

# Prophecy International Holdings Limited

1H17 Results Roadshow Presentation

# Prophecy Results 1H 2017

• <b>Revenue</b>	\$5.9 million	down 26%
• <b>EBITDA</b>	\$1.0 million	down 68%
• <b>Net operating cashflow</b>	\$1.25 million	
• <b>Net Cash Position</b>	\$1.24 million	down 34%
• <b>Dividend half year</b>	Nil	

# 1H17 Revenue by segment

- **SNARE** revenue                      \$3.3 million                      down 13%
- **eMite** revenue                      \$0.9 million                      down 65%
- **Legacy** revenue                      \$1.7 million                      up 6%
- **Total** revenue                      \$5.9 million                      down 26%



# 1H17 EBITDA by segment

• <b>SNARE</b> EBITDA	\$1.5 million	down 32%
• <b>eMite</b> EBITDA	(\$0.9 million)	down 213%
• <b>Legacy</b> EBITDA	\$0.4 million	up 300%
• <b>Total</b> EBITDA	\$1.0 million	down 68%



# 2017 Prophecy focus

## **SNARE**

Revenue growth through partner focus

## **eMite**

Expansion via “out of the box” analytics for 3rd party solutions

## **Legacy**

Customers very stable with continued support



# Snare

Security Incident & Event  
Management Software

# What is Snare

Snare is a logging platform, a component of an overall cybersecurity defense strategy. Snare finds, filters, forwards, stores, analyses, reports and alerts on computer events (log data) to detect intrusion and malevolent behavior. It complements in house prevention strategies and extends existing SIEM investments.

In its simplest form, there are **2 components** to a logging platform such as Snare.

- The Snare Agent. It records everything that is happening on the computer and sends to a Central Location activities or events of interest.
- The Central location, (often called a SIEM or log collection platform), is where all the events from all the computers (sent by the agents) are collected, stored, correlated, reported and alerted on.

## For example:

- You sign into your office systems from your work location. The Snare Agent will send an event from that computer to your central Location. That's OK.
- You sign into your office systems from your home location. The Snare Agent will send an event from that computer to your central Location. That's OK.
- Though when the central location or SIEM correlates that you did this at the same time – this indicates a compromise!



# What Problems does Snare address

Snare works on the premise that the bad guy is already in the building. We will find them via the log data and by their behaviour, identify all their past activity and patch identified weaknesses in the organisation's defenses.

- Cybersecurity – Snare provides a Detection strategy to complement Prevention strategies.
- Compliance and Audit – PCI, HIPAA, SOX, NISPOM, NERC etc. all require a logging system to be in place.
- Forensics – Usually post a cybersecurity breach, a detailed examination of the event log data is performed to identify who did what, when, where and how.
- Analytics is increasingly being used to identify user behaviour and other abnormalities based on log data.
- Log data is reviewed to check that your trusted resources have not been compromised.
- Managed Security Service Providers (MSSP's) require log data to be correlated from many different systems.
- Existing security investments in SIEM back ends require robust front end log collection and transportation software.





# Where do you find Snare?

Snare is deployed in sites ranging from 10 endpoints to Enterprise deployments of 100,000 endpoints or more.

