FROST & SULLIVAN

2024

COMPANY OF THE YEAR

IN THE JAPANESE CYBERSECURITY SERVICES INDUSTRY

NRI SECURE

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2024

BEST PRACTICES AWARD

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. NRI Secure excels in many of the criteria in the cybersecurity services 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

Throughout 2022 and 2023, Japan saw a string of notable cybersecurity incidents, including the hacking incident involving Japan's National Center of Incident Readiness and Strategy for Cybersecurity (NISC), which was first reported in August 2023. This event was one of the higher profile cybersecurity incidents that had been reported in the country, with many more organizations in sectors such as transportation, government institutions, and technologies reporting that they had recently suffered cybersecurity incidents.

The increasing number of reported cyberattacks targeting Japanese-based organizations has led the government to push organizations in the country to improve their cybersecurity posture; however, the high number of cyberattacks and wider threat landscape have made it impossible for organizations to rely solely on their in-house security teams to manage their security operations. To overcome this challenge, many organizations have opted to outsource their security operations to external parties to help them manage their security operations and reduce the operational burden while having access to a deep pool of cybersecurity experts.

NRI Secure Technologies is well positioned to take advantage of the increasing demand for cybersecurity services in the Japanese market based on the breadth and width of the coverage of its cybersecurity services portfolio that can help customers secure resources and applications across different environments. The company was established in 2000 in Tokyo, Japan, as a subsidiary of Nomura Research

Institute (NRI). The company is currently known in the Japanese market as a managed security services provider (MSSP), with specialties in managed security services, security operations center (SOC)-as-a-service analysts, managed detection and response services, and penetration testing. NRI Secure's cybersecurity services portfolio, however, is even broader, with offerings such as risk assessment, risk management, security diagnosis, and endpoint detection and response (EDR) available for all current and potential customers. With its ability to provide wide-ranging cybersecurity services, the company has cemented its position as a preferred MSSP in Japan because customers know they are engaging with a company that can address all sorts of security challenges based on its broad expertise.

Throughout 2022 and 2023, the company introduced several new services, including the security information and event management (SIEM) monitoring service and the managed identity threat detection and response (ITDR) service. The company introduced these cybersecurity services after acknowledging that organizations in Japan were struggling to respond against an unprecedented number of cyberattacks and needed services that could help them detect and respond to these threats accurately and effectively, without disrupting their daily operations. For example, the company introduced the SIEM monitoring service to provide customers with monitoring rules that are tailored to the IT systems that are collected in customers' SIEM. NRI Secure has made this service available for customers that have yet to create any monitoring rules in their SIEM, allowing the company to help customers that might be struggling to generate values and actionable insights from their SIEM.

While the SIEM monitoring service is not a new trend in the cybersecurity services market, the demand for this service has been increasing exponentially in Japan because of the alarmingly high number of

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> *Research Associate*

cyberattacks. One of the unique value propositions for this SIEM monitoring service is that the company can implement and operate the SIEM on customers' behalf, thus alleviating the worry about the procedure and operational cost. By promising a lower operational cost, NRI Secure can attract many customers because this difficult macroeconomic situation has led many organizations to tighten their cybersecurity spending.

NRI Secure introduced the ITDR service to help customers quickly and accurately detect, analyze, and respond to the threats that misuse identity. NRI Secure rolled out this service to address identity-related security challenges that many organizations in Japan are facing, helping them keep a constant record of identity-based activity and issue relevant alerts if any questionable actions are being taken.

ITDR is an emerging cybersecurity field, and Frost & Sullivan commends NRI Secure's ability to jump on the trend earlier than its competitors in the Japanese market and alert customers when certain identities are misusing their rights.

Additionally, many organizations in Japan are utilizing public cloud services following their digital transformation plan; however, managing security operations on public cloud services requires a different

skillset than traditional security, significantly pressuring organizations to ensure that their in-house security teams are well equipped and trained against cloud-specific threats. NRI Secure, therefore, built and launched a public cloud managed security service to automate security operations in the public cloud and thus reduce the operational burden. With this decision to launch the service to the market, NRI Secure separates itself from competitors because it is always at the forefront of the latest technological developments that organizations in the country face.

Visionary Scenarios through Mega Trends

Many organizations in Japan have embarked on a digital transformation journey that radically transforms their traditional business settings into more digital-inclined business operations, allowing them to achieve a better productivity rate and improve the efficiency of their daily operations. Cybersecurity risks for these organizations, however, have increased because the incorporation of emerging technologies, such as cloud and Internet of Things (IoT), has resulted in a wider threat landscape for in-house security teams to monitor, making it difficult for them to manage continually on their own and are thus likely to outsource portions of their cybersecurity operations to an external partner.

