Market Share Leadership Award
Vulnerability Management
Global, 2012

Frost & Sullivan's Global Research Platform

Frost & Sullivan is in its 50th year in business with a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The company's research philosophy originates with the CEO's 360-Degree Perspective™, which serves as the foundation of its TEAM Research™ methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Based on the findings of this Best Practices research, Frost & Sullivan is proud to present the 2012 Global Market Share Leadership Award in Vulnerability Management to Qualys.

Significance of the Market Share Leadership Award

Key Industry Challenges

Vulnerability management has long been an essential component in an enterprise network security infrastructure. In recent years, evolving technologies, new threats, and other challenges have rejuvenated growth in this market. The Vulnerability Management market is entering a second growth stage and vendors must adjust their product strategies to overcome these challenges in order to remain competitive. The competitor that can best do so can rapidly advance in the market and contrariwise, a vendor that fails to adapt will lose market share.

Vulnerability management vendors currently face a multitude of challenges that will greatly influence their success in the market. Vendors must adapt to emerging technologies such as virtualization, cloud computing, and mobile devices. Vulnerability management vendors also face the challenge of driving increased customer value and distinguishing their products from that of the competition. By identifying potential security issues, vulnerability management vendors can provide better security for their customers' networks.

Similarly, vulnerability management vendors can leverage these technologies to drive the value of their own products. Virtualization and cloud computing are essential technologies to enable the creation of easily deployable and manageable enterprise products. The value derived from these technologies will enable vulnerability management vendors to expand their potential customer base and differentiate products, thereby advancing their position in the rapidly growing Vulnerability Management market.

Best Practice Award Analysis for Qualys

The Frost & Sullivan Award for Market Share Leadership is presented to the company that has demonstrated excellence in capturing the highest market share within its industry. The Award recognizes the company's leadership position within the industry in terms of revenues or units, as specified.

Qualys' Performance in Vulnerability Management

In 2011, Qualys was able to cement its position as the dominant market leader in Vulnerability Management with 19 percent of the market. This was due largely to strong growth throughout 2011, and Frost & Sullivan finds this impressive given the increasing level of competition in the market.

Key Performance Drivers for Qualys

Qualys rapidly gained in market share several years ago due to the popularity of its Software-as-a-Service (SaaS) model. This model offers ease-of-use and a low risk investment. Qualys maintains that as a competitive advantage and it boasts years of experience and a very mature SaaS infrastructure.

Furthermore, Qualys made a number of announcements about new products and future projects in 2011. Qualys released new products that offer innovative technologies and it rolled out an aggressive product roadmap.

Factor 1: New Product Development

Qualys' growth in recent years has been due primarily to a number of new products and features that have sparked customer interest. In 2011, Qualys released version 2.0 of its Web Application Scanner (WAS), which added scanning support for JavaScript- and Flash-based applications, and integration with Selenium to help companies further automate scanning of web applications with complex authentication. Web applications are increasingly recognized as a leading attack vector due to their exposure to attackers and weak secure software development practices. Qualys WAS enables customers to secure a dangerous attack vector.

Qualys is poised to continue adding new features and products throughout 2012. The company recently announced the Qualys Web Application Firewall to enable businesses to block imminent threats. Qualys then announced a new service to provide analysis of advanced and imminent cyber threats. This service, known as the Qualys Zero-Day Risk Analyzer, leverages intelligence from Verisign iDefense to provide customers with advanced warning and threat analysis. The service includes threat modeling to enable customers to estimate their impact on critical assets based on information collected from previous scan results.

Qualys also released an enterprise malware detection service that helps companies find and eradicate malware across a large number of websites. This, along with Qualys SECURE Seal, helps companies assure end-users that websites were recently scanned for vulnerabilities and malware.

Factor 2: Innovative Technologies

In 2012, Qualys announced a hierarchical dynamic asset tagging technology that enables businesses to automate the security management process. QualysGuard Dynamic Asset Tagging enables businesses to inventory and secure millions of assets in complex network environments. This service provides businesses with real-time inventory of networked devices and web applications, including a much broader set of contextual data, such as device operating system, location, function, and other important characteristics. This capability provides tremendous value to customers due to the increasing number of devices, both physical and virtual, that are continuously moving throughout the network.

Qualys recently announced a partnership with Thycotic Software for advanced password management capabilities. Integration with Thycotic's Secret Server will enable Qualys to leverage customer passwords and perform authenticated scans of critical customer systems. This alleviates the traditional limitations imposed on SaaS-based scans such as those offered by Qualys.

In 2011, Qualys also announced the availability of virtual scanner appliances for use by consultants, enterprises, and in private cloud computing environments. This will enable rapid deployment and facilitate customer expansion strategies.

Factor 3: Ease-of-Use and Low Risk Investment

The QualysGuard Security and Compliance Suite is an integrated set of essential vulnerability management tools such as vulnerability assessment, PCI compliance, Web application scanning, Web application firewall, and malware detection. This suite is offered as a SaaS subscription and it requires no additional capital investments. This provides customers with a low initial cost, steady and predictable operational expenses, and a minimal business risk. For customers that require internal network scanning capabilities, Qualys deploys and manages any on-premise network scanners (appliances or virtual scanners).

