

COMPANY PROFILE: QUEST SOFTWARE

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Since its founding in 1987, Quest Software has been a leader in solving tough IT challenges. It accomplishes this goal with a software ecosystem that simplifies and protects complex physical, virtual and cloud environments; and empowers IT professionals to do their jobs faster, better, and at less cost. Quest's global clientele numbers more than 100,000 customers across industry verticals and company sizes.

The company has been perhaps best known as the maker of Toad, a popular product used by database professionals, but today, Quest's products solve complex IT challenges ranging from database management, data protection, identity and access management, monitoring, user workspace management to Windows management.

Over the years, Quest Software coupled ongoing development with strategic acquisitions to grow a broad and deep data protection portfolio. Each acquisition was designed to fill a gap that existed in its portfolio of products. This Company Profile will focus on Quest's data protection business, strategy, and acquisitions.

Today's IT departments are grappling with the challenges of disparate products, database difficulties, unworkable disaster recovery (DR) plans, and management overhead. These problems consume IT and database administrators, and impact end-users. Now, Quest has rounded out its portfolio with a set of products that solve one of IT's most difficult problems: safe and efficient backup and recovery to save its customers time and money across physical and virtual environments.

QUEST SOFTWARE

- Founded in 1987 with more than 60 offices in 23 countries. Headquartered in Aliso Viejo, California
- Nearly 4,000 employees and 100,000 customers worldwide. 100% channel-based
- \$857 million revenue in 2011. R&D investment is 18.9% of revenues
- Key messages are integration, simplicity, flexibility and cost-effectiveness
- Core capabilities include data protection and systems management, access protection, database management optimization and end-user interfaces
- Largest market is mid-sized companies; easily scales to fit enterprise or SMB needs. Enterprise customers include 87% of the Fortune 500

Business Challenges

Data protection and management issues pose serious problems across the computing environment, whether it is physical, virtual or cloud-based. There is no shortage of products designed to solve the problems, but legacy code or limited niche usage can leave large-scale data problems to twist in the wind. We see four major challenges in this complex environment:

- **Challenge #1: Recover all data where and when you need it.** Recovering systems and data after a disaster can be a nightmare, with missed time and point objectives for data recovery that can lag for days. Some companies have as many disparate disaster and data recovery products in place as they have systems, making recovery a difficult undertaking at best. DR, backup, and recovery products may only protect stored data, leaving behind less obvious but equally important items such as policy settings, operating systems, server configurations, virtualized networks, and partitions.
- **Challenge #2: Continually protect data.** Continuous Data Protection (CDP) may be common for Tier 1 database applications, but it is not nearly so common for other applications; even business-critical ones like Exchange. This is because many CDP products are resource- and bandwidth-intensive, while demanding high IO cycles from servers and storage writes. Replication is more widely practiced than CDP, but inefficient replication can clog WAN bandwidth or fill up secondary storage much too fast.
- **Challenge #3: Control growing capacity costs.** One of the most attractive methods of reducing capacity costs, attendant provisioning and data movement is deduplication. However, there are a number of choices customers need to make with deduplication products, choices that change from application to application and system to system. The more flexible the deduplication product is, the easier those choices become – without having to buy multiple dedupe products that are optimized to single data or application types.
- **Challenge #4: Comply with service level agreements (SLAs).** SLAs can be hard to maintain even with a single storage system and data protection product, let alone across the storage infrastructure. When IT professionals set meaningful SLAs around recovery time objectives (RTO) and recovery point objectives (RPO) – and they often don't get that far – they must manage policies, track backup and recovery processes through complex infrastructure, and sort through confusing reports.

Quest's Data Protection Portfolio

Let's take a closer look at Quest's data protection offerings. Quest Software has been deeply entrenched in computing management solutions from its founding. But it became clear to Quest executives that a vastly increased data protection presence was critical to help customers solve their most pertinent IT management challenges. There were a number of requirements, including providing scalable data protection to all sizes of companies, including SMB, mid-size, and enterprise; smoothly integrating with the existing Quest Software portfolio; and leveraging a proven history of protecting corporate data.

Quest Software crafted its data protection portfolio with a slew of strategic acquisitions. Quest acquired Recovery Manager from Aelita in March 2004, LiteSpeed from Imceda in May 2005, vRanger from Vizioncore in December 2007, and NetVault from BakBone, in January 2011. In addition, Quest will take a significant step toward delivering a truly integrated product portfolio, along with an enhanced feature set and a unified experience of managing multiple Quest data protection products through a single pane of glass, when its new NetVault Extended Architecture (NetVault XA) platform is made available in the second half of 2012. The end result is a comprehensive data protection portfolio that works across multiple sites and within physical, virtual or cloud infrastructures. Supported physical networks include Windows, Linux, Unix and Mac environments; virtualized environments include VMware and Hyper-V virtual networks.

