

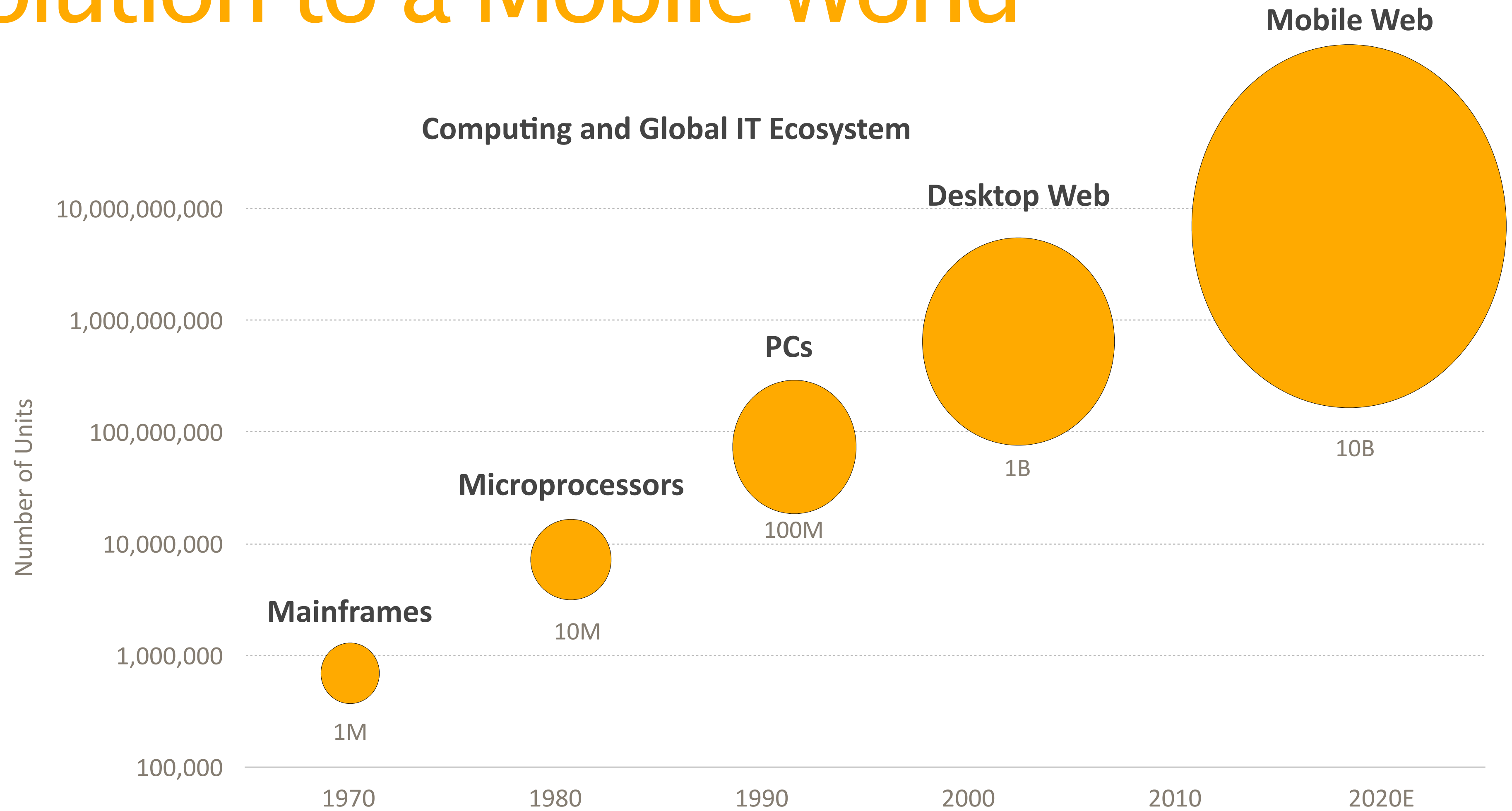


# The Future of Enterprise Mobility: Part II

## Strategic Options for Mobile Security Firms



# Evolution to a Mobile World

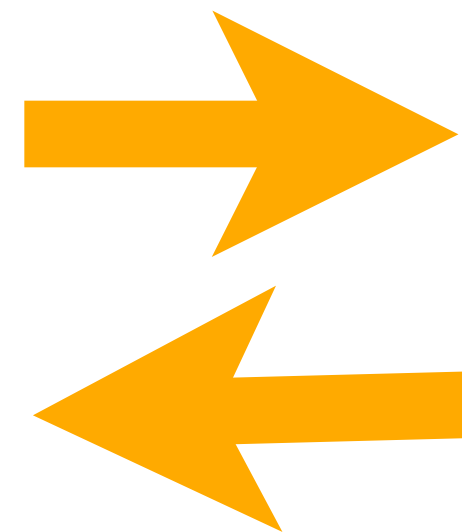


# Evolution to a Mobile World

<b>PC Industry</b>
370M PC's sold in 2012
Est. 1.8b PC's currently in use worldwide
Accepted lifespan is 3 – 5 years
Often shared amongst different users
Laptops are quasi-portable and accessible while desktops are static
Hardware Centric "My Device, My PC"

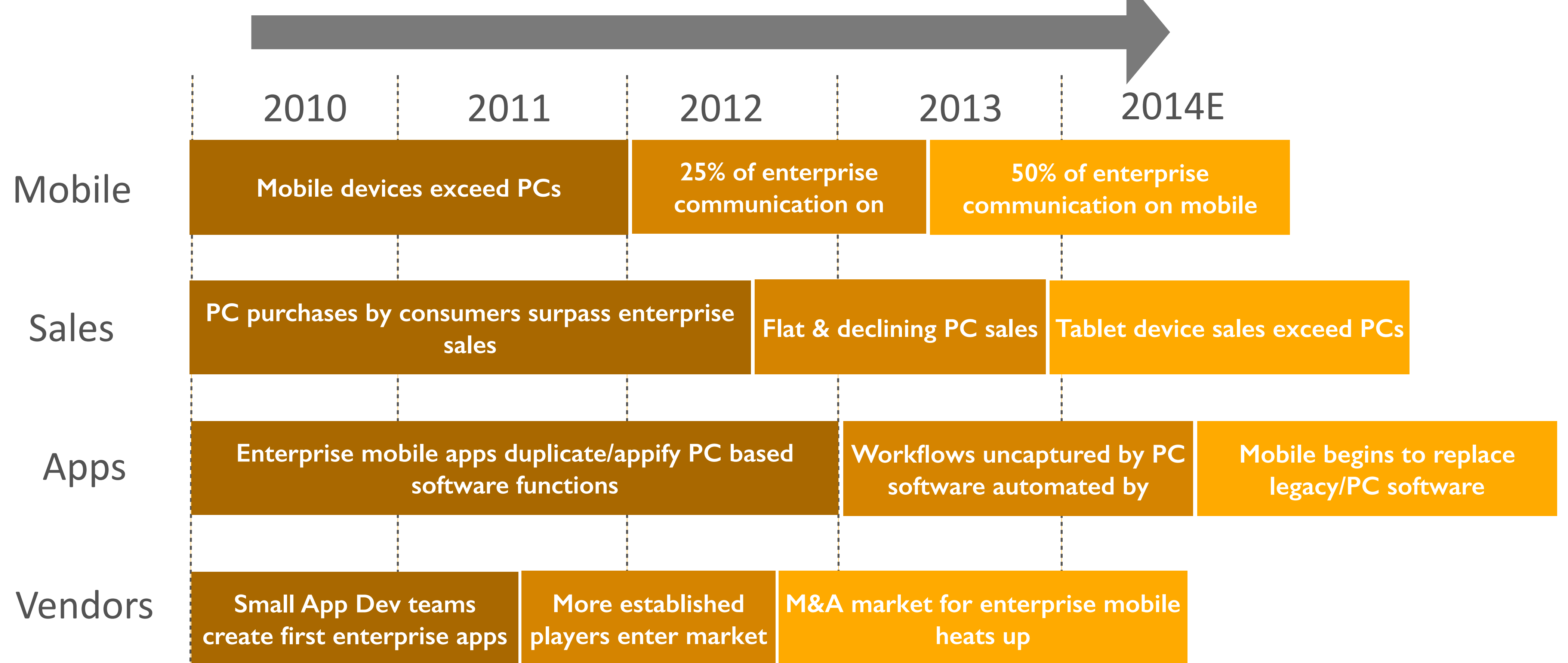
<b>Mobile Industry</b>
Est 1.9b units sold worldwide in 2012
3.5b mobile users, over 50% of the world's population
Accepted lifespan is 2-3 years
Unique end user
Can be taken and used anywhere
Information Centric "My Data"

PCs are turning into traditional servers, used for large data storage, media collection, backup.

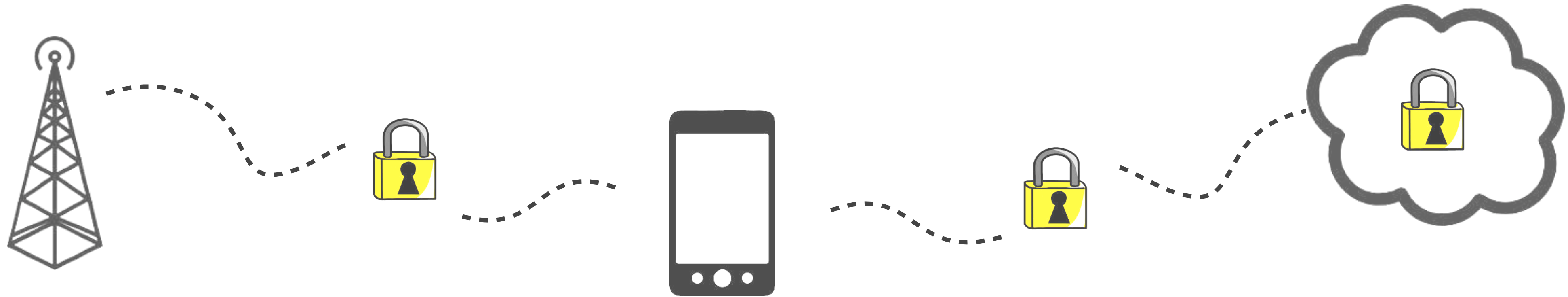


Smart devices are the new PCs, with functionality and usage converging with traditional PC usage.

