



VIRTUAL EVENT

# Security Investors Conference



11th April, 2020 | 09:30 am - 01:30 pm

# **EVENT REPORT 2020**

National Centre Of Excellence for Cybersecurity **Technology Development and Product Entrepreneurship** 

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### Introduction

Cybersecurity emerged as a priority area for investment, attracting interests of a wide range of players not only for investing in early-stage start-ups but also scaling up investments in the existing security companies. Last 7 to 8 years, both deals and volume of investment deals in cybersecurity are rising at a sharper pace. Globally, close to \$10 billion was investing in cybersecurity and privacy companies in 2019, a five-fold increase from 2010. The year had also seen \$200 million investments and witnessed significant acquisitions. United States, China, Israel, Great Britain, and Canada remained as five top countries for security investments.

Investment in cybersecurity in India is picking up gradually. The last five years are seeing quite a significant rise, as investors are opening-up to the sector. Government investment for commercialization of cybersecurity products also contributing to it. This momentum needs to be nurtured and scaled up to create a convincing ecosystem for cybersecurity innovations. NASSCOM's strategic review 2020 qualifies cybersecurity as a foundational technology driving technology agenda of the coming decade. Security spending by sectors like government, BFSI, manufacturing, Hi-tech, telecom, healthcare, retail and e-commerce, and resources and utilities expected to rise quite aggressively. The expanding market for security product and services create a conducive and rewarding environment for investment in cybersecurity start-ups. Apart from providing higher commercial value, cybersecurity and privacy-protecting technologies instill the trust in cyberspace, protect personal rights, facilitate rapid digitization, and secure critical national assets.

National Centre of Excellence for Cybersecurity Technology Development and Product Entrepreneurship, a joint initiative of DSCI and the Ministry of Electronics and IT (MeitY), conceptualized Security Investors' Conference towards making India a destination of cybersecurity innovation. The conference took stock of investments in cybersecurity until now, provided a platform to share the experience of investing in security start-ups, and brought stakeholders to deliberate on the strategies to creating sound cybersecurity investment ecosystem. It hosted an investors' townhall, giving opportunities to start-ups and aspirants to interact with leading investors.

# **Agenda and Speakers**









#### VIRTUAL EVENT

### **Security Investors Conference**

#### SPEAKERS -



Rama Vedashree CEO, Data Security Council of India



Rajan Anandan Managing Director, Sequoia Capital



**Ajay Sawhney** Secretary, MeitY



Padmaja Ruparel Co Founder, Indian Angel Network



**Vikram Gupta** Founder & Managing Partner, IVYCAP



**Venkat Vallabhaneni** General Partner, IDFC Parampara



Prayank Swaroop
Partner,
Accel Partners



Vinayak Godse Vice President, Data Security Council of India



Dr. A.K. Garg Scientist F, Meit



Siddharth Razdan



Manish Chaudhary Scientist D, Technology Development Board



**Dhruv Khanna** Co founder & Promoter, Data Resolve



Saket Modi Co-Founder & CEO, Lucideus



Sandip Panda CEO & Co-Founder, Instasafe



Prakash Bhaskaran CEO & Founder, Securelyshare



Vishal Salvi CISO & Head of the Cyber Security Practice, Infosys



KK Mookhey Founder, NII Consulting



Sivarama Krishnan Partner and Leader -Cyber Security, PwC



Varun Didwania

Director, Helix Investments

Management I I P

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### **Event Deliberation**

An Indian virtual event technology start-up, <u>Airmeet</u> was used to execute National CoE's first virtual security investors conference. In the 4 hour long virtual event, the objective was to learn investments in cybersecurity start-ups until now and deliberate on strategies to make India a hub for cybersecurity innovation and connect with leading investors and industry experts. On the day of the event, all the speakers and the attendees interacted in a social lounge. The speakers had a special privilege to interact in a speaker lounge called backstage before their session began. We conducted two panel discussions, one presentation, 2 keynotes and one townhall session at the end.

# Investing in Cybersecurity Start-ups... Why, how, and what happens after signing the term sheet



The first preliminary panel discussion was held on the topic 'Investing in Cybersecurity Start-ups... Why, how, and what happens after signing the term sheet?'. Mr. Dhruv Khanna – Co Founder, Data Resolve, who was the moderator kickstarted the session with an important question – 'What does an investor look for in an entrepreneur'? Major emphasis was given to the team drive and interpersonal skills of the founder and his team; the expertise of the domain knowledge; the product itself and the product-to-market timings and business model scalability. Even after carefully selecting the start-up, there are reasons where the investors drop off later. After signing the term sheet, the investor and the investee interact at the deeper level. Due diligence in closing a term sheet is always appreciated. Looking at globalization in a nationalization concept, it becomes important for a start-up to have the next best preposition and expertise in terms of technology

comparing to international standards. The start-up must fit in the larger value chain. The discussion went on from investors viewpoint to a start-up viewpoint where Mr. Sandeep Panda, CEO Instasafe shared his experience on when one should go for investment and whom to approach. Market timings define the market opportunity. Being an entrepreneur, it's becomes important to seize the opportunity at the right time. Thorough knowledge of what you're offering and for how much helps to asses the market better. Challenge is to position the niche product. It may happen that at one time, a start-up is competing with other sectors for wallet sharing. Start-ups look for patience in their investors and who can help them to create positioning. Irrespective of sector, the investors closely watch the errors of commission. As the interaction grows with the investors, the gaps can be identified. Once identified, with full transparency the investors step back. For start-ups that do not qualify for an investment at that moment, the investors look for an ability to accept mentoring and strategic advice. On the other side, the startups must assess the investors also.

