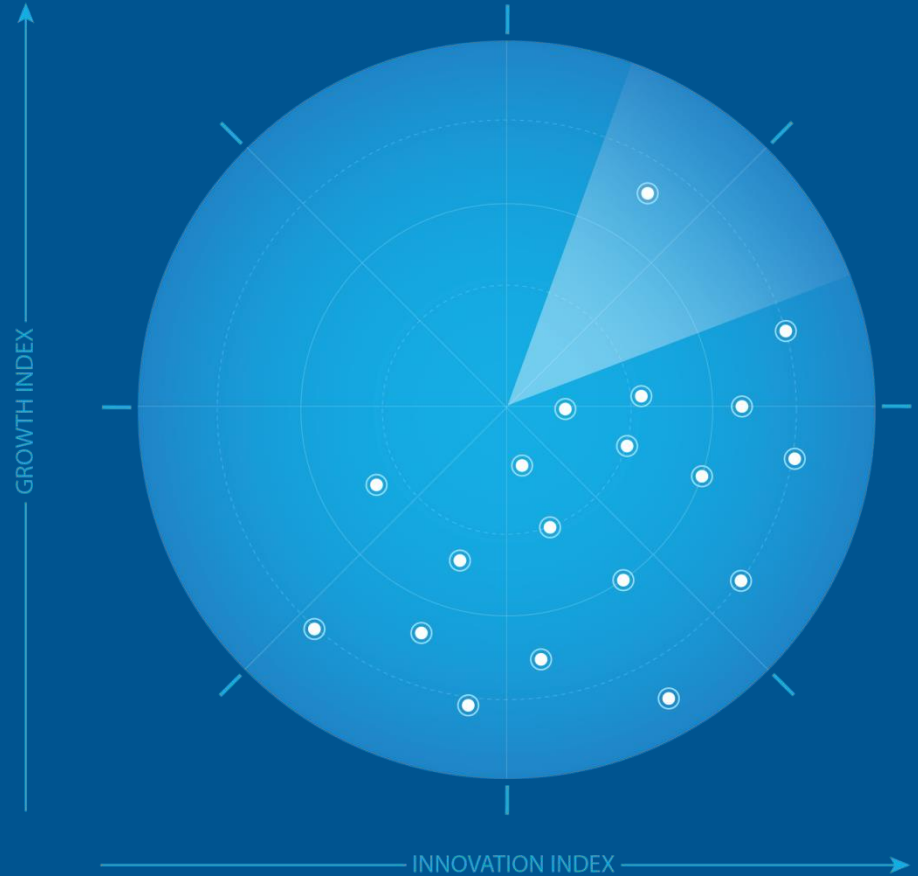FROST & SULLIVAN

Frost Radar™: Email Security, 2022

A Benchmarking System to Spark Companies to Action—Innovation that Fuels New Deal Flow and Growth Pipelines

Global Security Research Team at Frost & Sullivan

K80A-74

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Strategic Imperative and Growth Environment

Strategic Imperative

- Email remains the center of modern cyberattacks. It is the primary communication method for business and is therefore a prime attack vector used as a gateway into complete takeover of an organization's networks.

- The threat landscape continues to change rapidly. Attackers target email but also breach organizational defenses via attack vectors such as web and other collaboration applications.

- The enterprise shift to remote work has introduced new vulnerabilities for users and organizations. Threat actors have taken advantage with new, more sophisticated cyberattacks particularly targeting email.

- Many employees are using personal devices to conduct business. Employees accessing company email from a personal device continue to drive the need for cloud-based email security services.

- With the evolution of remote and hybrid work environments, legacy secure email gateway security solutions are not equipped to manage the growing number of devices connected to cloud-based email services.

- Attacks may combine web-based threats with specific email attack methods in multiple stages to try to evade security software solutions.

- Integrating secure email solutions for devices and cloud-based environments will lead to growth over the next two to three years.

Source: Frost & Sullivan

Strategic Imperative (continued)

- Sophisticated cyberattacks are utilizing machine learning (ML) and artificial intelligence (AI) to quickly compromise cloud-based environments to gain access to organizations' systems and exfiltrate data.

- Ransomware attacks are increasing as hackers capitalize on multiple devices connected to business networks and remote working environments lacking proper security management methods.

- Utilizing application programming interfaces (APIs) with innovative ML algorithms allows for greater detection of sophisticated threats.

- Managing and integrating piecemeal solutions is expensive and complicated. The convergence of cloud security functions allows for a simplistic, highly effective solution to many cybersecurity concerns that organizations face.

