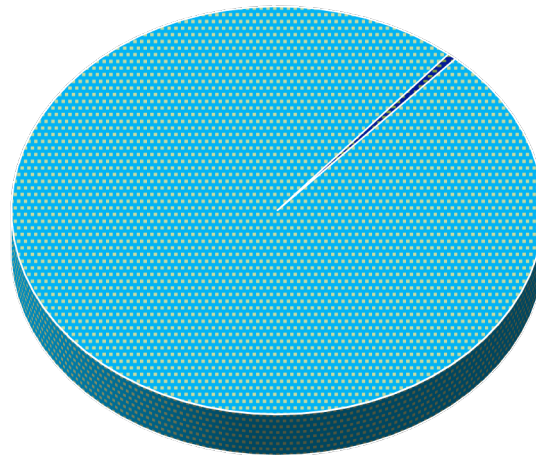
# ...As Well as to Grow Our Customer Base

Qualys is only 4% of  
Global Enterprise Market



**Global Enterprise  
Company Count 38K**

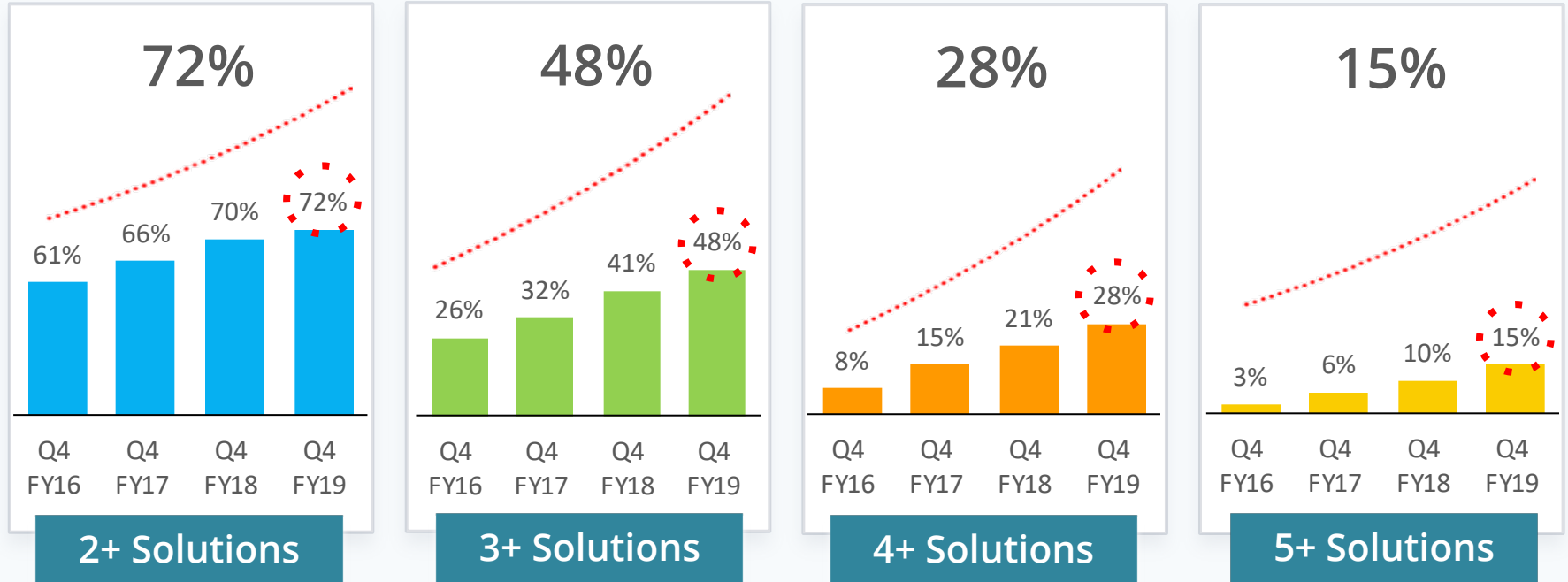
Qualys is only 1% of  
Global SME Market



