FROST & SULLIVAN

Vormetric
Data Security™

2015 Global Data Security Platform
New Product Innovation Award

FROST & SULLIVAN

50 Years of Growth, Innovation & Leadership

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Background and Company Performance

Industry Challenges

The huge growth of data generation has created new appetite among hackers. In recent years, many data breaches have occurred across multiple industries; few, if any, sectors are safe from attacks. In July 2015, hackers stole 9.7 gigabytes of sensitive customer information from AshleyMadison.com. Many web sites and servers are still not particularly resistant to sophisticated attacks.

Furthermore, the emergence of cloud-based services has increased potential risk relating to data protection. Having data stored in a platform that sometimes is managed by external providers can increase the number of entry points for hackers. Access to databases, servers and data exchanges are sometimes not entirely secured and may include unwanted vulnerabilities.

Financial services – and more specifically, payments – are quickly moving to cloud-based platforms. Frost & Sullivan points out that the rise of alternative payment solutions as Host Card Emulation (HCE) has created an innovative way to manage payment transactions. During the pilot phases, these solutions are particularly verified and tested to detect possible breaches. Yet it is during deployment phases that new usages will appear, creating potential vulnerabilities and risks that were not necessarily detected beforehand.

In order to protect stored data, encryption has emerged as the most relevant option. Indeed, even if there is no unbreakable protection, Frost & Sullivan notes that encryption augments the complexity and increases the time to access data. In addition, tokenization is an option that addresses a wide range of security recommendations and compliance objectives.

Frost & Sullivan independent research confirms that relatively few companies can support the growing market demand regarding cloud and Big Data protection as well as encryption. This nascent and promising market will grow rapidly due, in part, to strong demand in financial services. But other industries are also migrating to cloud-based solution. Sooner or later, these industries will have to opt for a recognized secured solution to be able to protect servers, databases and sensitive data. This is a clear opportunity for solution providers that have a relevant portfolio and a new product introduction strategy to better address future market requirements.

New Product Attributes and Customer Impact

Match to Needs

In the majority of cases, organizations have security tools in place to protect digital information. However, the emergence of newer solutions and tools (such cloud-based or

mobile devices) generate the need to deploy evolving security requirements to mitigate against potential threats.

Frost & Sullivan appreciates the fact that Vormetric's solution can be easily integrated with existing systems, facilitating straightforward installation. As a result, the impact on workflows and application changes is minimal. Furthermore, Vormetric's innovative virtualized architecture approach allows the security team to adapt their Vormetric Data Security Platform products to better fit specific demands or to optimize system efficiency.

Reliability

Data security platforms obviously need to provide efficient services, as they interact with sensitive data during critical business processes. Security teams need to have simple access to the platform to control, manage and modify the security configurations if necessary.

Even if services are outsourced, Vormetric's Data Security platform permits on-premises centralized policy and key management. This strategy facilitates reliable and repeatable deployment of security policies across all enterprise server assets. The platform can be used to easily access detailed information regarding data access and associated permissions.

Vormetric has already deployed their products in 22 countries across the world, addressing 1,500+ customers. Many industries are covered by the firm. This direct recognition from its existing client base provides, by definition, strong confidence in the reliability of Vormetric's products.

Quality

Security solution providers are compelled to deliver robust solutions that can grant high quality service. In order to be recognized as a relevant and quality partner for cryptography, Vormetric's platform is certified to the FIPS 140-2 standard. The firm is also helps meet many specific industry compliance requirements, such as Payment Card Industry Data Security Standard (PCI DSS) for the financial services market and the Health Information Technology for Economic and Clinical Health (HITECH) Act for the healthcare market. The company can also provide solutions to be aligned with local regulation regarding data protection. Vormetric has developed several patents, and its security and cryptography expertise is clearly recognized by major leading IT companies. The firm is an IBM advanced Business Partner and Symantec technology partner for database encryption and key management technologies.

Positioning

Frost & Sullivan also points out that Vormetric's positioning can be defined as a data and customer centric strategy. Indeed, Vormetric created a relevant product portfolio to

address specific customer or industry requirements. The firm has built a modular solution that is based on services that can be activated depending on client requirements. The data security platform is set up around clients' security policies and compliance mandate, facilitating the future evolutions or client modifications. Additionally, Vormetric aims to create a long-term partnership with its customers. The objective for the firm is to provide an extensive data security management service in collaboration with the client - rather than focus on one-off sales.

