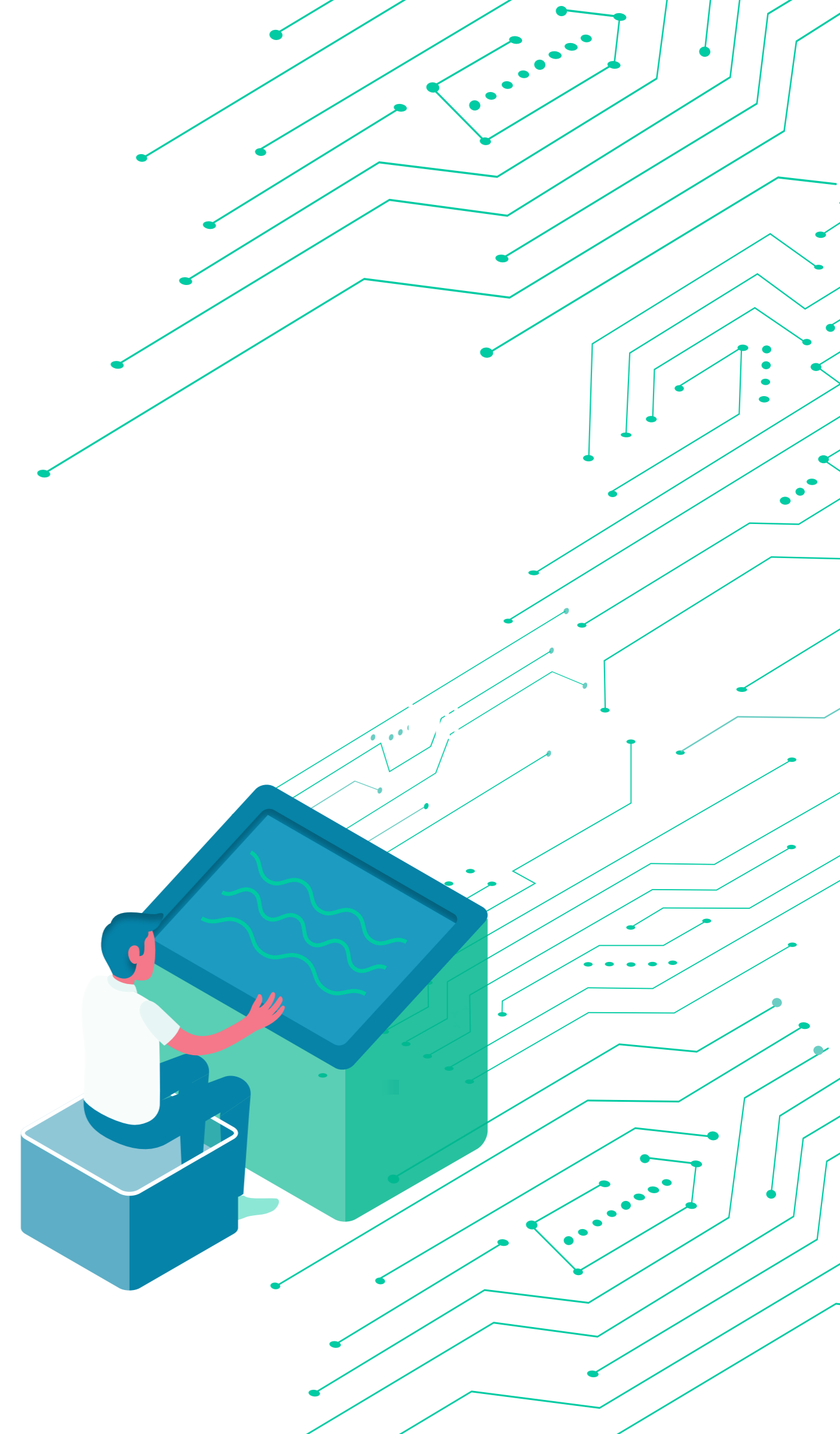
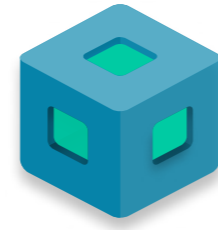


