

Product Differentiation Excellence Award Unified Threat Management Global, 2011

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 2011 Global Product Differentiation Excellence Award in Unified Threat Management (UTM) to gateProtect AG.

Significance of the Product Differentiation Excellence Award

Key Industry Challenges Addressed by Product Differentiation

The UTM market is growing rapidly, but vendors face significant obstacles going forward. This market is characterized by a highly competitive landscape, evolving technologies, and high customer expectations. As a result, vendors must meet these challenges by developing innovative new features and functionality to improve their products. Frost & Sullivan firmly believes that these innovative growth strategies will provide the product differentiation and customer value necessary to gain stronger adoption in the marketplace.

The top vendors in the UTM market now account for a large majority of sales, which makes it difficult for emerging competitors to gain visibility. Developing a unique product will increase this visibility through industry recognition, accolades, and customer references. Furthermore, unique product features will improve the solution's value, which will earn market validation in the form of increased revenue growth.

UTM vendors must also differentiate their product by adapting to technological challenges. The rapid evolution of technology, as well as cyber threats, is a challenge for most security companies to address. UTM vendors are now adding advanced security technologies such as application control, wireless access security, and user-based policy creation. New security capabilities that enable customers to safely utilize new technologies are currently in high demand.

In addition, Frost & Sullivan independent research confirms that customer expectations remain quite high and only continue to increase. The UTM market has surpassed the early adoption stage and must now prove its value to customers. Despite improvements in the traditionally problematic areas of scalability and reliability, there is still room for product

improvement. Market participants can differentiate their UTM solutions by developing leading capabilities in the areas of product performance, reliability, effectiveness, features, and usability.

The competition level in the UTM market is at an all-time high, and vendors are beginning to exit the market. However, Frost & Sullivan notes that the UTM vendor with the strongest product differentiation strategy will be able to address new and emerging challenges in order to rapidly grow their share of the UTM market.

Impact of Product Differentiation Excellence Award on Key Stakeholders

The Product Differentiation Excellence Award is a prestigious recognition of gateProtect's accomplishments in the UTM market. An unbiased, third-party recognition can provide a profound impact in enhancing the brand value and accelerating gateProtect's growth. As captured in Chart 1 below, by researching, ranking, and recognizing those who deliver excellence and best practices in their respective endeavors, Frost & Sullivan hopes to inspire, influence, and impact three specific constituencies:

- **Investors**

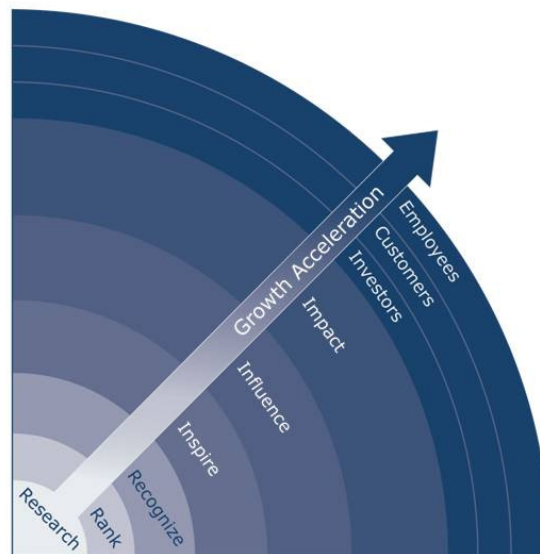
Investors and shareholders always welcome unbiased and impartial third-party recognition. Similarly, prospective investors and shareholders are drawn to companies with a well-established reputation for excellence. Unbiased validation is the best and most credible way to showcase an organization worthy of investment.

- **Customers**

Third-party industry recognition has been proven to be the most effective way to assure customers that they are partnering with an organization that is leading in its field.

- **Employees**

This Award represents the creativity and dedication of gateProtect's executive team and employees. Such public recognition can boost morale and inspire these stakeholders to continue the best-in-class pursuit of product excellence for gateProtect.

