FROST & SULLIVAN

CyberGRX

2022 MARKET LEADER

North American Cyber Risk Management 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. CyberGRX excels in many of the criteria in the cyber risk management space.

AWARD CRITERIA

Growth Strategy Excellence	Technology Leverage
Implementation Excellence	Price/Performance Value
Brand Strength	Customer Purchase Experience
Product Quality	Customer Ownership Experience
Product Differentiation	Customer Service Experience

The Technology Leverage of CyberGRX

Founded in 2015 and headquartered in Denver, Colorado, United States, CyberGRX provides third-party cyber risk management, driven by data analytics and automation, to deliver actionable insights that enable customers to prioritize risks and improve decision-making across their vendor portfolio. With the third-party landscape expanding for most companies, Frost & Sullivan notes that the attack surface is growing exponentially due to increased usage and data sharing. Addressing the frustration of both sides (i.e., customers and third parties) with the current approach of collecting and managing assessments, CyberGRX developed its Global Risk Exchange solution. The platform is built on a dynamic and standardized dataset, allowing CyberGRX to identify trends and create benchmarks by accelerating assessment and risk management decisions through crowdsourcing. Moreover, customers receive immediate access to a repository of validated data, helping them proactively manage their evolving third-party ecosystem.

In 2019, Frost & Sullivan recognized CyberGRX for its innovative technology, supported by service excellence, and remains impressed with the company's continuing innovation and sustained leadership.

Skyrocketing to the Top

With its Global Risk Exchange, CyberGRX addresses an unmet market need not easily replicated by other competitors. Current assessment approaches include utilizing governance risk management and compliance (GRC) software tools, vendor risk management (VRM) platforms, or security rating tools. Furthermore, risk advisory companies typically follow labor-intensive processes that are expensive and not scalable. Although GRC and VRM software increase workflow efficiency (i.e., tracking and submitting assessments), they function as a repository rather than a rich source of data and analytics to prioritize and manage risks.. The security rating process is highly scalable, but data quality can be an issue (since they do not interact with third-party companies themselves). For this reason, customers are simply not confident that these processes and tools deliver a high return on investment. However, CyberGRX's Exchange presents a new model.

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> *- Riana Barnard,*
> *Best Practices Research Analyst*

By building its Exchange around standardized assessments, the solution obtained significant advantages:

Unparalleled depth (accuracy) and breadth (scalability) of data: With about 83% of the top 500 vendor companies requested from customers already on the Exchange, both customers and third parties experience time and resource savings. When onboarding, all participants can access the information already available on the Exchange. By eliminating lengthy delays in receiving vital risk data, the Exchange drives quick decisions around vendor selection, renewal, and service level agreement terms.

Delivering actionable insights: Through its vision to build the Exchange around standardized assessments, CyberGRX's ability to analyze and utilize data intelligently leads to actionable insights (i.e., becoming more than a repository that collects and stores data).

Providing predictive risk capabilities: By applying advanced machine learning and analytics to its standardized data, CyberGRX creates Predictive Risk Profiles for customers. This feature helps them understand how individual vendors impact their cyber risk, while also predicting how their own end customers view them. Furthermore, CyberGRX's Risk Monitoring and Alerting capabilities provide customers with near real-time notifications in the instance of third-party breaches and other risk incidents, allowing companies to take action promptly and increase collaboration with the affected third party to manage the risk related to the attack efficiently.

Brand Strength Driven by Excellent Growth Strategy Implementation

Positioning itself as a data analytics company, CyberGRX propels the industry away from assessment-chasing and embraces a collaborative approach by connecting customers and third parties through its platform, solving the more complex issues of cyber risk management interface and communication. Informed by its proprietary algorithm, CyberGRX analyzes data collected from more than 150,000 companies on the Exchange along with firmographic information and data from technology partners to help companies identify where the risk lies in their vendor ecosystem. The company serves leading

organizations and world-renowned brands across various markets (e.g., retail & hospitality, healthcare, critical infrastructure, financial services, and insurance) and clients such as consulting, law, and private equity firms.

