



INTERNET
SECURITY
SYSTEMS™

Corporate Backgrounder

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Introduction

Although most organizations understand the need to protect key online information resources, the reality is that too many companies, from startups to Global 2000 enterprises, remain at risk. This security gap exists for several reasons. First, information security is rarely a core competence for any organization. Second, many non-technical executives see information security as somehow different from the risk management practices used in physical business operations. Third, many businesses rely on overly simplistic security practices to protect their online business assets.

Internet Security Systems, Inc. (ISS) is the leading provider of security management and information protection solutions for networks, servers, applications and desktops. Not only does ISS offer highly integrated, easily managed software solutions through its innovative **RealSecure® Protection System** for enterprise environments, and **BlackICE™** protection products for smaller organizations, home offices and consumers, it also provides Managed Security Services and comprehensive professional services, education, emergency response and customer support offerings that significantly reduce the complexity and expense inherent in protecting online assets.

ISS approaches Internet security through a complete lifecycle, offering business-driven, cost-effective solutions that cover the full continuum of online security needs. This standards-based approach creates a continuous cycle of information security centered on five complementary areas: assessment, design, deployment, management, education and support. By using our customers' business objectives as the starting point for building an information security solution, ISS avoids the trap of a one-size-fits-all approach. The result is a risk management solution that is supported and understood by both technical and executive staff, a proper mix of in-house and outsourced security alternatives, and careful attention to achievable and enforceable security policy.

But ISS doesn't stop there. ISS' **X-Force™** organization of world-class security experts remain steadfastly focused on uncovering, documenting and communicating the latest threats, ensuring that ISS customers and the public are kept informed on the latest security developments. In turn, **SecureU™** educational services provide the comprehensive knowledge transfer necessary to ensure that customers can maximize their investment in an ISS solution.

Standards-based, business-oriented solutions. World-renowned research and development. Market-leading software. Innovative outsourced managed security services. Add it up and ISS delivers unmatched protection against online attack or misuse, for organizations of any size or market.

The Company

In 1992, ISS founder Christopher Klaus (now Chief Technology Officer) invented a revolutionary technology that could actively identify and recommend corrective actions to network security problems. Two years later, the then 21-year-old teamed with software veteran Thomas E. Noonan (now President and Chief Executive Officer) to form Internet Security Systems and launched the **Internet Scanner™** security assessment application, the company's first product.

Since then, ISS has focused on sophisticated Internet security solutions and has developed an entire portfolio of software and services. The Atlanta-based company, officially known as Internet Security Systems, is publicly traded on Nasdaq under the symbol ISSX. After a successful initial public offering in March 1998, it has continued to develop new and innovative solutions. Today, ISS is the worldwide leader in information protection software and managed security solutions for integrated security assessment, intrusion detection and response, centralized management and configuration, and security decision support.

The company now has more than 1,200 employees located in more than 17 countries. In 1999, ISS was named a "Top 50 Most Dynamic Company" by Forbes magazine and a "Top 50 Public Company" by Red Herring magazine. USA Today has described ISS as one of the industry's most important business-to-business Internet companies and a "Top 50 E-Business Stock." In August 2000 the company was named one of the fastest 100 growing companies by Individual Investor magazine, and in February 2001 eCompany Now named ISS to their First Annual eCompany 40. And in March 2001 International Data Corporation (IDC) officially recognized ISS as the leader in the Intrusion Detection and Vulnerability Assessment (IDnA) market.

Products and Services

Every day, ISS stops hackers, crackers and cyber-thieves by addressing vulnerabilities in applications, desktops, servers, databases, network devices and operating systems. ISS software and services form a comprehensive information protection system that enables organizations to proactively measure and control their security risks. These highly integrated solutions help customers protect their investments in online business infrastructure "buy" side and "sell" side Internet applications.

ISS' information protection platform features our award-winning security assessment applications, the **RealSecure Protection System** and a wide range of **BlackICE** intrusion protection products.

The **Internet Scanner** application uses comprehensive network risk assessment techniques to detect vulnerabilities, misconfigurations and other violations of security policy, prioritize security risks and generate a wide range of reports that offer step-by-step instructions for prioritizing and eliminating security risks.

The **System Scanner™** application is a host-based risk assessment and policy enforcement system, System Scanner analyzes internal operating system weaknesses, as well as user activity. It can compare an organization's stated security policy with the actual configuration of the host computer in order to determine security risks, including easily guessed passwords, user privileges, file system access rights, service configurations, and other activities that serve as signs of an intrusion.

