

Business Recovery Solutions for IT Environments



Kevin Weiss
President & CEO

CEOCFO: Mr. Weiss, what attracted you to Unitrends?

Mr. Weiss: What attracted me to Unitrends? There were several things. One is that Unitrends has grown to nearly \$100 million dollars in billings. It is one of the quietest technology companies with this revenue that I have ever seen. The second thing that attracted me to Unitrends is the team. Generally when you meet with teams, there is always somebody that seems like a challenge to work with, but, when I met with the executive team, I did not meet one person that I wouldn't want to work with. They are very smart. The third thing that attracted me to Unitrends is their very solid track record with customers. Over 90 percent of the business continues to come back. That is a testament to the quality of the technology and the quality of the people and support that they deliver to customers. It is a 5 billion dollar market that continues to grow in the high single digits, but quite frankly, I think it will continue to accelerate. That is because data expansion is pretty significant, and there are a lot of regulatory requirements coming down on companies; they must do something. Therefore, people cannot wait for the failure. They are going to have to plan for it. This means that there is an opportunity for us. Finally, the opportunity to work with our investor, Insight Venture Partners. The Insight team has a reputation of being incredibly intelligent investors. They are very aggressive in terms of trying to grow their portfolio companies and are very willing to take risks with management teams to achieve their growth value.

CEOCFO: Has Unitrends been quiet? Is it a deliberate strategy? Is it a strategy that might change under your leadership?

Mr. Weiss: Unitrends' awareness will definitely accelerate under my leadership.

CEOCFO: What is the basic offering at Unitrends? What does the company understand, fundamentally, that perhaps others in the industry do not?

Mr. Weiss: We provide business recovery solutions for any IT environment. There are people in the marketplace that deliver software only. There are other people in the market that deliver physical appliances. We offer a portfolio of virtual, physical and cloud solutions to help companies back up their data and recover it in the event of a disaster. The secret sauce for Unitrends is that we make the integration very simple for our clients, and we give them the ability to grow seamlessly with our solutions. Therefore, as they expand the amount of data that they have under management, we make it very, very simple for them to grow with our solutions.

CEOCFO: With so much noise in the data protection industry, why is your approach the best? Why does it stand out?

Mr. Weiss: I think that one of the big things we do best is that we make it easy for IT administrators to implement our solution. It does not require a lot of services to install our product. It does not require a lot of ongoing services to maintain our solutions. There is not much maintenance that is required.

CEOCFO: Do companies know that your easy solution exists, so that when they are looking that is an important factor or is it more that they are surprised when they find out?

Mr. Weiss: There is a fair amount of inertia in the industry. Therefore, I think that if someone is looking for a solution and they do not have one today, they will generally do their research and determine which segment of the market they are in. Therefore, if you are at the high end of the market, you have a very large IT team, and your ability to take these parts and assemble them in your environment and maintain it is a heck of a lot easier than if you are a plumbing supply company with multiple stores and a small technology team. Therefore, in that case you are going to look for someone to deliver a solution that does not require hours and hours of installation support and hours and hours of ongoing management of that

solution. Therefore, it really depends on where you are in the stack. You get down to the very small end of the business. Those companies need a simplistic solution that runs without them even knowing it's running.

CEOCFO: *You mentioned incorporating new solutions. Every other day, it seems, there is someone that has got the next greatest idea. How do you know what to pay attention to, what might fall off the radar screen and what you should incorporate? What is the key to being current but correct?*

Mr. Weiss: It depends on where you are. If you are the CEO of the company, I think you have to set the strategy for your team internally in terms of how you want to watch what is going on in the marketplace. The space has hundreds, if not thousands, of small players who have developed their own solutions and have delivered it through one-on-one involvement with clients. Then there are the very largest companies out there like EMC, which has got a massive field sales force. Then there is everything in between. Therefore, a company like Unitrends has to be purposeful in the way that they look at the marketplace. We have to understand what is going on and be students of the market and listen to the sales force and their channel partners. It is important to understand why you lose in the marketplace. It is probably more important than why you win. Start to chart a course for what you want to be when you grow up. When you are our size you cannot do everything. If you are a multibillion dollar company you can have a lot more dry holes that you drill looking for the next oil well. In our case we have got to measure two or three times before we begin to cut the wood. We really have to be careful that we do not make too many mistakes. Therefore, it is being very focused on the market and the trends in the market, listening to your customers that are already using your products and understanding what they need. Then it is dealing with your channel partners and listening to your sales force in terms of what is happening with competitors.

