

8th July 2014

# Cocoon Data Holdings Limited/ Covata

## Business Overview



# Who is Covata?

**“Securing the actual data, not the network, the device, the environment or the cloud, but the data itself.”**

## **Highly Disruptive Technology:**

- Enterprise grade data-centric security platform.

## **Comprehensive Certifications & IP:**

- Certified to the highest level.

## **A Complete Solution to Data Protection:**

- Data remains secure anywhere, anytime, any place and on any device.

## **Remove Dependency on Traditional Data Security:**

- Protected boundaries are obsolete, data is more secure, at a lower cost and with ultimate flexibility.

# Key Investment Highlights

Game Changing Technology

Intellectual Property & Certification

Strategic Partnerships to Drive Growth

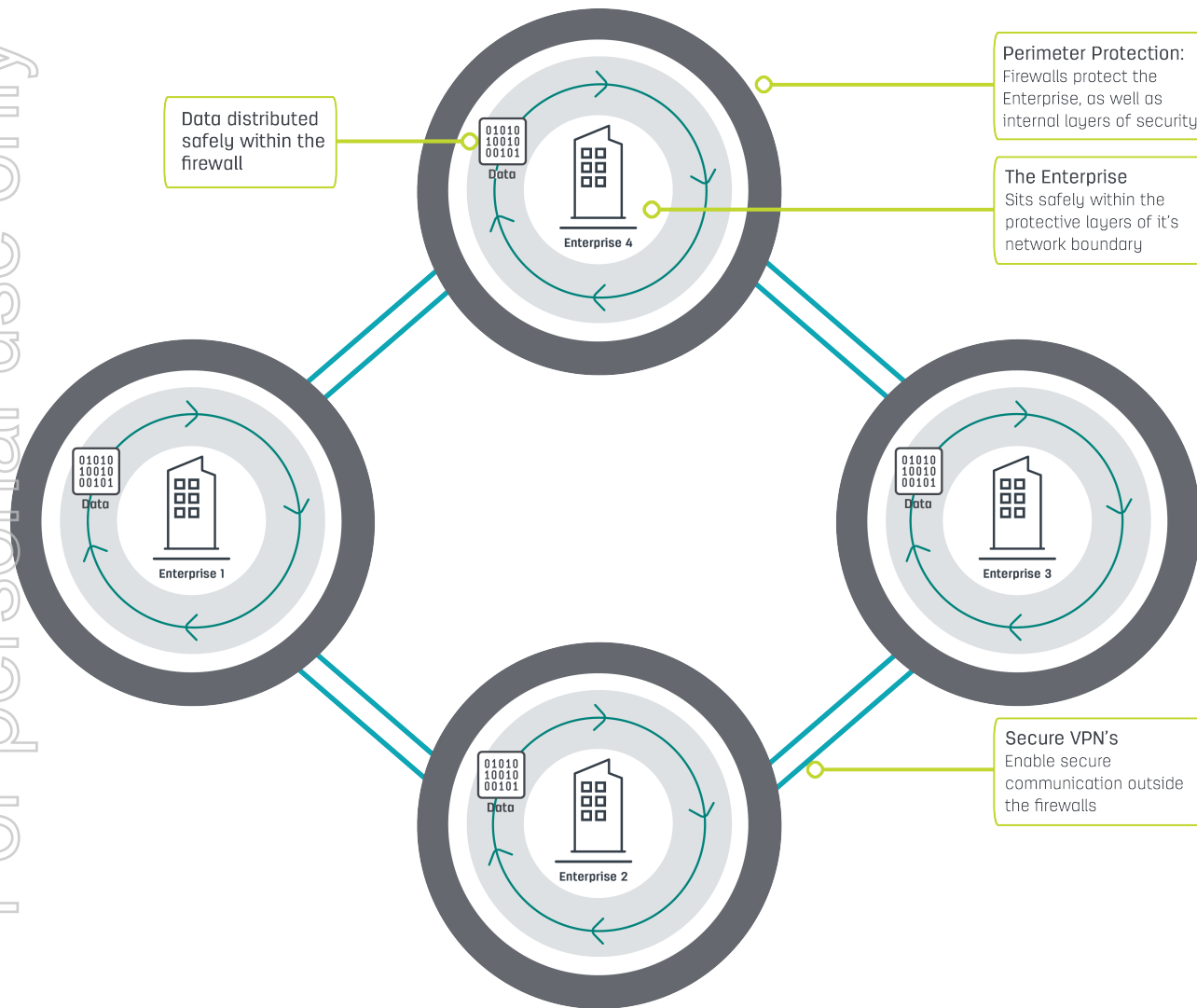
Barriers to entry

Experienced Board & Management & Strategic  
Technology Investors

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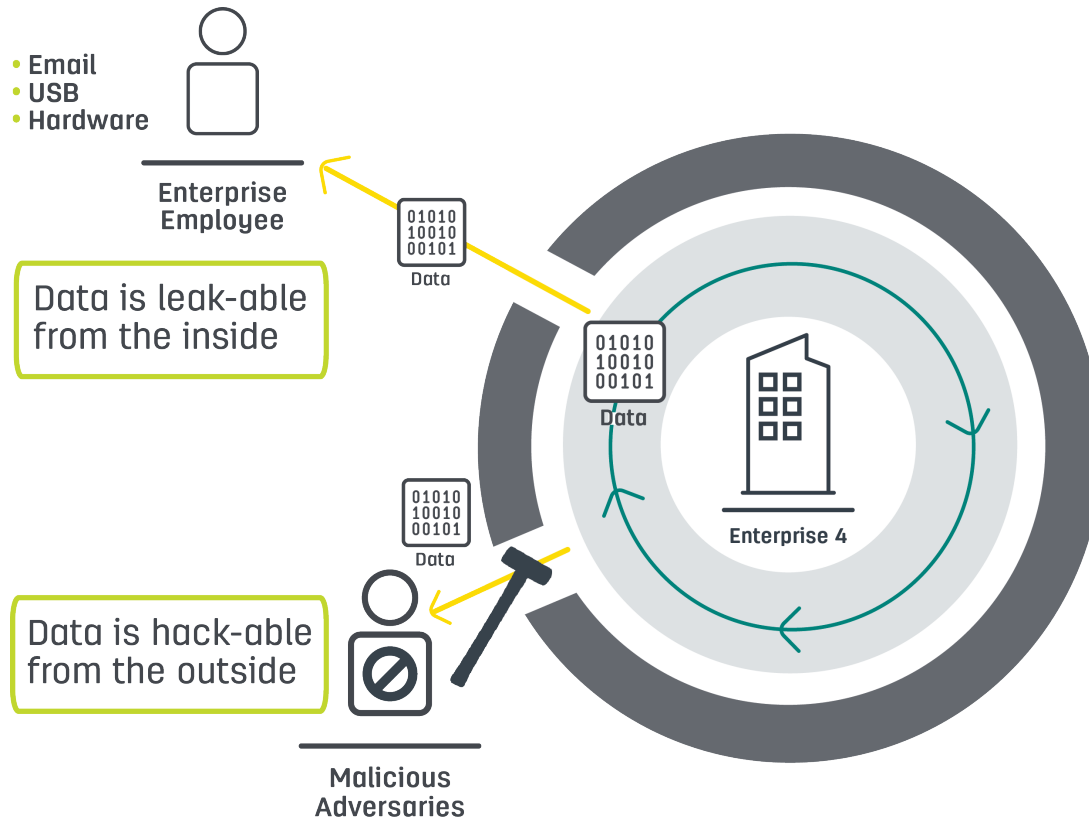
# The Traditional Approach to Security

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- Creating physical barriers.
- Organisations secure their perimeters.
- Create secure communication tunnels.

# The Traditional Approach to Security



Data is leak-able from the inside

Data is hack-able from the outside

Secure Barriers can and will be Broken!

- Expensive approach to protection.
- Largely hardware.
- Significant Limitations:
  - Hack-able from the outside.
  - Leak-able from the inside.
- Data becomes immediately at risk once outside of the physical barriers.

# Covata – The New Approach

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- True complete organisational solution
- Separation of security components in different geographical locations
- All components must “speak” via Covata, for access to be granted
- Data agnostic, Industry wide solution for data security
- Data remains secure wherever it goes, including cloud & mobile devices.
- No single “hackable” honeypot
- Disruptive Technology

# Covata Technology Independently Certified

- Certifications are often seen by prospective customers as a pre-requisite, indicating that the technology is of a high standard.
- Cocoon Data has achieved the following certifications for its Secure Objects technologies:
- Secure Objects C++ Cryptographic Module has been formally awarded FIPS 140-2 Level 1, Design Assurance Level 3, through National Institute of Standards and Technology (NIST).
  - FIPS 140-2 certification assures US and Canadian Government customers, system integrators and resellers, that Covata provides the highest level of protection, complying with strict government security regulations.

