

CHT Security Co., Ltd. Recognized as the

2021

Company of the Year

Taiwan Managed Security Services Industry

Excellence in Best Practices



中華資安國際

CHT Security

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. CHT Security excels in many of the criteria in the Taiwan managed security services space.

| AWARD CRITERIA | |
|---|-------------------------------|
| <i>Visionary Innovation & 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

Over the past few years, the government of Taiwan has implemented initiatives to drive organizations' security awareness and readiness. For instance, in 2019, it enforced the Cyber Security Management Act to raise cybersecurity awareness. Traditionally, enterprises and organizations in the market concentrate on perimeter security and rely on in-house resources for security operations. However, infrastructure is increasingly complex, including for information technology (IT), the Internet of Things (IoT), operational technology (OT), and cloud environment with sophisticated threat landscapes. These growing concerns are expected to compel market participants to outsource security monitoring and management to managed security services providers (MSSPs).

With internal shortages of experience, expertise, and professionals, many organizations find it challenging to set up, operate, and manage their security operations centers (SOCs) effectively. The cost of operating SOCs is also a burden. Moreover, under the evolving threat landscape with growing ransomware attacks that pose potential economic losses, enterprises seek more comprehensive and proactive approaches to secure company assets.

As a leading MSSP, CHT Security offers organizations both fully managed security services with 24/7 support and flexible co-managed security services. Spun off from its telecommunication group in 2018, CHT Security continually grows its cybersecurity expert team to provide professional services, such as cybersecurity advisory, penetration testing, vulnerability assessment, red teaming, and wide managed

security services. Its offerings range from fundamental assets monitoring and management to advanced managed threat detection and mitigation and other emerging managed security services.

In 2020, the company launched its managed detection and response (MDR) services in partnership with VMware® Carbon Black and FireEye, Inc. CHT Security also introduced security orchestration, automation, and response (SOAR) jointly with Micro Focus ArcSight to enhance its services offerings with more proactive and automated response solutions.

Leadership Focus

CHT Security is a subsidiary of Chunghwa Telecom (CHT), Taiwan's largest telecommunication services provider with a 68% share of the region's broadband access and Internet subscriber market. As an Internet services provider's (ISP) subsidiary, CHT Security can leverage its parent company's Internet coverage and telecommunication services to be the first to obtain vast intelligence on cyberattacks and threats in Greater China.

"As Chunghwa Telecom's subsidiary, CHT Security can leverage its parent company's vast Internet coverage and telecommunication services to be the first to know of cyberattacks and threats in the Greater China region. Moreover, CHT Security provides comprehensive managed security services (MSS) and is recognized by the government as among the MSSPs with the most solid MSS capability in the market."

– Amy Lin, Industry Analyst

CHT Security's managed security services are comprehensive. The company is the first MSSP in Taiwan to score straight As across five services categories in the Taiwanese government's Department of Cyber Security assessment of cybersecurity services. It excelled in SOC monitoring, cybersecurity assessment, vulnerability assessment, penetration test, and social engineering email testing services. The assessment is to build a reference of services providers qualified to tender for public sector projects. This shows the government's recognition of the company's MSS capabilities as among the most solid in the market. Frost & Sullivan believes CHT Security's industry-leading strengths create stiff entry barriers for new competitors.

Financial Performance

With a well-established customer pool and its experience in various cybersecurity services, CHT Security tops the Taiwan MSSP market. The company has a strong foothold particularly in the government and financial and banking sectors. In 2020, it expanded its market focus to the OT environment and won key contracts in critical infrastructure segments with representative energy companies and a transportation company. CHT Security achieved a robust 25.2% year-over-year (YoY) growth and held the largest share in the Taiwan MSS market in 2020.

CHT Security continually invests in advanced services, such as MDR, and enhances services in emerging areas, such as IoT and OT security, enabling it to build its vehicle-to-everything (V2X) test base. Frost & Sullivan expects these initiatives to enhance CHT Security's popularity in Taiwan's MSS market.

Brand Equity

CHT Security earns high brand awareness through its affiliation with its parent company and the aforementioned distinction ratings from the government. The company's numerous public sector customers include central and regional government entities. It also witnesses robust demand and increasing collaborations in the banking and financial services industry (BFSI) and manufacturing. Customers perceive its brand positively, earning the company strong brand reputation and trust among customers. Its robust brand standing enables CHT Security's involvement in large projects and establishes it as a trustworthy MSSP for organizations such as the government, critical infrastructures, and the BFSI.

Customer Purchase and Ownership Experiences

CHT Security's strong foothold in MSSP projects provides it abundant experience in addressing different customer needs. Its strong cybersecurity expertise allows it to offer end-to-end services, which few competitors can match. Besides the aforementioned cybersecurity services, these services include SOC construction, SOC management and monitoring, and digital forensics.

The company continually enhances its service capabilities to meet customer needs. In 2020, it launched its Web Application Firewall (WAF) and Identity and Access Management (IAM) monitoring services. With increasing ransomware attacks in Taiwan, CHT Security's MDR services, in cooperation with VMware® Carbon Black and FireEye, register strong demand.

CHT Security collaborates with global IT and security vendors to increase its domain expertise and experience and update itself with the latest industry security technologies to serve customers better. Its comprehensive security services portfolio establishes CHT Security as a major MSSP and assures customers of strong support and high-quality services.

"As of 2020, CHT Security has grown from about 40 employees in 2018 to more than 180 staff. About 65% of employees are technical and security experts and engineers. Backed by a strong expert team, the company has the capability to conduct fundamental security monitoring, proactively collect threat intelligence and conduct advanced tasks, such as threat hunting, and use MDR services to help customers respond and mitigate potential cyberattacks efficiently."

– Amy Lin, Industry Analyst

By 2020, the company's workforce had expanded beyond 180 employees from about 40 in 2018, comprising approximately 65% technical and security experts and engineers. CHT Security has a full SOC expert team to support L1, L2, and L3 management. Its numerous certified cybersecurity experts enable it to conduct fundamental security monitoring, proactively collect threat intelligence, and perform advanced tasks. These tasks include threat-hunting, discovering potential APT attacks, and helping customers respond and mitigate potential cyberattacks more efficiently using MDR services.

Conclusion

Frost & Sullivan recognizes CHT Security's market leadership, comprehensive managed security services offerings, and growing cybersecurity team in meeting customers' requirements in Taiwan's managed security services sphere.

With an established brand reputation, committed local cybersecurity expert teams to provide services, and end-to-end, advanced services offerings, CHT Security is the leading MSSP in the Taiwan market. The company's ability to grow the SOC team and expand its customer pool demonstrates its strengths in executing effective go-to-market strategies and retaining its competitive edge.

With its strong overall performance, CHT Security earns Frost & Sullivan's 2021 Company of the Year Award in the Taiwan managed security services industry.

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

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

