

FROST & SULLIVAN

BEST PRACTICES

AWARDS

FROST & SULLIVAN

2019

BEST
PRACTICES
AWARD

T · · Systems ·

**2019 EUROPEAN
MANAGED SECURITY SERVICES
GROWTH, INNOVATION & LEADERSHIP
FROST RADAR AWARD**



FROST RADAR

CONGRATULATIONS!

Frost & Sullivan is proud to present T-Systems with this year's Frost Radar Best Practices Award for Growth, Innovation & Leadership (GIL) in the European Managed Security Services Market.

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 T-Systems 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, T-Systems' 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.

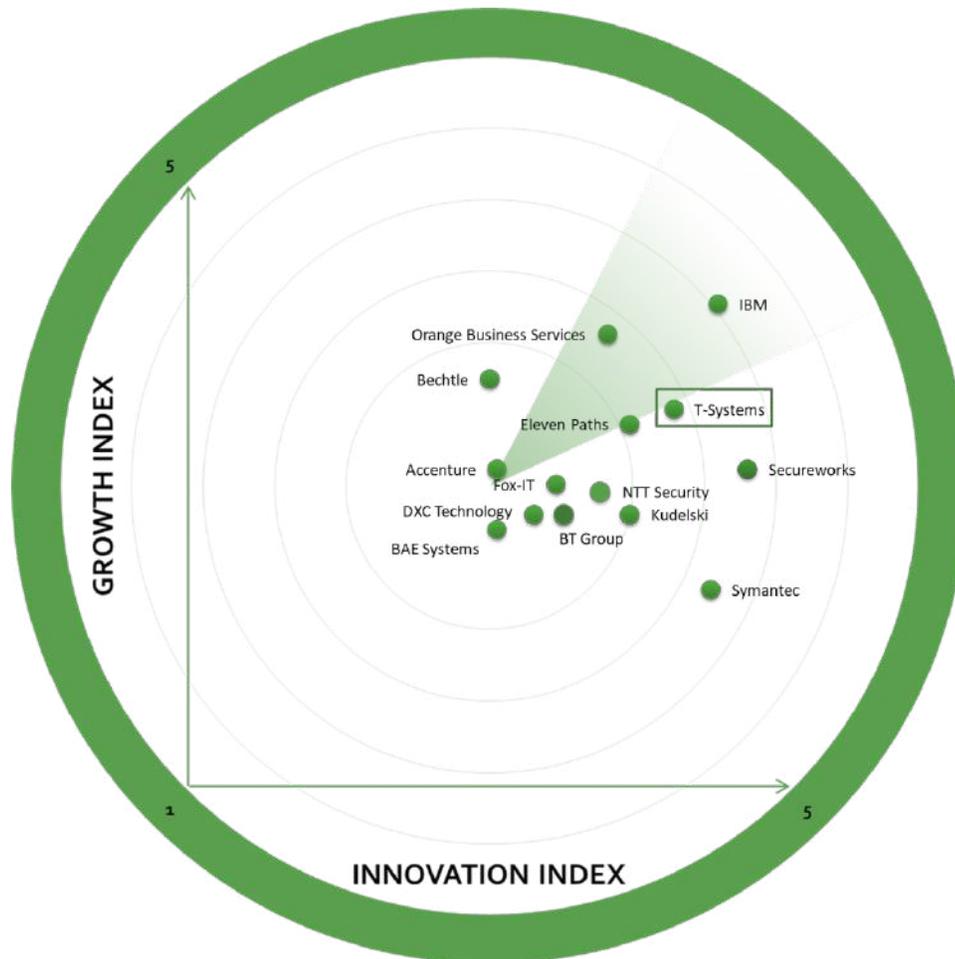
Sincerely yours,

Krishna Srinivasan
Global President & Managing Partner
ksrinivasan@frost.com

Dilip Sarangan
Global Research Director, Frost Radar
dilip.sarangan@frost.com

The Frost Radar

European Managed Security Services Market



Source: Frost & Sullivan

In a field of +30 European industry participants, Frost & Sullivan has independently ranked the top 14 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

Frost & Sullivan studies related to this independent analysis:

- European Managed Security Services Market, Forecast to 2023
- Global Managed & Professional Security Services Market, Forecast to 2023

Industry Overview

The fundamental drivers of market demand remain strong with double-digit, year-over-year growth expected in the near term. The sophistication of cyber threats, growing attack surface, and cybersecurity talent shortage are the strongest drivers of demand for managed security services. In addition, there is an overdue need for organizations to transform their security practices. An outsider with experience in serving multiple clients across several verticals is well-positioned to assist organizations in strengthening their security posture.

