

# Corero Network Security PLC

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## Corero's 'as a service' offering off to good start

Corero Network Security PLC (LON:CNS) won five subscription-based contracts for its distributed denial of service (DDoS) products in the final quarter of 2016.

The aggregated annualised value of the "as a service" contracts is US\$300,000, the Aim-listed network security specialist said.

The "as a service" model is an alternative to the traditional licensing model that requires the client to purchase equipment and pay in advance for a "per user(s)" licence.

Corero has previously said it expects the subscription-based model, which is sweeping the software sector (where it is known as software-as-a-service, or SaaS), to enlarge the addressable market for its suite of products.

In its latest stock market announcement it said the model is proving popular with fast-growing cloud hosting providers and regional service providers, who can enter the market more rapidly because the model requires less capital expenditure up-front.

The operators can offset the costs of operating a DDoS protection solution with the monthly revenues derived from selling these high margin security services to their own customers, Corero observed.

From the point of view the seller - Corero in this case - the "as a service" model is a 'slow burn' transaction, as the company forgoes the up-front licence fee payment in return for a steady regular income.

In many cases, customers using the subscription-based model are more "sticky" - less likely to cancel - as the subscription fees get built into budgets and are less lumpy than one-off licence fees.

Corero introduced the "as-a-service" sales model in the fourth quarter of 2016.

The company added it also enjoyed an increase in perpetual licence model revenue billings in the fourth quarter of 2016.

"As reported in the interim results announcement in September, we anticipated an increase in customers seeking to utilise Corero's DDoS Protection products and technology via an 'as-a-service' subscription-based offering, thereby increasing Corero's addressable market," said Ashley Stephenson, chief executive officer of Corero.

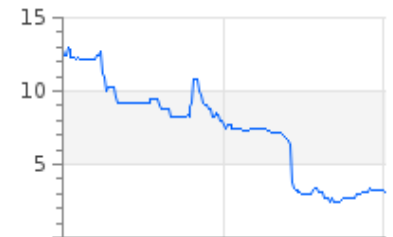
"We are pleased with these initial customer wins and see an increasing opportunity to add incremental subscription-based customers in 2017, which will serve to boost our recurring revenue base," he added.

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**Price:** 3.15

**Market Cap:** £12.66 m

### 1 Year Share Price Graph



November 2018 May 2019 November 20

### Share Information

**Code:** CNS

**Listing:** AIM

**52 week High Low**  
13.29 2.35

**Sector:** Software & services

**Website:** www.corero.com

### Company Synopsis:

Corero Network Security is a leader in real-time, high-performance Distributed Denial of Service ("DDoS") defence solutions.

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