



FIRSTWAVE
CLOUD SECURITY TECHNOLOGY

AN AUSTRALIAN GLOBAL CLOUD SECURITY SERVICES ORCHESTRATION COMPANY

FCT Cloud Content Security Platform (CCSP) is a unique cloud email, web & firewall security services orchestration platform for Telco / Service Providers that prevents cyber security threats from impacting their customers



FIRSTWAVE
CLOUD SECURITY TECHNOLOGY

FY19 INVESTOR UPDATE

Crystallising the Opportunity

July 2019

Disclaimer

Summary information

This Presentation contains summary information about FirstWave Cloud Technology Ltd (FirstWave) and its activities current as at 31 July 2019, unless otherwise stated. The information in this Presentation does not purport to be complete. It should be read in conjunction with FirstWave's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

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Agenda

Reflections

FY2019 Performance

Path-to-Revenue

Market Opportunity

Customer Problem

Solution

Opportunity

Product Roadmap



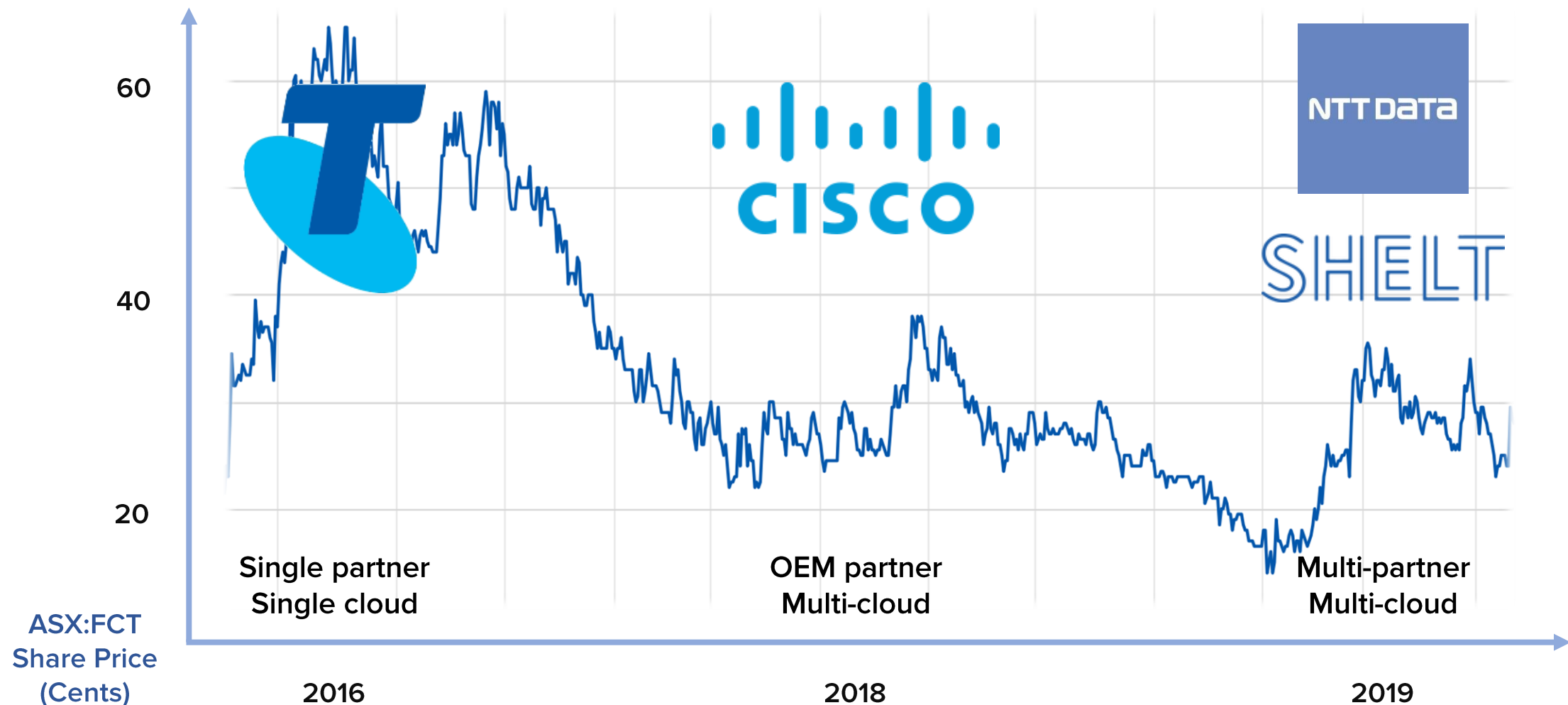
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Reflections

Executive Chairman John Grant



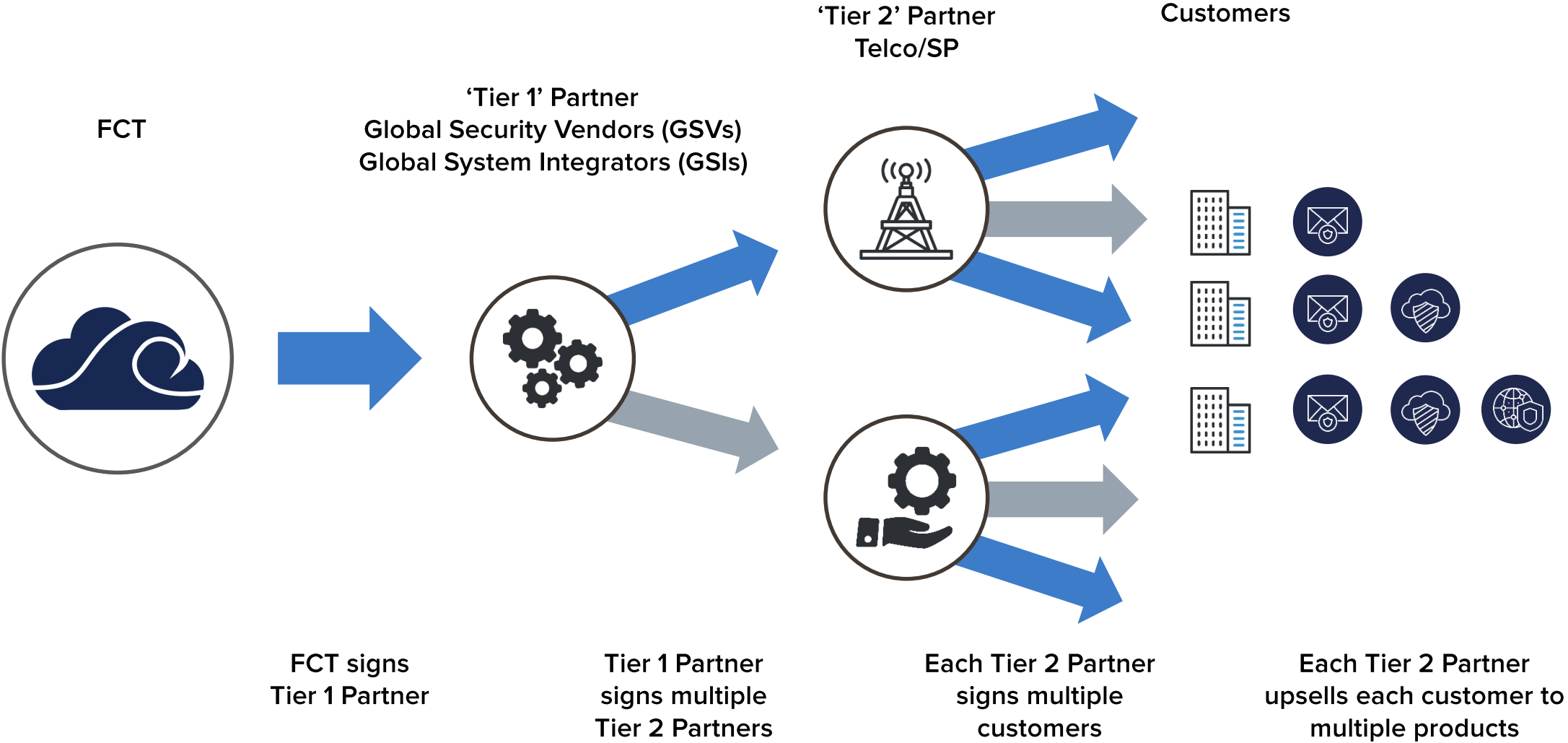
FCT's journey since Listing has had its 'ups and downs'



