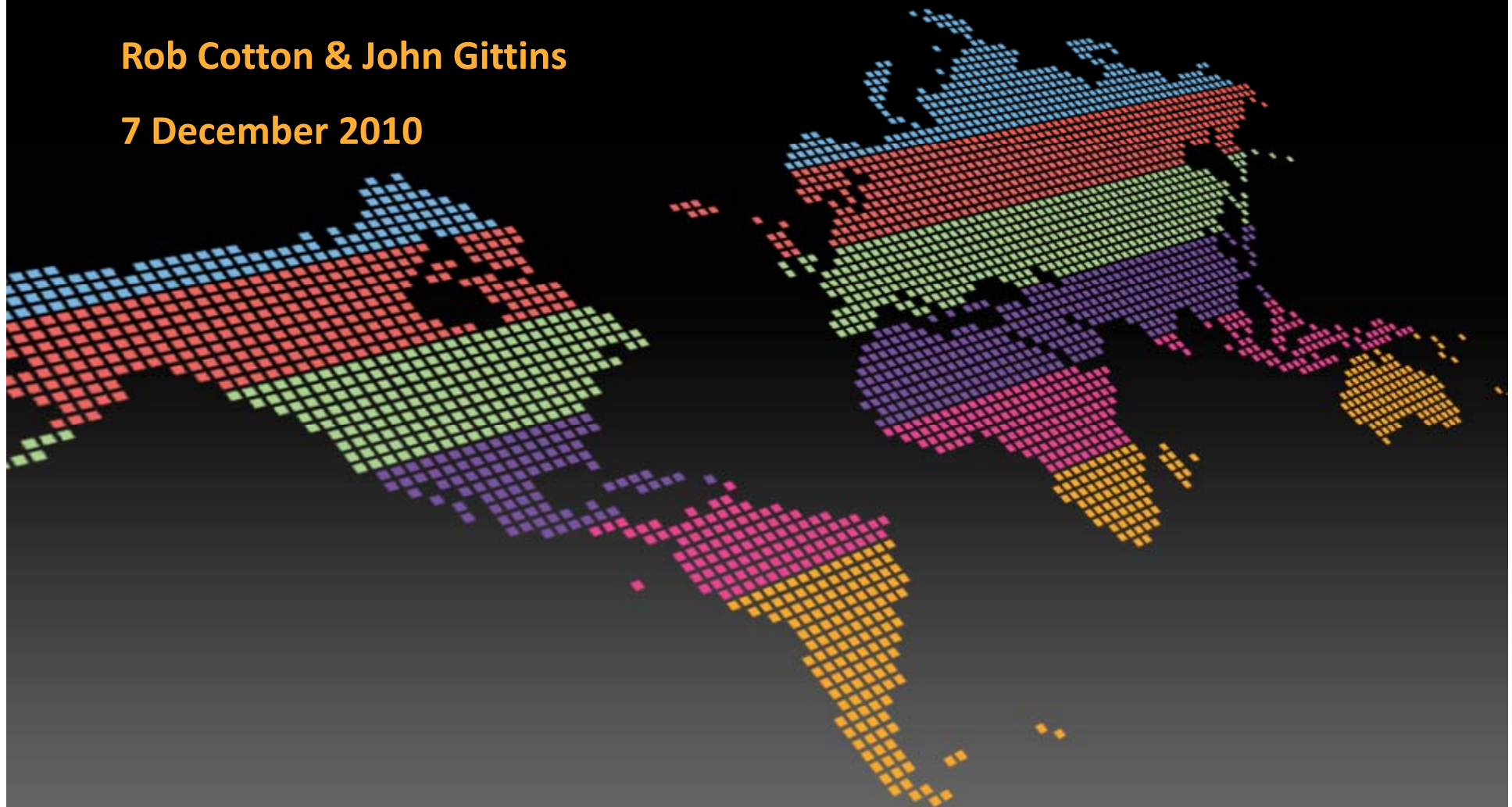


# NCC Group plc.

Investor Site Visit

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# Agenda



- **NCC Group plc. - History**
- **Acquisitions**
- **Two Divisions - what we do**
  - Group Escrow Division
  - Assurance Division
- **The Security Landscape**
  - The Government's View
  - GCHQ's View
  - USA's view
  - Real Global Threats
- **Threats To Growth**
- **Competitors**
- **The Future**
- **Demonstration**

# NCC Group plc. - History



- Who are we?
- The world's leading independent Escrow & Assurance provider
- Trusted advisor to over 15,000 organisations, including 94 of the FTSE100
- Both Escrow & Assurance manage & mitigate risks
- Focused on developing intelligent solutions to combat real business issues
- Significant strength, breadth, depth & synergies across the NCC Group are starting to be achieved

# NCC Group plc.



- NCC Group was formed 1999 in a buyout for £5m
- Secondary £30m buyout in 2003
- Admitted to AIM in 2004 - market cap of £55m raising nearly £40m
- Moved to the Main Market in 2007 - market cap of £105
- Today - market cap of £170m
- The Group has evolved into two main complementary divisions:
  - Group Escrow
  - Assurance
- Currently employ over 500 staff worldwide with 15 offices in the UK, North America, Germany, the Netherlands, Switzerland & Australia
- Group complements its strong organic growth with carefully selected & integrated acquisitions