CORE DATA PROTECTION PRODUCTS

Quest offers a number of data protection products to suit multiple levels of business, distributed sites, and network types. Let's take a look at the core functionality in the data protection portfolio.

- NetVault Backup.** Quest NetVault Backup is the flagship product for enterprise backup, recovery, and replication across physical and virtual domains. Its cross-domain features include Windows, Unix, Linux, and Mac server support, and critical data protection of databases, messages systems, SharePoint, and Windows file data. NetVault Backup works equally comfortably in SMB, mid-size, and enterprise organizations with its multiple applications and servers. Ease of use is its hallmark. In most cases, NetVault Backup can be installed, configured and running in as little as 45 minutes. Yet it's simple enough to operate that costly backend maintenance is rarely needed. NetVault Backup backs up data to tape or disk and deduplicates data with the addition of NetVault SmartDisk.
- NetVault FastRecover.** Continuous Data Protection (CDP) takes up a certain level of system resources and is not necessary for every application or data type. But when business information matters to a company's health – even survival – CDP plays a crucial role. NetVault FastRecover is Quest's CDP solution for Oracle, Exchange, SQL Server, and Windows files. It continually captures byte-level changes and uses patented technology that enables IT to recover data near instantaneously following a data loss or corruption disaster. Data restore is very fast; Quest's FlashRestore only takes seconds from the start of recovery to end-user access. FastRecover CDP can replicate backups remotely for improved protection in the distributed enterprise to protect data in branch offices.
- NetVault SmartDisk.** IT administrators frequently combine both disk-to-disk and disk-to-tape backup configurations. Disk-to-disk backup with data deduplication is often the first choice for active data or for data with tight recovery time and/or point objectives. Disk-based backup should be deduplicated whenever possible to save on expensive disk capacity. NetVault SmartDisk optimizes disk-to-disk backup, and its deduplication capabilities slash capacity needs, which greatly reduces Capex and Opex storage costs. Deduplication is byte-level, variable-block and works with vRanger as well as NetVault Backup. SmartDisk is software-based and does not require separate hardware appliances. As data ages, NetVault Backup can move inactive data to less expensive disk tiers or to tape.
- vRanger.** Virtualization is appearing in all levels of business, including SMBs. Quest vRanger extends VMware management and protection benefits to virtualized environments. More than 40,000 customers worldwide are already using this purpose-built VMware backup, replication and recovery technology. vRanger scales to all sizes of virtual environments and maintains the

Quest Customers: SMB, Mid-Sized, Enterprise

Quest serves all business sizes and sectors, including the top ten organizations in each of the following industries:

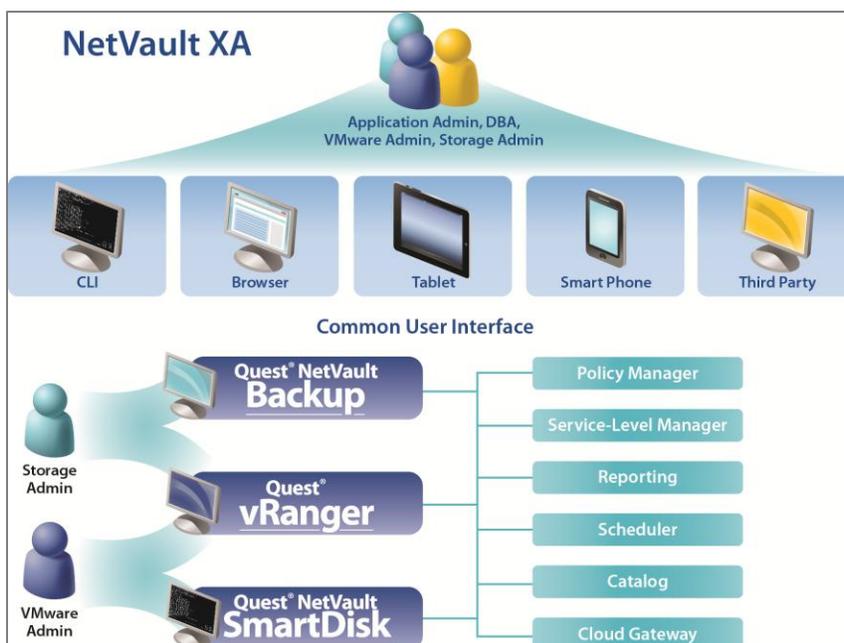
- Banking
- Retail
- Telecommunication
- Pharmaceutical
- Insurance
- Capital goods manufacturing
- Chemical
- Conglomerate
- Auto manufacturing
- Food, drink & tobacco
- Healthcare equipment
- Federal U.S. government
- U.S. states and cities

same simplicity that characterizes Quest's entire data protection portfolio. This simplicity enables admins to easily protect their virtualized environments, and relieves management burdens from even the most highly specialized IT administrator.