Price Performance Value

A major concern regarding security is the initial investments and additional costs to maintain up-to-date services. Vormetric has chosen a system agnostic approach. As a result, the data security platform can be easily integrated with other solutions. The platform will simply evolve following future infrastructure evolutions. Furthermore, the firm has selected a single platform approach. Modules are activated on demand depending on clients' requirements. Accordingly, the total cost of ownership (TCO) is lower than traditional security platforms.

Vormetric has nicely deployed a centralized approach that makes easier data protection by avoiding the repetition of recurring tasks. Therefore, the number of resources needed to manage data encryption, key management and other security services is minimized.

Brand Equity

Vormetric is a recognized leader in the encryption industry, and more specifically for data protection within the cloud-based and big data ecosystem. Vormetric is not known as a consumer market brand, but rather as a professional one by expert IT companies. The firm is dealing with famous cloud-based solutions providers and is involved in recent Big Data initiatives. The data encryption expertise of the company is the guaranty for potential clients to have an up to date security solution, simple to install and to manage. For more than a decade, Vormetric has been a trusted partner for organizations and governments thanks to the quality and flexibility of the data security platform. Respectively, the company has recently expanded to Germany, Australia, Japan, Singapore and Latin America. In addition, Service Providers, such as Rackspace and CenturyLink, use Vormetric to power their Data Security as-a-Service offering.

Conclusion

Vormetric has succeeded in implementing a relevant data security platform to support recent client demand based around data protection. Frost & Sullivan firmly believes that this innovative platform can better answer specific security demands including encryption and protection of databases and files in the latest technology innovations such as cloud-based and Big Data environments. Due to a platform centric approach, Vormetric can address local security and policy requirements with an optimized total cost of ownership.

Furthermore, the data security platform has been designed to be easily integrated in existing infrastructure, reducing the maintenance cost and facilitating the future evolutions.

With its strong overall performance, Vormetric has earned the 2015 Frost & Sullivan Global New Product Innovation Award.

Significance of New Product Innovation

Ultimately, growth in any organization depends upon continually introducing new products to the market, and successfully commercializing those products. For these dual goals to occur, a company must be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.

Understanding New Product Innovation

Innovation is about finding a productive outlet for creativity — for consistently translating ideas into high quality products that have a profound impact on the customer.

Key Benchmarking Criteria

For the Global New Product Innovation Award, Frost & Sullivan analysts independently evaluated two key factors— New Product Attributes and Customer Impact—according to the criteria identified below.

New Product Attributes

     Criterion 1: Match to Needs
     Criterion 2: Reliability
     Criterion 3: Quality
     Criterion 4: Positioning
     Criterion 5: Design

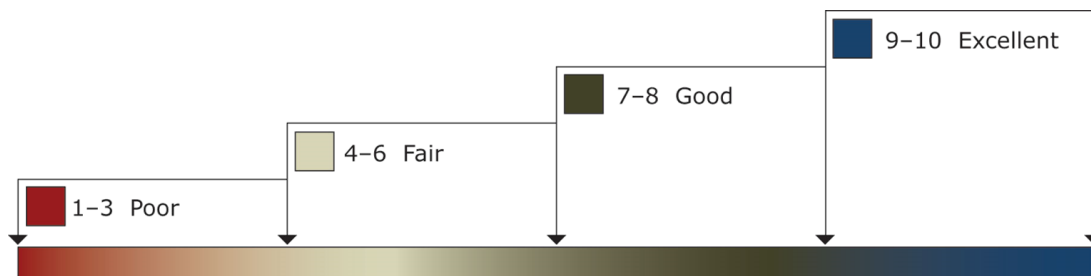**Customer Impact**

     Criterion 1: Price/Performance Value
     Criterion 2: Customer Purchase Experience
     Criterion 3: Customer Ownership Experience
     Criterion 4: Customer Service Experience
     Criterion 5: Brand Equity

Best Practice Award Analysis for Vormetric

Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows our research and consulting teams to objectively analyze performance, according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are illustrated below.

