

Samsung SDS Recognized as the

2021

Company of the Year

South Korea

Managed Security Services Industry

Excellence in Best Practices

SAMSUNG SDS

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Samsung SDS excels in many of the criteria in the South Korean managed security service space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

Enterprises face many challenges with the growing threat landscape in cybersecurity. New technology adoption to drive digital transformation increases the complexity of their business environment, posing operation and management challenges. This necessitates enterprises in South Korea to have in-house security experts with sufficient knowledge to address cybersecurity issues before they escalate and become more costly.

These enterprises also face an alarming level of security threats. It has become easier for threat actors to access hacking tools and techniques to create malware, propagate them over the Internet, or launch targeted attacks on businesses. Cyberattack proliferation and the evolving threat landscape raise the urgency and concerns among businesses on threat detection, management, and response capabilities.

Managed security services providers (MSSPs) manage and monitor the security posture of their customers' IT infrastructure. These services allow client organizations to reduce expenditure on in-house security specialists while receiving effective security management and 24/7 threat monitoring. As such, enterprises seek external support to efficiently cope with security and operational challenges while focusing on core operations. They turn to MSS models, increasing demand for these offerings.

Leadership Focus

Founded in 1985 as the information and communications technology (ICT) arm of Samsung Group, Samsung SDS has been the leading ICT solutions provider in South Korea since its establishment. The company has since expanded to become a global corporation in 30 countries, specializing in various

technologies and solutions, including cybersecurity, advanced analytics platforms, artificial intelligence (AI), cloud, automation, and blockchain.

Samsung SDS started its cybersecurity business in 1999 by offering security consulting services and began its MSS business in 2002. The company continuously enriches and advances its MSS offerings in the market. In addition to providing services to external enterprises in different industries, the company

“According to Frost & Sullivan estimates, Samsung SDS registered a robust 58.4% YoY growth in Asia-Pacific markets outside South Korea. The growth momentum is attributable to the company's active expansion in overseas markets with customers and assisting them in complying with local regulatory restrictions. Samsung SDS ensures it can continue to provide services to customers when they have needs out of the domestic market. This strengthens customer dependence and loyalty to the company.”

- Amy Lin, Industry Analyst

leverages its links with Samsung Group to offer MSS to a broad range of internal Samsung affiliates, domestically and regionally, and cooperate with the group's subsidiaries to provide customers end-to-end services.

Due to regulatory compliance barriers and enterprises' preference to partner with local service providers, domestic MSSPs occupied the top three positions in the South Korean market. Together, they accounted for over 60% of the South Korean MSS market share. Backed by the Samsung conglomerate, Samsung SDS has become the leading MSSP in the South Korean market and extends services to support customers' security management as customers expand their business in Asia-Pacific.

Best Practices Implementation

Although the South Korean market contributes most of Samsung SDS' revenue, the company has a business presence in most Asia-Pacific countries. As its conglomerate customers expand their business in overseas markets, Samsung SDS plays a vital role in supporting customers' security management and operation behind the scenes in these markets.

Apart from registering double-digit growth in the domestic market, Frost & Sullivan's estimates indicate Samsung SDS recorded a robust 58.4% year-on-year (YoY) growth in 2020 in other Asia-Pacific markets. The growth momentum is attributable to its active expansion in overseas markets with customers and assisting them in complying with local regulatory restrictions.

In markets with stringent local regulatory compliance requirements, Samsung SDS aggressively seeks local partnerships to operate security operations centers (SOCs) in the local market. For example, the company works with partners in China and Vietnam to set up regional SOCs to overcome data residency restrictions. The cooperation ensures Samsung SDS can continue to provide services to its customers when they have needs outside the domestic market. This strengthens customer dependence and loyalty to the company. Samsung SDS' capabilities and responsibilities include SOC design, process monitoring and advisory, security incident analysis, technical training, security portal and solutions provision, and threat intelligence provision to support the local partner for a certain period. The support from Samsung SDS enables and enhances the local partner to develop capabilities to operate MSS locally.

