Nomios – Market Positioning Outlook & M&A Opportunities

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Key Insights

- Nomios's core strength has been in pre-sales in the box-moving environment of design and implementation towards customers. Roughly 80% of revenue was from reselling, 10% support, maintenance and managed services, with the remaining from professional services
- Specialist anticipates it being tough for Nomios to shift from being a value-added reseller to a cybersecurity services company. A successful transition to cybersecurity will require management accepting an unprofitable period
- Although Nomios has historically been very successful in its network expertise at the top, it will become a challenger again in competing on the cybersecurity front due to the vast difference in expertise and resources required – which is not the case in countries outside of France
- Nomios's differentiation is mostly present in France due to relationships CEO Sebastian Kher has built and the resources invested, whereas Belgium and Netherlands segments have fallen behind.

Specialist   Alexis Vens (AV), Former Territory Account Manager at Infradata BV

Moderator   Saad Maqsood (SM), Third Bridge Sector Analyst

Agenda

- Revenue segmentation and margin profiles across consultancy, reselling and managed services
- Key growth drivers, focusing on Nomios's cybersecurity capabilities
- Competitive positioning across regions and client types, highlighting dynamics and France and players such as Atos (PAR: ATO), Capgemini (PAR: CAP) and Orange Cyberdefense (PAR: ORA)
- Organic vs inorganic growth opportunities

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Transcription begins at 00:00:03 of the recorded material

SM: Welcome, everyone, to Third Bridge Forum's Interview today entitled Nomios – Market Positioning Outlook & M&A Opportunities. I am Saad Maqsood and I will be facilitating today's Interview with Mr Alexis Vens, former Territory Account Manager at Nomios.

Alexis, before we start today's Interview, please state I agree or I disagree to the following statement: You understand the definition of material non-public information and agree not to disclose any such information, or any other information which is confidential, during this Interview.

AV: I agree.

SM: Could you please begin with a brief introduction to your background?

AV: My name, you know it already, I'm 47, I'm working in the ICT for, let's say, something like 20 years. I started in the telecom industry and made a shift eight or nine years ago, I don't remember quite well, more in the IT environment, started at what was called back in the day Infradata and what's called Nomios today. There I started as a territory account manager, and after a couple of years I was a senior account manager. Two years ago I switched to Excellium, who is now part of the Thales Company, which is an only-cybersecurity player and is only providing services and technologies and solutions in a cybersecurity environment.

[00:01:55]

Q: Could you outline 2-3 trends you have identified in the space Nomios operates in?

AV: The major space is reselling of products, that's the major space. What you really need to understand when you sell a product is that all those kinds of technologies, they have what we call a support contract. What is a support contract is a kind of insurance, but it's also because technology is evolving and the vendor is also publishing new features, new updates on the technology. Each time you sell a box, you have a support contract, and on that support contract there you can identify this as a more... How can I say that? It's your baseline, it's your recurrent business, it's your recurrent revenue because you can sell a support contract five years upfront or invoice yearly. Basically, by each component you sell, you have recurrent revenue. Saying that, what you also might do is install and integrate that technology into the customer's environment. That's where we call the professional services, which is the second pillar, I will call, that Nomios is quite good at, or supposed to be good at. The third trend is that Nomios is coming from a network company and is now trying to get more into the cybersecurity environment. These are the trends I see about Nomios, but still, the major pillar is reselling of products because it is their DNA.

I might go a little bit further about the history of Nomios and perhaps why Nomios and not Infradata. In a nutshell, so you will understand, in 2002-03, there was a guy in the Netherlands and he started Infradata. What did he want? He wanted to provide services but he wanted to differentiate himself and provide services on a higher level, network services towards service providers or internet service

providers, data centre environments. As you know, in the Netherlands you have quite a lot of these. The guy was Leon de Keijzer, and he was the former of Infradata and he said, "I want to differentiate myself and I want to work with a technology other than Cisco," because Cisco was booming, and he said, "I don't want to be one in a million that is reselling Cisco products. I want to differentiate myself because there I will make better margin and I can create a relationship, not exclusive relationship but a strong bonding relationship with a vendor called Juniper." Also, Juniper is a very strong and very well-known technology in that environment because when you talk about service providers, these are hundreds of gigs of gateways, it's quite strong capacity and so on and this is the sweet spot of Juniper, so this is where it started, providing high-value services towards service providers.