RATINGS GUIDELINES

9–10 Excellent

7–8 Good

4–6 Fair

1–3 Poor

The Decision Support Scorecard is organized by New Product Attributes and Customer Impact (i.e., the overarching categories for all 10 benchmarking criteria; the definitions for each criteria are provided beneath the scorecard). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, we have chosen to refer to the other key players as Competitor 2 and Competitor 3.

DECISION SUPPORT SCORECARD FOR NEW PRODUCT INNOVATION AWARD

Measurement of 1–10 (1 = poor; 10 = excellent)			
New Product Innovation	New Product Attributes	Customer Impact	**Average Rating**
Vormetric	**9.2**	**9.0**	**9.1**
Competitor 2	8.6	8.4	8.5
Competitor 3	8.4	8.6	8.5

New Product Attributes

Criterion 1: Match to Needs
Requirement: Customer needs directly influence and inspire the product's design and positioning

Criterion 2: Reliability
Requirement: The product consistently meets or exceeds customer expectations for consistent performance during its entire life cycle

Criterion 3: Quality
Requirement: Product offers best-in-class quality, with a full complement of features and functionality

Criterion 4: Positioning
Requirement: The product serves a unique, unmet need that competitors cannot easily replicate

Criterion 5: Design
Requirement: The product features an innovative design, enhancing both visual appeal and ease of use

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 like 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

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts can then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.

DECISION SUPPORT MATRIX FOR NEW PRODUCT INNOVATION AWARD
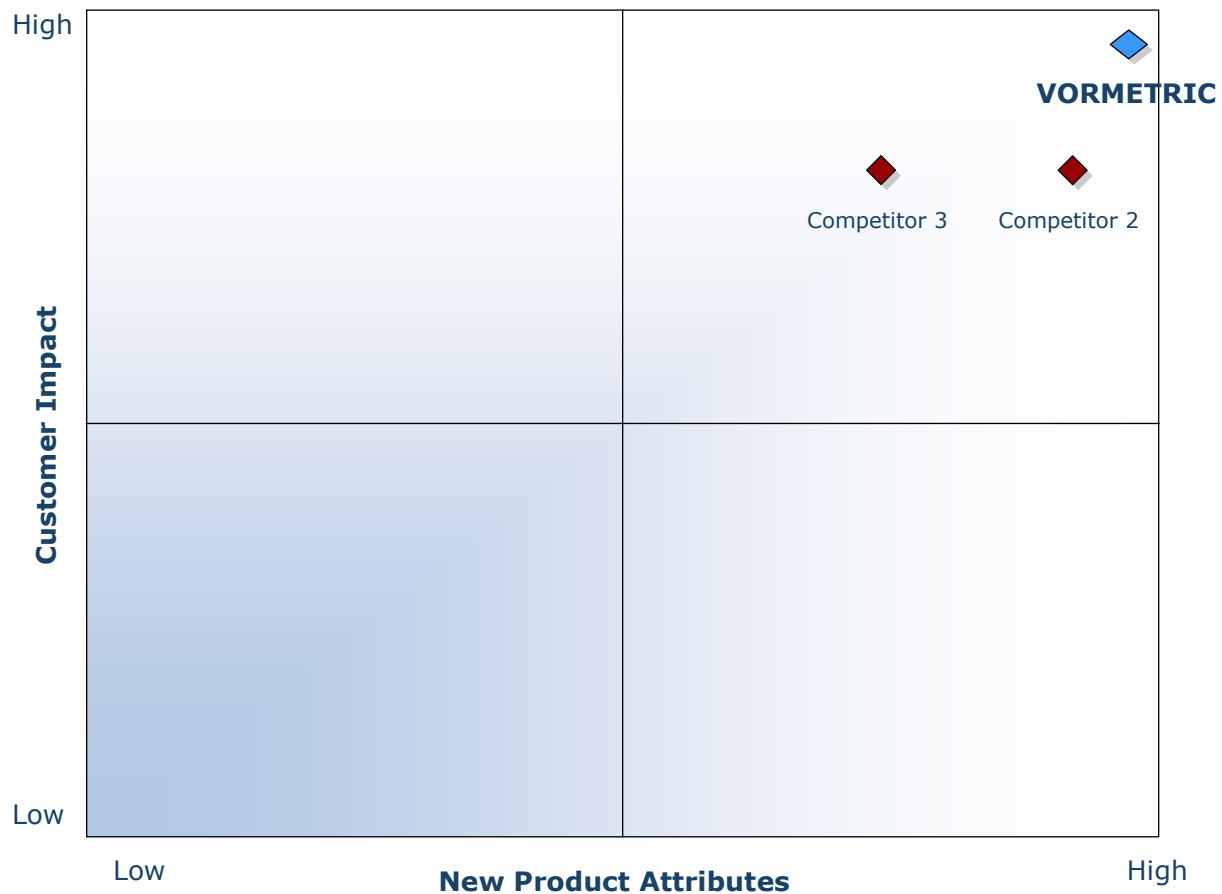
The Intersection between 360-Degree Research and Best Practices Awards

