# cynny space
## simple sustainable storage

# The first ARM® based Storage-as-a-Service

December 2017

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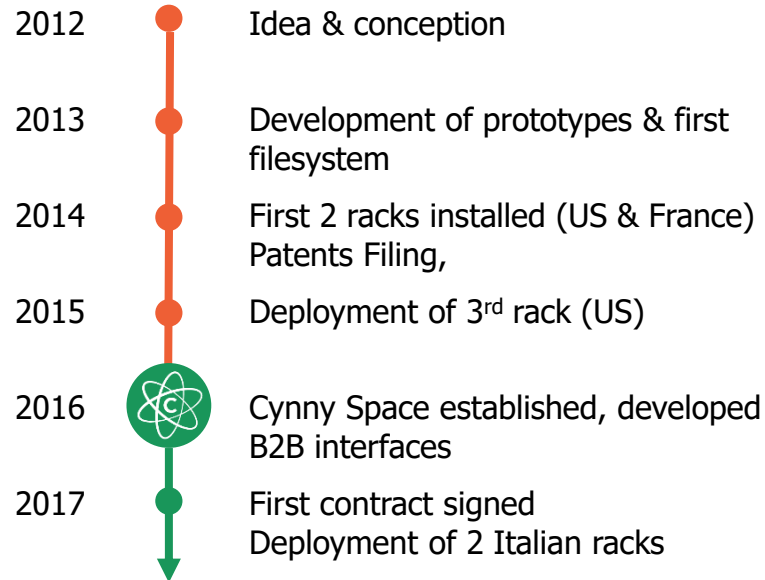
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# Company profile
## 2 year old company with over 5 years experience

## Company Timeline

| Year | Event |
|------|-------|
| 2012 | Idea & conception |
| 2013 | Development of prototypes & first filesystem |
| 2014 | First 2 racks installed (US & France) Patents Filing, |
| 2015 | Deployment of 3rd rack (US) |
| 2016 | Cynny Space established, developed B2B interfaces |
| 2017 | First contract signed Deployment of 2 Italian racks |

- Privately held company
- Project started in 2012 as part of Cynny
- In Early 2016 decided to create a NewCo to develop the Cloud Storage Vertical
- 11 people of which 7 developers
- Headquarters in Florence, Italy

## Management & Board

**Andrea Marchi – CEO & Founder**
All rounded experience in marketing, decision making with 7 year Bain experience. Head of sales in Dada (domain & hosting), Cynny SpA board member and shareholder, founded Cynny Space in late 2015

**Stefano Baldi – CTO**
Extensive experience in IT and telecommunication sector working in Commprove and Arval (part of BNP Paribas) as Engineer and Account/Project Mgr. Since 2013 developed Cynny storage platform both at hardware and software level.

**Filippo Taccetti – Sale Director**
Skilled business developer with experience in lead generation. Head of business development for Treedom (marketing communication company). Joined Cynny Space in 2016 and implemented sales strategy.

**Stefano Bargagni – Board Member & ideator**
Serial entrepreneur, since in 1979 leading Italian IT companies, creating and leading industrial projects. In 1993, he founded CHL, the world's first e-commerce, went public on the Milan Stock Exchange in 2000 with revenues >€100mn.

**Giorgio Moretti – Board Member**
CEO and owner of 40% of Dedalus, European leader in healthcare software with 180M€ revenues. Key knowledge of IT business and strategic partnerships

**Simone Pratesi – Board Member**
Over 25 years of experience in B&C Speakers, publicly traded world leader in the production of electro-acoustic transducers, Investor Relator, CFO and Board member.

# Market overview
# Large, fast growing market

- Cloud storage is a **$76bn market in 2021** with a 26% annual growth

- Top players fast growth and **stable storage pricing**

- EU regulation **strengthened starting may 18** to keep data within boundaries

- **80% of data is unstructured** (documents, backups, multimedia files, IOT data), Object Storage substituting traidional systems (NAS, SAN)