Security service offerings are constantly developing to address challenges stemming from:

- The evolution of the threat landscape
- Regulatory and compliance requirements
- Clients' organizational practices and digital footprints (typically widening and diversifying)
- Talent and capability gaps that organizations have

Despite the robust market demand, providers must evolve to remain vibrant. Managed Security Services providers should continuously innovate to gain a competitive edge both from technological and marketing perspectives. In this regard, Frost & Sullivan recognizes the growing trend of managed security services being repackaged as customer self-service offerings. At the same time, providers that have historically concentrated on professional security services are increasingly offering managed security services as well.

Frost Radar Growth, Innovation & Leadership Award T-Systems

COMPANY DIAGNOSTIC

- T-Systems is an IT services company that provides a full range of managed security services.
- T-Systems is a subsidiary of Deutsche Telekom, a global telecommunications company headquartered in Germany.
- The company has a rigorous approach to security that is centred around the notion of "security and privacy by design".
- T-Systems generated nearly 7 billion EUR in total revenue in 2018.
- T-Systems demonstrates a double digit growth in the security market. It has a presence in more than 20 countries and employs almost 38 thousand people.

FROST RADAR POSITIONING

- T-Systems ranks highly across both the Growth and Innovation indices. Frost & Sullivan recognizes the company as one of the industry's leaders best positioned to expand in the European MSS market.
- T-Systems' vision reflects a commitment to becoming the largest European MSS vendor by delivering best of breed security products and providing unmatched customer service.
- The company continues to invest in the development of security products and exhibits a strong commitment to research. This enables T-Systems to maintain a strong product portfolio. In addition to leveraging technology developed internally, the company partners with a range of security vendors to address the unique needs of each client.
- T-Systems has one of the largest networks of security operation centers. The company's European SOCs are located in Germany, Austria, Czech Republic, Hungary, Poland, Greece and Spain. In addition, T-Systems has security operation centers serving its global clients from Mexico, the United States, South Africa and Singapore.

COMPANY STRENGTHS

- As a subsidiary of Deutsche Telekom, T-Systems builds on the resources and experience of one of the largest and most trusted telecommunication providers in Europe. T-Systems leverages its network capabilities and performs a range of monitoring activities to detect and stop malicious activity at the network level.
- For instance, T-Systems offers Backbone DDoS Protection that identifies anomalies in Internet traffic. The company is uniquely positioned to provide DDoS protection to clients that receive Internet connectivity from T-Systems. In such instances, the control over the network enables T-Systems to prevent DDoS attacks before they occur.
- In addition, the company's access to network data enables it to produce actionable threat intelligence. T-Systems detects botnets, as well as phishing attacks by monitoring DNS registration. The company works closely with T-Labs, a research arm of Deutsche Telekom, to leverage big data analytics for more effective cyber defense.
- T-Systems delivers exemplary customer service. The company is not only aware of enterprises' needs, but is committed to creating a collaborative relationship with every client.

- T-Systems is a European vendor that is well-positioned to understand the unique requirements and expectations of both European businesses and foreign subsidiaries in Europe.

COMPANY OPPORTUNITIES

- T-Systems has exhibited unprecedented growth and leadership in the German market. The company will expand its presence across Eastern and Western Europe in the near future. Ultimately, T-Systems is poised to become one of the leading managed security services providers based in Europe.
- The company will continue to grow its product portfolio as a result of new partnerships and collaborations with cybersecurity start-ups and well-established vendors. In addition, the company's commitment to innovation and new product development will continue to differentiate T-Systems' products from other competitors in the European MSS market.
- T-Systems will benefit from continued industry convergence and is likely to emerge as a leading one-stop-shop for security, IT and telecommunication offerings in Europe.

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. At times, companies with high market share may not place on the Radar. Companies are chosen because they are already doing great things, or because they are poised to do great things.

Frost Radar → C2A

All companies on the Frost Radar could be C2A. Best Practice recipients are the companies that Frost & Sullivan considers the **Companies to Act On Now**.

GROWTH EXCELLENCE AWARD

The Growth Excellence best practice award is bestowed on companies that are achieving high growth in an intensely competitive industry. This includes emerging companies making great strides in market penetration or seasoned incumbents holding on to their perch at the pinnacle of the industry.

INNOVATION EXCELLENCE AWARD

The Innovation Excellence best practice award is bestowed on companies that are industry leaders reinventing themselves through R&D investments and innovation. These may be companies that are entering a new market and contend for leadership through heavy investment in R&D and innovation.

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.