



INTERVIEW: FINJAN GROWS INTO NEW CYBER INVESTOR ROLE FOLLOWING JVP PARTNERSHIP

Finjan Holdings, Inc. (OTC MKT:FNJN) is investing in the Israeli cyber security startup market, in partnership with local VC firm Jerusalem Venture Partners (JVP), as it believes the region will lead the way in identifying solutions combating new types of malware.

“Ninety percent of the global cyber market is concentrated between the Silicon Valley and Israel so it makes sense for us to become a strategic LP in JVP seventh fund alongside other companies including Cisco Systems as well,” Finjan CEO Phil Hartstein told Global Security Finance in a recent interview.

The company, which was launched in Israel in the 1990s but went on to relocate to the US, in the Silicon Valley and New York, a few years after, specialized from the start in “secure web gateway products,” identifying the “intent” behind an attack instead of relying on a comparative analysis with known attack profiles.

It secured the backing of investors including HarbourVest Partners, Benhamou Global Ventures, Benchmark Capital, Israel Seed Partners and Cisco, some of which remain with the company today.

“If you look at the advances in network security technology over the years, put simply, you have signature-based, behavioral and simulation-based – more or less in that chronological order,” Hartstein explained. “We went to behavioral straight away and also created simulation-based solutions such as sandboxing as well. Those are some of the founding systems of the network security industry today. Over the years, we have tried to keep up with advanced in threat identification and remediation technologies, which naturally led us to seeking opportunities in Israel.

“There is a notion - in the US at least - that the cyber market is growing too quickly, and that, despite attracting huge amounts of financing from investors keen to grab huge returns quickly, innovations are becoming obsolete quickly, and are replaced fast. In Israel, cyber is a much more concerted effort with attracts the collaboration of academics, investors, the government and private sector companies.”

In 2009, Finjan acquired 25% of M86 Security, a subsidiary of network security company Trustwave Corp. It retained some of the intellectual property it previously developed – around 40 patents and growing - which it went on to license to several major technology organizations, including Microsoft and Trustwave.

The merger with M86 prevents Finjan from actually creating any new behavioral cyber security defense products directly although it can make targeted investments in third-party companies.

“Our investors asked us to continue investing in software and data security despite some of the limitations that we now have,” Hartstein said, adding that areas that Finjan is interested in include SaaS platforms and mobile security. “Our behaviour-based technology can be deployed to help secure data in the cloud so we see some opportunities there,” he continued. “Equally, as the ‘bring your own device’ trend becomes an important part in the enterprise sector, we can be there to help. Incidentally, Israel is really moving forward to develop solutions addressing both areas.”

“Our growth strategy includes M&A as well, and we are actively looking at several targets.” ■

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