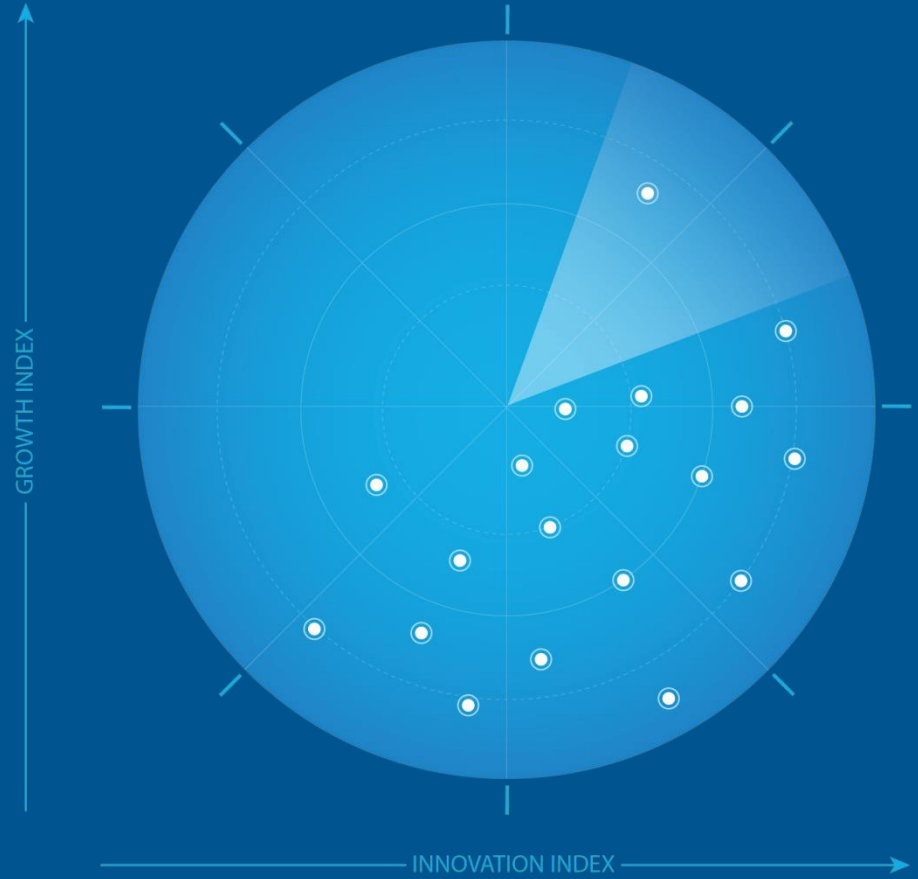


Frost Radar™: Network Access Control, 2023

Authored by: Sarah Pavlak

A Benchmarking System
to Spark Companies to
Action - Innovation That
Fuels New Deal Flow and
Growth Pipelines



June 2023

Strategic Imperative

- In the digital transformation era and mixed work environments (remote and in-office workers), organizations have adopted or are transitioning to cloud-based business operations, which means they must also adopt cloud-based network access control (NAC) solutions. Traditional NAC approaches built on physical connections to networks through on-site wired ports are becoming obsolete in favor of more secure cloud-based solutions.
- Organizational needs have changed drastically from solely on-premises to hybrid or fully remote network access capabilities that differ among regions and industries. Employees use various devices, often personal devices, requiring advanced network protection. Transforming NAC solutions for endpoint devices and cloud-based environments will drive growth during the next 2 to 3 years. However, industry challenges are evident in integrating existing infrastructure and deploying in a diverse, evolving threat environment.
- As organizations work to update their network infrastructure, cybercriminals are launching sophisticated attack mechanisms to exploit their vulnerabilities. Advanced cyberattacks utilize machine learning (ML) and artificial intelligence (AI) to compromise cloud-based environments quickly, gain access to organizations' systems, and exfiltrate data. In addition, the explosion of Internet of Things (IoT) devices has expanded the cyberattack surface and added new risks. Organizations using connected devices converging information technology (IT) and operational technology (OT) networks are especially at risk.

