

Fortinet - Accelerate 2021 Senior Management Keynote Presentation
Patrice Perche, CRO and EVP Support
March 9, 2021

Anatomy of a Shared Success

SLIDE 1: Welcome – Accelerate 2021

Hello everyone, welcome to the 2021 edition of Accelerate. This is our second digital edition. As we unfortunately still can't travel to get here and meet in person. However, the number of sessions and attendees today's show that you continue to be highly engaged with us. And I want to thank you all for that.

Over the year we have greatly accelerated our business momentum together. And last year was no exception. Beside the major challenge we have all faced. We are in a situation to accelerate more than ever to enable together with our partner, the massive digital transformation you are going through. 2021 is about capitalizing on the strength of our vision, platform or investment and deliver an unprecedented level of grow and put all of us in a leader seat.

SLIDE 2: 2020 Accelerated Digital Transformation

2020 operated both as a catalyst and as an accelerator of the key trends that are reshaping the digital wall. Let's take a look at the four key marker of this acceleration

Also, so of, uh, Information. I liked very strong acceleration of the digital transformation investment.

SLIDE 3: Digital Transformation

As you can see a 44% growth between 2019 and 2021 reaching a \$426 billion spending. And we do see that the investment on transforming economy and, and corporate leveraging digital technology will continue to move for a while beyond 2021.

Let's take another look of the key marker.

SLIDE 4: Home Working.

Home Working. The global pandemic gave a research boost of the one marking before the pandemic forecast was about 30% home working in 2023. As pandemic broke home working become the norm in a couple of week. If you look at the, uh, Google searches to home working word alone and search was about 300%.

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We do see as we move forward after pandemic that a portion of the home work it will still stay a higher portion than previous finding. So the transformation of a work practice will probably stay for the long term.

SLIDE 5: 5G

In 2020, the investment growth in 5G reached a new level, 96% in term of growth, reaching \$8.1 billion spending, mostly in the service provider and telco space, but enterprise, also they all betting on speed, but they're also looking for the low-latency value and the high flexibility that 5G will provide.

We do see the emergence of a new applications. Self-driving car, remote surgery, immersive game-changing application, while yonder on the goal, many, many more coming. It's just the beginning of this revolution where 5G will deliver high-speed wherever you are.

SLIDE 6: Cloud Computing

Cloud computing market has also grow at a very nice rate about 18% during 2020, and it is planned to reach a \$436 billion this year. Definitely adoption of those new approach on leveraging public cloud provider and cloud computing will stay. And will represent a significant area of the digital transformation.

It's also an area where we have to look about the situation. Now, all of these transformational domains come with their share of risks.

SLIDE 7: 2020 Accelerated Digital Transformation

The digital transformation increased the attack surface in three areas. New Edges are emerging. New applications are making our world more exposed. New ecosystem are being defined. All creating new weak points for data links. Homeworking definitely save our economy during the pandemic, but consequently connected, none more non-professional device or router and family grade equipment for business critical application.

The 5G brings a new world applications, but the high speed and low latency make the security a new challenge. And cloud computing increases the risk of data, leaks, privacy breaches, and potential failure to comply. So all organization are to face this accelerated evolution of traditional business. And sometime we are put in a very reactive position looking for the right security solution to help solve those rising issue.

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SLIDE 8: 2020 – Another Successful Year

And Fortinet was the right vendor to turn to, allowing us to deliver together. Another year of growth. 2020 was another very successful year. Providing the confirmation that our vision and our execution was right. As you can see, we reached it for the first time, more than \$3 billion in billings. But while growing at double digits, we also been able to generate very healthy and profitable business. Which also allows us to look for the future, with all the necessary financial asset that is required.

The operating margin was also generating at a high rate, which provides us of course, the way to invest more. And really we did it in 2020 again, uh, we spent about \$340 million in R and D. Innovation will drive the future success. So that's part of the DNA of Fortinet. We also invested on capacity on people, both from an R & D, but support, but as well on the sales, as you can see, we added sales capacity to better provide you value in services about 30%.

We also, as we have a very successful, uh, sales model, leveraging the channel, launch it last year, or a new program called engage. And I will be pleased to share some of the new initiative coming as today. And then continued to, of course, certify the technology and the expertise that we need to cover all aspects of your security challenges.

We did acquire two nice company that was a completing in fact, core strengths in terms of network security.

But these put in fact both from the growth and from an investment perspective, in a very strong position, as we, as you can see, we serve all market segments. So we are now fully aligned to really provide the best value for each of you, whatever the market segment you are based. And what is also very interesting as we are almost exiting from this pandemic.

We see a bit more hope as we speak, as we speak. The downturn about GDP last year, which was about minus 3.5% worldwide will come to a positive GDP growth of 5.5% in 2021. So this is a 9% shift and that will happen quarter by quarter. So be ready. As you can see, uh, 2022 also is expecting to rank highest growth in terms of worldwide GDP.

So be ready for acceleration. Let's look at the other key area of the investment, which are essential for the acceleration. The channel.

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SLIDE 9: A Successful Channel Strategy

Our sales strategy from day one rely on channel. Trusted long-term relationship. And last year, as mentioned, that we launched the new Fortinet Partner Program engage.