What was the first goal of the service provider? Service provider is to provide connectivity to the customers, so their métier, as we say in French, is to build networks. They have a knowledge and they have a competence from zero to 10, let's say from zero to 8, and Infradata, they had to fill the gap from eight to 10 upon the technology. This is where it all started. Infradata grew, made quite a good evolution through the years and wanted to expand, there came the first private equity and then they did buy Nomios in France, which is led by Sébastien Kher and still is, I suppose. After a while, for some reason, the name Infradata skipped and Nomios took over. This is how it all started, but the DNA of the company is network-related. Also, if you want to go to cybersecurity, what I experienced so many times, it is quite difficult to change the DNA of a company.

[00:07:21]

Q: How would you segment Nomios's revenue across its offerings? The company has the consultancy side, reselling – whether software or hardware – managed services and support and maintenance.

AV: To answer that question, I want to understand what you call by revenue. Is it a yearly revenue? As I say, I think that we have to split the support and maintenance, because this is recurring business and I don't know how you can display this revenue-wise. When I sell a box of EUR 1,000, 50% of that will be maintenance and support, but mostly for four years, so when I sell a box of EUR 1,000, you can add 50% and you multiply this by four. It's quite difficult to really split it year by year because of what I just said, but I can say that when I take out the support and maintenance, I assume, because it was so in the past, that if they don't sell any box anymore, they can sustain themselves for a long period because of the recurring business and support and maintenance contracts they have. This is the layer. Of course, this is not the ideal situation, but I can say that roughly from revenue, 80% will come from selling of products, 10% of support, maintenance, managed services because sometimes those things are also gliding into each other, and then you have the professional services, also 10%, something like that. Actually, it depends on how many boxes you sell, but roughly, in my time, it was a little bit like that. It is not 50% of box reselling and 50% of the rest, that is not. Nomios is known as being a box mover, reselling of products.

Basically, what we see is Nomios is able to gain contracts in box-moving environments because they have a really strong team of pre-sales that are able to discuss the design and implementation towards customers. This is a real strength they have. Everything which has to do before the selling, so the pre-sales thing, understand the needs of the customer and then proposing the right solution for the customer and then selling, that's what they do the best. I need to rephrase. It's not only selling a box, it's selling a box but in the right way. It's not that, "Dear customer, this is what you want. You need the box with one, two, three. I will sell you this." No, it's thinking with the customer what box suits the best and in what environment, so the pre-sales thing is really important and this is a really good strength of Nomios.

[00:11:59]

Q: Historically, Nomios's strength has been in selling and moving boxes and its pre-sales team, so does this have to change accordingly for more recurring revenue, in terms of its core offering being more towards the cybersecurity side or managed services piece? I understand the support and maintenance goes alongside these boxes, which is an element of recurring revenue for X number of years, but how do you see this shift playing out?

AV: I knew this question was coming in. When you come from a network environment, the prices are really high, the revenue you can make is really high. In cybersecurity, it is all about services and the revenue is not the same. When I give you an example of an SFP, you might not know what an SFP is, but an SFP is a kind of connector you plug into a router or a switch, high-capacity switch, and it translates from an optical fibre towards another signal and so on. For instance, in the service provider environment, you can have an SFP that's from 100 gigs over a distance of 40km that you can sell by, it is the list price of course, USD 90,000. USD 90,000 for a thing that is not bigger than my thumb. The revenue you can make on the network side is really high, the margin also as well.