# Cybersecurity Start-ups: Investor's Big Bet... Rising Volume and Value of Investment in Cybersecurity



In the next session, Mr. Vinayak Godse, VP, DSCI shared his views on 'Cybersecurity Start-ups: Investor's Big Bet... Rising Volume and Value of Investment in Cybersecurity'. The state of investment in cybersecurity companies in India was the theme of the session. Approximately, 10 thousand investment has been done across the world. There is significant increase in investment towards Cyber Security in last 3 to 4 years. Around 12 Billion Dollar investment happened in 2019 & the investments were happening not only in networking & cloud security but also across applications and data. In last 7 years, close to 300+million investment has happened in Indian Cyber

Security space. He also talked about the Investment Ecosystem and the emerging areas in cyber security where multiple investment is happening like SCADA security, Quantum Crypto and its use cases and how National CoE focuses on new technology development and investment side across the global.



#### **Inaugural Plenary**



Then the inaugural session was held with Ms. Rama Vedashree, CEO, DSCI who gave a welcome address to the attendees. In her address, she said that as India gears up to become a hub for Cyber Security, investment becomes the game changer to nurture start-ups. We have seen an uptick in Cyber Security patent filing and grants in India which proves the growing innovation ecosystem in our country. As Big Data, AI, Cloud and other deep tech emerges, Cyber Security serves as a foundational tech across all technologies and for that we need a spurt in innovation and investment. Mr. Ajay Sawhney, Honorable secretary - Ministry of Electronics & IT, Government of India Secretary, in his inaugural address shared how important Information & Communication Technology (ICT) is to the economy and well-being of the country amidst COVID pandemic, and Cyber Security becomes a core technology to keep businesses running. Cyber Security is exceedingly important for us as we go in the area of 5G and other emerging tech. Currently, all focus lies on COVID-19 management and innovation challenges are running to help us tackle the pandemic, but all this will possibly transform into something larger. Mr. Rajan Anandan, MD, Sequoia Capital, in his special address to the audience shared that post COVID-19, digitization of companies is going to accelerate dramatically as various sectors like education and healthcare are going online in innovative ways. As the pandemic dust settles, COVID will prove to be an accelerator for Cyber Security and its definition will expand. Cyber Security now being a key priority for investors, Startups need to focus on building scale and plan to get to USD 100 million Annual Recurring Revenue (ARR) to catch the attention of venture capital funds and investment firms.

### Keynote



Post inaugural, Mr. Saket Modi, CEO and Co-Founder of Lucideus gave a special keynote session wherein he shared about his journey as an Entrepreneur in a cybersecurity domain. He spoke about how cybersecurity startups need to convert bits & bytes to dollars & cents. He also shared his journey from being born in India to now serving customers globally. In between each session, the attendees got a networking break for a few minutes in social lounge and their questions were also taken up one by one through 'Raise your Hand' feature like we have in real physical events.

# Making India Destination of Cybersecurity Innovation ... Solving Investment Problems



In the next panel discussion, the panelists deliberated on the topic 'Making India Destination of Cybersecurity Innovation ... Solving Investment Problems'. The discussion started with the Israel model where Government, Army, Start-ups, and Corporates together, amplifies innovations to become global phenomena. Military complexes are the hubs of cybersecurity innovation. The effort of finding the global market is unique in Israel case. Research Institutions like CDAC work intensively in security use cases, however, the cohesive ecosystem is lacking to productize and commercialize it. There are great ideas, talent, and passion but the market is still not ripe in India. Efforts need for maturing Indian buyers. The corporate side of participation in CS innovation. However, the environment among start-ups & corporates is friendlier. Companies are opening for co-creation. India offers scale. Success here can help cater to any market. In Silicon Valley, collaboration with academic & start-ups quite sound to trigger deeptech innovation. Risk capital is a key challenge in India. IvCap started \$1 billion IIT Delhi endowment funding. Other IITs followed. The experts recommended to look beyond Financial & Technology... Oil & Energy, health.... SMB.

### Public Investment in Cybersecurity Start-up



The next keynote was on an important topic 'Public Investment in Cybersecurity Start-up'. Mr. Bhaskaran shed the light on how Securelyshare got the public funds. When Securelyshare got a funding from Technology Development Board, it was like a patient capital, which allowed them to continue the R&D and then bring the product to the market. Eventually they had about 150 customers, 30 employees expand the patent. Then they become an acquisition for Cisco. There are two sides of the same coin. Public funding has it too. The good side is, there is no dilution to the equity. 'We have not given any board to technology development board, there is no operation intervention, very free to operate in terms of R&D and product development and no pressure to go to market very quickly' – said Mr. Bhaskaran, CEO, Securelyshare. The funding comes with a very low interest rate of 5 percent and gives a moratorium period of three to five years depending upon the situation, until then there is no need to pay back any money. So even though it is a debt, it provides the flexibility for technology start-ups to do their innovation and bring the product to market. On the negative side, there is a need of collateral as investors like the Technology Development Board look at the merits of the projects.

