



RETRAINEE - JOB CREATION

Training Proposal for:

Palo Alto Networks, Inc.

Agreement Number: ET17-0173

Panel Meeting of: August 26, 2016

ETP Regional Office: San Francisco Bay Area

Analyst: L. Lai

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate Job Creation Initiative Veterans	Industry Sector(s):	Technology/IT Services Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Santa Clara	Repeat Contractor:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Union(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Number of Employees in:	CA: 1,239	U.S.: 1,569	Worldwide: 3,343
<u>Turnover Rate:</u>	2%		
<u>Managers/Supervisors:</u> (% of total trainees)	19%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$738,966		\$0	\$0		\$738,966

In-Kind Contribution:	100% of Total ETP Funding Required	\$3,148,300
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TRAINING PLAN TABLE

Job No.	Job Description	Type of Training	Estimated No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	Retrainee Priority Rate	Business Skills Mgmt. Skills	894	8 - 200	0	\$414	\$18.00
				Weighted Avg: 23			
2	Job Creation Retrainee Priority Rate	Business Skills Mgmt. Skills	730	8 - 200	0	\$500	\$18.00
				Weighted Avg: 25			
3	Veterans Job Creation Retrainee Priority Rate	Business Skills Mgmt. Skills	7	8 - 200	0	\$550	\$18.00
				Weighted Avg: 25			

Minimum Wage by County: Santa Clara County: Job #1-\$17.02; Jobs #2 and #3 - \$14.19
Health Benefits: Yes No This is employer share of cost for healthcare premiums – medical, dental, vision.
Used to meet the Post-Retention Wage?: Yes No Maybe
 Although employer provides health benefits, they are not being used to meet Post-Retention Wage.

Wage Range by Occupation		
Occupational Titles	Wage Range	Estimated # of Trainees
JOB NUMBER 1 – RETRAINEES		
Sales 1		77
Sales 2		152
Sales 3		4
Service 1		77
Service 2		15
Administrative 1		54
Administrative 2		74
Administrative 3		6
Operations 1		54
Operations 2		138
Operations 3		17
Management 1		54

Management 2		128
Management 3		15
Director 1		23
Director 2		6
JOB NUMBER 2 – JOB CREATION		
Sales 1		33
Sales 2		65
Sales 3		2
Service 1		33
Service 2		7
Administrative 1		77
Administrative 2		107
Administrative 3		17
Operations 1		77
Operations 2		197
Operations 3		25
Management 1		21
Management 2		58
Management 3		8
Director 1		2
Director 2		1
JOB NUMBER 3 – VETERANS JOB CREATION		
Sales		2
Administrative		2
Operations		2
Management 1		1

INTRODUCTION

Located in Santa Clara, Palo Alto Networks, Inc. (PAN) offers a network security platform that prevents cyber breaches on devices such as mobile phones, ATMs and gas pumps.

Information is shared across security functions system-wide, and designed to operate in increasingly mobile, modern networks. By combining network, cloud and endpoint security with advanced threat intelligence in a natively integrated security platform, the Company's products enable all applications and deliver highly automated, preventive protection against cyber threats at all stages in the attack lifecycle. The Company has offices worldwide as well as in New York, Texas, Virginia.

PROJECT DETAILS

The network security industry is continually challenged by new cyber-attack methods. PAN must continue to detect and prevent advanced cyber-attacks while allowing its customers to safely enable applications in the digital world. To remain competitive PAN must develop test and deploy new technologies and measures to fight cyber-attack.

PAN continues to provide extensive technical training to engineers and developers to develop technology and processes to combat cyber-attacks. As technology is deployed, the non-technical employees must be retrained to implement, sell, and service the products. In addition, the Company plans to expand business capacity by hiring 730 Job Creation trainees and 7 Veterans into existing functions. These new employees will need training on PAN's products, technology, and processes.

Retrainee - Job Creation

The Panel offers incentives to companies that commit to hiring new employees. Training for newly-hired employees will be reimbursed at a higher rate, and trainees will be subject to a lower post-retention wage.