**Global SME  
Company Count 1.5M**

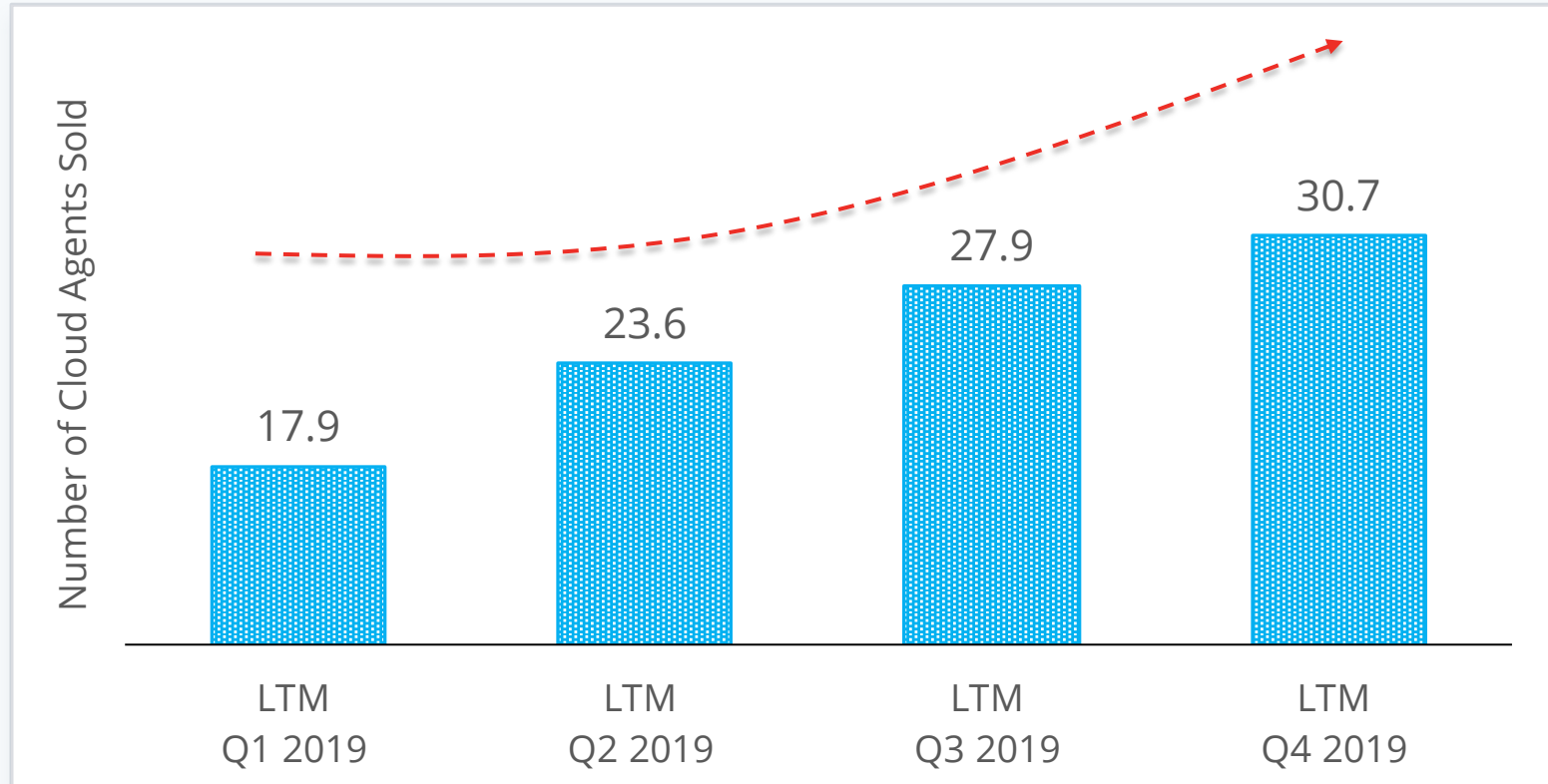
Note: Global Enterprise company count includes companies with more than 5,000 employees or more than \$1B in LTM revenues; Global SME company count includes companies with less than 5,000 employees and more than \$1M but less than \$1B LTM Revenues; Source: Morgan Stanley

