FROST & SULLIVAN

Nozomi Networks

2022
TECHNOLOGY INNOVATION LEADER

Global
Operational Technology
Cybersecurity Industry

FROST & SULLIVAN

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. Nozomi Networks excels in many of the criteria in the OT cybersecurity space.

AWARD CRITERIA

Technology Leverage	Business Impact
Commitment to Innovation	Financial Performance
Commitment to Creativity	Customer Acquisition
Stage Gate Efficiency	Operational Efficiency
Commercialization Success	Growth Potential
Application Diversity	Human Capital

Nozomi Networks: Accelerating Digital Transformation

As the Internet of Things (IoT) technologies proliferate and businesses realize the benefits such solutions can deliver to their daily operations, e.g., increased productivity and reduced operational expenditures, more and more businesses deploy Internet-connected devices and systems. However, IoT devices also expand an organization's threat landscape, exposing Internet-connected devices and systems to hacking attempts and other malicious activities. Thus, businesses must implement cybersecurity solutions to protect their assets, employees, and confidential data. Moreover, organizations utilizing operational technology (OT) equipment must implement cybersecurity solutions that protect the legacy devices used in industrial environments. Designed and manufactured decades before organizations began using IoT solutions in their processes, OT equipment cannot efficiently operate as Internet-connected devices. Organizations must deploy sophisticated cybersecurity solutions that can monitor and protect their OT environments as traditional information technology (IT) security solutions cannot adequately protect the complex OT environment.

> *"The company's flexible, scalable, and comprehensive Vantage and Guardian solutions provide complete IT, IoT, and OT visibility, providing actionable insights that enable clients to secure their environment and improve their security posture over time."*
>
> *- Tara Semon, Best Practices Research Team Leader*

Hackers can gain access to an organization's IT or OT network through an unprotected IoT endpoint, including devices many organizations overlook such as a smart thermostat. Moreover, critical national infrastructure (CNI) organizations must adhere to strict industry compliance standards such as National Institute of Standards and Technology (NIST) Cybersecurity Framework and North American Electric Reliability Corporation Critical Infrastructure Protection (NERC-CIP). Businesses that do not meet such mandates can face significant consequences, including steep fines, job losses, brand damage, and customer distrust. Thus, CNI organizations must use a security solution that can generate security reports and help them achieve security resiliency to meet industry compliance standards.

Founded in 2013, California-headquartered Nozomi Networks (Nozomi) leverages its founders' and employees' deep expertise in the IoT, IT, OT, and security fields to develop industry-leading solutions that enable clients to monitor, manage, and secure Level 4 to Level 0 devices. The company's flexible, scalable, and comprehensive Vantage and Guardian solutions provide complete IT, IoT, and OT visibility, providing actionable insights that enable clients to secure their environment and improve their security posture over time. Vantage is a software-as-a-service (SaaS) platform that accelerates digital transformation, allowing security teams to monitor, manage, and protect their organization's assets remotely. Guardian is Nozomi Networks' on-premises platform that combines asset discovery, network visualization, risk management, threat detection, and vulnerability assessment in a single platform.

Nozomi Networks' solutions offer deep asset discovery and inventory management that allow security teams to achieve superior security resiliency. Manual asset discovery and inventory management processes are prone to human error, provide outdated data, waste security professionals' time, and devour an organization's operational expenditures. Due to frequent device changes (e.g., onboarding, off-boarding, firmware updates) and infrequent system scans, many OT security platforms cannot detect all the endpoints in an organization's ecosystem, leaving hundreds or thousands of devices unprotected. Moreover, the security industry's chronic security professional shortage exacerbates these challenges. Nozomi Networks' real-time automated deep asset discovery and always-on monitoring and risk detection capabilities identify and scan all endpoints (IT, IoT, OT) for vulnerabilities. Thus, it enables security teams to remediate threats quickly, drastically reducing their manual efforts and ultimately saving the organization significant financial costs while increasing their security resiliency.

