

FROST & SULLIVAN

BEST PRACTICES

AWARDS

FROST & SULLIVAN

2019

BEST
PRACTICES
AWARD



NOZOMI
NETWORKS

**2019 NORTH AMERICAN ICS CYBERSECURITY
(OT, IOT AND IT WORLDS CONVERGE) GROWTH,
INNOVATION & LEADERSHIP FROST RADAR AWARD**

Frost & Sullivan's global team of analysts and consultants continuously research a wide range of markets across multiple sectors and geographies. As part of this ongoing research, we identify companies that consistently develop new growth strategies based on a visionary understanding of the future, and thus more effectively address new challenges and opportunities. This involves extensive primary and secondary research across the entire value chain of specific products. Against the backdrop of this research, Frost & Sullivan recognizes Nozomi Networks for these valuable achievements.

This recognition is strictly reserved for companies that are market leaders and are at the forefront of innovation. These companies consolidate or grow their leadership position by continuously innovating and creating new products and solutions that serve ever-evolving customer needs. These companies are also best positioned to expand the market by strategically broadening their product portfolio. Achieving Growth, Innovation & Leadership (GIL) is never an easy task, but it is one made even more difficult considering today's intensely competitive environment, customer volatility, economic uncertainty, and rapid technology evolution. Within this context, Nozomi Networks' receipt of this Award signifies an even greater accomplishment.

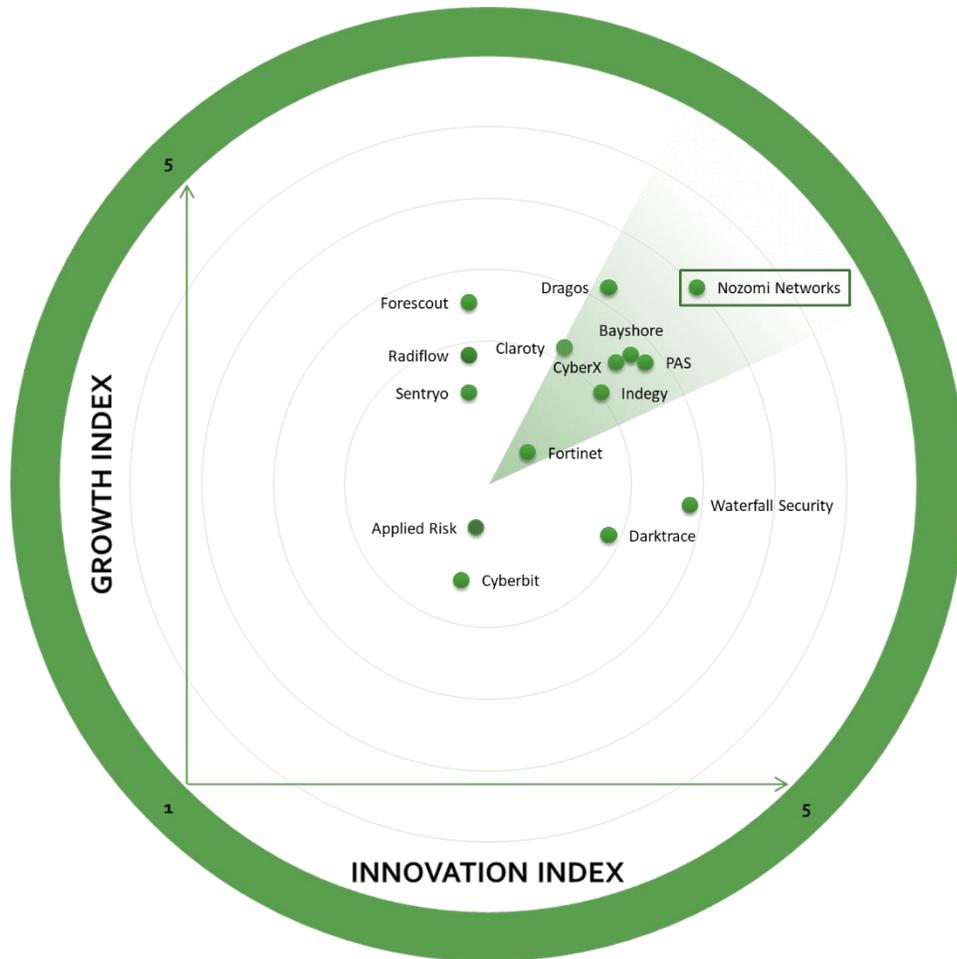
Moreover, this recognition is the result of many individuals (employees, customers, and investors) making daily choices to support the organization and meaningfully contribute to its future. Frost & Sullivan enthusiastically acknowledges and celebrates these achievements. Once again, congratulations on your accomplishments and we wish you great success in the future.

Sincerely yours,

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The Frost Radar ICS Cybersecurity



Source: Frost & Sullivan

In a field of 20 global industry participants, Frost & Sullivan has independently ranked the top 15 companies in the above Frost Radar analysis.

The key parameters independently analyzed by Frost & Sullivan include:

- Innovation Scalability
- R&D
- Product Portfolio
- Mega Trends Leverage
- Customer Alignment
- Growth Pipeline
- Vision and Strategy
- Sales and Marketing

Industry Overview

The attack surface for cyberthreats has expanded with increasing interconnection between IT operational technology (OT) networks and systems. Specific cyberincidents include WannaCry, NotPetya, Industroyer, and TRITON.

Awareness of protecting critical industrial infrastructure is growing. In today's connected world, traditional air-gap protecting operational networks do not suffice. Frost & Sullivan expects that companies that can provide an end-to-end approach that spans OT, IoT and IT systems against proliferating cyberthreats (malware, ransomware, APTs, third-party access, rogue devices) will likely emerge as winners in the market.