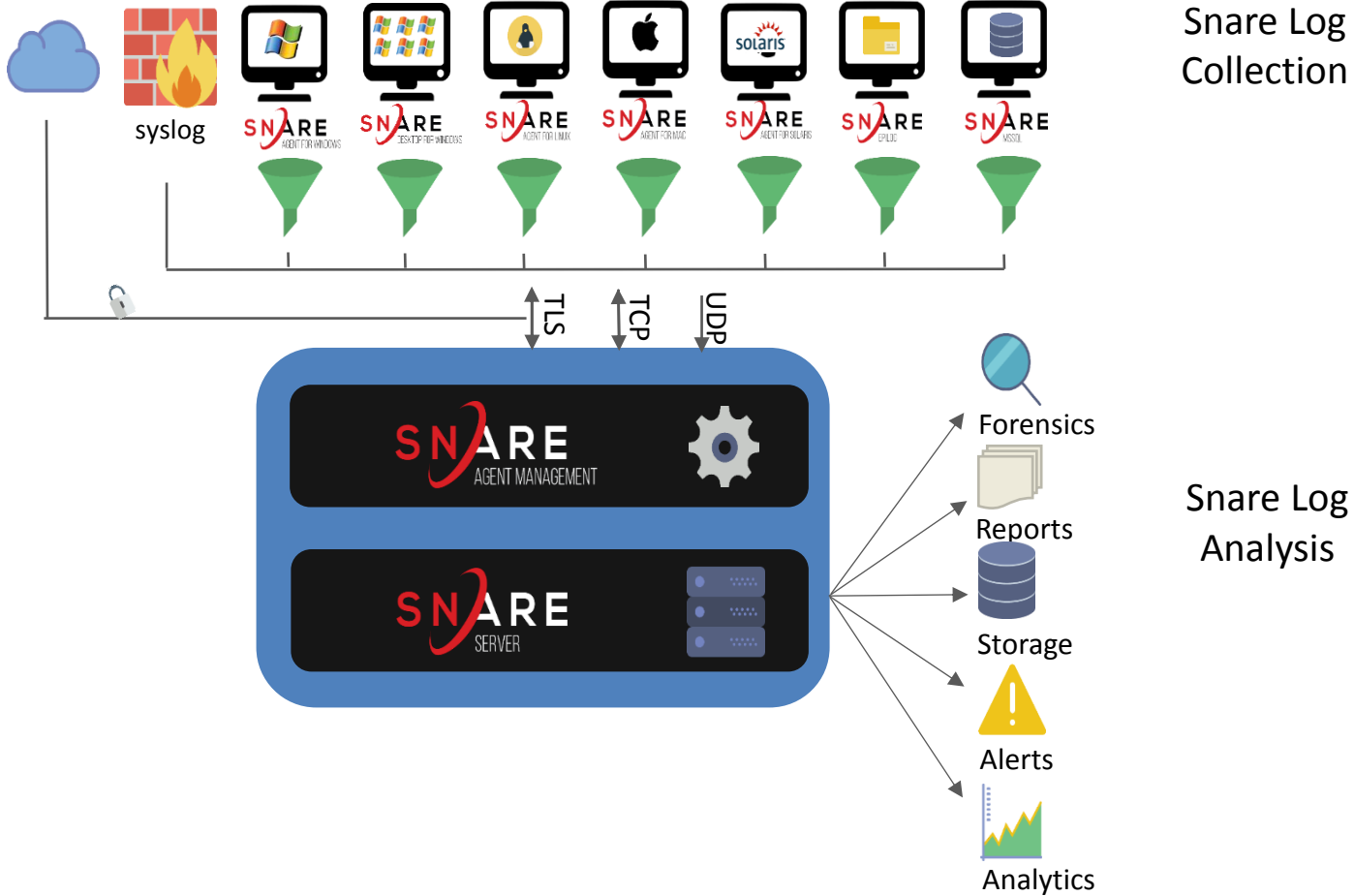
We are in over 2,000 supported sites and have a legacy open source community of over 100,000 sites.

We are cross industry – on Wall Street and main street, in Banks, Stores, Utilities, Hospitals, Gas Stations, Casinos, Universities, Federal, State and Local governments.