# Evolution in Enterprise Mobility



# Types of Mobile Security



**Encrypt in-transit data:** on the way to the device and on the way to the cloud  
Can be unencrypted inside the app by providing the appropriate credentials

**Encrypt the app itself:** Build a container around the app, allowing it to be updated and removed remotely. If your device is stolen, all data can be wiped from only that app rather than the entire phone.

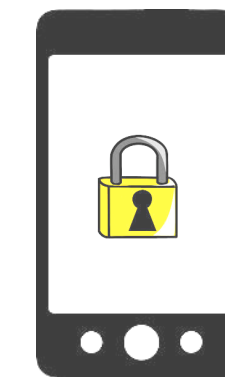
**Secure the physical device:** Via passwords, fingerprint scanners, etc.  
Most traditional and basic method of protection. Most MDM vendors offer this already.



Box encrypts data in transit and at rest using SSL encryption on transit and 256-bit AES encryption at rest.



Copy.com used 256-bit AES on both transit and rest



MDM vendors who support app-level security



# Goals of Mobile Security

## Facilitate secured access to enterprise data

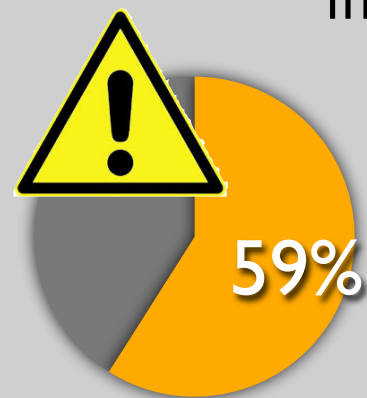
Ensure information confidentiality and that only those with permission access it



Average cost of a breach is \$5.5 million

## Protect devices

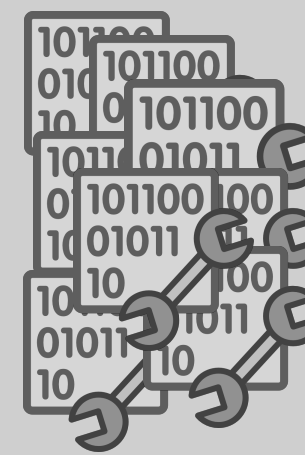
From malware, network and engineer-based attacks, and loss of data



59% of organization experiences an increase in malware infection due to insecure mobile devices

## Secure connections

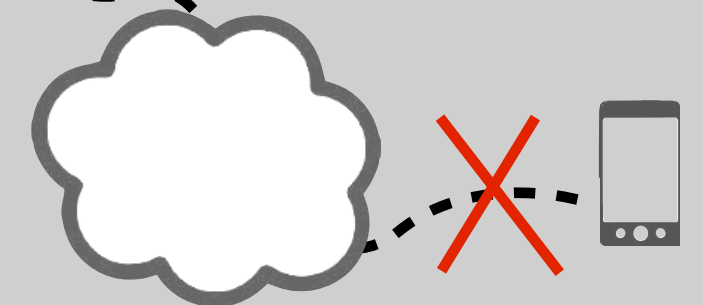
Protect connections from infiltration, corruption and abuse



174 million records were stolen in 855 data breaches

## Remote control

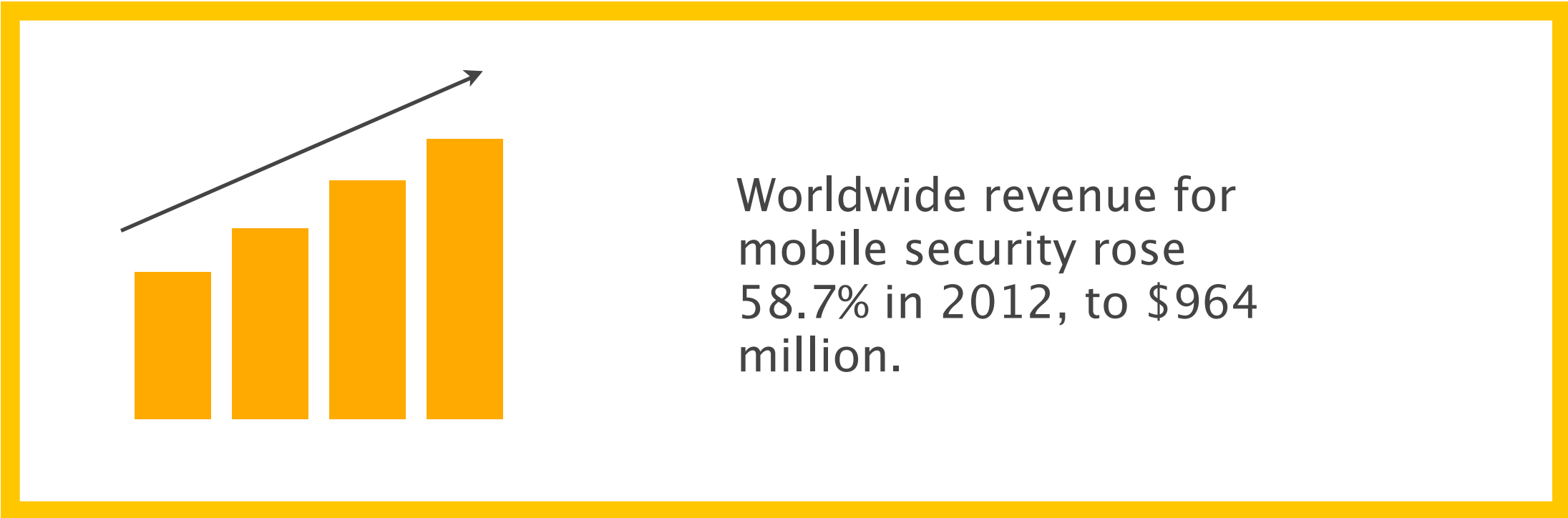
Allow user to locate device from other devices and to wipe data remotely



51% of organization have had data loss due to insecure devices

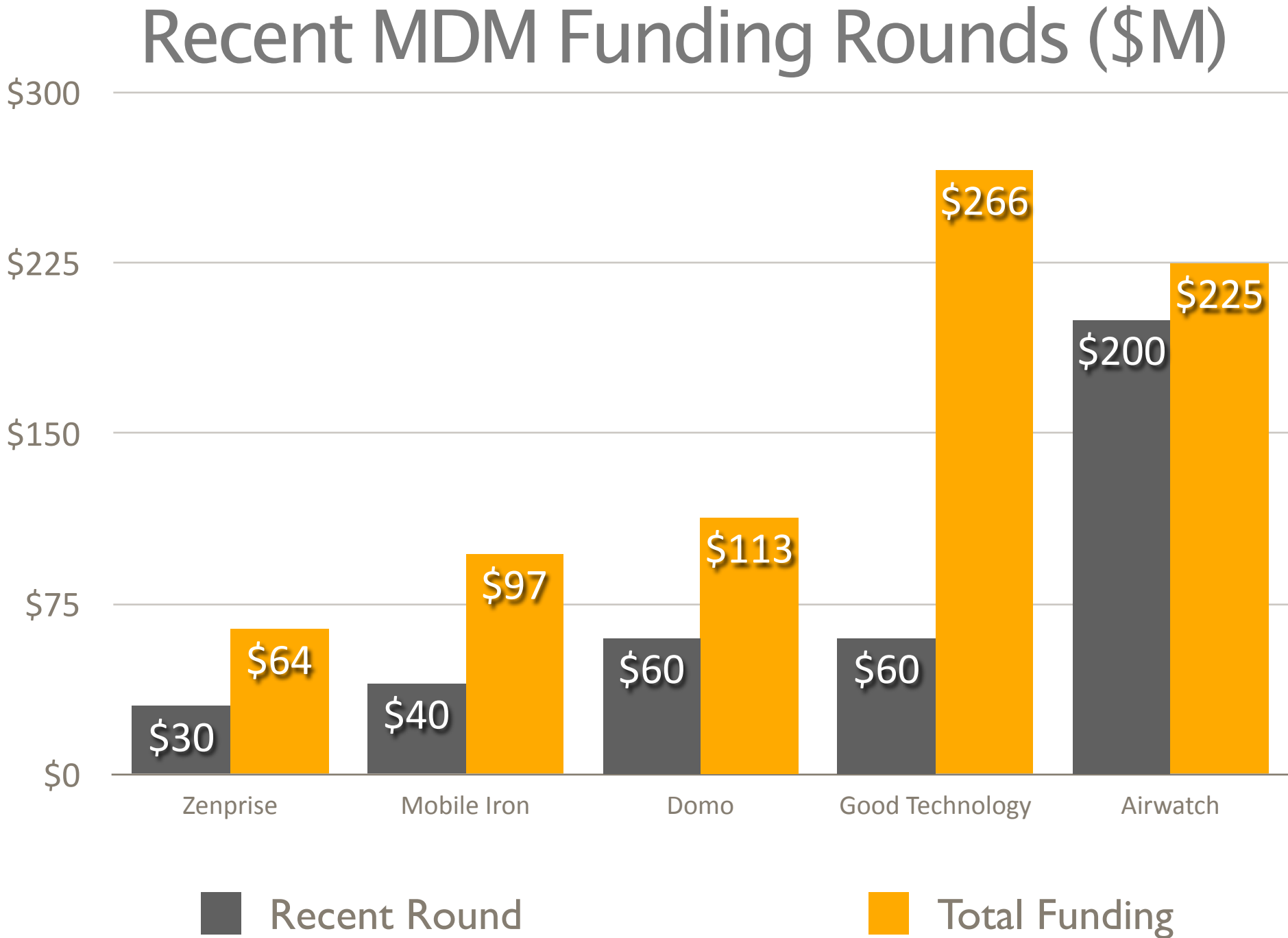
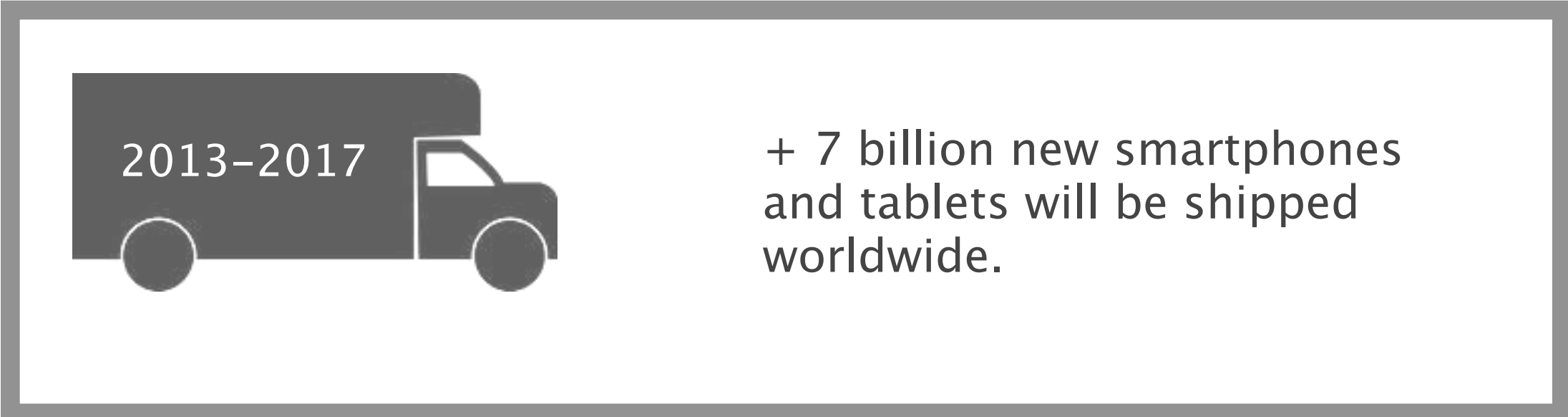