- No other **fully ARM® based storage** player

**Market Highlights**
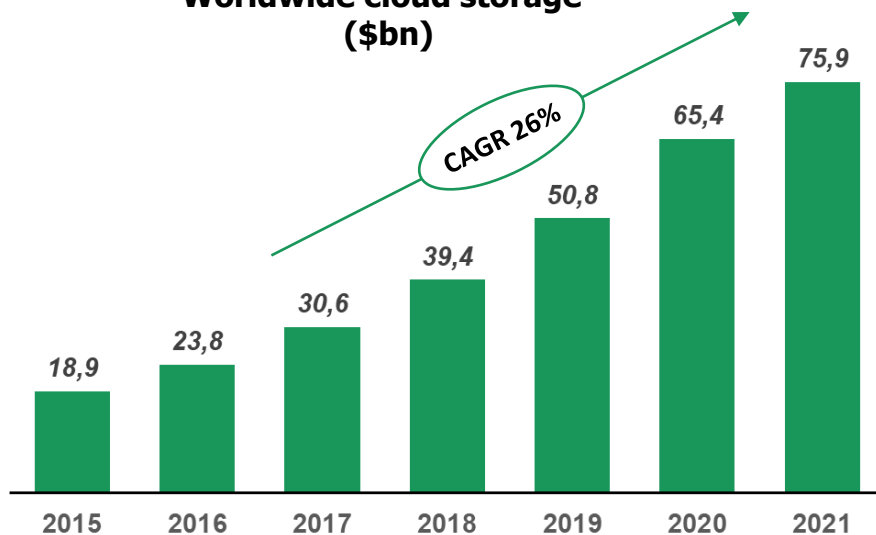
## Key IT challenges
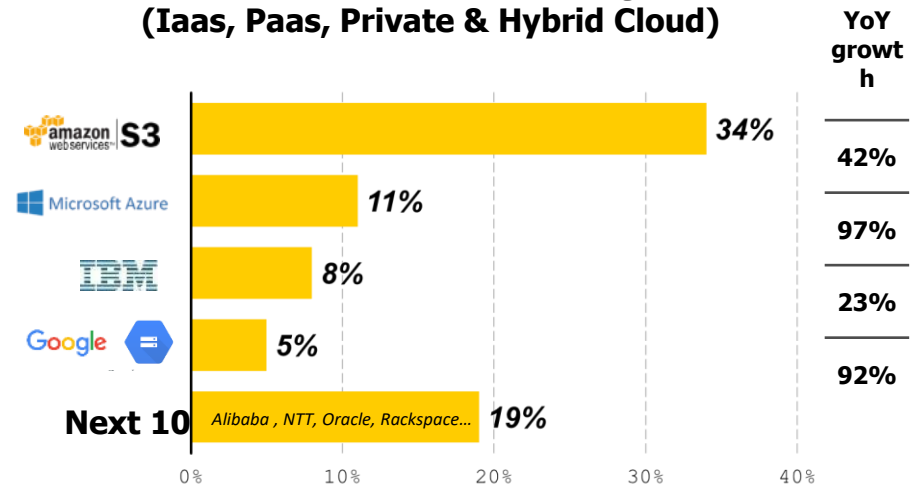
- Data doubles every 2 years
- IT Budget under pressure
- Increasing data complexity

### Worldwide cloud storage[1] ($bn)

CAGR 26%

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|------|------|------|------|------|------|------|
| 18,9 | 23,8 | 30,6 | 39,4 | 50,8 | 65,4 | 75,9 |

### Cloud Infrastructure Market – Q2 2017 (Iaas, Paas, Private & Hybrid Cloud)

| Provider | Share | YoY growth |
|----------|-------|------------|
| amazon web services S3 | 34% | 42% |
| Microsoft Azure | 11% | 97% |
| IBM | 8% | 23% |
| Google | 5% | 92% |
| **Next 10** (Alibaba, NTT, Oracle, Rackspace…) | 19% | |

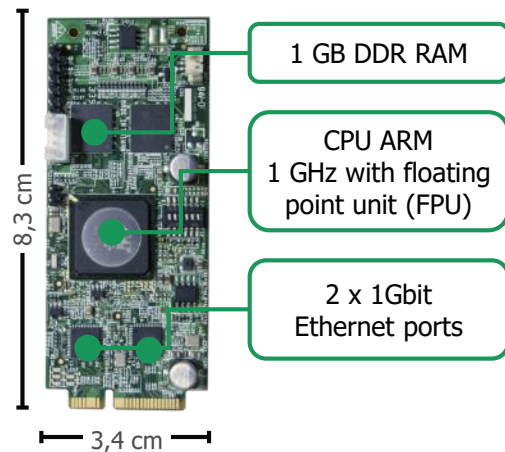Source: http://www.marketsandmarkets.com/PressReleases/cloud-storage.asp
[1]Primary Storage, Disaster Recovery & Backup Storage, Cloud Storage Gateway & Data Archiving, Public, Private & Hybrid

Source: Synergy Research Group https://www.srgresearch.com/articles/leading-cloud-providers-continue-run-away-market

# Innovation
# First fully ARM® based storage solution

## The smallest microserver, the first[1] with ARM® technology



1 GB DDR RAM

CPU ARM 1 GHz with floating point unit (FPU)