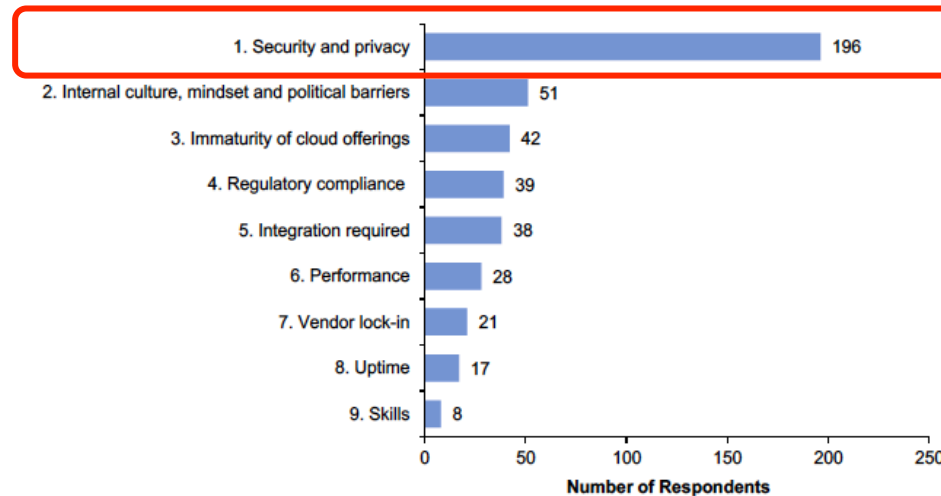


FIPS 140-2 Inside

- FIPS-197 Advanced Encryption Standards (AES) 256 compliant through NIST.
- Common Criteria EAL 4+ and DCE (DSD Cryptographic Evaluation) against a previous version.

# The Growing Market & Opportunity

- IT Security market is expected to exceed \$93B in 2017, with a CAGR of 8.5%. (1)
- Gartner survey of CISOs noted that Security and Privacy was the #1 concern relating to Cloud adoption at an almost 4X rate of the #2 concern. (2)



- Cloud adoption is driving the need for a new security paradigm.
- ***Covata empowers enterprises to secure their data and move it into the cloud with confidence.***

(1) Source: Forecast Overview: Information Security, Worldwide, 3Q13 Update, 14 November 2013 (Gartner)

(2) Source: Tackle six security issues before encrypting data in the cloud, 9 March 2013 (Gartner)



# Covata's Commercialisation Strategy

- The Covata Platform is currently being distributed via two channels.
- Over time it is expected that sales through Partners / System Integrators are likely to contribute the vast bulk of Covata's revenue.

## Sales through Partners/Integrators:

Collaborating with respected partners/integrators with existing large customer bases who will embed the Covata SDK within their offerings.

Targets include:

- Vendors who will insert the Covata solution to plug existing security gaps within their products/services, meeting their customers' expectations for increased security coverage.
- Service providers who will add data-centric protection to their list of available services, increasing cloud security for their clients.
- NSC Global, one of Europe's larger system integrator's, exclusive EMEA partner with substantial revenue targets – See Appendix 1
- Advanced stage negotiations with a large North American system integrator

## Direct Sales by Covata:

Identifying businesses wishing to securely store and share files using off-the-shelf Covata products.

These products can apply to a broad base business domain in the commercial space, as well as identified targeted vertical and horizontal markets.

# Covata Competitive Advantage

- Five key metrics stand in the way of new competitive offerings (even from big players):
  - **Spend:** Covata has spent in excess of \$30m and 6 years to develop an enterprise ready platform.
  - **IP:** Covata has a unique IP portfolio - including granted and pending patents.
  - **Time:** There is substantial programming effort – years not months – required to develop and replicate.
  - **Accreditation:** Even once developed, equivalent accreditations would take at least 12 months to achieve – best case.
  - **Distribution:** Current and pending global strategic partnerships

# Proposed Transaction Summary – (ASX:PIM)

- Covata have entered into a formal Bid Implementation Agreement (BIA) with ASX listed Prime Minerals (PIM or Prime).
- Prime have agreed to offer 286m shares in PIM (post consolidation) to acquire 100% of Cocoon Data Holdings Limited. (Covata)
- The deal values Cocoon Data Holdings Limited (Covata) at A\$57m – assuming all performance milestones achieved.
- Over 60% of Cocoon shareholders have indicated they intend to accept the Takeover Offer

# Indicative Capital Structure – Post Transaction

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	No. of shares (pre)	No. of shares (post)	Cash
Current Issued Capital:	337,444,946	33,744,497	\$2,600,000
Consideration to be issued to Cocoon:		286,408,365	
Convertible Note:		13,500,000	\$2,500,000
Equity Raising:		25,000,000	\$5,000,000
Facilitation Fee:		10,000,000	
<b>Total</b>		<b>368,652,862</b>	<b>\$10,100,000</b>
	MARKET CAP (@20c)	~\$74m	
	E.V.		~\$64m

## Major/Significant Shareholders:

- TPG Telecommunications (ASX:TPM)
- Raven Capital
- EuroPlay Capital Advisors - Kevin Bermeister & Joe Miller (Skype Founding Investor's)

\* Includes issue of all Takeover Offer Performance Shares

\*\* Assumes \$5m raising with Chapter 1,2 range set as \$2.5m to \$10m

\*\*\* Total cash post transaction NOT inclusive of estimated \$2m Government R&D rebate.

