

## Cloak and dagger for the digital age

### Q&A with Stephane Salies

Stephane Salies is founder and CEO of Boss Industries, a growing cyber intelligence group including Nexa Technologies.

#### **You've grown your company into a major player in cyber intelligence. Can you tell us how you got started in this field?**

My career has always been entrepreneurship in the technology sector. After founding and selling my first electronics company to Chelton-Cobham, a listed UK company, we bought out I2E, a small IT engineering company in Aix-en-Provence in 2005. We renamed it Amesys, and grew the company until it reached EUR 100 million in revenues when we sold it to Bull (now part of Atos). We became a lead shareholder in Bull (listed on Euronext), but with one billion euros in sales and 8,000 employees, Bull was really too big an animal for what we enjoyed working with. We ended up spinning off the interception business that we had developed in 2012. That became Nexa Technologies. At the time, it consisted of only one product and one client with just a few million euros in sales. In 2020, we shall reach EUR 50 million in sales with clients on all continents, and 220 employees. We compete with all the major worldwide players.



#### **What is cyber intelligence exactly, and what does Boss Industries do? Are your clients in law enforcement or are there business and private clients?**

Cyber intelligence consists of using software and hardware systems to intercept, gather, analyze, and interpret data, be it voice, internet use, social network postings, or any other communication, in order to identify, qualify, and report threats and crimes to government intelligence and law enforcement agencies.

It is an essential tool for homeland security today when physical barriers no longer exist. It is key to intercepting digital communications, which are the main channels for terrorists, traffickers, criminals, and other dangerous organizations.

Our clients are always governmental organizations, country intelligence, or military. We never take private clients.

#### **Is cyber intelligence an international business?**

Cyber intelligence is now critical for every single country in the world on a nationwide level, but it is also used to protect groups of people, such as military forces, wherever they are deployed. It is indeed a very international business.

Our software solutions are made to be able to browse, intercept, and analyze data in any language, no matter the local telecommunication system.

Some countries use their own proprietary technologies, for example the NSA in the US, but most countries buy and utilize the most advanced solutions regardless of the nation of origin. The main players are originally Israeli, American, or European, among which a few companies, considered the best technology providers, dominate the market. State agencies organize tenders where they participate on a global level. The dominant players sell products to all geographical areas: Africa, Asia, America, and the Middle East.

Some of the well-known players include Verint (listed on NASDAQ, USD 3 billion in market cap), NSO Group (Israel, bought and re-sold by Francisco Partners), BAE Systems (UK), Rohde Schwarz (Germany), and Thales (France).

These firms are our competitors in tenders and also constitute a good benchmark in terms of value creation and recognition by financial investors.

#### **What are the strategic considerations of these companies? Are there special issues in the M&A process due to the sensitive nature of the work?**

Technological innovation is vital. Coping with fast moving data and communication systems is a key success factor.

Being able to address international clients with an extensive direct or indirect commercial presence is also important. In this industry, trust between provider and client is paramount, and to establish trust you need to see and know each other.

Geopolitically speaking, being a European player is a key success factor as it allows to work in all geographical areas except embargoed countries such as North Korea and Iran, or the US, China, and Russia.

The M&A process is indeed special given the confidentiality owed to clients but also because not all companies can be sold to any buyer. It may be considered limiting in terms of liquidity but on the other hand, the technologies mastered are so critical, promising, and rare that investors consider them as valuable investments.

#### **We are celebrating Clairfield's 15th year in 2020. What has changed in cyber intelligence in the last 15-20 years?**

Twenty years ago, cyber intelligence was basically telephone voice interception. In 20 years, IP communication has developed exponentially. It became imperative to be able to address the new technologies. At the same time, terrorism developed on a global scale, not limited by borders, as September 11th tragically demonstrated. In this context, new players have appeared and developed quickly in a kind of wild-west in the data world versus analog communications. As the industry continued to grow, all players and governments understood the strategic importance of such systems and clients became more aware and educated about which providers they could securely buy products from. Meanwhile countries where the providers are from, especially European countries, began the regulation of the sales of strategic solutions, just as they do for arms sales.



#### **What is your relationship to Clairfield?**

Clairfield Paris has been our advisor for the last 15 years, assisting us in all M&A transactions that we consider, including sales, strategic partnerships, and acquisitions, including two acquisitions in 2019. The team knows and

understands our business and is committed as a long-term partner. Clairfield's international capability is key.

#### **What is the future of the industry and of your group?**

It will continue to change quickly, of course. Intrusive products will further develop. Digital warfare may become more and more important since military actions and weaponry increasingly involve digital commands. ■