2 x 1Gbit Ethernet ports

8,3 cm

3,4 cm

- Derived from **mobile phone** technology
- **Fully equipped server,** 100 times smaller
- Designed specifically for data management with **maximum efficiency** and **minimum size**
- **Low power consumption,** just 1,7W

## 1:1 ratio microserver to storage unit
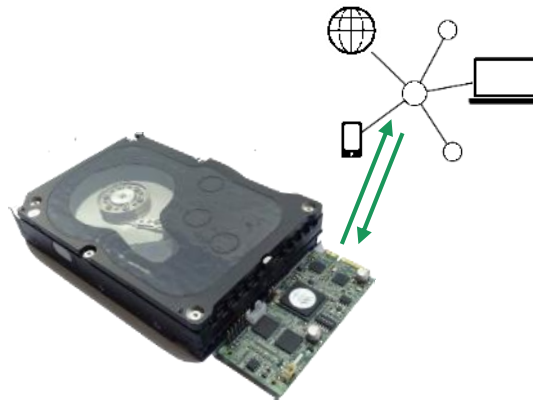


- Unique setup, each Microserver is directly connected to a Storage unit resulting in **independent storage nodes**
- **High computing power per GB, 1 core per Hard Disk**
- Storage node directly connected with end user clients – no other layer required

## SwARM File System



*4 patents filed*

- The only **File System specifically developed** and optimized to run on **ARM®**
- **Intelligence distributed on each storage node**, no single point of failure
- **Seamless scalability,** just add nodes with highest level of data durability
- **No maintenance**

**Secure and durable**     **Green Storage**     **Lowest Cost of Ownership**
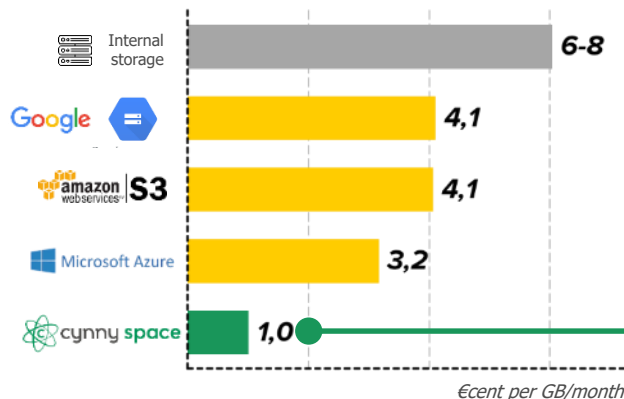
# Value proposition
# Technology driven cost leadership and flexible on premise offer

## Public Cloud Solution

### Object Storage pricing Comparison
*10 TB of space - €cent GB/month*

| | €cent per GB/month |
|---|---|
| Internal storage | 6-8 |
| Google | 4,1 |
| amazon webservices S3 | 4,1 |
| Microsoft Azure | 3,2 |
| cynny space | 1,0 |

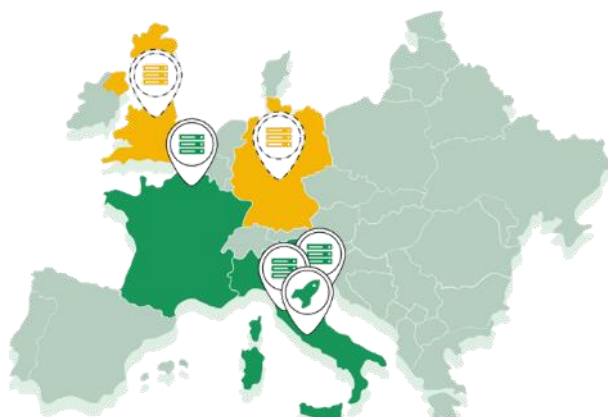**Cost structure advantages:**

- Reduced cost of ARM servers
- Lowest energy consumption
- Zero Maintenance

**All inclusive transparent pricing delivered from EU based datacenter**

Headquarters | Current | *Exp 2018* | *Exp 2019-2020*

## Private Cloud Solution

### On premise Hardware

- ✓ Pricing from 20 to 200k€ per installation and very low **entry level on the market**, from 32TB to 2PB net space
- ✓ **99,999999999%** durability even at the lowest size, much higher than current RAID storage
- ✓ **All included for 60 months:** support, maintenance, monitoring and updates
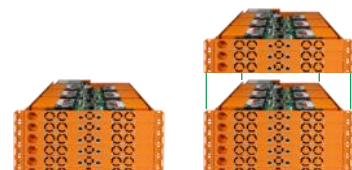
**Space Module** — From 32 TB

