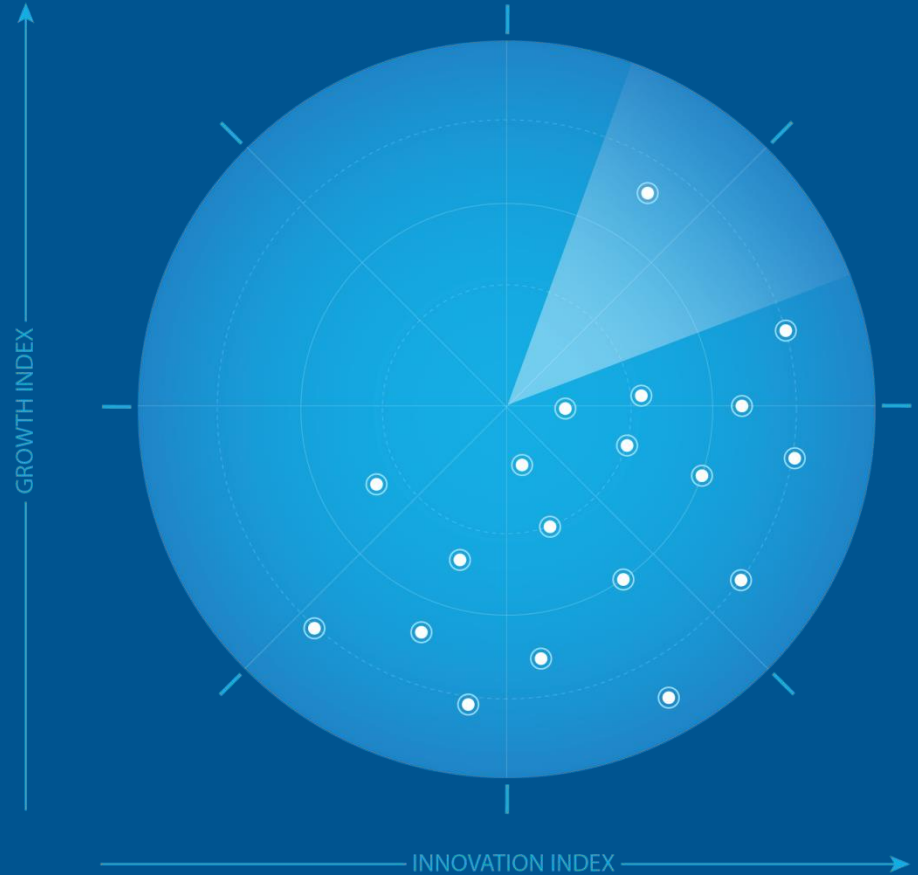# FROST & SULLIVAN

Frost Radar™: Secure Web Gateways, 2021

A Benchmarking System to Spark Companies to Action—Innovation that Fuels New Deal Flow and Growth Pipelines

Global Security Research Team at Frost & Sullivan

GROWTH INDEX

INNOVATION INDEX

Strategic Imperative and Growth Environment

Strategic Imperative

- Web-borne threats are second to email as the major threat vector for cyberattacks. It is the hacker favorite for command and control.

- The threat landscape is constantly changing. Attacks have become more sophisticated and aimed at high-profile targets, and hackers have more monetary incentives. Advanced and targeted threats remain prevalent along with the growth of malware. Incidences of attacks targeting web browsers and web-based email are increasing.

- State and criminal actors now use multichannel attack techniques (or cross-channel attacks) that start via email 4 but immediately transfer to the web or cloud channel when the user clicks on a link in the message; thus, tighter integration between email, web, and app security are critical for end-to-end protection.

- More organizations are conducting business online, and web access has become a critical component. Internet traffic has increased drastically. Organizations continue to adopt cloud applications and storage and run more of their workloads from the cloud; the result is an increase of threats that are focusing on the web channel and a reliance on browser to access applications. Cloud applications also pose the threat of data leakage.

- Some vendors are transitioning from on-premises appliances to a cloud service. The product is increasingly offered as software as a service (SaaS). An SWG needs to provide protection for remote and mobile users. As customers migrate to the cloud this becomes an increasingly important factor.