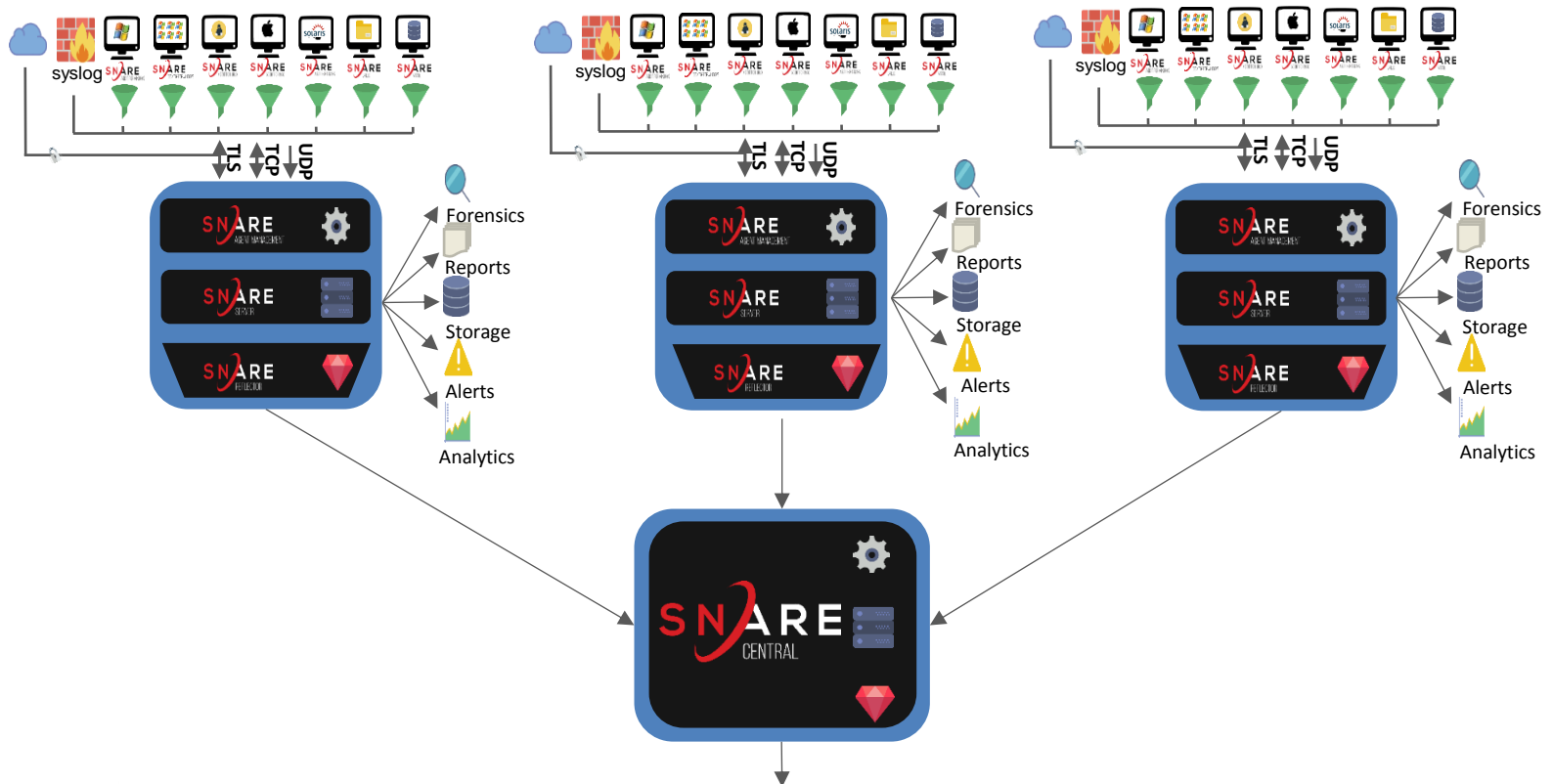
We are on every continent, in most every country, on PCs, Servers, workstations, desktops and laptops, at home, at work, on land, in the air and under the sea.



# Simple Snare Deployment



# Complex integrated Snare Deployment



# Where is our greatest market potential

Partnering and front ending the industry giants such as Dell, NTT, IBM, HP, RSA, SPLUNK, LogRhythm

- IBM have 5,000 SIEM customers of which we have <2%
- Secureworks have 6,000 customers of which we have 5%

Converting our Open Source customers

- 100,000 - of which only 2% are using the Enterprise version



# Snare Go To Market strategies – Current and planned

- Play well with others/Co existence strategies
- Continued direct sales and open source conversions
  - North America and Europe
  - Vertical Industry focus
- Account Management
  - 2,000 current customers
  - Upsell eMite for Snare
- Globalization through regional and national channel partners
  - Europe, APAC, MENA, LATAM, NAM
- Technology Alliances – Strategic
  - IBM, HP, Symantec, EMC...
- Technology Alliances – SIEM Solutions
  - QRadar, ArcSight, RSA...
- Technology Alliances – MSSP's
  - Verizon, AT&T, regional, vertical
- Technology Alliances – Endpoints