Very Good Security

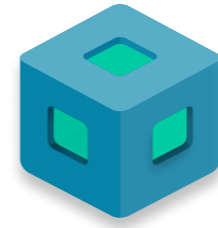
by Lily Zhang



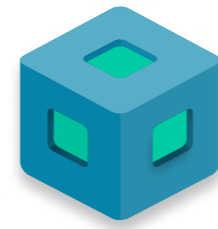
Agenda



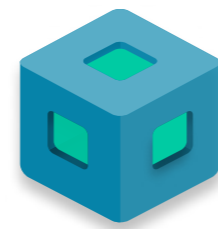
Company



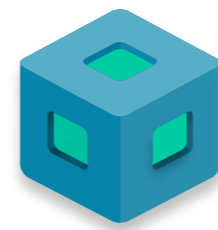
Market



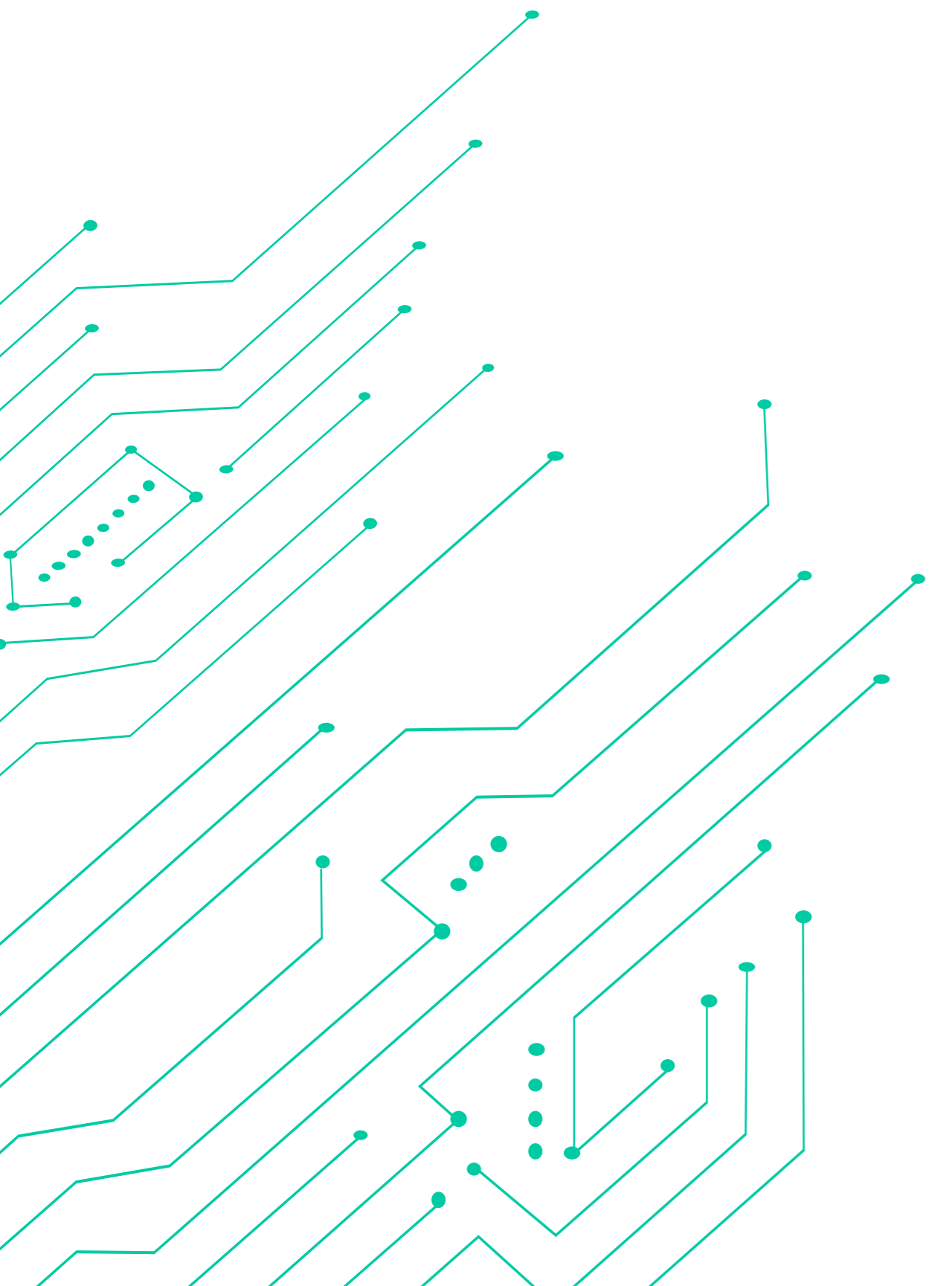
Financials



Risks & Mitigants



Conclusion



Overview

Very Good Security aims to manage data compliance and information security by providing an entire solution to data transfer, collection, and storage.



Mahmoud Abdelkader
Cofounder, CEO

Cofounder of Balanced Payments
Y Combinator Class of Winter 2011
Syndication Engineer at milo.com

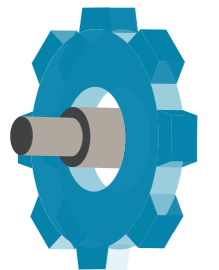


Marshall Jones
Cofounder, CTO

Former VP of Engineering at
Balanced Payments
Former Development Lead at Blue42



Traditional security tools focus on securing data access points instead of actual data. VGS SaaS aliases and stores data compliant to data privacy laws, so businesses can focus on growth, not compliance.



