Zscaler Inc.

Lumpy Business Hurts FY4Q19

Long sales cycles and channel issues hindered Zscaler partners' FY4Q19 sales momentum and FY1Q20 pipelines, though the company's competitive and early-market advantage remains intact.

- FY4Q19 ZS sales at least met goals for 10 of 14 partners, fell below for 4 (vs. 2 of 13 in FY3Q19); growth lagging overall security market for 7 of 11 partners (weaker vs. May)

- FY4Q19 win rates slightly weaker, deteriorated qq for 3 of 14 partners (vs. 2 in FY3Q19), improving for just 4 (vs. 6 in FY3Q19); some sources, including large partners, reported increased competition among channel partners

- Pipelines for FY1Q20 in line with expectations for 11 of 14 partners, exceeding for only 1 (vs. 5 of 12 exceeding in May)

- FY4Q19 ZIA sales at least in line for 9 of 13 partners (vs. 12 of 14 in FY3Q19); ZPA sales below plan for 5 of 11 (vs. 3 of 14 in FY3Q19)

- Area to Watch: Higher renewal prices driving interest in competitors, especially PANW, CSCO; iboss regarded as new challenger

KEY DATA

Zscaler's Sales vs. Expectations

(number of sources)

	FY3Q19	FY4Q19
Exceeded	3	3
Met	8	7
Fell below	2	4
OTR Comparative Index	8	-7

Note: The OTR Comparative Index is a quantitative representation of qualitative responses. The Index is calculated by subtracting the "worse" from the "better" responses, dividing by the total responses and multiplying by 100. An Index below zero indicates a negative trend; above zero indicates a positive trend.

"[Zscaler's sales] reps are so desperate to close deals, they'll shift deals to less qualified

partners out of a sense of urgency to hit their numbers."

Global Zscaler partner

BY JACLYNN ANDERSON

SOURCES & BACKGROUND

17 sources, comprising 15 Zscaler resellers and system integrators in North America (8), Europe (3), Asia (1), and with global business (3), representing more than $60 million in 2018 Zscaler revenue, and 2 industry sources (1 in North America and 1 in Europe)

REPEAT SOURCES 11 (5 in North America, 3 in Europe and 3 with global business) from OTR Global's May report

INTERVIEWS July 17 through Aug.13

FY4Q19 Plan Attainment Weaker QQ

Zscaler Inc. sales at least met targets during FY4Q19 for most partners, but four of 14 fell below, compared with just two of 13 in FY3Q19. Sources said the move to cloud outsourcing and leverage against **Symantec Corp.** troubles helped business during the quarter, but some also reported lengthening sales cycles, less positive pipelines and increased competition among partners themselves, including among Zscaler's larger partners. Seven of 12 partners reported yy growth during FY4Q19, two were flat yy and three were down, weaker compared with FY3Q19.

A large partner who met targets said, "Companies increasingly want to outsource whatever they can to the cloud, so as they shift their spending from capex to opex, cloud-based service providers like Zscaler are well positioned to gain." A global partner who met plan said, "The whole distributed enterprise journey is driving it. And I think it's going to continue for a while as people move away from a couple of large hubs to much more distributed enterprises." Partners who met targets said their Zscaler business is lumpy, and the quarter did not have any large deals.

Of the four partners whose sales fell below targets in FY4Q19, one European partner blamed seasonal trends, another European partner blamed competitive pricing pressure, an Asian partner said their relationship was new and they were still ramping up and a North American partner lost a large deal (unknown if the customer went to another Zscaler partner, purchased directly from Zscaler, or went with a different vendor).

Among the three partners who exceeded targets in the FY4Q19 were a large global partner who is gaining net-new clients looking to leverage cloud platforms, a North American partner that had a multimillion-dollar deal close in FY4Q19 and a European partner who was finding success with midmarket customers. The North American partner said Zscaler has been able to rise as Symantec's Blue Coat has struggled under Symantec ownership.