**Space Rack** — 348-2090 TB

### On premise Pay As You Go

Pay as You Go

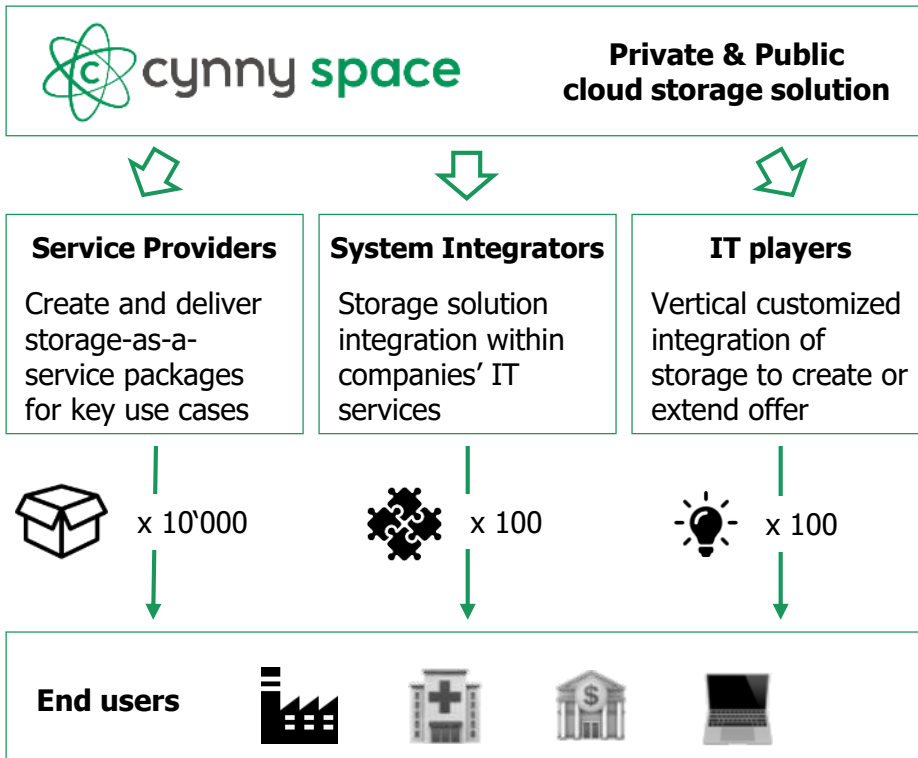| Net TB | List Price TB / month |
|---|---|
| Up to 20TB | € 20,00 |
| From 20TB to 64TB | € 18,00 |
| From 64TB to 128TB | € 13,00 |
| From 128TB to 256TB | € 11,50 |
| From 256TB to 1024TB | € 10,00 |
| More than 1024TB | € 7,00 |

- ✓ **Real on premise pay-as-you-go,** customer pays only for real used space, no commitment to increase used space over time
- ✓ **Fully managed service**, growth managed by Cynny Space
- ✓ **Linear scalability** in terms of storage, with decreasing costs

# Go to market
# Solution validated by large player, expansion via B2B route

## Indirect Route to market

**B2B commercial approach to maximize size and speed of commercial approach and IT players with customized products for vertical solutions**



cynny space — **Private & Public cloud storage solution**

| Service Providers | System Integrators | IT players |
|---|---|---|
| Create and deliver storage-as-a-service packages for key use cases | Storage solution integration within companies' IT services | Vertical customized integration of storage to create or extend offer |

x 10'000    x 100    x 100

**End users**

## Current Sales evolution

- Initial focus on Italian IT market: large number of leads activated, **multiple contracts signed and rolling out**

- Cynny Space **produced revenue** during market testing

- Aim to **strongly expand in Europe during 2018**. Commercial expansion in new geographies with focus on **Germany** (already activated) **UK** and **France**, testing multiple expansion models: external lead generation and direct local business development

- Opening **Public Cloud** locations in new geographies for testing and initial sales development

- Storage solution **validated by two multinationals** operating in defense and healthcare

- **Strategic partnership** developed with key players:

RETELIT

Dedalus
HEALTHCARE SYSTEMS GROUP

LEONARDO

GENERAL COMPUTER
Building Innovative Services

# Go to market
# Vertical integration to create unique applications

## Defense integration

- Customized **vertical integration** for a **defense industry leader**

- Client's Command & Control software combined with low energy consumption storage by Cynny Space to integrate multiple input and provide a united storage for all operations.

- End customer target: law enforcement, ports, airports, major events.

