

FROST & SULLIVAN

BEST PRACTICES

AWARDS

FROST & SULLIVAN

2020 BEST PRACTICES AWARD

kaspersky

**2020 GLOBAL
INDUSTRIAL (OT/ ICS) CYBER SECURITY
COMPANY OF THE YEAR AWARD**

Contents

Background and Company Performance	3
<i>Industry Challenges</i>	3
<i>Visionary Innovation & Performance and Customer Impact</i>	3
<i>Conclusion</i>	6
Significance of Company of the Year	7
Understanding Company of the Year	7
<i>Key Benchmarking Criteria</i>	8
Best Practices Award Analysis for Kaspersky	8
<i>Decision Support Scorecard</i>	8
<i>Visionary Innovation & Performance</i>	9
<i>Customer Impact</i>	9
<i>Decision Support Matrix</i>	10
Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices	11
The Intersection between 360-Degree Research and Best Practices Awards.....	12
<i>Research Methodology</i>	12
About Frost & Sullivan	12

Background and Company Performance

Industry Challenges

The Industrial (OT/ICS) Cyber Security market is largely fragmented with automation companies, tech companies, pure-play solution providers, and start-ups and consulting firms playing in this space, making it a highly competitive environment. It is imperative for market players to come with products and services that address key end-user requirements and challenges. This includes lowering total cost of ownership along with offering scalable and flexible pricing models, offering holistic security solutions, offering advanced threat intelligence and anomaly detection, skilled experts offering education and training courses. Some of the key unmet needs that pose a challenge to industrial end users include lack of continuous network threat monitoring, lack of asset tracking and proper visibility of the infrastructure, lack of protection for legacy OS (such as Windows XP), restrictions on OT security internal expertise and so on.

Visionary Innovation and Performance/Customer Impact

Excellence in Addressing Unmet Needs

Kaspersky's deep understanding of industrial/OT end user needs and specific requirements is the foundation of its product development process. The company's excellence can primarily be attributed to its ability to clearly understand customers' current expectations and future requirements. Kaspersky is ahead of its competitors when it comes to identifying/ analyzing market trends and developing customized solutions that effectively address key pain points within the industrial environment; ultimately ensuring comprehensive risk management and enhancing customer value. When it comes to the protection of Industrial/OT environments, end user needs have evolved as digital transformation leads to a convergence of IT and OT systems. Kaspersky was quick to identify the critical demand for securing such organizational changes and launched their Kaspersky Industrial CyberSecurity (KICS) solution in 2016. KICS includes a wide range of products and services such as 'KICS for Nodes' (designed to protect industrial endpoints) and 'KICS for Networks' (for asset and communication discovery for situational awareness, and early advanced industrial attack and anomaly detection), security awareness and training services, threat intelligence services, security and vulnerability assessments and managed security services.

The company has made significant strides over the past five years by incorporating unique, innovative and cutting edge technologies into their solutions. For example, in 2017 Kaspersky integrated their Machine Learning for Anomaly Detection (MLAD) technology and Kaspersky Threat Intelligence Feeds to support 'KICS for Networks' to delivers advanced anomaly and signature-based detection for known and unknown threats. Its detection engines generate different events, and its correlation engine correlates these atomic events into aggregated events that help to eliminate the noise of unnecessary alerts that pose little or no risk. It is Frost & Sullivan's assessment that KICS is uniquely positioned to address unmet needs such as protecting legacy operating

systems on industrial hosts, offering comprehensive network and asset visibility along with well-rounded attack visibility and protection.

Overall, the uniqueness of Kaspersky's value proposition is derived from the fact that the company is able to offer a holistic one-stop-shop solution with both dedicated products and services; i.e. offering a combination of these different blocks under one umbrella. This significantly increases the return on investment rate for end users as they are no longer required to maintain repeated communication with multiple vendors. This will prove to be a boon to the end users and will be an absolute step change in the industrial (OT/ICS) cyber security industry.

Visionary Scenarios through the Use of Mega Trends

Kaspersky is a global market leading cybersecurity vendor with over two decades of experience protecting organizations and consumers from cyber-attacks. By leveraging its core strengths and investing in functionalities highly valued by the industrial/ OT end users, Kaspersky has developed a unique set of core competencies in the market among competitors. The company's Growth Center, Future Technologies and Innovation Hub departments are perfectly positioned with best-in-class strategic frameworks to assess, develop and deliver innovative security offerings to support industrial/ OT end users along their digital transformation journey.

