

# Austin, Texas



## Business Information Form

Office of Economic Development  
*"Investing in Austin's Future"*

Date Received: 10/01/13

Project: WebSense

Revisions: 1/3/14



## Instructions

The Business Information Form is intended for internal City of Austin economic development analysis and efforts will be made to restrict circulation of the information included on the form to appropriate members of the City of Austin Office of Economic Development. However, please note that the Texas Open Records Act provides that information collected, assembled, or maintained by the City under a law or ordinance or in connection with the transaction of official business is generally considered to be public information. However, the Texas Public Information Act does provide that information relating to economic development negotiations with a business prospect is withheld from disclosure unless and until an agreement is reached. If an agreement has been reached and is ready for City Council consideration, this document will be posted to the City of Austin's website for public disclosure.



## Company Information

Company Name: Websense, Inc.

Headquarters Location: City: San Diego State: CA

Contact Name: First Name: James Last Name: Hagan

Contact Title: SVP & Chief Financial Officer

Mailing Address: 10240 Sorrento Valley Rd

City: San Diego State: CA Zip: 92121

Phone: (858) 320-9573 Fax: 858-784-9573 Mobile: (858) 337-8490 Other Phone: N/A

Email Address: jhagan@websense.com Website: www.websense.com

Consultant: Alex Frei (Cushman & Wakefield, Inc.) Phone: (312) 470-1836

Email: alex.frei@cushwake.com

### Business Description:

Websense, Inc. is a global leader in protecting organizations from the latest cyberattacks and data theft. Websense TRITON comprehensive security solutions unify web security, email security, mobile security and data loss prevention (DLP) at the lowest total cost of ownership. Tens of thousands of enterprises rely on Websense TRITON security intelligence to stop advanced persistent threats, targeted attacks and evolving malware. Websense prevents data breaches, intellectual property theft and enforces security compliance and best practices. A global network of channel partners distributes scalable, unified appliance- and cloud-based Websense TRITON solutions.

The Company was founded in 1994 and is currently headquartered in San Diego, California. Websense employs over 1,600 employees worldwide of which 500 focus on Research & Development. The Company has more than 3,900 global distribution channel partners and has customers in about 150 countries.

### HISTORY

Websense has evolved from URL filtering to comprehensive real-time information security since its inception in 1994. The Company's evolution involved groundbreaking and innovative technologies all with a focus on web security, which include:

- 1999-2003 - Employee Internet Management (EIM)/URL Filtering
- 2000 - IPO and NASDAQ Listing



- 2004-2005 - Early Web Security
- 2006 - Transition to Data-Centric Security Strategy
- 2007-2008 - Data Centric Security/Web 2.0 Security
- 2009 - Present Content Security Protection from Advanced Threats and Data Theft
- 2013 - Websense agreed to be acquired by Vista Equity Partners

#### CORE TECHNOLOGIES

Websense information security products are integrated to simplify product management and product upgrades. They are built on three Websense foundation technologies:

- The Websense TRITON® architecture supports web security; email security, mobile security and data loss prevention (DLP) products that can be purchased together or individually. All are managed by a unified console.
- Websense ACE (Advanced Classification Engine) contains real-time inline contextual defenses that use composite risk scoring and predictive analytics to deliver the most effective security available.
- The Websense ThreatSeeker® Intelligence Cloud unites more than 900 million endpoints, including inputs from social media, and, in conjunction with ACE security defenses, analyzes 3–5 billion requests per day.

Websense Security Labs informs both its product development and the world at large. More than 100 researchers discover and investigate advanced threats and publish their findings on an award-winning blog and in an annual threat report. Located worldwide, they work around the clock to monitor web, email, instant messaging and other channels for the latest threats.

NAICS: 511210 SIC: 7371, 7372, and 7373

Company Age: 19

Business Structure:  Private  Public Ticker Symbol N/A

Number of Austin Locations: 0 U.S. Locations: 2 Global Locations: 28



## Project Information

Is the company and the Project located in the Desired Development Zone:  Yes  No

Will the company comply with current City of Austin water quality regulations for the Project and during the term of an incentive agreement:  Yes  No

Please describe the Project:

The Project is contemplating the relocation of the Company's headquarters currently located in San Diego, California. The relocation would include executive, finance & accounting, engineering, technical, marketing, sales, and administrative functions of the Company.

The technical operations component to the project would include a data center and IT labs all housed at the HQ location.

The key objective of the Project is to find the optimum business operating environment, which will accommodate the Project's objectives over the short-and long-term. It is also the intent of the Project to select a location (city/state) that will lend itself to support all functions of the Company's operations and trigger new market share growth and business development globally.