Share Shift Among Partners: Three sources reported losing deals to other Zscaler partners. One of Zscaler's largest partners said, "Our Zscaler business growth has plateaued. Part of the problem is that [Zscaler's sales] reps are so desperate to close deals, they'll shift deals to less qualified partners out of a sense of urgency to hit their numbers." A European partner said, "We are to the point where we are taking a look at whether we will retain Zscaler on the portfolio moving forward. We spend the time and effort to talk through the technical architecture, and then can't get the vendor to a price point where we can compete when they have larger service providers that can drive a Zscaler price point that no one else in Europe can."

Growth vs. Industry: Seven of 11 partners' Zscaler business growth was lagging their overall security business in FY4Q19, partially because of the lumpiness of Zscaler business and the lack of deal closures during FY4Q19. A North American partner said, "I have a customer that would be a perfect fit for Zscaler, but they are not ready to make the change to a hybrid or cloud-only environment."

Sales Cycles Remain Lengthy

Partners again described sales cycles as long, and five of 13 said the time to close deals has increased qq. A European partner said, "As the market becomes more crowded customers have more to consider and Zscaler was in a powerful position for a long time. The approach they took, they were the first to take on the cloud firewall model. There are many more credible options for clients. SD-WAN has complicated that for clients." A global partner said, "Customers are not evaluating competitive offerings, but they are evaluating the technology. They want to make sure it's the technology they want, and it will add value beyond what they are doing today." A global partner

Zscaler Growth vs. Industry
(number of sources)

	MAY	AUGUST
Above	6	4
In line	1	-
Below	5	7
OTR Comparative Index	8	-27

said, "The business moves in dribs and drabs. There are very long sales cycles. Because it's such a big architectural move, it takes a lot of people to agree."

Partners reported an uptick in deal sizes qq, attributed to landing larger customers, expansions among existing customers and a change in average contract duration. A global partner said, "The only change is in the past clients would do 12 months, but now we see more multiyear deals versus 18–24 months ago. At that time, clients asked for shorter terms. Now they want three-year terms." A North American partner said, "Zscaler is succeeding in landing larger deals, and it is an asset, because they garner name recognition."

Pipelines Weaker QQ though Mostly Adequate

Pipelines for FY1Q20 were in line with their expectations for most partners, weaker compared with May. A North American partner said, "There are lots of promising conversations, but sales cycles are long." Another North American partner said, "The pipeline is not as bountiful as we'd like, but it has some big deals." A global partner said, "A couple of deals will close next quarter. Some clients are kicking the can down the road." A European partner said, "The majority of our pipeline is renewal business, essentially renewing three- to five-year decisions. The pipeline is not healthy at all, but we've taken a change on strategy. We are not proactively looking for new Zscaler business. Our pipeline for security and cloud security is as healthy as it's always been, but not with Zscaler."

Two European partners said summer slowness hurt their FY1Q20 pipelines. One said, "At the moment, the pipeline is not as good as FY4Q19, but we are in the July/August time [which is seasonally slower] and Zscaler is a big marketing focus for us to help us drive our pipelines for September and October. It's not looking bad, but it's not where it looked like it was this past quarter."

One global partner called out a large deal in their pipeline for FY1Q20 with a renewal customer expected to expand by 60%.

Eleven of 13 partners expect growth with Zscaler in 2019, similar to May, and expectations range from a modest 5% growth to over 100% growth. One European partner who had a weak FY4Q19 said, "We won't change our [2019] goals just because of one weak quarter."

Win Rates Weaken Slightly

Zscaler's unique technological approach helped most partners maintain their win rates, however, win rates deteriorated among repeat sources. A European partner said, "We closed 80% of our proof of concepts. That is exceptionally high. There isn't room for improvement. We pretty much closed what we could. ... Quite often the deals we lose, it was a technical issue like for a government agency that needed something or had rules where they must have dedicated IP that Zscaler couldn't provide."