Source: Frost & Sullivan

Strategic Imperative (continued)

- Replacing legacy virtual private networks (VPNs) is crucial for protecting modern business procedures, which can be achieved by implementing NAC solutions to move toward a zero-trust network architecture (ZTNA). Organizations can protect themselves through a secure network foundation based on zero trust (ZT) and safe access secure edge (SASE) frameworks. These frameworks provide users with identity-based segmentation built into the network. Automation, AI-based ML, and rapid device identification are critical, especially in supporting a ZT framework. Cloud security function convergence allows a simplistic, highly effective solution to many cybersecurity concerns organizations face.
- AI-powered visibility is imperative with organizations' increased adoption of IoT devices. Comprehensive visibility of all devices and users on the network is an increasingly challenging task. In response, vendors must offer cloud-based NAC solutions to support these devices operating in a cloud environment. Organizations seek cloud-based access control solutions for easy integration with various security products and centralized portal management for operational and security efficiency.
- Future NAC solutions must have consolidated visibility and deployment flexibility to adapt to digital transformation. Moreover, demand for NAC-as-a-Service is gaining momentum due to organizations' financial uncertainties, depleting budgets, and network management concerns. Some vendors are beginning to offer this service, but it will not gain momentum for several years.

Source: Frost & Sullivan

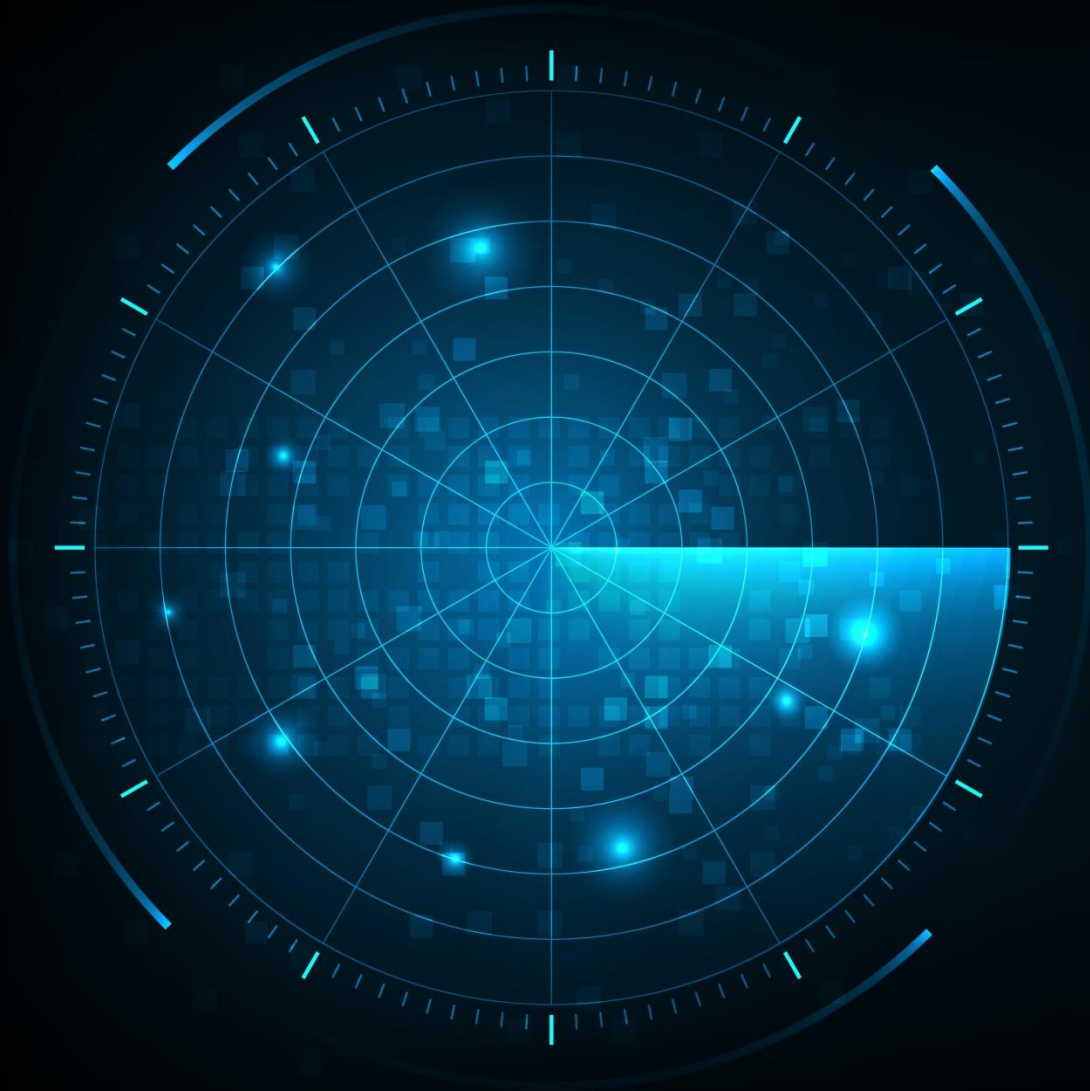
Strategic Imperative (continued)

- Overall, incorporating NAC solutions into a security suite positions customers to invest in a comprehensive digital platform protection solution.

