

# Corero offers SmartWall protection

**C**orero is rapidly making a name for itself as a disruptive provider of solutions to protect against Distributed Denial of Service (DDoS) attacks i.e. where data traffic from multiple sources is used to overwhelm and disable networks.

DDoS attacks are increasing in frequency and complexity, creating a significant opportunity for Corero's flagship SmartWall Threat Defense System. Sales of SmartWall to service and hosting providers are growing strongly (up 62% in 2016), providing strong validation of the company's innovative IP and highlighting the market opportunity.

## COMPANY OVERVIEW

Corero's core competency is blocking disruptive DDoS attacks. These cyber attacks aim to disable networks by overwhelming them with data traffic. These attacks also act as a distraction mechanism for more invasive attacks such as data exfiltration, malware or ransomware attacks.

The company's innovative SmartWall solution is optimised for service/hosting providers and digital or on-line enterprises by providing real-time, automatic detection and mitigation, removing DDoS attack packets, while allowing

the good user traffic to flow as intended. In contrast to legacy approaches to DDoS mitigation which often require tens of minutes to detect and react, SmartWall can block DDoS attack traffic in seconds eliminating critical service latency and downtime. With this innovative technology in place, organisations are protected against service outages, brand damage, financial loss and this helps ensure customer satisfaction and retention.

Corero has invested significantly in its technology and IP with the launch in first half of 2017 of its SmartWall 100G product and the development of a virtual version of the SmartWall 10G product which will open up OEM licensing and re-sale opportunities.

## DDOS ATTACKS ARE ACCELERATING IN COMPLEXITY, SCALE AND FREQUENCY

2016 marked a turning point for DDoS as attacks reached new heights in terms of both size and complexity. Our entire digital economy depends upon access to the internet, and so organisations

will need to think carefully about business continuity in the wake of such events. The only proper defence is to use an automatic, always-on DDoS mitigation system,

which can monitor all traffic in real-time, negate the flood of attack traffic at the internet edge, eliminate service outages and allow security personnel to focus on uncovering any subsequent malicious activity, such as data breaches or malware deposits.

This type of always-on protection can come in various forms – either on-premises, or purchased as a security service from an upstream provider. It is only through deploying these real-time solutions such as SmartWall that organisations will be able to identify and mitigate the most serious DDoS attacks on their networks in the years ahead.

## STRONG MARKET DRIVERS

Underlying market demand is being driven by the increasing number and severity of DDoS attacks.

In Q1 2017: Corero customers experienced an average of 124 attacks per month, an increase of 9% compared to Q4 2016.

The average size of these attacks increased, with a

**85%**  
of enterprise end users want their Internet Service Providers to offer more comprehensive DDoS protection-as-a-Service

**\$40,000**  
per hour is the cost of a DDoS attack

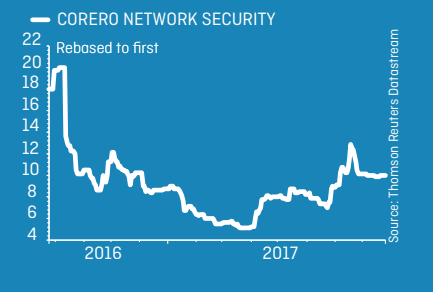


**WEBSITE:**  
WWW.CORERO.COM

**SECTOR:** SOFTWARE & COMPUTER SERVICES

**SHARE PRICE:** 10.5P

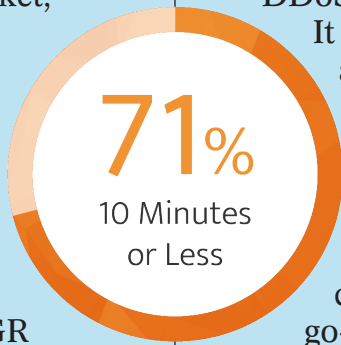
**MARKET CAP:** £33.1M



55% increase in attacks over 10Gbps.

71% of DDoS attacks lasted less than 10 minutes (with attackers targeting short duration damaging attacks to avoid traditional detection methods).

Corero is targeting a high growth security market; the market for DDoS prevention appliances is forecast by IHS Technology, a leading industry analyst, to reach more than \$1.4bn by 2021 with a CAGR (compound annual growth rate) of 15.5% in the period 2016 to 2021. This growth is driven by a growing awareness of the threat of DDoS attacks and the increased focus and resourcing of governments (most notably in the US and UK) on national security strategies and policies on cyber security.



SmartProtect DDoS protection as-a-service offering with a SaaS or revenue share commercial model.

**INVESTMENT CASE AND OUTLOOK**

Corero is well positioned to be a major disrupter in the DDoS protection market.

It has innovative, award winning IP (validated by over 100 installations and a leading independent third party testing company), a strong go-to-market model and growing recurring revenues. Underlying market demand is being driven by the increasing number and severity of DDoS attacks and increasing awareness of the threat of cyber attacks as a result of high profile attacks such as the crippling DDoS attack on TalkTalk in 2015 and recent WannaCry ransomware attacks.

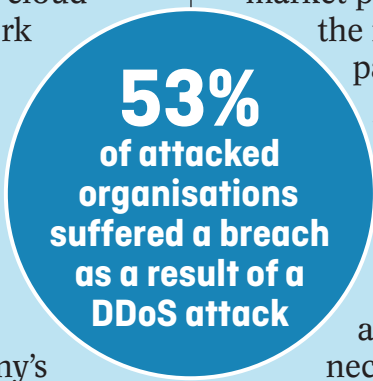
Corero has strengthened its sales leadership with the appointment of Andrew Lloyd as EVP Sales & Marketing, a proven sales leader with over 25 years' experience in the IT software industry, and is recruiting strategic go-to-market partners, such as

the recent announced partnership with Juniper Networks, to accelerate sales growth.

A recent placing to raise £5.6m was well supported and provides the necessary funds to

**SMARTWALL SALES GROWING STRONGLY**

Sales of the flagship SmartWall product are growing strongly – up 62% in 2016 – on the back of a growing number of material contract wins in the last 18 months. These include deals with hosting, cloud services and network providers in the US and Europe and global on-line or digital enterprises. Recurring revenue is also growing due to increasing sales of the company's



build on strong SmartWall sales momentum, help the business achieve critical mass and allow it to become self-funding.

**'MAJOR CLOUD, HOSTING, SERVICE PROVIDERS AND MAJOR INTERNET BRANDS CONTINUE TO INVEST IN HIGH-PERFORMANCE DDOS MITIGATION TO PROTECT THEIR DATA CENTRES FROM ESCALATING ATTACKS AND DELIVER CUSTOMIZED SOLUTIONS TO THEIR HOSTING AND CLOUD CUSTOMERS!'**

Source: IHS Technology Research: DDoS Prevention Appliances Biannual Worldwide and Regional Market Share and Forecast