# Acquisitions



- The Group has completed 10 acquisitions to date:
  - Five Escrow businesses & five Assurance
- In 2010 acquired three Assurance businesses:
  - **Meridian** - March
    - Specialists in conducting payment scheme logical & physical security audits
    - Complementary services to PCI (payment card industry) standards & ethical testing
  - **SDLC Solutions** - April
    - Widen assurance capabilities through complementary development & application testing services
    - Mutually complementary customer base - significant cross sell opportunities
  - **iSEC Partners** - October
    - Leading, highly respected US-based security testing services provider
    - Key strategic development for NCC Group, substantially increases presence & profile in the US, widens our capabilities & breadth of customer geographical offering
- All deals are earn-out based - risk & reward shared
- Key to successful acquisitions is integration

# Group Escrow Division



- Escrow is a smart, simple way of managing risk & demonstrating good corporate governance
- Based on an independently managed third party contract between the licensee & licensor
  - Source code stored & held under the agreement - integrity tested
  - Pre pre-determined release events - fair & equitable
- NCC Group acts as the independent third-party
- NCC Group Escrow are the World's largest software escrow providers
  - Over 15,000 customers
  - Over 18,000 beneficiaries of the service
- Two brands
  - NCC Group Escrow in UK & USA
  - Escrow Europe in the Netherlands, Germany & Switzerland
- Cornerstone of the Group - highly profitable renewal rates at almost 90% worth over £15.2m, with verification orders of £2.5m at October 2010

# Assurance Division



- Assurance division mitigates risk by providing independent security advice & testing
- Organically & acquisitively grown, it consists of:
  - **NGS Secure** - Expert lead security & penetration testing, forensics, vulnerability research & the development of expert software
  - **iSEC Partners** - Full service US-based security specialist, providing pen testing, secure systems development, security education, operational response & security assessments
  - **Site Confidence** - Testing & monitoring relevant aspects of system, network & website performance
  - **SDLC Solutions** - Software testing services, including business analysis, functional & non-functional testing
  - **Meridian** - PCI compliance & audit, ISO27001, payment card logical & physical security audit & global strategic advice for credit card manufacture
- The Group withdrew from offering IT Consultancy in October 2010
- Order book in October 2010 of £17.4m & renewals of £4.6m

# Assurance Division



- Assurance Strategy is to focus on Security - “Peace of Mind”
- Aim to combat the Arms Race by offering a global presence via the largest, most skilled & qualified expert teams
- IT security is fast becoming the hottest Main Board topic
- Work to provide security assurance & mitigation early!
  - After being hacked is too late
  - We do as the real “villains” do
  - The threat of unauthorised access is constantly evolving
  - Technology changes create new weak spots - Wi-Fi, smartphones, iPad etc.
- NGS Secure & iSEC Partners testing covers real & evolving threats, as if they really happen!
  - Full array of technical, logical & physical assaults
  - Expect to breach the system in nearly 100% of all cases
  - Operational awareness & forensics are coming to the fore
- Testing delivered through a team of over 100 full time testers

# Assurance Division



## Software & Research

- The Arms Race requires NCC Group to stay ahead of the game - vulnerability research
- iSEC & NGS Secure are globally recognised for their vulnerability research & the development of expert software
  - iSEC are regular speakers & producers of whitepapers & books
  - Training & conferences
  - Tool development & sales
- NGS Secure has developed a selection of industry-leading software packages specific to all the most popular databases
- Focus on auditing & protecting databases to allow protection of the data they hold
- NCC Group is committed to becoming a leading centre of excellence in Information Security research

# Assurance Division



## Forensic Services

- NGS Forensics is one of the strongest teams of forensic experts in the UK market
- It is essential to consider, not just when it becomes too late!
  - Post event - What happened?
  - Pre event - Operational readiness - if it did?
- Team has government clearance & advise law enforcement on technical aspects of evidence retrieval & preservation
- Full Forensics capability following the 4 main areas within ACPO guidelines:
  - E-Discovery services
  - Security Incident Response
  - Malware Investigation
  - Credit Card Fraud Services
- Operational Readiness Review ensures an organisation is fully prepared for the rigours of a digital forensic investigation, including internal investigations or as the result of a compliance requirement

# The Security Landscape



- 2010 will be remembered as critically important year for cyber security in the UK & globally
  - Outcome of the SDSR
  - Formation of Office of Cyber Security
  - PCI Standards
- Government finally publically starts taking cyber-terrorism & cyber-crime seriously
  - IT evolution is more than fast Broadband
- Public awareness is starting to improve - headline stories
  - Wikileaks hacker revelations interrupted by state sponsored denial of service attacks
  - Zeus & Kenzero virus have raised public awareness
  - Oleg Nikolaenko - 10 billion from a network of 500m infected PC's
  - GCHQ over 20,000 pm "malicious" e-mails sent to government networks - 1,000pm were deliberately targeted
  - China exposed as having over 2,500 state sponsored hacking teams
- NCC Group have stated over recent years that cyber security is an ever increasingly sophisticated arms race