Early observations

- FCT has not met shareholder expectations
- FCT's Technology has global relevance in a multi-billion dollar market
- Building global businesses takes time and money
- Investors' focus directed to revenue as sole indicator of success
- Lead indicator is partner progress on the 'path to revenue' which FCT has not explained
- Significant progress achieved in FY19
- Bottom line – it's a numbers game – the more FCT partners, the broader the path
- Into FY19, 1 unleveraged partner in Australia
- Into FY20, 4 leveraged partners with global coverage

FCT's leveraged GTM creates value for all



Note: 'Tier 2' Partner (Telco/SP) refers to its position in FCT's leveraged go-to-market model not the size of the Telco/SP

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FY2019 Performance

CFO Jason Singh



Financial Highlights



24% SaaS Revenue CAGR



26% Customer Order CAGR



\$37m Invested Capital



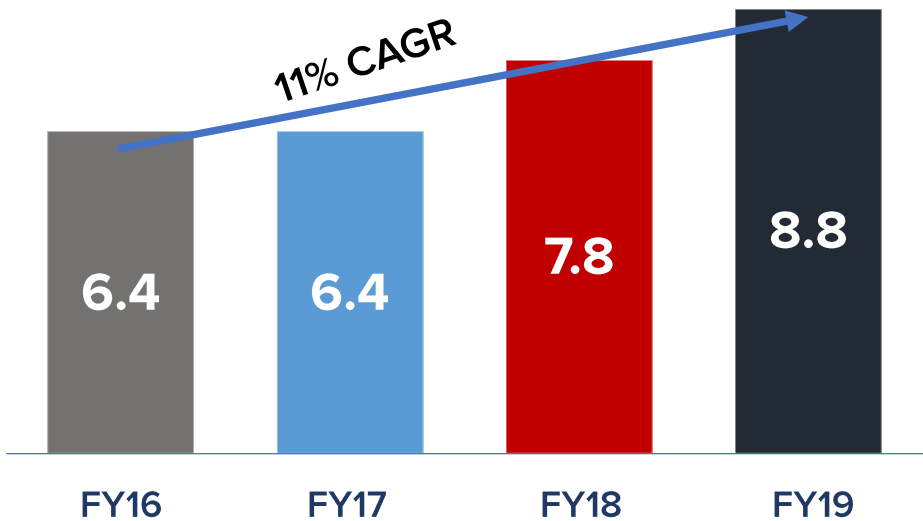
90% Recurring Revenue



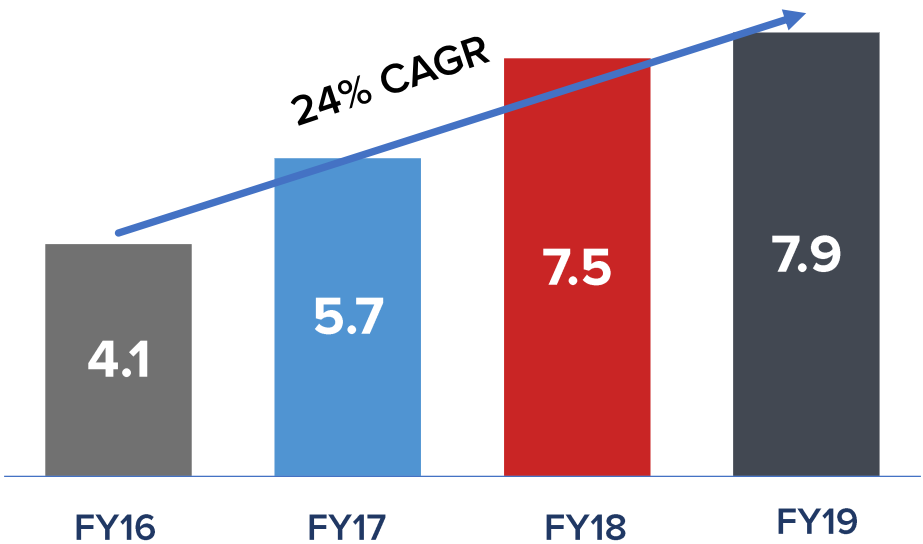
Average 1.34 Services per Customer

Revenue Growth

Total Revenue (\$M)



SaaS Revenue (\$M)



FY19 Financial Performance

Income growth of 14%, business continues to invest into Technology and Infrastructure

\$M	FY19	FY18	VAR \$	VAR %
Income				
Licensing and Support Revenue	8.5	7.5	1.0	14%
Professional Services Revenue	0.3	0.3	-	-
Other Income	0.8	0.6	0.2	31%
Total Income	9.6	8.4	1.2	14%
Gross Margin	5.0	4.3	0.7	15%
Gross Margin %	56.4%	55.5%		
Expenses				
Sales and Marketing	(6.9)	(3.8)	(3.1)	80%
Engineering and Development	(2.8)	(2.8)	-	-
General and Administration	(4.8)	(4.6)	(0.2)	5%
EBITDA	(8.7)	(6.3)	(2.4)	38%
Capital Expenditure	(2.6)	(1.7)	(0.9)	50%

❖ 14% increase in licensing and support

❖ Gross margin improved 15% on PCP

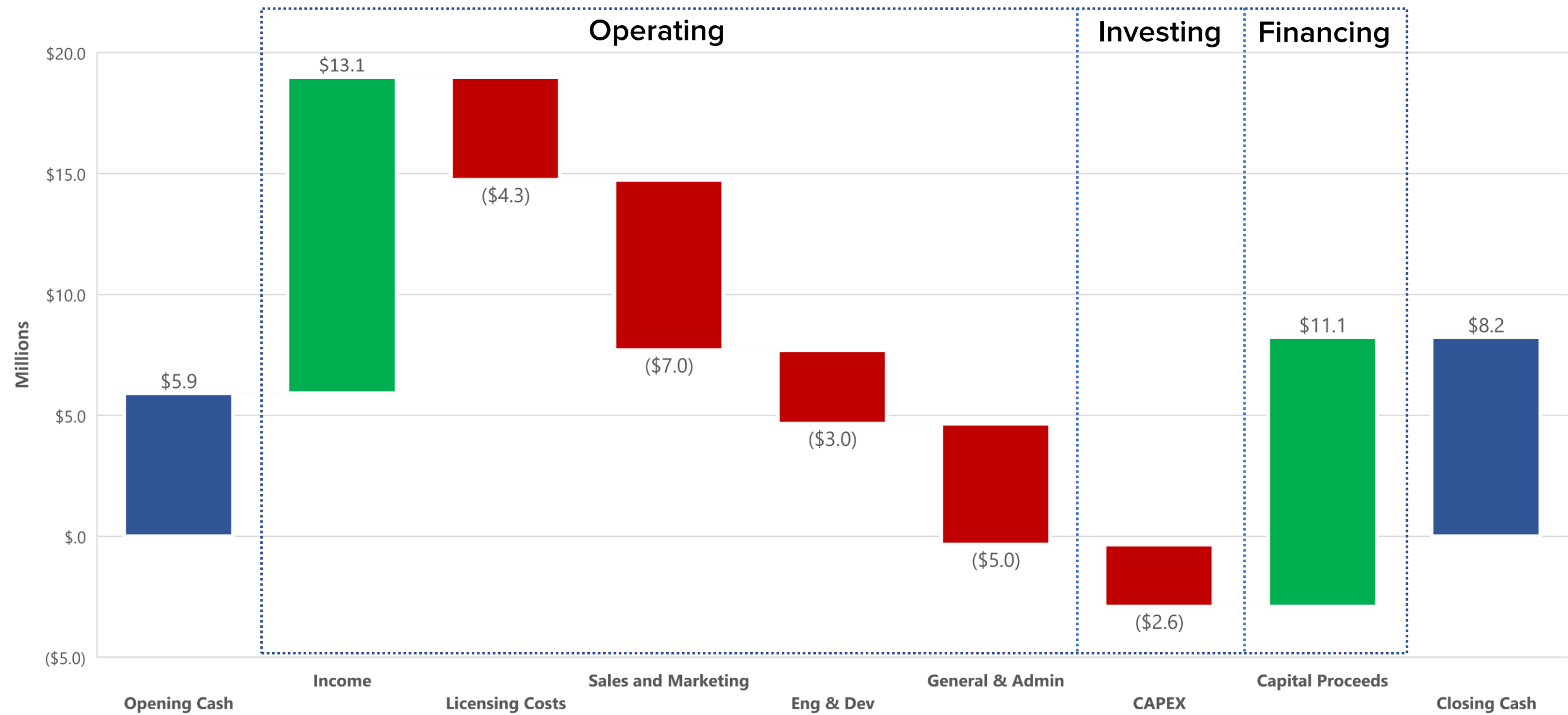
❖ Investment in FY19:

- Product development/releases
- Platform rollout; India, London, United States and a dedicated Cisco platform in Sydney
- Business development resources in London, India, Singapore and Malaysia

❖ FY19 closing cash balance of \$8.2m (\$5.9m FY18)

All numbers and accompanying commentary for FY19 are unaudited

FY19 Capital Movement



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Path to Revenue

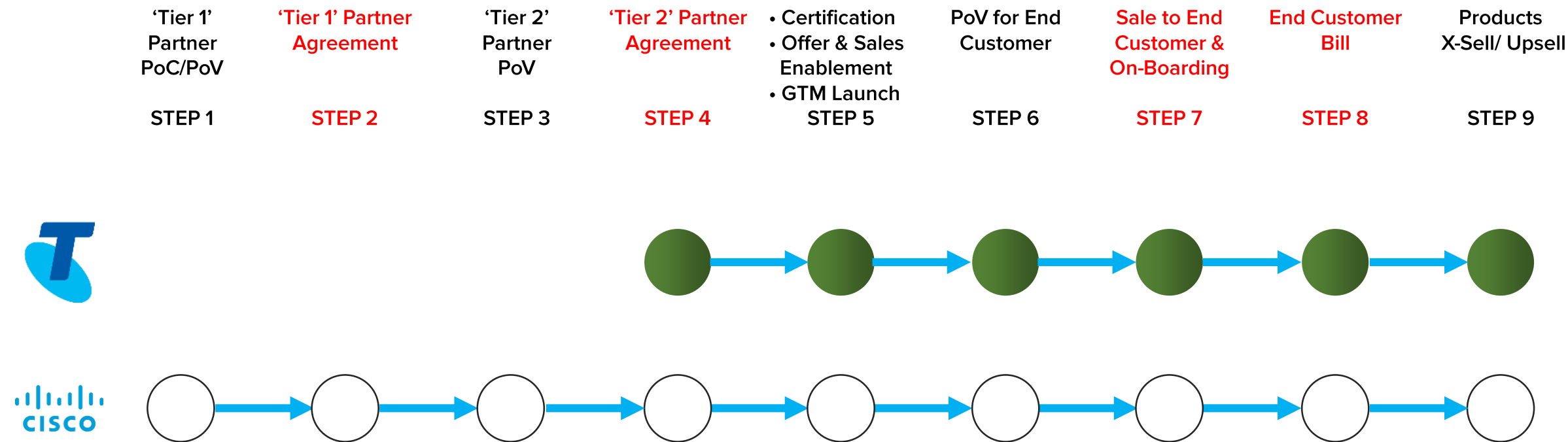
CEO David Kirton



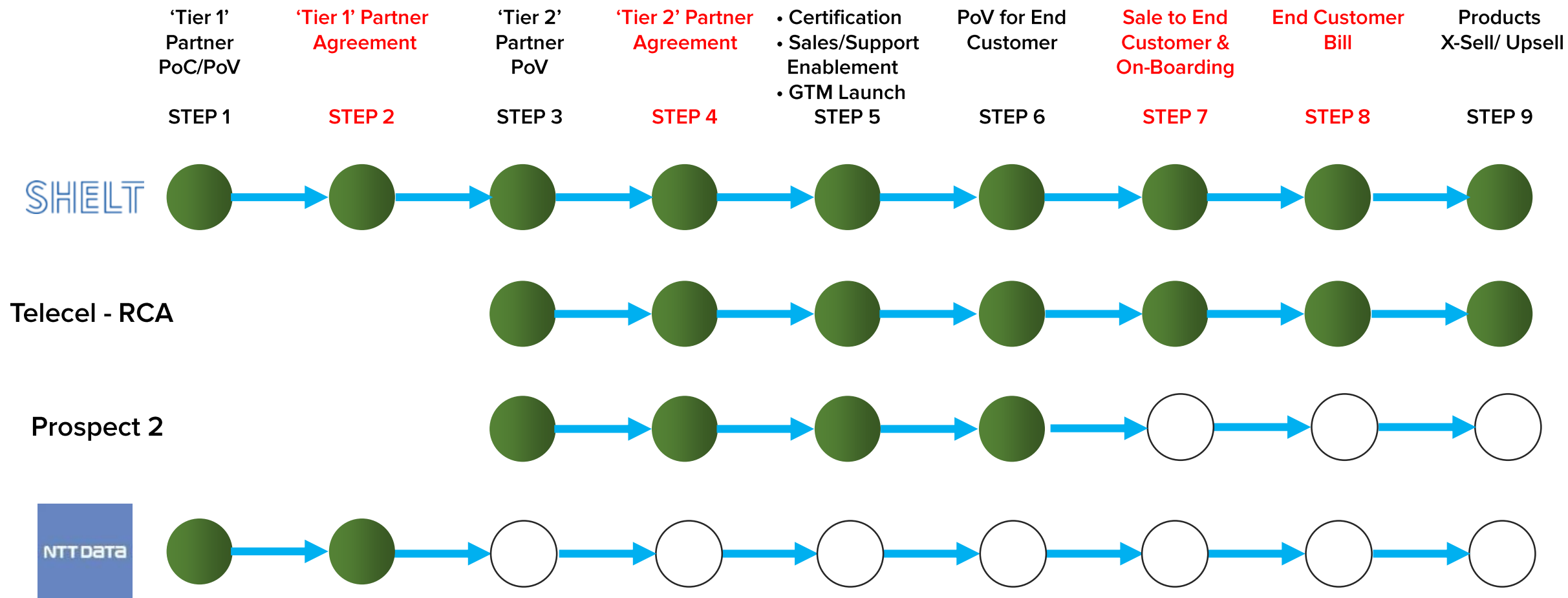
Path to revenue is established with clear milestones



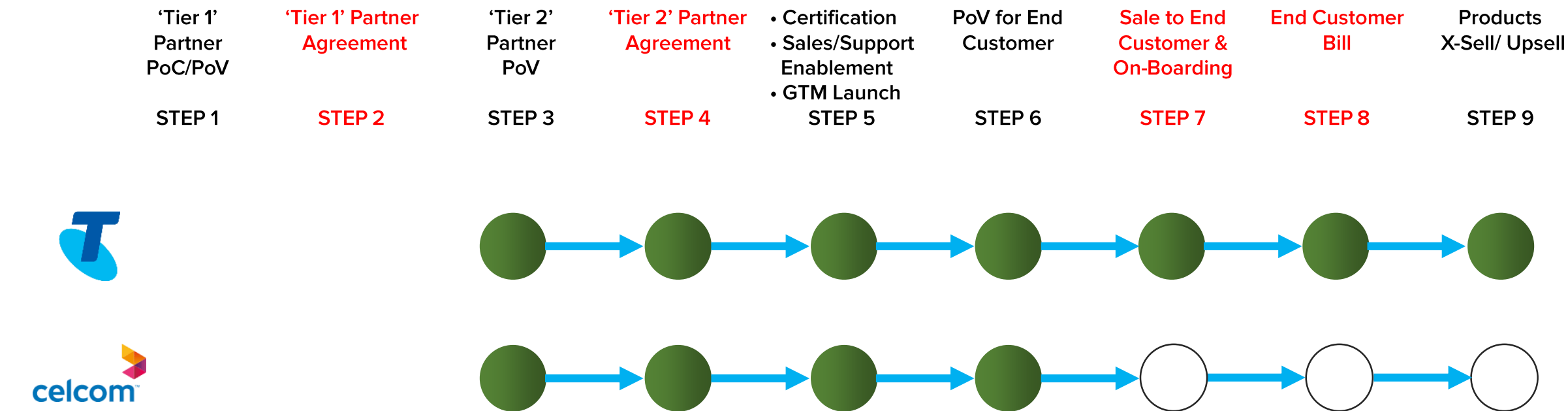
FY19 commenced with many milestones to be achieved