When you go to cybersecurity, you need really to make a difference or to understand the complete scope of cybersecurity. When you come from a network environment, securing the network is part of cybersecurity, but that's not all. Most of the companies are coming from the network side, and through the years, they did understand that they had to secure all the traffic on the network, your endpoint, your e-mail gateway, your firewall, etc, but it's only a small part of cybersecurity. When we talk about cybersecurity, I would like to know if there is anyhow competence in information and security governance, whether we need to perform maturity assessments, risk assessments on cybersecurity, whether we can set up ISO 27001 certifications, if you can perform SANS 20 certifications or gap analyses, etc. This is one pillar and this is not selling a product, it is just really advice, consultancy. This is one pillar of cybersecurity and Nomios is not doing that.

The second pillar, perhaps, "How strong is my organisation? How resilient am I?" therefore you might require some ethical hackers, pen testing and performing pen testers, whatever it may be, or, "I am developing a new application in my environment. Because I will expose this to the internet, is my application secure? Did I develop this regarding the rules?" "My organisation is moving to the cloud. How am I going to a secure environment into the cloud? I shall set up a kind of roadmap, I can have some guidelines, I shall document it before implementing it and adding technology." This is the double pillar, and then when you go to managed security, how am I able to offer the services in the sector detection of malware or monitoring, detection and incident response?

Basically, moving to that side, if you don't have the experience, it's a tricky one. You can hire ethical hackers, that's no clue. Those guys, you can find them and you can perform pen testings and rely on their experience, you hire a senior guy who knows what to do, etc, good, fine, it's a service you can do, but monitoring and detection and incident response, if you don't have the experience, if you want to start from scratch today, you can ask that question to anybody you will encounter, a guy who knows what he's talking about, he will tell you this, "Good luck. If you have enough time to waste and money to waste, go for it, absolutely go for it." I was at a Microsoft seminar for two days two or three weeks ago and the guy from Microsoft said, "Sometimes I go to customers and they're telling me I would like to build my own SOC, security operating centre," which is hot topic today. He says, "What is your reaction to that?" I said, "Dear customer, if you have enough time, if you have enough money, good luck, go for it. I will come back in two years and see what's happening but believe me, it will not get off."

Basically, that's the thing. Today everybody wants to go and build a SOC, but building from scratch, it will

be too difficult. You need to perhaps acquire a company who has the basis on it, but if Nomios wants to go in that direction, I've seen others today... There was a Belgian company, they had a budget of EUR 7m. Three years later, EUR 7m is gone and there is still no SOC. It's really specific, and also it relies on people. This is managed service, and when we talk about managed service, this is not technology. Technology is only a small part of it, 10% of it, because you need a tool to perform your service but all the rest is people. Where do you start? It's the story of the chicken and the egg. Where do you start? Do you first hire people and then sell the service? Do you first sell the service and hire people? If you sell the service, you make a promise, you have contracts, you have liabilities. It's cybersecurity, don't forget. You have compliancy, you have this, you have that.

You sell the service and then you build the service or you build the service and you sell it first, but if you build the service you need to sell, you need to invest and you need to accept that perhaps, for the first years, you will pay salaries and you will pay people and you will not be able to invoice. That's the tricky part today and now, as I see in the market, everybody is saying, "I have my own SOC, I do a SOC," but when you deep dive into the content, it's not a SOC. It's what they call the managed XDR, which is just an endpoint detection, high-value endpoint detection, basically. That's it, and this is today the major misunderstanding in the market when you talk about cybersecurity.

Just to resume, coming from the network, good, perfect, high revenue, good margins, high value, internal competence, etc. Moving to the cybersecurity but to the other extreme of cybersecurity, it's a long way to go and if you want to go there, you need to invest, whether it is by acquisition, whether it is by internal growth.

[00:20:52]

Q: Do you believe there is an evolution for Nomios from non-recurring to recurring revenue? Is that essentially the aim? Is the company moving away from actively reselling hardware and software?

