FROST & SULLIVAN

RAPID7

2018 Global Vulnerability Management Market Leadership Award

2018
BEST PRACTICES
AWARDS

Background and Company Performance

Industry Challenges

The maturity of the Vulnerability Management market and its continued growth shows that demand is still strong for these solutions and that more companies are realizing the necessity of reducing risk associated with cyber-attacks and system vulnerabilities. However, demand is also strong for onerous reasons too. Threat levels grow more concerning as the determination and sophistication of malicious actors is advancing daily. Furthermore, the stakes in the cyber-security war are escalating as data underlies business success in an always-connected, analytics-driven world.

The difference between solutions for Vulnerability Management versus solutions for other IT and networking needs is that 100% protection, 100% of the time is unachievable. Even the best solutions must be continually improved and stay two steps ahead of hackers and other bad actors, who are evolving their tactics every day.

Challenges to addressing vulnerability are many. They include: a lack of visibility across networks, systems and departments; operational silos within companies; a dearth of cyber skill sets; interoperability between solutions providers, scaling up and down to meet all vertical tiers and industries; and accuracy. In this recognition, Frost & Sullivan focuses on key factors of differentiation in vulnerability management solutions: breaking down and removing operational silos, extending visibility across all IT environments, and increasing accuracy.

Operational Silos – Companies can no longer, or should no longer, operate in functional silos that prevent security teams, network teams, and IT teams from collaborating and speaking the same language in applying efficiency, integrity and insights to the needs of the businesses. Silos not only restrain collaborative and synergistic practices from flourishing, they leave the company vulnerable by not operating from, or making decisions from, the same data sets.

Security operations, or SecOps, is an evolving discipline to this problem because it breaks down these silos. SecOps is a methodology for both integrating disparate security-focused systems within an enterprise and using a single source of data to build use cases for various vertical markets.

Visibility – In addition to being cost-prohibitive, using scanning devices distributed throughout a network is also cumbersome. Correlating data from the various scanners cannot be done in real time. Therefore, immediate action cannot be taken to resolve a critical vulnerability when necessary. The visibility that leads to scanning and assessment accuracy is among the top feature attributes businesses are looking for from their Vulnerability Management solutions providers.

Data is now being collected from cloud, on-premises and mobile devices, virtual and physical assets, routing tables, configuration databases, application programming interfaces (APIs), network performance systems, research teams, containers, Web applications, agent-based and agentless scanners, and more. Adding machine learning, Big Data and eventual artificial intelligence to the analysis of this data, whether from an external but integrated source or from internally applications, is essential, but so too is tearing down siloed walls of separation and having cross-environment visibility that is uniform, clear, and deep.

Accuracy – Vulnerability assessment accuracy is vital to identifying and ultimately resolving vulnerabilities. There is a component to this process that is necessary for communicating both the level of risk and the ultimate status of vulnerabilities. This communication is done through scoring and time-stamped, process flow reporting of vulnerabilities from discovery through remediation.

Once visibility is achieved, businesses need to ensure they are working on the most critical problems with the right level of prioritization. Vulnerabilities must be scored properly based on many factors. Only time and success can determine what the proper scoring should be. Accurate and proper reporting is required to keep all stakeholders with the same priority information. This is where Vulnerability Management suppliers can differentiate themselves from their competition.

 Market Leadership of Rapid7

Growth Strategy Excellence

Rapid7 had the strongest year from a market penetration standpoint among all Vulnerability Management competitors in 2017. Much of the company's growth was due to the success of its partnership strategy. The company has one of the most extensive partner ecosystems with more than 80 platform integrations for data collaboration, data workflow, and data ingestion. Partners include:

- o Data Collaboration: IBM, Splunk, HPE, FireEye

- o Data Workflow: VMware, ServiceNow, CyberArk, RSA Archer

- o Data Ingestion: Salesforce, Cisco, Okta, Amazon Web Services

Rapid7's market penetration also increased as the company effectively addressed the previously listed points of differentiation, particularly breaking down operational and technology silos with a DevOps solution that goes a step further, offering a SecOps solution. SecOps is an organizational discipline that creates a shared alliance between Security, IT, and DevOps groups. Rapid7's approach to SecOps is to apply its Insight Platform, unified data and analytics, orchestration and automation—backed by its research group, open source resources and on-call expertise—to develop solutions and create policies around the practices employed across the discipline.