# Multi-Solution Adoption Increasing

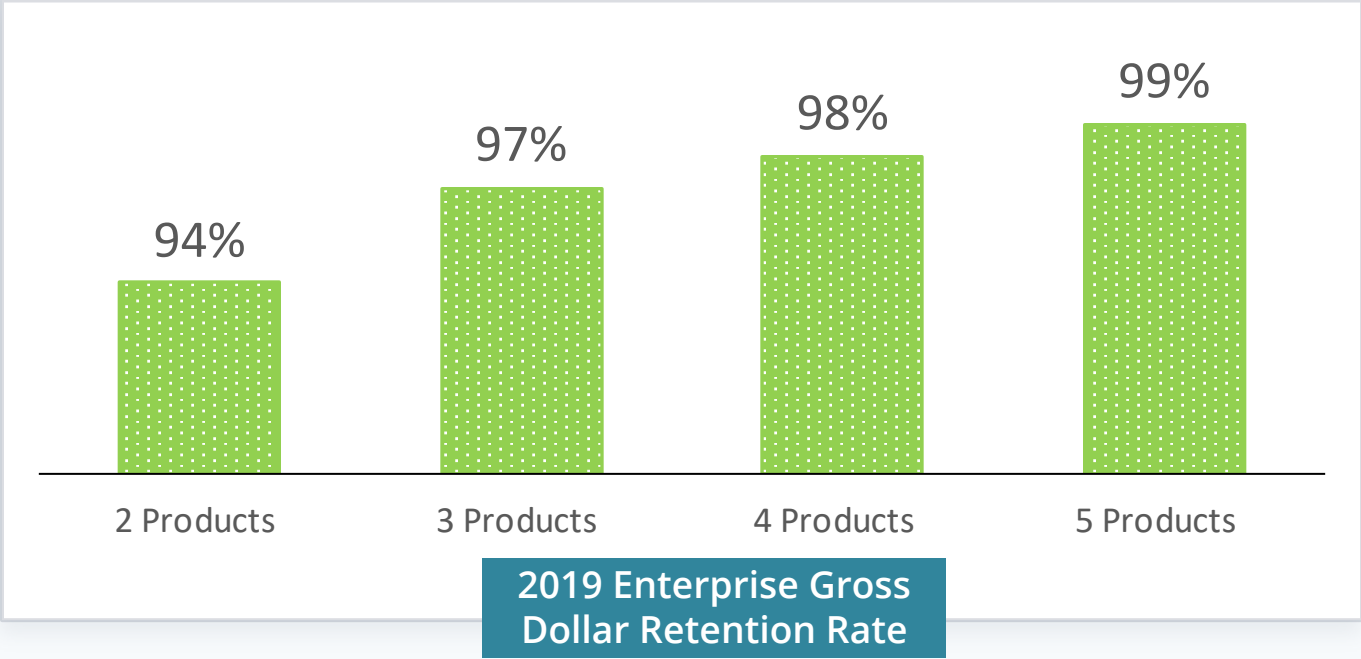


% of Enterprise customers with select number of solutions

# Cloud Agents Driving Adoption of New Solutions



# Multiproduct Adoption Drives Increased Stickiness...

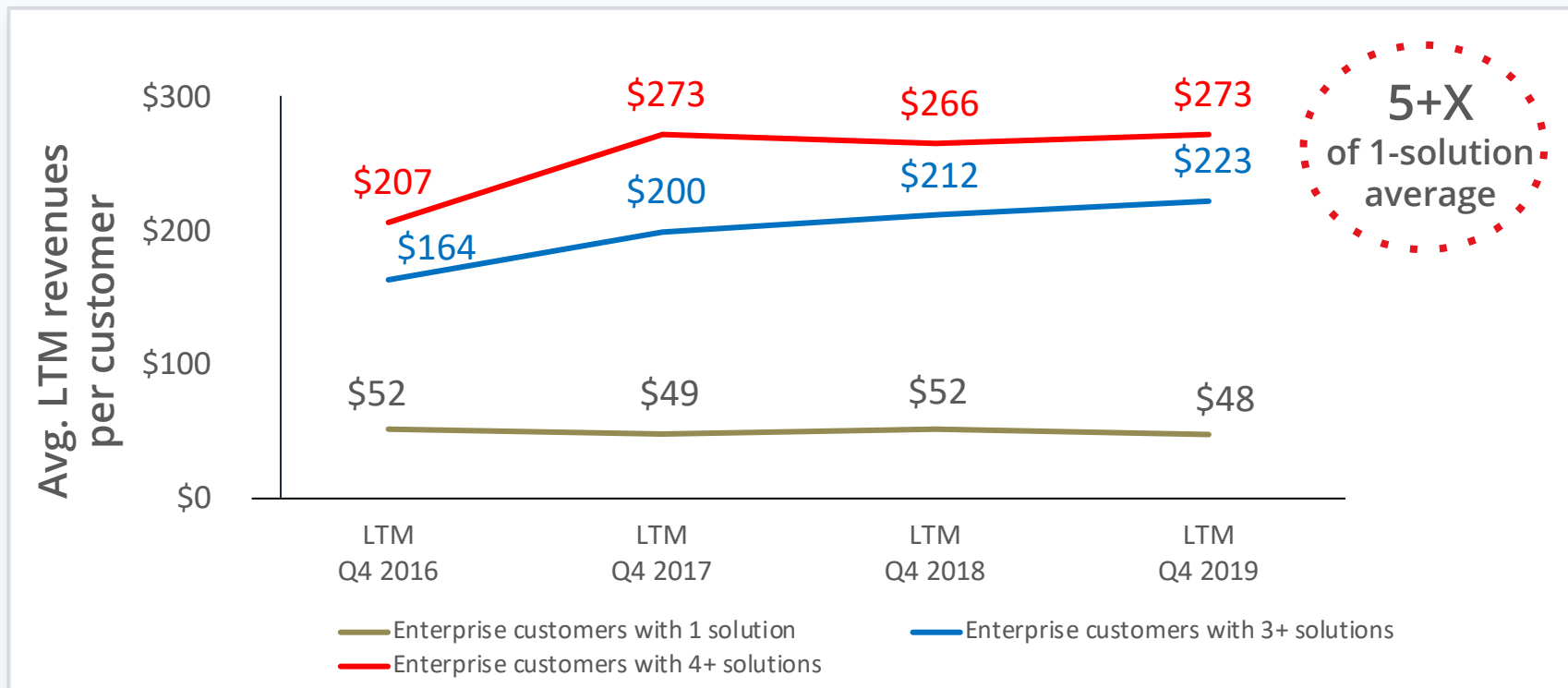


Note: Dollar Retention Rate is the retention rate of prior year Enterprise ARR (excluding upsell and downsell) averaged over the last four quarters