Preference will be given to the location that would require the least investment, would meet the headcount scalability, subsequent sustainability, timing, and would perform most efficiently relative to one-time and operating costs. Select Project evaluation criteria include:

- Access to financial support infrastructure and business incentives programs to reduce tangible one
- Stable state and local governments;
- Competitive environment for capital expenditures and overall operations i.e., utilities, labor, and ta
- Available and qualified multi-cultural workforce;
- Access to sufficient educational institutions to efficiently support education and ongoing professio
- Positive impact on overall business affairs: long-term mutually beneficial relationship with the cor
- Positive work environment, aesthetics, and functionality with access to local amenities and person

Is the company considering other Texas Locations?  Yes  No

Is the company considering other U.S. Locations?  Yes  No

Is the company considering other Global Locations?  Yes  No

Market for Product of Activity:  Local  State  U.S.  Global

Location of Planned Investment:



10900 B Stonelake Blvd, Austin (Travis County)



## Project Timeline

Expected Start Date: Q4 2013

Expected Complete Date: Q4 2015

## Project Capital Investment (U.S. Dollars)

Leasing Plans:  Yes  No

Land: N/A Total Acres: N/A

Building: N/A Square Feet: ~90,000 SF

## Investment Schedule

*(Please provide a 10-year list of the following items.)*

| <u>Year</u>   | <u>Lease*</u>       | <u>Building<br/>Materials**</u> | <u>FF&amp;E</u>    | <u>IT</u>          | <u>Taxable<br/>Inventory</u> | <u>Construction<br/>Labor**</u> | <u>Total</u>        |
|---------------|---------------------|---------------------------------|--------------------|--------------------|------------------------------|---------------------------------|---------------------|
| <u>2014</u>   | <u>\$1,290,000</u>  | <u>\$870,000</u>                | <u>\$1,625,000</u> | <u>\$2,600,000</u> | <u>N/A</u>                   | <u>\$870,000</u>                | <u>\$7,255,000</u>  |
| <u>2015</u>   | <u>\$1,922,500</u>  | <u>\$435,000</u>                | <u>\$500,000</u>   | <u>\$2,600,000</u> | <u>N/A</u>                   | <u>\$435,000</u>                | <u>\$5,892,500</u>  |
| <u>2016</u>   | <u>\$2,025,000</u>  |                                 |                    |                    |                              |                                 | <u>\$2,025,000</u>  |
| <u>2017</u>   | <u>\$2,070,000</u>  |                                 |                    |                    |                              |                                 | <u>\$2,070,000</u>  |
| <u>2018</u>   | <u>\$2,115,000</u>  |                                 |                    |                    |                              |                                 | <u>\$2,115,000</u>  |
| <u>2019</u>   | <u>\$2,160,000</u>  |                                 |                    |                    |                              |                                 | <u>\$2,160,000</u>  |
| <u>2020</u>   | <u>\$2,205,000</u>  |                                 |                    |                    |                              |                                 | <u>\$2,205,000</u>  |
| <u>2021</u>   | <u>\$182,750</u>    |                                 |                    |                    |                              |                                 | <u>\$182,750</u>    |
| <b>TOTALS</b> | <u>\$13,970,250</u> | <u>\$1,305,000</u>              | <u>\$2,125,000</u> | <u>\$5,200,000</u> | <u>N/A</u>                   | <u>\$1,305,000</u>              | <u>\$23,905,250</u> |

**PROJECT TOTAL** \$23,905,250

**\*Includes base rent obligation only, i.e. occupancy expenses/real estate taxes not included**

**\*\* Allocates 50% of the TI allowance to materials and the rest to construction labor**



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For M&E and FF&E, please indicate how much (if any) of the amounts indicated above will be purchased locally, and therefore subject to sales tax.

M&E (Machinery & Equipment): \_N/A\_\_\_\_\_

FF&E (Furniture, Fixtures, and Equipment): \_\_TBD\_\_\_\_\_





### Depreciation Schedule

| <u>Item</u> | <u>Years</u> | <u>Percent per Year</u> | <u>Item</u> | <u>Years</u> | <u>Percent per Year</u> |
|-------------|--------------|-------------------------|-------------|--------------|-------------------------|
| M&E         | <u>N/A</u>   | <u>N/A</u>              | Building    | <u>N/A</u>   | <u>N/A</u>              |
| FF&E        | <u>*</u>     |                         | Other       | <u>N/A</u>   | <u>N/A</u>              |

\*Straight Line Depreciation: FF&E 7 years and IT 3 years.