Visionary Scenarios through Mega Trends

In recent years, enterprises accelerated their cloud infrastructure and service adoption due to digital transformation and the COVID-19 pandemic, which necessitated remote work.

Samsung SDS started its cloud MSS in 2015 with its hosted intrusion detection system and web shell detection to enable customers to manage their security posture in the Amazon Web Services (AWS) cloud. With its cloud consulting and management experience, Samsung SDS launched various cloud security services, including managed security-as-a-service (SECaaS), cloud access security broker (CASB), web application firewall (WAF), and distributed denial of service (DDoS) in 2019, under the partnership with Imperva. The company collaborated with Zscaler to cater to the rising demand for Zero Trust solutions in the market.

Besides cloud adoption, the industrial control market for operational technology (OT) has also grown. According to the United Nations Industrial Development Agency (UNIDO)'s 2020 World Manufacturing Competitiveness Index (CIP), South Korea ranks third among 152 countries globally, after Germany and

"Samsung SDS provides end-to-end security detection and response service for IT, OT, IoT, and Cloud domains through one integrated platform, powered by its global threat intelligence, Security Orchestration Automation and Response (SOAR), and AI/ML-enabled cybersecurity solutions. With over 20 years of service experience, Samsung SDS provides full-fledged cybersecurity offerings from integrated IAM and endpoint security solutions to professional security services and helps customers manage cybersecurity risks to achieve sustainable growth through digital transformation."

- Amy Lin, Industry Analyst

China. High-tech manufacturing largely contributes to South Korea's economy. The country continuously invests and develops high-end technology manufacturing such as semiconductors, automotive, and industrial robots. As hacking attacks like ransomware increase in factories and industrial control systems (ICS), security incidents threaten business operations. Samsung launched its OT Security monitoring services in 2020, encompassing multiple services from vulnerability assessment and visualizing facilities to continuous monitoring and abnormal behavior detection. Manufacturing industry customers comprise 60% of Samsung SDS customers. OT security services allow the company to support customer needs further and strengthen and differentiate itself while focusing on industrial security.

Financial Performance

Samsung SDS tops the South Korean MSS market with a well-established customer pool. Based on Frost & Sullivan's estimates, the company maintained its leading position in the South Korean market in 2020 with a revenue of \$104.2 million, capturing a 34.5% market share. It recorded a stable 10.6% YoY growth rate domestically in 2020 by delivering comprehensive services and positive experiences. Samsung SDS also established a strong foothold in the private sector. Its strongest verticals were manufacturing, followed by service providers and banking, financial services, and insurance (BFSI).

Customer Purchase and Service Experience

Samsung SDS provides full-fledged cybersecurity services, from professional security services and training to numerous MSS to help customers overcome their technology and knowledge gaps. The company offers extensive and advanced MSS to enable customers to choose the options that best suit their needs.

It has accumulated over 20 years of experience in security monitoring and management with expert and experienced human resources. Compared to other service providers, Samsung SDS has a solid SOC team composed of personnel with more than six years of security experience across tiers 1 to 3.

With the adoption and continuous enhancement of automated capability, Samsung SDS standardized its MSS' detection rule, threat intelligence, and verification process with machine learning (ML)-enabled ability. Automated services also reduce the service cost, minimize human intervention required in the entire MSS process, and provide enterprises with high-quality and efficient services.

Conclusion

Frost & Sullivan recognizes Samsung SDS's leading market position, advanced and visionary MSS offerings, and experienced cybersecurity team that fulfill customer requirements in the South Korean MSS sphere. It also serves as a backing for multinational companies expanding in overseas markets. As a professional MSSP with over 20 years of experience in the market, Samsung SDS restlessly advances its capabilities to offer services for its customers.

With its strong overall performance, Samsung SDS earns Frost & Sullivan's 2021 South Korea Company of the Year Award in the managed security services industry.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends: Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly 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 high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