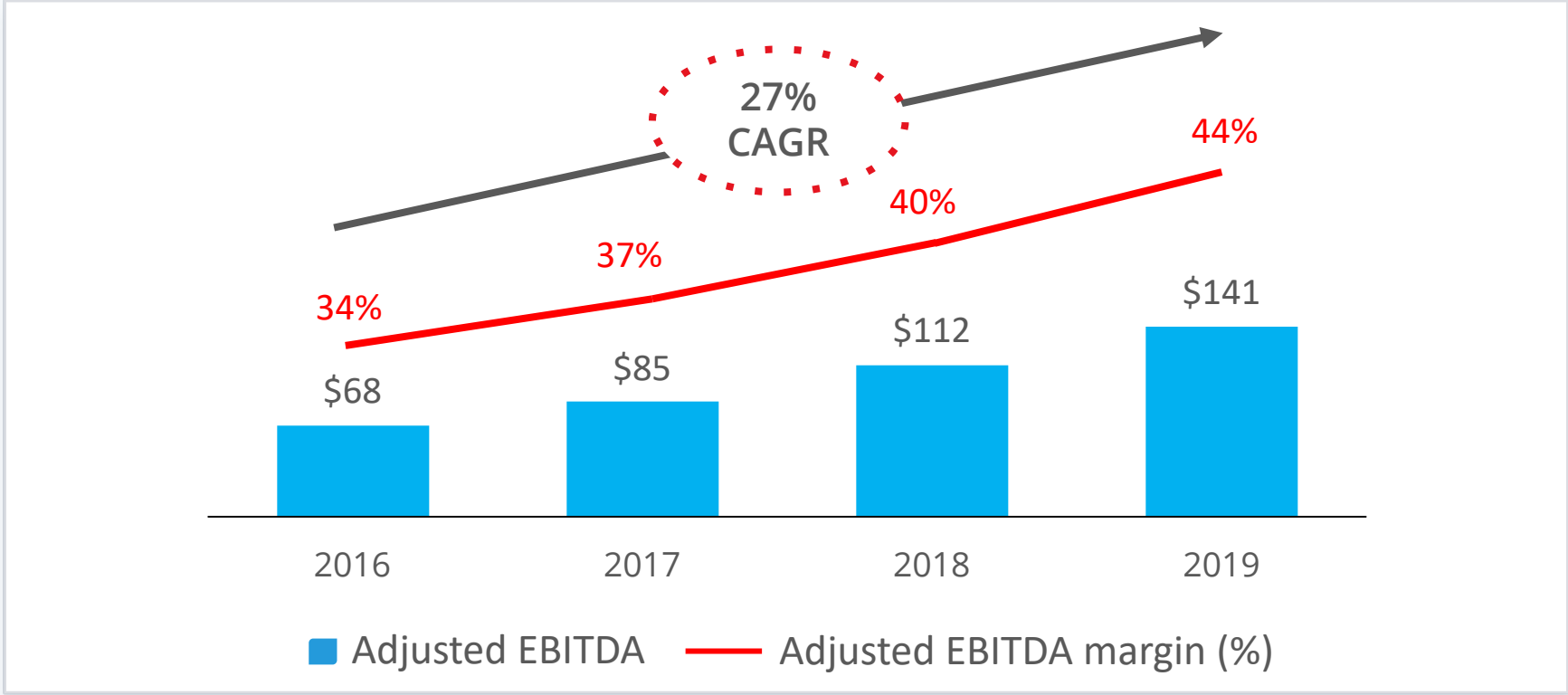


# ...And Higher ARPU

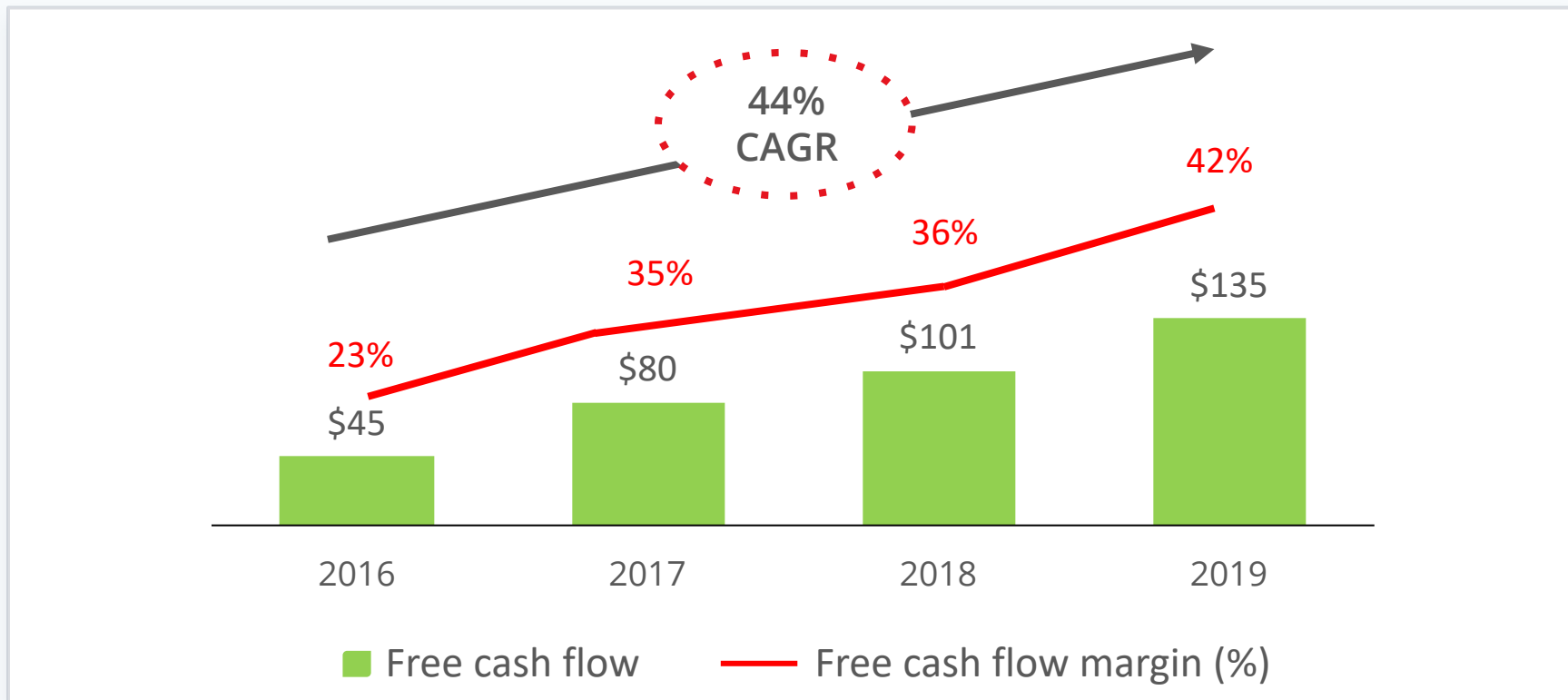
Enterprise Customers with 4+ solutions spend over 5x that of 1-solution customers