Leveraging customer-led third-party acquisition on its dual-sided Exchange (i.e., relying upon the uptake of those who consume and provide data), CyberGRX has reached a tipping point of adoption. Nevertheless, the company also implemented other growth strategies, such as upstream sharing (e.g., Google Cloud and Amazon Web Services) and a sharp focus on building a robust partner ecosystem. Since the first quarter of 2022, the company experienced 196% year-on-year growth in new customer recurring revenue (with 30% deriving from multi-year contracts) and a 100% increase in new customers. Also, the Exchange enlarged its risk assessment library by 6,000% in the past three years, proving its market leadership. The company also expanded its employee base to accelerate this growth trajectory.

Pillars of Customer Service Excellence: Collaboration and a Connected Community

CyberGRX convincingly demonstrates its ability to help organizations gain insight into their overall risk level, identify vulnerabilities in their vendor ecosystem, and create remediation strategies. Frost & Sullivan commends the company for educating the market on this monumental shift in approach, supporting security and risk management practitioners to build a successful third-party cyber risk management program. For instance, in collaboration with the For Dummies® brand, CyberGRX published a book introducing this new data-driven approach with real-life examples as a go-to resource.

Underpinning its customer service and support line of action is a blended consultative and collaborative approach. Firstly, CyberGRX helps customers identify the places of highest risk and prioritize third parties and controls. Secondly, its Exchange model fosters community. Working together in a structured way (i.e., community building through crowdsourcing) means that all parties benefit from each other's efforts. In other words, every third party has the potential to become a customer, and every customer is effectively a third party to someone else. Thirdly, CyberGRX values advocacy and identifies champions within the community. Equipping, enabling, and motivating them to engage and collaborate with peers ensure the long-term sustainability of the Exchange and its supportive community.

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>
> *- Clare Walker,*
> *Industry Principal, Business and Financial Services*

Furthermore, CyberGRX assigns customer success managers to customers and third parties to collect feedback from both sides, helping all parties learn and improve. The company continuously surveys its customers to assess their satisfaction level through NPS methodology and uses TechValidate to analyze client and third-party user experiences. Lastly, CyberGRX recently launched its member advisory board, consisting of both customers and third parties, to discuss issues of common concern, ideate new solutions, and prioritize investments, thereby removing the barriers between the two sides through shared information and experiences.

Conclusion

A company does not become a market leader overnight. It takes stringent dedication to develop growth strategies paired with excellent implementation. A market leader must earn and maintain customers' trust while impacting and improving the overall industry.

CyberGRX truly embodies Frost & Sullivan's definition of a market leader by addressing an unmet need not easily replicated by other competitors. Positioning itself as a data analytics company, CyberGRX propels the industry away from assessment-chasing and embraces a collaborative approach by connecting customers and third parties through its Global Risk Exchange solution. The platform, built on a dynamic and structured dataset, helps identify trends and create benchmarks by accelerating assessment and remediation requests through crowdsourcing.

By applying machine learning and analytics to standardized data, CyberGRX assists customers in understanding how individual vendors impact their cyber risk – all while predicting how their own end customers view them. Additional features, such as Predictive Risk Profile combined with Risk Monitoring and Alerting capabilities, provide customers with near real-time notifications in the instance of third-party breaches and other risk incidents. Due to these reasons and more, the company is respected, recognized, and remembered, elevating it to a market leader position.

With its strong overall performance, CyberGRX earns the 2022 Frost & Sullivan North American Market Leadership Award in the cyber risk management industry.

What You Need to Know about the Market Leadership Recognition

Frost & Sullivan's Market Leadership Award recognizes the company that achieved the greatest market share resulting from outstanding performance, products, and services.

Best Practices Award Analysis

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

Growth Strategy Excellence: Company demonstrates an ability to consistently identify, prioritize, and pursue emerging growth opportunities

Implementation Excellence: Company processes support efficient and consistent implementation of tactics designed to support the strategy

Brand Strength: Company is respected, recognized, and remembered

Product Quality: Products or services receive high marks for performance, functionality, and reliability at every stage of the life cycle

Product Differentiation: Products or services carve out a market niche based on price, quality, or uniqueness (or some combination of the three) that other companies cannot easily replicate

Technology Leverage: Company is committed to incorporating leading-edge technologies into product offerings to enhance product performance and value

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 are proud to 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 of high quality

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)