

Future trends in traditional authentication

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Authentication
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SAAS SOLUTIONS

CREDIT REPORT
31.5%

ISV SOLUTIONS

SOCIAL SECURITY NUMBER

30th ANNIVERSARY
three decades strong

SOCIAL SECURITY NUMBER
FINANCIAL STATEMENT

HEALTH RECORDS

MANAGE THE CLOUD



Agenda

- Corporate overview
- Market dynamics
- SafeNet authentication portfolio overview
 - On premises management
 - Hardware offering
 - Certifications
- Investments

What We Do

SafeNet is trusted to **protect, control access to, and manage** the worlds most **sensitive data** and high value **applications**



We protect the **most money that moves**—over **80% of the world's intra-bank fund transfers** and nearly **\$1 trillion per day**.



We control access to the **most sensitive corporate information**—more than **35 million identities protected** via tokens, smartcards, and mobile devices managed on-premise and in the cloud.



We **monetize the most high-value software**—more than **100 million license keys** protect and manage on-premise, embedded, and cloud applications globally.



We are the **de facto root of trust**—deploying more than **86,000 key managers** and **protecting up to 750,000,000 encryption keys**.

Who We Serve

The world's **most trusted brands** trust SafeNet to secure their **sensitive information** and **monetize their software** assets.



What's New at SafeNet: Corporate Update

■ New Leadership

- Dave Hansen joins as CEO in December 2012
- Mike Branca joins as CFO in January 2013
- Prakash Panjwani appointed as GM of DP in April 2013

■ Focused Vision

- SafeNet divests Government Solutions unit to Raytheon
- SafeNet continues to innovate:
 - HSM-as-a-Service- SafeNet Crypto Hypervisor – CloudHSM launched by AWS
 - Key Management gains prominence – launch of virtual KeySecure in 2H 2013
 - Expansion of storage encryption solution