During the course of the research, it was highly impressive to see the level of focus and dedication Kaspersky places in tracking, analyzing and eventually leveraging mega trends with an end goal to enhance customer value multi-fold. This is evident from the relentless efforts by its two dedicated research teams; one to support its industrial solutions and one for broader market focused cybersecurity megatrends. The team dedicated for industrial solutions is called Kaspersky Industrial Control Systems - Cyber Emergency Response Team (ICS-CERT). This team specializes in collaborating with regulators, official standards organizations and alliances to develop best practices, and researching potential and existing threats or vulnerabilities across industrial automation systems and the industrial internet of things. The team includes security analysts, industrial engineers, developers, vulnerability researchers, security auditors. The other team that focusses on wider cybersecurity megatrends is called Global Research & Analysis Team (GReAT) which operates at the core of the company, uncovering APTs, cyber-espionage campaigns, major malware, ransomware, and underground cyber-criminal trends across the world. With the combination of Machine Learning through its MLAD technology and Big Data analytics through Kaspersky Security Network, Kaspersky provides a complete solution to its customers.

Unique Blue Ocean Strategy

Frost & Sullivan firmly believes that Kaspersky has high potential to further fortify its position in the market. A perfect example to demonstrate Kaspersky's excellence in this aspect is its meticulous efforts in developing futuristic products to protect emerging markets such as IoT, blockchain, drones, industry 4.0, fin-tech, autonomous cars, privacy, digital commerce and digital transformation.

The company's strategic focus on creating a leadership position in a potentially uncontested market is impressive. Kaspersky is always a few steps ahead in the technology curve of the competitive landscape. Within the industrial/ OT security market Kaspersky's visionary approach is evident in the launch of its IoT secure gateway product based on its proprietary Kaspersky Operating System (named KasperskyOS), the product supports all necessary IoT protocols and enables end users to safely and securely transfer data to the cloud. This product supports a variety of emerging use-cases and mega-trends impacting industrial verticals, from smart agriculture to smart cities.

Emphasis on Technology and Innovation to Drive Price/Performance Value

The company's high level of emphasis on technology and innovation to drive price/performance value is evident from its over 800 patents, over 120 technology and OEM partners and relatively large R&D workforce among cybersecurity vendors in the market. The company has over 250,000 corporate clients worldwide with 400 million users protected worldwide.

When it comes to pricing strategy for OT endpoint protection, Kaspersky is able to provide the highest value for price it charges. In a recent study it was found a Return on Investment of over 300% can be achieved for companies using the KICS for Nodes product. The technical expertise of its dedicated pre-sales team plays a crucial part in achieving this. This saves a lot of hassle to the end user such as performing compatibility tests, creating specific policies, testing individual AV updates prior to deployment and so on; ultimately offering peace of mind that implementations will not impact operation or production. Kaspersky is distinctively placed among competitors to offer a high value through its holistic portfolio.

Outstanding Customer Ownership Experience

Frost & Sullivan's research findings suggest that Kaspersky offers outstanding customer ownership experience throughout the life cycle of the product. There are three key aspects that drive this success; technical performance of the products, customer service focus and strong client relationship. This is apparent from its rapidly increasing list of orders and positive customer testimonials.

From a product's technical performance perspective, Kaspersky employs a multitude of best practices to enhance overall customer ownership experience. For instance, its 'KICS for Nodes' continues to support Windows XP and Windows 7 while a high number of vendors are dropping support for such legacy operating systems.

The other fitting example to demonstrate Kaspersky's tenacity to enhance customer ownership experience is its initiative on vulnerability management. The company recently launched a unique and innovative threat intelligence service for industrial environments called "ICS Vulnerabilities Database". Vulnerability management process in OT has historically been complex and cumbersome; this is because of the fact that the information available on vulnerabilities in OT components in the market is rather inconsistent. With this new service, end users can keep on top of emerging vulnerabilities

and be fully confident in the actions required to mitigate risks without compromising operations.

Brand Equity

Kaspersky went through a rebranding initiative in mid-2019 to mark its commitment to the industry evolution of building an ecosystem that is secure by design. To this end, the company has developed the philosophy of “cybersecurity” to a much more appropriate concept of “cyber-immunity”. The essence of cyber-immunity is to employ a level of protection such that the cost of an attack on a company exceeds the costs of possible damages.

The new branding perfectly reflects its transition from being an anti-virus pioneer to a becoming a future orientated leader in the cybersecurity market. With its new mission statement “building a safer world”, the company has taken an inspirational stand to create a future that can not only be completely trusted but is also transparent. Kaspersky’s genuine and earnest intention to pursue the collaboration and harmony between humans and technology, in an effort to improve our lives is highly commendable.