AV: I know I need to be objective. Now perhaps I might be a little bit subjective, but it's important. I think today what's important for Nomios is to sell and make revenue. The way to reach the goal doesn't matter, as long as the numbers are okay. It was always like that, it always has been like that. Just sell it. The message to the sales guy was, "Sell it first, no worries, we will fix it afterwards." That was the thing of Nomios in the days at Infradata. I know that in France, Nomios France is performing quite well because they are investing in people and they grow, but Nomios in Belgium, it's a disaster. People are leaving because when you stretch too much, you collapse. Sébastien Kher in France, and he's also the CEO, is a really great guy, he knows what he's doing, but today he's also the guy who is at the essence of starting the SOC offering. If you ask today what is the SOC offering like at Nomios, you ask a question today, ask the same question in three months and you will have two different answers because it's difficult. Today, what always has been is, "Sell it first and we will see afterwards." Is there a guideline or a real strategy about technology vendors and so? I don't think so, I don't know.

[00:23:21]

Q: What organic growth rate is achievable for a VAR [value-added reseller] such as Nomios, or even a MSSP [managed security service provider] such as the company? Which parts of the portfolio will drive this?

AV: What's really important for them is selling the box. That's the value-added reselling part. The more they sell the box, the better it is, that's okay, it keeps everybody happy. It keeps Nomios happy, it keeps distribution happy, it keeps the vendor happy and it keeps the sales guy happy and you sell the box, that's okay. Don't forget also that the effort to sell one box or the effort to sell 1,000 boxes, it's almost the

same, but in cybersecurity you cannot sell 1,000 managed services contracts, this is not possible. You see what I mean? This is not possible, so the value-added reselling part will always be a large part of Nomios because these are the fundamentals of the company. They are adding the MSSP, so managed services, a service provider environment on top of it, but the MSSP part is related to the network, it's not related to cybersecurity. They will tell you, "We do managed services on the firewall." "Good, what do you do on the firewall?" "We open the door, we add a security wall," and basically that's it. That's the only thing they do. The firewall is securing the network, this is what I told you a couple of minutes ago, but moving to the cybersecurity part, yes.

SM: It seems the VAR aspect will be driving the growth, in the near term at least.

AV: Yes, because it's the most easy thing to do. It's the most easy if you want to reach the target.

[00:26:00]

Q: Would you say Nomios prioritising selling the boxes long term is sustainable? Can the company sustain its growth through selling boxes, or is there a point where it has to prioritise the cybersecurity offering, despite being difficult to move into the space?

AV: They were able to achieve the goals each year and each year again by selling boxes.

SM: It should remain the same, then, going forward.

AV: Either Nomios will create a budget and accept that they will not be profitable for a certain time and move to cybersecurity, whether it is by organic, which I doubt, or whether it is by acquisition. Three or four years ago, they did acquire a company in Poland who was supposed to have a SOC. That company probably they acquired for little money, but still, it's not producing what was expected. It's difficult, it's really difficult. I'm now two years in cybersecurity and believe me, when I was at Infradata, or Nomios, I was really convinced that I was into the cybersecurity business. It's really true, I was really convinced. When I came to Excellium, after two days I said, "I have to review my thoughts." I thought I was a cybersecurity expert, but this is another level. The topics you address are completely different.

SM: Even if Nomios does decide to re-prioritise the shift in cybersecurity and improve the offering there, would making the shift negatively impact the company's growth rate slightly in the short term?

AV: In one way or another, of course. If you spend money and you don't have immediate revenue on it, yes.

SM: In terms of assessing Nomios's managed cybersecurity offering, it seems there is still a lot to work on.

AV: When we talked about managed security, what I think about managed security, it's monitoring, detection and response, but not the machine doing this, not the machine. SOC analysts that have looked towards all the alerting that's coming in, incident response team with the right certifications, part of cybersecurity groups like the First, like the trusted advisors, like CSIRT, like part of also exchange threat intel with the army and so on. At Excellium we have a guy, he used to be the incident and response team leader of the Pentagon in the US, those kinds of guys.

[00:29:49]

Q: Could you highlight 2–3 key areas within the cybersecurity piece that Nomios needs to improve, such as the SOC [security operations centre] aspect, or does the entire offering need work? Would you say there are certain strengths? If you were to start the SOC, how would you do it?

