

F R O S T & S U L L I V A N

/ N R I S E C U R E /

**2022**  
**COMPANY**  
**OF THE**  
**YEAR**

*JAPAN*

*CYBERSECURITY SERVICES INDUSTRY*

## 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. NRI Secure excels in many of the criteria in the cybersecurity services space.

AWARD CRITERIA	
<i>Visionary Innovation &amp; 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

### *Addressing Unmet Needs*

Japanese organizations and government agencies are prioritizing cybersecurity in response to the country’s rising number of cyberattacks. In 2021 alone, many prominent organizations in Japan reported cybersecurity breaches, including a leading telecommunication company, a messaging application company, a government agency, an Osaka-based medical institution, and several manufacturing plants. This list of cyberattack victims is in addition to the 450 million cyberattacks successfully thwarted by the country’s National Center of Incident Readiness and Strategy for Cybersecurity. The cyberattack growth and an unstable geopolitical situation in East Asia have prompted the Japanese government to expand cybersecurity spending, allocating \$248 million to cybersecurity-related projects as part of its 2022 defense budget, as reported by Bloomberg in December 2021. In August 2021, the government also outlined the three-year Cabinet-approved Next Cyber Strategy guideline amid growing politically motivated cyberattacks and the increasing reliance of economic activities on technological applications.

The government’s increasing awareness and concern about cybersecurity have driven organizations in Japan to strengthen their cybersecurity posture in the information technology (IT) infrastructure. This demand for more robust cybersecurity also aligns with the digital transformation of industries. Many organizations are adopting new technologies and shifting workloads to the cloud, leading to an increasingly complex business environment and a widening threat landscape. Digital transformation initiatives have made organizations more aware of protecting their assets.

However, the lack of cybersecurity professionals in the market has made it difficult for organizations and government agencies to acquire adequate resources to navigate the expanding threat landscape. They have limited in-house security expertise that might not know how to deal with increasingly sophisticated cyberattacks. The human resources scarcity pushes organizations to seek external support for security operations by outsourcing some security responsibilities to managed security service providers (MSSPs), which also help organizations and agencies improve their risk management and security response capabilities.

NRI Secure was established in 2000 in Tokyo, Japan, to offer cybersecurity services. The comprehensiveness of its cybersecurity services portfolio has differentiated NRI Secure from its competitors in the country. Its portfolio includes security assets monitoring and management, security consulting, advanced managed threat detection and response with endpoint detection and response (EDR), distributed denial of services mitigation, user and entity behavior analytics to detect abnormal user behavior, and incident response and threat intelligence to help organizations manage detected threats in their IT infrastructure. As part of its strategy to adapt to customers' fast-changing environments, NRI Secure also provides emerging cybersecurity services such as managed cloud security, operational technology or industrial control systems security, and the internet of things security. Its robust cybersecurity portfolio positions the company as an MSSP with broad and in-depth security expertise to help customers detect, manage, and address any cybersecurity issue; implement better risk management policies; and improve IT security.

Frost & Sullivan lauds NRI Secure's ability to adapt and expand its cybersecurity portfolio quickly to meet changing business requirements. Being an ever-reliable MSSP has established NRI Secure's leadership position in Japan.

### ***Visionary Scenarios Through Mega Trends***

Many Japanese organizations embark on a digital transformation journey by implementing new technologies in their IT infrastructure. One of the most popular digital transformation initiatives is migrating resources to the cloud. This approach allows organizations to save costs and reduce dependency

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on human resources to manage data centers manually, which can be challenging to scale, especially if an organization is growing quickly.

Seeing how cloud migration has become a trend across verticals in Japan, NRI Secure started offering cloud security services on top of traditional cybersecurity services. It has emerged as a reliable MSSP specializing in multi-cloud security control, such as cloud workload protection platform, cloud security posture management, and cloud web application firewall.

