



Entrepreneurial Company of the Year, Vulnerability Research North America, 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 North American Entrepreneurial Company of the Year Award in Vulnerability Research to VUPEN Security.

Key Industry Challenges

Security vendors and research labs that perform testing, find, and disclose vulnerabilities and zero-day attacks provide an invaluable service to customers, technology companies, and the security industry. This type of research is often overlooked as it does not directly generate revenue for researchers. However, it forms the central line of defense against malware and network-based attacks.

Security vendors and individuals in the vulnerabilities research space face several challenges in the market. Once vulnerability is discovered by a security research team or individual it is turned over to the developer. Unfortunately developers and research labs often disagree over the amount of time given to developers to issue a patch of the vulnerable application. Frost & Sullivan firmly believes that responsible reporting is essential for keeping both customers and manufactures informed but usually developers feel the research labs give too little time to patch. This negative perception has also impacted customer opinions about vulnerability researchers, but some organizations do fully grasp the value of original vulnerability research. Another challenge this market faced is budget restrictions that led to a decrease in vulnerability research during the 2008 recession. However, as economic conditions improve, so has reporting.

It becomes difficult for customers to differentiate research labs solely by the services they provide. With established research labs such as IBM and HP TippingPoint reporting a large portion of vulnerabilities, Frost & Sullivan's research reveals that a competitor can earn an influential position in the vulnerability research market by increasing its level of commitment and research activities. By increasing the number of vulnerabilities it finds and helps to fix, a competitor can earn recognition from other research organizations and the media. Proficiency in vulnerability research also inspires greater customer confidence and product acceptance in the marketplace.

Most importantly, increased research activities will directly improve the company's ability to address emerging threats and offer superior security products. The emergence of

threats, such as Stuxnet, has emphasized the need and investment in vulnerability research.

Impact of Entrepreneurial Company of the Year Award on Key Stakeholders

The Entrepreneurial Company of the Year Award is a prestigious recognition of VUPEN Security's accomplishments in the vulnerability research market. An unbiased, third-party recognition can provide a profound impact in enhancing the brand value and accelerating VUPEN Security'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.

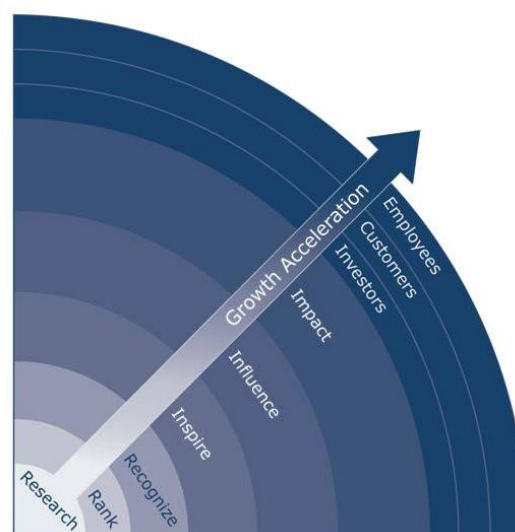
- **Customers**

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 VUPEN Security's executive team and employees. Such public recognition can boost morale and inspire your team to continue its best-in-class pursuit of a strong competitive position for VUPEN Security

Chart 1: Best Practices Leverage for Growth Acceleration



Key Benchmarking Criteria for Entrepreneurial Company of the Year Award

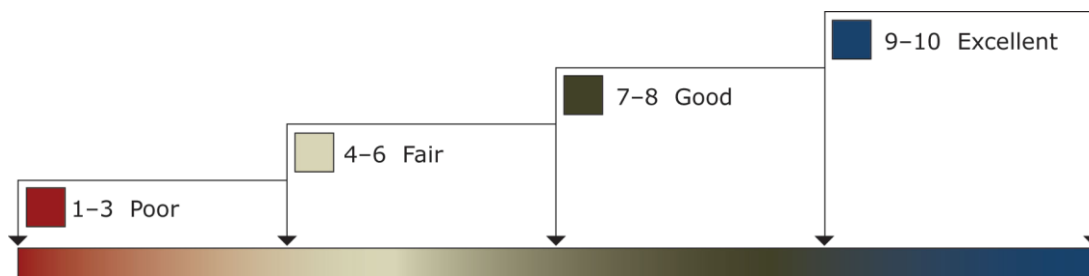
For the Entrepreneurial Company of the Year Award, the following criteria were used to benchmark VUPEN Security's performance against key competitors:

- Growth Strategy Excellence
- Growth Implementation Excellence
- Degree of Innovation with Products and Technologies
- Leadership in Customer Value
- Speed of Response to Market Needs

