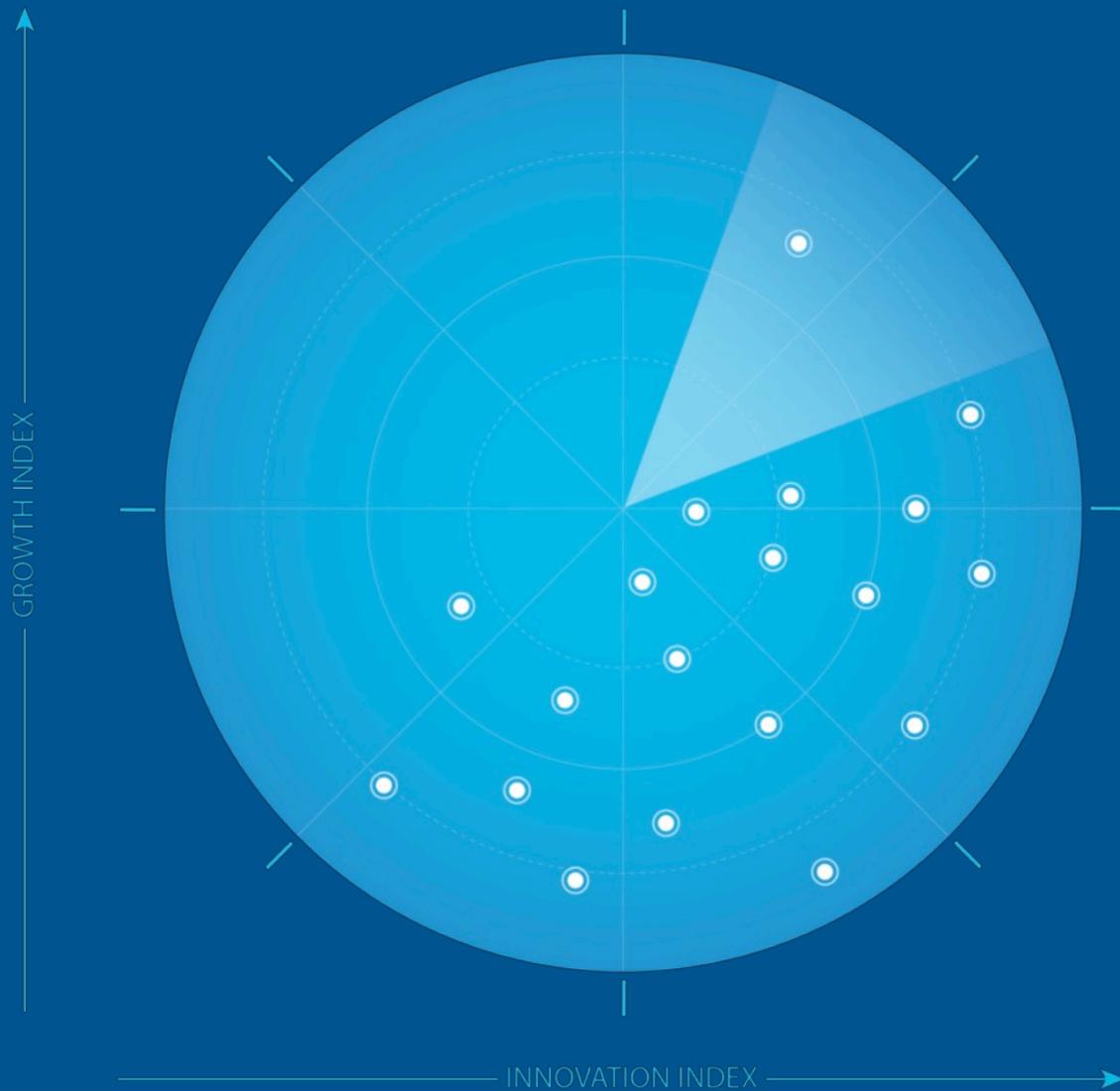


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FROST RADAR™: EMAIL SECURITY MARKET *BENCHMARKING FUTURE GROWTH POTENTIAL*

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STRATEGIC IMPERATIVE AND GROWTH ENVIRONMENT

Strategic Imperative

Email is the top threat vector for cyberattacks because it is the predominant mode of corporate, B2B, and B2C communications. Due to increased work from home (WFH) rates, email is now the primary channel for all business communication.