Conclusion

Kaspersky leaves no stone unturned when it comes to innovation and customer value delivery. This is evident from its meticulous initiatives and activities aimed at strengthening and advancing its vision of creating a truly superior industrial cyber security solution. With its strong overall performance, Kaspersky has earned Frost & Sullivan’s 2020 Global Industrial (OT/ ICS) Cyber Security Company of the Year Award.

Significance of Company of the Year

To receive the Company of the Year Award (i.e., to be recognized as a leader not only in your industry, but among non-industry peers) requires a company to demonstrate excellence in growth, innovation, and leadership. This excellence typically translates into superior performance in three key areas—demand generation, brand development, and competitive positioning—that serve as the foundation of a company’s future success and prepare it to deliver on the 2 factors that define the Company of the Year Award: Visionary Innovation and Performance, and Customer Impact).



Understanding Company of the Year

Driving demand, brand strength, and competitive differentiation all play critical roles in delivering unique value to customers. This three-fold focus, however, must ideally be complemented by an equally rigorous focus on Visionary Innovation and Performance to enhance Customer Impact.

Key Benchmarking Criteria

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated each factor according to the criteria identified below.

Visionary Innovation and Performance

- Criterion 1: Addressing Unmet Needs
- Criterion 2: Visionary Scenarios through Mega Trends
- Criterion 3: Implementation of Best Practices
- Criterion 4: Blue Ocean Strategy
- Criterion 5: Financial Performance

Customer Impact

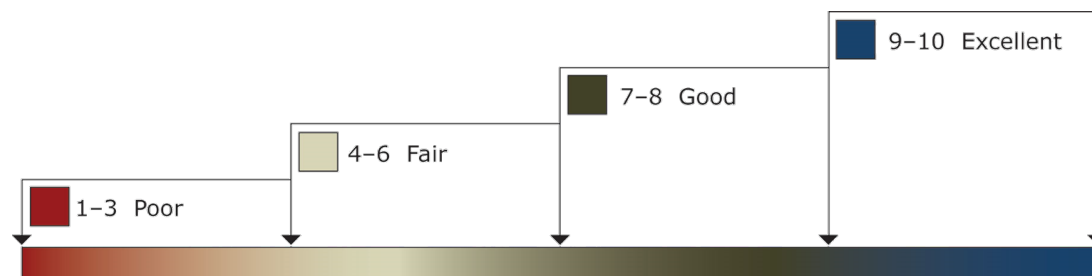
- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

Best Practices Award Analysis for Kaspersky

Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows research and consulting teams to objectively analyze performance according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation. Ratings guidelines are illustrated below.

RATINGS GUIDELINES



The Decision Support Scorecard considers Visionary Innovation and Performance and Customer Impact (i.e., the overarching categories for all 10 benchmarking criteria; the definitions for each criterion are provided beneath the scorecard). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, Frost & Sullivan has chosen to refer to the other key participants as Competitor 1 and Competitor 2.

Measurement of 1-10 (1 = poor; 10 = excellent)

Company of the Year	Visionary Innovation & Performance	Customer Impact	Average Rating
Kaspersky	9.0	9.0	9.0
Competitor 1	7.0	8.0	7.5
Competitor 2	6.0	6.0	6.5

Visionary Innovation & Performance

Criterion 1: Addressing Unmet Needs

Requirement: Implementing a robust process to continuously unearth customers’ unmet or underserved needs, and creating the products or solutions to address them effectively.

Criterion 2: Visionary Scenarios through Mega Trends

Requirement: Incorporating long-range, macro-level scenarios into the innovation strategy, thereby enabling first-to-market growth opportunity solutions.

Criterion 3: Implementation of Best Practices

Requirement: Best-in-class strategy implementation characterized by processes, tools, or activities that generate a consistent and repeatable level of success.

Criterion 4: Blue Ocean Strategy

Requirement: Strategic focus on creating a leadership position in a potentially uncontested market space, manifested by stiff barriers to entry for competitors.

Criterion 5: Financial Performance

Requirement: Strong overall business performance in terms of revenue, revenue growth, operating margin, and other key financial metrics.

Customer Impact

Criterion 1: Price/Performance Value

Requirement: Products or services offer the best value for the price compared to similar offerings in the market.

Criterion 2: Customer Purchase Experience

Requirement: Customers feel they are buying the optimal solution that addresses both their unique needs and their unique constraints.

Criterion 3: Customer Ownership Experience

Requirement: Customers are proud to own the company’s product or service and have a positive experience throughout the life of the product or service.