Chart 1: Best Practices Leverage for Growth Acceleration**Key Benchmarking Criteria for Product Differentiation Excellence Award**

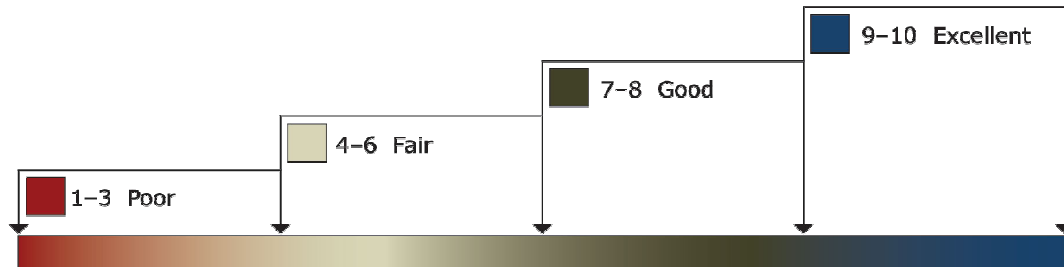
For the Product Differentiation Excellence Award, the following criteria were used to benchmark gateProtect's performance against key competitors:

- **Unique Features/Functionality**
- **Quality/Complexity**
- **Customization**
- **Matched to Target Markets Needs**
- **Brand Perception of the Uniqueness of the Product**

Decision Support Matrix and Measurement Criteria

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Matrix (DSM). The DSM is an analytical tool that compares companies' performance relative to each other with an integration of quantitative and qualitative metrics. The DSM features criteria unique to each Award category and ranks importance by assigning weights to each criterion. The relative weighting reflects current market conditions and illustrates the associated importance of each criterion according to Frost & Sullivan. Fundamentally, each DSM is distinct for each market and Award category. The DSM allows our research and consulting teams to objectively analyze each company's performance on each criterion relative to its top competitors and assign performance ratings on that basis. The DSM follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are shown in Chart 2.

Chart 2: Performance-Based Ratings for Decision Support Matrix



This exercise encompasses all criteria, leading to a weighted average ranking of each company. Researchers can then easily identify the company with the highest ranking. As a final step, the research team confirms the veracity of the model by ensuring that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

Chart 3: Frost & Sullivan’s 10-Step Process for Identifying Award Recipients



Best Practice Award Analysis for gateProtect AG

The Decision Support Matrix, shown in Chart 4, illustrates the relative importance of each criterion for the Product Differentiation Excellence Award and the ratings for each company under evaluation. To remain unbiased while also protecting the interests of the other organizations reviewed, we have chosen to refer to the other key players as Competitor 1 and Competitor 2.

Chart 4: Decision Support Matrix for Product Differentiation Excellence Award

<i>Measurement of 1-10 (1 = lowest; 10 = highest)</i>	Award Criteria					
	Unique Features/Functionality	Value Proposition	Quality	Matched to Target Markets Needs	Unique Name/Brand Recognition	Weighted Rating
Relative Weight (%)	20%	20%	20%	20%	20%	100%
gateProtect AG	10.0	10.0	10.0	10.0	9.5	9.9
Competitor 1	9.5	9.5	9.5	9.0	10.0	9.5
Competitor 2	9.5	9.5	9.5	8.5	8.0	9.0

Criterion 1: Unique Features/Functionality

The UTM market is highly competitive with many participants, but only a few vendors account for the majority of market revenues. Consequently, emerging competitors in the UTM market must develop unique product features and functionality in order to gain visibility in the market.

An excellent example of a vendor with a successful product differentiation strategy is gateProtect. gateProtect offers UTM solutions based on two unique and proprietary technologies. The first is the gateProtect ergonomic Graphical User Interface (eGUI), and the other is the Layer-8 Technology. The gateProtect eGUI provides customers with the market’s most intuitive, visual, and three-dimensional interface to create and manage security policies. This improves the efficiency and effectiveness of security policies and controls.

The full line of gateProtect UTM products is driven by its Layer-8 Technology: a rule-based Extended User Authentication used to enable user-based policies. Any number of rules can then be created, and services and options (such as proxies or Web filters) can then be assigned to a user or group.