44.9 million
in total investments from
Andreessen Horowitz, Goldman
Sachs, Visa Ventures, and more

125-150 employees
and actively seeking to hire
more software engineers and
product managers

Timeline

2015

Very Good
Security is founded by
Abdelkader and Jones

July 2018

3-click Integration of
Reverse Proxy Rule
released

July 2019

Recognized as a
launch partner with
Visa Fintech Fast Track

December 2019

MFA launched, with
OTP credentials or
WebAuthn

July 2017

Series A funding round
of 8.5 million, led by
Andreessen Horowitz

September 2018

Recognized as a SINET
16 Innovation Award
Winner

October 2019

Series B of 35 million,
led by Goldman Sachs;
Multiplexing launched

January 2020

Investment by Visa
Ventures of an
undisclosed amount

Company

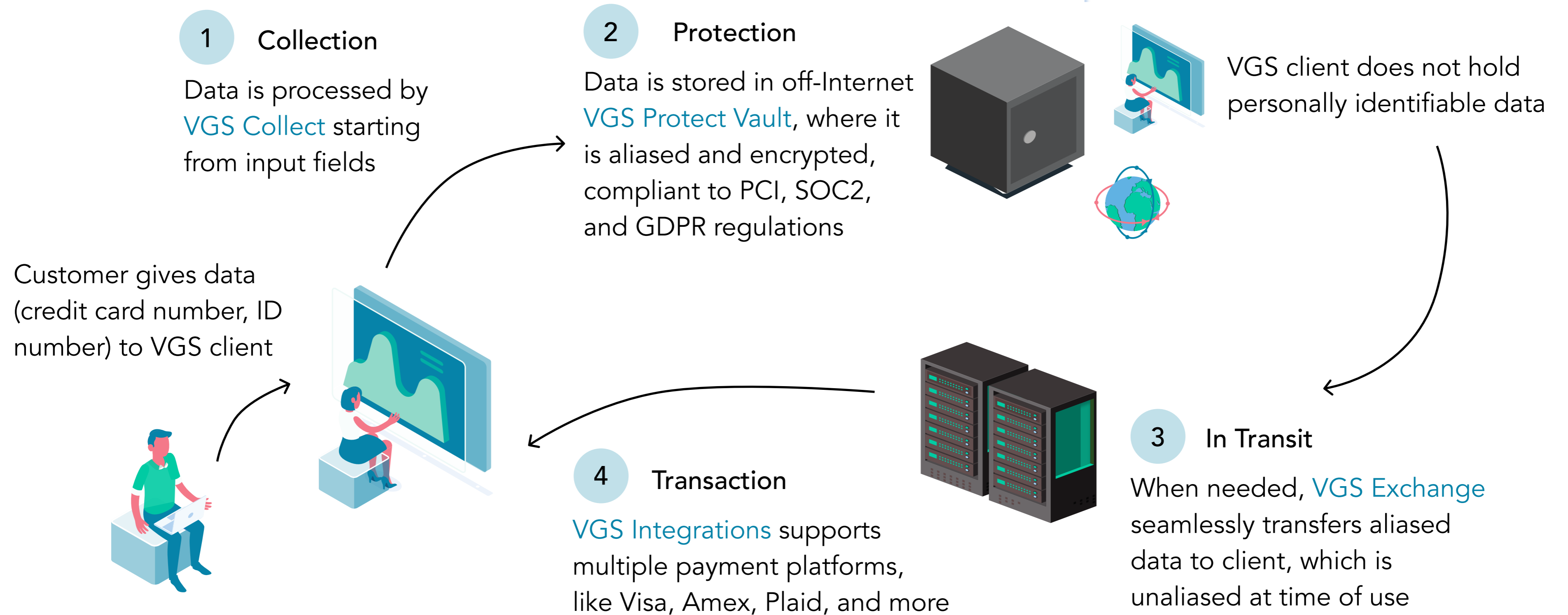
Market

Financials

Risks & Mitigants

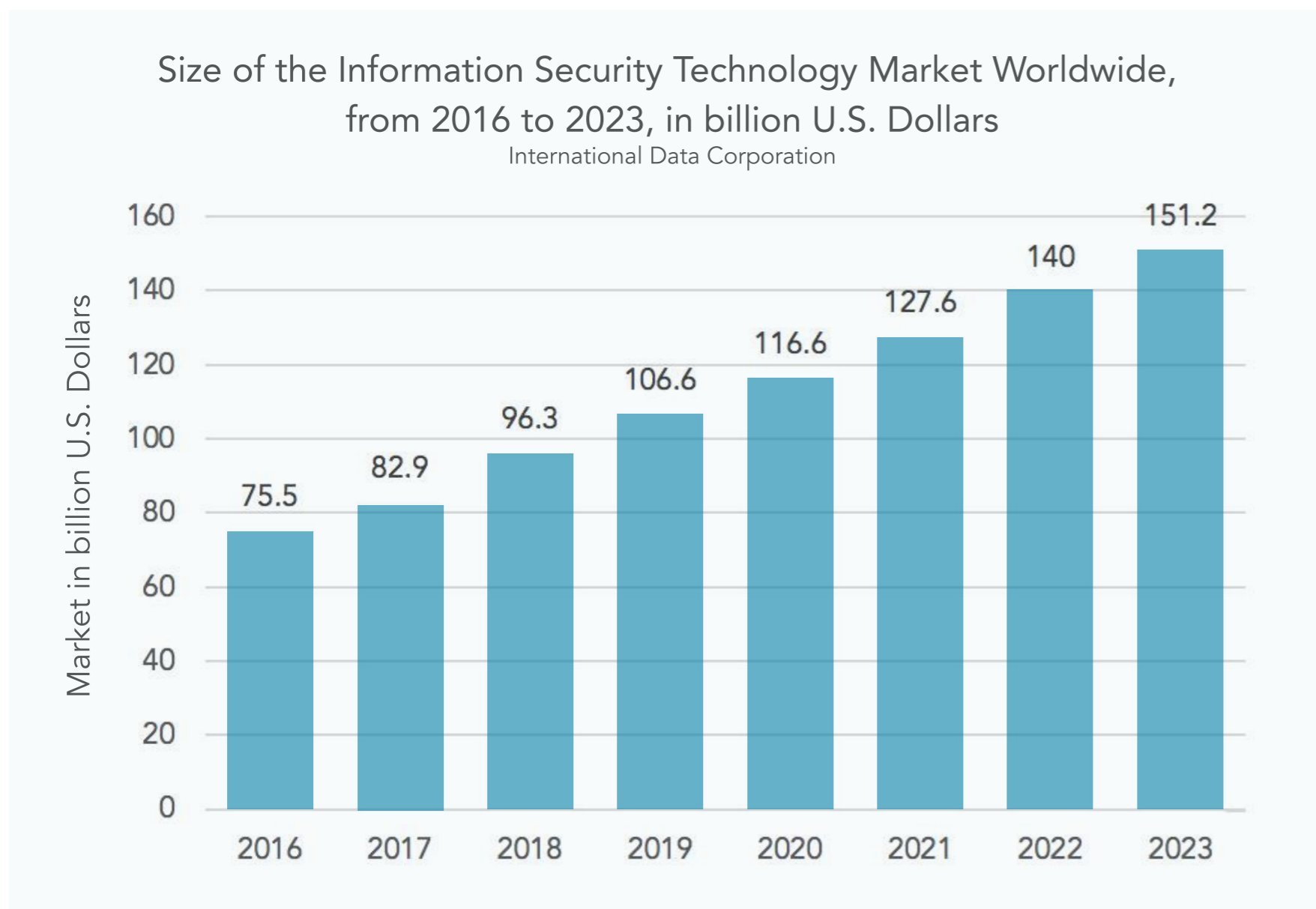
Conclusion

Zero-Data Approach



Market Overview

The information security technology market is expected to grow to **\$151.2 billion USD by 2023**, with a **CAGR of 9.5%**.



Regulatory agencies are empowered by data privacy like CCPA and GDPR to levy large fines when audits find security measures inadequate.



\$230 Million USD GDPR fine following 2018 breach

Wall Street Journal






Healthcare and financial services industries have historically been targeted at a higher degree, threatening customer loyalty and trust.

525 U.S. Healthcare Data Breaches in 2019

150m Records Stolen from Equifax in 2018

Identify Theft Resource Center,
Electronic Privacy Information Center

Startup Competitors

					
Product	zero-data security and compliance	encrypted security and compliance, tokenization	data residency, data aliasing	big data- centric GDPR compliant platform	zero-trust password management
Value	easy integration and adaptability to client data needs	data provenance through aliasing and watermarking	industry standard at rest, en route encryption	tailored analytics on pseudonymized data sets	future expansion of blockchain capabilities
