

F R O S T & S U L L I V A N

FROST & SULLIVAN BEST PRACTICES AWARD

THIRD-PARTY CYBER RISK MANAGEMENT  
SOLUTIONS - NORTH AMERICA

Competitive Strategy Innovation  
and Leadership 2019



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## Background and Company Performance

### Industry Challenges

Companies protect against insider threats and outside hackers, but they often neglect the risks created by sharing their data and networks with third-parties and vendors on a daily basis. Organizations must rely on a digitally connected ecosystem of third-parties to remain competitive and meet demand today. A broadening digitally connected ecosystem of third-party vendors, however, raises cyber risk unless there are counterbalancing mechanisms. Frost & Sullivan research shows that over 57% of network breaches are linked to a third-party vendor.

Regulations have been a primary driver in companies' partnerships with security services providers and the use of various cybersecurity technologies—the same is true in third-party cyber risk management (TPCRM) solutions. Even if data is shared with third-parties and vendors, organizations remain the custodian of their data and the responsible party for managing data and mitigating risk. With the number of third-party vendor relationships on the rise, organizations' information technology (IT) teams are under-resourced to assess all the third-party vendors they believe they should. Moreover, assessments are not single occurrences; they need to be periodic or, at minimum, event-triggered—e.g., material change in a third-party vendor's condition or operations that could have a bearing on its cybersecurity attentiveness. Many organizations find themselves "behind," with too much to do, too few resources, and too little time.

TPCRM, like other cybersecurity disciplines, combines people, process, and technology. There is a massive shortage of security professionals able to address an expanding third-party risk footprint. A process is required to support consistent and standardized assessments produced efficiently, as the third-party vendor community increases and TPCRM personnel change—e.g., to support scalability and resiliency. Technology is a tool of continuous evolution. Eventually, home-grown tools—e.g., paper files, spreadsheets, individually sending questionnaires to vendors, and manually tracking questionnaire responses, validating responses, and monitoring remediation—become more hindrance than a help. Keeping pace with threat vectors requires modernization through a trusted partner that does the work of assembling an optimal set of technologies and ensuring it evolves to remain optimal. Additionally, the software-as-a-service model provides the means to spread the cost of process development and oversight, technology investments (from IT infrastructure up through service delivery), and personnel recruitment, training, and retention across the provider's customer base to deliver a competitive offering for a competitive fee.<sup>1</sup>

### Strategy Innovation and Customer Impact

Founded in 2015, Denver, Colorado-headquartered CyberGRX, Inc. (Cyber Global Risk Exchange) leverages extensive knowledge in cybersecurity and third-party platforms to develop its revolutionary, comprehensive third-party cyber risk management (TPCRM)

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<sup>1</sup> *Burgeoning Demand for Third-Party Risk Management: Ripe Business Opportunity for Security Services Providers* (Frost & Sullivan August 2018)

platform. The company's solution pulls in cyber risk data from third-party vendors, applies analytics, and delivers that information to clients. CyberGRX serves global clients in nearly every market, including industry-leading organizations—e.g., consulting firms, National Retail Federation, law firms, private equity firms, critical infrastructure, healthcare, insurance companies, and financial services.

### **Industry-disruptive Third-party Cyber Risk Management Platform**

CyberGRX gathers vulnerability information from over 40,000 third-party companies (up to the 14th party from a client's systems), applies proprietary advanced analytics, and then shares that data (in a format prioritized by severity level) with a client via the TPCRM platform. The solution enables clients to monitor, detect, assess, mitigate, and protect against vulnerabilities introduced to their ecosystems' via third-party systems and applications (apps). Many companies have in-house IT teams that must manage third-party apps' risk manually through spreadsheets and malware scans. However, such practices leave over 90% of issues unresolved as IT professionals cannot find or address all system vulnerabilities; ultimately, decreasing an organization's security resiliency significantly. From the moment organizations join the Exchange, they are armed with pre-assessment insights, helping them to organize often unwieldy lists of third-parties by ranking and prioritizing those that pose the most inherent risk. Those pre-assessment insights can then be used to create a prioritized due diligence strategy, so organizations can assess and validate whether their riskiest third-parties have the proper security controls in place to mitigate their inherent risk. CyberGRX's platform eliminates redundancies while increasing the number of vendors assessed by up to five times in 30% less time through its risk assessments-as-a-service (RAaaS) offerings, enabling IT teams to focus on more cognition-intensive tasks.