The **Database Scanner™** application is the first risk assessment system engineered specifically for protecting database applications. Database Scanner automatically identifies security risks in database systems, including inadequate passwords to destructive backdoor programs.

The **RealSecure Protection System** is the first pervasive protection platform for active online business protection covering desktops, networks and servers. The RealSecure Protection System reduces today's complex mixture of separate security products covering assessment, policy enforcement, intrusion detection and response, and security management into centralized information protection tasks that can be mixed and matched for a wide range of security needs. This powerful convergence of previously disparate technologies can be flexibly deployed in any number, placement or combination to provide comprehensive coverage – including remote desktops and wireless installations. The benefits of this arrangement are immediate and obvious. Significantly less time and expense spent on security management. More resources available for other IT tasks. And all is accomplished while creating a far more effective protection environment.

The **BlackICE PC Protection** application provides comprehensive personal firewall and intrusion protection for individual PCs. **BlackICE Server Protection** extends this straightforward approach to servers operating in small and medium businesses, with the **BlackICE Report Manager** augmenting these capabilities with easy-to-use reporting capabilities. Finally, the **BlackICE Small Business Edition** links these key protection applications into a powerful, single-box solution.

But ISS is more than the sum of its best-of-breed solutions. The company's focus on customer service and consulting capabilities helps organizations develop comprehensive and focused strategies for securing an IT infrastructure. Together, this helps ISS build a robust, scalable management platform for enterprise security management. The company's service offerings include:

Managed Security Services: As companies increasingly focus on core competencies and outsourcing, managed security fits perfectly into the picture. ISS, from its technically advanced Security Operations Centers (SOC), can manage and control enterprise security policy 24/7 across an entire IT infrastructure, and critical business and online commerce applications. ISS can instantaneously detect a wide range of security threats and vulnerabilities.

At the center of this strategy is the industry's first and most complete suite of Managed Security Services for around-the-clock protection of digital assets. It provides remote management of the industry's best security technology – including firewalls, VPNs, routers, antivirus, authentication, URL filtering software, and intrusion detection systems – from Internet Security Systems, Check Point, Trend Micro, RSA and Web Sense.

ISS Professional Services and Education Offerings: Process control and essential knowledge transfer doesn't happen in a vacuum. ISS is dedicated to helping customers manage the entire lifecycle of enterprise security management needs, including assessment, design, deployment, management and support, and education. This approach ensures that a customer's technology and infrastructure is tightly aligned with its needs. ISS can achieve outstanding results because it employs a team of advisors, experts and partners that are unsurpassed in the industry.

Maintaining such a high level of knowledge requires a specific strategy. ISS is committed to high-level security education through its **SecureU** educational programs, which provide progressive curriculum for keeping abreast of the ever-changing IT security environment. SecureU offers courses on everything from fundamentals of security, networking and security assessment to installing and maintaining core security products such as intrusion detection, firewalls and public key infrastructures.

Around the world, Internet Security Systems also has established authorized training centers that offer high-level information about effective risk management and the entire Internet Security Systems product line. Globally, ISS certified engineers must satisfy rigorous education requirements. In addition, ISS has created the **X-Force™** organization. This group of leading security experts is dedicated to proactive counter intelligence and public education against online threats. The X-Force researches security issues, tracks the evolutions of threats through Internet Security Systems' Global Threat Operations Center, and ensures that Internet Security Systems is the first to introduce new threat information – and threat management solutions – to market.

Customers

When organizations require network protection they turn to ISS. No other security firm boasts such an impressive array of customers, including Microsoft, Qwest, Citibank, Swiss Bank, Metropolitan Life and the U.S. Army. Altogether, ISS now claims more than 8,000 customers, including 68 percent of the Fortune 50, and 21 of the 25 largest U.S. commercial banks. It also serves the ten largest telecommunication companies.

Consider MetLife: The insurance and financial services firm uses ISS security assessment, but is even more impressed by the commitment from ISS.

"These days, it's more important to work with a company who is a total resource rather than merely a vendor of products."

– Mike Stoico, IS Security Specialist, Enterprise Security Unit

Or yesmail.com, a permission email marketing firm:

"Despite the fact that we're at the forefront of technology within our industry we require specialists to protect our data. ISS provides the knowledge and experience to help us become the Alcatraz of permission mail. We've never had a break-in, despite constant attacks."

