FROST & SULLIVAN

PALO ALTO NETWORKS

2022
COMPANY OF THE YEAR

GLOBAL
CLOUD WORKLOAD
PROTECTION INDUSTRY

FROST & SULLIVAN

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. Palo Alto Networks excels in many of the criteria in the global cloud workload protection space.

AWARD CRITERIA

Visionary Innovation & Performance	Customer Impact
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 last few years, companies worldwide increasingly moved to the cloud to embrace digital transformation. The COVID-19 pandemic outbreak accelerated this transformation due to the shift to the remote working model, forcing companies and their users to become even more dependent on cloud services. With the growth of cloud adoption, organizations are changing how they build, operate, and manage back-end infrastructure and front-end, customer-facing applications.

Organizations use new technologies for cloud management and application development and deployment, such as infrastructure-as-code (IaC), serverless computing, function-as-a-service, containers, and continuous integration (CI)/continuous deployment (CD) platforms. The framework and approach for application are also changing as organizations shift from the traditional, monolithic application development approach to using the microservice architecture and containerized approach with more open-source dependencies and libraries.

Cloud adoption introduces complexities in the business environment beyond conventional perimeters, expanding attack surfaces and security challenges, while cybercriminals also shifted their focus from traditional settings to the cloud. The attack surface has become complex due to the mix of applications and data, making it difficult for organizations to enforce and manage security policies and practices. The risks of using the cloud are mounting, from cloud platform misconfiguration, insecure cloud connection, insufficient identity and access management (IAM) controls, identity and account theft, and unauthorized

access to attacks on cloud servers, accounts, workloads, applications, code, and application programming interfaces (API). This creates vulnerability and enables zero-day attacks such as ransomware, which occur in most major industries, including financial services, healthcare, education, retail, technology, manufacturing, energy, real estate, and transportation.

> *"Palo Alto Networks is one of the few vendors that can offer both agent-based and agentless versions that users can easily switch between. This is a huge differentiator of its CWP solution. It helps companies deal with security risks in different cloud service models, be it IaaS and PaaS, serverless computing, or container security. It is also one of several vendors that offer both on-premises and SaaS-based consoles."*
>
> ***- Anh Tien Vu,***
> ***Senior Industry Analyst***

As a result, organizations find it necessary to adopt the cloud-native security approach to manage and protect their cloud environment, workloads, and applications. Cloud workload protection (CWP) solutions allow organizations to gain visibility, manage vulnerabilities, and protect cloud workload runtime while increasing cloud services' operational efficiency and complying with industry regulations.

Palo Alto Networks is a global cybersecurity leader, well-known for its cloud security platform featuring innovative and advanced security technologies. Its Prisma Cloud platform provides a complete set of cloud-native security solutions, including cloud security posture management (CSPM), CWP, DevOps security, shift-left security, cloud infrastructure entitlement management, and cloud network security service, to protect applications on hybrid and multi-cloud environments. It also offers infrastructure, assets, network, identity, data, and code security.

Prisma Cloud provides vulnerability management and security for cloud workloads throughout the application lifecycle and maintains container compliance. It enables customers to build and maintain secure and reliable serverless applications with end-to-end security protection across public, private, and hybrid cloud environments. The CWP module offers a full capability set for cloud host monitoring and protection, such as vulnerability assessment, compliance, access and application control, file integrity monitoring, and network visualization. On top of this, they have another layer of protection for web application and APIs running on cloud workloads.

Palo Alto Networks is one of the few vendors that offer both agent-based and agentless deployment options that users can easily onboard. This is a huge differentiator of its CWP solution. It helps companies deal with security risks in different cloud service models, whether infrastructure-as-a-service (IaaS) and platform-as-a-service (PaaS), serverless computing, or container security. It also offers both on-premises and software-as-a-service (SaaS)-based consoles, with scalability and an integrated agent that provides vulnerability management, compliance scanning, malware and anomaly detection, runtime protection, and web application and API security (WAAS). The ability to provide full-lifecycle image and repository scanning across build, deploy, and run stages and advanced image malware scanning set Palo Alto Networks apart.

Visionary Scenarios Through Mega Trends and Leadership Focus

The adoption of cloud computing, one of the mega trends that Frost & Sullivan identified, is forecast to grow in the next five years. This transforms how businesses invest in IT infrastructure, the application

development lifecycle, and security operations. Rising cloud adoption also requires organizations to adopt more cloud-native tools for their application development, in which container technologies and serverless computing are prevalent. These technologies are changing application development strategies as they enable organizations to flexibly design, develop, test, and launch applications in the market, enhancing customer experience.

"Frost & Sullivan estimated that Palo Alto Networks recorded a 75.4% year-on-year (YoY) revenue growth in 2020, making it one of the fastest-growing CWP players. With over 65% YoY revenue growth, its CWP business remained impressive in 2021. This allowed the company to maintain leadership in the global CWP market, enabling it to gain market share worldwide."