Source: Frost & Sullivan

Strategic Imperative (continued)

- The shift to the cloud has been occurring for several years. In 2020, this accelerated dramatically when the COVID-19 pandemic required working from home and more business being delivered via cloud.

- In 2021, many organizations are developing hybrid work environments balancing work from home and the office. Frost & Sullivan anticipates that enterprises will continue their strong, steady pace of cloud migration with the future of COVID-19 still unknown. Growth in cloud migration is in response to secure cloud data being increasingly hosted in public clouds.

- Social media has increased the need to better manage employee access and prevent data loss and liability. Many threats are pushed to users through this channel. A secure web gateway (SWG) needs granular application control to understand social media transaction and threat context.

- The investment in cybersecurity as a whole has significantly increased during the pandemic. Many multinational organizations are looking to future-proof themselves and meet their initiatives for zero trust and cloud-delivered integrated security platforms.

- SWG is evolving: functionality is converging in the cloud with cloud-firewall, cloud access security broker (CASB) functionality, email security, DNS-layer security, data loss prevention (DLP), remote browser isolation (RBI), and more.

Source: Frost & Sullivan

Growth Environment

- The global SWG market was worth $3.96 billion in 2020 (a 14.4% increase over 2019). Growth slowed because of the economic turmoil that the pandemic caused. Many security vendors deferred billing or provided discounts to customers in order to help their business continuity. Renewed activity, driven by the need for increased security for remote workers and the growing number of cyber threats, will result in a sales growth of 17.3% in 2021 ($4.64 billion). Revenue will reach 7.51 billion by 2025, representing a 13.7% compound annual growth rate (CAGR) from 2020 to 2025.

- The high growth rate is in response to increasingly sophisticated threats, the rising number of remote users, and growing cloud dependence. Organizations are aiming to consolidate their security architectures and are looking for end-to-end solutions; the goal is an integrated, secure cloud solution that supports zero trust access.

- The global SWG market has more than 34 vendors. While this is a saturated and mature market, vendors continue to enter it. In the last 2 years numerous mergers and acquisitions have occurred as vendors build out their portfolios.

- SWG vendors are developing functions and features to counter new threats and changing standards. This includes delivering SWG as a cloud SaaS solution. SWG vendors must have a roadmap for transitioning from on-premises to cloud-based solutions. SaaS solutions are growing, and hybrid solutions are important for making this transition.

Source: Frost & Sullivan

Growth Environment (continued)