The CyberGRX Exchange is dynamic, highly scalable, and industry-agnostic, enabling organizations of any size in any industry to utilize the solution for near real-time protection against third-party cyber vulnerabilities. It essentially allows organizations to gain rapid insights on their third-parties and order validated assessments for further due diligence, when necessary. For example, retailers can use the TPCRM solution to quickly evaluate their third-party network, including anything from point-of-sale (POS) systems, law firms, cloud providers to payroll and HR vendors, and identify which of those third-parties pose the greatest risk. With that information, customers can easily take a population of 1,000 plus third-parties and focus their resources on the most risk third-parties to assess and validate whether they have the proper security controls in place to mitigate their inherent risk. Demonstrating CyberGRX's strong customer value, the TPCRM platform helps IT teams rapidly make sense of large and disparate third-party ecosystems, so they can better protect their networks and data, mitigate vulnerabilities as well as automatically create audit trails to meet industry compliance standards, no matter the industry or technology. CyberGRX assessments are based on the National Institute of Standards and Technology (NIST) 800-53 guidelines as well as ISO 27001, and it covers most compliance regulations. Such mandates include the NIST Cybersecurity Framework, the North American Electric Reliability Corporation Critical Infrastructure Protection Plan, the Health Insurance

Portability and Accountability Act, Payment Card Industry Data Security Standard, Cloud Security Alliance Cloud Controls Matrix, and General Data Protection Regulation.

### **Strong Partnerships and Exceptional Customer Support**

The company provides three assessment tiers, ranging from low to high levels:

- Tier 3 with self-attestation
- Tier 2 with automated or remote validation
- Tier 1 with onsite or remote validation

CyberGRX partners with Deloitte® to validate tier 1's assessment control maturity and effectiveness. As the company's most comprehensive assessment level, tier 1 is optimal for organizations that use high-risk vendors' platforms. CyberGRX partners with industry-leading organizations to ensure it meets clients' needs and remains an innovative force in the market. In addition to Deloitte, the company's partners include Bitsight, Consortium Networks, Critical Start, Eurofins, GuidePoint Security, IO Security, K logix, Optiv, and Tevora.

CyberGRX's Global Exchange has essentially created a community that enables organizations to cost-effectively provide and assess third-party cybersecurity risk management information, crowdsource data and insights for better decision making while arming participants with collective bargaining power around assessment as well as remediation requests. Professionals can share and access risk management ideas and best practices and provide and receive support. CyberGRX works closely with clients and offers 24/7 high-level customer and technical support. The company meets quarterly with clients to ensure they use the platform optimally. Moreover, CyberGRX will host its first customer advisory board session in quarter one of 2020. Serving as a testament to the company's game-changing solutions, CyberGRX receives customers' praise:

*"CyberGRX is a force multiplier for our third-party cyber risk management program. In just the first year we will be able to assess three times more vendors than we assessed last year and reallocate the resources saved to true risk management and mitigation efforts."* —Adam Fletcher, CISO of Blackstone

*"The CyberGRX assessment process was comprehensive, yet seamless. The standardized assessment, and their global risk information Exchange, will help us save 400 hours or more traditionally spent on filling in assessments, so we can apply that time on proactively managing our security for our clients."* —George McKeivitt, ComplySci CTO

*"Third-party relationships represent some of the hardest-to-manage cyber risks at organizations of all types. It's a unique challenge that historically has only been solved by adding headcount—an inefficient and difficult to scale approach. Fortunately, the CyberGRX Platform provides a substantially smarter and more secure solution."*—Jay Leek, Director at ClearSky Security

## *Conclusion*

Many organizations secure their environments against only insider threats and outside hackers; however, third-party vendors cause over 57% of network breaches. CyberGRX offers its game-changing third-party cyber risk management platform that allows clients to evaluate their ecosystems for vulnerabilities introduced by third-party applications and systems. Moreover, the company's global risk exchange is a cost-effective and scalable platform that enables the community of users to crowdsource efforts, share and benefit from risk management best practices, and receive support.

For its innovative technology, exceptional customer support, and strong overall performance, Frost & Sullivan recognizes CyberGRX with the 2019 Competitive Strategy Innovation and Leadership Award.



## Significance of Competitive Strategy Innovation and Leadership

Any successful approach to achieving top-line growth must take into account what competitors are and are not doing; meet customer demand with a comprehensive, value-driven product or service portfolio; and establish a brand that resonates deeply with customers and stands apart from other providers. Companies must succeed in these 3 areas—brand, demand, and positioning—to achieve best-practice levels in competitive strategy.



## Understanding Competitive Strategy Innovation and Leadership

Driving demand, brand strength, and competitive differentiation play critical roles in delivering unique value to customers. This three-fold focus, however, must ideally be complemented by an equally rigorous focus on Strategy Innovation and Customer Impact.