– Peder Jungck, Chief Technology Officer

Partnerships

In any industry, strategic partnerships can pay dividends for participants and consumers. In the Internet security field, where billions of dollars ride on successful online business transactions and information security, the right combination of solutions and capabilities can mean the difference between success and disaster.

ISS has forged strong partnerships with several companies, including Microsoft, Lucent, Nortel Networks, Ameritech, Compaq Computer Corp., Check Point, Embratel, Trend Micro, BellSouth and Marsh. These partnerships are helping further establish ISS as the leader in the field of Internet security management solutions.

Consider a recent partnership with Marsh, the world's leading risk advisor and insurance broker. ISS and Marsh have jointly developed an innovative program to insure up to \$200 million in losses due to a breach in electronic security. After inspecting and assessing an organization's systems, ISS offers a remediation strategy so that an applicant can qualify for and obtain an insurance policy through Marsh. This program is scalable to meet the requirements of businesses of any size. And, it not only reduces risk of losses through normal operations, but also reduces liability among trading partners.

Milestones

- **1991** – As a senior in high school, Christopher W. Klaus begins work on inventing a groundbreaking technology that actively identifies and fixes network security weaknesses after visiting the Department of Energy. The product later becomes ISS' core flagship software application, Internet Scanner.
- **1992** – Klaus, a 19-year-old computer science student attending Georgia Institute of Technology, releases Internet Scanner as freeware on the Internet.
- **April 1994** – Klaus founds Internet Security Systems (ISS) and begins selling Internet Scanner from the company's first office warehouse in Norcross, Georgia.
- **August 1995** – Tom Noonan joins ISS as President, and later also becomes the Chief Executive Officer.
- **September 1996** – ISS files for and receives a patent for the new concepts in Internet Scanner.
- **September 1996** – RealSecure, the industry's first integrated network and host-based intrusion detection and response system, is released to the public.
- **December 1997** – Klaus becomes the Chief Technology Officer of ISS.
- **December 1997** – PC Week magazine acknowledges ISS' leading role in developing Internet security solutions.
- **March 1998** – ISS completes a successful IPO on March 24 at an offering price of \$22 per share (pre-split). The stock closes the day at \$40.38 per share.
- **June 1998** – ISS launches its Consulting and Education (CEG) organization to provide consulting expertise to the Internet security management process.
- **July 1998** – The U.S. Army selects ISS to provide protection at more than 400 facilities, including its U.S. headquarters.
- **December 1998** – Database Scanner, the industry's first comprehensive application for managing the security of databases, is introduced worldwide. The company grows to 328 employees.

- **January 1999** – ISS introduces the **SAFEsuite® Decisions** application, a revolutionary decision-support solution to provide customers with a global view of security across the enterprise.
- **August 1999** – ISS acquires Netrex Secure Solutions for \$60 million. The acquisition adds more than 150 consultants to ISS, as well as ePatrol, the market's most comprehensive managed security offering. It provides managed security services and adds an important outsourcing solution for the automatic detection and management of customers' security risks.
- **July 1999** – International Data Corporation names ISS continued market-leader in network security management including network security assessment and intrusion detection.
- **January 2000** – ISS Reports its 18th consecutive quarter of growth and tallies \$116.4 million in annual revenues, a 104 percent increase over the same period in 1998. The company grows to 900 employees worldwide.
- **May 2000** – ISS and Nokia introduce RealSecure for Nokia, resulting in the first enterprise-class intrusion detection appliance.
- **June 2000** – ISS combines with Microsoft to become the first security vendor to embed key components of intrusion detection software into a security server.
- **July 2000** – ISS reports its 20th consecutive quarter of growth and now employs more than 1,000 people in more than 17 countries.
- **January 2001** – ISS announces its 22nd consecutive quarter of growth and now employs more than 1,200 people worldwide.
- **March 2001** – International Data Corporation (IDC) names ISS as the worldwide leader in the Intrusion Detection and Vulnerability Assessment (IDnA) market according to a recent market-share report (Gaining control over the infrastructure: Intrusion Detection and Vulnerability Assessment).
- **April 2001** – In response to the growing need for wireless security awareness and protection, ISS unveils a range of solutions including wireless local area network (LAN) security software, consulting, education and managed security services aimed at helping customers protect their wireless networks.
- **May 2001** – ISS unveils industry's first pervasive protection platform, RealSecure Protection System, to deliver the next generation in information protection across every point of compromise for companies of all sizes, complexities and markets.
- **June 2001** – ISS announces the acquisition of privately-held Network ICE Corporation for \$195 million, broadening overall market opportunity and enhancing the company's strategy of offering information protection solutions that actively prevent and detect security risks at every potential point of compromise on networks, servers and desktops.
- **October 2001** – ISS simplifies IT Infrastructure protection with the introduction of the **RealSecure® SiteProtector™** application, the only security product to unify the management of network, server and desktop protection systems.