# Mobile Security Service Market

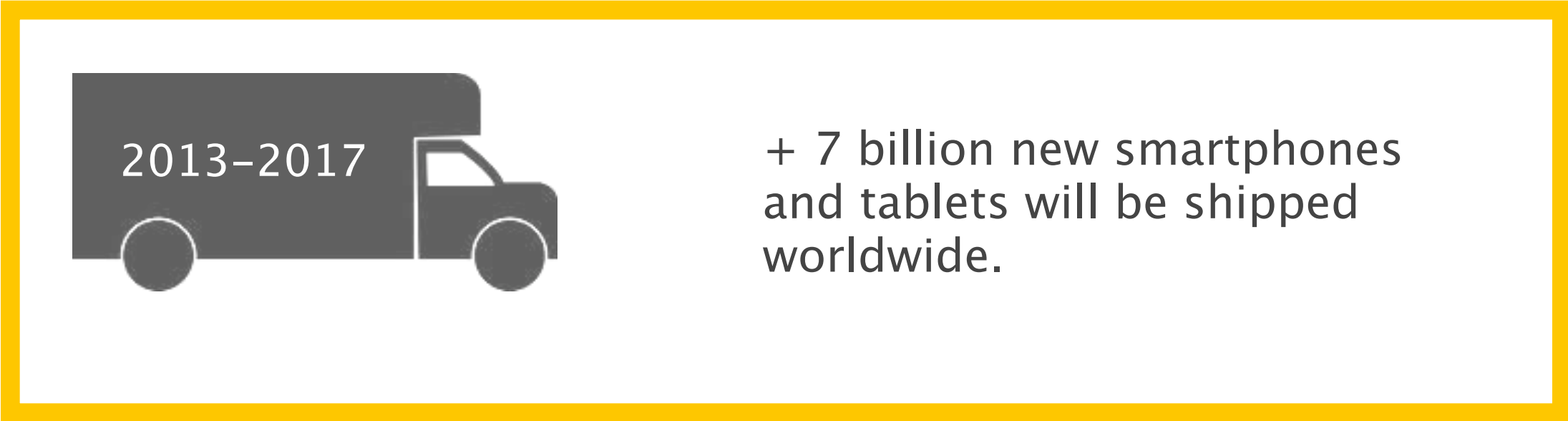
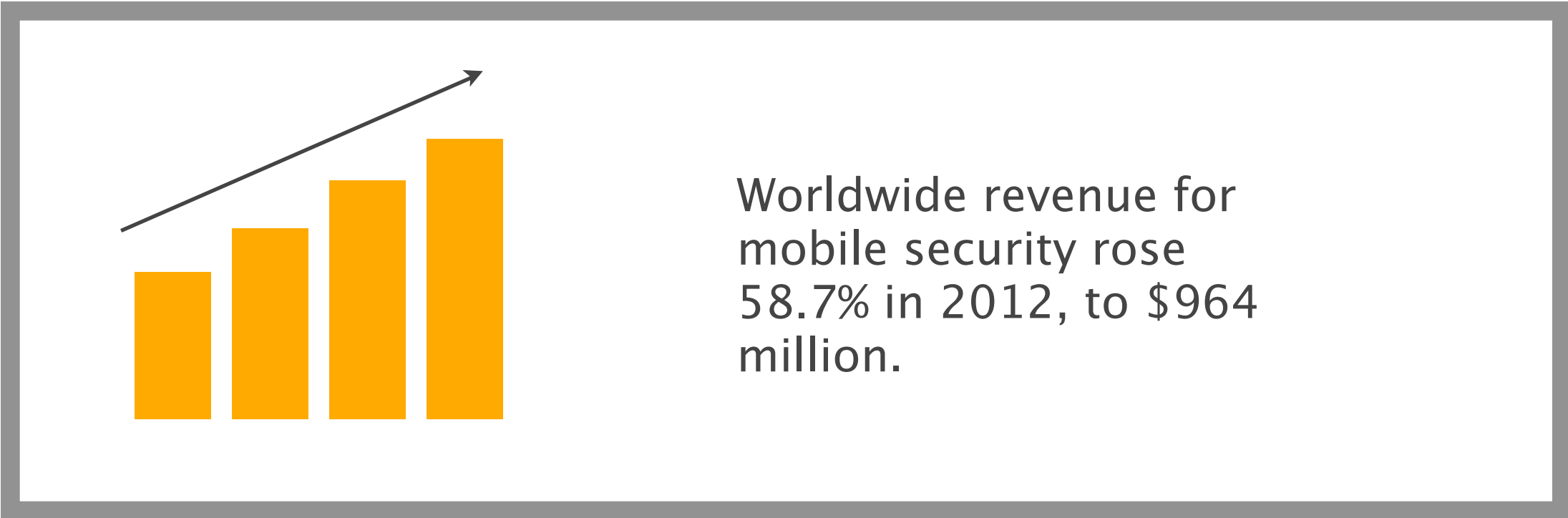


Enterprises recognize the potential for growth and are acquiring the best mobile security solutions firms for the highest premiums, now.

AirWatch, a global leader and innovator in mobile device security and enterprise mobile management, secured a \$200M Series A Round last February after initially only receiving \$25M in financing. This is a clear signal that acquisitions to build out mobile work suites are about to explode.



# Mobile Security Service Market



To accommodate this enterprises are acquiring mobile security solutions firms. Recently, Intel alone has made 3 massive acquisitions.