- SWG market drivers include:
  - Increasing bring-your-own-device (BYOD) and mobile device use after COVID-19 drove many organizations to quickly adopt a work-from-home model that accelerated cloud migration and caused internet traffic to surge.
  - A skilled security professional shortage that is compelling vendors to improve tools and services to make SWG solutions easier to implement.
  - Increased complexity with multiple compliance requirements (e.g., the EU General Data Protection Regulation and Payment Services Directive 2, US Health Insurance Portability and Accountability Act, and the California Consumer Privacy Act), especially for organizations in highly regulated fields or handling sensitive data. Strict data protection and privacy regulations vary by country and region; vendors need to deliver cloud-based services that still meet data residency and other regulatory requirements of a worldwide customer base.
  - The continual growth of new threats and attacks in ever-increasing sophistication. The modern SWG must be able to identify advanced threats such as malware, spyware, and viruses and detect threats in new and unknown files and web pages. It also must be able to detect social engineering threats such as phishing.
- Frost & Sullivan studies related to this independent analysis:
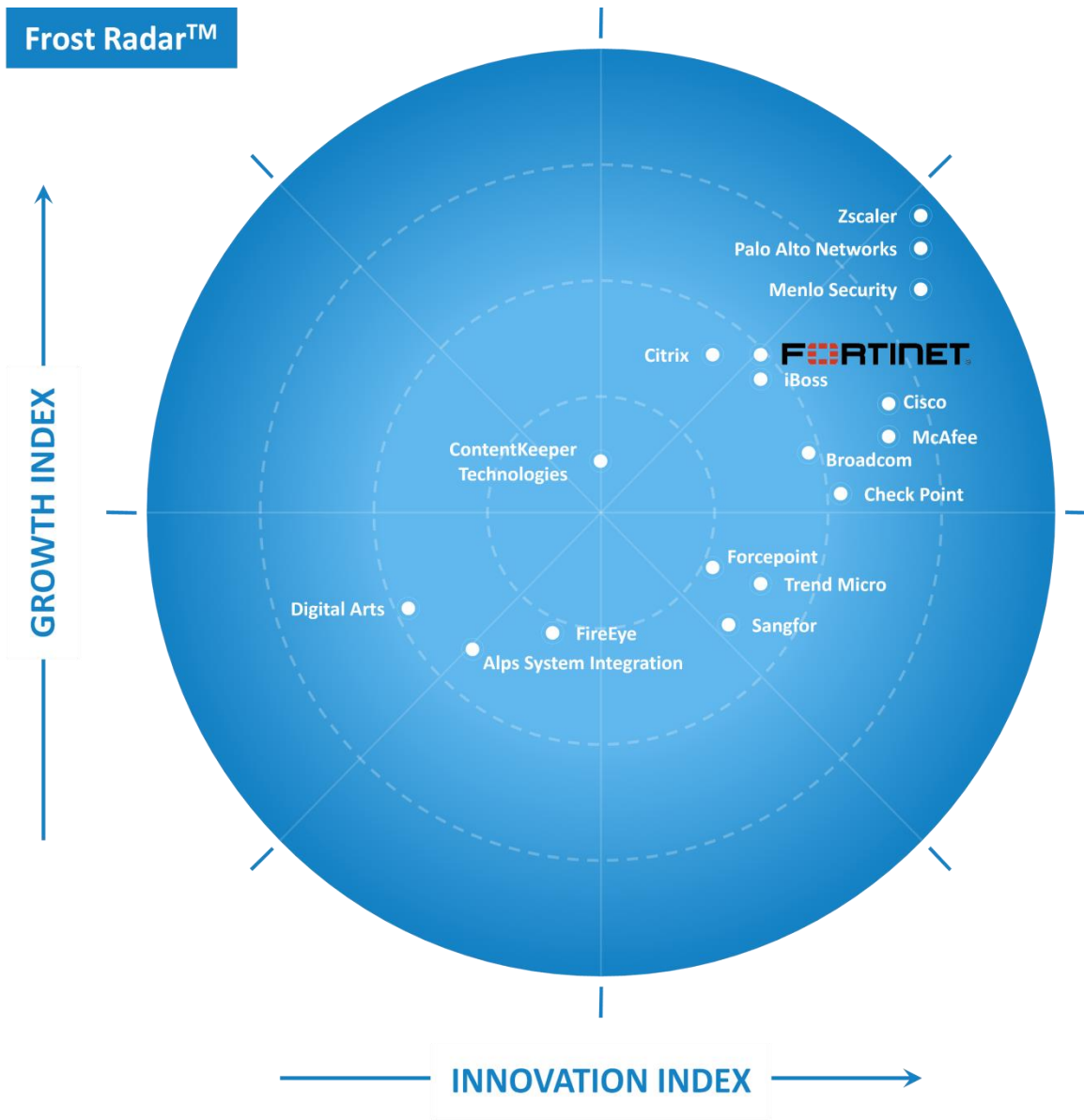 - [Global Secure Web Gateway Growth Opportunities (K636-74; December 2021)](#)
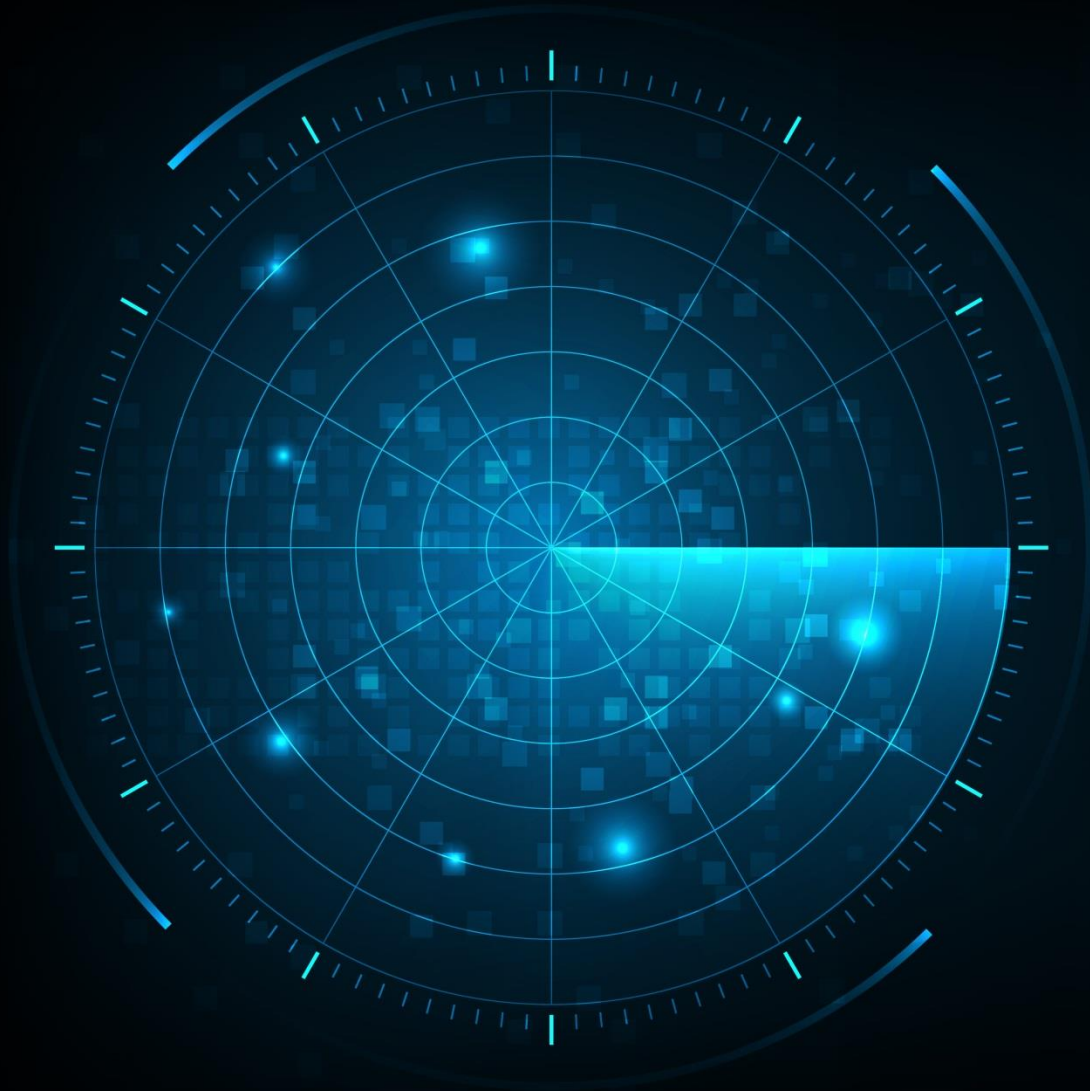
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Frost Radar™