# Multiple Levers for Expanding Margins...

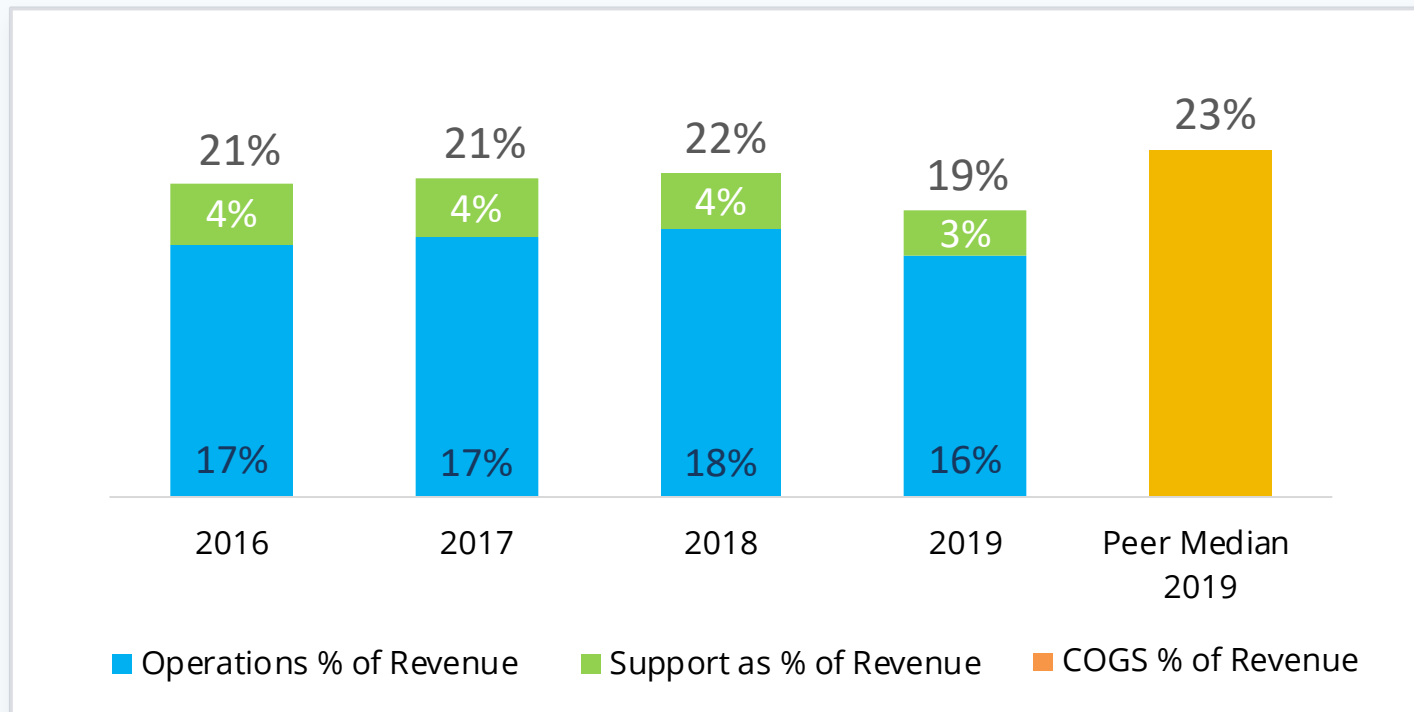


# ...and Driving Strong Cash Flow Generation



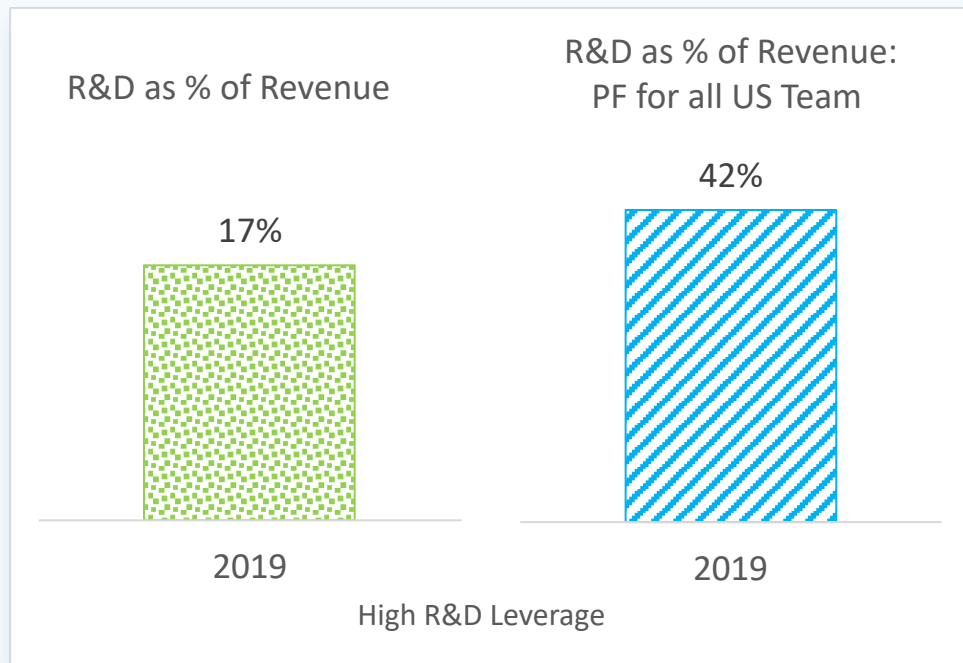
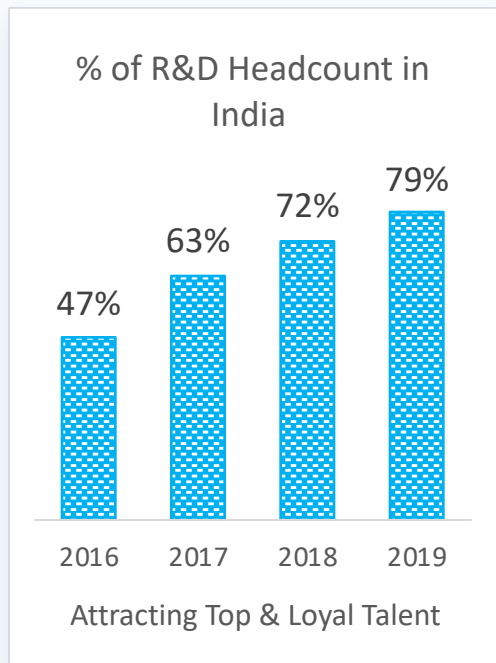
Note: 2017 & 2019 non-GAAP Free cash flow normalized for headquarters office facility costs (net)