- ETA: June 2018



Space Station
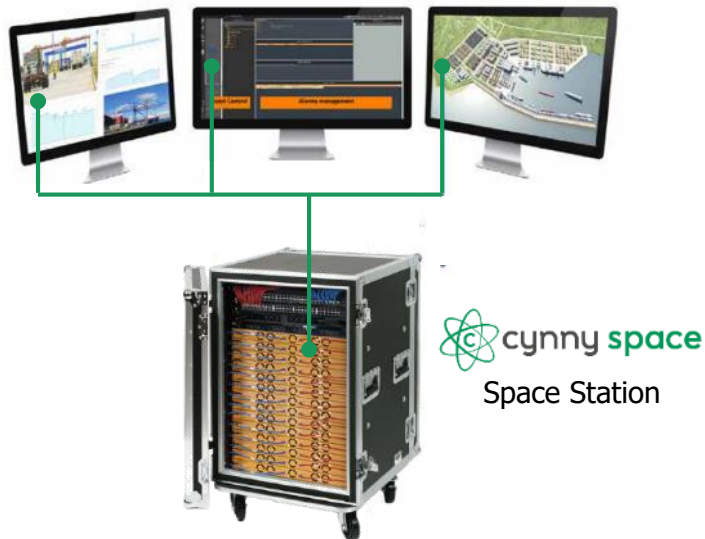
## Healthcare integration

- Developed and customized to integrate vertically a **leading medical records management system**

- Traditional server based medical record managements system utilizes the directly attached Cynny Space to store information such as digital pathology, x-ray, genome etc.

- End customer target: hospital, clinics, national health systems
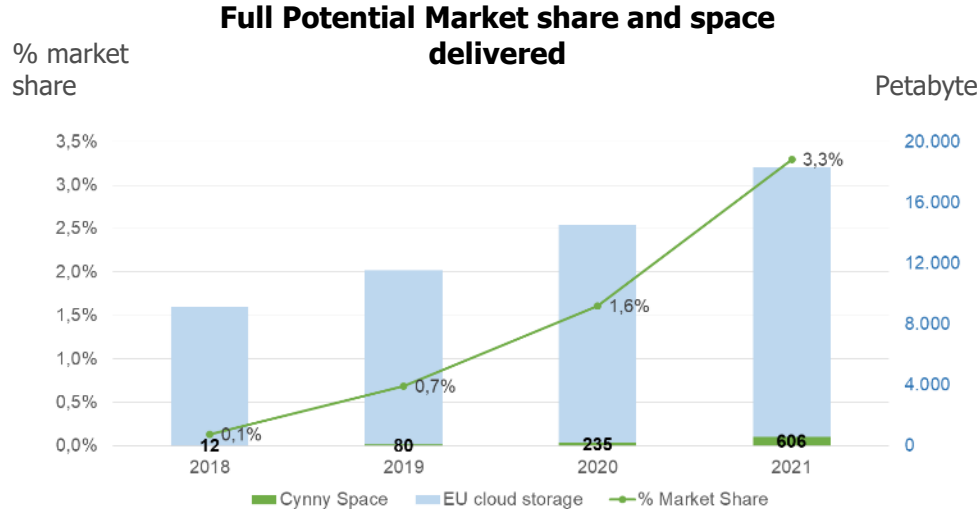
- ETA: early 2018
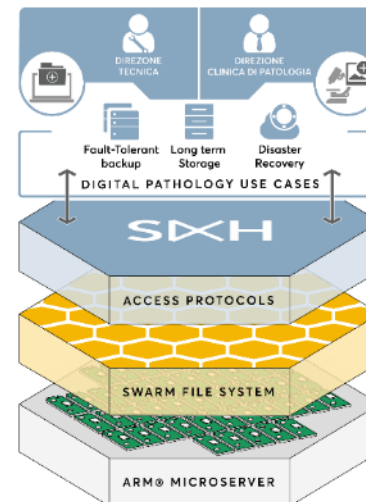
# Objectives and Product Pipeline
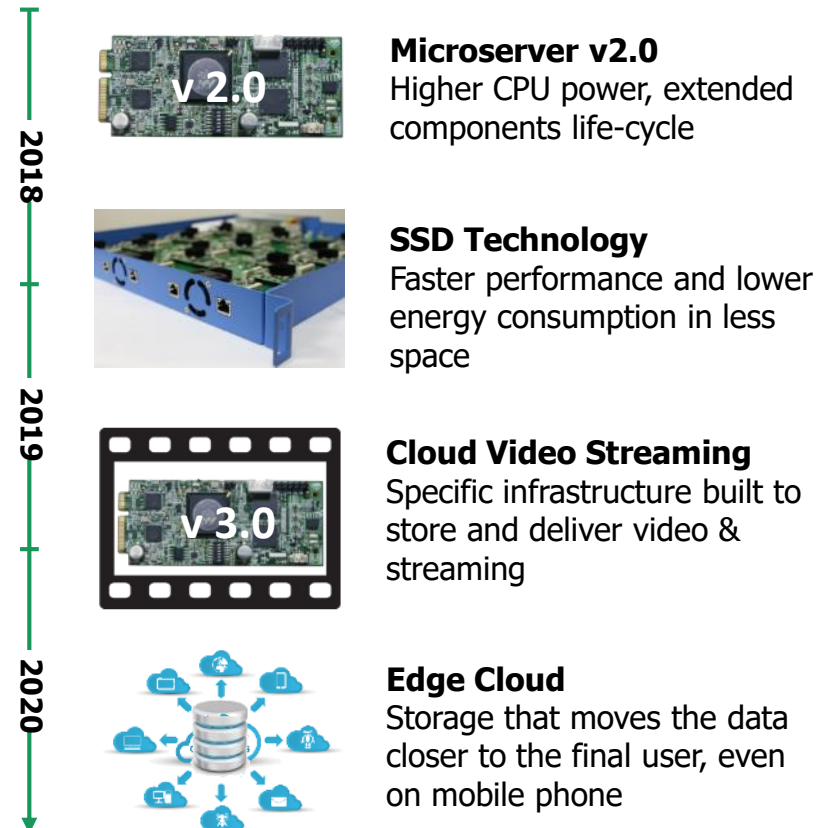# Become a key player and develop Storage focused innovation