Secure Web Gateways

Frost Radar™: Secure Web Gateways

Frost Radar™

Zscaler
Palo Alto Networks
Menlo Security
Citrix
Fortinet
iBoss
Cisco
McAfee
ContentKeeper Technologies
Broadcom
Check Point
Forcepoint
Trend Micro
Digital Arts
Sangfor
FireEye
Alps System Integration

GROWTH INDEX

INNOVATION INDEX

Frost Radar™: Competitive Environment

- In a field of at least 34 global industry participants, Frost & Sullivan independently plotted the top 17 in this Frost Radar™ analysis: Broadcom (Symantec), Forcepoint, Cisco, Zscaler, FireEye, McAfee, Palo Alto Networks, Sangfor, Menlo Security, Check Point, iboss, Digital Arts, Alps System Integration (ALSI), Trend Micro, ContentKeeper Technologies, Citrix, and Fortinet. These vendors have the highest revenues and have been established in the SWG market for several years. Each year sees new entries, mergers, and acquisitions, as well as some vendors dropping out.

- Security vendors constantly innovate and expand SWG features and functions to be more competitive and counter increasingly sophisticated cyberattacks. SWG's importance as part of the larger integrated cloud security architecture is growing in tandem with cloud usage in general. The ability to offer integrated, end-to-end security is a major factor as customers seek to consolidate their security solutions and ease the management overhead of an expanded security perimeter.