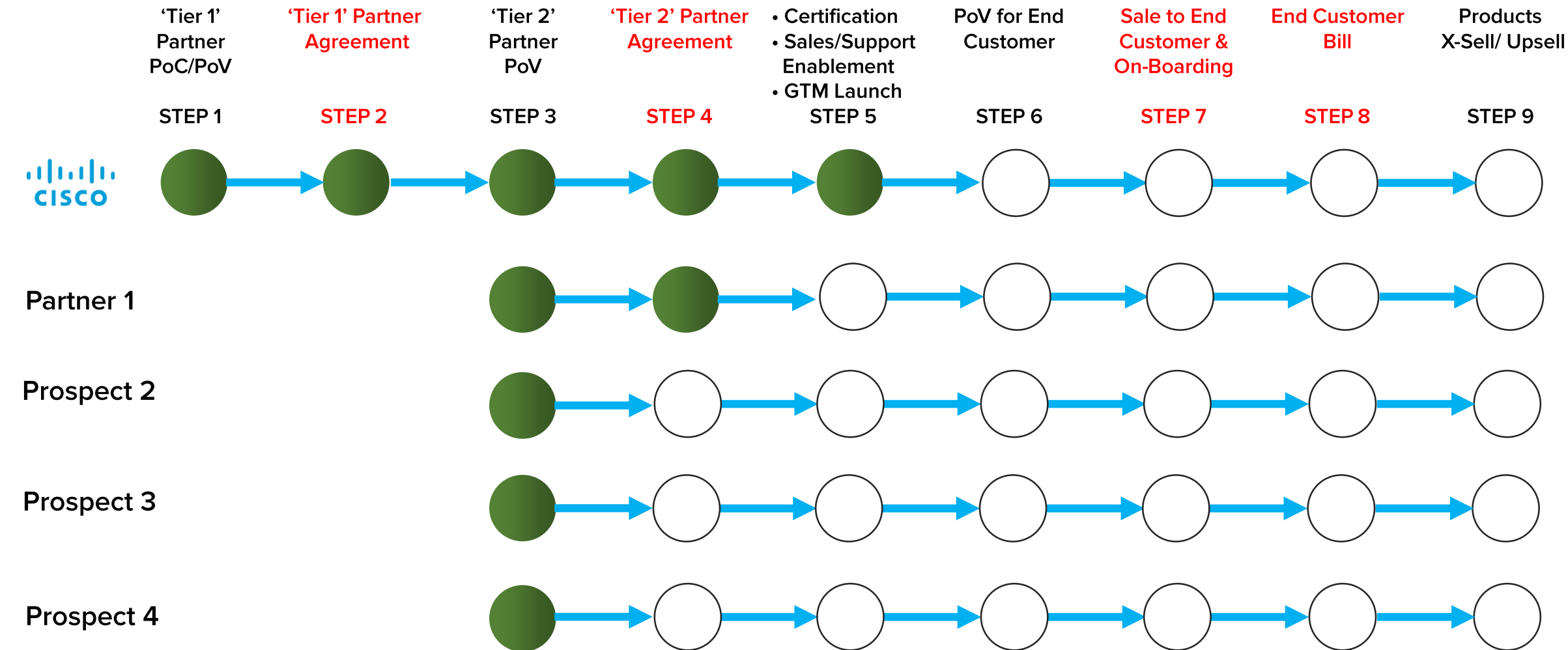
FY19 : Tier 1 Partners significantly progressed



FY19 : Ended with 1 x POV completed



FY19 : Many Cisco milestones achieved – 5 x ‘Tier 2’ Partner POVs



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Market Opportunity



Cybercrime – An \$840 billion* economic impact

Enterprise/SMB

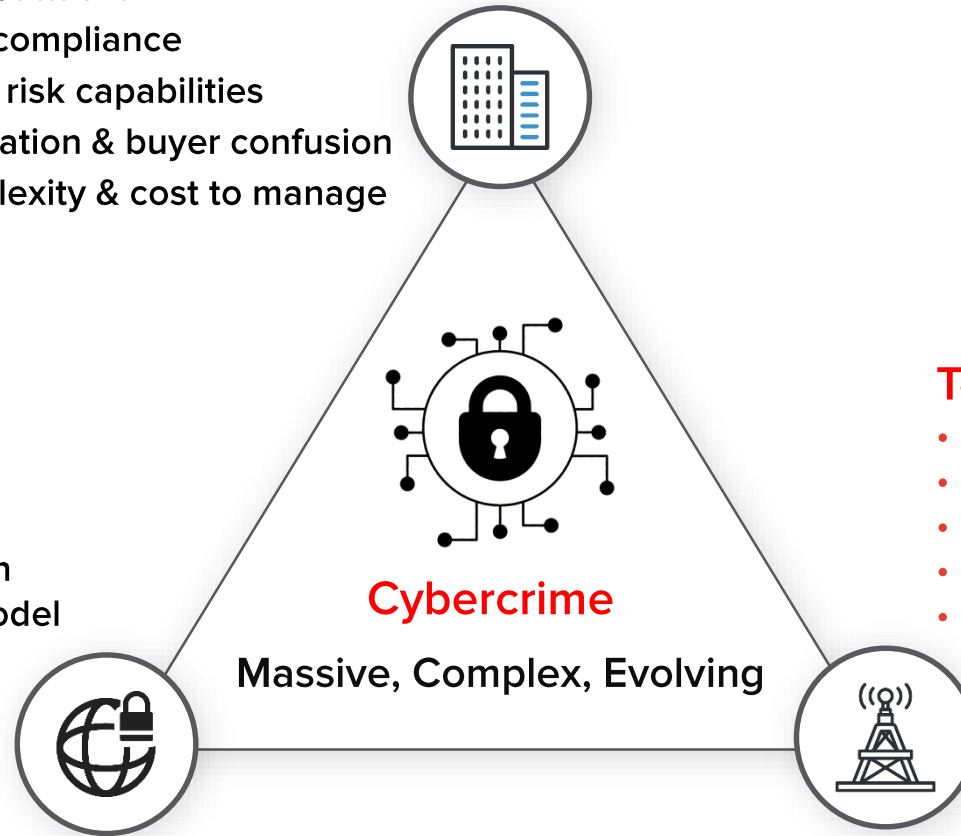
- Increased cyber threats/attacks
- Stricter regulatory and compliance
- Lack internal security & risk capabilities
- Vendor/product proliferation & buyer confusion
- Moving to cloud - complexity & cost to manage

Global Security Vendor (GSV)

- Challenge to address SMB needs
- Increased cloud provider competition
- Struggling to operationalise SaaS model

Telco/SP

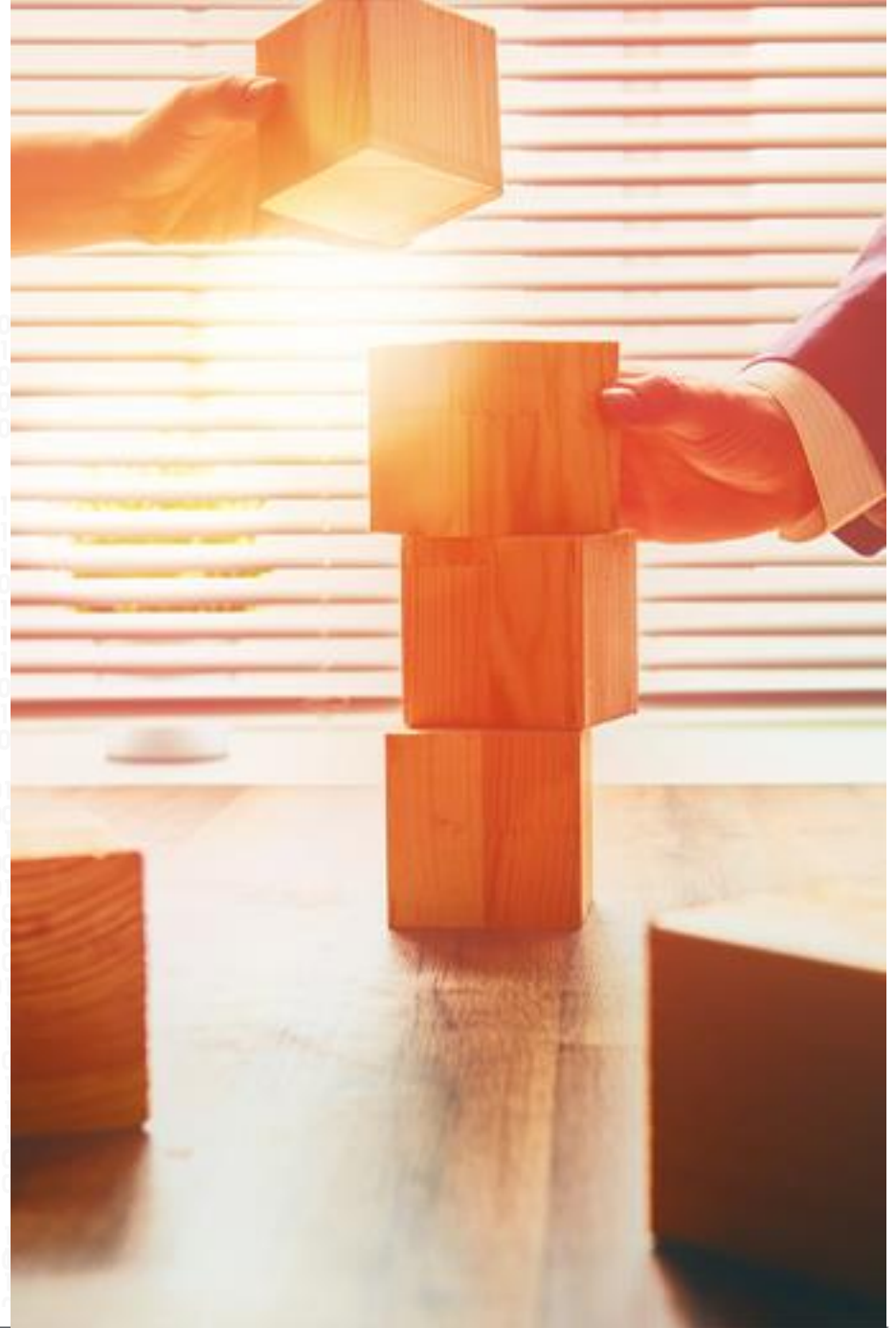
- Need new services to protect SMBs
- Want integrated security solutions
- Product development process too slow
- Cloud/SaaS Competitors winning share
- Funding/resources for MSS programs