Frost Radar Growth, Innovation & Leadership Award Nozomi Networks

COMPANY DIAGNOSTIC

Nozomi Networks offers products and solutions for real-time cybersecurity and visibility for OT and IoT networks. Its products include Guardian and Central Management Console that provide high operational visibility; advanced ICS threat detection; and simplified mapping, monitoring, and identifying of OT and IoT threats across hundreds of global locations. Smart Polling and Threat Intelligence are Guardian's add-on module and subscription.

FROST RADAR POSITIONING

- Nozomi Networks scored quite well on both the Growth and Innovation indexes on the Frost Radar.
- Nozomi Networks is positioned by Frost & Sullivan analysts in the top-right section of the Radar. Growth strategy, expansion of customer base, R&D, and product enhancements helped Nozomi Networks secure the positioning.
- The company continuously widens the horizontal scope of all of its products.
- Nozomi Networks introduced Guardian Community Edition (CE) in Nov 2019.
- It had more than 500% year-over-year sales growth in 2018.
- The company experienced more than 400% growth in its worldwide customer base.
- Nozomi Networks experienced a 500% QoQ in 3Q 2019.

COMPANY STRENGTHS

- Nozomi Networks has a deep knowledge of the complexities of ICS networks and expertise in artificial intelligence. Frost & Sullivan appreciates how the company is continuously innovating.

- Nozomi Networks products easily integrate with existing IT/OT infrastructure. Product integrations with Atos, Cisco, IBM Security, FireEye, Fortinet, Palo Alto Networks and many others help customers achieve full (IT/OT) visibility and automated threat response.
- The company experienced vast global market expansion, has a diverse and growing strategic partner eco-system, and has strong customer and market growth worldwide.
- Nozomi Networks has a 100% customer retention rate and more than 80% win rate.
- Its total funding is at \$54 million, and the support from investors is expected to broaden its global presence and expand R&D.

COMPANY OPPORTUNITIES

- Nozomi Networks has global deployments with more than 2.6 million devices monitored.
- The company has more than 2,250 installations across chemicals, energy, manufacturing, mining, transportation, water, utilities, oil & gas, and critical infrastructure on 5 continents. A few of them include 500+ hydro generation facilities, 420+ gas distribution substations, 300+ electrical substations. Its customers include 6 of the top-10 oil & gas companies, 5 of the top-10 pharmaceutical companies, 4 of the world's top-10 mining companies and 4 of the top-10 utilities companies.
- New deployments with existing customers and expanding engagements in building automation, smart cities, transportation and other industries will provide growth opportunities.
- Nozomi Networks initiated 347 proof-of-concept installations in 2019 that are driving additional growth opportunities.
- The increasing awareness of protecting critical industrial infrastructure due to the increasing number of cyberincidents is expected to enable new customer wins and growth opportunities for Nozomi Networks.

What is the Frost Radar?

A Practical, High Impact, Scalable C2A (Companies to Action) Tracking Solution

WHAT IS IT?

A robust analytical tool that benchmarks companies' innovation focus and growth performance in a given market.

HOW IS IT BUILT?

Through in-depth analysis built on our 360-degree research methodology (primary and secondary research) and objective rating of companies in any given market.

WHY DO WE NEED IT?

To understand how companies benchmark against each other in their ability to innovate and grow against a backdrop of industry transformation and evolution.

WHAT WILL IT ACCOMPLISH?

Enable companies to gain an objective, independent perspective of their innovation and growth strategies, including their robustness, effectiveness, relative competitive strength, and implications on their long-term success.

HOW TO USE IT?

Frost Radar is a dynamic tracking tool that offers frequent rating and positioning of companies that are leading the industry on growth, innovation or both. Due to changes in operating environment and internal changes within these organizations, their positioning in Frost Radar will change over time. It is important to leverage Frost Radar to ensure that companies are aware of changes to their ecosystem and their relative positions to it.

WHAT DOES IT MEAN TO BE ON THE FROST RADAR?

Every company that finds itself on the Radar has been chosen because they have proven themselves to be worthy by demonstrating excellence in either growth, innovation, or both, and are able to translate that into proven solutions that benefit their clients.

GROWTH, INNOVATION & LEADERSHIP AWARD

The Growth Innovation Leadership (GIL) best practice Award is bestowed on companies that are market leaders that are at the forefront of innovation. These companies consolidate or grow their leadership position by continuously innovating and creating new products and solutions that serve the evolving needs of the customer base. These companies are also best positioned to expand the market by strategically broadening their product portfolio.

Frost Radar

2 Major Indices, 10 Analytical Ingredients, 1 Platform

VERTICAL AXIS – THE GROWTH INDEX

Growth index 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):** Market share relative to its competitors in a given market space for the previous three years.
- **GI2: Revenue Growth (previous 3 years):** Revenue growth rate for the previous three years in the market/ industry/category that forms context for the given Frost Radar.
- **GI3: Growth Pipeline:** This is an evaluation of the strength and leverage of the 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 the 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 the company drive demand and achieve its growth objectives.

HORIZONTAL AXIS – THE INNOVATION INDEX

Innovation index is a measure of a company's ability to innovate products/services/solutions that are developed with a clear understanding of disruptive Mega Trends, are globally applicable, are able to evolve and expand to serve multiple markets, and are aligned to customers' changing needs. Key elements of this index include:

- **II1: Innovation Scalability:** This determines whether the organization's innovation(s) is/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 the product portfolio of the company, focusing on the relative contribution of new products to its annual revenues.
- **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.
- **II5: Customer Alignment:** This evaluates the applicability of a company's products/ services/ solutions to current and potential customers (7-year horizon), as well as how its innovation strategy is influenced by evolving customer needs.