AV: I will start to make a SOC offering on the light version and grow organically. What I would do is perhaps start with technology, perhaps with an XDR, which is a managed detection and response where technology and the vendor can help you on that one. Really important that you inform also your customer what you are doing, that do you not oversell what you are selling, that you tell them exactly, "This is the scope, this is what we do, this is where it starts and this is where it stops," being very careful with that. I would start with that but I will do it quite well, I will make a stretcher in it, I will assure myself that I have the right people, I will find the people where you can find them in cybersecurity environments, companies and so on, and then make and start a good basis and the fundamentals based on that. Once I have this, so I have the processes and so on, I have also assessed a couple of account managers, a project manager, survey delivery managers, I have a SOC team, what I will do, I will perhaps go to the next technology and perhaps focus on the CM technology going through that.

These are the steps. See how we can grow, and then it is good to have the monitoring and the detection, "Dear customer, there is fire in the hole." "What do we do now?" "I don't know." Then it will be great if you have the firefighters who can extinguish the fire, which are the incident and response team. I will start small with technology, with help of a vendor and build on that, but very important, don't oversell. Don't sell your product or your solution as being the revolution on the market towards major companies in major industries. I will not go in the financial sector with that, I will not go to the major industry with that. I will start little and what I will do is perhaps with customers which I have a really good relationship, "Dear customer," or, "Dear customers," you can pick out a few, "would you like to be our first customers but also our sponsors? Moving forward, you don't have to pay for the first year or the second year but you help by choosing the right persons, the right skills and so on." That's another possibility, that's how you can do, but is there still room for that today and time? I don't know. If you ask me, if you want to build a SOC on your own, this is what I would do, but preferably I would buy a company who has all the skills already.

SM: It seems to be quite a difficult process to really address all of that.

AV: Yes.

[00:34:06]

Q: Who are the key vendors Nomios has exposure to, whether on the network or security side?

AV: On the network, it's a Juniper. They're now moving to Cisco. They used to have a little bit of Huawei in the past, but because of the China circumstances and so on, this is gone. They have also really strong relationship with Palo Alto, with Fortinet, CrowdStrike for the endpoint, those classical, let's say, A-branded vendors that you can see in the highest ratings of Magic Quadrant of Gartner.

[00:35:01]

Q: In terms of market developments and being able to accommodate customers on the security side, we've seen that Microsoft Sentinel has quite high adoption rates. Do you believe Nomios could cater to

this?

AV: That's a good question. As a reseller, you cannot make a lot of revenue by selling Microsoft products. Actually, you make zero revenue with Microsoft. What you can do with Microsoft is add a complete layer of services, which makes it quite interesting. The Microsoft Sentinel thing, today what we see is that Microsoft-oriented companies like railway companies or financial sectors or some industrial companies, they pay a lot of money for the licensing at Microsoft but it's okay, they can live with that because they know they have good value for the products. They onboard the Microsoft Sentinel, it's a no-brainer, but the Sentinel, the owner of the technology is the customer, you don't have to sell it because they have it already. The thing is, the customer is not able to operate it and you need to be able to operate the Azure Sentinel, but it's not only the Azure Sentinel, it's everything which comes around. If Nomios is able to recruit some Microsoft experts, why not? That will be a good idea. Will Nomios accept not making any revenue by selling Microsoft Sentinel?

SM: Time will tell on that.

AV: You see my point? Basically I think, because the Microsoft Sentinel is already part of the customer, it's a no-brainer, we have it because we have the complete suite of Microsoft, the E5, we have this, we have that, but can you manage it for us? That's the tricky part.

[00:38:00]

Q: How do you think Nomios will be affected in a recessionary environment or macroeconomic downturn? Where might customers cut spending first – on the network side or security side? How would the company be positioned here, and how might it react to remain sustainable?