* Center for Strategic and International Studies (CSIS) & McAfee Report, Economic Impact of Cybercrime— No Slowing Down February 2018

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Customer Problem

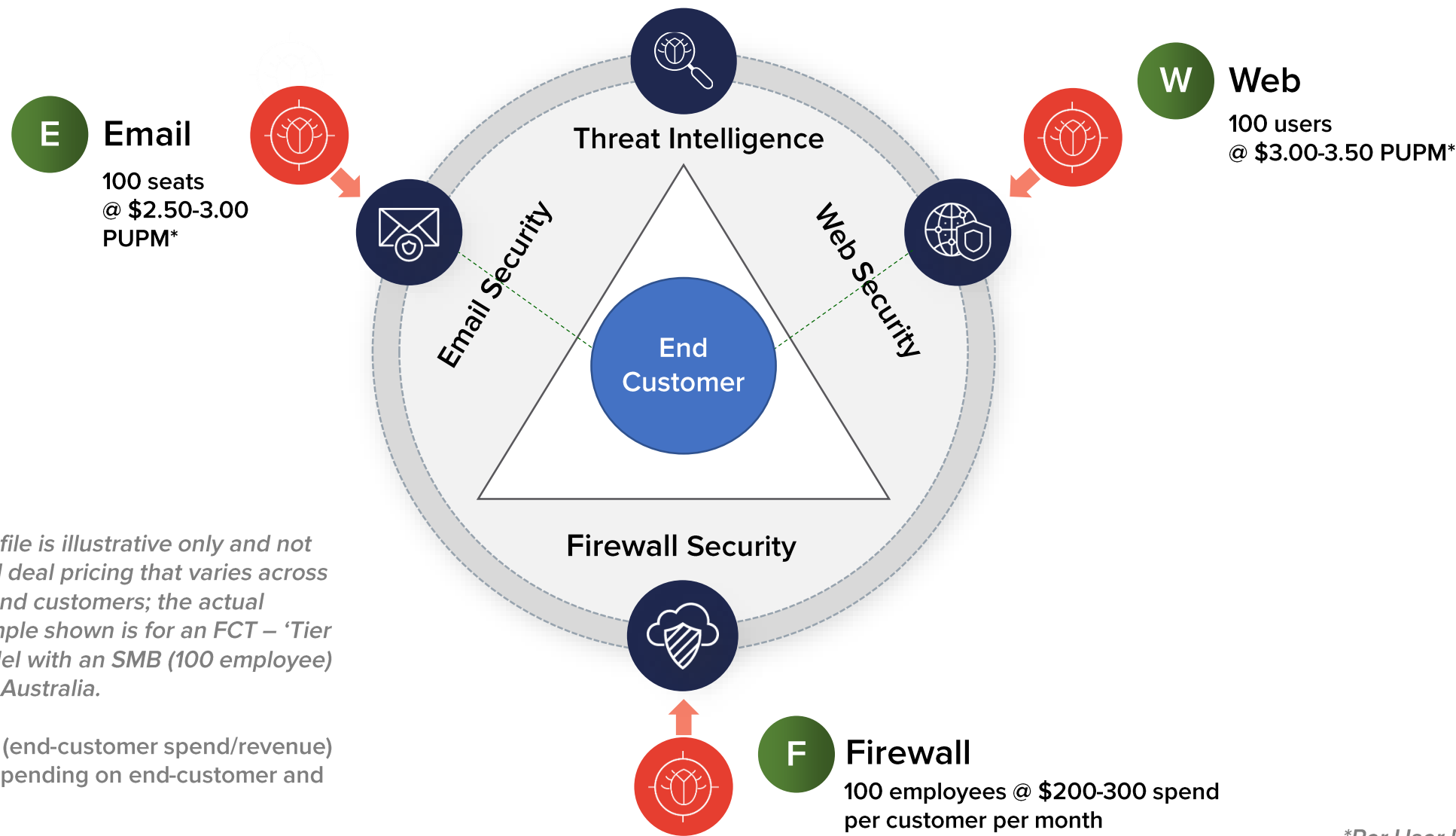


Problem : The end-customer is under threat



*source: Phishme (Cofense) research report

End-Customer can invest in 'EWF' security from their Telco/SP



***Monthly purchase profile is illustrative only and not representative of actual deal pricing that varies across different geographies and customers; the actual monthly purchase example shown is for an FCT – 'Tier 2' Partner contract model with an SMB (100 employee) end-customer based in Australia.*

N.B: FCT share of retail (end-customer spend/revenue) ranges from 30-60% depending on end-customer and geographic region

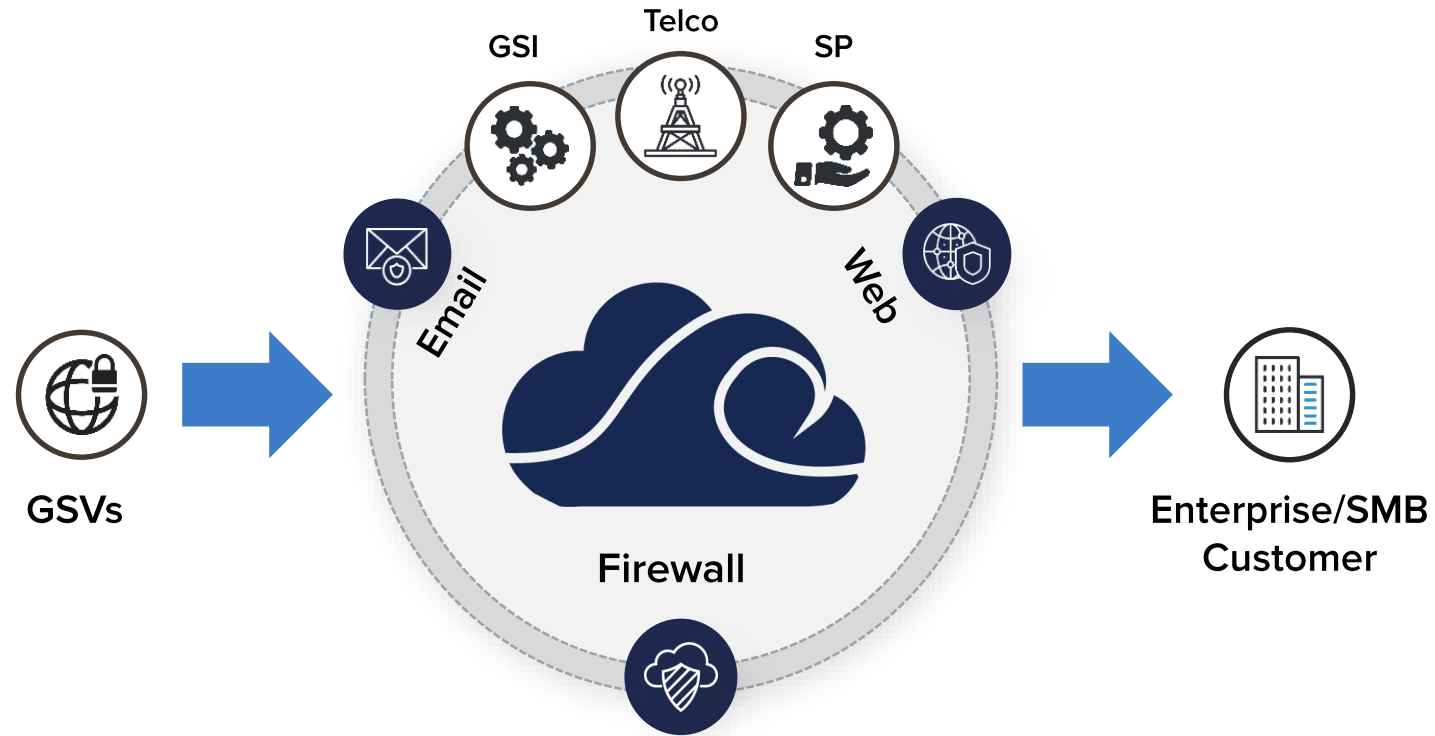
**Per User Per Month*

Crystallising the Opportunity

FCT's Solution



FCT's Solution: Cloud Content Security Platform (CCSP)