Email security market growth is primarily driven by higher-than-expected malware activity, particularly ransomware and targeted attacks such as business email compromise (BEC) and email account compromise (EAC). Cybercriminals have increased the sophistication of their attacks and hackers have innovated impersonation tactics, including creating external customers and brand names with phony URLs and email header domains. They also perform sophisticated attacks that combine email and cloud accounts, leverage social media for social engineering campaigns, and use outbound email as a bot, thereby endangering an organization's reputation.

Scammers can weaponize emails after the fact. They deliver a socially engineered email with a link to a benign website then redirect that URL to a malicious site. Email security vendors are working on solutions that will help organizations monitor social media to identify and categorize fake accounts.

Email security can now easily fight spam. Thus, attackers instead focus on highly sophisticated and profitable techniques. In line with current events, cyberattack themes include COVID-19, WFH, and BEC. Such attacks must be countered with advanced threat detection tools. The protection of both inbound and outbound email has become a necessity.

A growing trend is the convergence of email security with other security solutions such as UTM, DLP, NGFW, SIEM, and CASB. This enables organizations to consolidate vendors and increase operational efficiencies while gaining stronger, more comprehensive security. Correlating information from multiple security solutions in a central security platform is also important.

The most significant email security trend is accelerated organizational cloud migration. Customers are adopting cloud-based mailbox services and migrating from on-premises servers to the cloud. Microsoft Office 365 is the dominant cloud email product and Google Workspace is another significant service.

Email security vendors are enhancing products through new features and functions in direct response to cybercriminal ingenuity. This includes using other security solutions, such as domain-based message authentic (DMARC), browser isolation, behavioral analysis and profiling, DLP, threat intelligence, and forensics. Deeper integration with other security solutions and broader functionality are growing trends and often critical requirements. Vendors are developing functions and features that augment Office 365 and other cloud email services, including providing email security as a cloud Software-as-a-Service (SaaS) solution.

Growth Environment

The email security market was worth \$3.14 billion in 2020, growing 9.1% from 2019. Growth slowed due to the economic turmoil caused by COVID-19. Many security vendors deferred payment 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 cyberthreats, will result in a sales growth of 12.2% in 2021 (\$3.52 billion). Revenue will reach \$5.27 billion in 2025 at a 10.9% compound annual growth rate (CAGR) from 2020 to 2025 in response to increasingly sophisticated threats, the impact of Office 365, the rising number of remote users, and the growing cloud dependence.

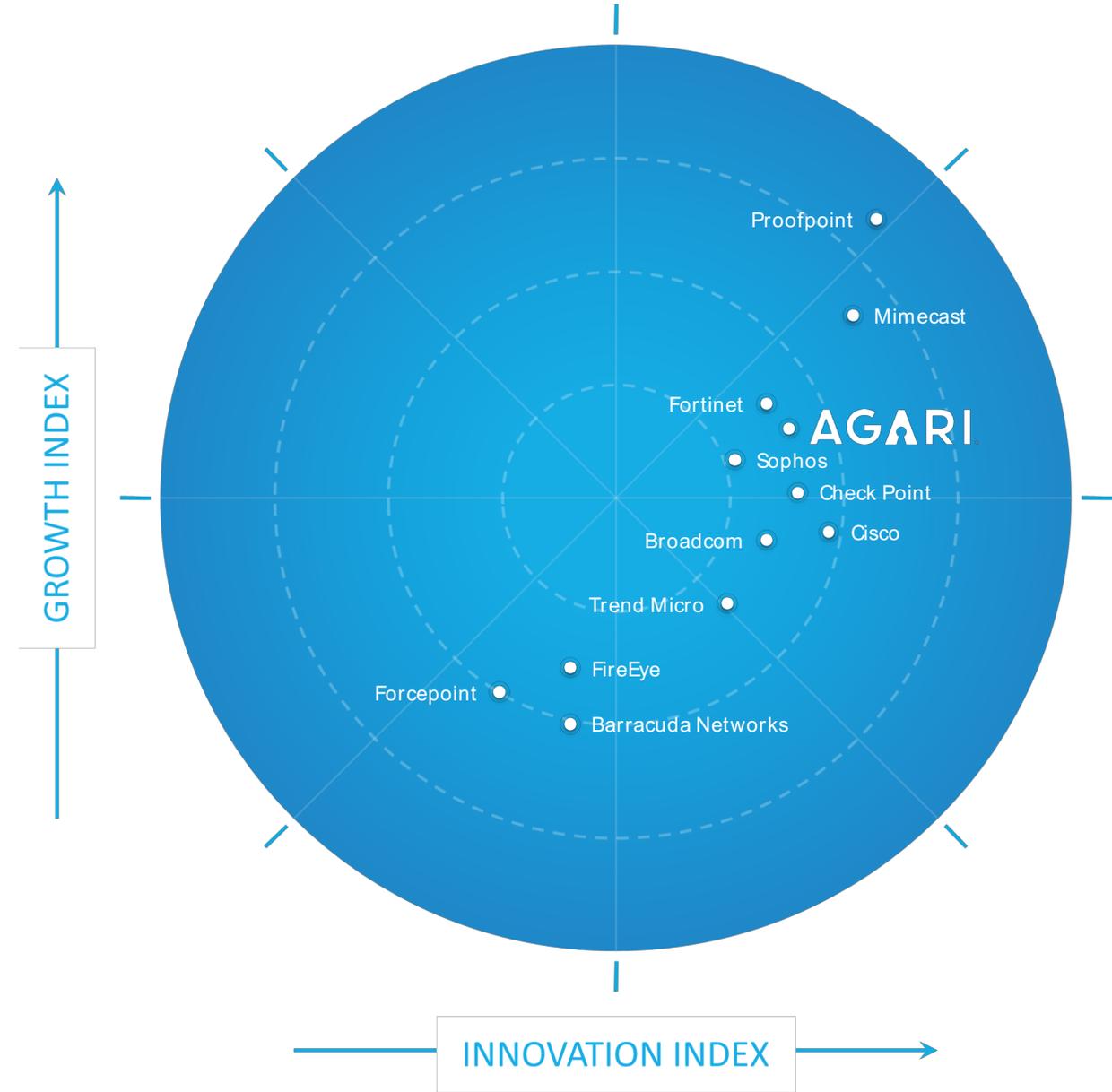
The email security market has more than 34 vendors and is saturated and mature. Security vendors are forced to compete with each other and with email service providers (Office 365, Google Workspace) that have built-in security capabilities.