## Objectives

**Full Potential Market share and space delivered**

% market share

Petabyte



Legend: Cynny Space ■ EU cloud storage —●— % Market Share

- 2021 Objective to **reach 3%** of EU cloud storage market share

- Aggressive **sales development** across key Western and Eastern European countries

- **Leverage private cloud** unique and flexible offering

- New product pipeline represents a potential upsides, not included in objectives

## Product Pipeline

- Storage focused product development. We believe we are best at doing one thing

**2018**



**Microserver v2.0**
Higher CPU power, extended components life-cycle



**SSD Technology**
Faster performance and lower energy consumption in less space

**2019**



**Cloud Video Streaming**
Specific infrastructure built to store and deliver video & streaming

**2020**



**Edge Cloud**
Storage that moves the data closer to the final user, even on mobile phone

# Business Plan Full Potential Overview
## Growth across three sales models

'000€

- ■ Public Cloud
- ■ Private Cloud - PAYG[1]
- ■ Private Cloud - Sales

**Chart data ('000€):**

| | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Total (top) | 1.566 | 8.824 | 21.970 | 49.172 |
| Public Cloud | 155 | 1.282 | 4.798 | 12.130 |
| Private Cloud - PAYG | 99 | 996 | 3.249 | 10.445 |
| Private Cloud - Sales | 1.312 | 6.547 | 13.923 | 26.597 |