And now is the phase two of this program. The phase two comes with new specialization that address the market requirement, such as OT specialization, zero trust architectures, and the security operations. It's also come with a much more easy way to do business with us. It also coming with a completely new revamp that cloud channel program.

So more to come during the breakout session, which I'm sure you'll be very excited as I am on launching this new program. Now it's also about skill and knowledge. Uh, as you know, we all facing this global skill shortage. So the successful NSE program that we launched, uh, as also a great help on of course providing value and transferring value to you, our partner and to you, our customer with more than 5,000 certified engineer worldwide and during pandemic, we have about 800,000 registrations to acquire expertise, leveraging or NSE certification.

And as you know, we've been providing for free access to several level of this NSE certification. So part of the great, uh, partner program that we are providing, and of course engagement with you, partner and customer, we are very happy with the evolution of this, uh, certification program. Together with our partner, we are ready.

SLIDE 10: Why such Success?

And now let's take a look at what's coming to us. So first look at about the success, why we are all together very successful answering all the challenges we are facing. Success do not happen by chance. Let me share with you a few fundamental reason of the massive adoption of our solution.

It starts with the vision. Ken's vision.

SLIDE 11: 3 Security Transformations Fortinet Predicted

The convergence of network and security, which was in the DNA of Fortinet from day one. This convergence has become essential to secure data that are being accessed and then read from anywhere. It's about providing the freedom of choice when it's come to cloud journey. We are the only security company that bring your freedom back when it's come to the security cloud journey. We offer the broadest cloud offering. We provide the choice to go for any cloud provider. We provide the timing, you can keep the pacing. While leveraging your existing

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investment on prem and moving step-by-step on the cloud journey. And it's about, of course leveraging the choice from a financial, but also from the technology perspective, whatever you want to have full cloud, hybrid cloud, or maintaining your existing, uh, on prem, uh, delivery solution.

But it's always a consistent security posture. Everywhere, from any source of the storage of the data. Your cloud strategy, your policy, your priorities still have to sit above any public cloud provider roadmap and that's what allow.

And then it's about the rise of the edge. Ken during the Accelerate presentation two years ago as presented and predicted this. This trend has accelerated, boosted by 5G, world of innovation at the edge.

And, and it's coming and you can see as I highlighted self-driving car, remote surgery and more to come. But that's great. In fact, much more new age, which required security to be delivered constantly across all Edge. Cloud edge, WAN edge, home edge, OT edge, and data center edge. Those prediction are real, but let's talk about the number, at least on how we have been able to tackle those new challenges during 2020.

SLIDE 12: 3 Security Transformation Fortinet Predicted

As you can see, we, our secure SD wan was a great example of the merge of networking and security.

We came late on the market. But we have been looking about the demand and what was the key blocking point to deploy this new, uh, SD wan technology across the world. And that was by adding security, embedded security in this solution. And we saw great secure SD-WAN. We have been able to do a record year and we have been able to grow at the 96% year over year from last year.

And we have been also enjoying a very nice position during the Gartner release in Q4 of the WAN Edge, uh, in front of magic quadrant where we are number two. The cloud it's again, another example we grow about 60% or 64% of people have cloud provider solution. Here again, the freedom of the choice and the security posture that you have on prem and on the cloud is helping to deliver such a very high number. And last it's about, of course, the covering all these different edge and evolve, evolving on the zero trust network architecture. And here again, with endpoint or EDR, we have been able to enjoy a hundred and 73% year over year growth. So all of those numbers confirm the great vision, the great anticipation of the market trend and the great execution that we have been all together been able to do.

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To explain why we are successful in our vision of security. We have to understand the new security paradigm created by digital transformation.

SLIDE 13: Digital Transformation – The New Paradigm

Digital transformation is driving a significant shift in the way all of us deliver technology and services to connect people and object to application. Infrastructure has been for the last 20 years centered around the data center.

And as you can see, it was more data center centric, where we had almost 80% on prem. And it was the access to those data, which was mostly around, uh, the, uh, core networks was accessing to, uh, all aging at perimeter. And last was about the manual config. So in order to allow access and control, it was all manual.

Very limited end to end automation. The transport layer was the lead between the edge and the data center.

SLIDE 14: Digital Transformation – The New Paradigm

The digital transformation is forcing to shift toward a Hybrid cloud centric world where the data center is just another place where application housed. In the enterprise, edge span, many different domains: cloud edge, SaaS applications, On-prem, and 3rd Party and the wider internet.

You can see that there is most likely a shift from the on-prem and off-prem about 50:50 percent hosted or SaaS. Security need to be delivered everywhere with an end to end automation. So simply connecting people and things to applications. Putting an end to end visibility that policy enforcement and automation at the center of this new program. This new paradigm affects in four dimension.

SLIDE 15: Digital Transformation – The New Paradigm

Architectures become distributed. Application are delivered through SaaS and security needs to be enforced everywhere. The management requires total visibility across multiple vendor. Such a new paradigm demands a holistic approach of cybersecurity.