Core to this shared alliance in SecOps is the efficient collection of data—meaning Rapid7 limits the intrusion of data collection to a single instance, then shares that data among the three groups and with all the tools required to achieve an objective for a particular use case.

Rapid7 has been consistently among the top three suppliers of Vulnerability Management software and in 2017 moved into the leadership position. While some companies had greater year-over-year growth than Rapid7, the company still generated more new revenue with approximately 28% year-over-year growth, which exceeded the industry average.

Implementation Excellence

By applying the best practices and expertise of three primary initiatives, Rapid7 has smoothed the implementation process by focusing on SecOps. SecOps, in turn, is supported by the company's InsightVM platform, which centralizes vulnerability data from the network, endpoints, cloud instances, and containers, making it easier and more accurate to implement analytics for continuous, real-time vulnerability management.

InsightVM also combines prioritization and remediation capabilities based on these analytics. The platform then streamlines and automates the remediation workflow process. Automation in the workflow process also helps business customers streamline their own processes and practices, and allows them to operate more efficiently.

The implementation of InsightVM and other Rapid7 solutions is made easier by the company's partnership with ServiceNow, a cloud-based application provider that specializes in making humans work better together by automating, digitizing, optimizing and predicting business processes and tasks across IT, operations, customer service, HR, and, of course, security operations.

Product Quality

Rapid7 has been delivering product to the Vulnerability Management market for 18 years. The company has been publicly traded for the last three years. Product performance has been a significant driver of the growth and longevity of the company. As the cybersecurity market grows more complex, it will be increasingly difficult for any one company to deliver all the solutions enterprises need to secure their businesses. That is why Frost & Sullivan recognizes Rapid7's focus on ensuring quality by integrating with more than 80 partner platforms with companies such as ServiceNow noted above, but also the following established as well as emerging companies: AWS, Cisco, CyberArk, Salesforce, splunk, and VMware.

Product Differentiation

Rapid7's portfolio of products has several uses cases for real-time analytics that use log-data streams at various layers: application, database, server, and cross system analytics to predict vulnerabilities. Application layer testing in the development cycle, for example,

cannot truly represent a production environment where small, anomalies accumulate over time and do not present themselves as vulnerabilities right away. Real-time analytics can analyze these anomalies before they become vulnerabilities.

Rapid7 has developed a Real Risk Score that layers information on top of vulnerability data in order to prioritize vulnerabilities. The difference with Rapid7 is as follows:

Technology Leverage

Rapid7's InsightVM platform is comprised of several features that take advantage of analytics and high visibility. They include Continuous Endpoint Monitoring; Attacker-based Risk Analysis; Cloud, Virtual and Container Assessment; and Live Remediation Planning.

Continuous Endpoint Monitoring allows Insight Agents to take a one-time snapshot of an enterprise environment, then store the data in the Insight platform, thereby limiting resources only to monitoring changes in the environment. The agent also unifies data from other products including the InsightDR (detection and remediation) and InsightOps (log management).

Attacker-based Risk Analysis Leverages their unique Real Risk score that prioritizes vulnerabilities based on the likelihood an attacker would exploit them.

Cloud, Virtual, and Container Assessment directs integration with cloud environments and allows InsightVM to automatically detect assets as they appear online. Integration with container registries enables assessment prior to a container going live.

Live Remediation Planning is used to assign and track duties in real time and creates more efficient remediation workflows.

These are just a few of the ways Rapid7 leverages analytics and other technologies to find new approaches to managing vulnerabilities

Customer Ownership Experience

Rapid7 has more than 7,100 customers in 120 countries, including 55% of Fortune 1000 enterprises. The company has dozens of customer testimonials and case studies published that describe problems solved for a variety of industries, including: city governments, U.S. Naval Academy, leading accounting and finance companies, large retailers both brick-and-mortar and online, major universities, and healthcare providers.

Brand Strength

Rapid7 customers, and the industry as a whole, see Rapid7 as an innovator that will be able to keep pace with the changing requirements in cybersecurity. In addition to the platforms such as InsightVM, Rapid7 has been open about its roadmap. For example, Rapid7 shared

that workflows that will automate components of the remediation process are on the horizon. This indicates the company's reputation for being forward thinking. Further indicating the company's reputation for forward thinking, this tool furthers the company's various open-source initiatives.