One global partner was concerned that competition, price increases and sales turnover were hurting win rates. The partner said, "Zscaler's yearly price increases of 5%–8% have reached the point where customers are increasingly tempted by other solutions. So, cumulatively all these factors have created significant headwinds for Zscaler deal closures." A North American partner said, "Our customers are dissatisfied with the level of support from Zscaler. There are other competitors that are stronger, which are **Forcepoint LLC.**, Symantec and CASB providers like **Bitglass Inc.** Renewals come with an automatic 10% price increase, which our customers are not happy about."

> "The business moves in dribs and drabs. There are very long sales cycles. Because it's such a big architectural move, it takes a lot of people to agree."

Pipelines for Next 3 Months vs. Expectations
(number of sources)

	MAY	AUG
Better	5	1
In line	7	11
Worse	-	2
OTR Comparative Index	42	-7

Zscaler's Win Rates QQ
(number of sources)

	FY3Q19	FY4Q19
Improved	6	4
Same	6	7
Deteriorated	2	3
OTR Comparative Index	29	7

Zscaler Inc.

Competition: Despite Zscaler's unique technological advantage, partners said other competing alternatives are improving. A global partner said, "By now there are a lot of competing products that have matured to the point of being viable competitors to Zscaler — especially **Cisco** [**Systems Inc.**'s] Umbrella and **Palo Alto** [**Networks Inc.**'s] Prisma Access. Both of these companies moved with alacrity to catch up technologically with Zscaler, they're stable companies to work with, and they're not going through the tumultuous and at times chaotic growing pains that Zscaler is. And other companies, in particular Symantec/Blue Coat, have not only added functionality, but are also competing extremely aggressively on price."

Three partners said they were competing against **iboss Inc.** in the market, priced more competitively versus Zscaler. A European partner said, "In the space we operate customers look at Zscaler. Iboss is something we come up against even though it's not a direct competitor. They choose Zscaler if they can afford it. Then they have the affordable option for if they can't." Another European partner said, "Iboss is aggressive in the market, so we've had some conversations and they have been successful and so we are taking a look at their offering."

Blue Coat Replacement: Partners said Zscaler was not targeting Blue Coat refreshes, but that customers were migrating from a Blue Coat model toward Zscaler. A European partner said, "I'm not seeing anything directly with Zscaler targeting existing Blue Coat customers, but we are seeing that type of architecture disappears as people move."

Traditional Firewall Competitors: Partners were split on the competitiveness of traditional security vendors. A North American partner said, "If it comes against perimeter players then Zscaler is against Palo Alto. But then that's competing against architectural design differences, which is different from pure technology-based competition." Another partner said, "Palo Alto shops stay with Palo Alto. They have been very successful at executing a long-range vision for filling deficiencies and improving functionality in the cloud. It's working for them, and their pace of acquisitions sends a strong signal that they'll be viable competitors for the long haul."

Most partners did not view **Check Point Software Technologies Ltd.** or **Fortinet Inc.** as significant threats currently. A North American partner said, "Dome9 is more on cloud policy base, and it's a different solution. It's not what Zscaler does. Zscaler is unique, providing a secure VPN for only what you need to access. CloudGuard is not the same thing." Fortinet's installed customer base of distributed environments and its focus on SD-WAN pits them as a potential threat for Zscaler. A European partner said, "We are not far from having Fortinet as a close competitor. They don't have a cloud firewall, but they have to react to the Palo Alto Global Protect Cloud [Prisma Access] and all the players are looking at that as an option. One thing we see from Fortinet is how they price larger deals. They will come to the conversation from a price standpoint."

: Most partners said they were not feeling competitive pressure from **Akamai Technologies Inc.** now, but several view them as an emerging threat. One partner said, "Akamai is more potential than actual at this time, but I do consider them a credible threat." A global partner said, "I've wondered about Akamai. That is something that could come close to what Zscaler does. They could be a medium-term threat because they have a distributed network that is so much better than Zscaler's. So if they put security services in the Akamai network that could become compelling."