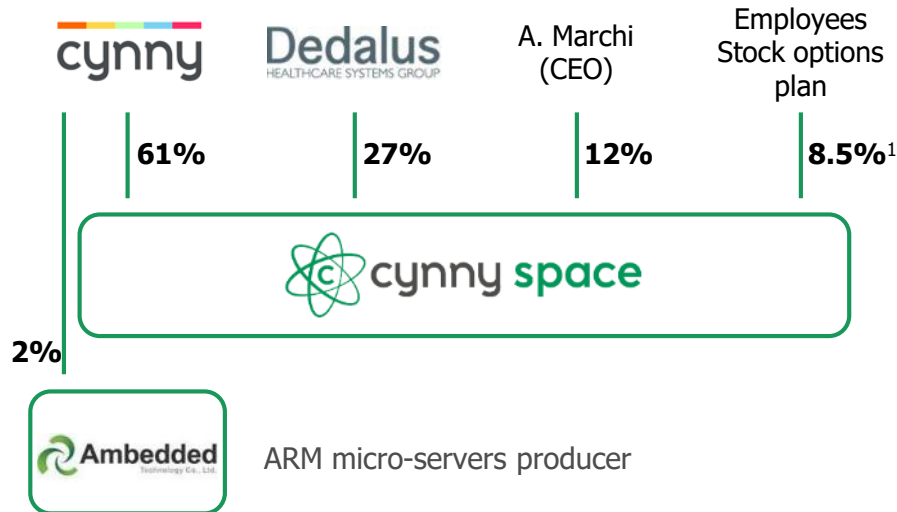| | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| **Total sales** | **1.566** | **8.824** | **21.970** | **49.172** |
| *YoY growth* | | *463%* | *149%* | *124%* |
| EBIT | -928 | -565 | 1.900 | 14.686 |
| *% of sales* | *-59%* | *-6%* | *9%* | *30%* |
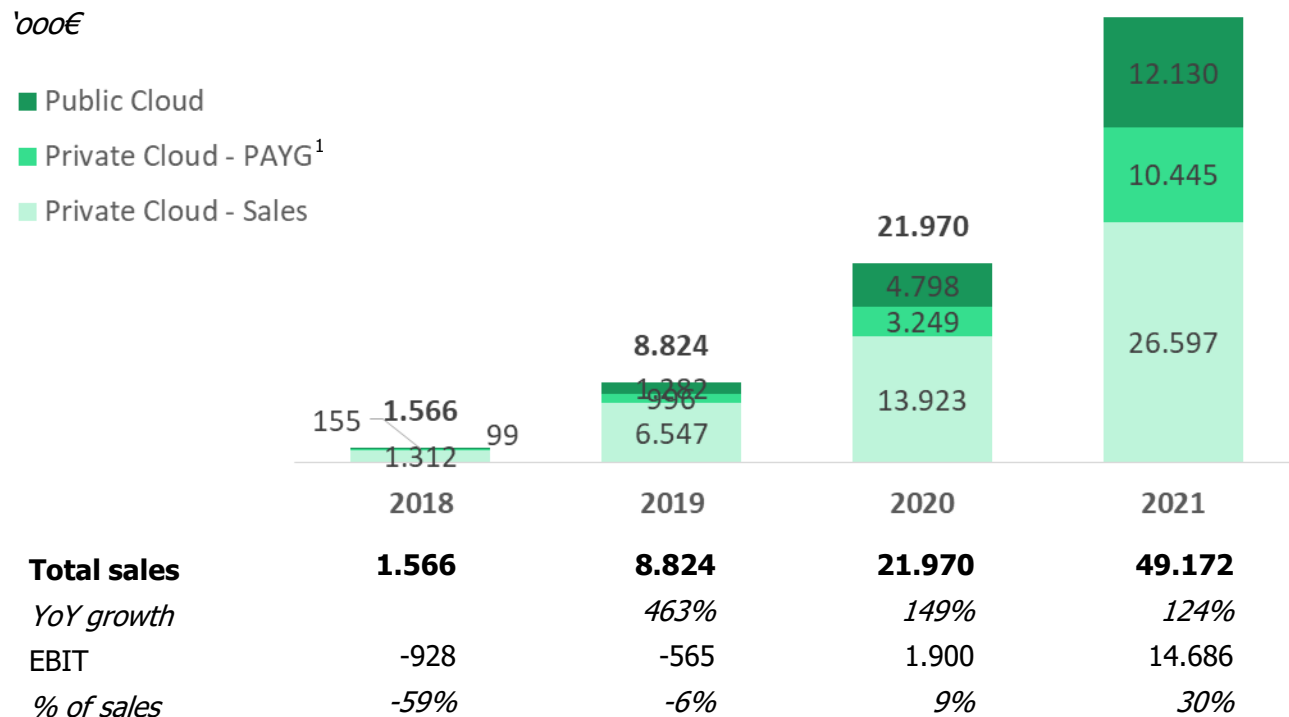
## Highlights

- Sales of **€49M** in 2021

- EBIT **breakeven in 2020**

- EBIT target **>30%** of revenues

- Large part of cost structure **variable and linked to revenues growth** (infrastructure, customer care, sales,…)

- Private Pay-As-You-Go and Public offers crate **backlog orders** that cover next year revenues and **yield high** margins

- **Low maintenance CAPEX** and **linked to business development**

- No fiscal optimization taken into consideration

[1] PAYG – Pay as you go on premise model

# Funding & Corporate structure
# Fuel revenue growth and expansion

## Company structure

cynny    **Dedalus** HEALTHCARE SYSTEMS GROUP    A. Marchi (CEO)    Employees Stock options plan

**61%**    **27%**    **12%**    **8.5%**[1]

### cynny space

**2%**

**Ambedded**    ARM micro-servers producer

**Key Financial steps**

**Dec 2015 -** Raised € 0.5M from Cynny SpA and Marchi (CEO)

**Jul 2017 -** Conferment of IP and Racks from Cynny SpA, €0,1M raised from Marchi

**Dec 2017 -** Raised € 1M from Dedalus, Ardian backed Healthcare company after an extensive technical, fiscal and tax due diligence passed