In the past two years, PAN experienced an average 53% revenue growth and increased its global headcount by approximately 2,400 including 850 new employees in California. The Company anticipates continued growth and new employees within the term of the contract.

PAN has committed to hiring 730 new employees (Job Number 2). The population includes employees in various occupations that support the business. Their date-of-hire will be within the three-month period before contract approval or within the term-of-contract. Trainees will be hired into "net new jobs" as a condition of contract.

For the past 5 years, Palo Alto Network has experienced a rolling average of >40% growth year over year and the company expects the trend to continue for the next few years. The company believes it has a proven track record of developing new hires to meet the demands of the business – as continued growth and success in the industry demonstrates. The Sales Support group targets a 30 to 45 day training period and the Pre-Sales group targets completion within 30 days. New hires are prioritized to complete training as early as possible, as it has a direct impact on their success. The low involuntary turnover rate in the state is another indicator that the Company has employees that are performing very successfully.

The Company broke ground in September 2015 for a new headquarters in Santa Clara. The new 630,000 square foot office will be ready for occupancy in June 2017 and able to accommodate more than 5,000 workers, giving PAN the space needed for future growth. Hiring of new employees (Job Number 2) has begun and is not contingent on the completion of the new facility in Santa Clara. Newly-hired employees will be housed at PAN's current facilities until the new campus is completed.

Veterans Program

PAN is committed to hiring and training seven Veterans under this proposal (Job Number 3). The Panel has established a higher reimbursement rate and other incentives for training California veterans. [Note: All Veteran trainees are classified as Job Creation and will be hired under the benchmark period set forth above under Retrainee-Job Creation].

Training Plan

All training will be conducted in a class/lab setting at the Santa Clara facility.

Business Skills (91%): Training will be offered to all occupations. Topics include product knowledge, communication, marketing/sales, problem solving, presentation, strategic planning, and customer service and support. Training will improve customer service and enable employees to manage overall business processes more effectively.

Management Skills (9%): Training will be offered to Management Staff to improve their managerial skills. Trainees will learn to become better leaders and coach staff members.

Commitment to Training

PAN's annual training budget is estimated to be \$2.5-\$3.5M annually for California. Training offered in the past includes onboarding, compliance training, State and Federal mandated training, IT training and engineering training. ETP funds will not displace the existing financial commitment to training. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

➤ Training Infrastructure

PAN's Talent Development team, consisting of four full-time staff, will administer the project. A team of in-house trainers and outside vendors, and LMS administrators will be involved in scheduling training events, delivering training and tracking attendance. The Company also continues to add development resources every year. In the Talent Development organization, 2 new employees were added this past fiscal year and another 2 employees will be added in the next quarter for a total of 6 dedicated resources for employee development initiatives. An administrative subcontractor will assist with data reporting in the ETP's systems and assist with contract management and coordination.

Record Keeping

PAN will use an LMS for record keeping purposes. ETP staff has reviewed and approved the LMS.

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

PAN retained Welsh Advisors, Inc. in Orange to assist with development of this proposal at no cost.

ADMINISTRATIVE SERVICES

Welsh Advisors, Inc. will also perform administrative services in connection with this proposal for a fee not to exceed 10% of payment earned.

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum**Class/Lab Hours**

8 - 200

Trainees may receive any of the following:

BUSINESS SKILLS

- Business Acumen
- Business/Technical Writing Skills
- Coaching Skills
- Communication Skills
- Conflict Resolution Skills
- Critical Thinking
- Customer Service/Support
- Delegation Skills
- Effective Meeting Management
- Goal Setting
- Human Resources
- Leadership Skills
- Managing Multiple Priorities
- Marketing/Sales Techniques
- Organizational Skills
- Performance Management
- Presentation Skills
- Problem Solving
- Product Knowledge
- Product Solutions
- Project Management
- Strategic Planning
- Team Development/Team Building
- Winning by Influencing
- Written Communications Skills

MANAGEMENT SKILLS (For Managers Only)

- Business Strategies
- Coaching and Mentoring
- Critical Thinking for Managers
- Performance Management
- Situational Leadership
- Strategic Planning
- Talent Management

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery.