# Cloud Platform Drives Operational Efficiencies



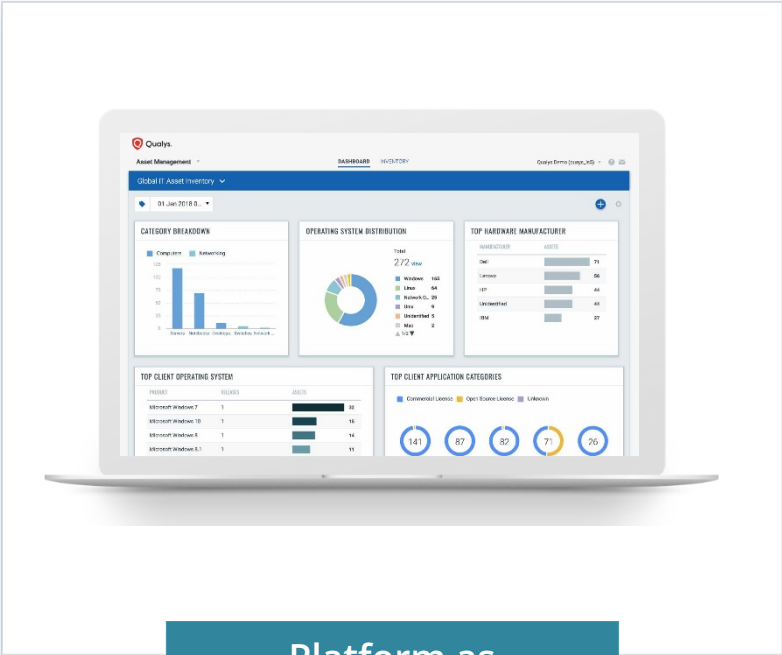
# Scalable R&D Model

## Platform Leverage & Strong Engineering Presence in India

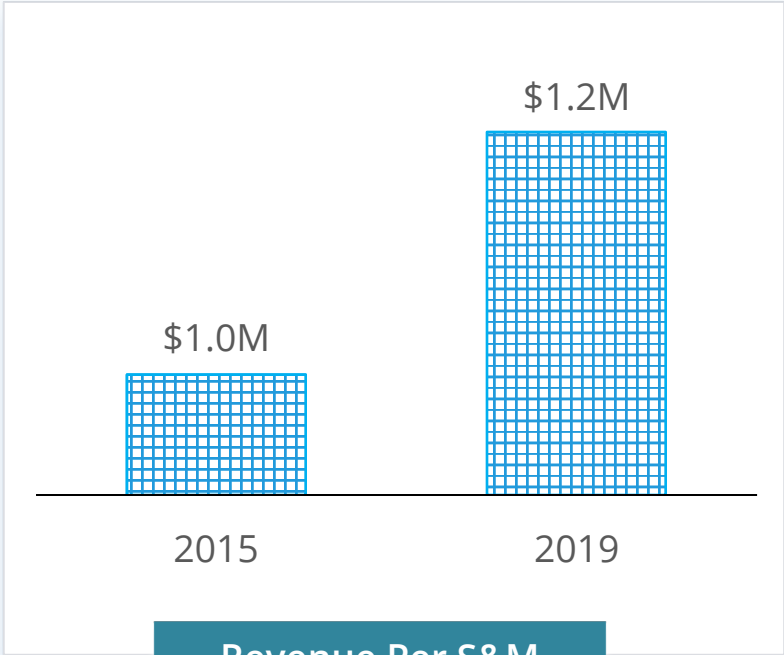


Note: 'PF for all US Team' represents the estimated cost as % of revenue if India R&D headcount were employed in US based on average cost of U.S.-based employees in R&D; % of Headcount in India as of year-end

# High Sales Leverage

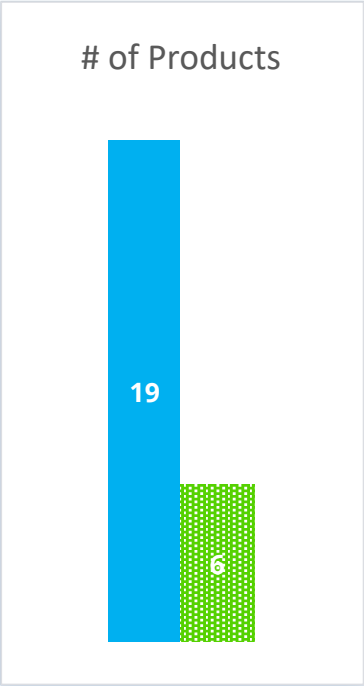
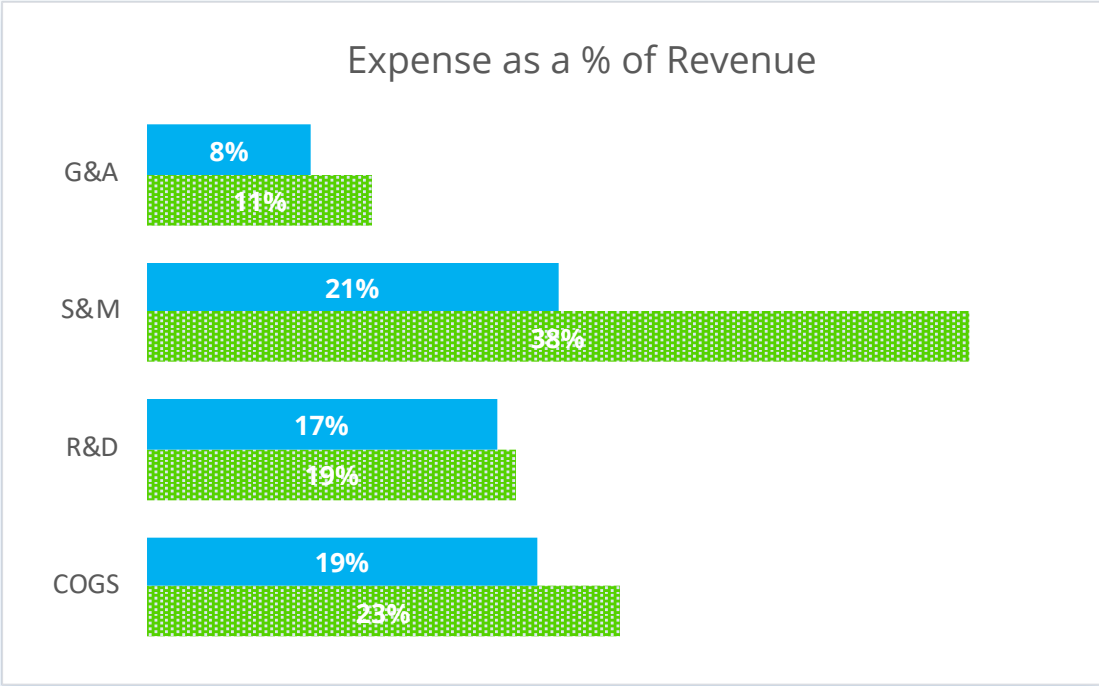


