

# VirtualArmour

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## VirtualArmour keeping the bad guys at bay with customized network security solutions

Every week, it seems, brings another concerning story about hackers infiltrating a commercial or government network and making off with highly sensitive information. One would think that with the threat having been clear for so long, entities with significant exposure would have devoted appropriate resources to figuring out how to protect themselves properly. Alas, all too often this seems not to be the case.

VirtualArmour International (CSE:VAI) has a solution to this problem, or to put it more accurately, a tailored solution that precisely fits each customer's risk profile and particular set of network vulnerabilities. Boasting a 100% retention rate across a very broad customer base, the company is obviously doing something right.

We spoke recently with VirtualArmour chief executive officer Russ Armbrust about the state of cybersecurity and what his company does to help organizations stay ahead of the curve.

**Cyberattacks make the news regularly and the loss of confidence a compromised company suffers can be quite serious. Can you give us your view on the state both of attempts to infiltrate corporate and other networks, and the quality and consistency of efforts being made to counter them?**

There are constantly new tactics and techniques being developed to compromise IT assets for valuable information. Considering these tactics are continuously evolving, we make it a point to partner with what we consider the best-in-class technology providers who have proven track records of constantly improving their solutions to stay ahead of this evolution.

The response landscape of cyberattacks has shifted to a proactive approach, looking for behaviour-based activity as opposed to the signature-based approach. Utilizing emerging technologies like artificial intelligence to maintain a proactive stance against hackers will continue to improve and aid in keeping pace with the way we respond to these threats.

As far as the quality and consistency of counterefforts, I would say that 90% of companies are very immature at this right now. That is the reason for the growth of our company. Most of the companies we talk to don't know what they don't know. It is a comprehensive process with each of the companies to get them up to the cyber posture they need.

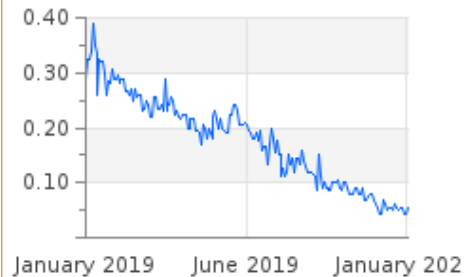
**Let's look several years down the road - what do you project as far as the evolution of network security is concerned?**

The traditional model of network security is being challenged and new technologies are becoming commonplace. Everything soon will be connected to the Internet in some way or another, be it wireless, cellular, Bluetooth or something new. We see that each and every day in commercial advertisements. Now your refrigerator is connected,

**Price:** 0.05

**Market Cap:** \$3.18 m

### 1 Year Share Price Graph



### Share Information

**Code:** VAI

**Listing:** CSE

**52 week High Low**  
0.39 0.04

**Sector:** Software & services

**Website:** www.virtualarmor.com

### Company Synopsis:

*VirtualArmour is an information technology company that provides advanced network and cybersecurity solutions. They translate these advanced solutions into a wide range of managed services, professional services and software development solutions for their customers by leveraging partnerships with the leaders in network appliance, software and systems.*

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your oven is connected. With nearly everything expected to be connected, this will produce new attack vectors and require constant development of defense mechanisms and techniques, both proactive and reactive.

**Walk us through VirtualArmour's approach to the problem. What are your competitive advantages - what makes you better? And how does the company keep pace with the constantly changing cybersecurity landscape?**

We focus on customer experience. Everyone's cyber posture is unique, so our goal is to understand the potential cyber gaps of each customer. We focus on becoming a true partnership and acting as an extension of their team. In today's world, the new modern MSSP (Managed Security Service Provider) should help a customer solve problems, not just send alerts. And that is our true differentiator.

As to how we keep pace, we believe that we have hired some of the best engineers in the business. With such a broad range of customers in so many industries, as well as interacting with our customers' highly skilled engineers, it enables our engineers to constantly evaluate and stay on top of this ever-changing cyber landscape.

**Where do you find the majority of cyberattacks are coming from? Are they just people seeing if they can penetrate networks for the challenge of it, or is it cybercriminals seeing if they can enter networks to obtain information and use that to generate profit in some way? Who is who in the zoo out there attacking these networks?**

It is all across the board. We see attacks coming from the outside to gather information, and we see attacks coming from inside of corporations. It is literally all across the board in terms of how people are trying to penetrate networks.

**What types of companies choose VirtualArmour to protect them?**

They don't necessarily come from any specific industry, but they do have common traits. They typically are highly regulated and lack the proper resources or skillset to deliver what is required on any security practice.

We have customers in health care, retail, financial, oil and gas, mining and many others. With the customer service we provide we have been able to maintain a 100% retention rate to date with our customer base. And what is really exciting about that is our typical contract ranges anywhere from one to three years.

Our business is built solely around services. Professional services are helping with architecture and projects. And then managed services is where we are the eyes and ears to a company's network and security. We are monitoring 24/7. We are not just alerting but we are helping with a customer's entire network.

**Where you do stand right now in terms of revenue and what is the outlook?**

As of our reported results for Q2 2018, our managed and professional services increased 78% to a record US\$1.2 million versus the same year-ago quarter, and total revenue increased 50% to a record US\$4 million. And with our current growth, we are well on track to continue at this tremendous pace.

Looking at our margins, you can see our business continues to grow and a favorable shift to our higher margin, managed and professional services business.

**Are there any industry dynamics people are unaware of right now that you think have the potential to drive more business to VirtualArmour in the long term?**

Cybercrime is expected to hit US\$6 trillion annually by 2021. Due to these numbers they are also expecting cybersecurity jobs to more than triple. This talent pool will remain flat, which is going to create a shortage of talent and make it more difficult for customers to maintain their existing talent. And that will drive customers to sign with companies like VirtualArmour to deliver on all these services.

**And to wrap things up, how about some client feedback or observations from your team on making sure the companies you serve want to continue working with VirtualArmour. What's the secret there?**

I'd point out that we typically come across the same competitors when we compete for an opportunity. What's really been exciting for us is that we have been coming out on top and it is due to the customer service experience.

When we win a new client, I always like to ask them why they chose VirtualArmour and we get the same answer over and over. We truly do take a different approach. We are more customer-focused. We provide playbooks around their business needs rather than telling them they have to do things a certain way. When they meet our engineers during the sales cycle, they come to believe they are some of the best in the business and that makes them comfortable about the services they are going to receive.

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