Zscaler's Competitors
(number of mentions)

	FY3Q19	FY4Q19
Symantec	5	8
Palo Alto Networks	13	7
Cisco Systems	8	7
Check Point	3	3
Fortinet	3	3
Forcepoint	2	3
Other	2	8*

* Others include, iboss (3), Akamai (2), WatchGuard (1), VMWare (1), F5 (1)

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ZIA, ZPA Sales Weaken QQ

ZIA and ZPA Business vs. Plan
(number of sources)

	ZIA		ZPA	
	FY3Q19	FY4Q19	FY3Q19	FY4Q19
Exceeded	3	3	3	1
Met	9	6	8	5
Fell below	2	4	3	5
OTR Comparative Index	7	-8	0	-36

Note: The OTR Comparative Index is a quantitative representation of qualitative responses. The Index is calculated by subtracting the "worse" from the "better" responses, dividing by the total responses and multiplying by 100. An Index below zero indicates a negative trend; above zero indicates a positive trend.

Partners' sales for ZIA and ZPA weakened qq compared with expectations, though partners had more traction with Zscaler's flagship offering, ZIA. A European partner said, "There is not that much demand for ZPA. People come to you for ZIA. With ZPA you have to go out and sell it. We are taking the higher-value, easier, higher-margin sale with ZIA. Maybe ZPA will grow, but we are doing quite well with ZIA." A European partner said, "ZPA is not a pressing priority unless you have a unique set of priorities, whereas ZIA is a priority. Securing the mobile users is a priority. Which is why in security, where everyone is very stretched, ZPA is a luxury solution. If you have an existing solution that does the job, there is no pressing need to change."

"People come to you for ZIA. With ZPA you have to go out and sell it. We are taking the higher-value, easier, higher-margin sale with ZIA. Maybe ZPA will grow, but we are doing quite well with ZIA."

Pricing Concerns Partners

Partners said Zscaler is a more expensive option than competitors, though they noted the price is warranted because of Zscaler's differentiation. A global partner said, "There is sticker shock when they see the total. But it is a premium product, and sometimes hard to justify." Another partner said, "Universally, Zscaler is expensive but it's because you are getting so much more. It's not a like-for-like comparison." A European partner said ZPA only makes sense financially for larger customers.

Partners said customers are unhappy about Zscaler renewal costs. A North American partner said, "Our Zscaler customers are not happy, because with any renewal there is an automatic 10% price increase. We have been told this is company policy. Customers are upset." A global partner said, "Zscaler prices have been increasing 5%–8% annually, while some competitors are lowering their prices."

A European partner said Zscaler also changed its bundles, requiring customers to spend more. "Some customers have to go up a tier [as Zscaler removes some bundles]," the partner said. "It suggests they are trying to milk more out of the customers. We are trying to keep them at the right price point. If things get too expensive, they will go to other vendors."

Channel Issues Remain

Nine of 14 partners said their relationships with Zscaler were mostly the same qq, while four noted an improvement. However, partners described Zscaler as a challenging partner. A North American partner said channel relations have been problematic but are improving. "The problem is Zscaler is not channel friendly. They never have been. They want to sell Enterprise Licensing Agreements and dictate our margins like Palo Alto. They think because they are all software, there's no value add [for the channel]. They want to dictate to us. They are improving overall, though," the partner said.

Sales Rep Churn: Two partners said they experienced turnover of Zscaler sales reps. One of Zscaler's larger partners said Zscaler's turnover of sales reps has been exceptionally high. The partner said, "Last year, Zscaler outsourced management of their sales team to a third party, and this was supposed to address, amongst other things, the high level of churn with sales reps. But if anything, the situation has just gotten worse, especially since their IPO." The partner also said reps who miss their numbers are cut, causing disruption to the sales process. "It's hard to maintain relationships, because a deal can be close to completion, and then the reps get let go. I had one customer whose rep recently got cut right in the middle of a renewal."