Dr. AK Garg, Scientist, Ministry of Electronics and Information Technology talked about the national policy on software products in February 2019, where a lot of strategies was explored in the software product industry; including international companies which happens to be around 7.5 billion dollars. The policy states that India needs to make 80 billion dollars by 2025. The strategies are in place and would be put into action post COVID-19. One of the key points is that in the software product industry, the investment out fill numbers, the number of users, most of the country's strategy to perform. In the cyber security era, Govt. is the first primary users of cyber security solutions and evaluate it from various situations of attack. To promote the Indian product industry, there are 400+

incubators in the country and the gap between the start-ups and investors needs to be brought down. MeitY has proposed to come up with a software product development fund of 5000 crores in future to promote Indian investment flows into the Indian deep technical system.

#### **Townhall Session**



The eventful conference ended with an open house townhall session by Mr. Vinayak Godse, VP, DSCI; Mr. Prayank Swaroop, Partner, Accel Partners, Mr. Siddharth Razdan, Director, India Nivesh and Mr. Varun Didwania, Director, Helix Investments where the attendees could interact one to one with the speakers and get their questions answered. Initial remarks from the speakers were that the current times are the forebearers of things to come in future. Work from Home will be a norm rather than exception. Globally & locally we will have specialized funds only looking at cybersecurity. Home segment, small segment & personal cybersecurity are the areas which are going to open. Cybersecurity as part of overall IT market is growing at a rapid pace. Cybersecurity as a percentage of overall IT budget used to be a tiny percentage earlier just a few years back. It used to be as low as 1-3% which is now as high as 20-40%. As enterprises are adopting new technologies (AI/ML etc.) there will be new cyber security challenges as well, so the start-ups need to address these. Customers have been very open in admitting that despite having full IT teams at their disposal they are sometimes hugely incapable of handling new age challenges that need to be addressed at a very fast pace. So, this is one aspect start-ups can look at. Apart from these challenges there are several other ancillary areas like assessment, certifications, audits etc. where organizations might not have capabilities. One organization as large as it may be, will still need external support in areas like above.

While answering different questions from audience few key areas like 5G, IoT, Quantum technology & AI in cybersecurity products etc. were discussed. While talking about Investment in 5G & IoT; speakers mentioned that globally we are moving to these but still lacking in a framework or standard pertaining to these areas. There are new use cases coming in SCADA & IoT. There is huge movement in investment in SCADA systems. While there is already a lot of interest but there is also need of interface & protocols. Standards are yet to emerge & are under evolution.

Discussing about quantum technology & AI in cybersecurity products speakers remarked that AI is already seeing investment. If there is a cybersecurity startup which is not using AI today, it might be very difficult for them to raise capital. But this may also depend on the segment you cater to for e.g. governance might not need it. Regarding quantum computing, only handful of startups are working in this area and the commercial application is still 1- 2 years away.

For start-ups it is very important that they try to find out a niche and try to target the customers in that niche area. They should try to reach a minimum critical size of revenue which establishes their prototype and they should focus on finding like-minded investors. Investors come in all sizes; therefore, start-ups should not limit themselves by looking at only large & established investors. There are other accelerators, seed investors & individuals who are working in their own capacity. It is important to find the right partner & to target right market to really get to that minimum size post which they can look at institutionalized funding. Compliance is a ripe area right now & globally companies in the spaces of identity governance & compliance will be hot.

M&A in cybersecurity will keep happening. There are large acquirers globally. If you have a good product then you will either find a platform like Palo Alto or Cisco trying to invest in, you or you will find the likes of Google & Amazon trying to augment their cloud capabilities with your start up. You may even have local companies starting to look out at buying the start up.

World is moving towards specialization. Niche is the way to go forward. Though there are also challenges in being niche as you are extremely dependent on one sector, but the key will be to find out new use cases & new industries where your solutions can be used. Generating trust factor is very important for start-ups. Investors are always looking for path breaking work. Cybersecurity is a survival tool today & will become a core adoption especially at home level (smart homes /IoT etc.)

# Here is the glimpse of the virtual event

















### **Statistics**

KPI	#
Registrations	191
Speakers	20
Landing Page Views	57K
Impressions through Social Media	300K
Attendee Sentiments	2000 emoticons

### **Event Recording Links**

https://airmeet-recordings.s3.ap-south-1.amazonaws.com/mp4convert/output/0f69e630-7339-11ea-a136-3f837a7bcef4/0f82ec70-7339-11eaa136-3f837a7bcef4/1586607052102-0-0f82ec70-7339-11ea-a136-3f837a7bcef4.mp4

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