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McAfee, Inc. acquires SafeBoot

On October 8, McAfee Inc. (NYSE: MFE) announced a definitive agreement to acquire privately owned SafeBoot B.V. for approximately \$350 million in cash.

1. Who is SafeBoot?

SafeBoot is a leading mobile data security company focused on data encryption. SafeBoot has been delivering encryption solutions for more than 16 years, pioneering enterprise-class encryption, and leading the mobile data security market with its fully integrated endpoint security and content encryption solutions. SafeBoot is also:

- A leader in Gartner's "Magic Quadrant for Mobile Data Protection, 2007"
- Deployed on and protecting more than five million endpoints
- A fast growing, highly profitable private company
- SafeBoot maintains offices in the Netherlands, United Kingdom, United States, Sweden, Germany, France and Belgium, with 145 employees worldwide
- A majority of SafeBoot employees are in sales, and research and development, with the remaining in G&A and support roles
- SafeBoot boasts a blue chip customer base of more than 4,200 customers in 76 countries and is a strategic partner to more than 150 of Fortune 500 companies
- Notable customers include GE, WalMart, KPMG, Vodafone, Xerox, Fujitsu, SAP, and HP

2. Why is McAfee acquiring SafeBoot?

McAfee's vision is clear: Its goal is to be the fastest growing dedicated security company in the world, and will be recognized as the leader in proactive security and risk management solutions. McAfee has taken another significant step toward this goal through the acquisition of SafeBoot, an enterprise-class security software vendor that is a leader in the rapidly growing market for data protection via encryption and access control.

- SafeBoot's comprehensive and integrated mobile data protection solutions expand McAfee's Security Risk Management strategy and address a critical need for McAfee customers
- SafeBoot complements McAfee's data loss prevention (DLP) products, creating the industry's most comprehensive data protection solution by delivering universal protection for data at rest, data in motion, and data in use
- The acquisition allows McAfee to participate from a position of strength in a fast growing security market segment

3. What is Data Encryption?

Data encryption is the process by which data is scrambled into indecipherable content. Encrypted data is simply not accessible without correct authentication including passwords, PKI certificates, smartcards and tokens. With data encryption, theft and loss of mobile devices is no longer a concern, as the content is not at risk from being accessed by unauthorized parties. For example, if an unauthorized user attempts to access a hard drive encrypted by SafeBoot's solution, the user would not be able to access the device at all – SafeBoot deploys its own operating system in the pre-boot environment and allows access to the operating system only after successful authentication.

Encryption works in various forms, including full-disk encryption and file or folder-based encryption. SafeBoot offers both types of encryption solutions, with significant advantages in management, compliance, auditing and the industry's smallest encryption agent footprint.

4. What are the primary problems/issues driving the need for a data encryption solution?

The business environment has spread beyond the 'traditional' workplace as more employees are traveling and working offsite. The market has also seen an explosive growth of mobile devices including laptops, PDAs, smartphones and USB storage devices. Users and the information they carry are more portable.

- There are a growing number of privacy regulations and laws driving organizations to employ an audit and compliance-friendly approach to data loss prevention. Public disclosure is required even if there is no



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evidence that sensitive data has been accessed by unauthorized users and even if there is no evidence that data has been used in a malicious way

- If data on devices has been encrypted, the loss of a device does not present a security or reputation risk, or result in the typical costs associated with addressing the loss of sensitive data (credit watch, legal actions, loss of company intellectual property, cost to notify customers)

5. How will this acquisition benefit customers?

SafeBoot customers:

After the transaction closes, SafeBoot customers will have access to McAfee's portfolio of Security Risk Management solutions. In addition, SafeBoot customers will benefit from the following:

- Access to a wide-range of solutions and resources from a global security company. McAfee plans to increase investments in engineering and support for SafeBoot products
- Access to a compatible, integrated security and risk management solution
- Continued support and protection of existing investments in SafeBoot solutions

McAfee customers:

After the transaction closes, McAfee customers will have access to a strong encryption and data security product which will come with the high quality of support they have enjoyed with other McAfee products. Adding SafeBoot products will enable McAfee to provide the following benefits to customers:

- Boot protection of PCs, laptops, PDAs and other mobile devices
- Full encryption of data on all hard disks
- Compliance with regulatory data security mandates
- Eliminated costs associated with hard-disk/data disposal
- Low total cost of ownership and maximum return on investment

The integration with McAfee's ePolicy Orchestrator (ePO) will allow existing ePO customers to deploy an enterprise-grade endpoint encryption solution as part of their established security framework with no additional management consoles or agents.

6. How has McAfee progressed with the Onigma acquisition? What bookings contribution do Onigma / DLP products provide today?

Driven by the fact that Data Protection is a business issue with board-level visibility, McAfee has observed strong interest in its current Data Loss Prevention (DLP) product family, which includes McAfee DLP Host (built upon Onigma technology) and McAfee DLP Gateway (natively developed product) products. Both products are fully managed by ePO, which generates strong demand within an installed base of 30,000 enterprises spanning 55M+ endpoints. Furthermore, none of the large vendors (including Symantec, TrendMicro, Check Point, ISS, CA, Cisco, Microsoft) offer a comparable solution. The addition of the SafeBoot encryption solution will further solidify McAfee's leadership position in this \$3B+ market-opportunity over next few years.

7. What products does SafeBoot currently develop and support?

SafeBoot provides customers with a unique, comprehensive suite of mobile data security solutions that protect data and devices against the risks associated with loss, theft and unauthorized access. SafeBoot solutions include technologies that address data security concerns such as identity management, encryption, and device and access control.

SafeBoot's products include:

- Full disk encryption for numerous mobile and desktop platforms
- File and folder- level encryption
- Port and device control
- Secure USB devices utilizing SafeBoot's encryption technology
- Comprehensive management and auditing solutions

SafeBoot's flagship product, SafeBoot Device Encryption, is a scalable, enterprise-wide security solution that uses centrally managed powerful encryption and strong access control to prevent unauthorized access to or use of desktops, laptops, tablet PCs, PDAs, and other portable devices.



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Key differentiators of SafeBoot's solutions:

- Low total cost of ownership and a high return on investment for customers
- Unmatched auditing and reporting capabilities
- Seamless integration into enterprise systems and directories
- Transparent performance for the end-users
- The most comprehensive global language support
- Highest levels of certification, including Common Criteria EAL4 and BITS Certification

8. Are SafeBoot's products compatible with McAfee's products?

McAfee delivers a broad suite of security solutions for enterprises and consumers globally, and this acquisition significantly augments McAfee's capabilities in data protection. Through ePO and Total Protection for Enterprise solutions, McAfee protects more than 55 million enterprise endpoints (125 million enterprise and consumer users). SafeBoot's products align with McAfee's vision to provide a complete data protection and compliance solution to McAfee's customers - meeting the significant demand for encryption in our customer base. From a technology perspective, McAfee will finalize the product integration roadmap and provide more information in due time. McAfee anticipates that SafeBoot's products will be integrated into McAfee's ePO offerings in 2008.

9. What is the current integration plan (and timetable)?

Until this acquisition closes, both companies will continue operating business in ordinary course. McAfee and SafeBoot will continue to develop an integration plan that will be implemented following close. At a high level, McAfee anticipates that SafeBoot will form the basis of a new Data Protection product business unit within McAfee. Gerhard Watzinger will lead the product business unit and report directly to McAfee's CEO, Dave DeWalt. SafeBoot employees will operate under the Data Protection product business unit with reporting lines to various functional areas.

10. What is McAfee communicating to customers and partners?

McAfee is contacting customers and partners today to inform them of the acquisition and will continue to keep them updated on progress and product integration plans. McAfee also created an email address specific to SafeBoot questions for customer and partners at DataProtection@mcafee.com.