- Security vendors are touting their latest developments as part of secure access service edge (SASE), which is not a single point solution but a framework or design strategy. It is the latest buzzword in the security industry. SASE is the convergence of wide area networking (WAN) and network security services including SWG, CASB, firewall as a service, zero trust, and other security solutions into an integrated cloud security service.

- In 2021 most security vendors are promoting the zero trust access (ZTA) function in one or more of their security solutions, including SWG. ZTA is an underlying technology rather than a stand-alone solution.

Companies to Action

Companies to Be Considered First for Investment, Partnerships, or Benchmarking

Fortinet

INNOVATION	GROWTH	FROST PERSPECTIVE
• Fortinet's goal for 2021 is to expand its Security Fabric platform into new markets such as SASE, ZTA, cloud, and 5G.	• Fortinet has seen strong, above-industry average growth for SWG for several years. Its 2018-20 revenue CAGR is 36.2%. R&D spending was 13.3% in 2020.	• Fortinet's broader company vision places emphasis on the value of the Fortinet Security Fabric. This platform integrates a broad product portfolio. Further marketing push on the importance of FortiProxy will drive growth for SWG.
• In March 2021, it introduced the FortiOS 7.0 One Platform and the FortiSASE, which provides cloud-native security for all access edges.	• Fortinet has a growth strategy that places emphasis on Fortinet's existing customer base of 480,000 organizations worldwide.	• Fortinet has a large sales force across SMB to commercial and enterprise segments, and 20,000 partners worldwide. The company should leverage this to drive further adoption of SWG.
• Fortinet innovations integrate across its portfolio. These include migration from VPN to ZTA and its Adaptive Cloud Security supporting hybrid and cross-cloud models.	• Fortinet FortiProxy (SWG) is integrated into the Fortinet Security Fabric to enable advanced security outcomes.	• Fortinet's technical specialists, called consulting systems engineers, act as the voice of the customer, providing a close relationship around their specific areas of expertise. Fortinet should use them to promote FortiProxy.
• Fortinet in December 2020 acquired Panopta, an SaaS-based hybrid infrastructure monitoring and diagnostics platform. In July 2020, it acquired cloud security and networking innovator OPAQ Networks, which includes ZTA.	• The marketing organization at Fortinet is closely aligned to corporate strategic growth objectives and where that growth is targeted in terms of the portfolio. This fuels marketing's priorities throughout the year.	

Strategic Insights

Strategic Insights

1

Greater integration and convergence will remain a central focus for SWG vendors in the next 5 years because of the demand for comprehensive, end-to-end security solutions. Vendors undertake SASE as the most popular approach to achieve these aims as it combines security and networking to create a single, unified, cloud-native platform. Vendors need a broad product portfolio or solid partnerships.

2

Organizations have accelerated their migration to the cloud because of the work-from-home trend that took hold at the start of the pandemic. Organizations continue to adopt cloud applications and storage and run more of their workloads from the cloud, thus opening up more threat vectors. Use of BYOD to get work done continues to grow alongside the explosion of SaaS and working from home. An SWG needs to provide protection for remote and mobile users.

3

The severe shortage of skilled/professional security experts is challenging organizations to stay abreast of ever-growing and evolving cybersecurity threats. Organizations are aiming to consolidate their security architectures and are looking for end-to-end solutions. Security vendors are integrating SWG with other security orchestration tools. Top vendors offer an integrated ecosystem across their portfolios along with third-party tool vendors.

Source: Frost & Sullivan

Next Steps: Leveraging the Frost Radar™ to Empower Key Stakeholders

Significance of Being on the Frost Radar™

Companies plotted on the Frost Radar™ are the leaders in the industry for growth, innovation, or both. They are instrumental in advancing the industry into the future.

GROWTH POTENTIAL

Your organization has significant future growth potential, which makes it a Company to Action.

BEST PRACTICES

Your organization is well positioned to shape Growth Pipeline™ best practices in your industry.

COMPETITIVE INTENSITY

Your organization is one of the key drivers of competitive intensity in the growth environment.

CUSTOMER VALUE

Your organization has demonstrated the ability to significantly enhance its customer value proposition.

PARTNER POTENTIAL

Your organization is top of mind for customers, investors, value chain partners, and future talent as a significant value provider.