FCT Cloud Content Security Platform (CCSP)

CCSP is a unique cloud 'EWF' security orchestration platform for Telco/Service Providers that redefines their delivery economics and prevents cyber security threats from impacting their customers

CCSP has been validated globally



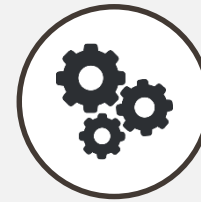
**12 years of
Telco deployment**



**Global OEM contract
5 Successful PoVs
1 Telco Win**



**Global System
Integrator contract
1 Successful PoV**



**EMEA Service
Provider contract
2 Successful PoVs
1 Telco Win
3 In-Progress PoVs**

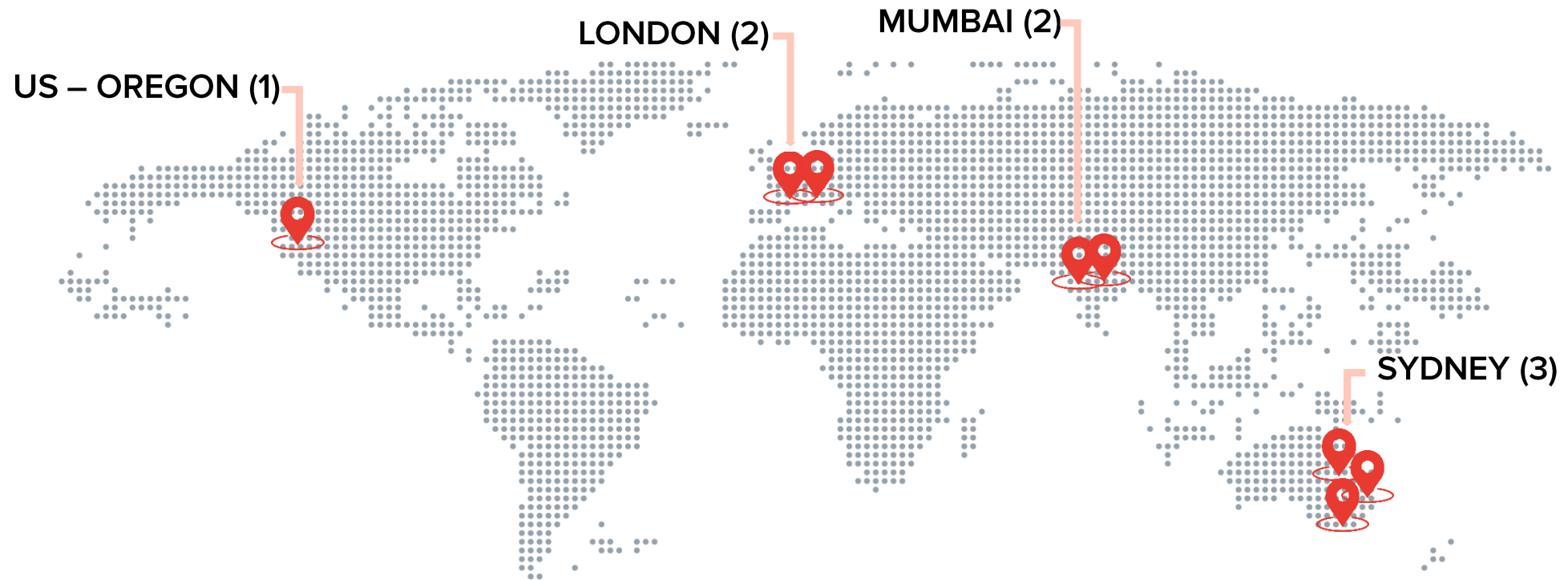


CCSP has clear competitive differentiation



Critical capabilities/requirements for Telco/SP	FCT CCSP	Technology & OSS/BSS Vendors	GSVs	Cloud Security Providers
Multiple Security Products : Email, Web & Firewall ('EWF')	●	○	◐	○
No Vendor 'Lock-In' (Vendor-Interoperability)	●	●	○	○
Accelerated Product Dev. & Launch	●	○	◐	●
Flexible Offer Constructs (Std/Custom)	●	◐	○	○
Minimal \$\$ Committed Investment	●	○	◐	●
Enable Service/Subscription Bundles (Network + Security)	●	●	◐	○
Leverage Telco/SP 'Core' Assets (Now/Future)	●	◐	◐	○
Service Orchestration & Automated Provisioning	●	◐	◐	◐
Telco Operational Integration (IT/Process)	●	●	◐	○
Partner Services Ecosystem (e.g Implementation)	●	●	●	◐

CCSP is currently deployed on 8 x platforms globally



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Opportunity



FCT's slice of a \$14 billion cloud based MSS opportunity



CCSP for Enterprise/SMB

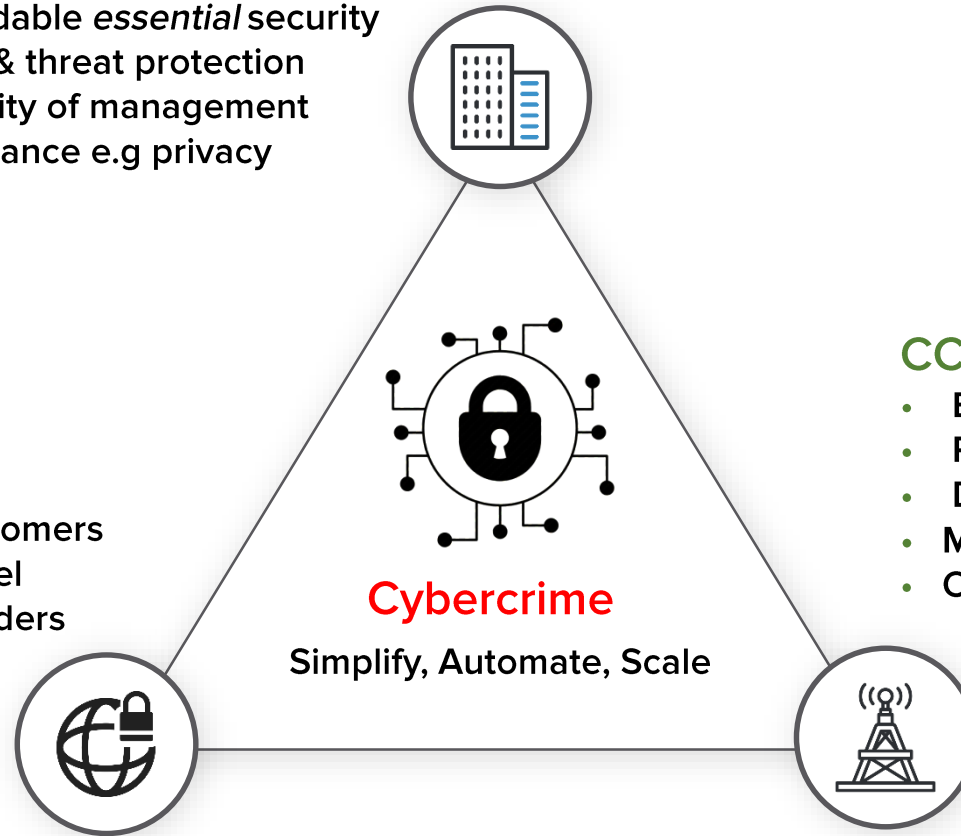
- Telco-delivered, affordable *essential* security
- SaaS-based security & threat protection
- Convenience, simplicity of management
- Aid regulatory compliance e.g privacy