Compliance Capabilities	GDPR, SOC2, PCI, more to come	CCPA, GDPR	SOC2, PCI, HIPAA	GDPR, CCPA, LGPD	NIST
Funding/Stage	Series B 35 million	Series C 143.5 million	Series A 15 million	Series A 12 million	Seed 4.3 million

Company






Market

Financials

Risks & Mitigants

Conclusion

Mature Competitors

					
Product	zero-data security and compliance	SMaaS, compliance, network & IoT Security	CyQu, IT consulting, White Hat services	server security, endpoint protection	IT consulting, X-Force White Hat services, more
Value	easy integration and adaptability to client data needs	zero-trust security, enterprise size modifications	holistic network, endpoint, and data advisory	network and web malware detection, threat assessments	holistic network, endpoint, and data advisory
Current Clients	LendUp, Brex, Coverhound, Empower	Independent Care System, Desert Research Institute	undisclosed	undisclosed	American Airlines, Irene Energy, many more
Most Recent Data Breach	N/A	N/A	2010 data leak of personal information	2010, 2012 hacker-induced network failures	2011 data loss in transfer from HealthNet

Company

Market

Financials

Risks & Mitigants

Conclusion

Why VGS Stands Out

Speed & Efficiency

BREX

Offloading the bulk of our PCI and security responsibility to VGS has really enabled us to move faster. It's incredible to think but Brex was founded in late 2017, and we only launched our first card in June 2018.

- Henrique Dubugras, CEO and Co-Founder of Brex, Inc.

Adaptability

APTO

We first started working with you when we were a B2C focused company. With our rebranding to Apto, we've shifted our focus to B2B and helping other businesses launch successful and innovative new cards.

- Ben Hwa, Chief of Staff, Apto Payments

Flexibility

COVERHOUND®

VGS was the only provider we found that would let us vault arbitrary data without restrictions on how we could process it downstream.