September, 2013



\$20 million

May, 2013



\$389 million

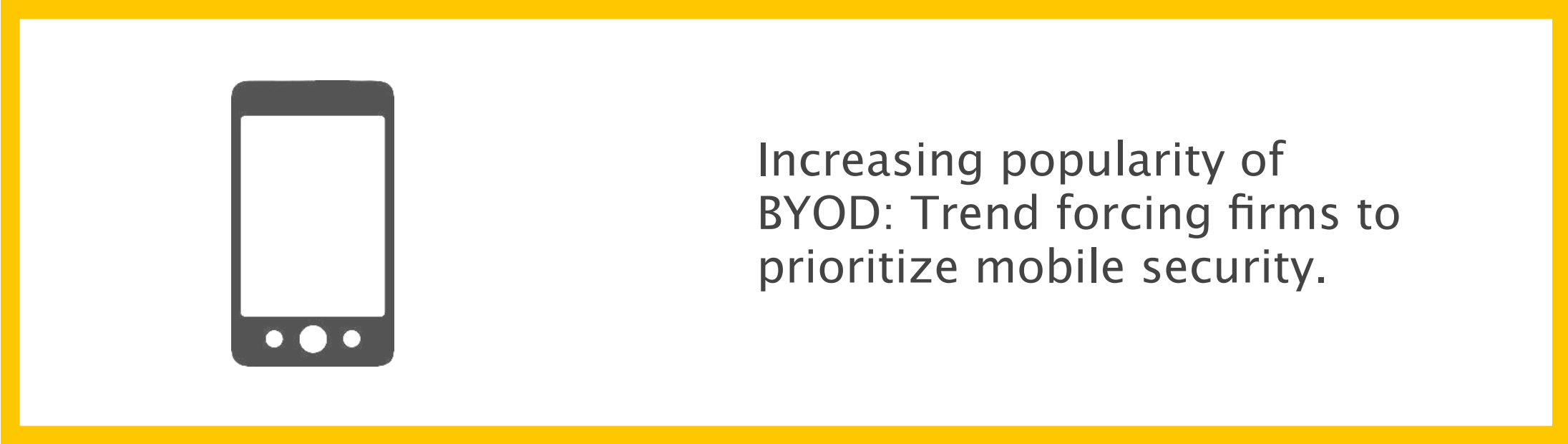
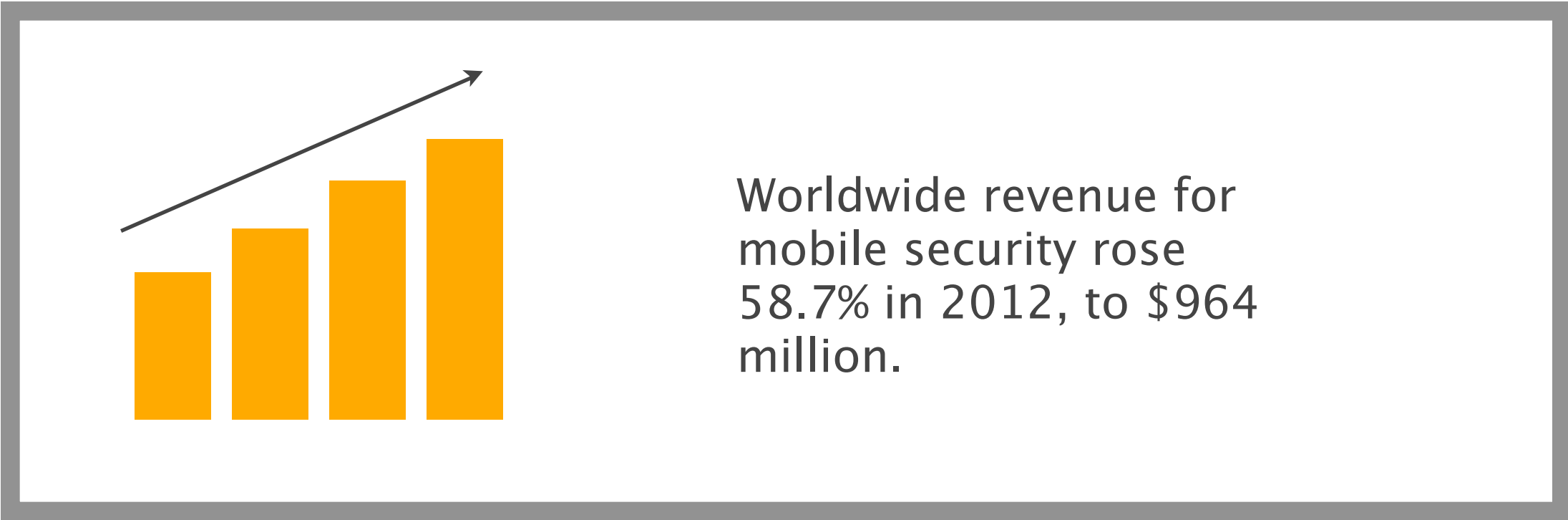
February, 2011



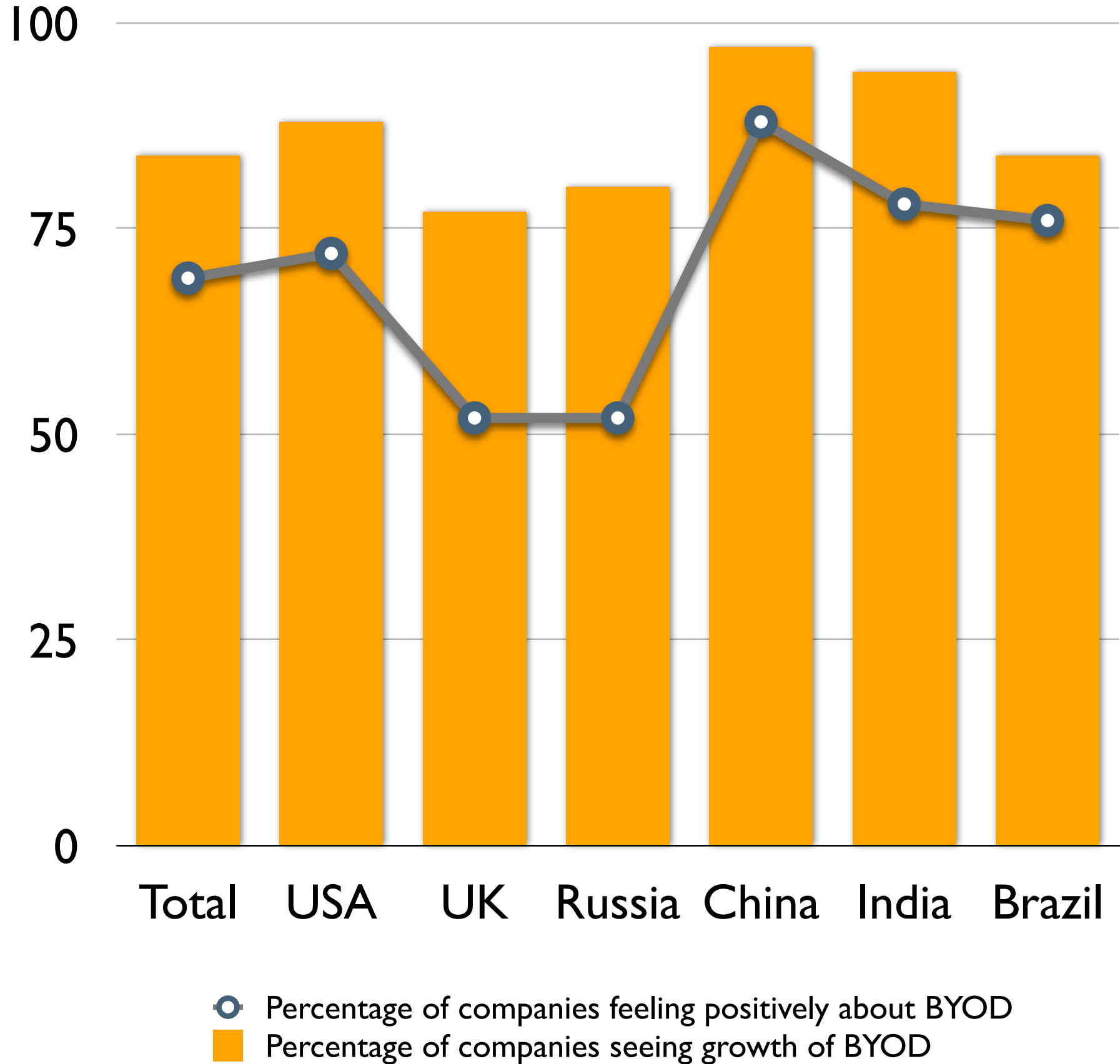
\$7.7 billion.



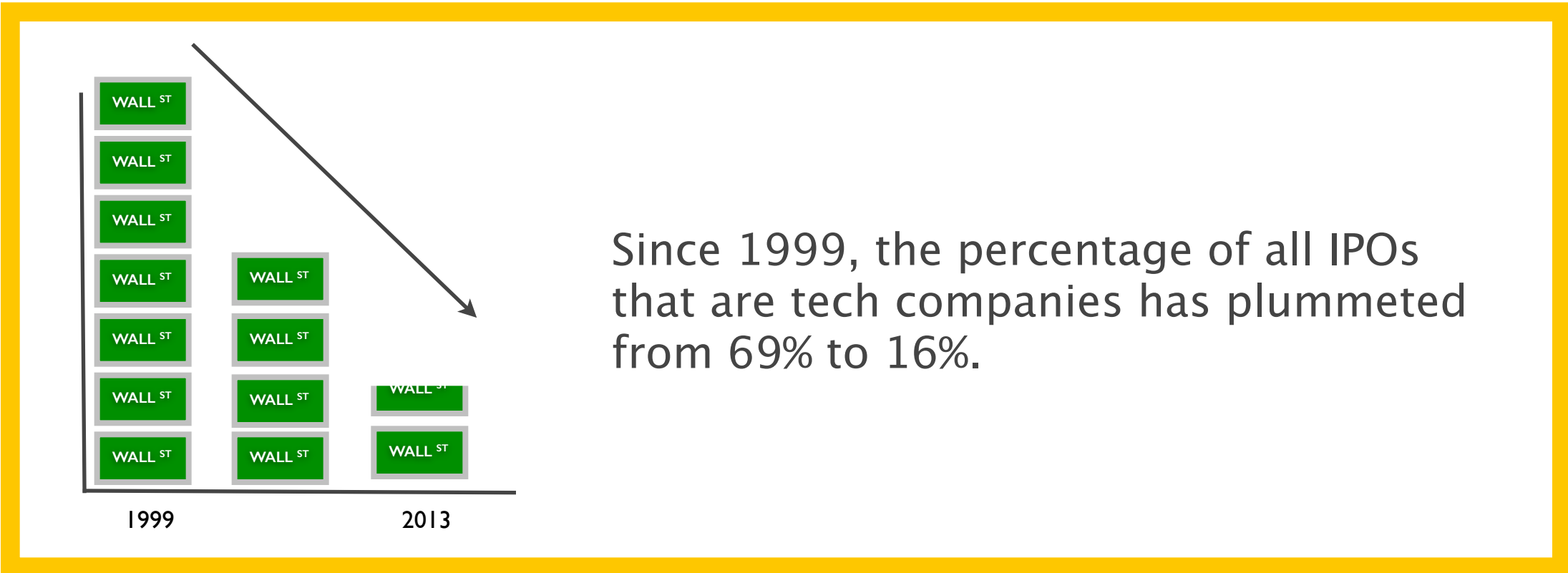
# Mobile Security Service Market



Strong Growth of BYOD Seen Globally - Countries are Happier and Providing Great Support