NRI Secure has capitalized on this changing threat landscape by offering emerging cybersecurity services, such as managed OT/IoT security, managed cloud security, and secure access service edge (SASE), in its cybersecurity services portfolio. The company collaborates with several leading cybersecurity vendors, such as Nozomi Networks, Palo Alto Networks, Netscope, Zscaler, Cato Networks, and Crowdstrike, to provide managed cybersecurity services. These collaborations help NRI Secure understand these technologies and remain updated with the latest use cases, allowing the company to know which solutions can address customers' challenges, rather than customers choosing a single vendor whose solutions might not be able to address a specific subset of their security challenges.

Additionally, the company has capitalized on the generative artificial intelligence (AI) trend by launching a new security assessment service that performs risk-based assessments for large language models (LLM), allowing NRI Secure to help customers identify risks in their LLMs, evaluate the effect of detected risks in customers' IT environment, and provide customers with recommendation guidelines. The introduction of this LLM-focused security assessment service can help customers apply appropriate countermeasures against potential risks caused by the utilization of generative AI in their business operations.

Frost & Sullivan applauds NRI Secure's commitment to develop new cybersecurity services that can address organizations' latest security challenges. The company, therefore, remains in tune with the issues and demands in the market. While competitors have launched new cybersecurity services as well, NRI Secure continues to be the favorite among many organizations in Japan because of its expertise in emerging technologies and because it remains at the forefront of launching new cybersecurity services that specifically address the latest security challenges.

Price/Performance Value

While NRI Secure's cybersecurity services portfolio has many overlaps with competing portfolios, the company continues to be the preferred choice in the market because it provides customers with the best value. For example, for a similar offering, customers have access to the company's wide-ranging cybersecurity services portfolio and access to in-house cybersecurity professionals who hold various

qualifications, such as certified information system security professional (CISSP), certified information system auditor (CISA), and certified information security manager (CISM).

With the sheer size difference between NRI Secure and its competitors, NRI Secure's customers can be assured that they will always have access to qualified cybersecurity professionals, regardless of the size of their deal, allowing the company to engage closely with all its customers.

Customer Purchase Experience and Customer Service Experience

NRI Secure acknowledges that providing a good purchasing experience is the key to building long-lasting relationships with its customers. To maintain these relationships, however, the company must deliver an excellent and consistent service experience to all customers.

The company's strategy to provide customers with an exceptional purchasing experience includes offering one-stop support for security, in terms of consulting, cybersecurity services, and cybersecurity solutions, allowing the company to help organizations holistically protect their entire IT environment. Moreover, NRI Secure provides customers with the freedom to acquire more services or solutions from its portfolio, even after the initial cybersecurity services have been implemented. Based on its flexibility in responding to customers' needs, the company differs from competitors that might not have the expertise and tools to address organizations' issues beyond the initial challenge.

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Once customers start to utilize NRI Secure's cybersecurity services, they are supported by high-level SOC analysts who provide 24/7 support and security monitoring. While the company primarily caters to the Japanese market, customers receive support from SOC analysts that are located in Japan and in the United States, Denmark, and India. NRI Secure, therefore, has a big edge over competitors because all these locations have different time zones, and customers can have their questions and issues mitigated quickly before any problems can disrupt their IT environment. Moreover, customers have access to a wider pool of cybersecurity talent because of the diversity of locations, thus providing NRI Secure with the ability to improve the quality of service of its cybersecurity professionals.

Customers directly benefit because they can engage with qualified and experienced cybersecurity professionals regardless of which analyst is monitoring their security operations, which is the reason why organizations are engaging with MSSPs in Japan in the first place.

Financial Performance

Based on Frost & Sullivan's estimates, NRI Secure registered an estimated 15% year-on-year (YoY) growth in 2023. The company achieved this healthy growth and retained its position as a leading MSSP in Japan despite facing a more conservative market based on the tough macroeconomic conditions. The

company continues to grow in these difficult conditions by offering a comprehensive cybersecurity services portfolio.

Frost & Sullivan expects NRI Secure will continue as a leading MSSP in Japan because its previously introduced cybersecurity services will likely gain a stronger following in the market as the rapidly developing and constantly changing threat landscape in Japan will require organizations to acquire relevant cybersecurity services.

Conclusion

Many organizations in Japan are facing an unprecedented number of cyberattacks, leading to the Japanese government to encourage organizations to spend more on cybersecurity services and solutions to ensure they are well equipped to detect, mitigate, and address their security risks.

Frost & Sullivan commends NRI Secure's commitment to support the government's mission to see an improved cybersecurity posture among all layers of societies in the country. The company's commitment is evident by the roll out of several new cybersecurity services, such as managed ITDR service, indicating the company's awareness on the latest threat landscape that organizations in the country are facing. NRI Secure, therefore, is well positioned as a preferred MSSP among organizations in the country because it can proactively address the latest security challenges.

With its strong overall performance, NRI Secure earns Frost & Sullivan's 2024 Japanese Company of the Year Award in the cybersecurity 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

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 fueled 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)