- Nathan Seither, VP of Engineering at CoverHound and CyberPolicy

Current Revenue

Based on known current clients and their Pay-as-you-go pricing model, the estimate for current revenue is \$26.9 million

Assumptions were made that:

Clients with Partnerships had more records stored annually and more operations per month than Non-Partnership clients.

The cost for storing a record is \$0.04 per record per month, and the cost of an operation is \$0.02 per record, which includes a variety of processes.

A list of known clients was used to estimate current revenue. Sales of TLS Certificates were not included because it is not core to the business model.

# of Non-Partnership Clients	23
# of records stored annually	23,000,000
# of operations made monthly	1,000,000
# of operations made annually	276,000,000
Annual Revenue from Storage	\$920,000.00
Annual Revenue from Operations	\$5,520,000.00
Total Revenue from Non-Partnerships	\$6,440,000.00
# of Partnership Clients	32
# of records stored annually	320,000,000
# of operations made monthly	32,000,000
# of operations made annually	384,000,000
Annual Revenue from Storage	\$12,800,000.00
Annual Revenue from Operations	\$7,680,000.00
Total Revenue from Partnerships	\$20,480,000.00
Total Revenues, from all Clients	\$26,920,000.00

Projected Growth

Base Case

	2021	2022	2023	2024	2025	2026	2027
Revenue, in thousands	\$43,072	\$66,762	\$100,142	\$145,206	\$203,289	\$274,440	\$356,772
% Growth Y/Y	55%	50%	45%	40%	35%	30%	25%

Valuation multiple was determined by evaluating comparable acquisitions:

Acquisition of Carbon Black by VMware	9.88x
Acquisition of Carbonite by OpenText	3.58x
Acquisition of Veeam by Insight Partners	5x
Median Acquisition Multiple	5x

The following valuation considers that the firm will make a Series C investment of 75 million.

Valuation

Base Case Growth

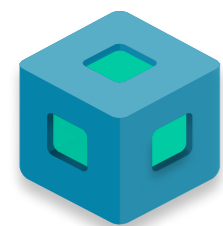
	2020	2021	2022	2023	2024	2025	2026	2027
Revenue, in thousands	\$26,920	\$43,072	\$66,762	\$100,142	\$145,206	\$203,289	\$274,440	\$356,772
<i>% Growth Y/Y</i>	60%	55%	50%	45%	40%	35%	30%	25%
Revenue Multiple	5	5	5	5	5	5	5	5
Implied Premoney Valuation, in thousands	\$134,600	\$215,360	\$333,808	\$500,712	\$726,032	\$1,016,445	\$1,372,201	\$1,783,862
<i>Series C Investment</i>		\$75,000						
Post Money Valuation, in thousands		\$290,360	\$408,808	\$575,712	\$801,032	\$1,016,445	\$1,372,201	\$1,783,862
<i>Equity Stake</i>		26%	26%	26%	26%	26%	26%	26%
Firm's Equity Ownership, in thousands		\$75,000	\$105,595	\$148,706	\$206,907	\$262,548	\$354,440	\$460,772
Multiple on Invested Capital		1.00	1.41	1.98	2.76	3.50	4.73	6.14
IRR			40.79%	40.81%	40.25%	36.78%	36.43%	35.33%

Revenue Growth Sensitivity Analysis (2022E-2026E)

	2023 (2022E)	2024 (2023E)	2025 (2024E)	2026 (2025E)	2027 (2026E)
-10%	29.22%	29.34%	25.46%	25.37%	24.45%
-5%	34.95%	34.74%	31.10%	30.88%	29.88%
0%	40.81%	40.25%	36.78%	36.43%	35.55%
5%	46.81%	45.87%	42.52%	42.01%	40.82%
10%	52.39%	51.58%	48.30%	47.64%	46.33%

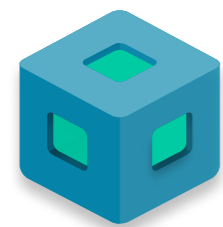
Risks & Mitigants

Risk 1: Vulnerabilities in Security



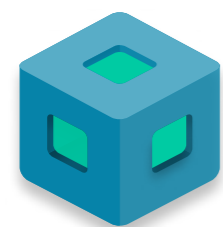
VGS employs static code and post-mortem analysis, as well as internal and external penetration tests led by [independent security organizations](#) to update their security.