# Growth Potential – Direct Growth

## Direct Sales Improvements

- Increase close rate
- Increase # leads to 3,600
- Increase Average deal size to >\$25K
  - Increase Desktop sales penetration (currently <5% use Snare at desktop)
  - Increase Enterprise sales value by packaging
  - Increase sale value with additional product options



# Growth Potential – MSSP's

## Managed Security Services Providers (MSSP)

- Realize MSSP full potential – e.g. Secureworks
  - SCWX with 6,000 customers
  - Snare used by 300 = 5%
  - Snare expansion to larger % of base
  - Increase Snare deal size to \$25K average
  - Large potential market
  - Plus Solutionary, ATT, Verizon for similar expansion



# Growth Potential – Larger Partners

- Partnership with IBM
  - 5,000 QRadar security customers
  - Snare has approx. 60 QRadar sales to date
  - Average Snare QRadar sale at \$60K
  - Current penetration <2%
  - Snare certified for IBM App exchange with QRadar
  - Potential : Expand penetration via IBM partners worldwide
- Add partner activity with RSA, ArcSight, Symantec, etc....





# eMite

Real-Time Business Value Dashboards

# What is eMite

- eMite is an Australia software business with primary product development in Sydney
- eMite is a unique management information system software package that provides near real time operational data to business management & executives to optimise day to day operations
  - Single solution across Contact Centres, IT Operations & Security
  - Provides operational dashboards drawing on client's existing IT systems and business structures and data
  - Integrates with over 70 leading IT Service Management, Contact Centre software and Database applications
    - Very easy to add new data sources and combine the data into meaningful metrics and KPI's
    - Analyse practically any data
    - Reduce operational risk
    - Proactively identify where to focus your energy
    - Consolidate and automate all KPI's
    - Self Service real time dashboards
    - Make monthly reporting obsolete
    - Publish dashboards not monthly reports
    - Plan for the future not argue about what happened yesterday
- Recognised by Gartner as a market leader in IOBVD
- eMite was acquired by Prophecy International on 6 August 2015

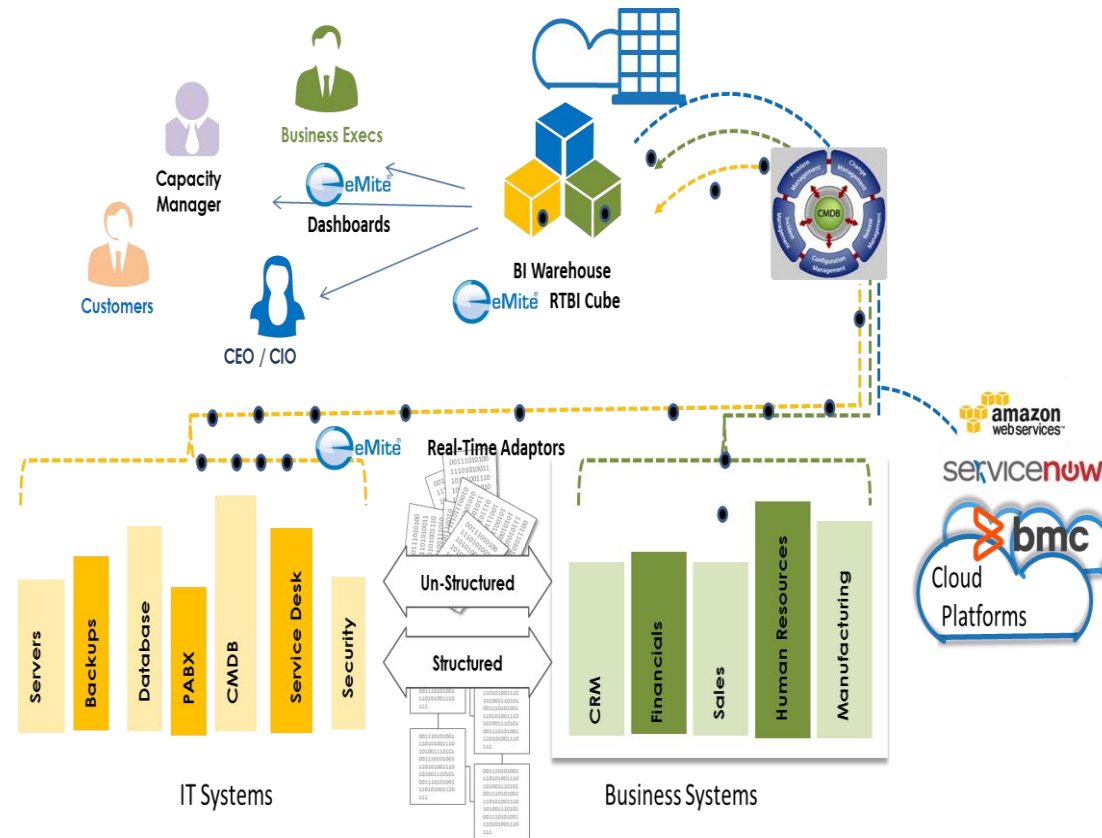
"eMite excelled in its robust data drill-down capabilities, which enable users to dive quickly and deeply into any supporting data represented in a chart, graph or table."