- Mergers and acquisitions have taken place as vendors acquire technologies to enhance email security solutions. Those incorporated into a comprehensive security suite allow customers to invest in an entire digital platform protection solution.

- Holistic, integrated, and cloud-based security ecosystems will be the future of security portfolios. While some vendors already offer platform solutions, more will adopt this strategy in the next few years.
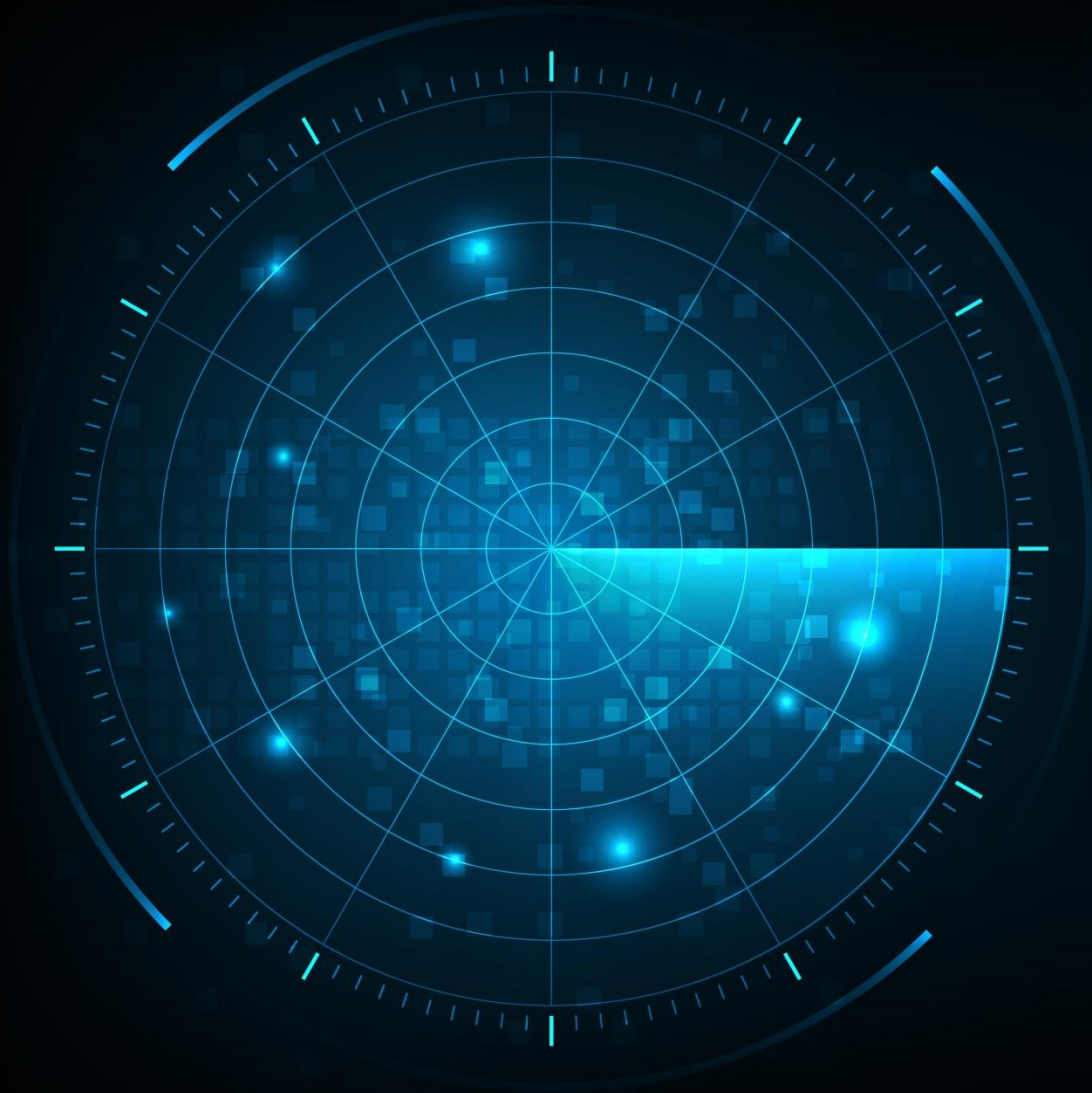
Source: Frost & Sullivan

Growth Environment

- The email security market has had strong double-digit growth for the last few years. This has been in response to the increasing severity and sophistication of cyberattacks.

- Organizations migrating to the cloud are transitioning from on-premises solutions to cloud-delivered solutions.