Conclusion

Rapid7 helped set the pace for very positive growth in 2017 with 28% year-over-year revenue growth. The company reached the $200 million mark in revenue and made several advances in analytics and security operations (SecOps.) RAPID7 kept up the pace in the first quarter of 2018 with 29% year-over-year growth, generating $58.2 million in the quarter. The company's customer acquisition for the first quarter of 2018 also grew by 12% YoY. Rapid7's focus on integration across cybersecurity technologies and with partners is driving the industry to eliminate a long-standing barrier to optimizing security within the enterprise: operational silos. With its strong overall performance, Rapid7 has achieved a leadership position in the Vulnerability Management Market with a market share of 24%. Frost & Sullivan is proud to bestow the 2018 Market Leadership Award to Rapid7.

Significance of Market Leadership

Ultimately, growth in any organization depends upon customers purchasing from a company, and then making the decision to return time and again. Loyal customers become brand advocates; brand advocates recruit new customers; the company grows; and then it attains market leadership. To achieve and maintain market leadership, an organization must strive to be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.

- Increase renewal rates
- Increase upsell rates
- Generate awareness and interest
- Demonstrate customer value
- Grow the business

- Improve customer loyalty rates
- Establish strong brand identity
- Strengthen the brand's reputation
- Inspire customers
- Be recognized for value

DEMAND   BRAND

Market Leadership

COMPETITIVE POSITIONING

- Clarify positioning
- Focus on unique selling points
- Deliver superior value to customers
- Get ahead of the competition
- Implement growth strategy successfully

Understanding Market Leadership

Driving demand, strengthening the brand, and differentiating from the competition all play a critical role in a company's path to market leadership. This three-fold focus, however, is only the beginning of the journey and must be complemented by an equally rigorous focus on the customer experience. Best-practice organizations, therefore, commit to the customer at each stage of the buying cycle and continue to nurture the relationship once the customer has made a purchase. In this way, they build a loyal, ever-growing customer base and methodically add to their market share over time.

Key Performance Criteria

For the Market Leadership Award, Frost & Sullivan Analysts focused on specific criteria to determine the areas of performance excellence that led to the company's leadership position. The criteria considered include (although not limited to) the following:

Criterion	Requirement
Growth Strategy Excellence	Demonstrated ability to consistently identify, prioritize, and pursue emerging growth opportunities
Implementation Excellence	Processes support the efficient and consistent implementation of tactics designed to support the strategy
Brand Strength	The possession of a brand that is respected, recognized, and remembered
Product Quality	The product or service receives high marks for performance, functionality, and reliability at every stage of the life cycle
Product Differentiation	The product or service has carved out a market niche, whether based on price, quality, or uniqueness of offering (or some combination of the three) that another company cannot easily duplicate
Technology Leverage	Demonstrated commitment to incorporating leading-edge technologies into product offerings, for greater product performance and value
Price/Performance Value	Products or services offer the best value for the price, compared to similar offerings in the market
Customer Purchase Experience	Customers feel they are buying the most optimal solution that addresses both their unique needs and their unique constraints
Customer Ownership Experience	Customers are proud to own the company's product or service, and have a positive experience throughout the life of the product or service
Customer Service Experience	Customer service is accessible, fast, stress-free, and of high quality

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 best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.
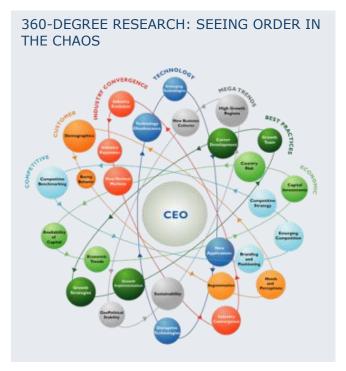
STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 **Monitor, target, and screen**	Identify Award recipient candidates from around the globe	• Conduct in-depth industry research • Identify emerging sectors • Scan multiple geographies	Pipeline of candidates who potentially meet all best-practice criteria
2 **Perform 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 of 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 recipient	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 is able to 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

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.