### Job Categories and Wage Distributions

| <b>Job Category</b> | <b>Number of Jobs (employed by company)</b> | <b>Number of Jobs (vendor or contract)</b> | <b>Average Annual Wages</b> | <b>Percent to be Locally Hired</b> |
|---------------------|---|--|-----------------------------|------------------------------------|
| Executive           | 23  | 0  | \$250,000                   | 50%                                |
| Manager             | 48  | 0  | \$150,000                   | 75%                                |
| Supervisor          | 92  | 0  | \$95,000                    | 80%                                |
| Staff               | 123   | 0  | \$70,000                    | 80%                                |
| Entry Level         | 184   | 0  | \$45,000                    | 85%                                |

What is the expected average wage for the lowest paid 10% of local workers? >=\$11/hour

### Job Creation Schedule

(Please provide a 10-year list of new jobs created and wage information – EXCLUDE BENEFITS)

| <u>Year</u> | <u>Existing Jobs</u> | <u>New Jobs</u> | <u>Total Jobs</u> | <u>Average Annual Wage</u> | <u>Median Annual Wage</u> |
|-------------|----------------------|-----------------|-------------------|----------------------------|---------------------------|
| <u>2014</u> | <u>4</u>             | <u>200</u>      | <u>204</u>        | <u>\$82,000</u>            | <u>\$65,000</u>           |
| <u>2015</u> | <u>204</u>           | <u>220</u>      | <u>424</u>        | <u>\$82,000</u>            | <u>\$65,000</u>           |
| <u>2016</u> | <u>424</u>           | <u>50</u>       | <u>474</u>        | <u>\$82,000</u>            | <u>\$65,000</u>           |
|             |                      |                 |                   |                            |                           |
|             |                      |                 |                   |                            |                           |
|             |                      |                 |                   |                            |                           |
|             |                      |                 |                   |                            |                           |
|             |                      |                 |                   |                            |                           |
|             |                      |                 |                   |                            |                           |
|             |                      |                 |                   |                            |                           |
|             |                      |                 |                   |                            |                           |



## Service Requirements

### Electric

Peak Monthly Demand in Kilowatts (KW): 576

Average Monthly Usage in Kilowatt Hours (kWh): 236,520

Average Monthly Load Factor: TBD

Dual Feed Required:  Yes  No

Current Rate (cents per kWh): 0.09671 Peak

### Water

Average Monthly Usage: 7,938 Gallons/day

Meter Size: 2"

### Waste Water

Average Monthly Discharge: Typical multi tenant office building use

### Miscellaneous

Building Size: N/A Manufacturing Space: N/A

Office Space: 90,000 SF Ceiling Heights: N/A

Acres: N/A Docks/Type: N/A

Parking Requirements: 5 per 1,000

Rail:  Yes  No Interstate:  Yes  No

Commercial Airport:  Yes  No Fiber:  Yes

Does the company intend to locate near transit developments or transportation hubs, such as bus stops, rail stations, or park & rides?

Yes  No

If the company answered no to the question above, would the company be interested in learning more about transit developments and transportation hubs in and around the City of Austin?



Yes       No

## Economic Impact of Project

### Will the Project Generate:

Property Tax:

|            |   |  |
|------------|---|--|
| Land:      | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| Building:  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| FF&E:      | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| Inventory: | <input type="checkbox"/> Yes            | <input type="checkbox"/> No            |

Local Sales Tax:       Yes       No

State Sales Tax:       Yes       No

Total annual company purchases subject to local sales tax:      ~\$13M  
(For example: office supply purchases, operating expenses, and taxable professional services)

Indirect Local Revenue:       Yes       No

Describe:

As a global company Websense typically has employees traveling to corporate HQ for meetings, training, and other events. Given the global nature of our business, it often will have third party vendors or outside service providers travel to visit for meetings on site. Additionally, the Company will often host some of its 29,000 customers who are evaluating upgrading their existing security solution from within product portfolio. Additionally, Websense hosts an annual sales kickoff event that would typically bring 500 employees to the HQ for a week of training and social events, which would have a tremendous impact on local hospitality and retail vendors in the area.

