

RSA®Conference2018

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BUSINESS EXECUTIVE FUNDAMENTALS: HOW TO BEAT THE MBAS AT THEIR OWN GAME

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Agenda



Understanding your investors



Aligning to your management team



Identifying other stakeholders



Building your InfoSec practice to align with the business

Today's Goals



Understand Public Market Dynamics



How these dynamics drive business leaders and MBAs



How to best apply what you learned today for you and your organization

Understanding Public Market Dynamics



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- Stock Market
- Owners of the Company / Investors
- Role of Analysts

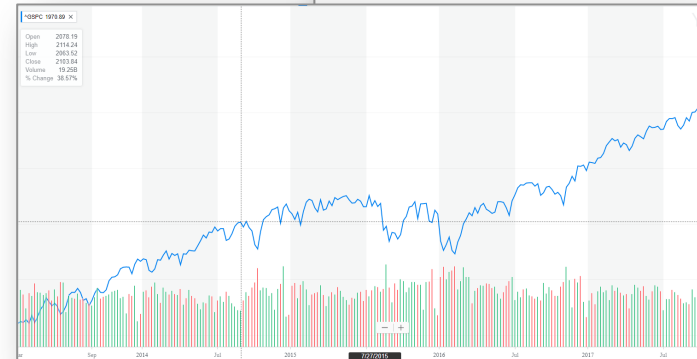


Next Steps:

- Look up the owners of your company (Yahoo Finance or SEC.gov)
- Understand the make up of your investors

Direct Holders (Forms 3 and 4)				
Name	Shares	Date Reported		
COMAS DANIEL L	164,016	Jan 31, 2018		
JOYCE THOMAS PATRICK JR	145,748	Oct 31, 2017		
DANIEL WILLIAM K	139,457	Feb 1, 2018		
EHRLICH DONALD J	94,043	Oct 23, 2017		
LICO JAMES A	113,198	May 9, 2016		
SPOON ALAN G	74,424	May 14, 2017		
BLAIR RAINER	40,307	Oct 31, 2017		
LALOR ANGELA S	39,020	Feb 1, 2018		

Top Institutional Holders				
Holder	Shares	Date Reported	% Out	Value
Price (T Rowe) Associates Inc	44,110,471	Sep 29, 2017	6.35%	3,769,600,811
Vanguard Group, Inc. (The)	42,155,915	Sep 29, 2017	6.07%	3,602,986,297
Blackrock Inc.	40,984,366	Dec 30, 2017	5.90%	3,634,497,182
State Street Corporation	24,602,836	Dec 30, 2017	3.54%	2,301,841,276
Massachusetts Financial Services Co.	21,872,597	Sep 29, 2017	3.15%	1,869,224,428
FMR, LLC	20,146,422	Dec 30, 2017	2.90%	1,884,899,193
Wellington Management Company, LLP	16,631,493	Dec 30, 2017	2.39%	1,556,042,444
Bank of America Corporation	11,051,908	Dec 30, 2017	1.59%	1,034,016,485
			1.46%	865,161,393
			1.41%	917,276,437



Understanding Roles: CEO/ Members of the Board



Number 1 Responsibility



Decision Makers



Communicators



Concerns

- Growth and Margins
- Peers



Similarity to you

Ratios and Multiples



- What are Ratios or Multiples?
- The factors that drive stock price
 - Valuation
- Why do competition and comparables matter



Resources:

- [Investipedia.com:](https://www.investopedia.com/)
Wikipedia of investment

Next Steps:

- Review your competitor list (Yahoo Finance or company's annual report(10K))

Growth (and Repeatability)



- Stock Price/Investment
 - Priced based on the future performance
 - Repeatability
 - Things that drive P/E (Not all the earnings are the same)
 - Earnings Quality
 - Gross Margin
 - Profit Margin



Next Steps:

If you can't pull data for your company, look at your competitors

Terminology:

- **P/E:** price earning
- **Gross Margin (GR):**
gross profit / revenue
- **Profit Margin:**
profit / revenue

Understanding the Financial Statement



- Revenue
- Gross Profit
 - Revenue-COGS
- Net Profit
 - Revenue-All Costs
- Net Profit Margin
 - Net Profit/Revenue

Income Statement		
All numbers in thousands		
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All numbers in thousands		
Revenue	12/31/2016	12/31/2015
Total Revenue	16,882,400	14,433,700
Cost of Revenue	7,547,800	6,662,600
Gross Profit	9,334,600	7,771,100

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All numbers in thousands		
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Total Revenue	16,882,400	14,433,700
Cost of Revenue	7,547,800	6,662,600
Gross Profit	9,334,600	7,771,100

Discontinued Operations	400,300	1,610,700
Extraordinary Items	-	-
Effect Of Accounting Changes	-	-
Other Items	-	-
Net Income		
Net Income	2,553,700	3,357,400

Net Income From Continuing Ops	2,153,400	1,746,700
Non-recurring Events		
Discontinued Operations	400,300	1,610,700
Extraordinary Items	-	-
Effect Of Accounting Changes	-	-
Other Items	-	-
Net Income		
Net Income	2,553,700	3,357,400



Next Steps:

What area does your cybersecurity budget fall under?

Terminology:

- **Gross profit:**
revenue - COGS
- **COGS:** cost of getting revenue

How to use what you learned?



- Find out how investors see your company
- Understand what metrics investors are looking for in your company
 - Identify, adopt and align metrics
 - Qualitative metrics
 - Understand your peer's metrics
- Understand their lingo



Next Steps:

- **Identify company's goals:**
 - Growth
 - Margin-focused
 - Revenue-focused
- **Align your cybersecurity program metrics with company metrics**

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Thank you!



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