# Mobile Security Service Market

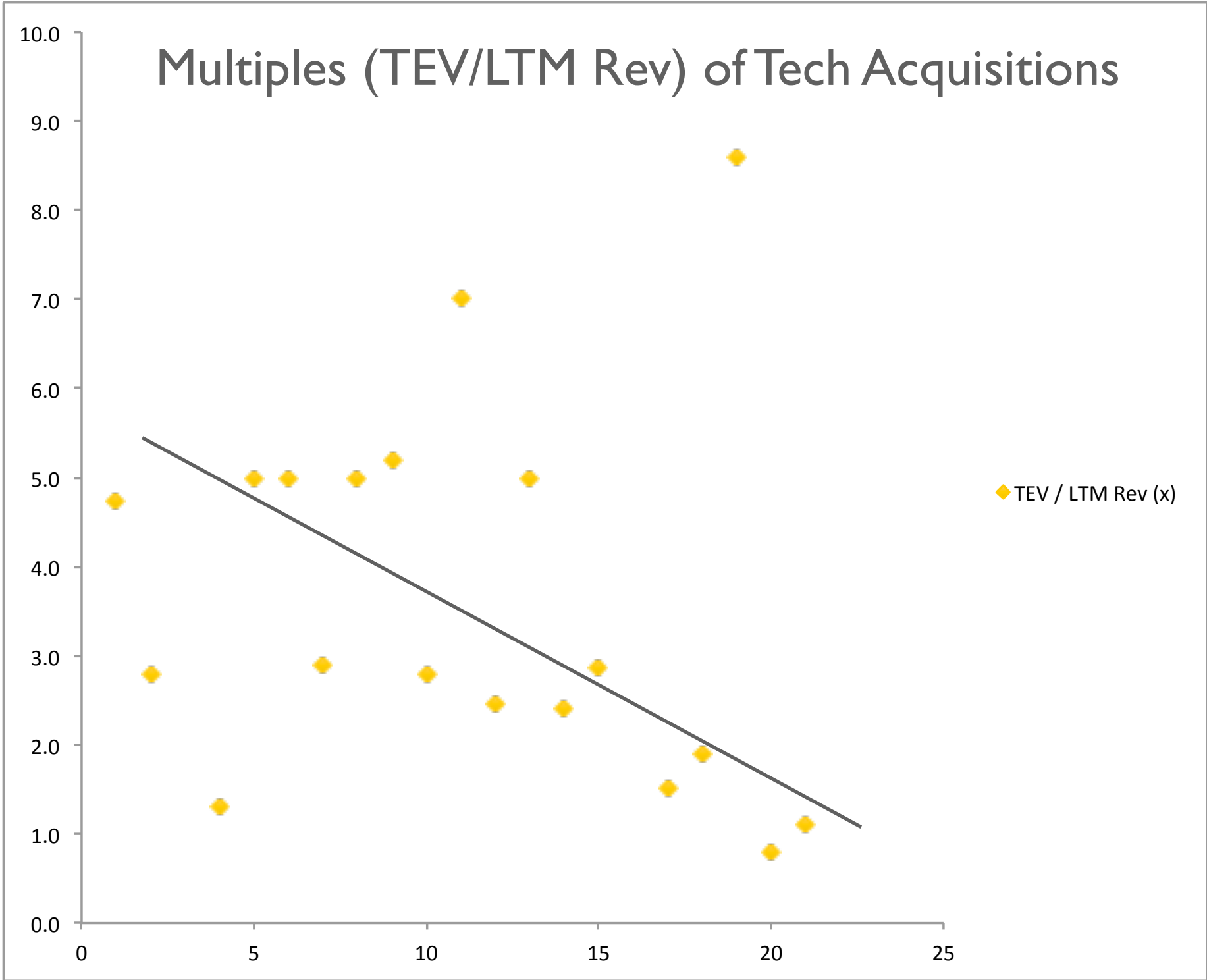


Acquisitions are increasingly preferred to IPOs. When large players move into the space, that's when the peak multiples are paid. Afterwards you're left with second tier players who won't pay premiums.

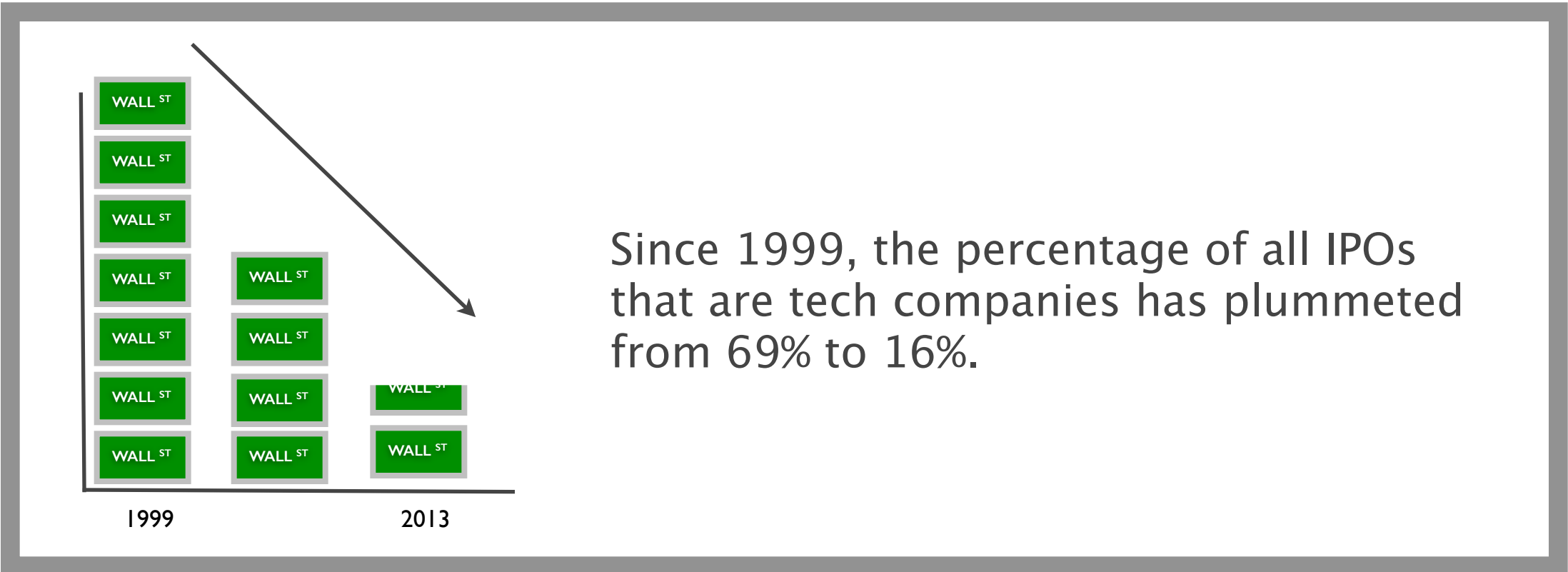
There is a trend of decreasing multiples as large players buy the companies they want, meaning that waiting to get acquired may actually result in your company being worth less in the future – even if revenues increase.

Much competition but no breakaway leader.

Security will become a basic requirement for all enterprise mobility management (EMM) solutions.



# Mobile Security Service Market

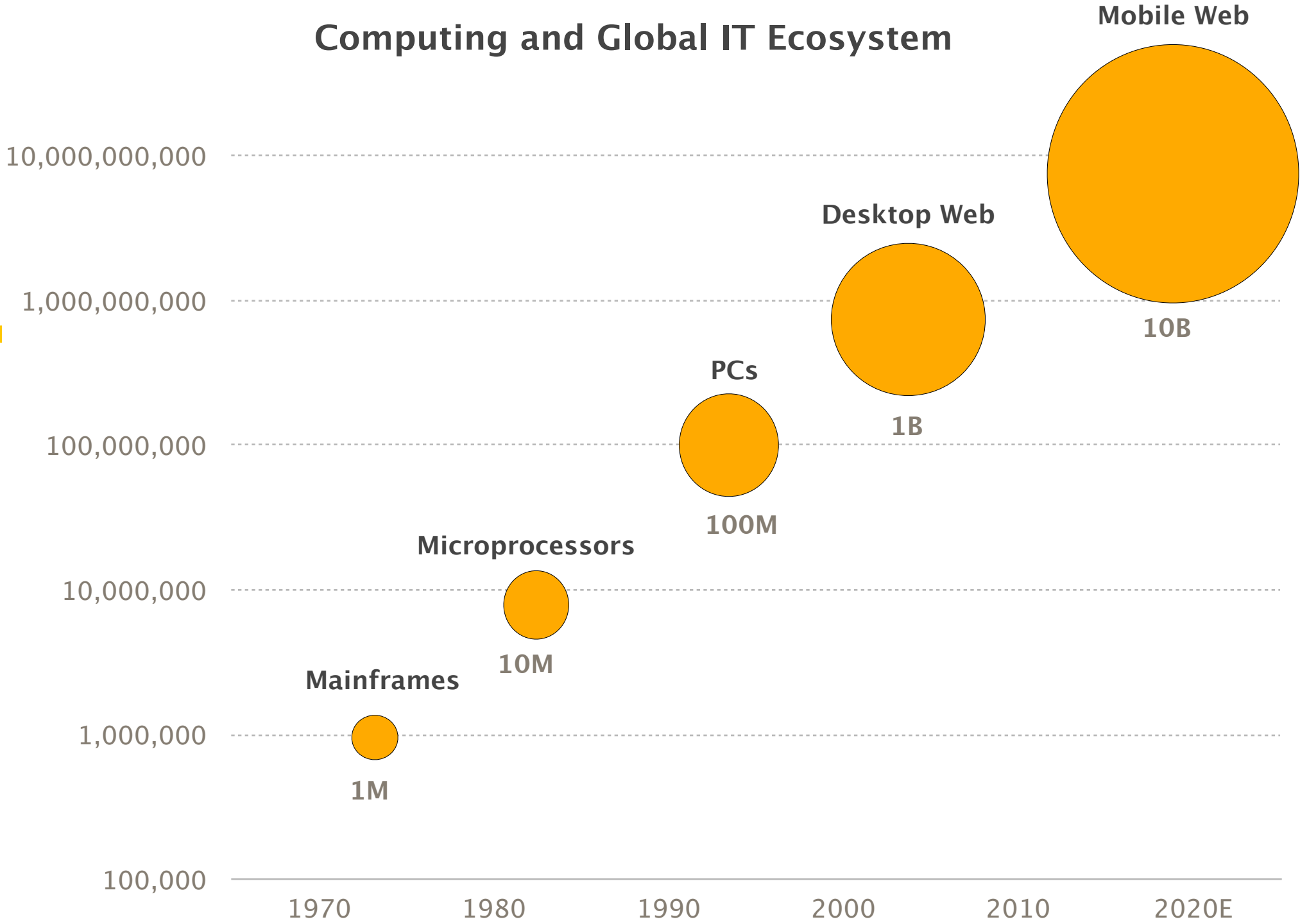


Enterprises are eager to come out on top and are acquiring now to establish their foothold in the industry.