AV: What I think, you can only invoice when your equipment is delivered. Today, the delivery terms are really high, so you sell something today and perhaps it might be that some technology can only be delivered in a couple of months, so that can be a problem. What also can be a problem, because we have an overall recession, that customers will refrain on projects and will say, "You know what, we will wait a little bit longer, we will do this next year or we will extend our contracts for two years," and then you are not able to sell your boxes anymore. That might be a problem. You still have your managed services because you can manage the actual because it's recurring, the support contract which is recurring, but I see a lot of technology projects postponed. What I see is that companies are more likely to have more services and guidelines, consultancy, "What should I do in the future and how can I structure myself again?" There we are in a governance environment, governance consultancy part, which Nomios is not doing. That's what I think. On the network part, network is a kind of commodity. It's building a motorway. If you have some holes in your motorway, it's not okay but it can wait another year. That's a tricky part. It's an answer but again, it's not an answer to your question. The future is difficult to predict but anyhow, one thing is for sure. If the product selling is postponed because of the economical situation, then there is a problem.

SM: Because, as we discussed, that's where Nomios still has the most exposure to or the most success in generating revenue?

AV: Yes.

[00:41:33]

Q: What would you say is Nomios's split between non-recurring and recurring revenue? Is it still leaning more towards one over the other or is it a bit more equal?

AV: It will be equal over a period of four years. What I mean is if you sell a box of EUR 100, you add 15% of support and maintenance. If they buy it upfront for four years, you sell a box for EUR 100 and you sell the support for almost EUR 100 as well, but it's for the four years. You see what I mean? That's the thing. Each time you sell a box, you have the support, so that's why it's difficult to make the split. If you ask me what is the split on if you sell a box on a managed service part, only 10% is managed service, 10-15% is managed services of the complete selling, so make a difference between support and maintenance and managed service.

[00:43:27]

Q: Which European countries are the top revenue generators for Nomios?

AV: The one country I tell you for sure without hesitation, France. You know why? Because Sébastien, he knows what he's doing, he has a strong team. Those guys, he can rely on his team, he can rely on the loyal team. He's honest with his team, he's honest with his sales guys, this is why people are joining and remaining at Nomios. That's really important. Sébastien has a clear view. He's a really nice guy, I like him very much. He's dynamic, he has a straight view, he's able to make decisions quick, fast and smart and so do his managers and so on, so the culture is really great. What I see also is England is evolving quite well. Again, I don't know the numbers, but I see that they started with two people, they're now a really bunch of… They are invading England again, so it's quite okay. I remember also that the Polish guys were also performing quite well, they are investing a lot in resources and competences, so people with the right skills and so on. I would say now, today, France, Poland and England might be, but I don't know about Germany. What I know about the Netherlands is that it's really going down in the Netherlands, really. Belgium is still doing okay, but it's not the great performer. Let's say that Belgium is a small country, and the market in Belgium is saturated as well in that environment.

[00:45:56]

Q: You said revenue is going down for Nomios in the Netherlands. Is that due to not having the appropriate resources devoted there or is there more competition?

AV: I prefer not to answer that question because then we might have some legal issues. I can only answer that question being non-objective, so I prefer not to answer that question. Perhaps what I can tell you, there are some websites where you can trace up what the employees think of their employers. Just check that one and then you will understand.

[00:46:44]

Q: Who would you consider to be Nomios's main competitors in France? I understand you may have the typical large players such as Capgemini and Atos, but are there any smaller players?

AV: I don't know. You can add Thales on that part but really I don't know, because I don't know all the players in France. France is a really large country and perhaps you can have a competitor locally invested in the east of France and he's doing only the east, and he's really only a competitor of Nomios in the east but it's not in the west or in the south. Nomios is present through all the country, from the north to the

south to the east to the west to the centre to the mid-west. Nomios is present everywhere. Let's say Nomios in France is a major player now, so you have to consider him as being a major player. Of course, you can have a local competitor. It's really difficult to pinpoint competitors, but surely and certainly, Nomios can confront himself with the major Atos, Orange, Thales, whatever, etc. It's really a major player in France.

[00:48:29]

Q: Would you say Nomios's ability to compete with the larger players is due to its networking strength, or does cybersecurity play a role?