- **LiteSpeed.** IT will often generate full backups of critical databases once a day or more. In these environments, the speed and efficiency of backup is crucial. Quest LiteSpeed is targeted at DBAs that are searching for a high-speed database backup and recovery solution optimized for Oracle and SQL Server. Backup files are highly compressed for efficient storage of these frequent full backups.
- **Recovery Manager.** Application-specific Recovery Manager provides quick, granular search and recovery options for Microsoft applications including SharePoint, Exchange and Active Directory. For example, Recovery Manager for Exchange accelerates email discovery and recovery with a minimal use of resources, and combines searches across a variety of messaging file types. Searches include emails, attachments, archives, public folders, .pst, and offline Exchange database files. Recovery Manager can even combine searches across Office 365, Lotus Domino database files, Quest Archive Manager, and many types of disk and tape backups. This is an extraordinarily useful technology for Exchange, with similar capabilities for SharePoint and Active Directory. Reports provide full defensibility and prove chain of evidence.

Roadmap: NetVault Extended Architecture

NetVault Extended Architecture (NetVault XA) is an entirely new offering from Quest and adds to its comprehensive data protection portfolio available today. NetVault XA will be available in the second half of 2012. NetVault XA provides a unified experience of managing multiple Quest's data protection products through a single pane of glass. The first iteration of NetVault XA will cover NetVault Backup, NetVault SmartDisk, and vRanger. The offering will be targeted at large customers and service providers who are currently using, or will use, multiple Quest data protection components and want an integrated management experience. Managed Service Providers (MSPs) and Value Added Resellers (VARs) have been a major focus for Quest Software. NetVault XA makes it easier for service providers and resellers to up-sell and cross-sell Quest's data protection products.



Quest's current data protection offerings are purpose-built to solve specific needs (e.g. for protecting SQL, VMware, Oracle, Exchange, etc.), and will still be available as modular components. For example, even after the introduction of NetVault XA, Quest will continue to develop and enhance vRanger separately with its own interface.

NetVault XA is a services-centric data protection solution that enables single-console management of Quest's data protection portfolio. The SLA-centric inter-

face supports services with multi-dimensional views of data protection. This enables business-line owners to generate specialized, role-based workflows that map to specified services. This single-pane-of-glass view allows administrators to organize, schedule, view, and manage backups based on specific RTOs, RPOs, and application SLAs.

In addition, NetVault XA delivers a customized experience for DBAs, application administrators, and VMware administrators by allowing each of them to customize their views and workflows and map them directly to the specific SLAs associated with their particular role. Taneja Group expects all data protection suppliers will ultimately provide a consolidated, role-based user interface. It is simply the way to go.

With NetVault XA, administrators have direct visibility into the recoverability of the specific IT services. They can leverage specialized data protection tools to perform granular, platform-specific backup and recovery tasks – all without sacrificing the convenience and simplicity of single-console management.

Data Protection Management Team

Quest Software has demonstrated deep commitment to its data protection business. To strengthen and broaden its data protection portfolio in the last couple of years, Quest has hired some key industry veterans with rich, deep backgrounds in the backup and recovery industry.

Leading the way is senior vice president and general manager Walter Angerer, who joined Quest in the summer of 2012 after spending six years in various enterprise data protection leadership positions with Symantec, most recently as vice president of appliance and cloud engineering. Angerer is joined by a leadership team that includes John Maxwell, vice president of product management, whose background includes leadership roles with Symantec/Veritas and Legato (now EMC); Matt Vitale, vice president of worldwide sales, another longtime Symantec/Veritas executive; and Bob Maeser, vice president of research and development.

The collective experience of these data protection executives has resulted in the strategy behind product improvements, integrations, and future of Quest's data protection portfolio.

Market Growth Drivers

Selling to service providers and the channel is a hotly contested market and Quest has worked hard to distinguish itself from the pack. Quest's first competitive distinction is its deep and wide portfolio that solves serious problems across major IT domains. However, a large product portfolio can be challenging to market. Quest has answered this real challenge by making a second major competitive distinction: a powerful yet simple data protection platform to anchor its core set of solutions. This power and simplicity is proving equally attractive to channel partners and to their end-user customers.

In fact, Quest Software has a nose for following IT spending trends and has invested in technology areas such as virtualization and backup / recovery. The company has successfully reaped rewards in the form of new customers and increased market share by developing and selling point-products that are tailor made to fit the needs of mid-market customers and SMBs.

With NetVault XA, the company has shifted gears and is heading up-market, as well as selling to MSPs and VARs. NetVault XA can help MSPs and VARs achieve faster time-to-revenue (TTR) and attain recurring revenues by allowing them to up-sell and cross-sell their Quest-based services.

We expect Quest to continue its fast upward growth because its market is experiencing unprecedented data growth rates, which make managing infrastructure nearly impossible without integrated management and protection tools. Quest has developed and acquired its solutions while maintaining a singular laser focus: simplify, integrate, empower. Its 100,000 customers are enjoying the benefits and we expect that number to grow over the coming months and years.

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