■ Established Technology

- SafeNet celebrates 30 years of leadership and innovation in data protection

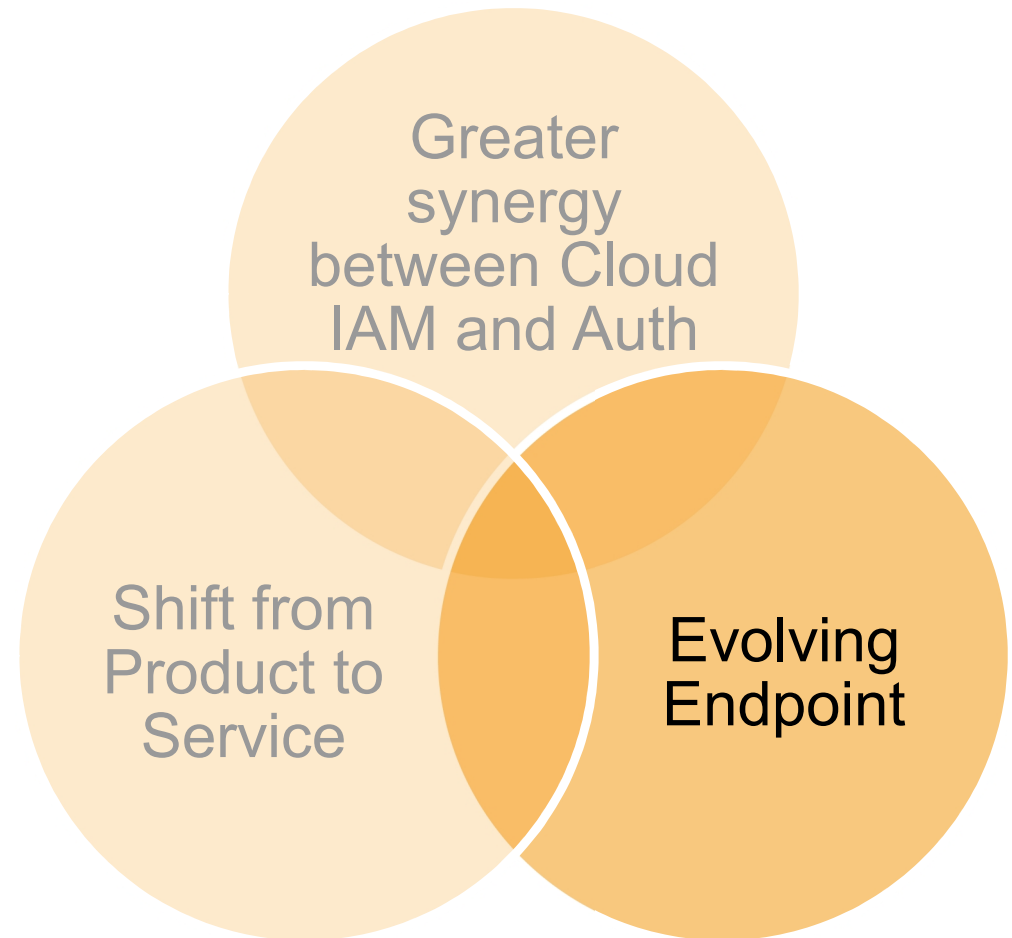


Market Dynamics

Market Dynamics

Evolving Endpoint

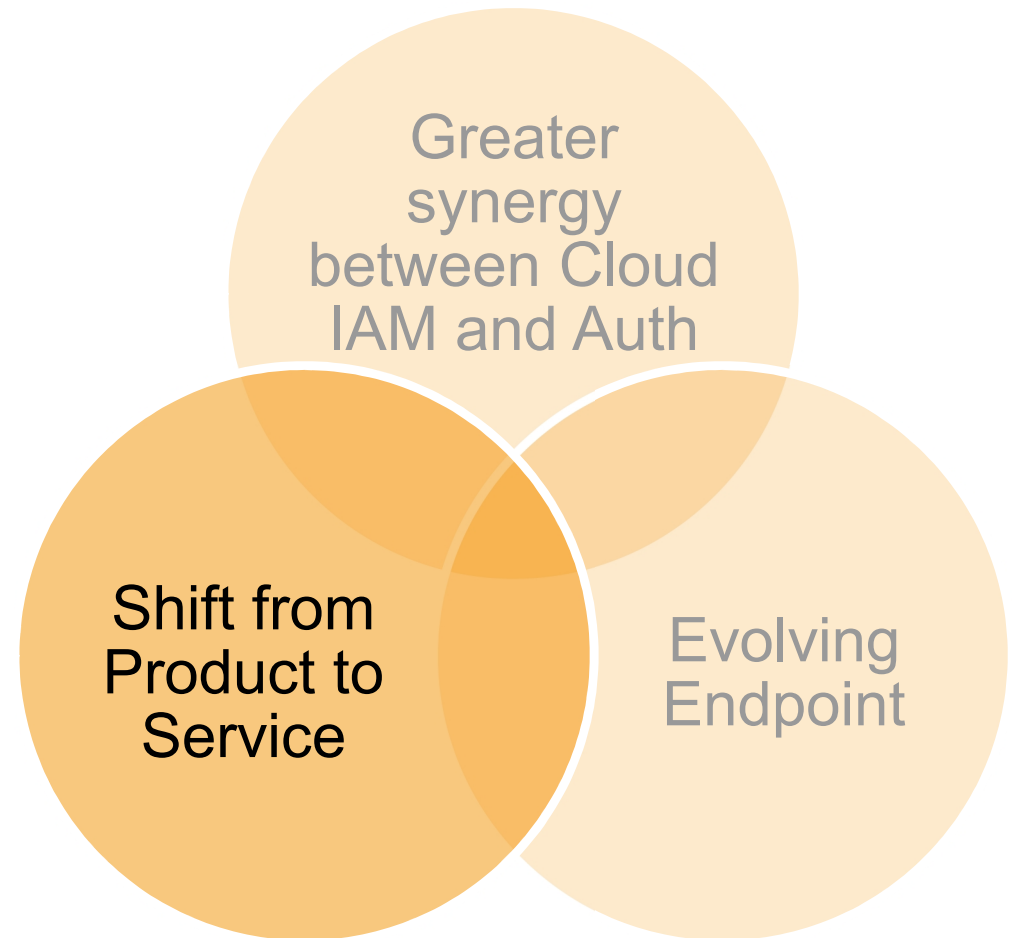
- Shift from browser to application centric models
- Multiple identities
- Multiple devices
- Inconsistent credential management across mobile and PC



Market Dynamics

Shift from Product to Service

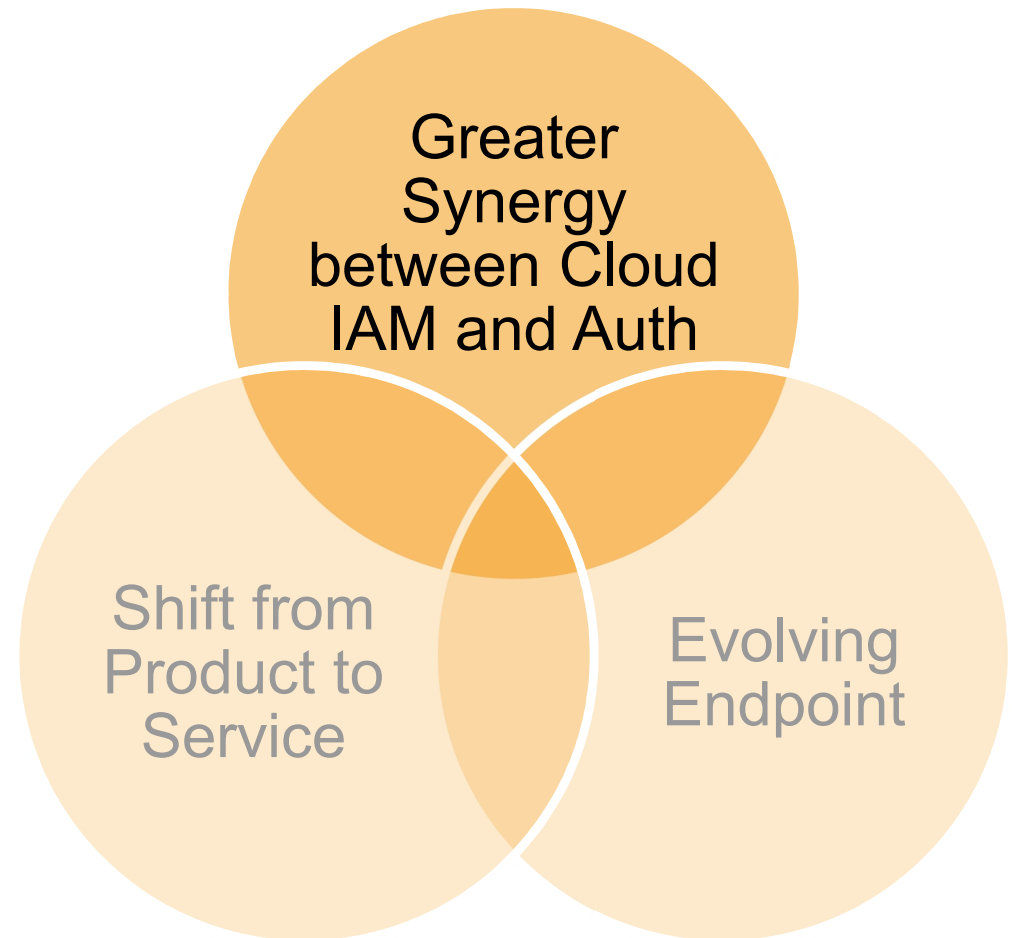
- Not only about the security functionality. It is about how it is provisioned, managed, and brought to market
 - On-demand, agile, automated, self-service
 - Creating new business models and routes to market