> *"Nozomi Networks hands down wins the evaluations…the Nozomi Networks platform was able to pick out and properly categorize more Level 2 devices than any other tool in the market place."*
>
> - Security Analyst, Manufacturing Industry

> *"Guardian gives us precise alerts, with almost no false positives. Real events are clearly visible with the risk level indicator, making it easy to decide when and how to react."*
>
> - System Administrator, Energy and Utilities Industry

Nozomi Networks offers real-time and historical vulnerability data that allows security teams to view how their organization's security posture improves over time. The company's solutions map a client's environment, enabling security personnel to view how devices connect to each other and how

vulnerabilities can navigate throughout the network, exposing security gaps that require remediation. Nozomi Networks' brand-agnostic solutions are highly scalable and quick to deploy and configure.

Lastly, the company offers the cost-free Guardian Community Edition and Nozomi Networks Labs research and insights (e.g., identifying new vulnerabilities in a range of devices and updating the Nozomi Networks Threat Intelligence service).

Innovation and Expertise: Earning Clients' Trust and Loyalty

Nozomi Networks' customers include many top manufacturing, oil and gas, pharmaceutical, and utilities (electric and water) organizations. The company also serves various industries that utilize OT devices and systems, including automotive, aviation, building automation, chemicals, federal government, logistics, mining, and transportation. Moreover, Nozomi Networks' vast technology partner network includes world-renowned brands such as Accenture, Amazon Web Services, Carbon Black, Cisco, GE Power, Google Cloud, Honeywell, IBM Security, Microsoft Azure, Palo Alto Networks, Rockwell Automation, Schneider Electric, Siemens, and Tripwire. These partnerships enable the company to develop brand-agnostic technologies to monitor and protect more than 57 million devices worldwide (as of the end of 2021). As a company tasked with securing so many endpoints, Nozomi Networks does not release new technologies until it ensures they work correctly, earning its clients' trust because they know that its solutions work and deliver significant benefits to their organization. Moreover, the company continually innovates and expands its reach. For example, in August 2021, it launched a managed security service provider (MSSP) program, called MSSP Elite, which is the industry's first comprehensive IoT and OT managed security service and the only to offer industry standard certification. The company works closely with MSSP Elite partners to train and certify their sales and engineering teams to support overburdened security teams, and ensure they offer exceptional services and maximize value to their customers. Thus far, Nozomi Networks' MSSP Elite partners include well-known brands such as ABS Group, Accenture, BT, Mandiant, Honeywell, IBM Security, Intelligent Buildings, Moro, Hub, Orange Cyberdefense and Telefonica.

> *"The company provides exceptional customer service, earning its clients' trust and satisfaction and a Net Promoter Score of 89, where scores above 70 are rare and considered excellent. Moreover, Nozomi Networks achieves an 85% win rate for its proofs-of-concept, serving as a testament to its game-changing technology."*
>
> *- Tara Semon, Best Practices Research Team Leader*

As a result of the COVID-19 pandemic, professionals across various industries began working from home due to lockdowns and shelter-in-place mandates. Despite COVID-19-related challenges experienced by businesses globally, Nozomi Networks achieved record performance metrics in 2021. With 134% growth in annual recurring revenue and a solid increase in new customer revenue, the company has strong momentum heading into 2022. Nozomi Networks attributes its success during the height of COVID-19 to several factors that demonstrate its operational best practices and market reputation. First, preparing for the worst, the company streamlined its costs, and delayed efforts to secure additional funding. Second, since employees globally followed work-from-home policies, more businesses required remote visibility into their business operations, which helped the company license its remote-access and cloud-

hosted solutions to new clients and retain existing customers. Finally, the company offers its solutions as a subscription-based model or standard licensing pricing, enabling it to achieve consistent revenue and project future growth more easily, both vital in the uncertain world COVID-19 created.

