

Dollars and sense

A conversation with Andy Reinland, chief finance officer at F5

Andy Reinland is chief finance officer at F5. In addition to handling investor relations “and all the projections and budget chores,” Reinland also is in charge of F5’s IT function worldwide.

Q When companies are evaluating IT vendors today, why is there so much emphasis on financial strength?

A For an organization of our size, we’re very dependent on our network for every decision we make, just like all of our customers. I don’t want to risk a large investment in our network such that I could wake up one day with a major network problem and not be able to get the support we need right away—or worse, find out that the company has gone away altogether.

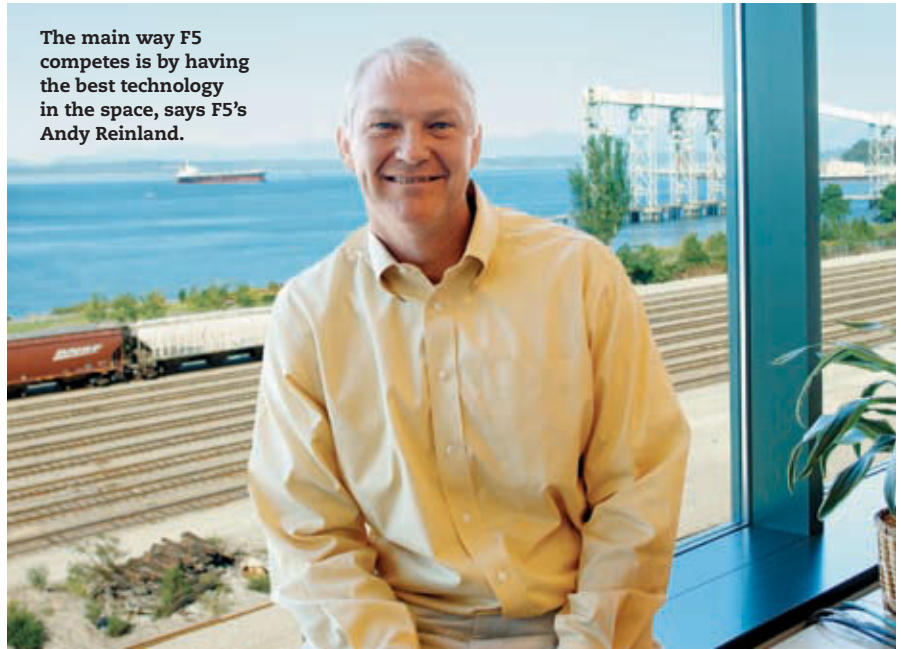
Q Do you assess public and private IT companies differently?

A Whether public or private, you have to look at what’s going on with their trends in terms of revenue and profitability, and just make sure that they’re a solid company. Look at the strength of their balance sheet in terms of assets to liabilities and any of the traditional things that you think are relevant to that company’s size. It is also important to check references. The main difference between public companies and private is that public companies have much more information available, which makes them easier to review.

Q Using some of the metrics and some of the analysis techniques that you just outlined, how would you sum up F5’s financial strength?

A Today, F5 is an incredibly strong company. We’ve had 18 quarters of consecutive revenue growth. We have no debt. We generate a large amount of cash every quarter. Given that we compete with large organizations, we must have a

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strong balance sheet to give our customers confidence. We do not lose opportunities because of a weak financial picture.

Q As you interface with the Wall Street analysts, what do they want to know about F5, and what do they find particularly intriguing about the company?

A First and foremost, they believe we’re a high-tech growth company in a very strong market, and they look for all evidence that supports this—how strong our technology is compared with competitors, what sales wins can they see, what our channel says about us, what customers say about us. Simply put, do we have the best product out there, and can they see our market getting bigger through our revenue growth?

Q And what does Wall Street think of F5’s market?

A We are very strong in an important

space in the network, the Application Delivery Networking space. We have evolved from what was once seen as basic load balancing to this much more strategic and high-value network space. We continue to drive our differentiation in the market with our strategy, adding new features and functionality that continually expand F5’s addressable market. The analysts are very intrigued at how we’re executing on that strategy, and they like to see every quarter that our results reflect the execution of that strategy.

Q How does F5 differentiate itself from some of those bigger, well-heeled competitors you mentioned?

A It’s very important that we have as strong a financial position as we do, because that is important to buyers. But the main way we compete is by having the best technology in the space. That’s what is driving our growth. ✨