- The COVID-19 pandemic accelerated cloud migration as organizations had to quickly meet the security challenges of remote working. Users had to work remotely outside the traditional network security environment, which drove growth for email security in 2020 and 2021. This has continued throughout 2022 as many organizations have adapted to remote working as a new standard.

- The geopolitical effects of the Russo-Ukrainian War will compound the threat of cyberattacks as malware becomes weaponized for cyberwarfare. Organizations will want to strengthen their security solutions because of the increased uncertainty.
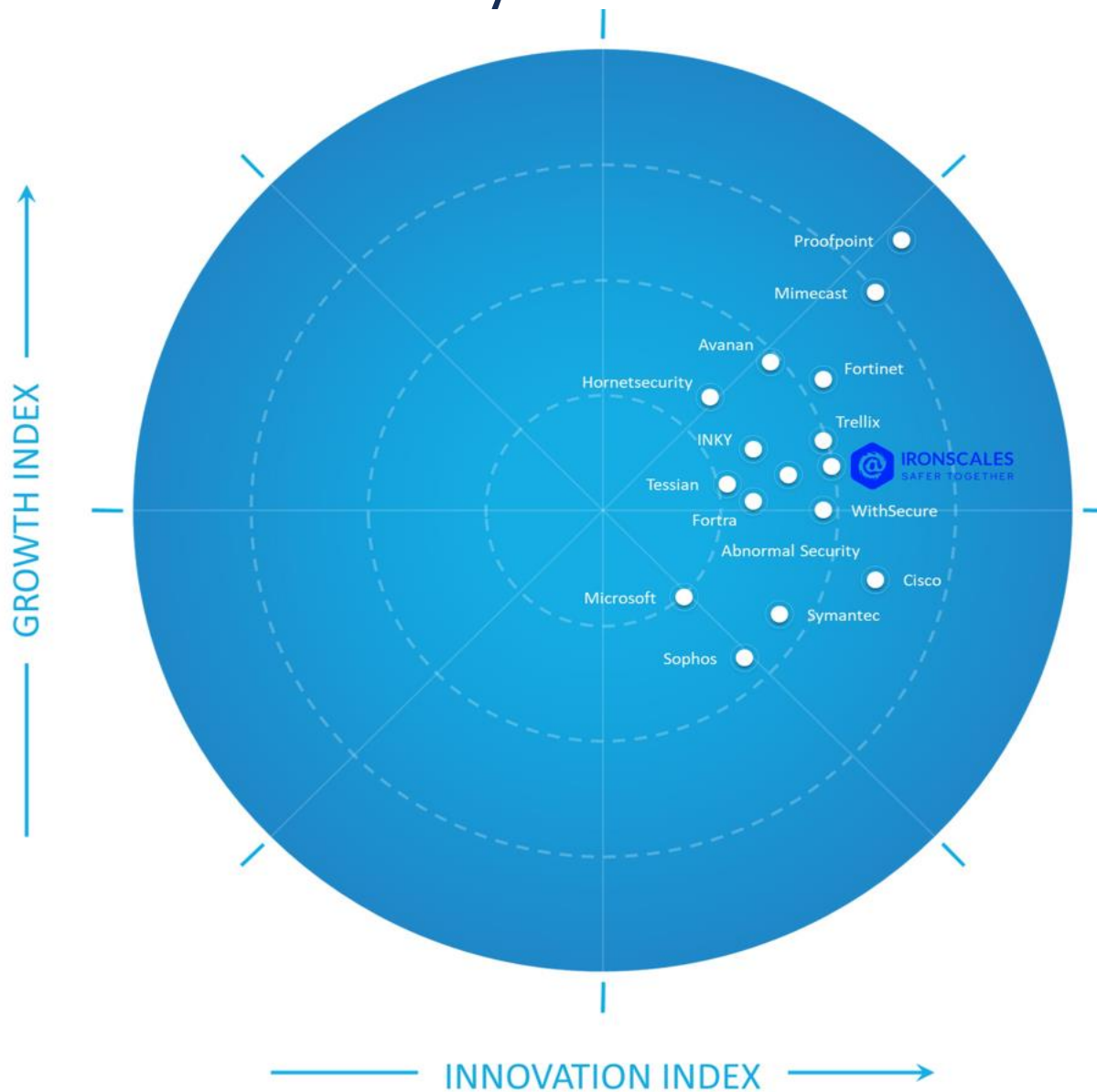
Source: Frost & Sullivan