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 players and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS

"We Accelerate Growth"
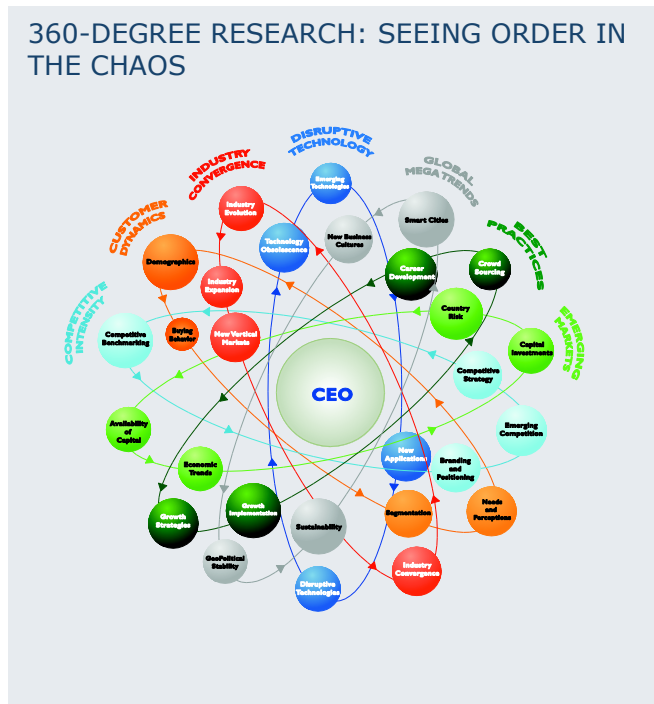
Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan Awards 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	**Monitor, target, and screen**	Identify Award recipient candidates from around the globe	• Conduct in-depth industry research • Identify emerging sectors • Scan multiple geographies	Pipeline of candidates who potentially meet all best-practice criteria
2	**Perform 360-degree research**	Perform comprehensive, 360-degree research on all candidates in the pipeline	• Interview thought leaders and industry practitioners • Assess candidates' fit with best-practice criteria • Rank all candidates	Matrix positioning all candidates' performance relative to one another
3	**Invite thought leadership in best practices**	Perform in-depth examination of all candidates	• Confirm best-practice criteria • Examine eligibility of all candidates • Identify any information gaps	Detailed profiles of all ranked candidates
4	**Initiate research director review**	Conduct an unbiased evaluation of all candidate profiles	• Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles	Final prioritization of all eligible candidates and companion best-practice positioning paper
5	**Assemble panel of industry experts**	Present findings to an expert panel of industry thought leaders	• Share findings • Strengthen cases for candidate eligibility • Prioritize candidates	Refined list of prioritized Award candidates
6	**Conduct global industry review**	Build consensus on Award candidates' eligibility	• Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates	Final list of eligible Award candidates, representing success stories worldwide
7	**Perform quality check**	Develop official Award consideration materials	• Perform final performance benchmarking activities • Write nominations • Perform quality review	High-quality, accurate, and creative presentation of nominees' successes
8	**Reconnect with panel of industry experts**	Finalize the selection of the best-practice Award recipient	• Review analysis with panel • Build consensus • Select winner	Decision on which company performs best against all best-practice criteria
9	**Communicate recognition**	Inform Award recipient of Award recognition	• Present Award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance	Announcement of Award and plan for how recipient can use the Award to enhance the brand
10	**Take strategic action**	Upon licensing, company may share Award news with stakeholders and customers	• Coordinate media outreach • Design a marketing plan • Assess Award's role in future strategic planning	Widespread awareness of recipient's Award status among investors, media personnel, and employees

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 almost 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 31 offices on six continents. To join our Growth Partnership, please visit http://www.frost.com.