Criterion 4: Customer Service Experience

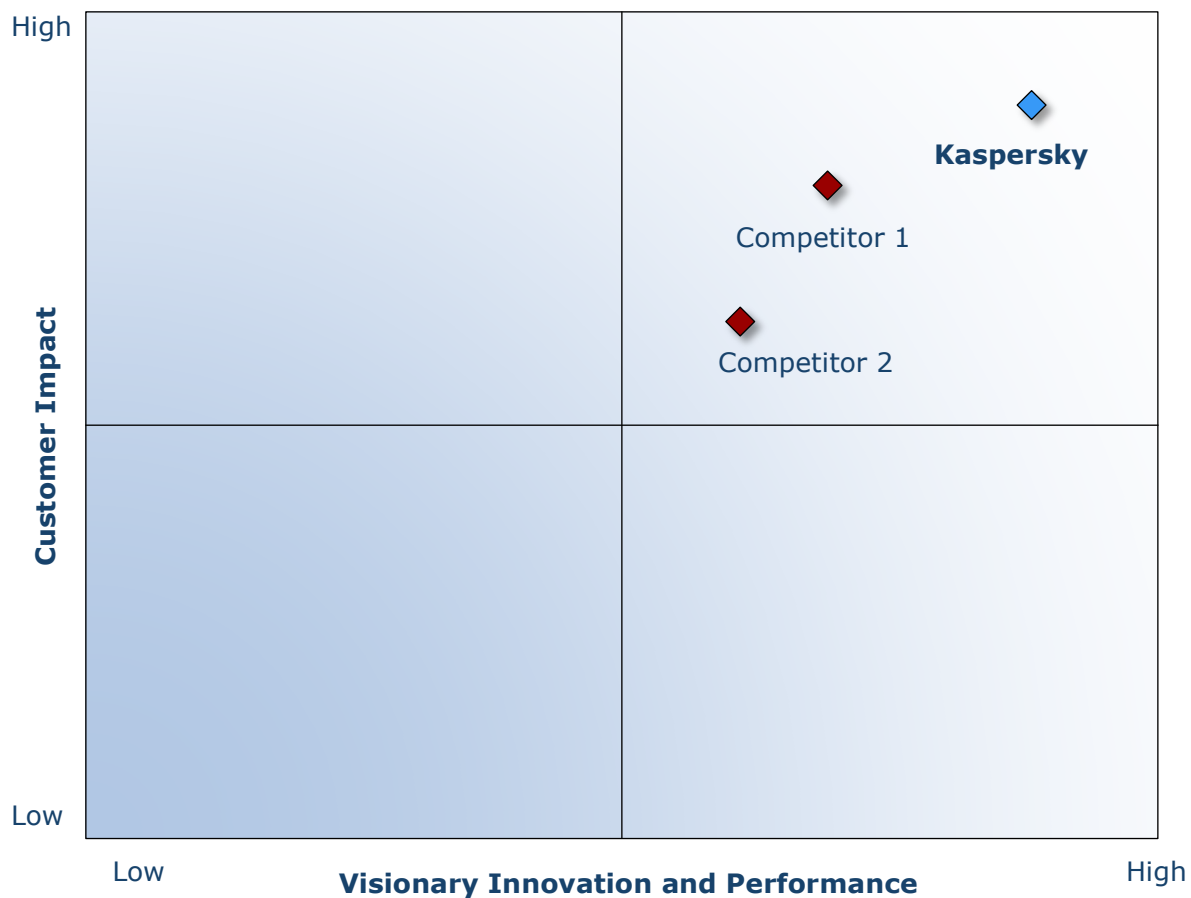
Requirement: Customer service is accessible, fast, stress-free, and of high quality.

Criterion 5: Brand Equity

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty.

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.



Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate award candidates and assess their fit with select 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 world	<ul style="list-style-type: none"> • Conduct in-depth industry research • Identify emerging industries • Scan multiple regions 	Pipeline of candidates that potentially meet all best practices criteria
2 Perform 360-degree research	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> • Interview thought leaders and industry practitioners • Assess candidates' fit with best practices 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	<ul style="list-style-type: none"> • Confirm best practices 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	<ul style="list-style-type: none"> • Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles 	Final prioritization of all eligible candidates and companion best practices positioning paper
5 Assemble panel of industry experts	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 practices award recipient	<ul style="list-style-type: none"> • Review analysis with panel • Build consensus • Select winner 	Decision on which company performs best against all best practices criteria
9 Communicate recognition	Inform award recipient of recognition	<ul style="list-style-type: none"> • Announce 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 able to share award news with stakeholders and customers	<ul style="list-style-type: none"> • Coordinate media outreach • Design a marketing plan • Assess award's role in 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 the 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, resulting in 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.



About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, helps clients 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 practices models to drive the generation, evaluation, and implementation of powerful growth strategies. Frost & Sullivan leverages nearly 60 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on 6 continents. To join Frost & Sullivan's Growth Partnership, visit <http://www.frost.com>.