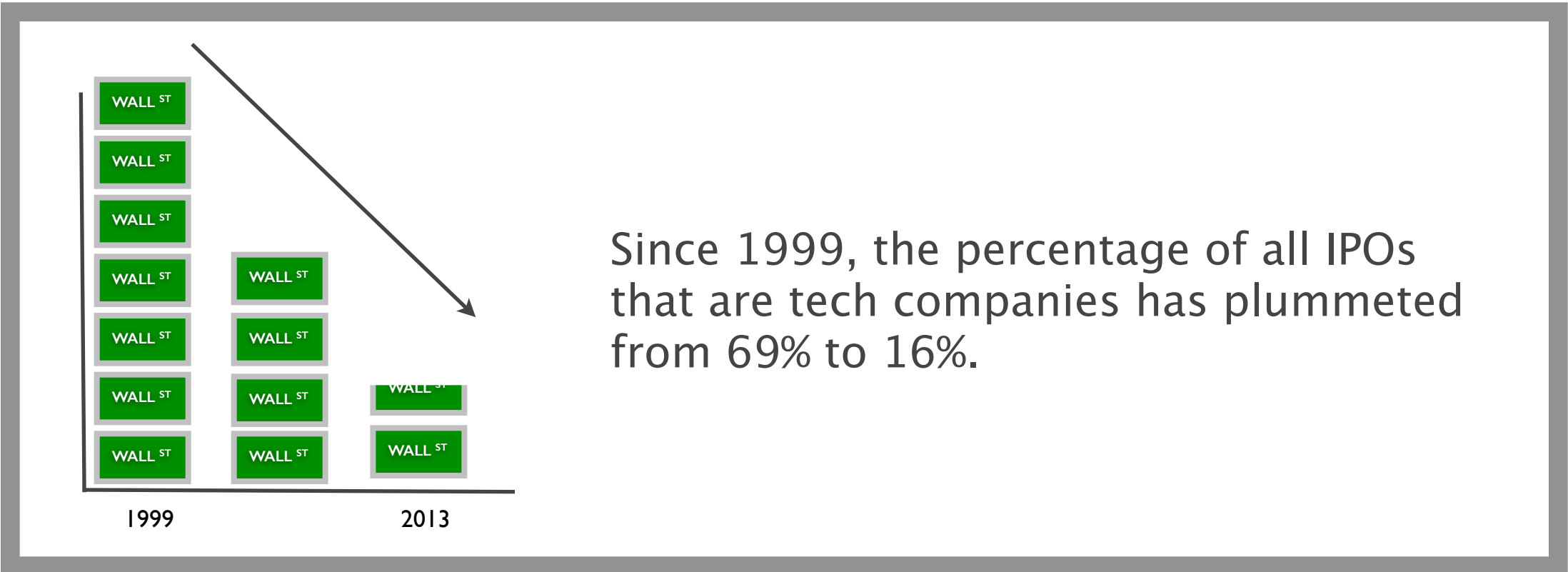
As more organizations expand their operational activities through an online presence and rely on new technologies to manage business processes, firms focused on addressing IT security have become highly attractive targets for acquisition.

Much competition but no breakaway leader.

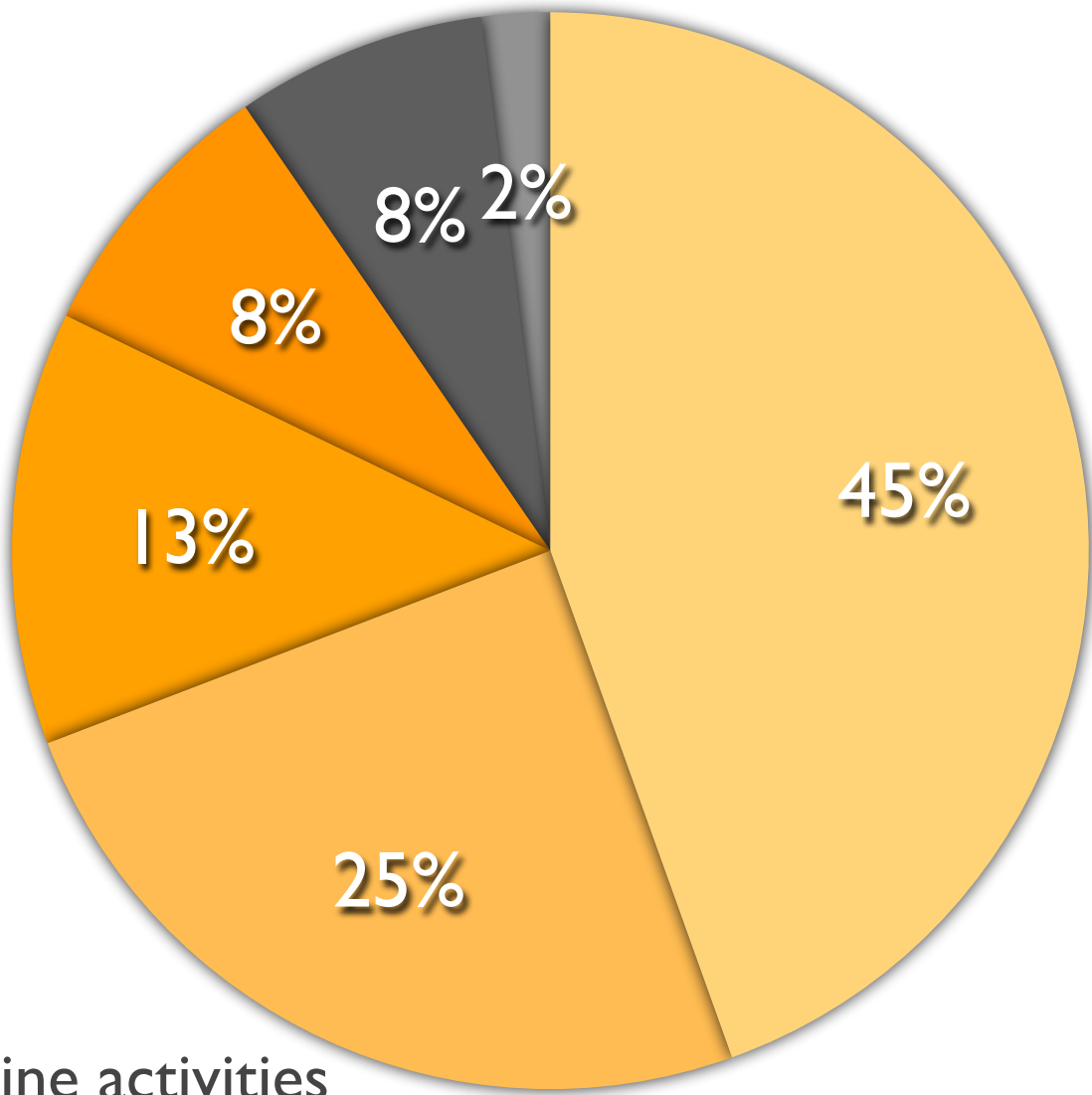
Security will become a basic requirement for all enterprise mobility management (EMM) solutions.



# Mobile Security Service Market



## Employees engage in risky behavior

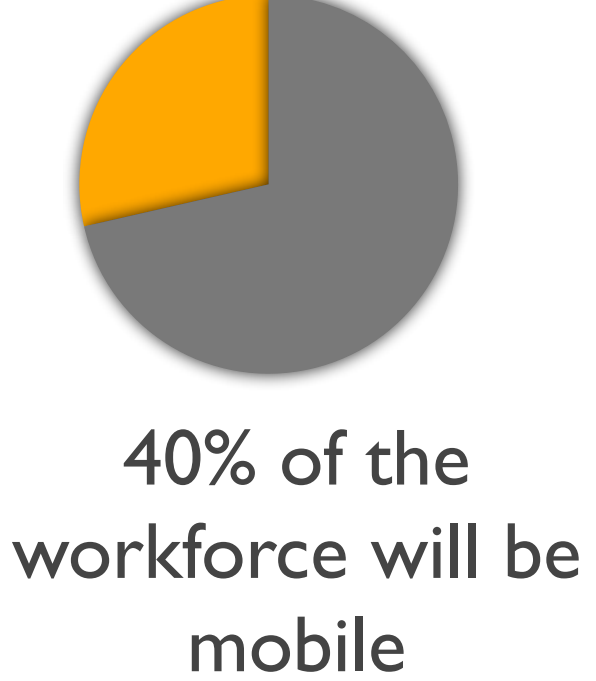


- Don't verify security settings
- Click link on social media sites
- Use work email for personal online activities
- Store work passwords on device
- Use cloud service to send/share work docs without IT permission
- Lost device used for work

Much competition but no breakaway leader.

Security will become a basic requirement for all enterprise mobility management (EMM) solutions.