Market Dynamics

Greater Synergy between Cloud IAM and Authentication

- Complexity has caused need for simplification.
- Markets are merging- it is inevitable



Expected Market Growth

GLOBAL ADVANCED AUTHENTICATION MARKET REVENUE, BY REGIONS, 2013 – 2018 (\$BILLION)

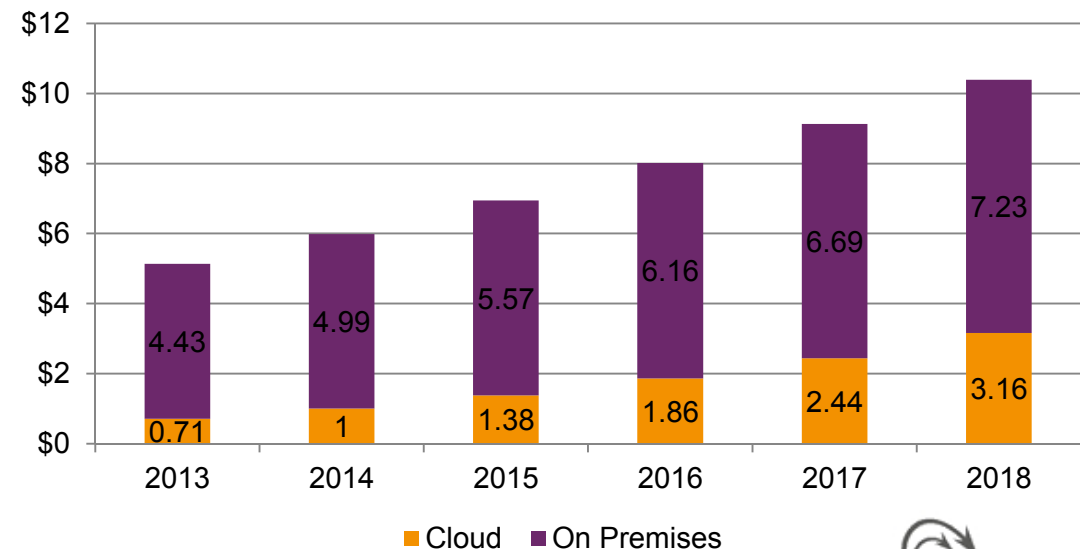
| Region | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | CAGR (2013-2018) |
|------------------------|------|------|------|------|------|------|---------------------|
| North America | 0.25 | 0.29 | 0.34 | 0.39 | 0.44 | 0.49 | 14.3% |
| Europe | 0.18 | 0.21 | 0.25 | 0.30 | 0.35 | 0.41 | 17.9% |
| Asia-Pacific | 0.13 | 0.17 | 0.21 | 0.27 | 0.34 | 0.44 | 27.7% |
| Middle East and Africa | 0.05 | 0.07 | 0.10 | 0.12 | 0.15 | 0.18 | 28.0% |
| Latin America | 0.04 | 0.05 | 0.07 | 0.09 | 0.10 | 0.13 | 24.8% |
| Total | 0.65 | 0.80 | 0.96 | 1.16 | 1.38 | 1.64 | 20.3% |

Includes software revenues from technologies used for biometric recognition of identities, smart cards software and two, three and multifactor authentication.

