



SonicWall Execs: Life Is Good Under Thoma Bravo

CRN

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It has been nearly a year and a half since SonicWall transitioned from a public to a private company by agreeing to be acquired by investment firm Thoma Bravo for \$717 million. So far, that decision is giving SonicWall the flexibility to take its game to the next level.

In a Monday keynote at the opening of SonicWall's Peak Performance 2011 conference in Palm Springs, Calif., President and CEO Matt Medeiros explained that SonicWall can go after a larger piece of the enterprise market now that it no longer has to disclose every strategic move it wants to make.

"Every time we talked about going into the enterprise, and had to disclose this strategy to investors, we would take extreme criticism from competitors. That brought doubt into the market about SonicWall," Medeiros told the roughly 400 partners in attendance.

Thoma Bravo is more of a partner than an owner, and the investment firm's deep software expertise has led to some "interesting ideas" that have helped SonicWall expand the scope of its business, according to Medeiros.

"No question, our growth is faster today because we've been able to do things differently as a private company," Medeiros said. "They have aided us in our attempts to get into the enterprise, and their goals are the same as the management of SonicWall has going forward. It's been a great relationship so far."

Being a private company also gives SonicWall the freedom to pursue technology investments to further its competitive position, according to Medeiros. "Every quarter, investors were asking why we were still spending 15 percent on R&D when other competitors weren't spending as much. But it's the technology we bring that is the differentiator," he said.

In SonicWall's recently concluded third quarter, the company shipped a record 62,000 units and saw healthy growth and billing rates, Marvin Blough, vice president of worldwide sales at SonicWall, said in the keynote. "We're doing extremely well and exceeding our own growth expectations. In the year since we've been private, we've exceeded every one of our forecasts," he said.

This success is allowing SonicWall to increase its investments in the channel. Prior to the Thoma Bravo acquisition, SonicWall spent 50 percent of its marketing budget on VAR recruitment, but now the

"overwhelming majority of marketing dollars is going into demand generation and fulfillment through the channel," Blough told partners.

Since going private, SonicWall has hired more than 100 people in sales, marketing and engineering. The company has also invested substantially in post sales support and in addressing previously under-covered parts of its sales territory, Blough said.

SonicWall is no longer required to report its quarterly financial results, but the company still plans to keep partners up to date on its performance. CFO Rob Selvi said that in Q3, SonicWall's total revenue was 20 percent higher than in its last quarter as a public company, and its gross margin was "a couple hundred basis points" better than last year.

SonicWall executives are trying to put to bed any doubts partners may have had about the company's commitment to the channel in the wake of the Thoma Bravo acquisition. But they're also clearly enamored with the type of leadership Thoma Bravo brings to the table, and how this has enabled SonicWall to maintain its sense of identity.

"We wanted to remain independent," Medeiros said. "Plenty of companies were knocking on SonicWall's door. But it would have been a different company name and strategy. I think we made the right choice."