By 2016



Source: Gartner

# Benefits of a Mobile Centric Enterprise

Deeper Customer Relationships

Modernizing & Mobilizing Legacy Interfaces

Automation of Workflows

Data Available at All Times

Making Data Capture More Accurate & Efficient

New Product Development and Revenue Capture

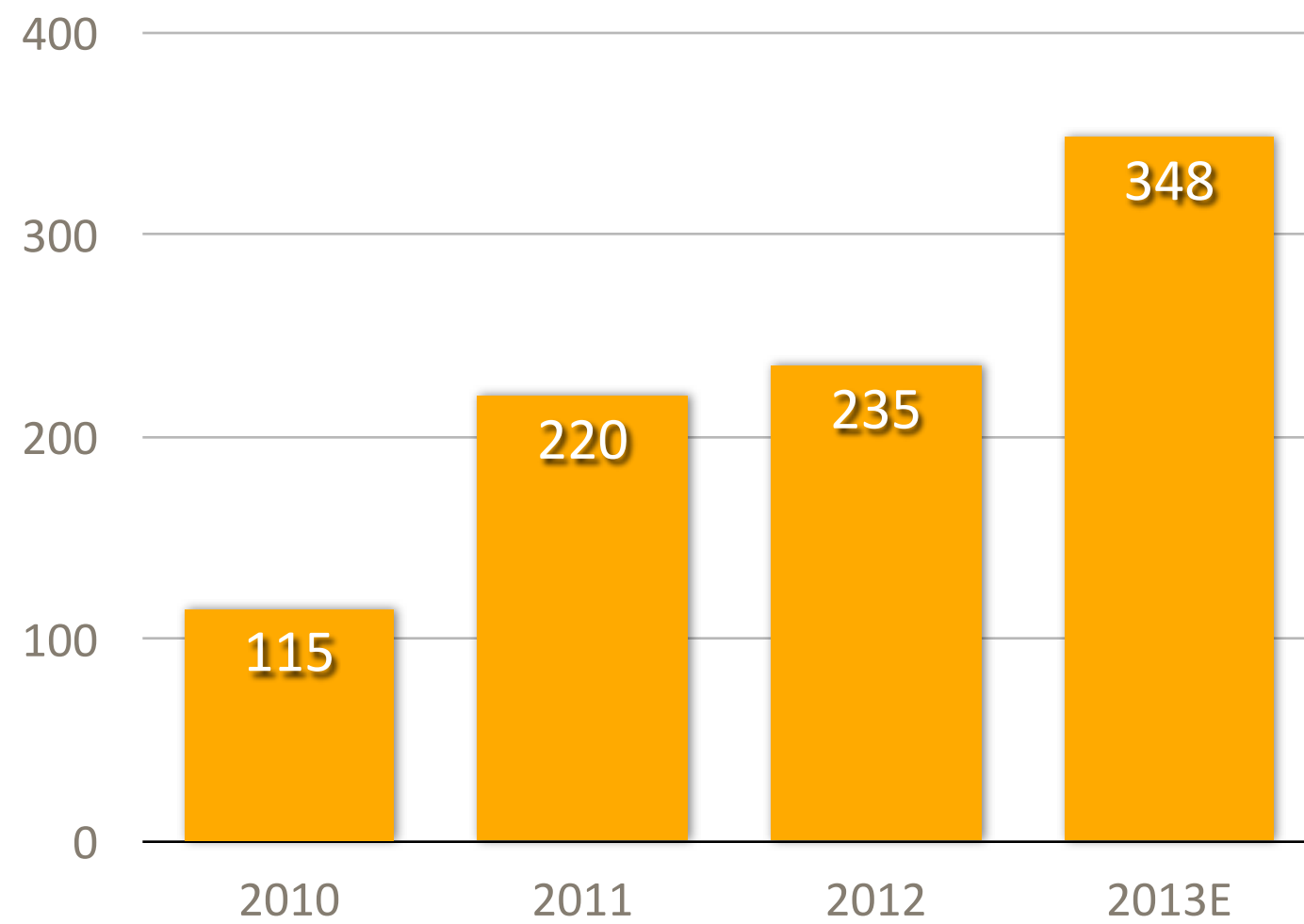
Real-Time Workforce and Customer Collaboration

Stronger ROI



# M&A Landscape

M&A Volume by Year (Deals)



- FY 2013 M&A volume is on pace to reach 348 transactions, a marked increase over 2012's 235 transactions.
- Mobile software M&A now accounts for 15.9% of all software M&A transactions, up from 3.7% in 1Q10

Optimal  
Time for  
Acquisition

2013-2017

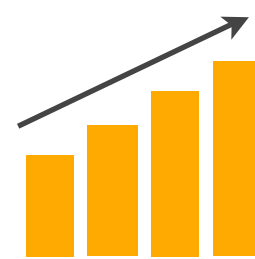
CITRIX



Juniper  
NETWORKS



airwatch



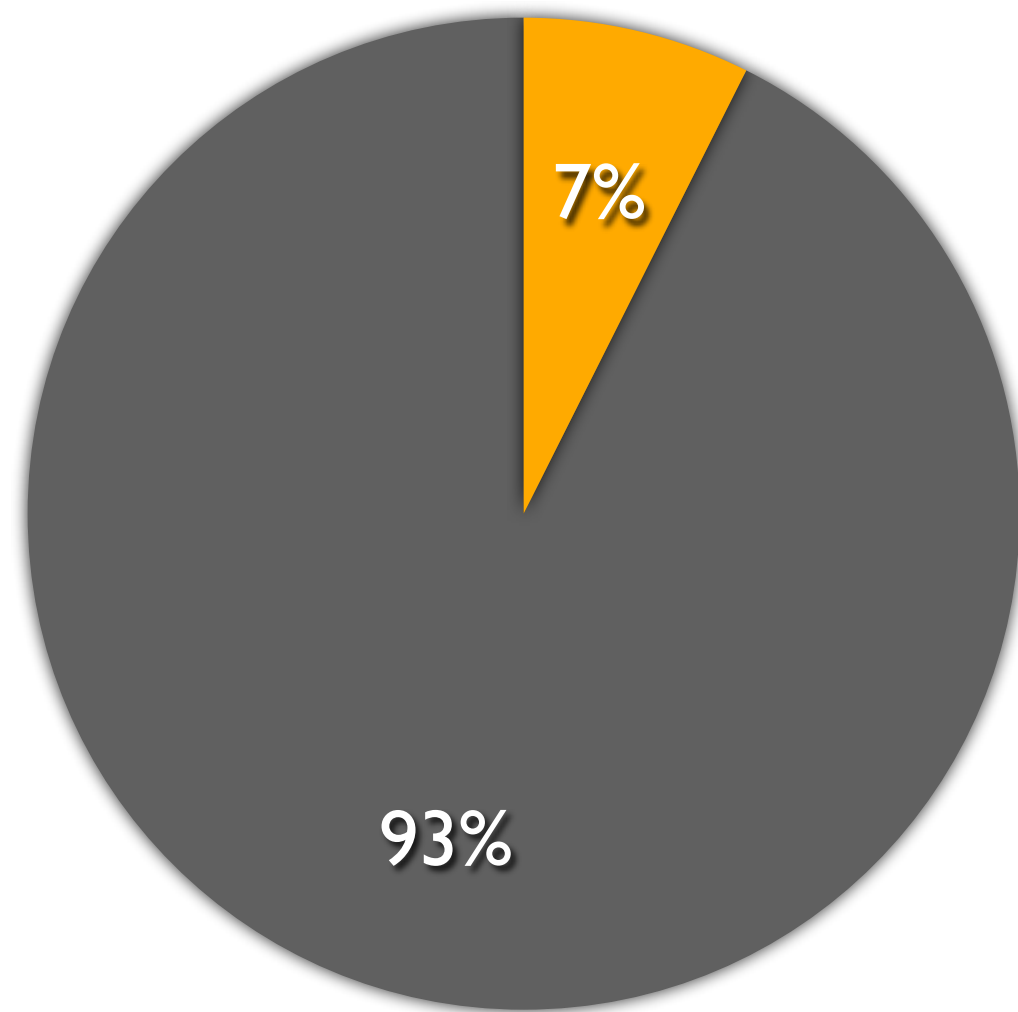


# Enterprise Mobile M&A

Mobile enterprise M&A exploded in 2012.