Email security market drivers include:

- Continual growth of new threats and attacks: Spear phishing, sophisticated BEC/EAC, and advanced persistent threat (APT) attacks are on the rise
- Increasing BYOD and mobile device use: COVID-19 drove many organizations to quickly adopt a WFH model
- Organization cloud migration: Many organizations adopted Office 365 and Google Workspace to improve efficiency, adding new levels of security complexity
- Skilled security professional shortage: Vendors are improving tools and services to make email security solutions easier to implement and drive further adoption
- Increased complexity with multiple compliance requirements: Organizations in highly regulated fields or handling sensitive data must meet various compliance regulations (e.g., GDPR, HIPAA, CCPA, PSD 2)

FROST RADAR™ EMAIL SECURITY

Exhibit 1: Frost Radar™ Email Security Market



Source: Frost & Sullivan

Competitive Environment

In a field of more than 34 global industry participants, Frost & Sullivan independently plotted the **top 12** companies in this Frost Radar™ analysis. Parameters assessed in the analysis included:

- Innovation Scalability
- Research and Development
- Product Portfolio
- Mega Trends Leverage
- Customer Alignment
- Revenue Growth
- Market Share Growth
- Growth Pipeline
- Vision and Strategy
- Sales and Marketing

Frost & Sullivan studies related to this independent analysis:

- [Global Email Security Market, Forecast to 2025: New Malware Techniques Drive Growth as Organizations Accelerate Cloud Migration Due to COVID-19](#)

COMPANY PROFILE: Fortra's AGARI

Innovation

- Agari continues to invest in the Agari Cyber Intelligence Division (ACID), the world's only counterintelligence research group dedicated to BEC investigation and cybercrime abatement.
- Agari Identity Graph™ and Agari's identity-centric machine learning modeling allows its solution to model the good behavior; thereby detecting the bad behavior to more accurately drive risk scores.
- Agari has launched two significant new products in the last 3 years: Agari Phishing Response and Agari Active Defense. Agari has a seasonal release process for rolling out new innovations every quarter.
- The Agari SOC Network™ is a cyberintelligence sharing network that provides human-vetted advanced threat intelligence from top global security operation center teams.