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Frost Radar™

Email Security

Frost Radar™: Email Security

GROWTH INDEX

INNOVATION INDEX

Proofpoint
Mimecast
Avanan
Fortinet
Hornetsecurity
Trellix
INKY
IRONSCALES
SAFER TOGETHER
Tessian
Fortra
WithSecure
Abnormal Security
Microsoft
Cisco
Symantec
Sophos

Source: Frost & Sullivan

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Companies to Action

Companies to Be Considered First for Investment, Partnerships, or Benchmarking

IRONSCALES

| INNOVATION	GROWTH	FROST PERSPECTIVE

INNOVATION

- Following a detailed technology roadmap, IRONSCALES released several innovations to its email protection platform in 2022. They include phishing protection for Microsoft Teams environments, expansion of account takeover detection and response capabilities, new security awareness training campaign functionality to complement its phishing simulation testing functionality, as well as launching a freemium plan named Starter.

- IRONSCALES utilizes crowdsourced threat intelligence for new zero-day phishing attacks.

- Addressing the problem of overwhelmed SOC analysts, IRONSCALES introduced a fully autonomous AI analyst, Themis. Themis addresses SOC capacity issues by using AI to predict the legitimacy of each attack using human analysts' threat analysis.

GROWTH

- With a CAGR of 54% from 2019 to 2022, IRONSCALES is among the top five fastest-growing vendors in the email security market.

- IRONSCALES recognized that phishing attacks were expanding beyond email and starting growing offerings to include communications platform protection capabilities.

- With an already impressive selection of technology released over the past three years, IRONSCALES has a persistent roadmap to continue improving its platform, expand into enterprise market segments and into other segments in North America.

FROST PERSPECTIVE

- IRONSCALES has succeeded at differentiating solutions and continuing growth in a crowded market with many vendors offering API-based solutions.

- IRONSCALES has stayed ahead of email security trends with AI-powered solutions, API-connected deployments, integration of phishing simulation training, and expansion into protection for collaboration platforms.

- Given IRONSCALES's success in North America, it is smart to branch out into other segments in the region. This will continue to showcase its solutions and demonstrate a focused strategy. Some vendors try to make grand expansions into various markets once growth begins. Staying in the same region to further already cemented growth is a keen strategy.

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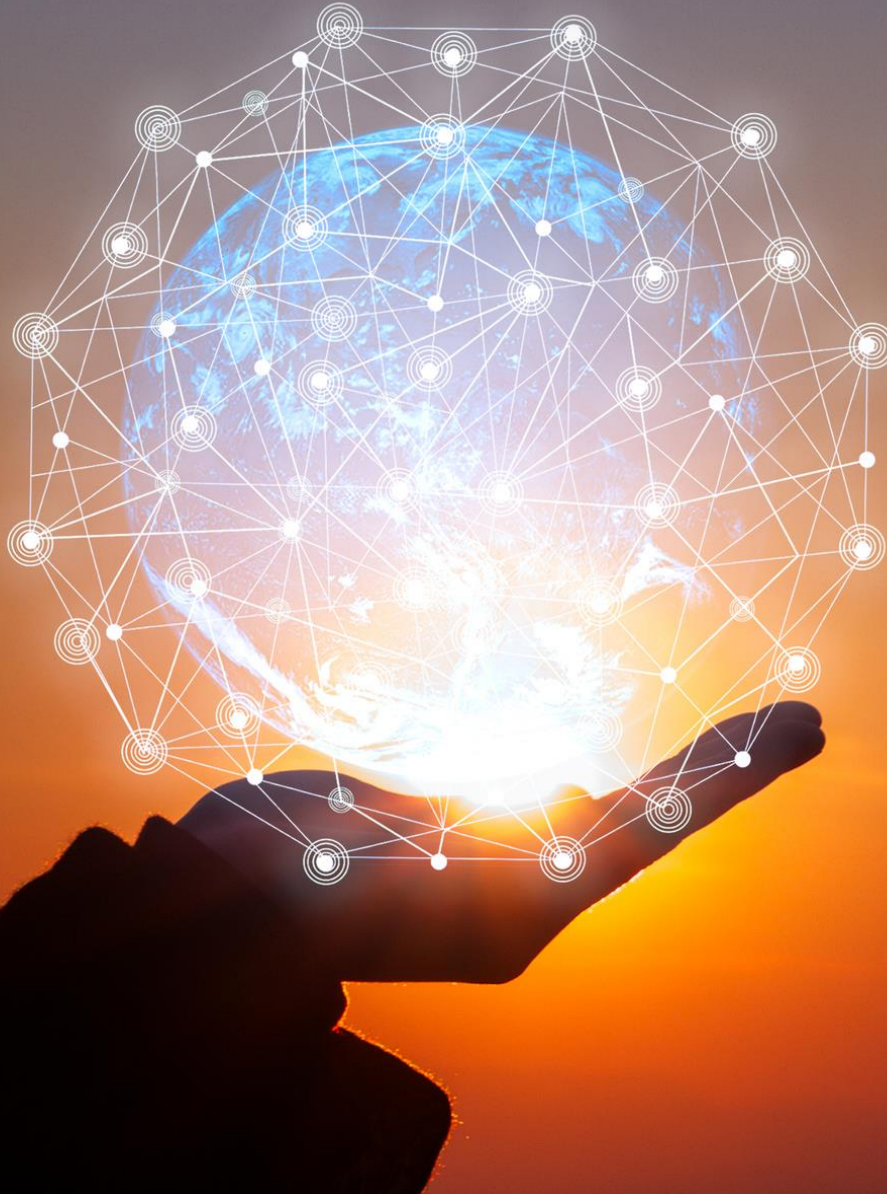
Strategic Insights