Source: MarketsandMarkets Analysis

Cloud CAGR 34.9%
On-prem CAGR 10.3%

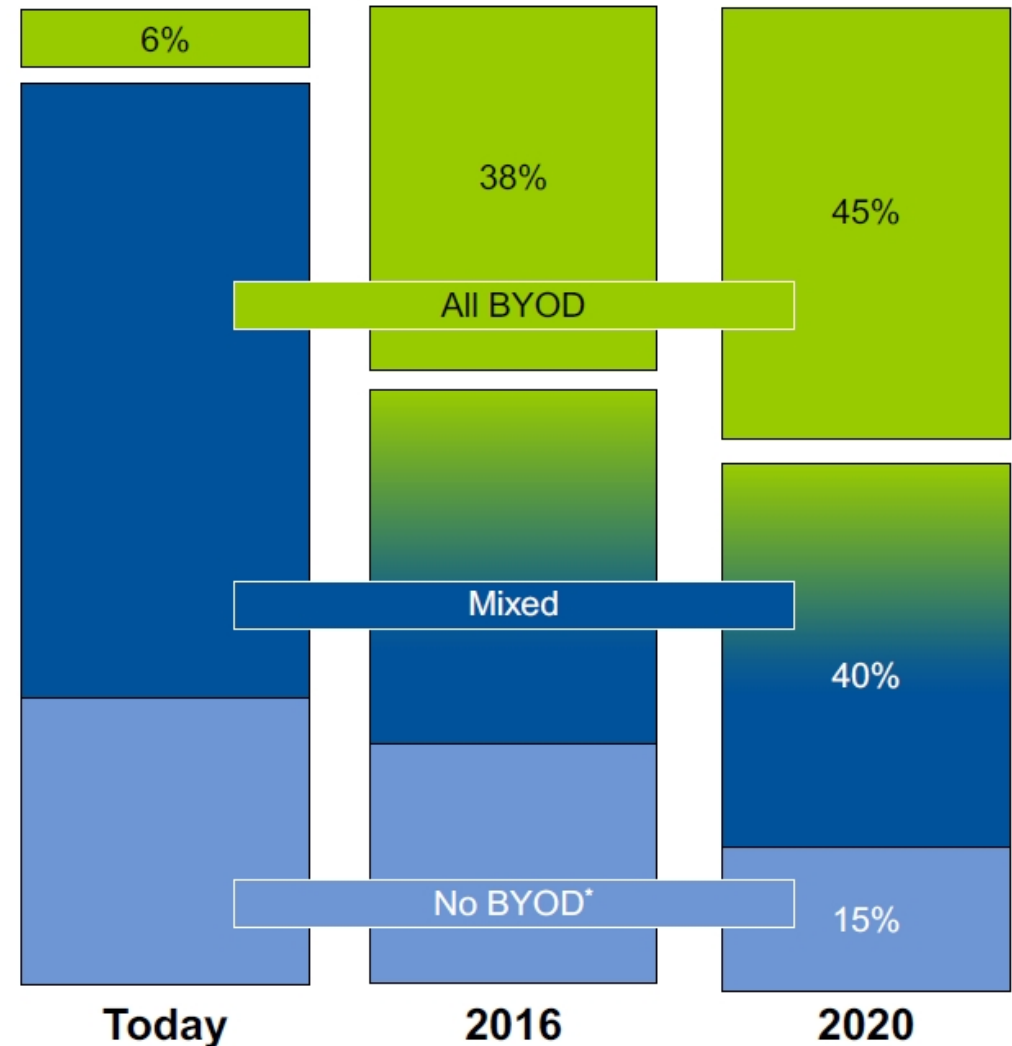
Global IAM Revenue (B\$)



BYOD Trends

- By 2015, the number of employees using mobile applications in the workplace will double.
- By 2017, half of employers will require employees to supply their own device for work purposes.
- By 2016, the typical organization will spend over \$300 per year per employee on mobile applications, security, management and support