Improvement in Midmarket

Three sources said Zscaler was performing better in organizations with fewer than 10,000 users. A North American source said, "The direction Zscaler is trying to go is to access the mid- to large-enterprise market, but it performs best at 5,000 seats and less. They are going after Global 100 companies, but the obstacle is that while it can scale to 10,000+ users, the price point is cost prohibitive." A European partner said, "Before it was more high-end companies, and now it's moving more into the lower end of the market. We are seeing more customers under 10,000 users. In two quarters they have moved and have won in that market."

Contributors: Indrajit Basu, Matthew Clinton, Robert Fischer, Elizabeth Frey, Teresa Griswold, Michael Menduno and Nancy Piccin

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NORTH AMERICA

"Zscaler is ingratiating themselves at the C-suite level and using an old EMC sales tactic by providing junkets, golf tournaments, concerts, and 'suck-up events' to get the C-suite to buy-in to their products. However, from a technologist's standpoint, to enable the performance and add more reference architecture at 5,000 and above users, the cost is exponentially more, putting technologists between a rock and hard place."

"Palo Alto, Check Point and Fortinet are more traditional firewalls that are migrating to the cloud and trying to become what Zscaler is, but they are a generation behind."

"Customers are interested in ZPA, and 50% of our customers buy both ZPA and ZIA."

"Our customers are a little behind in adopting newer technologies especially with the concept of not needing a firewall and having security solely in the cloud. Since Zscaler is a cloud-only solution, customers are not biting on the story."

"When a customer has widely distributed networks — lots of locations throughout the world, for example fast-food restaurants, it makes sense to use Zscaler, but outside of that, I am not gaining traction with my customers."

"Our native security growth is greater than Zscaler's growth, but our virtualized business is growing, and it is good to have a partner like Zscaler to provide security in that space."

"Our overall business has seen longer sales cycles. We are closing large deals with Zscaler."

"The TCO is less than the competition because it's all cloud-based."

"The pipeline for the balance of the year is what we expect it to be. We have a few larger customers that have some level of Zscaler that are looking to expand. The prospects are at expectation or above."

"Anything government related can tend to slip. Any state and local budgets have a lot of pressure and there are more requirements than there used to be. You have to include that in the cycle. It's not bad forecasting but taking into account longer sales cycles."

"There has been a hard push to cloud the last few years. As data centers come up for refreshes, instead of paying to upgrade data centers, it might be cheaper, and they can capitalize the costs to go with Zscaler. There are more opportunities in the enterprise versus five years ago."

"The most viable competitor to Zscaler is Palo Alto's Prisma Access, simply because of the price point and scalability. The scalability of the product is proven, and the price stays competitive."

EUROPE/GLOBAL

"Our FY4Q19 sales were in line, or maybe a little below with a bright future. We were hoping to expand a little sooner and it got pushed back to the renewal cycle."

"We have strategic plans to start looking at iboss because of how aggressive they are being in the market."

"It's not worrying us because sometimes we have extremely good quarters like last quarter and sometimes customers just don't purchase. We are sure that the next quarters will be good again."

"We've seen a lot of customers opt for one-year subscription renewals, instead of three years, as a way to keep their options open going forward."

"Zscaler is still the industry leader in their space. They were the first to the game, and their name is still synonymous with cloud-based security."

"Probably 50% of the users were old Symantec Blue Coat customers. That's becoming a bigger part of the business. People don't want to put boxes in."

"We are not really seeing Blue Coat replacement. It's mostly green territory for us. Possibly because of the size of business we are dealing with. They wouldn't have something in place, whereas larger customers might."

Zscaler Inc.

"Competition from Symantec, Cisco, Akamai, Forcepoint and Fortinet are the biggest hindering factors. These competitors offer larger architectural breadth at competitive prices."

"They are winning enough business, but not in the sector where we are working. They are channeling their business through service providers, like one who won a managed network service into a large organization. Zscaler could be integrated into that."