Growth Environment

- In 2022, global spending on NAC solutions totaled \$1.38 billion. Frost & Sullivan projects spending to reach \$2.14 billion by 2026, achieving a compound annual growth rate of 11.7%.
- Changes in the corporate network perimeter, the bring-your-device (BYOD) trend, digital transformation, greater cloud adoption, IT/OT convergence, and ZTNA implementation will contribute to industry growth.
- The banking, government, healthcare, and manufacturing industries suffered immense effects of the COVID-19 pandemic, with most experiencing different cyberattacks. These industries will remain vulnerable, driving the need for better NAC solutions.
- NAC-as-a-Service is still relatively new to the market, but more vendors beginning to offer this service will drive growth in the NAC industry. Solutions that provide easy implementation and lower cost of ownership will encourage enterprises to adopt and expand NAC capabilities.

Source: Frost & Sullivan

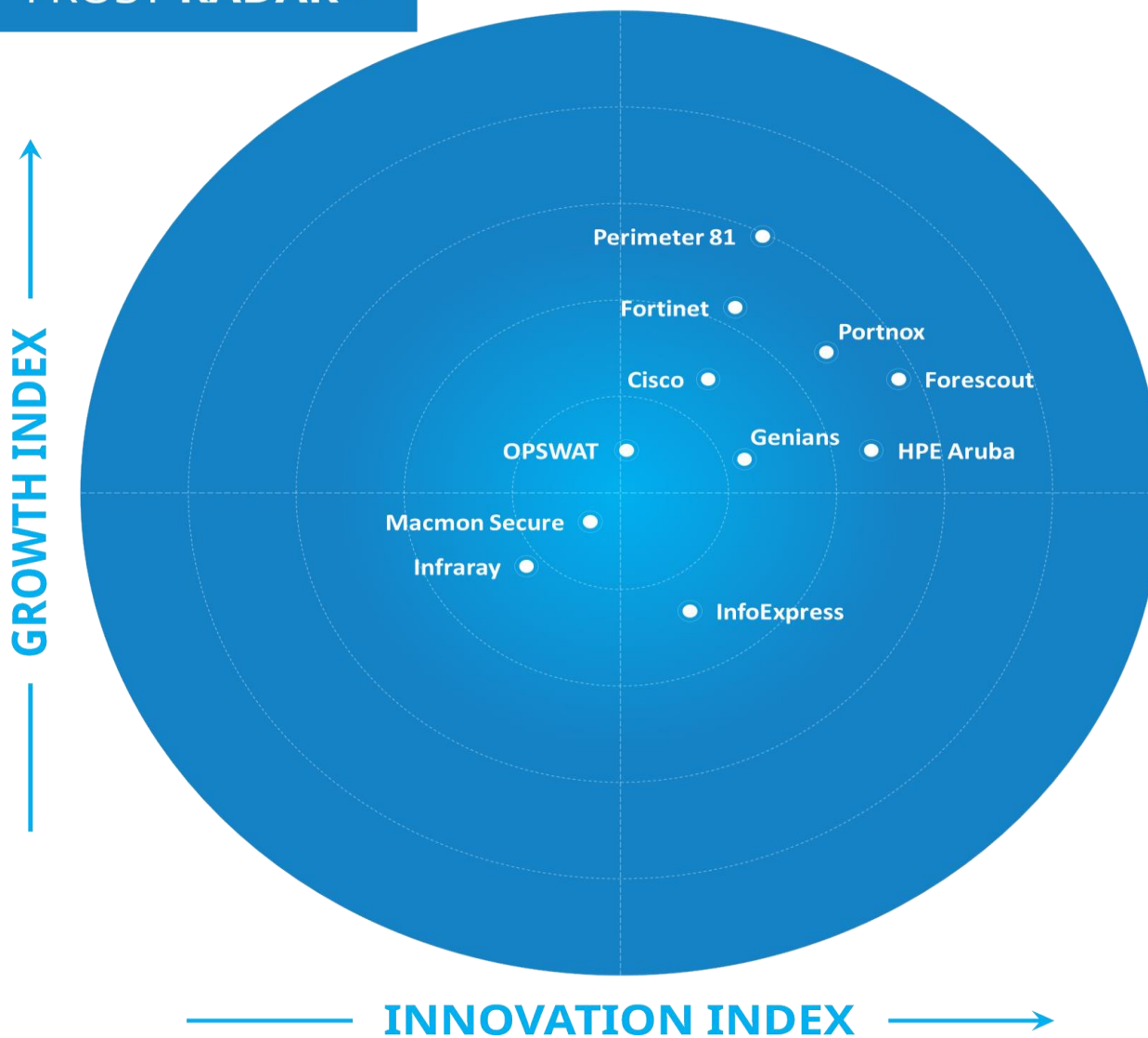


Frost Radar™

**Network Access
Control, 2023**

Frost Radar™: Network Access Control, 2023

FROST RADAR™



Source: Frost & Sullivan

Frost Radar™

Competitive Environment

- In a field of more than 15 global NAC industry participants, Frost & Sullivan independently plotted 11 companies in this Frost Radar™ analysis. These companies serve a global client base and offer many key NAC features and functions.
- Forescout Technologies has achieved overall Innovation leadership on the Frost Radar™ for addressing many top security concerns for organizations through differentiated NAC solutions that achieve ZTNA security goals. Forescout manages cyber risk by aligning customers' security frameworks across heterogeneous network environments for all asset types: IT, IoT, OT, and Internet of Medical Things (IoMT).

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.

Source: Frost & Sullivan

Companies to Action: Forescout

INNOVATION

- Forescout manages cyber risk by aligning customers' security frameworks with the reality of their heterogeneous network environments that contain all types of assets, such as IT, IoT, OT, and IoMT.
- The company's network security platform offers complete visibility of connected devices, continuous compliance, network segmentation, and NAC. Through the Forescout Platform, customers gain data-powered intelligence for accurate cyber threat risk detection and remediation without disrupting critical business assets.

GROWTH

- Forescout is a consistent leader in the NAC industry, evident from achieving the second-highest revenue market share.