When Organizations Will Cease to Provide Personal Devices



The new threat landscape



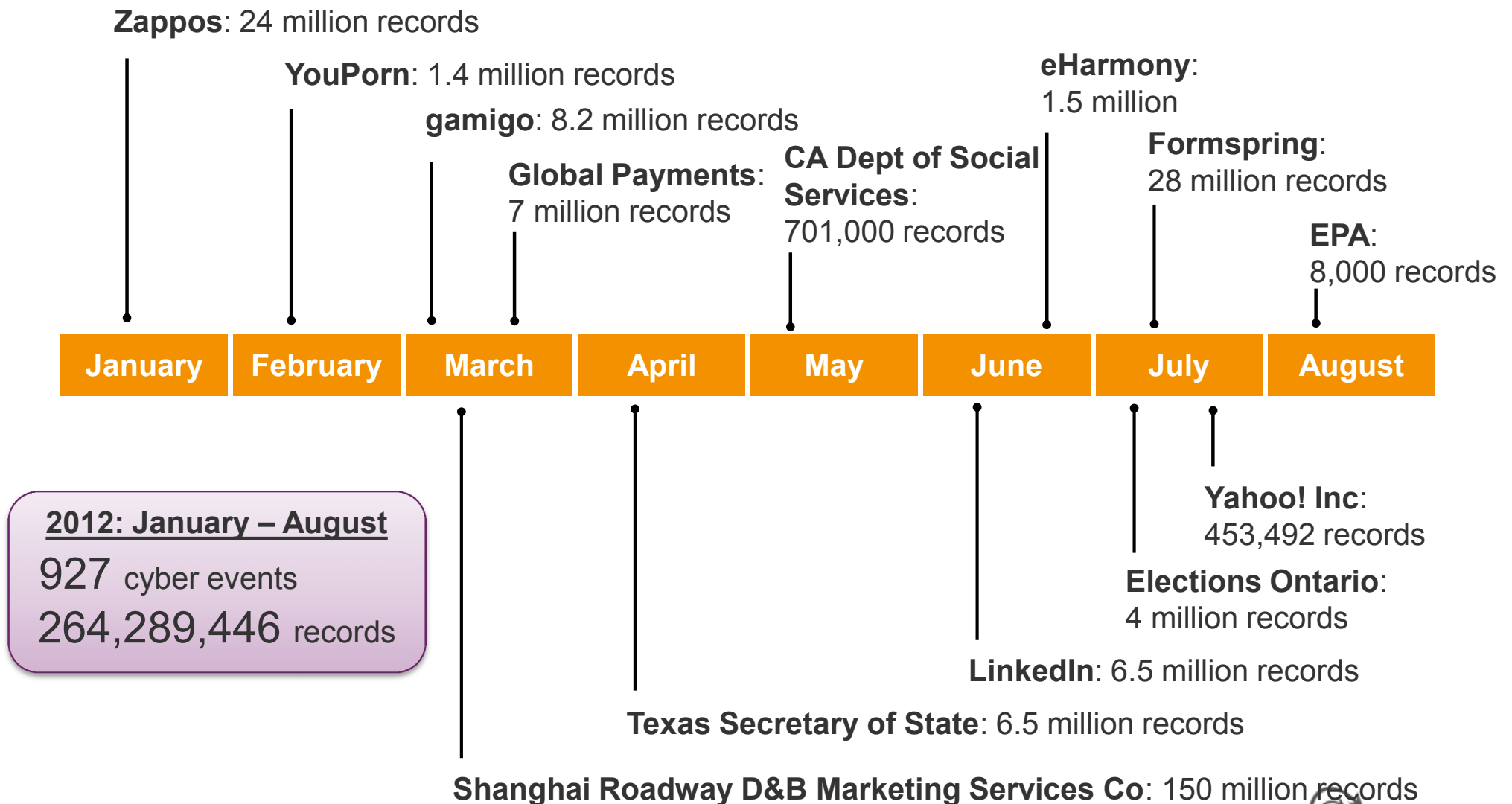
2012 data breach report - Verizon

Table 7. Top 10 Threat Action Types by number of breaches and records

| Rank | Variety | Category | Breaches | Records |
|------|---|----------|----------|---------|
| 1 | Keylogger/Form-grabber/Spyware (capture data from user activity) | Malware | 48% | 35% |
| 2 | Exploitation of default or guessable credentials | Hacking | 44% | 1% |
| 3 | Use of stolen login credentials | Hacking | 32% | 82% |
| 4 | Send data to external site/entity | Malware | 30% | <1% |
| 5 | Brute force and dictionary attacks | Hacking | 23% | <1% |
| 6 | Backdoor (allows remote access/control) | Malware | 20% | 49% |
| 7 | Exploitation of backdoor or command and control channel | Hacking | 20% | 49% |
| 8 | Disable or interfere with security controls | Malware | 18% | <1% |
| 9 | Tampering | Physical | 10% | <1% |
| 10 | Exploitation of insufficient authentication (e.g., no login required) | Hacking | 5% | <1% |