## Funding

In 2018 structuring **a series A round** to accelerate growth and hit full potential objectives:

a. Speed up business development in Italy and activate external networks to further strengthen strategic countries
b. Develop storage focused product pipeline and maintain key competitive advantage
c. Approach targets for integrated services, extra European countries and high potential partners

Key areas of investment proceeds:

Infrastructure 20%
Technical dev. 17%
G&A 9%
Comm. Dev. 54%
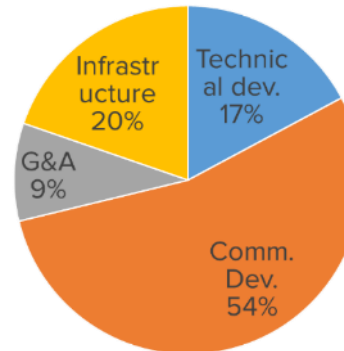
- Commercial development **more than 50% of invested funds in the next years**
- Develop DE, UK and FR markets via third party technological providers

**VALIDA**    **OPERATIX** SALES ACCELERATION

**SFE** SALES FORCE EUROPE

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[1] not included in the current %

# Cloud Storage Opportunities and M&A activities
# Active and buoyant market for storage and cloud players

## Potential Upsides

**Cloud players**
Target directly large cloud players to build world wide commercial partnerships.

Alibaba Cloud aliyun.com

ORACLE®
**CLOUD PLATFORM**

**IT service providers**
Develop integrated solutions with IT top players to drive efficiency and improve their standing

Dropbox          Tencent 腾讯

**Moon Shot**
Create a serverless solution that connects unused storage space in cellphones or computer making it part of a network and spreading storage across large number of devices

## Key M&A activities

**PURE STORAGE**
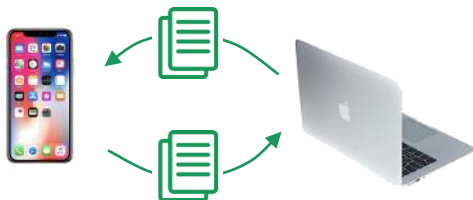
- Storage system based on Solid State Disks (All-Flash Arrays)
- Fast revenues growth **FY13 $6.07M, FY14 $42.73M, FY 15 $174.45** without generating profit (net result FY15: -$180.48M)
- In October 2015 IPO on Nasdaq with **an evaluation of $3,0B**

**wiit**

- Italian based company that delivers **cloud computing services** for enterprises, mostly under **private cloud** and **hybrid cloud models** di SAP più certificati al mondo.
- 2016 revenues of **€15.3M** with 13.5% CAGR 14-16 and 2016 **EBIT margin of 15.7%**
- In July 2017 IPO on AIM (part of MIBTEL) with **an evaluation of €150M**

**openio**

- French based **storage software company** born in 2006 with 27 employees.
- Fees based on used space (not including the hardware) and **can run with ARM based servers**.
- In October 2017 raises **$5M driven by venture capital funds** (Elaia Partners, Partech Ventures, and Nord France Amorçage)[1]

[1] Source: https://www.theregister.co.uk/2017/10/24/openio_funds/

cynny space
simple sustainable storage

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# Intellectual properties
## Filed for 4 patents and begun the internationalization process

| Description | Country | Date of filing | Type of application |
|---|---|---|---|
| **Systems and methods to organize a computer system having multiple computers** | **USA** | **29 Aug 2014** | **Patented on 19th Oct 2017 US Pat. No. 9,823,985** |
| **Systems and methods to maintain data integrity and redundancy in computing system having multiple computers** | **USA** | **29 Aug 2014** | **Patented on 27th March 2018 USPTO, Pat. No. 9,928,149** |
| Systems and methods to distribute computing tasks among multiple computers | USA | 29 Aug 2014 | Non Provisional Application No. 14/691,301 |
| Systems and methods to manage file access | USA | 29 Aug 2014 | Non Provisional Application No. 14/691,335 |
| European application for "systems and methods to organize a computing system having multiple computers, distribute computing tasks among the computers, and maintain data integrity and redundancy in the computing system" | EU | 15 Jul 2015 | Internationalization of Patent |
| Chinese application for "systems and methods to organize a computing system having multiple computers, distribute computing tasks among the computers, and maintain data integrity and redundancy in the computing system" | China | 15 Jul 2015 | Internationalization of Patent |
| European application for patent "systems and methods to manage file access" | EU | 25 Sep 2015 | Internationalization of Patent |
| Chinese application for "systems and methods to manage file access" | China | 25 Sep 2015 | Internationalization of Patent |

*As of 28/3/2018*