Growth

- Agari's email security revenue growth has been well over the industry average since 2017. The 3-year CAGR is 22.2%.
- Approximately 30% to 40% of Agari revenues come from marketing generated sales opportunities. This range is steady quarter to quarter.
- R&D spending is between 45% to 60% of revenues.
- Agari has leveraged the Mega Trends for digital transformation and WFH in its sales strategy. These trends were in place before the COVID-19 pandemic and have only accelerated.
- Agari drives revenue growth through a digital demand generation engine that drives opportunities for its enterprise-focused direct sales force and its ecosystem of partners and value-added resellers.
- Approximately 30% of Agari growth was driven by the introduction of two new products, Agari Phishing Response in 2019 and Agari Active Defense in 2020.

Frost Perspective

- By sharing its intelligence research, Agari helps educate the market and establishes Agari as an industry thought leader. This has driven companies to view Agari as not only a cybersecurity vendor, but a strategic partner.
- Agari is a relatively small vendor. It has a limited product portfolio. Leveraging the prior noted thought leadership can enable Agari to expand through further partnerships with vendors that do not have email security.

- Agari has a defined 18-month roadmap that is continuously reviewed and refined on a quarterly cadence based on customer and market feedback.
- Agari's vision and strategy to create identity-centric email security solutions for inbound email has aligned perfectly with the increase in phishing and BEC attacks. The next step is to expand features and functions.

STRATEGIC INSIGHTS

1. BYOD and mobility drive the need for cloud-based email services and security. Connected devices are also registering significant growth. Email is the most common form of business communication, is the number one threat vector, and cyberattacks through email fraud and BEC/EAC are rising.
2. Microsoft Office 365 is the most widely used cloud email service and although it has native security features, it has numerous gaps that leave many large organizations vulnerable to cyberattacks. Vendors should augment Office 365 with additional security, especially for large organizations. As customers quickly move to the cloud, vendors must be able to deliver hybrid solutions.
3. Customers are looking for a complete and integrated cloud solution that connects the dots between cloud and email. Organizations seek integrated solutions and a single pane of glass for more effective and simplified security management. Email security can be implemented as part of a wider integrated cloud-based security ecosystem and must be leveraged across security suites.

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.

Frost Radar™ Empowers the CEO's Growth Team

STRATEGIC IMPERATIVE	LEVERAGING THE FROST RADAR™	NEXT STEPS
<ul style="list-style-type: none"> • Growth is increasingly difficult to achieve. • Competitive intensity is high. • More collaboration, teamwork, and focus are needed. • The growth environment is complex. 	<ul style="list-style-type: none"> • 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™. 	<ul style="list-style-type: none"> • Growth Pipeline Audit™ • Growth Pipeline as a Service™ • Growth Pipeline™ Dialogue with Team Frost

Frost Radar™ Empowers Investors

STRATEGIC IMPERATIVE	LEVERAGING THE FROST RADAR™	NEXT STEPS
<ul style="list-style-type: none"> • Deal flow is low and competition is high. • Due diligence is hampered by industry complexity. • Portfolio management is not effective. 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Growth Pipeline™ Dialogue • Opportunity Universe Workshop • Growth Pipeline Audit™ as Mandated Due Diligence

Frost Radar™ Empowers Customers

STRATEGIC IMPERATIVE	LEVERAGING THE FROST RADAR™	NEXT STEPS
<ul style="list-style-type: none"> • Solutions are increasingly complex and have long-term implications. • Vendor solutions can be confusing. • Vendor volatility adds to the uncertainty. 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Growth Pipeline™ Dialogue • Growth Pipeline™ Diagnostics • Frost Radar™ Benchmarking System

Frost Radar™ Empowers the Board of Directors

STRATEGIC IMPERATIVE	LEVERAGING THE FROST RADAR™	NEXT STEPS
<ul style="list-style-type: none"> • Growth is increasingly difficult; CEOs require guidance. • The Growth Environment requires complex navigational skills. • The customer value chain is changing. 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Growth Pipeline Audit™ • Growth Pipeline as a Service™

FROST RADAR™ ANALYTICS

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

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.

Growth Index Elements

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™ ANALYTICS

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

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.

Innovation Index Elements

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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NEXT STEPS

- **Schedule a meeting with our global team** to experience our thought leadership and to integrate your ideas, opportunities and challenges into the discussion.
- Interested in learning more about the topics covered in this white paper? Call us at 877.GoFrost and reference the paper you're interested in. We'll have an analyst get in touch with you.
- Visit our **Digital Transformation** web page.
- Attend one of our **Growth Innovation & Leadership (GIL)** events to unearth hidden growth opportunities.

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