CCSP for GSV

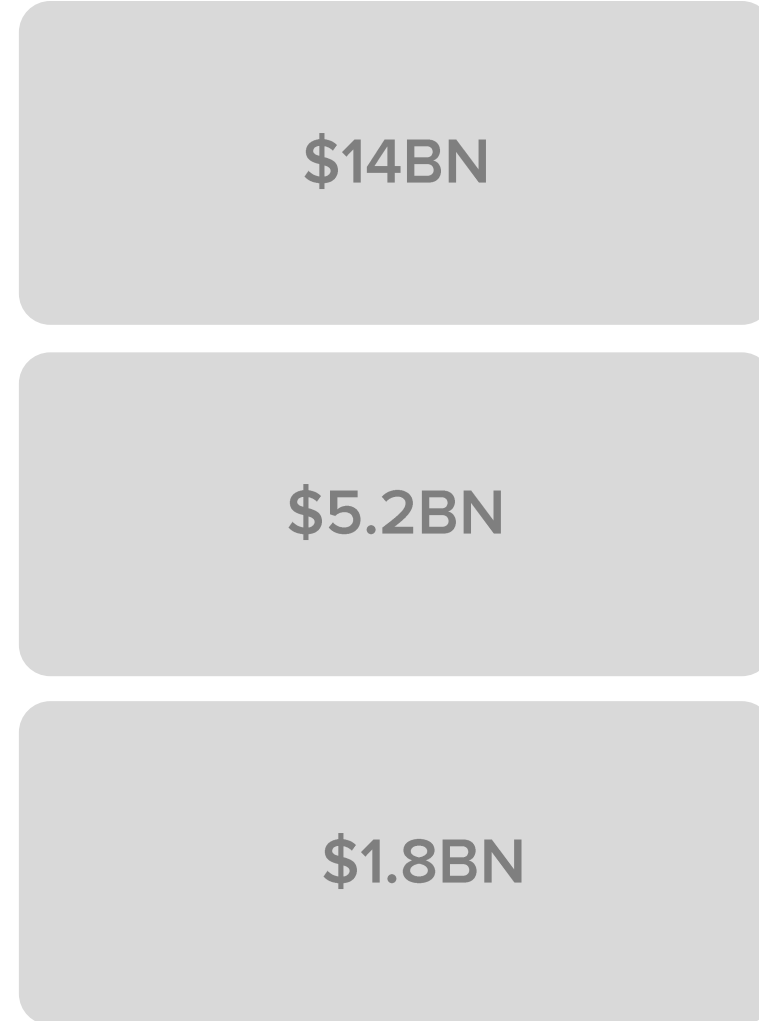
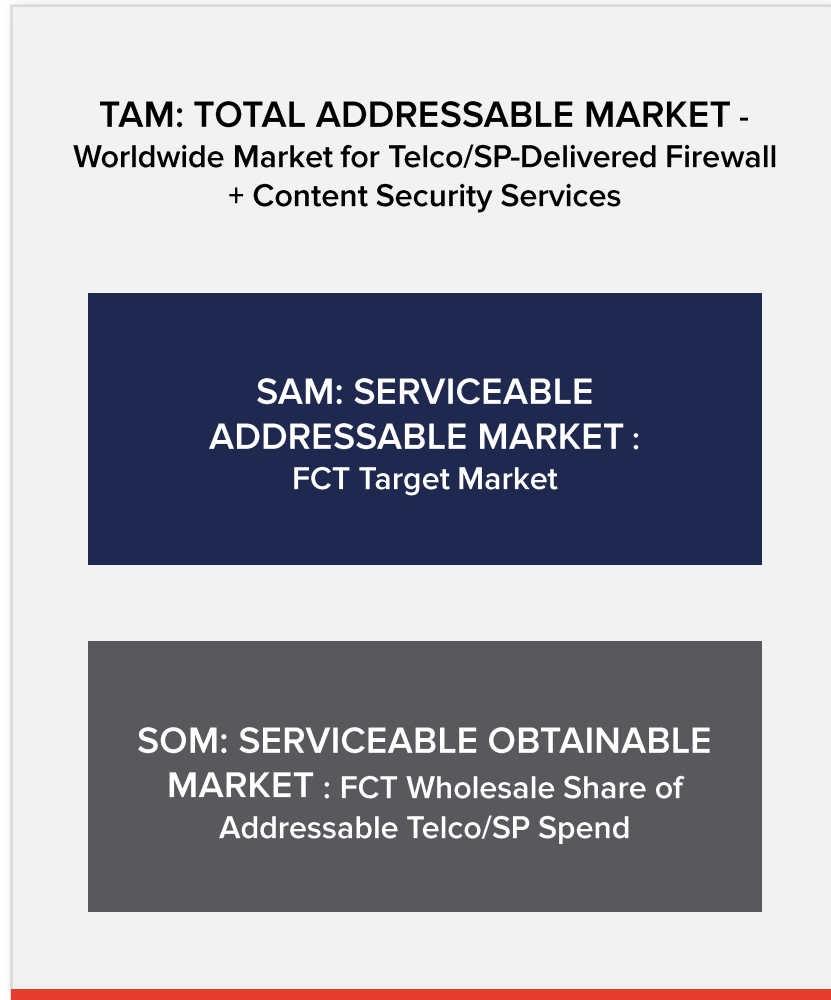
- Gain access to Telco SMB customers
- Transform to SaaS/Cloud model
- Compete vs. SaaS/cloud providers

CCSP for Telco/SP

- Enable launch of integrated security services
- Protect / secure any size enterprise customer
- Differentiation/UVP vs. cloud competitors
- Minimal upfront investment & resource
- Operational scale/ efficiency via automation