"Zscaler is too dominant in the market. You can't develop such a technology in that short of time and it will take years and until then Zscaler will continue to further develop the products. I think it's extremely difficult for the competitors."

"ZPA is not getting good traction, it's lagging far behind ZIA, and when it is implemented the performance doesn't usually meet expectations."

"There is a premium to pay for Zscaler's functionality. We had a recent large bid where the customer bought into the architecture, saw the costs and the price premium and asked us to revise to a traditional security model."

"Symantec beats Zscaler hands down on price. We had one customer this quarter go with Symantec because they came in at 50% less than Zscaler."

"One of the challengers we found around that is Zscaler is great when a customer has a cloud migration strategy down the line, but if it's more remote access, they have the ZPA piece, but the associated costs only make sense for the largest of customers."

"Zscaler business is growing faster and represents the largest volume of cloud security revenue at this company, but the rate of growth is decelerating qq and yy."

Zscaler Inc.

1. What helped or hindered your Zscaler business during FY4Q19?

HELPED	NORTH AMERICA	INTERNATIONAL	TOTAL
Cloud strategy:	1	3	4
Unique technology/architecture:	2	2	4
Large deals:	2	1	3
SD-WAN:	2	1	3
Competitive displacements:	1	1	2
Reputation:	-	2	2
Other:	4	4	8

HINDERED			
Pricing:	2	3	5
Competition:	1	3	4
Architecture:	3	-	3
Niche vendor:	3	-	3
Channel relations:	1	1	2
Long sales cycles:	1	1	2
Nothing:	-	1	1
Other:	1	2	3

Note: Some sources gave more than one answer while others did not respond.

2a. Did your FY4Q19 Zscaler business exceed, meet or fall below your expectations?

	NORTH AMERICA	INTERNATIONAL	TOTAL
Exceeded:	1	2	3
Met:	5	2	7
Fell below:	1	3	4
No response:	1	-	1
Not applicable:	1	1	2
OTR Comparative Index	-	-	**-7**
FY3Q19 Index:	-	-	**8**

2b. Did your FY4Q19 ZPA business exceed, meet or fall below your expectations?

	NORTH AMERICA	INTERNATIONAL	TOTAL
Exceeded:	1	-	1
Met:	3	2	5
Fell below:	1	4	5
No response:	2	-	2
Not applicable:	2	2	4
OTR Comparative Index:	-	-	**-36**
FY3Q19 Index:	-	-	**0**

2c. Did your FY4Q19 ZIA business exceed, meet or fall below your expectations?

	NORTH AMERICA	INTERNATIONAL	TOTAL
Exceeded:	1	2	3
Met:	4	2	6
Fell below:	1	3	4
No response:	2	-	2
Not applicable:	1	1	2
OTR Comparative Index:	-	-	**-8**
FY3Q19 Index:	-	-	**7**

Zscaler Inc.

2d. **Did your FY4Q19 Zscaler business increase, remain the same or decrease yy?**

	NORTH AMERICA	INTERNATIONAL	TOTAL
Up 101% or more:	1	-	1
Up 91%–100%:	1	-	1
Up 61%–70%:	-	1	1
Up 1%–5%:	1	-	1
Up:	1	2	3
Flat:	2	-	2
Down:	1	2	3
Don't know:	-	1	1
No response:	1	1	2
Not applicable:	1	1	2

3. **Is your Zscaler business growing above, in line with or below your overall security business?**

	NORTH AMERICA	INTERNATIONAL	TOTAL
Above:	2	2	4
In line:	-	-	-
Below:	4	3	7
No response:	2	1	3
Not applicable:	1	2	3
OTR Comparative Index:-	-	-27	
FY3Q19 Index:	-	-	8

4. **Is your pipeline for FY1Q20 better, the same or worse compared with your expectations?**

	NORTH AMERICA	INTERNATIONAL	TOTAL
Better:	1	-	1
Same:	5	6	11
Worse:	1	1	2
No response:	1	-	1
Not applicable:	1	1	2
OTR Comparative Index:	-	-	-7
May Index:	-	-	42