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CEOCFO: *What have you learned about the listening aspect from your previous experience related to both your customers and your own people? What do you bring to the table in that arena?*

Mr. Weiss: I use this phrase, I cannot remember who I borrowed it from, but "God gives you two eyes, two ears and one mouth for a reason. The mouth should move twenty percent or less of the time." I think you have to be a very active listener. As a CEO you have got to create an environment inside the company where it is penalty free. People need to feel very comfortable sharing with you the good, the bad and the ugly. Over the last 20 years or so that I have been in management, I have gone from using my mouth to using my mouth less and really seeking out those opinions and those activities that make the corporation better yet sometimes sit below the surface and never come out and see the light of day.

CEOCFO: *What is your strategy? What can you tell me about your plans for the next six months to a year?*

Mr. Weiss: There are a couple of things that are going on right now. We are putting this in place right now, but we are refocusing the company on selling new products to new customers. We have had good growth over the last several years; north of 30 percent in our business. However, where we are going to go this year is that we are going to try to drive our growth rates north of 50 percent. We will do that through a series of actions. One, we are going to redouble our efforts in the channel. Therefore, we are going to put more investment in our channel partners. That investment with channel partners is going to be in the form of enablement, training, certification programs, regeneration and recruitment, so that we can have more partners and more educated partners around our solutions. The second thing that we are going to do is that we are going to use that same education and certification processes internally, so that we can continue to improve. We have hired many people in the sales force these last few years, and we really need to focus our attention on our internal resources to bring them up to speed as well as our channel partners. Because we do so much through the channel, we have to make Unitrends easier to do business with. That generally means investments in automation. Right now we are working through where the priorities are in terms of automation. It is not just in systems, it is also in the product itself. Our development team is working to make the interface easier with our product that allows it to scale across all of our platforms and just makes it simpler to run our solution. We also are going to focus on growth externally as well. Last year was really the first year that we focused on trying to get outside of North America. We did a good job, but we can do more. In order to do more you are going to have to invest. We are doing the work right now to figure out how much we can allocate for international growth. However, I really do believe that we are operating in a mature market, so the market for what we do is probably somewhere in the neighborhood of 5 billion dollars a year. It is probably growing in the high single digits. However, as I said earlier, I believe it is going to grow even more. That is because of the explosion of data and the explosion of regulatory requirements. If we are focused, if we are a mature company and if we are in a mature market, then we should, by definition with the proper execution in the marketplace, be able to capture share. That

is what we are going to focus on internationally. I believe there are enormous amounts of opportunity for a company like Unitrends, which is part of the reason why I am here.

CEOCFO: *Are your people excited?*

Mr. Weiss: I hope so! I met everyone in our Burlington [Massachusetts] office when I was announced last Monday. We had a little fun. I poked fun at myself. There were some smiles, so that was important to me. We work hard, but you have got to have some fun. When you are born it is not to work all the time, but it is a competitive world out there. I will get to meet all of our folks down in South Carolina over the next few days. I will get to Europe in the next couple of weeks, and I'll spend some time with them. My goal is to make sure that everyone understands the opportunity that we have, and that they understand what it means when we achieve that opportunity. There have been times in my career where I saw some massive, explosive growth, and it is really a fun thing for everyone when you are experiencing it. That is the goal and intention for Unitrends.

CEOCFO: *Why is Unitrends a company to notice?*

Mr. Weiss: It really comes down to the fact that there are many bad people out there trying to do bad things to customers' data. When you look at what happened to Sony, if they had the kind of solutions that we have in place, it would not have taken them as long to get back up and running. You have got bad forces out there that are working to compromise data inside of corporations. You have more and more people beginning to understand that it is not appropriate for them to deal with a disaster after it happens, but to prepare for it before it does. When I was at McAfee we said that there are only two kinds of customers in the world: those that have been hacked and those that got hacked but did not know that they were hacked. I think that people are going to be forced into dealing with the needs for these kinds of solutions to be prepared. Regulatory requirements are going to put even more pressure on this. Then there is this massive explosion of data. All of which means that there is the need to deal with this now. We expect to win because we have the best integrated solution for the physical and virtualized worlds that is available today. We also integrate cloud disaster recovery into the equation, which no one else is doing.

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Unitrends

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