Frost & Sullivan finds that other competing UTM vendors do offer graphical user interfaces for policy management purposes, but lack the “process-oriented approach” and intuitiveness of gateProtect’s eGUI. On the other hand, many of the large UTM vendors do now offer

identity-based security controls. Competitors without these capabilities are at a severe disadvantage, as customers are beginning to demand these capabilities.

Criterion 2: Value Proposition

The gateProtect eGUI is a very unique technology that provides customers with the most intuitive visual UTM management system available in the marketplace. gateProtect's eGUI simplifies the management of complex, multi-faceted security policies in a way that enables businesses to avoid weak or erroneous policies. This improves security levels since cyber attacks require complex policies to defend against, and poorly written policies can permit breaches. By enabling customers to create more efficient policies and reduce errors, the gateProtect eGUI greatly reduces risk exposure, complexity and costs for customers.

The gateProtect UTM Layer-8 Technology adds further value to these UTM products by allowing customers to approve and assign services to specific users and groups. This technology allows easy and fast creation of policies that provide access to services for only approved users while blocking unauthorized services and users. The Layer-8 Technology in GateProtect UTM represents a tremendous value for customers that desire a contextual, logical, and flexible system to manage complex security policies.

Criterion 3: Quality

The uniqueness of gateProtect's eGUI solution is further highlighted by its quality and effectiveness. For example, gateProtect is the only UTM vendor to implement the ISO NORM 9241 standard in the development of ergonomic design of its management interface. The gateProtect eGUI value proposition of convenience and ease-of-use also improves the effectiveness of its UTM security capabilities as well. Sophisticated and holistic security policies are essential for UTM devices to properly protect customers. gateProtect UTM products simplify the creation of strong security policies and therefore enable customers to reduce their risk exposure. By comparison, other UTM solutions that lack ease-of-use can expose customers to cyber threats due to misconfigured firewall rules and weak policies.

Criterion 4: Matched to Target Markets Needs

The gateProtect UTM provides all of the fundamental network security technologies such as stateful packet firewall, IPS, gateway AV, content filtering, anti-spam, and anti-spyware in a single appliance. In addition to these security functions, gateProtect UTM appliances also provide networking features including bridging, VLAN, single sign-on, traffic shaping, quality-of-service (QoS), IPSec/SSL VPN (X.509), HTTPs proxy, and VPN encryption acceleration. These products deliver the essential security functionality, plus a wide breadth of networking capabilities.

The gateProtect UTM product line includes multiple products for each size of customer, ranging from small office and remote/branch offices to large enterprise organizations. gateProtect nicely continues to expand this product line, with a new high-end appliance in development that will provide the high scalability and reliability that large enterprise customers require.

Criterion 5: Brand Perception of the Uniqueness of the Product

gateProtect has received many accolades for its approach to UTM and its eGUI technology from sources such as SC Magazine, TechWorld, and Computerworld. The company now has 40,000 installations worldwide, and gateProtect continues to grow at a strong rate. gateProtect is emerging as a leading contender in the UTM market, due to its innovation technologies that offer customers a unique value proposition. In addition, gateProtect entered the North America market in 2010, and Frost & Sullivan expects the company to continue its meteoric rise in the global UTM market.

Conclusion

gateProtect provides UTM products that stand-out from the competition due to their ease-of-use and security effectiveness. The gateProtect ergonomic graphical user interface (eGUI) provides the most intuitive and effective visual UTM management interface available in the marketplace. Combined with gateProtect's Layer-8 Technology, these UTM solutions enable customers to easily create and manage highly effective and sophisticated security policies. This ability to differentiate its products has helped propel the company's growth and reputation in the security industry, and gateProtect is emerging as a top contender in the UTM market based on Frost & Sullivan competitive benchmarking. As such, gateProtect is the recipient of the 2011 Frost & Sullivan Global Product Differentiation Excellence Award.

The CEO 360-Degree Perspective™ - 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 5: 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 6: Benchmarking Performance with TEAM Research

About Frost & Sullivan

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>.