Other Local Revenue:       Yes       No

Describe:

Does the company have either of the following: (1) Historical data that demonstrates that the company has been successful in achieving diversity in vendor contracting through its existing programs or policies, or (2) A policy or plan for establishing goals for diversity in vendor contracting:       Yes       No

If so, please describe the historical data or policy/plan and attach the historical data or policy/plan:





## Employee Benefits and Labor Force Practices

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Health Insurance | <input checked="" type="checkbox"/> Life Insurance             |
| <input checked="" type="checkbox"/> Dental Insurance | <input checked="" type="checkbox"/> Prescription Drug Plan     |
| <input type="checkbox"/> Retirement Plan             | <input checked="" type="checkbox"/> Vision                     |
| <input checked="" type="checkbox"/> 401(k)           | <input checked="" type="checkbox"/> Flexible Spending Accounts |
| <input checked="" type="checkbox"/> Paid Leave       | <input checked="" type="checkbox"/> Tuition Reimbursements     |
| <input type="checkbox"/> Pension                     | <input checked="" type="checkbox"/> Disability                 |
| <input checked="" type="checkbox"/> Counseling       | <input type="checkbox"/> Other: _____                          |

Please describe training provided to employees:

Websense has a comprehensive training program focused on new employee as well as ongoing employee development training. Details of each can be provided.

Does the company provide opportunities for employee advancement:  Yes  No

Describe:

Absolutely. Websense is committed to hiring high potential employees and our goal is to fill the majority of our new positions with internal promotions.

Are there funds for additional employee education (tuition match, etc.):  Yes  No

Describe:

Yes, Websense offers a Tuition Reimbursement program that will reimburse up to 100% of eligible all charges for Tuition, registration fees, parking and books up to \$4,000 per year.

Does the company actively promote diversity in hiring and promotion:  Yes  No

Describe:

Websense is an equal employment opportunity employer and strives to comply with all applicable laws prohibiting discrimination based on race, color, creed, sex, age, national origin or ancestry, physical or mental disability, veteran status, marital status, medical condition, genetic information, sexual orientation, gender identity and expression (gender-related appearance and behavior) as well as any other category protected by federal, state, or local laws.



Does the company provide non-discrimination policies that include both sexual orientation and gender identity:  Yes  No

If so, please describe and attach the company policy(ies):

See previous question.

Does the company provide domestic partner benefits to their lesbian, gay, bisexual, and transgender employees and their families:  Yes  No

If so, please describe and attach the company policy(ies):

**Here is the definition of Domestic Partner from existing Health Plan:**

**Domestic Partner** — an individual who is personally related to the Subscriber by a domestic partnership that meets the following requirements:

1. Both partners are (a) 18 years of age or older and (b) of the same sex or different sex;
2. The partners share (a) an intimate and committed relationship of mutual caring and (b) the same principal residence;
3. The partners are (a) not currently married, and (b) not so closely related by blood that legal marriage or registered domestic partnership would otherwise be prohibited;
4. Both partners were mentally competent to consent to a contract when their domestic partnership began.

The domestic partnership is deemed created on the date when both partners meet the above requirements.

Does the company have either of the following: (1) Historical data that demonstrates that the company has been successful in achieving diversity in hiring through its existing programs or policies, or (2) A policy or plan for establishing goals for diversity in hiring:  Yes  No

If so, please describe the historical data or policy/plan and attach the historical data or policy/plan:

Websense is an equal employment opportunity employer and strives to comply with all applicable laws prohibiting discrimination based on race, color, creed, sex, age, national origin or ancestry, physical or mental disability, veteran status, marital status, medical condition, genetic information, sexual orientation, gender identity and expression (gender-related appearance and behavior) as well as any other category protected by federal, state, or local laws. All such discrimination is unlawful and all persons involved in the operations of Websense are prohibited from engaging in this type of conduct.

In accordance with applicable federal and state law protecting qualified individuals with known disabilities, Websense will attempt to reasonably accommodate those individuals unless doing so would create an undue hardship on Websense. Any qualified applicant or employee with a disability who requires an accommodation in order to perform the essential functions of the job should contact the Human Resources and request an accommodation.

You should report every instance of unlawful discrimination to the Human Resources Department of Websense, regardless of whether you or someone else is the subject of the discrimination. Detailed reports—including names, descriptions, and actual events or statements made—will greatly enhance Websense’s ability to investigate. Any documents supporting the allegations should also be submitted. While Websense respects privacy concerns, it cannot promise to keep any report or complaint of discrimination or harassment confidential. Based on your report, Websense will conduct an investigation. Websense prohibits any and all retaliation for submitting

a good faith report of unlawful discrimination or for cooperating in any investigation. Any manager or employee who retaliates against the accuser or those involved in the investigation will be disciplined, up to and including discharge from employment.