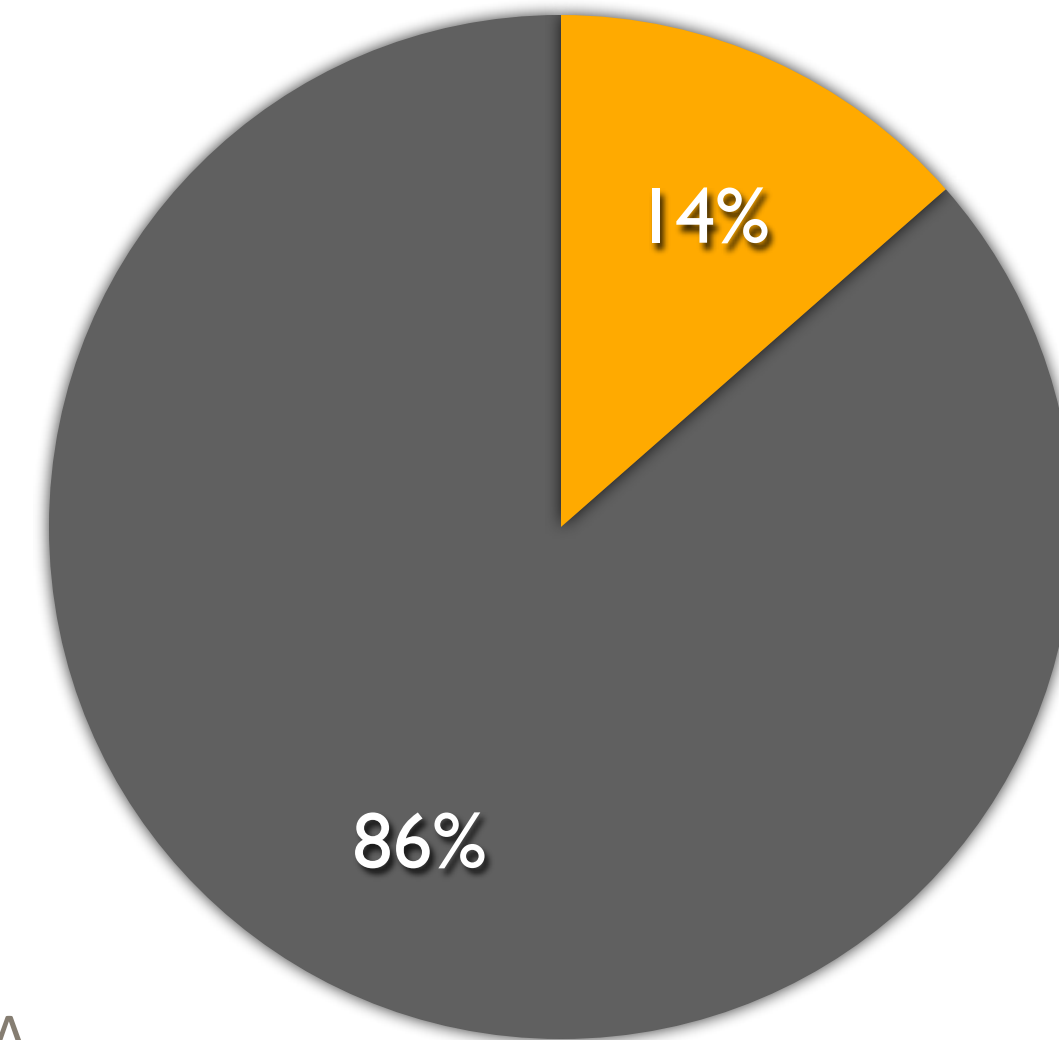
## 2011 Mobile Enterprise M&A Activity

● Mobile Enterprise ● Mobile Software (other)



## 2012 Mobile Enterprise M&A Activity

● Mobile Enterprise ● Mobile Software



Buyers are increasingly utilizing M&A to address enterprises struggling with the BYOD phenomenon to fully capture the potential for mobile apps/web to accelerate their business with the new technologies.

Source: Capital IQ

# Recent Mobile Security Acquisitions

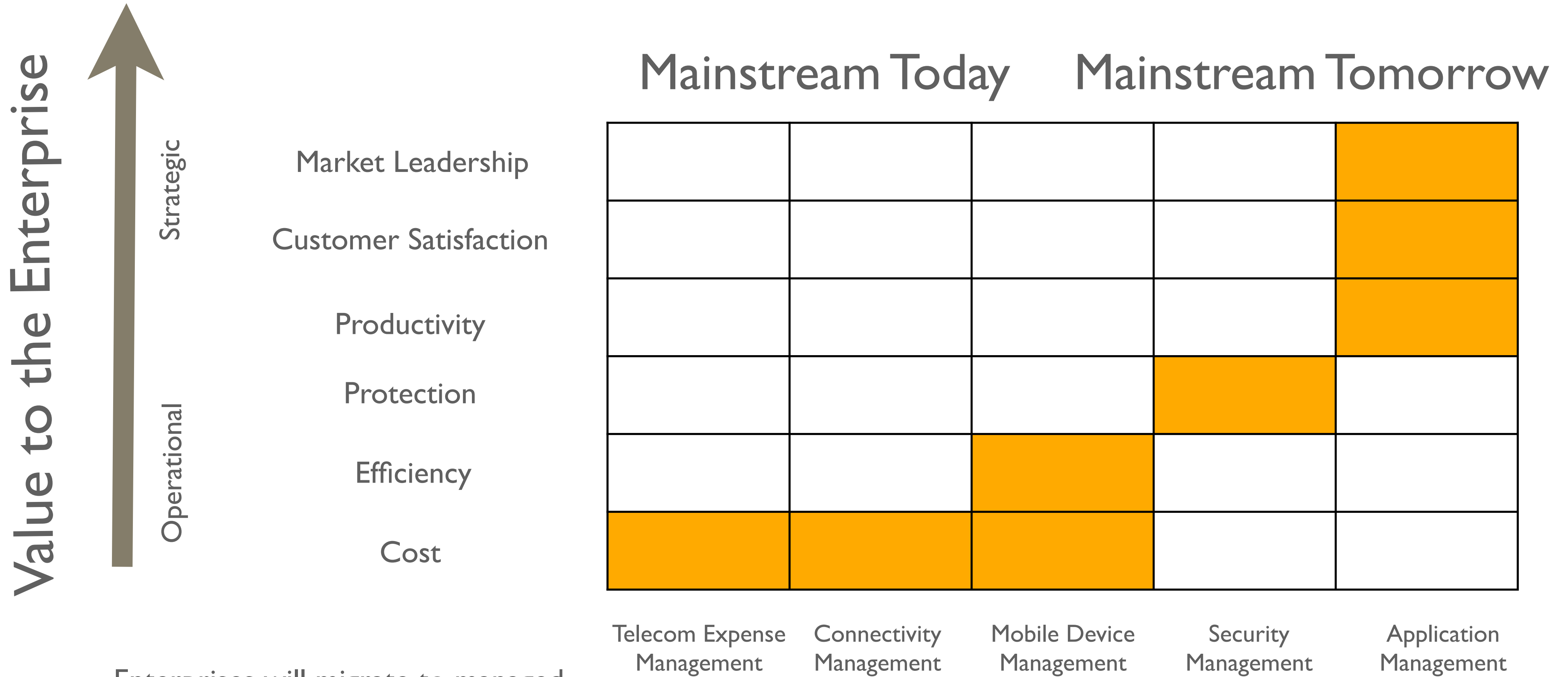
Date	Acquirer	Target	Target Description	Strategic Rationale	Deal size TEV (\$M)	LTM Rev. (\$M)	TEV / LTM Rev (x)
1/22/14	VMware	Airwatch	Aiwatch provides Mobile Device Management software and mobile security management software	Adding enterprise mobile management services to computing portfolio	\$1,540	\$100	15.4x
1/6/14	Sysorex	Air Patrol	Provides mobile identification and security software	Integration with other Big Data and cybersecurity offerings	\$14	\$1.3	10.7x
11/14/13	IBM	Fiberlink	Provides mobile divide application management and mobile security software	IBM seeking to build industry leading mobile services unit	\$300	\$50	6.0x
7/27/12	Apple	AuthenTec	Provides mobile security, identity management, and touch control solutions	Incorporate software and hardware into future iOS devices	\$356	\$71	4.7x

# Other Emerging Mobile Trends

## The New Rules of the Game

1. **Rapid** and much shorter innovation cycles--mobile enterprise apps will ramp much faster than enterprise web apps did a decade ago
2. **Convergence** between enterprise mobile and communications, commercial, social networking, and legacy software
3. **Extensive** opportunities in emerging markets--leapfrog license software entirely
4. **Symbiotic** and parallel growth--OEMs, app developers, telecoms, middleware providers, big data analytics firms
5. **M&A** will continue apace. Best mobile innovations have incubated through small and nimble startups and larger firms need to build extensive solution sets
6. **Appification** will change users from thinking about “my device” to “my data.” Will demand access to data via mobile devices from anywhere

# The Future of Mobile Enterprise



Enterprises will migrate to managed mobility services for operational *and* strategic benefits.

## Elements of Mobility

Source: Yankee Group

# About MergerTech

## By Technology Entrepreneurs, For Technology Entrepreneurs

MergerTech's mission is to enable small to medium-sized technology companies to realize the value of their business. As the only investment banking firm exclusively focused on this space, we apply our deep domain expertise and global knowledge of buyers to deliver three key values: fast introduction to buyers, best terms and value, and greatest certainty of deal closure.

## Experience in Building and Selling Technology Companies

MergerTech investment bankers have decades of experience in technology solutions and services businesses. We have founded, grown and sold technology companies ourselves, so we speak your language and recognize your company's best selling points. It's no wonder we've completed over 100 engagements with buyers and sellers across the globe.

## Helping Sellers Convert Work Into Wealth

MergerTech leaders have expertise in all aspects of technology investment banking, including mergers and acquisitions, capital raises for growth or recapitalization, and a spectrum of advisory services. Step by step, we help you prepare and present your company for the best possible outcome. As a result, you move quickly past preparing for a sale and get down to negotiating a sale with multiple buyers.





# Our Recent Transactions

  
has sold an interest to  
**WPP**

MergerTech acted as advisor to Mutual Mobile in this transaction

August 2013  
  
mergertech

Mobile App Development

  
has been acquired by  
CenturyLink

MergerTech acted as advisor to AppFog in this transaction

June 2013  
  
mergertech

Cloud Infrastructure

  
has been acquired by  
2ndWave Software

MergerTech acted as advisor to Axiom in this transaction

December 2012  
  
mergertech

Enterprise Software

  
has been acquired by  
esri

MergerTech acted as advisor to Geoloqi in this transaction

October 2012  
  
mergertech

Geolocation

  
has been acquired by  
Project Leadership ASSOCIATES

MergerTech acted as advisor to Vital Networks in this transaction

August 2012  
  
mergertech

Managed IT Services

  
has been acquired by  
cvent

MergerTech acted as advisor to CrowdCompass in this transaction

June 2012  
  
mergertech

Mobile Application

  
has been acquired by  
KPMG

MergerTech acted as advisor to WiseWindow in this transaction

April 2012  
  
mergertech

Big Data

**small society**

has been acquired by  
**@WalmartLabs**

MergerTech acted as advisor to Small Society in this transaction

January 2012  
  
mergertech

Mobile App Development

  
mergertech



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thanks

for reading