## *Key Benchmarking Criteria*

For the Competitive Strategy Innovation and Leadership Award, Frost & Sullivan analysts independently evaluated Strategy Innovation and Customer Impact according to the criteria identified below.

### *Strategy Innovation*

#### **Criterion 1: Strategy Effectiveness**

Requirement: Strategy effectively balances short-term performance needs with long-term aspirations and vision for the company.

#### **Criterion 2: Strategy Execution**

Requirement: Adoption of best-in-class processes supports the efficient and consistent implementation of business strategy.

#### **Criterion 3: Competitive Differentiation**

Requirement: Unique competitive advantages with regard to solution or product are clearly articulated and well accepted within the industry.

#### **Criterion 4: Executive Team Alignment**

Requirement: The executive team is aligned along the organization's mission, vision, strategy, and execution.

#### **Criterion 5: Stakeholder Integration**

Requirement: Strategy reflects the needs or circumstances of all industry stakeholders, including competitors, customers, investors, and employees.

### *Customer Impact*

#### **Criterion 1: Price/Performance Value**

Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

#### **Criterion 2: Customer Purchase Experience**

Requirement: Customers feel they are buying the most optimal solution that addresses both their unique needs and their unique constraints.

#### **Criterion 3: Customer Ownership Experience**

Requirement: Customers are proud to own the company's product or service and have a positive experience throughout the life of the product or service.

#### **Criterion 4: Customer Service Experience**

Requirement: Customer service is accessible, fast, stress-free, and of high quality.

#### **Criterion 5: Brand Equity**

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty.



## Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate Award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 <b>Monitor, target, and screen</b>	Identify Award recipient candidates from around the globe	<ul style="list-style-type: none"> <li>Conduct in-depth industry research</li> <li>Identify emerging sectors</li> <li>Scan multiple geographies</li> </ul>	Pipeline of candidates who potentially meet all best-practice criteria
2 <b>Perform 360-degree research</b>	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> <li>Interview thought leaders and industry practitioners</li> <li>Assess candidates' fit with best-practice criteria</li> <li>Rank all candidates</li> </ul>	Matrix positioning all candidates' performance relative to one another
3 <b>Invite thought leadership in best practices</b>	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> <li>Confirm best-practice criteria</li> <li>Examine eligibility of all candidates</li> <li>Identify any information gaps</li> </ul>	Detailed profiles of all ranked candidates
4 <b>Initiate research director review</b>	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> <li>Brainstorm ranking options</li> <li>Invite multiple perspectives on candidates' performance</li> <li>Update candidate profiles</li> </ul>	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 <b>Assemble panel of industry experts</b>	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> <li>Share findings</li> <li>Strengthen cases for candidate eligibility</li> <li>Prioritize candidates</li> </ul>	Refined list of prioritized Award candidates
6 <b>Conduct global industry review</b>	Build consensus on Award candidates' eligibility	<ul style="list-style-type: none"> <li>Hold global team meeting to review all candidates</li> <li>Pressure-test fit with criteria</li> <li>Confirm inclusion of all eligible candidates</li> </ul>	Final list of eligible Award candidates, representing success stories worldwide
7 <b>Perform quality check</b>	Develop official Award consideration materials	<ul style="list-style-type: none"> <li>Perform final performance benchmarking activities</li> <li>Write nominations</li> <li>Perform quality review</li> </ul>	High-quality, accurate, and creative presentation of nominees' successes
8 <b>Reconnect with panel of industry experts</b>	Finalize the selection of the best-practice Award recipient	<ul style="list-style-type: none"> <li>Review analysis with panel</li> <li>Build consensus</li> <li>Select recipient</li> </ul>	Decision on which company performs best against all best-practice criteria
9 <b>Communicate recognition</b>	Inform Award recipient of Award recognition	<ul style="list-style-type: none"> <li>Present Award to the CEO</li> <li>Inspire the organization for continued success</li> <li>Celebrate the recipient's performance</li> </ul>	Announcement of Award and plan for how recipient can use the Award to enhance the brand
10 <b>Take strategic action</b>	Upon licensing, company may share Award news with stakeholders and customers	<ul style="list-style-type: none"> <li>Coordinate media outreach</li> <li>Design a marketing plan</li> <li>Assess Award's role in future strategic planning</li> </ul>	Widespread awareness of recipient's Award status among investors, media personnel, and employees

## The Intersection between 360-Degree Research and Best Practices Awards

### *Research Methodology*

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often, companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

### 360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS



## About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best in class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages more than 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.