Executive Biographies

Thomas E. Noonan, President & Chief Executive Officer. Noonan is responsible for the overall strategic direction, growth and management of ISS. He launched the company in 1994, along with Klaus, and has led ISS to the preeminent position in the network security industry. Prior to joining ISS, Noonan held senior management positions at Dun and Bradstreet Software. Tom holds a mechanical engineering degree from the Georgia Institute of Technology and a business degree from Harvard University.

Christopher W. Klaus, Founder & Chief Technology Officer. Klaus is regarded as one of the world's foremost security experts. In 1992, Klaus developed the company's first software program and flagship product, Internet Scanner, while attending the Georgia Institute of Technology. He also developed the four-quadrant strategy for focusing on intrusion protection with security assessment and intrusion detection for both network and host. Additionally, Klaus developed the name, concept and design of RealSecure. He was also honored as one of the top 100 young innovators for 1999 by MIT's magazine of innovation, Technology Review.

Richard Macchia, Vice President, Finance and Administration, Chief Financial Officer. Macchia is responsible for the overall management of financial, administrative and human resource functions at ISS. Previously, he worked at First Data Corporation where he served as Senior Vice President, Finance. Macchia is a Certified Public Accountant and previously served as a partner at KPMG Peat Marwick. He holds an undergraduate degree in accounting from the University of Notre Dame.

Greg Gilliom, Vice President, Product Development. With over 22 years of experience in the computing and networking industry, Gilliom is responsible for the product direction and development strategy for both the RealSecure and BlackICE family of ISS security products. In addition to product development, he is also responsible for the X-Force team of security researchers. Prior to joining ISS, Gilliom was the founder and chief executive officer of Network ICE Corporation, which was acquired by ISS in June 2001. Gilliom holds a BSEE from the University of Missouri.

Lawrence A. Costanza, Vice President of North America Sales. With over 15 years of sales, marketing and executive management experience with leaders in the voice/data industry, Costanza is responsible for sales operations for North America including enterprise, channel, professional services, engineering and service provider markets. Prior to joining ISS, Costanza held a wide range of senior sales management positions, including Vice President North America Sales at Lucent Technologies and Director of Sales at 3Com Corporation.

Tim McCormick, Vice President of Corporate Marketing. McCormick is responsible for ISS' global corporate communications activities including Public Relations, Investor Relations, Advertising, Interactive Marketing, Corporate Promotions and Marketing Programs. McCormick has over 15 years experience in application software and technology companies and includes significant achievements at both the start-up and market-leading level, at organizations including D&B Software and ASK Computer Systems. He earned a Bachelor of Science degree in Business Administration/Operations Management from the University of Delaware.

Alex Bogaerts, Vice President, Europe, Middle East, Africa. Bogaerts has more than 23 years of sales, marketing and management expertise, having worked at Westinghouse, D&B Software and Cooper's and Lybrand. He holds an undergraduate degree in applied economics and management sciences, and an MBA from Cornell University and Chicago University.

Ja Hong Lin, President, ISS KK. Lin manages the Northeast Asia operations of ISS from the firm's office in Tokyo. He has over 20 years of sales and marketing experience, having held senior positions at Ashisuto HK and Dun and Bradstreet Technology Asia. Lin holds a BA in Business Administration from Aoyama Gakuin University in Tokyo.

Edgar Zorrilla, Vice President, Latin America. Zorrilla manages the Latin America operations of ISS. He has over 20 years of sales, management and executive management experience. Most recently Zorrilla served as Director, Global Network Services within the Consulting Practice and Enterprise Information Security Program, of Unisys Corporation's Latin America and Caribbean Group. Prior to Unisys, Zorrilla was with NetGen Internet (formerly GES) and Teleinformatica TTI based in Caracas, Venezuela.