Factor 4: Leading SaaS Experience and Infrastructure

Qualys first gained momentum in the vulnerability management market due to its focus on SaaS-based security. The company's ongoing success is bolstered by its decade of experience with cloud-based solutions. This provides Qualys with a solid understanding of requirements such as scalability and multi-tenancy expectations. Qualys aims to retain its reputation for product leadership by developing a next generation SaaS platform for security

and compliance.

To achieve a next generation SaaS platform, Qualys is currently updating its backend infrastructure from PHP to Java. Qualys is also upgrading its user interface with Web 2.0 technologies to ensure a seamless customer experience. The browser interface interacts with all Qualys security and compliance applications through a JSON application-programming interface (API) and Web Services API.

These upgrades will provide enhanced scalability, prioritized job management, a dynamic and interactive user interface, modular services, dynamic analysis and reporting, as well as support for physical and virtual appliances. Most importantly, these major infrastructure upgrades can be deployed by Qualys without affecting the customer experience due to its SaaS model.

Conclusion

Qualys is the undisputed market leader in Vulnerability Management, and it has been for multiple years. Intelligently staying ahead on the curve, the company continues to develop new products and features to address the ever-evolving security and compliance needs of enterprise organizations, government agencies and smaller businesses. Qualys reignited customer interest with the addition of new products such as QualysGuard Web Application Firewall in 2012 and services such as the QualysGuard Web Application Scanning and Malware Detection Services in 2011. Behind the scenes, Qualys improved its vulnerability management solution with innovative technologies and a next generation SaaS infrastructure that provides customers greater flexibility to discover, categorize and scan enterprise assets on a global scale. An aggressive product roadmap and quality initiatives has strengthened Qualys' current leadership position in the market and it is expected to continue to do so in the future. Based on Frost & Sullivan's independent analysis of the Global Vulnerability Management market, Qualys is recognized with the 2012 Market Share Leadership Award.

The CEO 360-Degree Perspective[TM] - Visionary Platform for Growth Strategies

The CEO 360-Degree Perspective™ model provides a clear illustration of the complex business universe in which CEOs and their management teams live today. It represents the foundation of Frost & Sullivan's global research organization and provides the basis on which companies can gain a visionary and strategic understanding of the market. The CEO 360-Degree Perspective™ is also a "must-have" requirement for the identification and analysis of best-practice performance by industry leaders.

The CEO 360-Degree Perspective™ model enables our clients to gain a comprehensive, action-oriented understanding of market evolution and its implications for their companies' growth strategies. As illustrated in Chart 5 below, the following six-step process outlines

how our researchers and consultants embed the CEO 360-Degree Perspective™ into their analyses and recommendations.

Chart 2: CEO's 360-Degree Perspective™ Model

Critical Importance of TEAM Research

Frost & Sullivan's TEAM Research methodology represents the analytical rigor of our research process. It offers a 360-degree view of industry challenges, trends, and issues by integrating all seven of Frost & Sullivan's research methodologies. Our experience has shown over the years that companies too often make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Frost & Sullivan contends that successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. In that vein, the letters T, E, A and M reflect our core technical, economic, applied (financial and best practices) and market analyses. The integration of these research disciplines into the TEAM Research methodology provides an evaluation platform for benchmarking industry players and for creating high-potential growth strategies for our clients.

Chart 3: Benchmarking Performance with TEAM Research
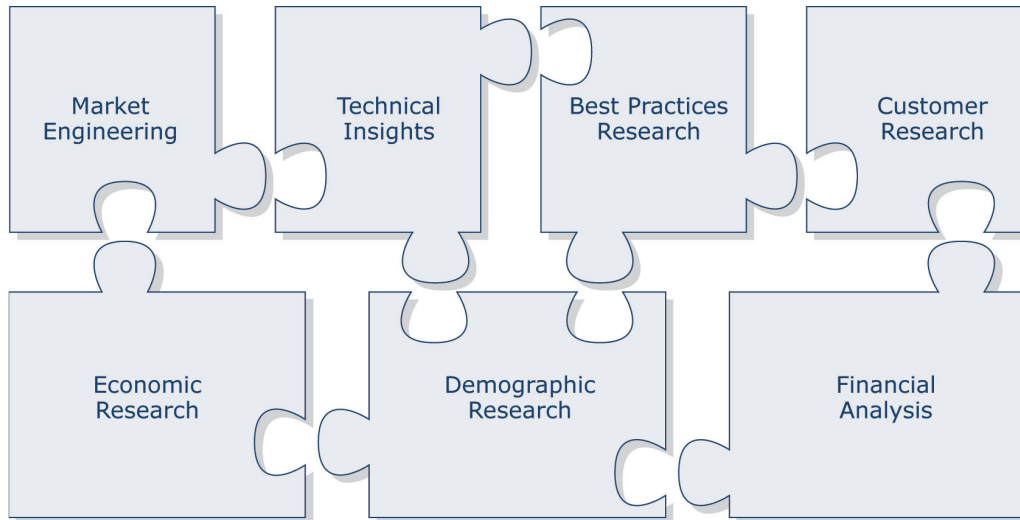
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Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best-practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from more than 40 offices on six continents. To join our Growth Partnership, please visit http://www.frost.com.