

CyberArk (CYBR)

DADCO Portfolio

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Current Price	Intrinsic Value	MOS	Market Cap.	52wk Range	P/E	Dividend	2015E EPS
\$39.74	\$49.85	25.77%	1.46B	33.00 – 76.35	72.14	-	\$0.64

Company Overview:

CyberArk is a publically traded information security company focused on privileged account security. The company's services and technology is being used worldwide now primarily in financial services, energy, healthcare, and retail markets. CyberArk has offices in US, Israel, UK, France, Germany, and their customers include over 40 of the Fortune 100, and approximately 20% of the Global 2000. As far as their products go they have many products perfect for password protection, visibility, and systems that allow dynamic protection that can replace old systems of security or work with them. Whether the attacker is already on the inside or attacking from outside in their products will be effective regardless. This is because CyberArk focuses on an inward-out approach on security. Their products like Enterprise Password Vault and Privileged Session Manager both isolate and protect against exploitation of massive amounts of company's user logins and data. While their other products like the Privileged Threat Analytics, and their On-Demand Privileges Manager allows for control and warnings against any sort of malicious and super user actions against the company. Lastly they have their Application Identity Manager, and their SSH Key Manager that both create more dynamic login security. Their SSH Key Manager constantly rotates and controls access to SSH keys, while their Application Identity Manager eliminates hard-coded credentials for services accounts, and scripts.

Investment Thesis:

The Oregon State Investment Group has recognized that technology is currently one of the largest and fastest growing markets available. Specifically the areas of data storage and cyber security have been considered to be the most attractive division for growth and development recognized by the respective portfolio managers. With technology being increasingly important to our everyday lives the growth of cyber security is inevitable. CyberArk, is a fairly new company but has gained some impressive customers in their short amount of time, and has created a niche for itself in the cyber security field. Their revenue has also been growing at increasingly fantastic rates with an average 42% growth. CyberArk has positioned itself ideally within one of the best upcoming technology fields and should see more growth easily in the coming years. With that there are three identifiable catalysts that will inhibit more growth:

Catalyst #1 – The Growing Importance of Cyber Security:

With the U.S. being targeted by around 30% of all cyber-attacks there is no doubt that cyber-security is going to see growth. Regardless of the country technology becoming more integrated with everything we use in our lives development of cyber security is necessary to maintain our safety and privacy. Anything can be hacked from cars to insulin pumps and with cyber-attacks on the rise it is clear there is needed growth in this technology sector. Matching that is expected growth in security spending with an expected increase of spending from \$28.4 B in 2011 to \$41 B in 2016. Lastly cyber security is expected to grow because the fact is that the internet was not built with a secure system or security in mind. However now that our economy, health records and more are all transferred on the internet

our future depends on whether we can keep all that information flowing securely.

Catalyst #2 – CyberArk's Growth and Customer Base:

In the emerging Cyber security market CyberArk has created its name and position in the sector with their outstanding products and their performance. As mentioned before CyberArk Currently holds around 40% of the Fortune 100, and 20% of the Global 2000, 17 of the world's top 20 banks, 8 of the world top 16 pharmaceutical companies, and 75 of the leading energy companies as customers. These included into their two thousand and growing customer base has granted CyberArk with some much needed credibility. This much needed credibility shows that their company and products can stand up to the test of big business and is good enough to maintain and secure some of our most important companies in the world. With offices in the U.S., Israel, U.K., France, Germany, Netherlands and Singapore they serve customers in more than 65 countries. On top of this their growth in revenue and lack of debt entirely has allowed them to reinvest their profits back into the company for rapid growth. Auditors and regulators are recognizing that privileged accounts are the fast track for cyber-attacks and demanding stronger protection, creating ideal conditions for CyberArk in their up and coming years to grow further.

Catalyst #3 – CyberArk's Business Model:

CyberArk's is particularly attractive because of their approach to the cyber security scene. CyberArk's products are not only another layer of security but also work in coalition with other products in the market. As mentioned before CyberArk is a company that focuses on security from the inside out. CyberArk focuses on securing and monitoring privileged accounts, with password vaults, tracking, and dynamic security keys. The goal of all this is to secure the inside of the company first so that other products can know that they are protecting an already secure system. With this CyberArk is the first of its kind to create this type of niche product in the cyber security field which allows them to have a competitive advantage over any other company that wants to secure privileged accounts like they do. This competitive advantage over their niche in the cyber security field is great strength considering that some of the most largest and popular hacking attacks of all time have involved the weakness of privileged accounts in a company's IT infrastructure. For example in the Sony Pictures entertainment hack once hackers had access to their privileged accounts they owned the company and could do whatever they pleased.

Conclusion:

America being the largest target for cyber-attacks and with increased spending into the cyber security sector growth is inevitable. Along side that CyberArk plans to continue making business with companies of the same magnitude it has in these last year and replicate similar revenue growth. All this paired with a strong business model CyberArk has fixed itself with ideal positioning and products for the upcoming growth in the cyber security field.