AV: In France, they are able to build strong relationships with their customers because of Sébastien Kher, because of the mentality, because of the DNA of the company, because of the company culture. This is why they are so successful, because they can really build strong relationships, build upon trust, build upon expertise and so on. That's the thing in France they are able to deliver. This is why they are successful. Perhaps sometimes they will organise a great event and everybody will feel happy, but this is not the only way. The first thing is that they have a strong culture, a customer-driven culture where the customer comes first, and you feel that. You feel the enthusiasm of those guys, believe me.

SM: There are some solid relationships, especially in France, which it can really use to its advantage?

AV: Certainly, based upon trust, capacity of delivering the promise you made by signing the contract, which is really important. Before signing the contract, all the thing is a theoretical exercise and you only have to believe it on what is written on paper.

[00:50:20]

Q: You mentioned there are some locally invested competitors within specific regions in France. Are any of the smaller, local players genuine threats to Nomios's market share?

AV: No. There might be a competitor once in a while, but that's normal. I consider the major competitors because Nomios is heading towards the very high companies.

[00:51:00]

Q: Would you say there are certain competitors Nomios would most often come up against in England?

AV: I cannot answer that question, I don't know.

[00:51:18]

Q: Would you highlight any other general European players, whether in Belgium, Netherlands or pan-Europe?

AV: We forgot one, which is NTT, Nippon Telegraph and Telephone. You have NTT, former Dimension Data. You have the Verizons, you have the British Telecoms, you have the Capgemini. They are the major players that you can encounter. Those are always the same people, the same companies you encounter. This is what I also see today in the competition that we have, it's becoming global.

[00:52:13]

Q: How do you think Nomios will fare with competition becoming more global? Can the company adequately expand to become more of a global player?

AV: I don't know if I can answer that question because we might have a compliancy issue, but perhaps either the group Nomios is able to acquire or Nomios is able to join.

[00:52:58]

Q: Do Nomios's competitors across Europe differ a lot if we segment them by the divisions or segments they operate in? Is it still quite uniform across them?

AV: I don't think there are vertical rules, I really don't think so. There are some but the verticals are too... It's not that you have enough volume to create verticals, certainly not in Belgium, but there was one vertical, because this is where it all started, it was the service provider, internet service provider, data centre environment. These were the first steps of Infradata, who became Nomios. That was the major vertical, that was the sweet spot, that was really where it all started, but it's almost gone now.

[00:54:23]

Q: Nomios's strengths have historically been in networking. Given the company's cybersecurity expansion, is the competition here similar or different vs the networking side? Who would you consider to be the key competitors that we haven't discussed on the security side?

AV: Again, we have discussed them because all those companies, they have made the move. Deloitte, for instance, is a company we have not discussed, PricewaterhouseCoopers is a company we have not discussed because they come from a consultancy. Okay, they came from the financial consultancy, but financial, insurance, finance and insurance, it's risky. What's the risk? Everything is digitalised. How can I measure the risk? Digitalisation. Digitalisation I need to secure. How do I secure? I need cybersecurity. Do I need technology? No, make a risk assessment, we are committing to governance. You can give consultancy on your financial plan, but you can provide consultancy on your risk plan based upon your digitalisation. This is where we have a Deloitte, a PricewaterhouseCoopers and the other major, what do they call it, the big fives or the big fours. That's the thing. They have built the service upon that and they are delivering the service upon that, incident response team on demand, sometimes SOC services, I think, also for some customers of theirs. Those are also competitors that are joining the cybersecurity ecosystem.

[00:56:41]

Q: What is your long-term outlook for Nomios and its competitiveness in the cybersecurity space? Is it a matter of having to resort to M&A activity?

AV: In my opinion, but it's only my opinion, what I have seen here in Belgium, all those companies like Nomios, the first step, growth, fantastic. Not able to sustain the growth on a personal level, they need fresh cash coming from a bank, the bank is not providing anymore so you go to another kind of banking, then you go to the private equity. The private equity comes on board, you know the drill, you know how it works. Stay there for four years, the ride is fancy, they sell it again to another private equity, we'll try to do it again and after that, what will you do? It will enter, then it will come and join another industrial company perhaps like Capgemini, like an Orange, like whatever, or another private equity again and

again, but there is a limitation about those private equities. Yes, it's merging and acquisition. In my opinion, but again it's my opinion, this is the only way.