*Critical Capabilities for Infrastructure and Operations Business Value Dashboard Tools*  
**Published by Gartner: 1 April 2014**



# eMite dashboard application overview

- 70 + connectors to database applications and systems
- Real time data and analytics
- Multilingual
- Draws operational data and makes it available in an easy to understand visualisation
- Avoids expensive database technology & custom development
- Dashboards are available across multiple platforms including phone and tablet technology
- Simple drag and drop self serve capability – no development needed to create reports or KPI's.
- On premise and cloud versions



# eMite sales & operations strategy

## Grow the ITSM Segment

- Transition to subscription based licensing
- Drive new revenue through existing partner relationships (BMC, Cognizant, CSC, ServiceNow, Cherwell)
- Establish direct & indirect sales teams in key markets

## Enter Security segment with Snare

- Complete and launch eMite for Snare
- Expand into security dashboards market

## Achieve Contact Centre Dominance

- Complete initial global OEM partnership deal and activate channel
- Compete 2<sup>nd</sup> global OEM deal
- Complete initial telco company deal in Australia

## Develop Sales Operating Model

- Automate processes for scale
- Refine global sales process
- Establish & launch partner program
- Grow eMite sales organization
- Refine and implement marketing execution

eMite has spent the last 12 months re-architecting the solution and changing the business model to focus on “Out of the Box” capability moving from low volume/high effort deals to high volume/low effort deals:

- Acquire and build IP in contact centre domain
- Re-architect software for cloud
- Reduce cost and time to implement from months to hours
- Reduce length and complexity of sale from 6 - 9 months to 6 - 8 weeks.
- Build repeatable and scalable sales model through indirect channels



# Market Opportunity

eMite has multiple revenue streams

1. Adding incremental value to 3<sup>rd</sup> party software companies
  - eMite works with a number of 3<sup>rd</sup> party software vendors to **complement and extend** their core offering with **real time** and **historical** Dashboards and Analytics.
  - One vendor we work with has more than 4,000 customers and over 400 reseller partners.
  - Another has over 4,700 customer across 120 countries and more than 300 partners
  - By partnering with other software vendors we gain access to their customer base through either a traditional reseller relationship where they sell our solution **OR** an OEM relationship where they embed the eMite capability as part of their offering to all their customers.
2. Selling to Managed Service Providers/Outsourcers to manage their customers' IT infrastructure & operations
  - We gain access to their extended customer base and sales force to sell to new end customers
3. Selling direct to large enterprise