In this context, Fortinet security fabric sees its core attributes more crucial than ever. Is broader than ever.

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SLIDE 16: Fortinet Security Fabric

Now embracing the rise of the edges in all of its dimension. It's natively integrated and it's fully automated with an open ecosystem for self party application. All the set of solutions that cover this fabric are now in three main aspect: zero trust network access, security-driven networking, and adaptive cloud security. All started with what we call the fabric management center NOC/SOC automation. At the FortiGuard threat intelligence. And in 2021 Fortinet brings the security fabrics to the next level.

SLIDE 17: FortiOS 7.0 – One Platform

All building blocks are now integrated at the heart of the security fabric in one operating system. The FortiOS. Making this one platform able to enforce one policy consistent across all edges, the sit above cloud diversity and that keep all scenario open in an uncertain world.

No vendor can claim delivering such a security fabric value. You're allowed doing Ken, especially John's presentation, how Fortinet and the FortiOS allow the fabric to cover multiple use cases.

So let's take a look of those three elements that I consider a very critical as we see a huge demand moving in 2021.

SLIDE 18: One Platform, Tangible Benefits 2021 Business Cases

One platform is the security fabric, otherwise to secure the branch.

SLIDE 19: One Platform – To Secure WAN Edge: Secure SD-BRANCH

So the edge, uh, branch. Which was all secure SD branch. It's great. I will say representative of the Fortinet strategy and success and execution. As the one is the example where we started implementing with listening from new customer, what is important and embedded within our FortiOS.

All these net and net networking features into a comprehensive security approach and that has helped us to gain a huge market share. Putting us as I liked it here and by Gartner in a leading position. And SD-WAN isn't the only example.

Our platform approach enabled us to offer an AI driven and zero trust access solution that is seen today as the safest path into a full XDR solution.

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SLIDE 20: One Platform – To Deploy a Zero-Trust Network Access Architecture

XDR with response across an extended scope and not automated user providing analytic behavior endpoint monitoring. It's all about managing the user, accessing to the data and the application and understanding their behavior and potentially anticipate any leakage and this, uh, extension leveraging our FortiOS on the zero trust network access. We are about to do the same with SASE.

SLIDE 21: One Platform – To Secure Home Edge & Mobile Users with our SASE Architecture

Our platform, allows us to develop the most complete SASE architecture, including next-generation firewall as a services, secure web gateway, CASB for access. It's an integrate natively application security in the security fabric.

And I know it's the one. It's also provide a very separate approach for the home or remote user providing the choice for agent, or agent-less looking about the best security or a compromise between, uh, easy to access and security. And it's all about performance. It's important that why those new, uh, home worker access to the application I have working. They need to maintain the high-performance. So it's optimized as well. The network access and scale performance. So here again, Fortinet will offer you the freedom of choice to secure home edge, with the best price performance ratio without compromising on security.

SLIDE 22: One Platform – To Lead All Market Segments

Through our platform, the Fortinet security fabric. We have taken leadership on the various market, such as a network firewall market and the wan edge infrastructure. What you can see here, we have done with many other, and we expect to move on the same leading position in the next two years. So now let's take a look at the benefit of this fabric and the one platform operating system.

SLIDE 23: One platform, Multiple Benefits

Look at first at the business benefit, we are all engaged in rationalization, especially with, during this very complicated time. Many companies are running short on cash investment, and must need to rationalize why they are doing this digital transformation. And security has no exception. They may have to spend less money or equal money, but to cover more aspect, including this new trend.

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The native integration of on our feature, leveraging our security fabric. And the product can say that we provide help of course, to leverage, in fact, these benefits from a TCO perspective, but from also rationalization in terms of dealing with less vendors. It's also provide a secondary benefit.

The Fortinet solution provides the fully 3rd party validated platform, which no one can compare. And it's the same security platform that excels, as I mentioned, in multiple Gartner magic quadrants. It is not the suite of, uh, heterogeneous solution artificially glued together on slideware. It's a true real security platform that allow you to react or anticipate on any attack that you are facing.

At last it's about the channel benefits or channel, as you know, with long-term relationship, we are, we try to be the best vendor to deal with. And then in enabling access to all market segment resource solution, all size of company across all size of program, be able to deliver both OPEX, and CapEx solution.

And making sure that you have the choice to add the services on top of the technology we provide. And it's about loyalty and long-term vision. So again, here quite happy with everything that we have built and of course, very excited about the future.

SLIDE 24: Three Takeaways

To conclude, I would like to leave with you with three take-a-ways. First the Vision.

It has been proven and it's true. And it's unique. I think it's clearly disruptive, not for ???, everything that is on the plan. We have a much more broader, more hybrid view on what going on in the future. And as you will hear from Ken, the future is also to secure all new edge is in fact, the next major wave that we have to start today to anticipate.

Including home edge, including OT edge including the cloud edge. At the platform, is that the advantage having one platform that allows you realize through one single operating system, all security requirement that you need to deploy, and that, you need to manage the daily basis to include your, uh, to improve your security posture.

So let's of course, uh, uh, look at 2021 and looking forward to working with you, both, you partner that you end-user and make very successful and your new record year. Thank you.