NRI Secure has announced several strategic partnerships to improve its cybersecurity offerings. As part of its strategy to tap into the cloud adoption trend, the company introduces New Rigen, a joint investment between its parent company, Nomura Research Institute, and LAC Corporation to provide managed

security tools for public cloud initiatives. NRI Secure offers managed security services through Palo Alto Networks's Prisma Cloud to strengthen its managed cloud security offerings and capitalize on the cloud migration trend that sees many organizations shifting applications to the cloud as part of their digital transformation journey. Hosting applications on the cloud requires a different set of security knowledge and skills that might be unavailable in an organization's in-house security team. NRI Secure's ability to manage and monitor on-premises and cloud security and infrastructure cements its position as the preferred MSSP in Japan.

With the work-from-home policy still in place for many employees, organizations seek services that can ensure network security regardless of employees' location. This demand has driven the need for cloud security, endpoint security, and secure access service edge (SASE) to facilitate and secure work-from-home processes. NRI Secure has partnered with Netskope and Zscaler to strengthen its SASE offerings and be ready to manage internet access to distributed cloud environments. NRI Secure also collaborates with CrowdStrike to provide customers with managed EDR services to monitor and mitigate breaches in endpoints. Frost & Sullivan believes NRI Secure is well-poised to meet the increasing demand for better endpoint device security as organizations in Japan shift from continuous asset security monitoring and management to proactive security measures that can quickly detect and mitigate threats.

### **Financial Performance**

Based on Frost & Sullivan's estimates, NRI Secure retained its leading MSSP position in Japan in 2021, accounting for 12.8% of the market share despite facing tight competition from local and regional MSSPs. NRI Secure recorded a strong 13.3% year-on-year growth in 2021 by delivering comprehensive cybersecurity offerings to the market on top of other security services such as consulting, managed security services, and security products. The top three verticals that NRI Secure serves are banking and financial institutions, service providers, and government agencies.

Frost & Sullivan expects NRI Secure to remain the leading MSSP in Japan with continuous investments in its cybersecurity services portfolio. NRI Secure's decision to push for managed cloud security solutions is anticipated to influence its sales and marketing strategy as more organizations migrate to the cloud.

### **Customer Purchase and Service Experience**

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NRI Secure has consistently put in the effort to ensure exceptional customer service as organizations outsource their security operations to it. The company employs 155 security operations center (SOC) analysts across Japan, the United States, and India, with 140 based in Japan. These SOC analysts demonstrate in-depth security experience, qualified credentials, and IT security knowledge to provide customers with 24/7 support and security monitoring. The company also has account executives with expertise in IT security to support clients. Its account executive team is reliable, responsive, and quick to address clients' needs.

### **Brand Equity**

NRI Secure was initially launched as Nomura Research Institute's first internal venture project in 1995 before becoming a subsidiary that provides cybersecurity services to Japan-based organizations five years later. Since then, the company has become known for creating customized solutions and services and offering a diverse and robust cybersecurity services portfolio. With more than 20 years of experience, NRI Secure is the MSSP with the longest market presence in Japan. It is difficult for foreign MSSPs to enter the Japanese market because customers prefer partnering with local MSSPs. This trend has given NRI Secure a strong home advantage to increase its presence and later solidify its leading position in Japan's cybersecurity services market. NRI Secure also capitalizes on its ties with Nomura Research Institute to provide end-to-end solutions to other subsidiaries.

Frost & Sullivan is impressed by NRI Secure's commitment to improving and diversifying its cybersecurity offerings to meet changing business needs. With a comprehensive solution portfolio supported by dedicated SOC analysts and account executives, NRI Secure is expected to retain its high market share and market leadership in Japan.

### **Conclusion**

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Many organizations in Japan find it difficult to secure their IT infrastructure amid the shortage of qualified security professionals, the expanded threat landscape, and the requirement for digital transformation initiatives. Organizations scramble to ensure the security of their IT infrastructure by engaging with MSSPs to help them manage risks and cyberattacks.

Frost & Sullivan recognizes NRI Secure's efforts in consistently developing advanced cybersecurity offerings to make its cybersecurity portfolio as comprehensive as possible. Because of its commitment and innovation, NRI Secure has emerged as the preferred MSSP for organizations in Japan. Backed by more than 20 years of in-depth experience, NRI Secure continues to lead the cybersecurity services space in Japan. With its strong overall performance, NRI Secure earns Frost & Sullivan's 2022 Japan Company of the Year Award in the cybersecurity services industry.

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

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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