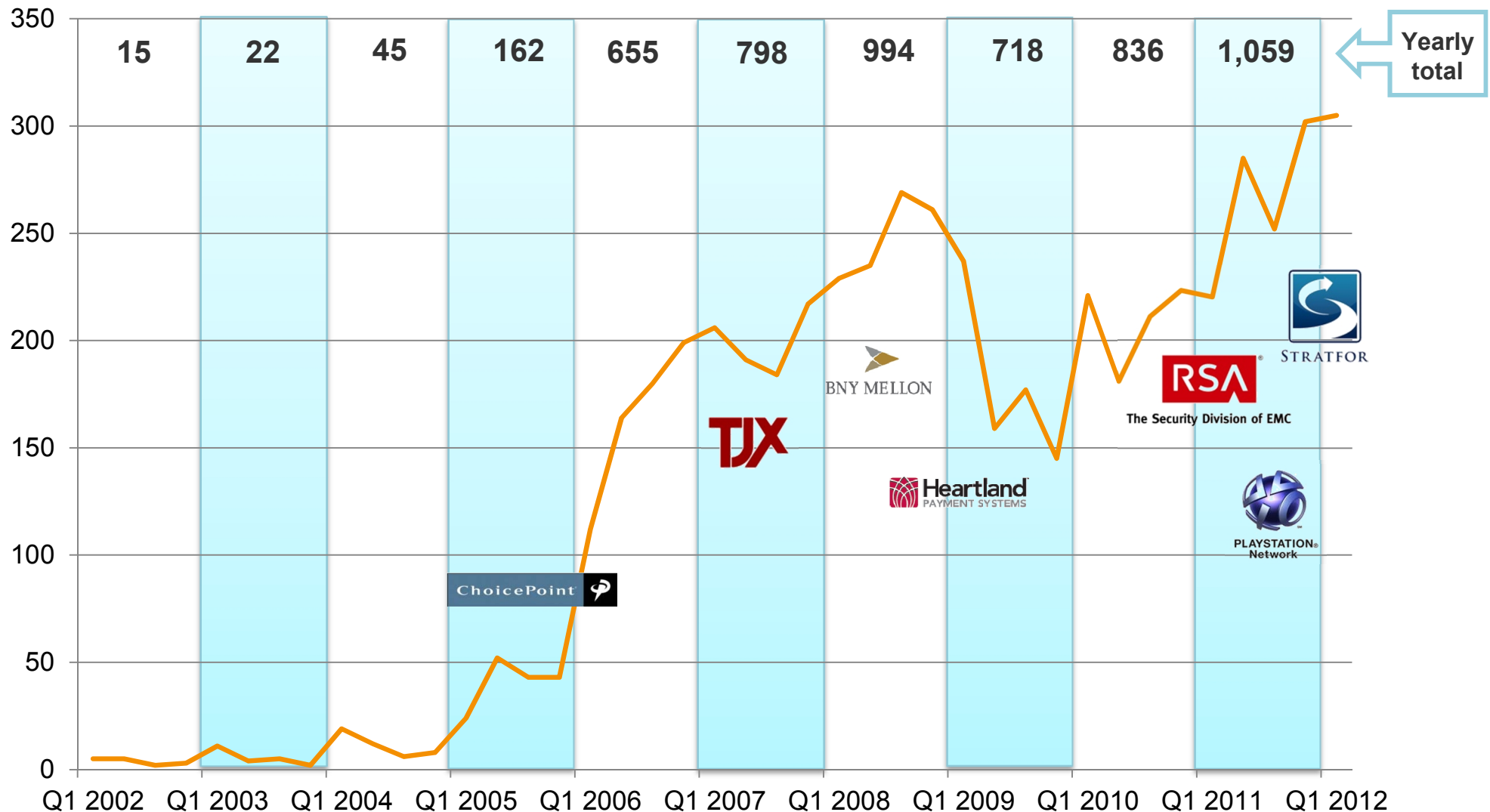
2012 Cyber Event Highlights

The headlines keep on coming: breaches, incidents, and more



No Surprise: Cyber Events Are Growing

Number of Cyber Events Q1 2002 through Q1 2012



Source: CyberFactors, LLC, a wholly owned subsidiary of CyberRisk Partners, LLC and sister company of CloudInsure.com, LLC



SafeNet Authentication Overview

Offering

Key Strengths

Breadth of Offering

- SafeNet offers the widest range of authentication methods and form factors
- Flexible delivery options and pricing models allow our customers to address numerous use cases, assurance levels and threat vectors with unified, centrally managed policies

Simplicity of Service Delivery

- A fully automated cloud-based delivery service simplifies authentication implementation and management
- Reduces the time and cost of provisioning, administration, and managing users and tokens compared to traditional authentication models

SafeNet Enables New Service Delivery Models

- Multi-tenant, multi tier cloud-based authentication enables:
 - Cloud aggregators and service providers to manage an unlimited number of organizations and thousands of subscribers
 - Build up their service offerings around authentication

Portfolio Overview



SafeNet. | *Authentication* MANAGER



OTP



SMS



Grid



Context



OTP



SMS



Certificates



Hybrid



SAS SPE



SafeNet Authentication Manager *Express*

OTP



SMS



SafeNet Authentication Client

SafeNet Network Logon

On-premises, Versatile Authentication Server

- Supports Multiple Use Cases
 - Advanced certificate-based security applications
 - Secure cloud environments with identity federation
 - Remote access
 - Network access
 - Secure access from diverse endpoints
- Broad authentication Methods and form factors
 - Certificates, OTP, OOB, Context, Q&A combined with step-up
 - USB, Smartcards, Tokenless, Software, OOB
- Full management of certificates and token life-cycle

Broad Levels of Assurance with Multiple Authentication Methods



Context-based
Authentication



USB Authenticators



OTP Authenticators



Smart Cards



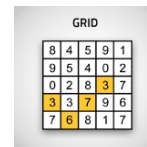
Software Authenticators



Hybrid Authenticators














OOB (SMS)
Authenticators



GRID Cards

Certificate-based Token Overview

| USB | Smartcard | Hybrid |
|---|--|---|
| SafeNet eToken 5100  | eToken Pro Smartcard  | SafeNet eToken 7300  |
| SafeNet eToken 5200  | SafeNet eToken 4100  | eToken NG-OTP  |
| eToken Pro  | SC650  | SafeNet eToken 3400  |
| eToken Pro Anywhere  | SC400 (bio)  | |

OTP Hardware Tokens

| Time / Event | Challenge Response | Software |
|---|---|---|
| eToken PASS  | SafeNet GOLD  | MobilePASS  |
| SafeNet eToken 3400  | | MP-1 |
| SafeNet eToken 3500  | | |
| KT-4  | | |

Regional Strategy

- Invest in regional and country specific regulations and certifications
- Develop products that meet regional security standards. For ex/:
 - Specific certifications for Brazil and Korea
 - SSCD - CC protection profile for European digsig laws
 - Russian certifications
- Invest in service certifications such as SSA16 and ISO2701 which allow us to offer cloud-based services in regions with cloud-related data and security requirements

Certifications Update

- SafeNet eToken 4100 – CC EL4+, FIPS 140-2 L3
- SafeNet eToken 5100 – CC EL4+, FIPS 140-2 L3
- SafeNet eToken 5200 – CC EL4+, FIPS 140-2 L3
- SafeNet eToken 7300 – CC EL4+, FIPS 140-2 L3*



*Smarcard boundary only

SafeNet eToken 7300

A certificate-based authentication solution that stores data and applications on up to 64GB of encrypted flash memory

SafeNet eToken 7300 addresses the following customers needs:

- Portable secure applications: Secure access to online resources with the ability to store portable applications on the token which are accessible when the user enters the token password.
- Portable office: secure remote access to corporate resources combined with a fully bootable secure portable office environment which is stored on the token.
- Secure documents and data: Secure access combined with a encrypted storage for sensitive documents and data





Investments

Investments - Mobility

Customers require secure, manageable, and cost-efficient Mobile Authentication solutions

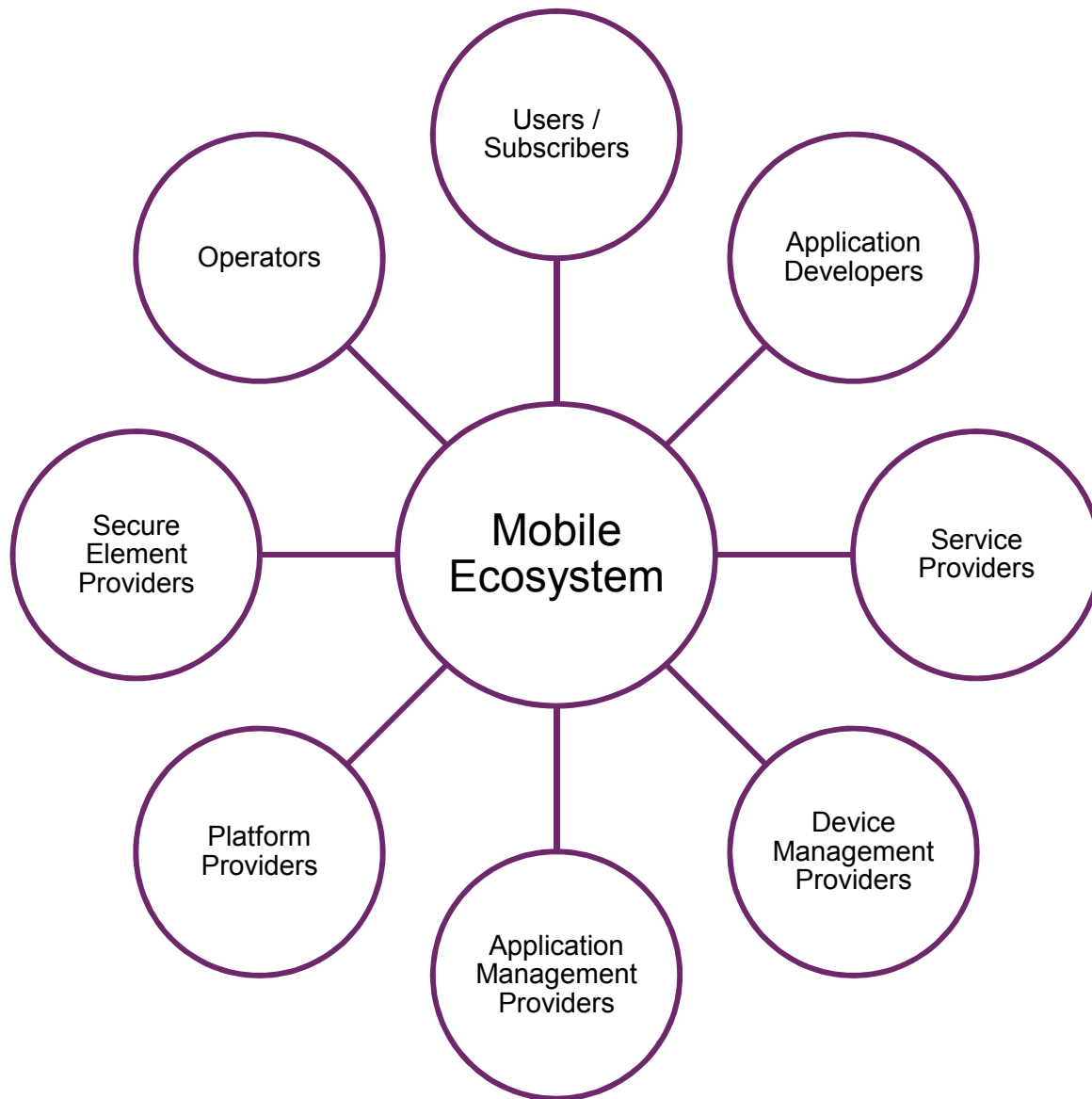
Drivers:

- Threat of theft
- Unencrypted sensitive data
- Risk Management - Security, Compliance, and Control
- Bring Your Own Device (BYOD)
- Isolation of Business and Personal Use on Single Device

- Mobility – Phone as a token
 - MicroSD
 - Mobile Middleware / SDK for Android
- Phone as an end point



Mobile Ecosystem



Gartner predicts that in 2016 there will be 448 million m-payment users, in a market worth \$617 billion. NFC transactions will remain relatively low through 2015, but will start to pick up from 2016.

IDC and Gartner Predict for 2013

Sales of smart mobile devices (SMDs) — smartphones and tablets — will grow by 20%, generate 20% of all IT sales, and drive 57% of all IT market growth. Without SMDs, IT industry growth will be just 2.9%.