Source: Frost & Sullivan

Frost Radar™ Empowers the CEO's Growth Team

STRATEGIC IMPERATIVE	LEVERAGING THE FROST RADAR™	NEXT STEPS

- Growth is increasingly difficult to achieve.

- Competitive intensity is high.

- More collaboration, teamwork, and focus are needed.

- The growth environment is complex.

- The Growth Team has the tools needed to foster a collaborative environment among the entire management team to drive best practices.

- The Growth Team has a measurement platform to assess future growth potential.

- The Growth Team has the ability to support the CEO with a powerful Growth Pipeline™.

- **Growth Pipeline Audit™**

- **Growth Pipeline as a Service™**

- **Growth Pipeline™ Dialogue with Team Frost**

Source: Frost & Sullivan

Frost Radar™ Empowers Investors

STRATEGIC IMPERATIVE

- Deal flow is low and competition is high.

- Due diligence is hampered by industry complexity.

- Portfolio management is not effective.

LEVERAGING THE FROST RADAR™

- Investors can focus on future growth potential by creating a powerful pipeline of Companies to Action for high-potential investments.

- Investors can perform due diligence that improves accuracy and accelerates the deal process.

- Investors can realize the maximum internal rate of return and ensure long-term success for shareholders.

- Investors can continually benchmark performance with best practices for optimal portfolio management.

NEXT STEPS

- **Growth Pipeline™ Dialogue**

- **Opportunity Universe Workshop**

- **Growth Pipeline Audit™ as Mandated Due Diligence**

Source: Frost & Sullivan

Frost Radar™ Empowers Customers

STRATEGIC IMPERATIVE	LEVERAGING THE FROST RADAR™	NEXT STEPS

- Solutions are increasingly complex and have long-term implications.

- Vendor solutions can be confusing.

- Vendor volatility adds to the uncertainty.

- Customers have an analytical framework to benchmark potential vendors and identify partners that will provide powerful, long-term solutions.

- Customers can evaluate the most innovative solutions and understand how different solutions would meet their needs.

- Customers gain a long-term perspective on vendor partnerships.

- **Growth Pipeline™ Dialogue**

- **Growth Pipeline™ Diagnostic**

- **Frost Radar™ Benchmarking System**

Source: Frost & Sullivan

Frost Radar™ Empowers the Board of Directors

STRATEGIC IMPERATIVE	LEVERAGING THE FROST RADAR™	NEXT STEPS

- Growth is increasingly difficult; CEOs require guidance.

- The Growth Environment requires complex navigational skills.

- The customer value chain is changing.

- The Board of Directors has a unique measurement system to ensure oversight of the company's long-term success.

- The Board of Directors has a discussion platform that centers on the driving issues, benchmarks, and best practices that will protect shareholder investment.

- The Board of Directors can ensure skillful mentoring, support, and governance of the CEO to maximize future growth potential.