Risk 2: Quality at Scale

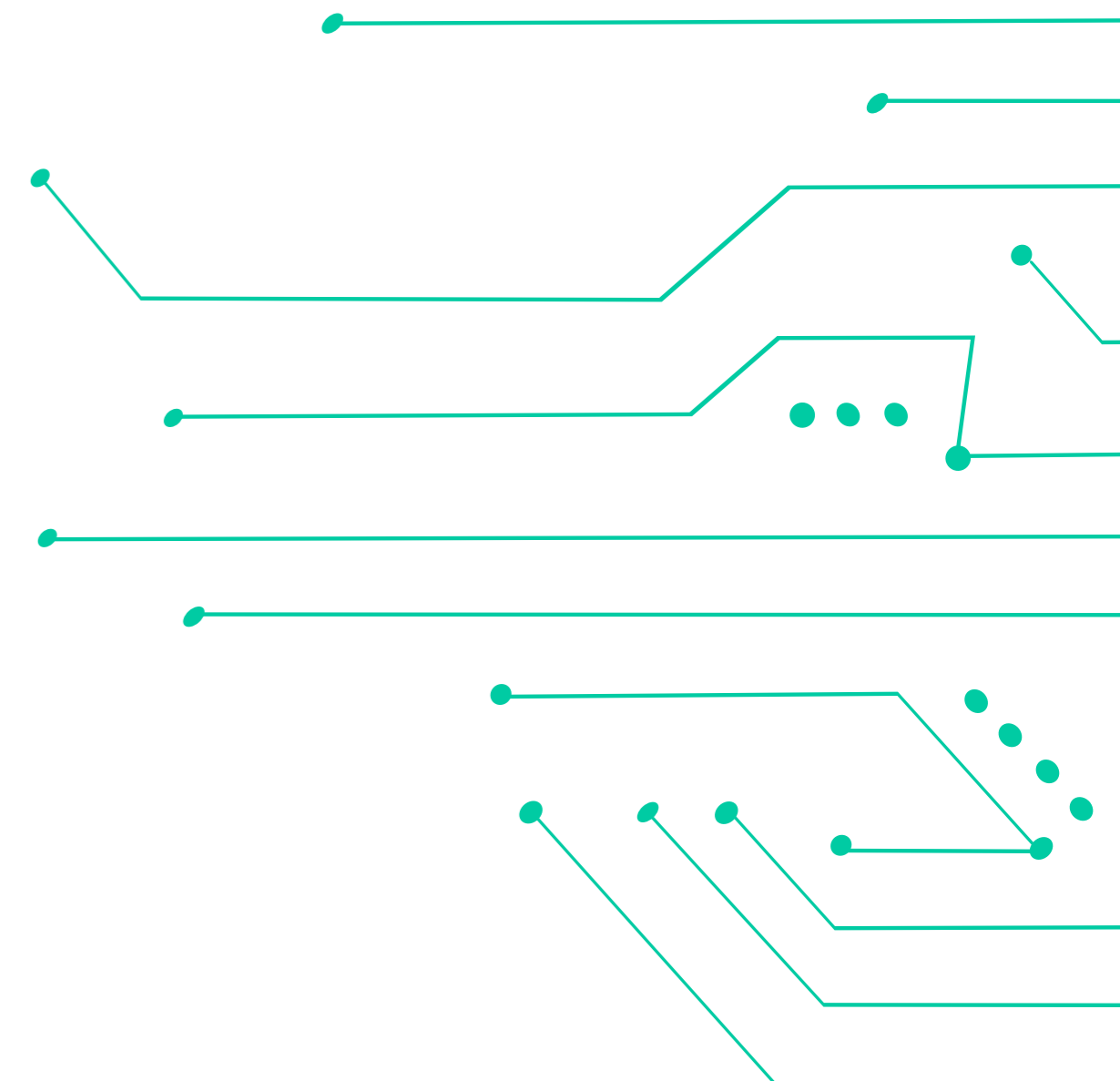


Though the tech is easy to scale, VGS needs [ample capital](#) from investors in order to hire more engineers and account managers.