- In 2020, Forescout Technologies was acquired by a pair of private equity firms and changed its executive leadership. As such, it is transitioning from a primarily on-premises/perpetual license model to a cloud-centric/recurring revenue model to support its clients and growth initiatives better.
- In 2022, the vendor opened a new APAC headquarters in Singapore and a new support center in Pune, India, serving regional operations and global customer support.

FROST PERSPECTIVE

- While its transitioning revenue model makes year-over-year comparisons difficult, Forescout continues to see growth in the NAC market. The company must build on its leadership presence and strengths to ensure continued revenue growth and market share status. This includes continuing to advance protection for heterogeneous network environments, with a specific focus on OT and IoMT, key industry differentiators.

Source: Frost & Sullivan

Companies to Action: Forescout (continued)

INNOVATION

- Forescout offers ZT policies that automatically enforce least-privileged access for all managed and unmanaged devices connected to the network. Its focus on ZT access as part of Modern NAC enables companies to take the next steps in their digital transformation journey.

GROWTH

- Its acquisition of CyberMDX and Cysiv in 2022 fuels Forescout's growth strategy. Integrating these companies' capabilities has expanded its addressable market to include more asset types and new use cases. It has positioned itself to enter the threat detection and incident response market with the Forescout XDR solution.
- Forescout has a well-tailored technology roadmap for 2023. This includes creating and expanding five R&D centers of excellence globally, each serving a unique mission. This strategy will help develop its industry leadership status.

FROST PERSPECTIVE

- The majority of Forescout's revenue is from North America. Expansion plans for 2023 will help the company develop its global customer base and revenue. As its closest competitors have a significant presence in Europe, the Middle East, and Africa (EMEA), the company will benefit from strategizing to expand in APAC to build that regional customer base.

Source: Frost & Sullivan



Frost Radar™

Key Takeaways

Key Takeaways

1

Organizations are adopting cloud-based security solutions to support a remote workforce as cloud infrastructure exposes new considerations that on-premises environments do not require. With digital transformation and organizations transitioning to the cloud, NAC solutions have evolved from strengthening an organization's internal infrastructure security to supporting unique policies on how and when endpoints connect to networks.