- **Growth Pipeline Audit™**

- **Growth Pipeline as a Service™**

Source: Frost & Sullivan

Frost Radar™ Analytics
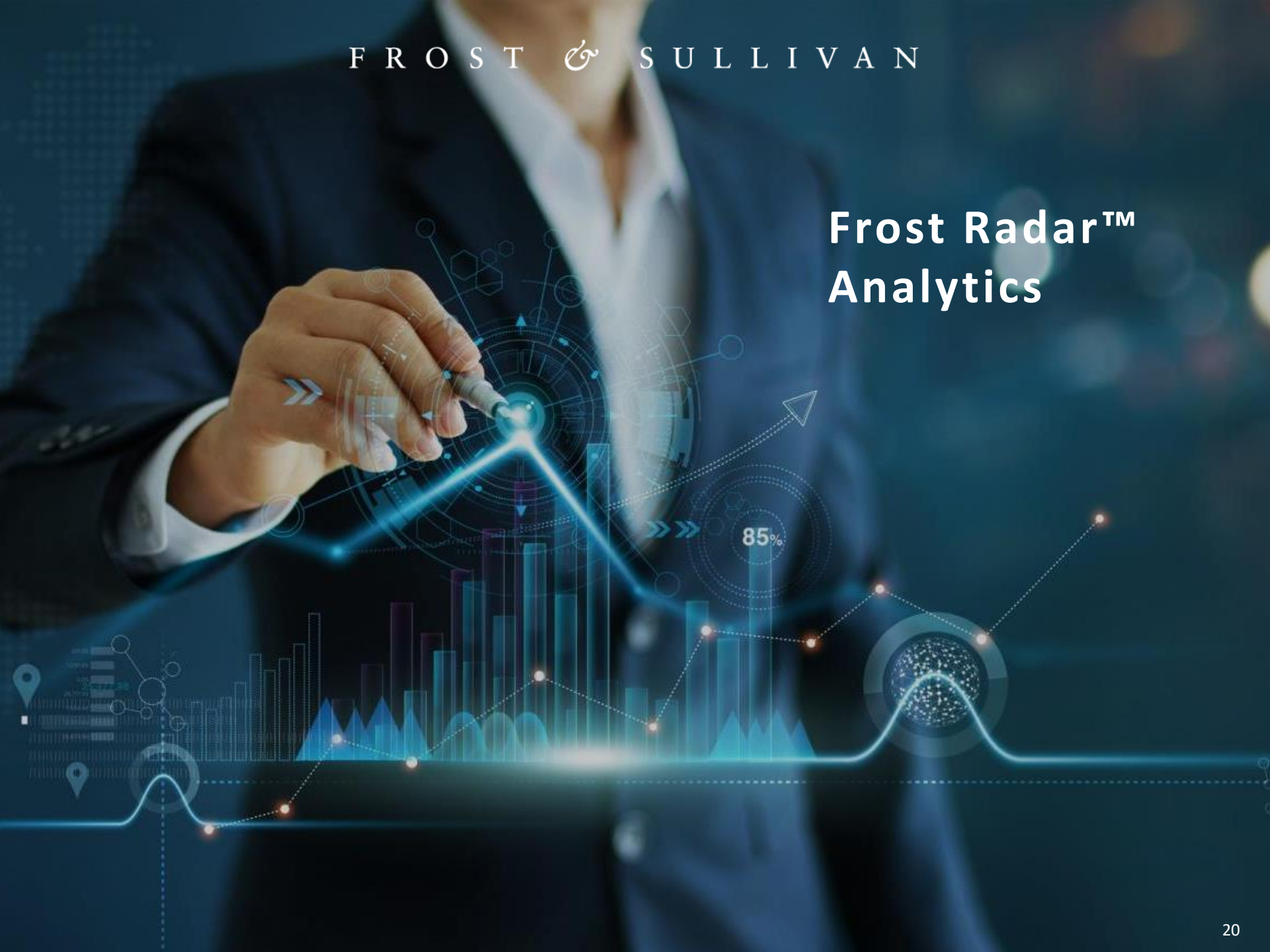
Frost Radar™: Benchmarking Future Growth Potential
2 Major Indices, 10 Analytical Ingredients, 1 Platform

GROWTH INDEX ELEMENTS

VERTICAL AXIS

Growth Index (GI) 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)**
  This is a comparison of a company's market share relative to its competitors in a given market space for the previous 3 years.

- **GI2: REVENUE GROWTH (PREVIOUS 3 YEARS)**
  This is a look at a company's revenue growth rate for the previous 3 years in the market/industry/category that forms the context for the given Frost Radar™.

- **GI3: GROWTH PIPELINE™**
  This is an evaluation of the strength and leverage of a 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 that a 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 it drive demand and achieve its growth objectives.

Frost Radar™: Benchmarking Future Growth Potential

2 Major Indices, 10 Analytical Ingredients, 1 Platform

INNOVATION INDEX ELEMENTS

HORIZONTAL AXIS

Innovation Index (II) is a measure of a company's ability to develop products/services/solutions (with a clear understanding of disruptive Mega Trends) that are globally applicable, are able to evolve and expand to serve multiple markets, and are aligned to customers' changing needs.

- **II1: INNOVATION SCALABILITY**

  This determines whether an organization's innovations 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 a company's product portfolio, focusing on the relative contribution of new products to its annual revenue.

- **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. An explanation of Mega Trends can be found here.

- **II5: CUSTOMER ALIGNMENT**

  This evaluates the applicability of a company's products/services/solutions to current and potential customers, as well as how its innovation strategy is influenced by evolving customer needs.

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