Risk 3: Highly Saturated Market

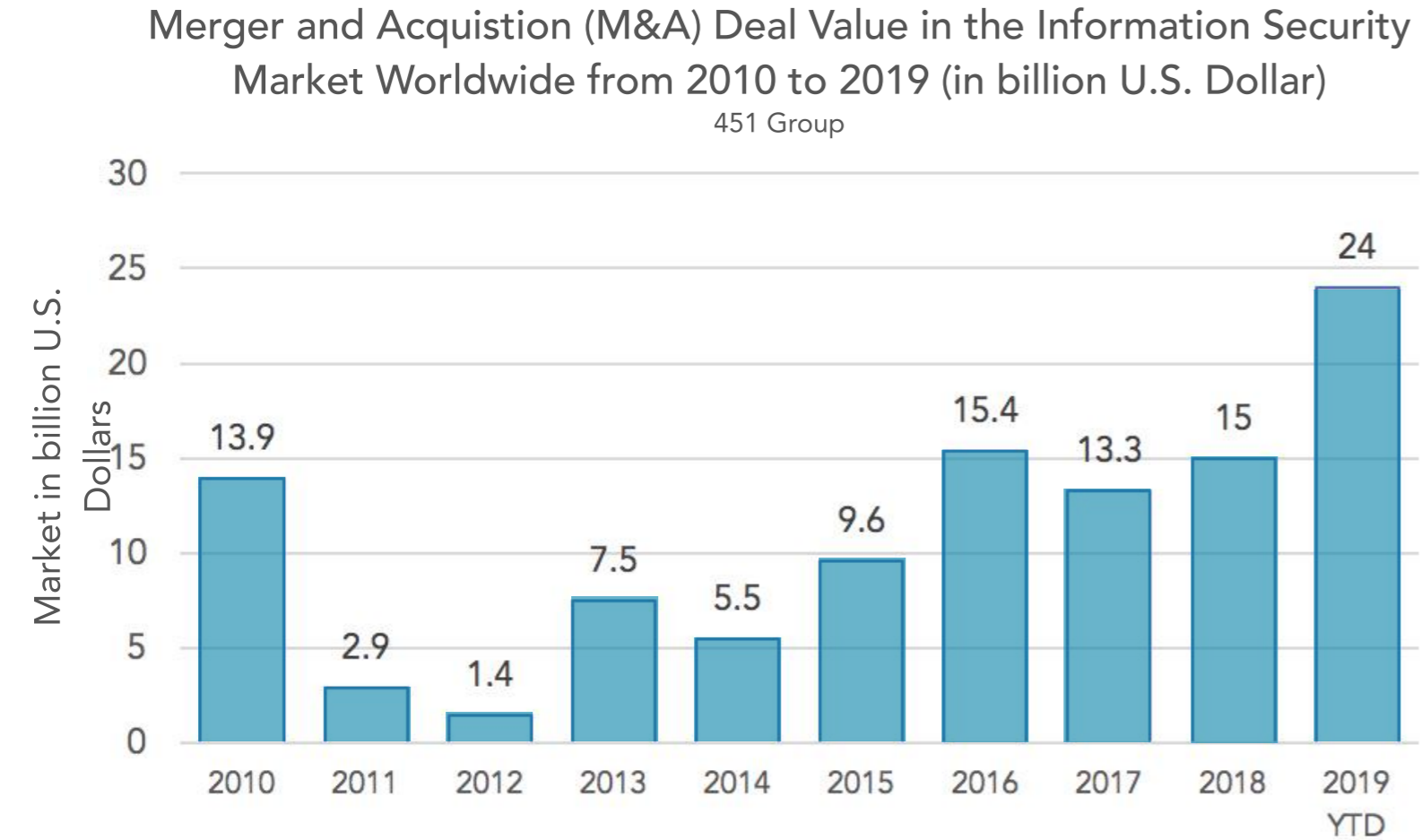


VGS's role in relieving businesses of responsibility to be compliant is unique. Their solution is make their clients [unhackable](#), not to protect what is vulnerable.



Potential Exits

The rise in InfoSec M&A demonstrates that companies are willing to **pay more** for a fully developed security solution.



Data management and IT consulting firms count on acquisitions to flesh out their security posture

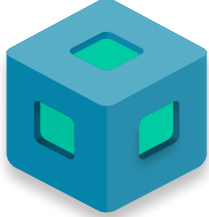


Healthcare data management is aging and health systems acquire infosec in order to update

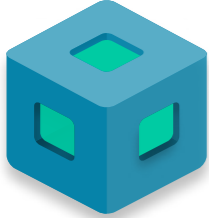


Financial services invest in and acquire infosec firms to develop vendor security strength

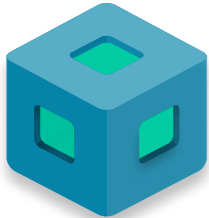
Future Steps



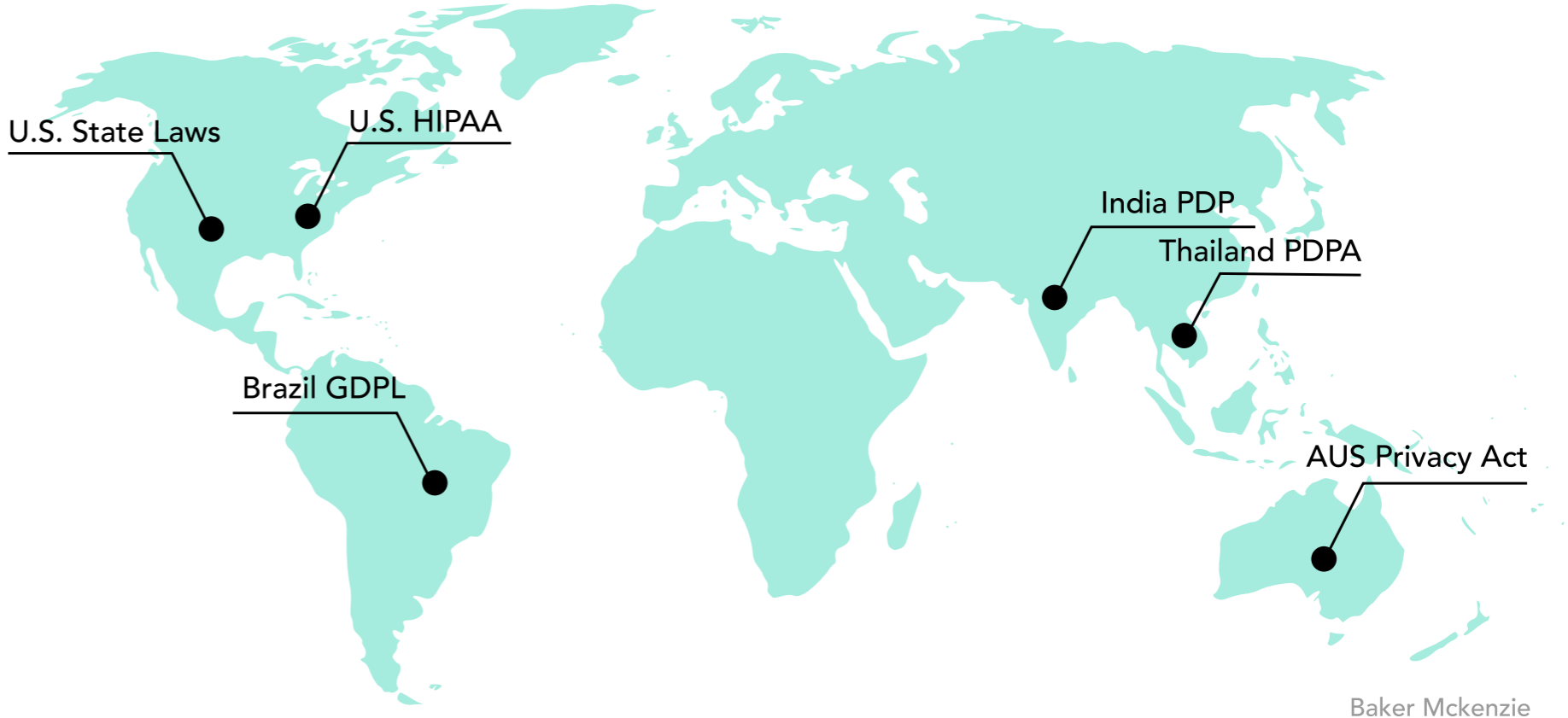
Strengthen global presence by increasing compliance capabilities to include international regulations