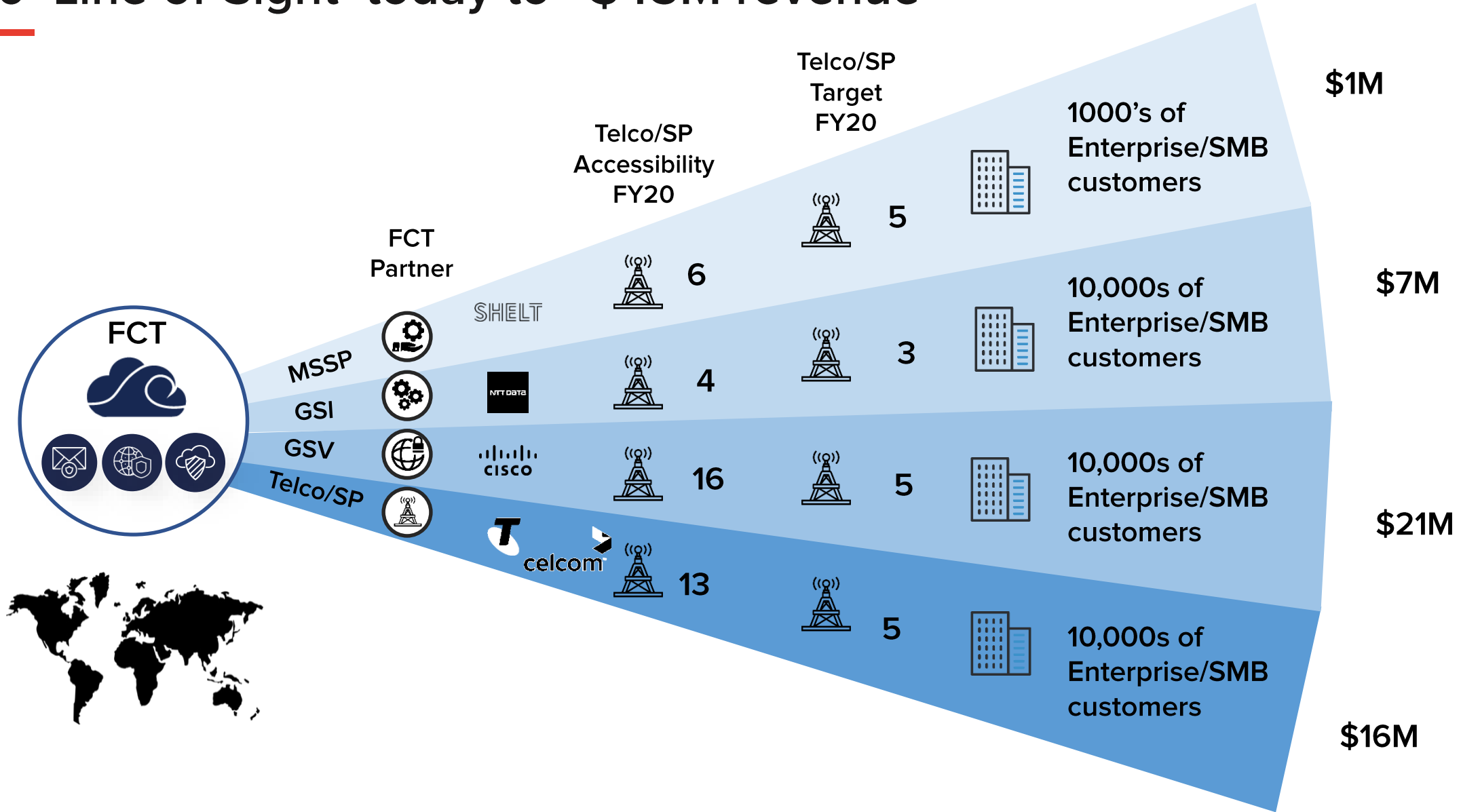


The FCT opportunity



N.B: Refer to Slide 39 - 'FCT TAM, SAM & SOM Calculations

FY20 'Line-of-Sight' today to ~\$45M revenue

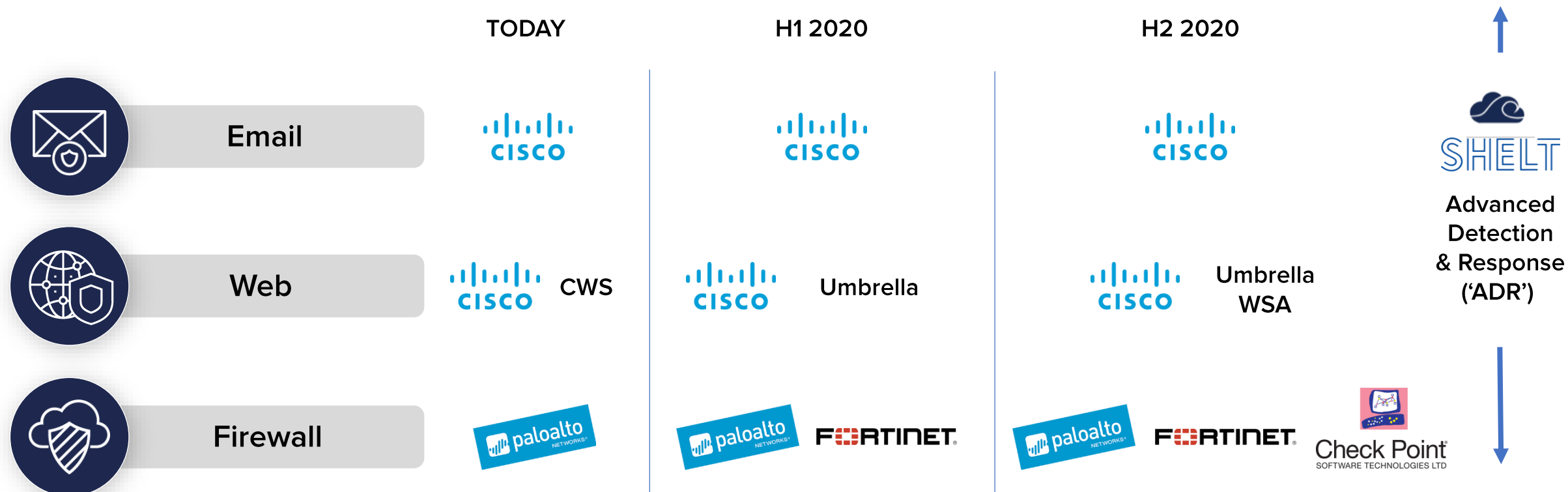


Crystallising the Opportunity

Product Roadmap



FY20 Product Roadmap builds FCT's addressable market



Summary – Key Takeouts

- Cybercrime is an \$840BN problem for the end customer
- GSV's and Telco / SP's have their own challenges
- FCT's CCSP is a unique solution
- CCSP has been validated by our global Partners
- Our 'Leveraged' GTM model unlocks access to a \$1.8BN opportunity
- Today we have line of sight to \$45M of that \$1.8BN

A simple guide to acronyms in our presentation

FirstWave plays in a highly technical world so here are some definitions to help you navigate terminology

- BDM – Business Development Manager – sales executive
- CCSP – Cloud Content Security Platform
- Content Security – a product market category that comprises email security and web security
- CWS – Cloud Web Security - a cloud-based Secure Web Gateway service offering from Cisco (ex-Scansafe, a company acquired by Cisco)
- EMEA – Europe, Middle East & Africa
- EWF – A FCT-conceived abbreviation for an *Email + Web + Firewall* solution package or offer bundle from a Telco/SP to an Enterprise/SMB customer
- Exit revenue – Annualised Monthly Recurring Revenues (AMRR) as at June 30 of the corresponding fiscal year
- GSI – Global Systems Integrator
- GSV – Global Security Vendor – e.g. Cisco, Palo Alto Networks, Fortinet
- MRR – Monthly Recurring Revenue
- MSS – Managed Security Services
- MSSP – Managed Security Service Provider – e.g. a Telco/SP that offers MSS to its enterprise/SMB
- OEM – Original Equipment Manufacturer - a company that produces equipment , marketed and sold by another manufacturer – e.g. what FirstWave does with Cisco
- OSS/BSS – Operational Support System / Business Support System (Telco/SP core IT systems)
- SaaS – Security as a Service
- SWG – Secure Web Gateway – a category of content security product or technology that inspects user web traffic for security and content control purposes
- SP – Service Provider – a term used for a Telco or a network services provider or communications service provider
- Telco – a telecommunications company , whether a fixed network or mobile network operator or both
- Umbrella – Cisco Umbrella - a cloud-based Secure Internet Gateway (SIG) offering from Cisco
- WSA – Cisco Web Security Appliance - a proxy-based Secure Web Gateway (SWG) product from Cisco

A simple guide to acronyms in our presentation

Definitions for the Path to Revenue model

- ‘Tier 1’ Partner– this is a GSV or GSI partner of FCT (leveraged partner model)
- ‘Tier 2’ Partner– this is a customer of a ‘Tier 1’ Partner (leveraged go-to-market model) or a direct customer of FCT e.g Telstra
- ‘Tier 1’ / ‘Tier 2’ PoC/PoV – ‘Tier 1’ Partner or ‘Tier 2’ Partner starts full trial on the platform that if successful will then provide the confidence for the respective ‘Tier 1’ Partner or ‘Tier 2’ Partner to on-sell to their customers
- ‘Tier 1’ Partner OEM/Reseller Agreement - this is a collective term for an agreement between FCT and a ‘Tier 1’ Partner
- OEM Agreement – this is an OEM agreement between FCT and a ‘Tier 1’ Partner being a Global Security Vendor (GSV)
- ‘Tier 2’ Partner MSA / Reseller Agreement – This is a master services agreement between FCT and a ‘Tier 2’ Partner with approved pricing and service definitions
- FCT Platform Certification – This is a technical certification by the ‘Tier 1’ Partner or ‘Tier 2’ Partner that allows their customers to be provisioned onto the platform
- Sales/Support Enablement – All ‘Tier 1’ Partner and/or ‘Tier 2’ Partner sales teams have been trained on and provided with FCT product and service information
- GTM Launch – When the ‘Tier 1’ Partner and/or ‘Tier 2’ Partner launches the FCT CCSP-enabled service to their customers
- PoV (Proof of Value) for End Customer – End customer full trial on the platform that if successful is then provides catalyst to sign order
- PoC (Proof of Concept) for Partner – Partner customer full trial on the platform that if successful is then provides catalyst to sign agreements
- End Customer Order & On-boarding – End customer orders FCT solution from ‘Tier 2’ Partner is on on-boarded to the service
- End Customer Bill – End customer is billed by ‘Tier 2’ Partner which allows FCT to bill ‘Tier 1’ Partner or ‘Tier 2’ Partner
- Products X-Sell/Upsell – ‘Tier 2’ Partner sales teams cross-sell and up-sell other FCT– enabled solutions
- SAM – Serviceable Addressable Market
- SMB – Small to Medium Business (sometimes also called a ‘SME’ or Small to Medium Enterprise)
- SOM – Serviceable Obtainable Market
- TAM – Total Addressable Market

FCT TAM, SAM & SOM calculations

TAM: TOTAL ADDRESSABLE MARKET -
Worldwide MSS/Cloud-Based Firewall & Content
Security (Telco/SP-served)

**SAM: SERVICEABLE ADDRESSABLE
MARKET -** Portion of Total Enterprises
served < 200 employees in size (target
end customer profile)

**SOM: SERVICEABLE OBTAINABLE
MARKET -** Proportion of worldwide
Telco/SPs accessible (Geos/ Partner
reach), FCT wholesale revenue

TAM: \$14BN



**SMB + % Medium Businesses
(<200 employees) only**

$SAM = 37\% * TAM = \$5.2BN$



- Accessible Geo Markets & Telco/SPs via (Current) FCT Channel Partners (75%)
- Adjustment of Telco/SP retail revenues to FCT wholesale /resale level (*45%)



$SOM = 75\% * 45\% \text{ of } SAM = \$1.8BN$

THANK YOU