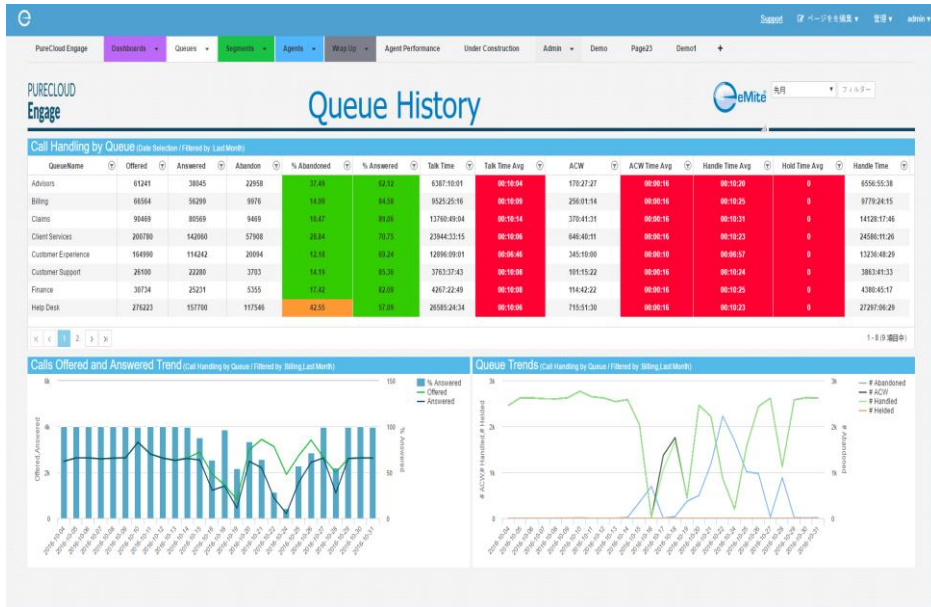
“Out of the Box”  
dashboards and  
analytics for other  
software vendors

Multi-customer  
management platform  
for System Integrators  
and Outsourcers

“one off” custom  
dashboards for large  
customers



# eMite for Contact Centres



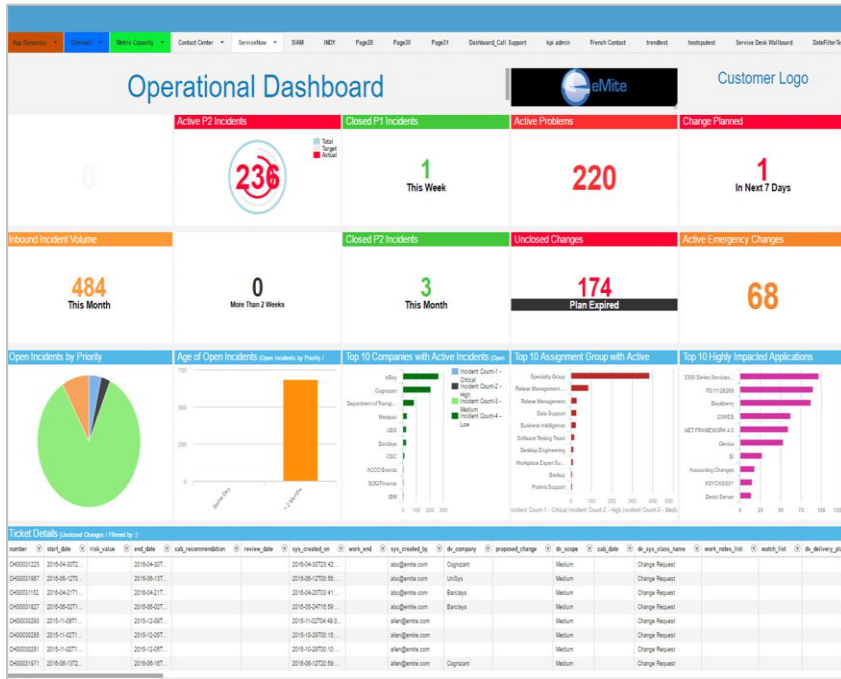
- Provides significant differentiator for our partners over their competitors
- Operational dashboards for contact centres
- Real time view of information
- Ability to improve grade of service, increase productivity, manage KPI's, manage queue's and agent performance.
- Empowers contact centre managers to manage operational more effectively
- Ability to bring data from other apps like CRM, Customer Sat (NPS) and financial data from sales mapping operational performance to financial performance
- Works with Industry leading contact centre offerings like Interactive Intelligence, Genesys & Avaya
- In this market our average deal size is approximately USD\$50,000 per annum