Platform as Distribution Channel



Revenue Per S&M Headcount

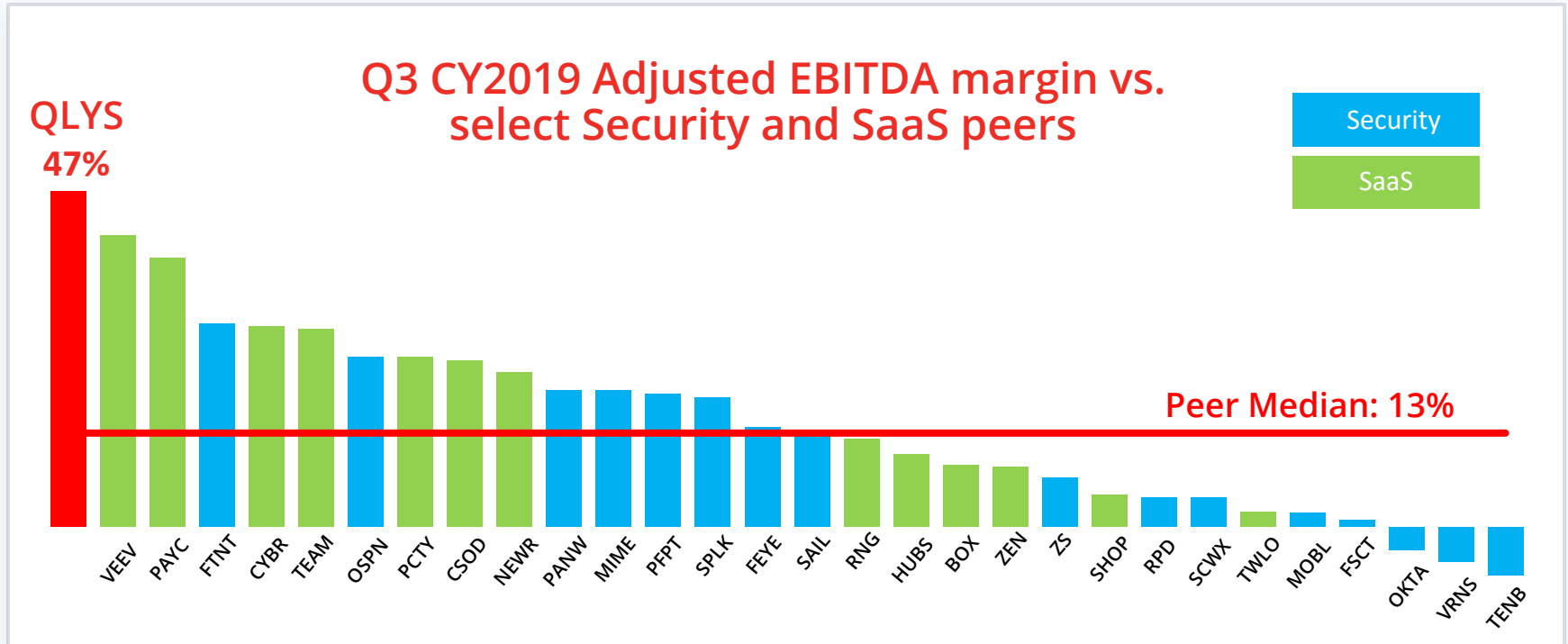
# Delivering the Best In Class Operating Model



■ Qualys     ■ Peer Median

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

# Industry Leading Margins







QUALYS SECURITY CONFERENCE 2020

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