5. **Do you expect your calendar 2019 Zscaler business to increase, remain the same or decrease yy?**

	NORTH AMERICA	INTERNATIONAL	TOTAL
Up 101% or more:	1	-	1
Up 91%–100%:	1	1	2
Up 61%–70%:	-	1	1
Up 51%–60%:	-	1	1
Up 26%–30%:	1	-	1
Up 16%–20%:	-	1	1
Up 1%–5%:	1	-	1
Up:	2	1	3
Flat:	1	-	1
Down 6%–10%:	-	1	1
Don't know:	-	1	1
No response:	1	-	1
Not applicable:	1	1	2

Zscaler Inc.

6a. When customers consider/evaluate Zscaler, what other vendors do they consider/evaluate?

	NORTH AMERICA	INTERNATIONAL	TOTAL
Symantec:	3	5	8
Cisco:	3	4	7
Palo Alto Networks:	5	2	7
Check Point:	3	-	3
Forcepoint:	1	2	3
Fortinet:	1	2	3
iboss:	1	2	3
Akamai:	-	2	2
Other:	3	-	3

Note: Some sources gave more than one answer while others did not respond.

6b. Has your win rate with Zscaler improved, remained the same or deteriorated during the past three months?

Improved:	2	2	4
Remained the same:	4	3	7
Deteriorated:	1	2	3
No response:	1	-	1
Not applicable:	1	1	2
OTR Comparative Index:	**-**	**-**	**7**
May Index:	**-**	**-**	**29**

6c. What percentage of your new Zscaler business in FY4Q19 was Blue Coat replacement?

41%–50%:	-	1	1
6%–10%:	1	-	1
1%–5%:	-	1	1
Up:	1	-	1
0%:	1	1	2
Down:	-	1	1
Other:	-	1	1
Don't know:	1	1	2
No response:	4	1	5
Not applicable:	1	1	2

7. Did the time to close deals during FY4Q19 increase, remain the same or decrease qq?

Increased:	1	4	5
Remained the same:	4	3	7
Decreased:	-	1	1
No response:	3	-	3
Not applicable:	1	-	1

8. Did average deal sizes increase, remain the same or decrease in FY4Q19?

Increased:	3	2	5
Remained the same:	3	2	5
Decreased:	-	2	2
Don't know:	-	2	2
No response:	2	-	2
Not applicable:	1	-	1
OTR Comparative Index:	**-**	**-**	**25**
May Index:	**-**	**-**	**14**

9.   Is the total cost of ownership for a Zscaler solution more expensive, similar to or less expensive than competing vendors and architectures?

	NORTH AMERICA	INTERNATIONAL	TOTAL
More expensive:	3	4	7
Same:	2	2	4
Less expensive:	2	-	2
No response:	2	2	4

10a.   Is Palo Alto's Global Protect a viable competitor/alternative to Zscaler?

Yes:	4	2	6
Maybe:	1	-	1
No:	1	4	5
Don't know:	1	-	1
No response:	2	2	4

10b.   Is Check Point's CloudGuard + Dome9 a viable competitor/alternative to Zscaler?

Yes:	3	-	3
Maybe:	2	-	2
No:	2	6	8
No response:	2	2	4

10c.   Is Akamai Enterprise Application Access a viable competitor/alternative to Zscaler?

Yes:	1	2	3
Maybe:	1	1	2
No:	-	2	2
Don't know:	2	1	3
No response:	5	2	7

10d.   Is Fortinet a viable competitor/alternative to Zscaler?

Yes:	2	1	3
Maybe:	3	2	5
No:	-	2	2
No response:	4	3	7

11.   Was your relationship with Zscaler in FY4Q19 better, the same or worse qq?

Better:	1	3	4
Same:	6	3	9
Worse:	-	1	1
No response:	1	1	2
Not applicable:	1	-	1
OTR Comparative Index:	-	-	**21**
FY3Q19 Index:	-	-	**36**

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