Explore solutions in RegTech and LegalTech in in intersection with compliance and information security



Develop current partnerships to include more vendors and increase accessibility to VGS solution for varying enterprise sizes



Investment Thesis

More data has been created in this decade than ever before. To protect that data, Very Good Security has a hard-to-replicate solution that is scalable, secure, and reliable.

Opportunity to Expand

New compliance possibilities can expand customer base

Unprecedented Approach

Combination of zero-data and compliance make for a unique business model

Client-Friendly Flexibility

Able to accompany rising startups throughout their growth

Appendix

Revenue Assumptions

1. Each client, regardless of Package enterprise specific agreements with VGS, is charged according to VGS's Pay-as-You-Go, which is \$0.04/record/month for storage, and \$0.02/record for an operation. Revenue from sale of TLS Certificates will not be included because they are not core to the company's business model.

2. There are two categories of clients, Partnership (Integrations) and Non-Partnership. Each Non-Partnership client is assumed to store 1,000,000 records in a year, and perform 100,000 operations in a month. Each Partnership client is assumed to store 10,000,000 records in a year, and that each month 1,000,000 operations are made.

3. An operation is anything that transforms or processes the data, and a single command may take more than one operation. VGS's Collect and Exchange integrations will not be included, as we assume that Non-Partnership clients are already utilizing those.

Best Case

	2020	2021	2022	2023	2024	2025	2026	2027
Revenue, in thousands	\$26,920	\$53,840	\$104,988	\$199,477	\$369,033	\$664,259	\$1,162,453	\$1,976,171
<i>% Growth Y/Y</i>	100%	95%	90%	85%	80%	75%	70%	65%
Revenue Multiple	5	5	5	5	5	5	5	5
Implied Pre-money Valuation, in thousands	\$134,600	\$269,200	\$524,940	\$997,386	\$1,845,164	\$3,321,295	\$5,812,267	\$9,880,854
<i>Series C Investment</i>		\$75,000						
Post Money Valuation, in thousands		\$344,200	\$599,940	\$1,072,386	\$1,920,164	\$3,396,295	\$5,887,267	\$9,955,854
<i>Equity Stake</i>		22%	22%	22%	22%	22%	22%	22%
Firm's Equity Ownership, in thousands		\$75,000	\$131,987	\$235,925	\$422,436	\$747,185	\$1,295,199	\$2,190,288
Multiple on Invested Capital		1.00	1.76	3.15	5.63	9.96	17.27	29.20
IRR			75.98%	77.36%	77.92%	77.66%	76.79%	75.48%

Worst Case

	2020	2021	2022	2023	2024	2025	2026	2027
Revenue, in thousands	\$26,920	\$32,304	\$37,150	\$40,865	\$42,908	\$42,908	\$40,762	\$36,686
<i>% Growth Y/Y</i>	25%	20%	15%	10%	5%	0%	-5%	-10%
Revenue Multiple	5	5	5	5	5	5	5	5
Implied Pre-money Valuation, in thousands	\$134,600	\$161,520	\$185,748	\$204,323	\$214,539	\$214,539	\$203,812	\$183,431
<i>Series C</i>		\$75,000						
Post Money Valuation, in thousands		\$236,520	\$260,748	\$279,323	\$289,539	\$289,539	\$278,812	\$258,431
<i>Equity Stake</i>		32%	32%	32%	32%	32%	32%	32%
Firm's Equity Valuation, in thousands		\$75,000	\$82,683	\$88,573	\$91,812	\$91,812	\$88,411	\$81,948
Multiple on Invested Capital		1.00	1.10	1.18	1.22	1.22	1.18	1.09
IRR			10.24%	8.67%	6.97%	5.19%	3.34%	1.49%