# The Government's View



- The threat of cyber crime & cyber terrorism is a Tier 1 threat to National Security
  - Parliament is treating it seriously - but not seriously enough!!
- In October 2010 the government stated that attacks on computer networks are among the biggest emerging threats to the UK
- National security strategy report highlighted cyber crime, alongside terrorism & flu pandemic, as THE key dangers to UK National security
- Foreign Secretary William Hague said that, unless addressed, this could threaten the UK's "economic welfare"
- An additional £500m has been confirmed in order to bolster cyber security, focused on protecting key infrastructure & defence assets
- The government admits it wants a strategy that "seizes the opportunities which cyber space provides for our future prosperity & for advancing our security interests"

# GCHQ's View



- GCHQ admitted that cyber attacks are now a real threat to UK infrastructure
- Director Ian Lobban confirmed
  - Over 48,000 malicious emails received per annum
  - 1,000 directly targeted monthly
  - Well over 60% of phishing mails originate from Russia
- Cybercrime is not just a national security or defence issue but is something which goes to the heart of our economic well-being & national interest
- UK cyberspace challenge is to present the public with greater awareness
- The conclusions are clear
  - Cyber is a real, live issue, bringing both threat & opportunity
  - It's not a narrow security issue for spooks but a wide economic issue demanding
  - Getting the basics of information security right will raise the bar for malicious activity
  - Getting the more difficult right will involve new technology, new partnerships & investment in the right people - not just higher barriers!

# USA's View



- The Department of Homeland Security plays an important role in countering these threats
- Fully developed 20 point plan - clear & articulate strategy
  - Building one of the best teams anywhere to keep USA federal civilian networks secure
  - Securing the cyberspace & critical infrastructure
  - Increasing focus on working across the federal government & partnering with the private sector
  - Empowering the general public to create a safe, secure & resilient cyber environment, promoting cyber security knowledge & innovation
- President Obama stated the growing number of attacks on our cyber networks has become "one of the most serious economic & national security threats our nation faces"

# Real Global Threats



- Increasingly sophisticated viruses & techniques are used on a global basis by individuals, groups & at a national level
- Viruses & malware bought & sold by organised crime
- **Stuxnet virus**
  - One of the most sophisticated pieces of malware ever detected
  - Targeting "high value" infrastructure in Iran
  - Believed to be the first-known worm designed to target real-world infrastructure such as power stations, water plants & industrial units
  - Stuxnet's complexity suggests it could only have been written by a "nation state"
- **WikiLeaks**
  - Real leaks from real hackers
  - Their website was under a forceful internet-based attack - Denial of Service rendered site inaccessible to users in US & Europe
  - Attack believed to come from China - but could have been from any nation

# Real Global Threats



- Organised crime is believed to be moving away from narcotics to cyber crime - risk & reward!
- **Botnets**
  - Botnets are the 'launch pad for cyber crime'
  - Botnets are traded on the black market
  - Botnets intelligently harvest personal information by becoming resident in your PC
  - A Microsoft security intelligence report claimed the US had 2.2m botnet infections
  - In Europe the UK was second behind Spain & ahead of Germany in the infection league
  - Cyber crime commonly associated with Eastern European gangs but is truly global
- **Real Life**
  - Zeus botnet ring, a multi-national group bought a botnet from developers
  - Virus was directly responsible for stealing £44 million from UK & US bank accounts
  - Investigation led to over 150 arrests in the US, UK & Ukraine to date

# Threats To Growth



- It's an Arms Race - we may not win!
  - Mafia
  - Nation State
  - Malicious marauders
  - Too many bad guys?
- People - they are not simply resource!
  - We need to attract & retain
  - There aren't enough in the market
  - We need to home grow & develop
- Companies will invest in hardware only - security now isn't about building higher barriers
- Government money will not be diverted to services
- Burying Corporate heads in the sand - short term strategy - it may not happen to you but it will - it's not going to go away!

# Competitors



- Competition is not a threat to Growth
  - Small Boutiques are most common
  - Customers are looking for global experts
  - Price is important but quality is the key
  - Forensics & Operational response is unique
    - Big 4 - Auditing
    - Small players - risk of size
  - Only aspire to own 1 other company in the UK & 2 in the USA
  - Organic growth is the key - building on our reputation
- NCC Group will be the global provider of choice for security testing

# The Future



- Focusing on the two growing Escrow & Assurance Divisions with their strong recurring revenues & forward visibility
- Escrow will always remain as the cornerstone of the Group, but Assurance will play a much more prominent part due to the opportunities
- The unregulated nature of the internet means the threat of cyberspace being used as a weapon is consistently increasing
- As countries & organisations increasingly rely on online services to operate the potential impact on business continuity & the wider economy
- IT assurance & security is now finally starting to be central to both government investment & major organisations