In August 2021, Nozomi Networks secured $100 million in investments from global customers and technology partners. The company plans to use the funds to accelerate its growth by scaling its sales, marketing, and partner enablement efforts. Nozomi Networks recognizes that malware and ransomware are at an all-time high due to COVID-19-related challenges, such as the increase of professionals working from home and hackers capitalizing on the pandemic (e.g., COVID-19-related phishing attempts). Thus, the company also aims to enhance its products to address new IoT and OT visibility and security challenges. [1]

> *"Nozomi Networks has provided a high level of customer service and expertise throughout our procurement and implementation process. Their sales, engineering, and support teams are excellent and their product is best in class."*

- Senior Program Manager, Manufacturing Industry

Nozomi Networks provides best-in-class around-the-clock customer support and offers various resources to clients, including compliance guides, executive briefs, industry briefs, podcasts, product data sheets, research reports, third-party reports, videos, webinars, and white papers. The company provides exceptional customer service, earning its clients' trust and satisfaction and a Net Promoter Score of 89, where scores above 70 are rare and considered excellent. Moreover, Nozomi Networks achieves an 85% win rate for its proofs-of-concept, serving as a testament to its game-changing technology. [2]

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[1] *Nozomi Networks Secures $100 Million Investment from Global Ecosystem of Customers and Technology Partners* https://www.nozominetworks.com/press-release/nozomi-networks-secures-100-million-investment-from-global-ecosystem-of-customers-and-technology-partners/ (accessed November 2021)

[2] Ibid.

S U L L I V A N

Conclusion

Organizations that use operational technology, such as power utility companies, must implement cybersecurity solutions that protect such challenging environments. The COVID-19 pandemic has accelerated cyberattacks to an all-time high due to expanded threat landscapes (e.g., more professionals working remotely) and hackers capitalizing on the pandemic (e.g., COVID-19-themed phishing attempts). Nozomi Networks' Guardian (on-premises) and Vantage (software-as-a-service) platforms provide in-depth asset discovery and always-on monitoring and risk detection for information technology, Internet of Things, and operational technology environments, enabling security teams to identify vulnerabilities rapidly to improve their organization's security posture in real-time and over time. The company offers around-the-clock customer support and provides a myriad of product- and industry-related resources that aid security teams. Despite COVID-19-related challenges, the company achieved record-breaking performance metrics in 2021; with 134% growth in annual recurring revenue, a solid increase in new customer revenue, and 100% customer retention rate demonstrating its clients' trust and loyalty.

With its best-in-class solutions, robust customer support, and strong overall performance, Nozomi Networks earns Frost & Sullivan's 2022 Global Technology Innovation Leadership Award in the operational technology cybersecurity industry.

What You Need to Know about the Technology Innovation Leadership Recognition

Frost & Sullivan's Technology Innovation Leadership Award recognizes the company that has introduced the best underlying technology for achieving remarkable product and customer success while driving future business value.

Best Practices Award Analysis

For the Technology Innovation Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Technology Leverage

Commitment to Innovation: Continuous emerging technology adoption and creation enables new product development and enhances product performance

Commitment to Creativity: Company leverages technology advancements to push the limits of form and function in the pursuit of white space innovation

Stage Gate Efficiency: Technology adoption enhances the stage gate process for launching new products and solutions

Commercialization Success: Company displays a proven track record of taking new technologies to market with a high success rate

Application Diversity: Company develops and/or integrates technology that serves multiple applications and multiple environments

Business Impact

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

Customer Acquisition: Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

Operational Efficiency: Company staff performs assigned tasks productively, quickly, and to a high-quality standard

Growth Potential: Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

Human Capital: Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at http://www.frost.com.

The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.
Learn more.

Key Impacts:

- **Growth Pipeline:** *Continuous Flow of Growth Opportunities*
- **Growth Strategies:** *Proven Best Practices*
- **Innovation Culture:** *Optimized Customer Experience*
- **ROI & Margin:** *Implementation Excellence*
- **Transformational Growth:** *Industry Leadership*

The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- Mega Trend (MT)
- Business Model (BM)
- Technology (TE)
- Industries (IN)
- Customer (CU)
- Geographies (GE)