Investments

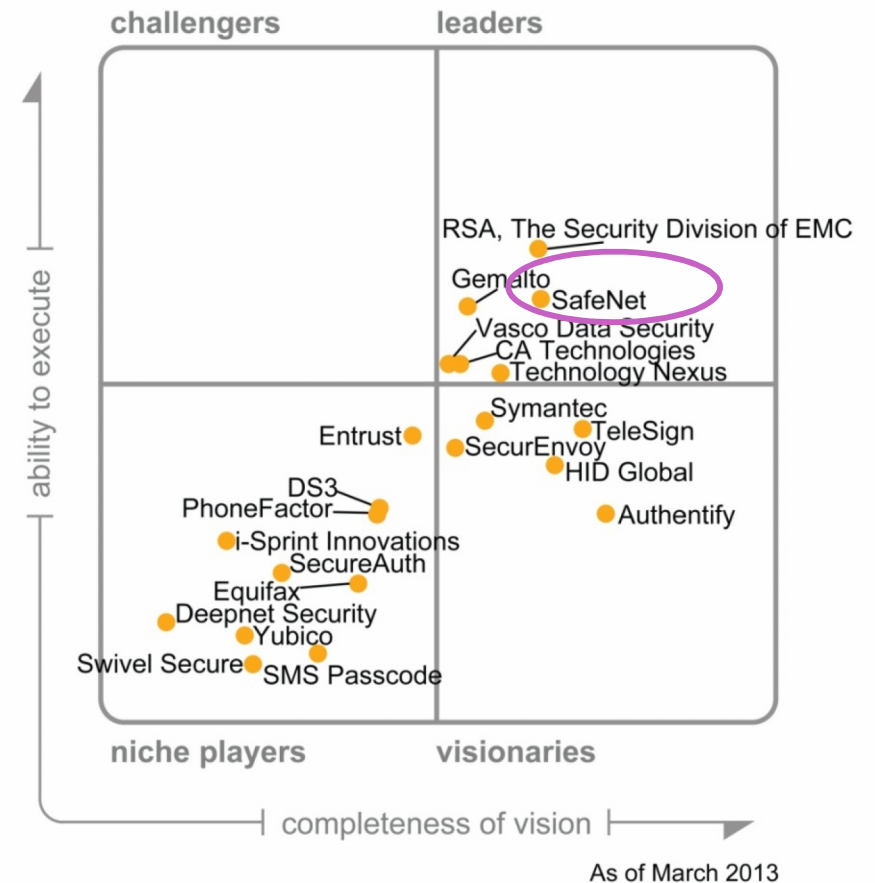
- Authentication – Broad levels of assurance
 - Malware resilience
 - Presence detection
 - Solutions based on 7300
- Customizations
 - Honk Kong Gov.

Unique Value Proposition

When you buy a SafeNet product you get:

- Leading authentication solutions from the recognized market leader
- Expertise and resources to address regional requirements
- 30 years of innovation, quality and stability
- A trusted government solution provider
- Sales, service and support in your region

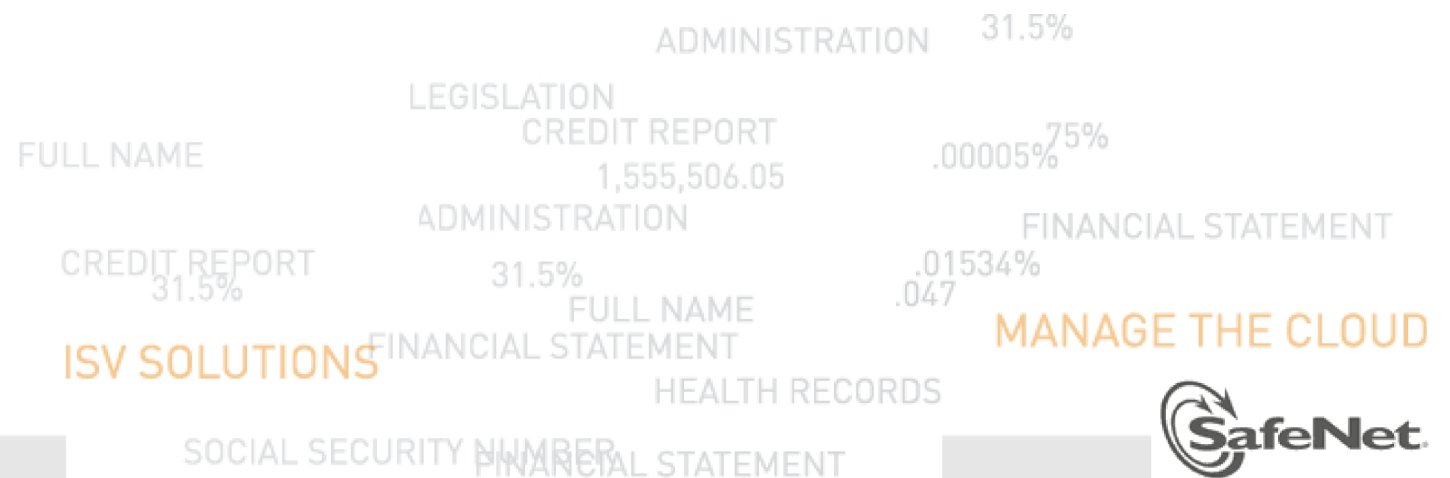
Figure 1. Magic Quadrant for User Authentication



Source: Gartner (March 2013)

Thank you

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