Strategic Insights

1
As the primary means of communication for business, email is a key gateway for cybercrime and the primary vector of phishing attacks. Cloud email security has become increasingly important as organizations continue to migrate to a cloud or hybrid email platform and need to address increasing cyberattack threats.

2
Experienced cybersecurity professionals coupled with advanced threat detection and prevention technology able to specify new rules and policies deliver high threat detection rates. Continual identification of new threats and implementation of optimizations create a multi-tiered email security solution defense strategy.

3
Organizations must ensure that existing security solutions are up to date and able to sustain in the constantly changing threat landscape. This includes boosting protection and prevention techniques for the increasing volume and successes of ransomware and phishing attacks.

Source: Frost & Sullivan

Frost Radar™ Analytics

Frost Radar™: Benchmarking Future Growth Potential
2 Major Indices, 10 Analytical Ingredients, 1 Platform

GROWTH INDEX ELEMENTS

VERTICAL AXIS

Growth Index (GI) is a measure of a company's growth performance and track record, along with its ability to develop and execute a fully aligned growth strategy and vision; a robust growth pipeline™ system; and effective market, competitor, and end-user focused sales and marketing strategies.

- **GI1: MARKET SHARE (PREVIOUS 3 YEARS)**
  This is a comparison of a company's market share relative to its competitors in a given market space for the previous 3 years.

- **GI2: REVENUE GROWTH (PREVIOUS 3 YEARS)**
  This is a look at a company's revenue growth rate for the previous 3 years in the market/industry/category that forms the context for the given Frost Radar™.

- **GI3: GROWTH PIPELINE™**
  This is an evaluation of the strength and leverage of a company's growth pipeline™ system to continuously capture, analyze, and prioritize its universe of growth opportunities.

- **GI4: VISION AND STRATEGY**
  This is an assessment of how well a company's growth strategy is aligned with its vision. Are the investments that a company is making in new products and markets consistent with the stated vision?

- **GI5: SALES AND MARKETING**
  This is a measure of the effectiveness of a company's sales and marketing efforts in helping it drive demand and achieve its growth objectives.

Frost Radar™: Benchmarking Future Growth Potential
2 Major Indices, 10 Analytical Ingredients, 1 Platform

INNOVATION INDEX ELEMENTS

HORIZONTAL AXIS

Innovation Index (II) is a measure of a company's ability to develop products/services/solutions (with a clear understanding of disruptive Mega Trends) that are globally applicable, are able to evolve and expand to serve multiple markets, and are aligned to customers' changing needs.

- **II1: INNOVATION SCALABILITY**

  This determines whether an organization's innovations are globally scalable and applicable in both developing and mature markets, and also in adjacent and non-adjacent industry verticals.

- **II2: RESEARCH AND DEVELOPMENT**

  This is a measure of the efficacy of a company's R&D strategy, as determined by the size of its R&D investment and how it feeds the innovation pipeline.

- **II3: PRODUCT PORTFOLIO**

  This is a measure of a company's product portfolio, focusing on the relative contribution of new products to its annual revenue.

- **II4: MEGA TRENDS LEVERAGE**

  This is an assessment of a company's proactive leverage of evolving, long-term opportunities and new business models, as the foundation of its innovation pipeline. An explanation of Mega Trends can be found here.

- **II5: CUSTOMER ALIGNMENT**

  This evaluates the applicability of a company's products/services/solutions to current and potential customers, as well as how its innovation strategy is influenced by evolving customer needs.