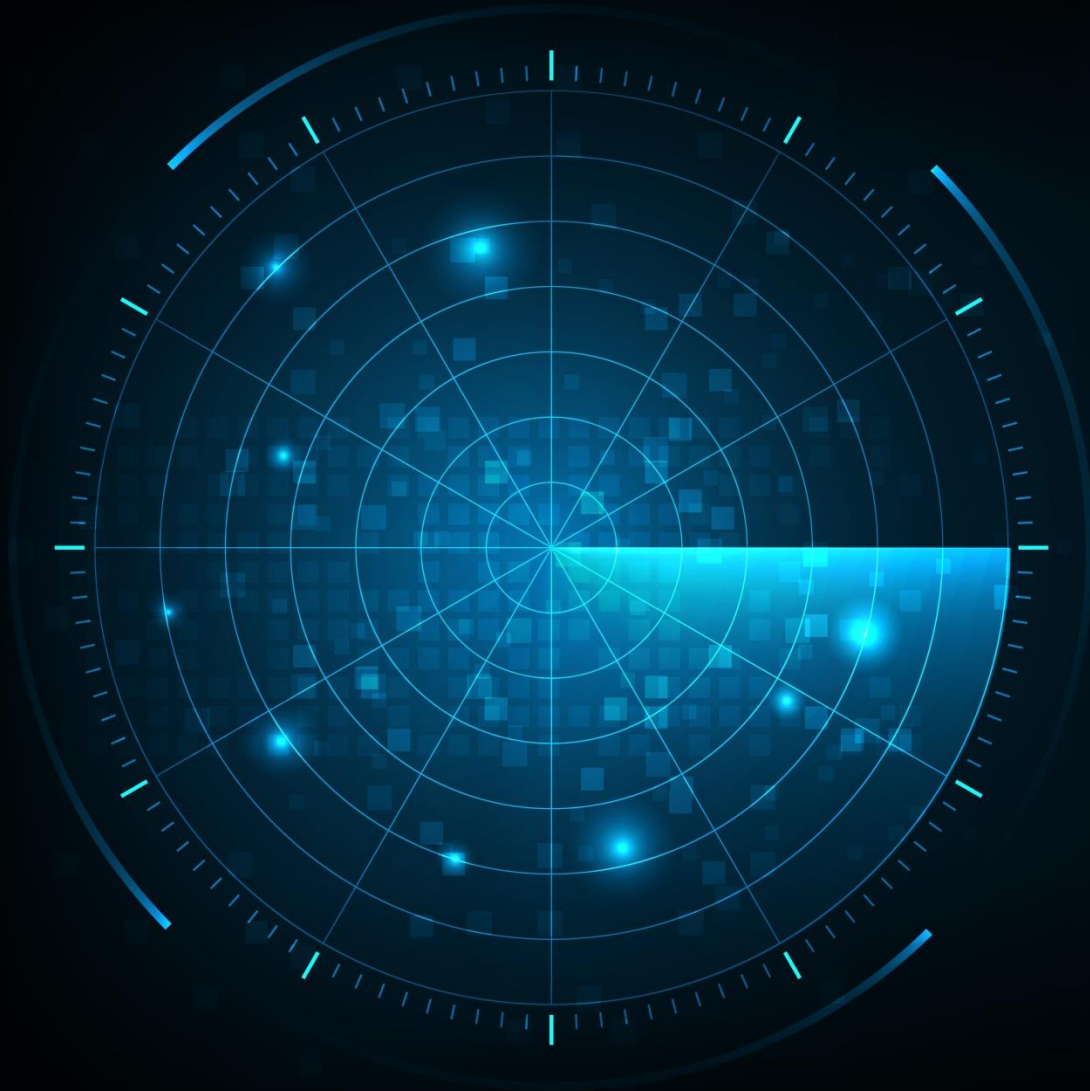
2

Leading security vendors are promoting zero trust as an essential part of any intelligent security strategy, with cloud-native platforms making the transition easy. NAC is a foundational network security defense and a critical technology for building ZTNA. Organizations want solutions to implement the least privileged network access principle and continuous device monitoring for threats.

3

Organizations are readily pursuing a multi-tiered, holistic security strategy in which effective NAC solutions will reduce business risk and safeguard them as they grow. NAC vendors that provide automated tools, including unified management and integrated platforms, are best positioned to assist organizations as they reduce their IT complexity and work with limited cybersecurity personnel.

Source: Frost & Sullivan



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™: 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.

Legal Disclaimer

Frost & Sullivan is not responsible for any incorrect information supplied by companies or users. Quantitative market information is based primarily on interviews and therefore is subject to fluctuation. Frost & Sullivan research services are limited publications containing valuable market information provided to a select group of customers. Customers acknowledge, when ordering or downloading, that Frost & Sullivan research services are for internal use and not for general publication or disclosure to third parties. No part of this research service may be given, lent, resold, or disclosed to noncustomers without written permission. Furthermore, no part may be reproduced, stored in a retrieval system, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of the publisher.

For information regarding permission, write to: permission@frost.com

© 2023 Frost & Sullivan. All rights reserved. This document contains highly confidential information and is the sole property of Frost & Sullivan. No part of it may be circulated, quoted, copied, or otherwise reproduced without the written approval of Frost & Sullivan.