# Board and Management

- **Founder - Executive (Acting) Chairman – Trent Telford**

Trent started his career in large financial organizations in Europe including Bankers Trust and Deutsche Bank, before becoming an IT Management Consultant across Australia and Asia. He has advised blue-chip companies on government strategy, delivery, technology architecture, change management and transformation; including Vodafone, GE, Amex, NAB, CBA, Bankers Trust, Deutsche Bank,, CentreLink, Australian Department of Defense and First Pacific Co. Hong Kong.

Trent founded one of Australia's first mobile marketing technology companies with STW Group (part of WPP) and counted major television networks and global brands as customers. Trent founded CDHL in Oct 2007 and acquired the Secure Objects conceptual technology. He is responsible for the vision and path that has underpinned the company's market position today. He is also is a regular contributor to industry forums' and media outlets on cyber-security in Australia and the U.S.

- **CEO and Executive Director – Chuck Archer**

Charles ("Chuck") Archer is a senior executive with Government and Industry experience of exceptional breadth and access. Chuck culminated his 28 years of US Federal Government service as Assistant Director of the FBI in charge of the FBI's Criminal Justice Information Services Division (CJIS), managing 3,000 employees and overseeing 600 contractors. He was appointed by the US Attorney General to SES-6, the highest civil-service rank in the US Government. Chuck has frequently testified before multiple Senate and House committees on policy matters and issues related to advancing technology for Criminal Justice. He has also spoken at international fora including the United Nations in Vienna, Interpol in Lyon, and the International Association of Chiefs of Police in New Delhi and Canberra.

- **Chief Technology Officer – Vic Winkler**

Vic has over 30 years of experience in Information and Cyber Security, Cloud Security, Systems and Applications development, IT Operations, Testing and Management. He has a proven track record in developing business and marketing strategies in the broad area of information and cyber security, has written and presented numerous technical conference papers. Vic recently published "Securing the Cloud: Cloud Computer Security Techniques and Tactics" (Elsevier, May 2011), which has been broadly acclaimed and is currently used as the course text at numerous universities. Prior to Covata, Vic served as Security Architect for Booz Allen Hamilton and spent 14 years at Sun Microsystems serving in roles such as Chief Technologist for Security for Sun's Cloud Computing, SunGrid Offering, network solutions, and client offerings. Before joining Sun, Vic worked as a Principal Security Investigator for Litton PRC. Vic received a Computer Science degree from the University of Maryland.

# Board and Management

## Non-Executive Directors:

- **Joe Miller**

Joe has been Managing Director at Europlay Capital Advisers, LLC since 2003, a Los Angeles-based merchant bank and financial advisory firm that services and invests in companies in the technology, media, telecom, life sciences and consumer sectors. ECA's clients and investments include such notable companies as Skype, Rdio, KaZaa, Multigig, Unicorn Media and DeepMind Technologies. Joe currently serves on the boards of several of these companies. ECA led the first round investment in Skype and sold it to Ebay for over \$2.6 Bil. ECA was part of the investment group that took Skype private in 2009 and sold it to Microsoft in 2011.

- **Philip King**

A senior executive across a diverse range of businesses for over 30 years, focusing principally on financial services, payments and IT and including consulting and project management, IT recruitment and data security. He has been a private equity investor for 20 years and has been a founder, seed and early stage investor in a variety of successful IT&T businesses.

- **Kevin Bermeister**

Currently Chairman and CEO of Brilliant Digital Entertainment, Inc., and its subsidiary, Altnet, Inc. He has developed substantial businesses in the computing, multimedia and Internet industries. Altnet became a distributor of the Kazaa music service, distributing music via subscription pursuant to agreements with the major record labels and independent labels. Kevin sits on the board of various companies and has been a founding investor in several successful startups including Skype.

- **Philip Argy**

Philip has more than 38 years' experience in technology and law disciplines and is a commercial mediator, arbitrator, negotiator and strategist. He is a past President of the Australian Computer Society and is Chairman of the eCommerce Committee of the Law Council of Australia. Philip has a wealth of experience and expertise across intellectual property, trade practices, digital certificates, computer programming, ethics, business process re-engineering, corporate governance and application usability optimization.

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# Appendix 1 – Partnership - NSC Global

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**nscglobal**

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