SM: In terms of increasing its competitiveness on the cybersecurity side?

AV: In Belgium, they are all gone, almost. Still one is left, another one has started from scratch, another one was acquired by OCD and management started their own company and started all over again. Basically, you don't have minor players anymore in Belgium, and I suppose in France it will be the same.

[00:58:50]

Q: What dictates a customer's decision to opt for Nomios vs competitors such as Atos, Capgemini and Orange Cyberdefense, especially in France? Where is the company differentiating? Is it just the relationships and friends it's built?

AV: The sales process, it's all about relations. How do you build relations? You can do it in different ways. Either you show the value of your company through projects you have performed, through references you can share, you can ask for a company where you provided good work on that technology to have a discussion, that's the thing you can do. The other part, if you don't know them you build a relation, you invite them to the restaurant, you go to Roland-Garros, you go to the Formula One and so on, and then after a while you say, "You know what? The next project, it is for you." It's the same everywhere, it's how you build relationships, but it doesn't necessarily work always like that. I don't want to use the word bribery, but let's say when you want to know some guys, you need to know them outside of the context, perhaps, and that's how you build relationships. I really strongly believe that the better thing to build a relationship is you first have to show what you can do, and this is what they are really good at in France, and then you move on. In Belgium, there was another former general manager, Nico van Buitenen. He had a really large carnet d'adresses. Do you understand that, carnet d'adresses? He knew a lot of people, and that helps. Actually, that's the sales part. It's the same everywhere. You can go to any sector, sales will always have to deal with that. It's part of the sales process.

[01:02:12]

Q: On the sale side, I understand Nomios may be doing very well, especially on the pre-sales, but in terms of the company's offering and capabilities, can it not offer much differentiation?

AV: No. In France, okay, but certainly not in Belgium.

SM: When you say in France, do you just mean its offering?

AV: France is investing the right resources. When you sell a technology, you need to have the people with the right skills, with the right know-how about that technology. If you sell Fortinet you need to have Fortinet experts, when you sell Palo Alto you need to have Palo Alto experts, when you sell F5 you need to have F5 experts. Those experts, they are all present in Nomios in France, and if in Belgium you need them, you can rely on them but you will not be priority number one.

[01:03:12]

Q: What is your outlook for Nomios's growth? Could you highlight any opportunities or areas where the company might struggle?

AV: Where they will struggle in the future, it's to differentiate themselves in the cybersecurity market, because this is not their DNA so they have everything to learn. The tricky thing, it is okay if you accept that you have to learn, but if you think that you are expert, then you will die. In network, selling a switch when you don't have the capacity or the capability or the expertise, doesn't matter, a switch is a switch, it will always do the job. On cybersecurity, when you tell your customer that you are expert and you are not and something happens, a data leak or a ransomware and everything is down and you are not able to help, it's a lot of money, a major issue. The tricky part, the problem they will face is that they will have to increase their capacity and resource in cybersecurity, which is okay, but they will have to accept to do so and accept that they will be the challenger and the little guy again. They are top of the best on the network part, and they will have to accept they are not top of the best on the cybersecurity part and grow upon that. That's where I see the most tricky thing. Again, if a company stops working or the IT is completely switched out, can you just imagine a bank, can you just imagine an industry, can you just imagine a hospital? That's the thing. When you look yourself into the mirror, if you put a cat in front of a mirror, don't see a lion, just see the cat. That's the only thing I want to say.

[01:06:18]

SM: Alexis, that would be a great note to wrap up on, so we will be ending the Interview now. Let me close by saying thank you so much for your input today, very much appreciated and it was a pleasure speaking with you.

AV: I hope it was useful. Thank you very much.

SM: Thank you again, Alexis. Have a good one. Take care.

Transcription ends at 01:06:43 of the recorded material.

If you'd like to speak to Alexis Vens in a private call or meeting, please let your relationship manager know.