- Anh Tien Vu,
Senior Industry Analyst

The growing adoption of cloud-native application development platforms introduces new security challenges, making traditional security solutions obsolete and inadequate. This drives organizations to seek cloud-native platforms that can offer visibility into the cloud environment and workload behavior and provide protection across the lifecycle, from designing and testing to runtime protection.

Palo Alto Networks is a pioneer in the network security market that focuses on expanding its cloud security platform and strategy. Over the last 5 years, the company increased its cloud security offerings with several vital acquisitions (e.g., Evident.io, Redlock, PureSec, Twistlock, Aporeto). These acquisitions allow the company to broaden its Prisma Cloud security offerings by providing capabilities to protect containers, applications in the public cloud, and serverless environments and offer the most comprehensive security solution to protect critical workloads, applications, and data in the cloud. This positions Palo Alto Networks as the market leader for the holistic CWP, including protection for hosts containers, Kubernetes, serverless functions as well as web apps and APIs.

The Prisma Cloud platform integrates with CI/CD toolchains to provide total lifecycle vulnerability management, compliance, IaC scanning, and runtime defense. With a comprehensive library of compliance frameworks, it simplifies compliance maintenance. Prisma Cloud provides this through deep context sharing that spans infrastructure, PaaS, users, development platforms, data, and application workloads. Seamless integration with security orchestration tools ensures rapid remediation of vulnerabilities and security issues.

These capabilities enable customers to have deployment flexibility, with an architecture mix based on their needs through one solution, one platform, and one management console that can bridge gaps that cause security risks across the enterprise environment.

Financial Performance

Palo Alto Networks' CWP solution registered tremendous popularity over the last 5 years as part of Prisma Cloud, its cloud-native application protection platform (CNAPP). Over 70% of Fortune 500 enterprises, 90% of US Cabinet-level agencies and all Department of Defense branches, and numerous digital companies in Asia-Pacific, Europe, the Middle East, and Africa have adopted Prisma Cloud, enabling the vendor to record considerable revenue growth.

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Customer Purchase and Service Experience

With a holistic and integrated cloud platform, Palo Alto Networks can offer customers many benefits, including unified management, simplified security operation, reduced friction, and higher return on investment (ROI). Protecting the entire application development lifecycle through agent-based and agentless approaches helps businesses increase visibility, protection capabilities, and remediation efficacy while lowering risks and improving productivity. For example, Palo Alto Networks reported that the solution enables organizations to reduce DevOps time to reduce vulnerability by 60%, time spent configuring policies by 80%, and renewable identification number (RIN) compliance reporting by 90%.

Notably, the company provides extensive training for customers to operate and manage its technology. This reduces customers' time-to-value to under 60 days. Palo Alto Networks also offers a single stock-keeping unit (SKU) with a flexible credit system that customers can use for any of its offerings. This makes it easy for customers to purchase and consume security functionality as they need across the platform.

The robust support from its teams and channel ecosystem is another factor that enhances customer experience. Palo Alto Networks uses partners' capabilities, including cloud service providers, channel partners, and global system integrators, to deliver support, professional, and educational services to organizations. It leverages a community of over 1,800 organizations to help new customers realize quicker ROI. It provides access to 100+ customer success (CS) experts to accelerate the time-to-value and ensures operational best practices when customers implement solutions. The strong technological capabilities, innovation, and support allow the vendor to improve customer satisfaction and experience, driving channel partners' and end customers' perceptions of its technologies and brand. This eventually increases engagement and loyalty among existing customers and nets new customers globally.

Conclusion

Organizations increasingly rely on hybrid and multi-cloud environments to address their current capacity and scaling challenges. Migrating to the cloud results in more workload-related security incidents due to exposed attack surfaces from misconfigured security controls and rushed migrations. The adoption of cloud workload security has grown to solve operational challenges amid remote working arrangements that became the norm during the COVID-19 pandemic. Enterprises need CWP tools to improve their security posture and strengthen security control and capabilities to detect and respond to cyber threats to their cloud workloads.

Palo Alto Networks' Prisma Cloud offers complete cloud-native application protection platform (CNAPP) built on any technology stack and any cloud platform and environment, be it public, private, hybrid, or multi-cloud. It provides customers with all the capabilities to manage cyber threats, from virtual machines and serverless applications to containers, containers-as-a-service, and containers-on-demand, delivered and managed from a single platform with unified management. Excellent customer purchase and service experience is another factor that enables Prisma Cloud to gain greater traction and preference among global organizations, allowing it to maintain impressive revenue growth over the last few years.

With its strong overall performance, Palo Alto Networks earns Frost & Sullivan's 2022 Global Company of the Year Award for the cloud workload protection market.

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

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at http://www.frost.com.

The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

Learn more.

Key Impacts:

- **Growth Pipeline:** *Continuous Flow of Growth Opportunities*
- **Growth Strategies:** *Proven Best Practices*
- **Innovation Culture:** *Optimized Customer Experience*
- **ROI & Margin:** *Implementation Excellence*
- **Transformational Growth:** *Industry Leadership*

The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**