If the investigation determines that prohibited discrimination or other conduct violating Websense policy has occurred, Websense will take disciplinary action, up to and including termination of employment, against those who engaged in the misconduct. Websense will also evaluate whether other employment practices should be added or modified in order to deter and prevent that conduct in the future. You will be informed of whatever action(s) Websense takes to resolve and remedy the situation.

### Cultural/Quality of Life Considerations

Does the company have a cultural outreach program:  Yes  No

Describe:

While the company does not have a specific program, Websense supports a number of community service organizations by policy; see below description.

Does the company actively encourage volunteer/charitable efforts:  Yes  No

Describe:

Yes, Websense has a rich tradition of community service. The following is a list of some of the US activities over the last two years:

#### 2012

San Pasqual Academy (Residential HS for Foster kids) – School Supply Drive  
San Pasqual Academy (Residential HS for Foster kids) – Angel Tree at Christmas  
Dads on Duty – Hosted Christmas Craft Party for Military kids and their dads  
Toys for Tots – Toy Drive at Christmas  
SD Foodbank – bagged vegetables for delivery  
Feed America - Drive at Thanksgiving  
American Heart Association - Heart Walk  
Ronald McDonald House – Bought and decorated trees for rooms  
SD Blood Bank – Blood drive each quarter

#### 2013

San Diego Rescue Mission – Lunch service and drive  
Helen Woodward Animal Shelter – Pet Supply drive  
American Heart Association - Heart Walk  
San Pasqual Academy (Residential HS for Foster kids) – Participated in Planting Day (prepared fields for growing crops)  
Cecily's Closet – Room makeover for special needs child  
Dress for Success – Jewelry and Accessories drive

SD Blood Bank – Blood drive each quarter

Does the company provide assistance to employees to utilize alternative transportation (subsidized bus passes, bike parking, incentives, etc.):  Yes  No

Describe:

Websense provides resources and benefits to those employees participating in alternative commuting options by reimbursing employees up to \$125.00 each month for using public transportation to commute to work.

Is the company willing to work with organizations specializing in the development of a local recruitment strategy for ex-offenders:  Yes  No\*

\*Given the nature of the company's core business in the security software arena, it would be problematic to be associated with ex-offenders for a number of reasons. Customers may be reluctant to trust the good name of the company; the competition could use it as a marketing play against the company, etc. Therefore we respectfully ask for your understanding in that we would not be able to participate in this program.





## Green Building Initiatives

Does the Project meet Austin Energy Green Building Program 2-Star rating or USGBC LEED

Certified rating:

Yes  No

Describe:

The space under consideration for the project is in a LEED Gold certified building.

## Signature

Please provide any additional thoughts or comments related to your project that could be pertinent to the evaluation process.

Websense is a global leader in the robust and growing web Security Industry; we believe the infusion of company's within such an industry would help to create a pool of talent with transferrable skills that would help the overall Austin area job market. The Project would require high skilled but also entry level employees providing an opportunity for employment and advancement for many Austinites.

Furthermore, the Project's investment could be spent locally on items such as construction, transportation, utilities, taxes, suppliers, visitors, employee expenditures, etc.; thus providing an immediate positive economic impact within the selected community.

The Company would be making a long-term commitment to the state and local communities in which its employees would not only work but also invest in the economy by purchasing homes, goods, and services from local businesses. The Company's investment and operations spending would also continue to support business/services investment and workforce development attributed to the Project's economic impact multiplier effect; thus, further strengthening the state and local economies. Specifically, the Project would be a much-valued asset for many reasons:

- Websense is a proven industry leader and innovator;
- Websense has earned countless industry accolades globally;
- Websense executive management team includes industry veterans with significant experience;
- The Project could result in significant economic impact (~\$1.5 billion) over a 20-year analysis period;
- Websense global brand image would contribute to the strength of the overall state and local business attraction initiatives; thus, resulting in a positive effect on location trends and



patterns for other related businesses and suppliers;

- Long –term employment creation/retention would result in increased local spending for the state and local communities; and
- Websense would make all web users in Austin (business and personal) safer; meaning, when a user with an Austin IP address searches the web, the user will be exposed to a much safer web environment, as malicious web sites would recognize that Websense operates through that IP environment, and would thus present non-malicious content to said user.

To the best of my knowledge, the information included in this City of Austin Business Information Form is true and correct, as evidenced by my signature below.

Signature:

  
\_\_\_\_\_  
(Company Representative)

Date:

\_\_\_\_\_  
10/1/13

  
LEGAL  
J.S.