"We realised that we needed eMite when they were able to replicate in 7 minutes what we spent \$130K to create in one year."  
US based health company

"Some of Interactive's contact center capabilities, such as ... system reporting, are less feature-rich than some of the offerings of other vendors in the Leaders quadrant."  
*Magic Quadrant for Contact Center Infrastructure, Worldwide*  
Published by Gartner: 19 May 2016



# eMite for IT Service Management



- Operational dashboard for IT Operations
- In house or via outsourcer or managed service provider
- Manage incidents and availability of key IT systems.
- Increase ability to transact business and/or improve end user satisfaction
- Ability to consolidate operational data from multiple data sources
- Already integrates with industry standard applications like BMC Remedy, CA, Cherwell, ServiceNow and Heat.
- Ability to bring contact centre stats into Service Management data
- Average deal size is USD\$30,000 – USD\$50,000 per annum



# eMite for Security



- Operational dashboard for IT Security
- Working with Sister company Snare we have developed a dash-boarding functionality that allows IT security teams to effectively monitor and manage security incidents.
- Real time view of incidents
- This will be sold through the Snare global sales team and snare partners to their installed base of customers and prospects.
- Will enable Snare to move from a simple log management tool to a security analytics offering expanding their reach in the market





# Pricing Models

“Out of the Box”  
dashboards and  
analytics for other  
software vendors

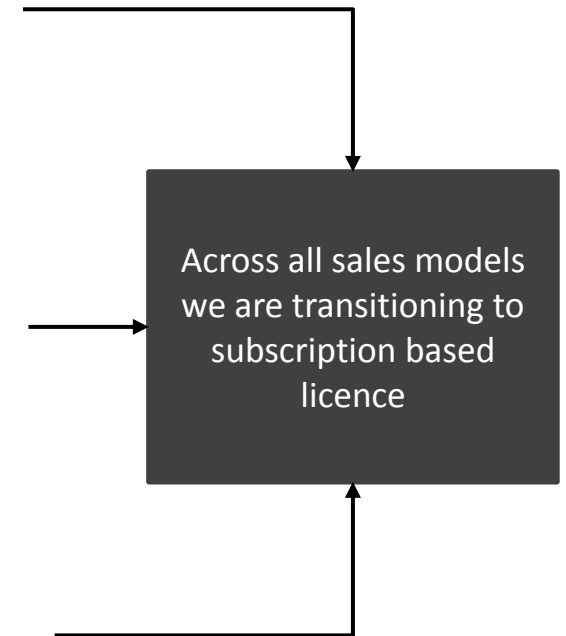
Smaller subscription licence paid monthly or annually with limited or no upfront consulting costs.  
Recurring annuity revenue

Multi-customer  
management platform  
for System Integrators  
and Outsourcers

Usually an “all you can eat” enterprise wide licence to enable them to manage their existing customers. Significant up front consulting to implement solution into their IT Infrastructure.

“one off” custom  
dashboards for large  
customers

Custom solution with large “once off & up front” perpetual licence fee + annual maintenance with significant consulting fees up front to implement and configure solution, multiple data sources. Must be on site to implement.



# Customers & Partners

- eMite's operational dashboard and analytics products are used by some of the largest companies in the world
- We have developed IP in the ITSM and contact centre domains. Our sister company Snare has strong IP in the Security domain
- We have significant reference customers in every segment we service and around the globe
- We have existing partnerships with some of the largest service providers and software vendors

## Software Vendor Partners



INTERACTIVE  
INTELLIGENCE  
DELIBERATE INNOVATION



## Service Provider Partners



Cognizant



Prophecy

## Customers



Transport  
for NSW



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