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 VUPEN Security

The Decision Support Matrix, shown in Chart 4, illustrates the relative importance of each criterion for the Entrepreneurial Company of the Year 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 Entrepreneurial Company of the Year Award

<i>Measurement of 1-10 (1 = lowest; 10 = highest)</i>	Award Criteria					Weighted Rating
	Growth Strategy Excellence	Growth Implementation Excellence	Degree of Innovation with Products and Technologies	Leadership in Customer Value	Speed of Response to Market Needs	
Relative Weight (%)	20%	20%	20%	20%	20%	100%
VUPEN Security	9	8	9	8	9	8.60
Competitor 1	8	7	8	8	9	8.00
Competitor 2	8	8	7	7	8	7.60

Criterion 1: Growth Strategy Excellence

Vulnerability research is an essential piece of the overall network security puzzle. VUPEN Security, founded in 2004, has positioned their company to provide advanced and reliable

vulnerability intelligence for chief security officers, security professionals and their respective organizations. Frost & Sullivan notes that within their first six months of existence, VUPEN secured their first Fortune 500 customer. As the company has garnered recognition, backing by venture capitalist has increased, evidenced by an important investment in 2008 which enabled VUPEN to expand its team and solutions to government entities and other major corporations.

VUPEN has assembled a team of recognized and highly skilled security researchers whose only objective is conducting vulnerability research. To further gain recognition and a positive reputation in the market, VUPEN actively participates in computer hacking contests such as Pwn2Own. In these events, VUPEN is consistently a top vulnerability finder.

Criterion 2: Growth Implementation Excellence

To further enhance their vulnerability research capabilities, VUPEN invests over two-thirds of their financial resources into R&D. In doing so, VUPEN has created innovative and private vulnerability research/discovery technologies that enable the company to further penetrate the market. The company understands that enhancing their vulnerability technology is essential in creating a recognized and trusted engineering and research teams. VUPEN increases their growth by conducting innovative research programs in-house with industrial and academic partnerships. The company continues to be a top vulnerability reporter in Frost & Sullivan's Vulnerability Research Market analysis services.

VUPEN has increased its marketing and sales strategies to compliment their R&D investment. The company has developed a direct management strategy where the management team is in direct and real-time contact with the R&D and sales team. This limits intermediate processes and speeds up the decision process. Frost & Sullivan's research shows that this has positioned VUPEN to improve their relationships with customers and market needs.

Criterion 3: Degree of Innovation with Products and Technologies

VUPEN's solutions, Binary Analysis and Exploits (BAE) and Threat Protection Program (TPP), provide its customers with detailed vulnerability research to evaluate risks and protect from known and unknown vulnerabilities.

VUPEN's research provides its customers alerts about critical vulnerabilities up to 9 months in advance before any patches are released. The in-depth analysis of VUPEN's vulnerability reports to their customers provides a strong competitive advantage. With all research being performed in-house and not through contributing third parties, VUPEN's vulnerability reports are exclusive, not shared by other researchers.

Criterion 4: Leadership in Customer Value

Frost & Sullivan feels that VUPEN has developed their solutions around three levels of security intelligence requirements organizations and customers are looking for from a vulnerability research service.

First, customers want real time but less-technical reports about all vulnerabilities as they are publicly disclosed or patched. VUPEN Vulnerability Notification Service (VNS) provides this where each advisory includes an overview of all security threats, brief descriptions, severity, solutions, and security standards.

Secondly, customers want in-depth and very detailed research reports for the most critical and significant vulnerabilities to understand their root cause, exploitability techniques, mitigations, and reliability. This would allow customers to evaluate real risks of the most important threats and take appropriate action. VUPEN Binary Analysis and Exploits (BAE) provides ten pages of highly technical details of each report.

Lastly, customers want in-depth and very detailed research reports for exclusive vulnerabilities in advance of their public disclosure to protect critical infrastructures from unpatched vulnerabilities. This allows customers to proactively protect against undisclosed vulnerabilities and reduce their exposure to zero-day attacks. This is provided by VUPEN Threat Protection Program (TPP).

Customers with critical infrastructures are more interested in vulnerability intelligence solutions with added values (i.e. VUPEN BAE and TPP) rather than the usual vulnerability information that is provided by other competitors without any in-depth technical analysis.

Criterion 5: Speed of Response to Market Needs

Government entities and financial services have been primary vertical markets for VUPEN's security intelligence services. Widely deployed applications and software in these organizations, such as Microsoft, Adobe, Apple, IBM, and Oracle products, have been the focus of the company's vulnerability research. However, with the emergence of the Stuxnet worm, VUPEN realizes the necessity to expand its coverage. In addition, industry/energy corporations are now increasingly more interested in vulnerability research and security intelligence services. The company is moving forward and now implementing research for industrial and *supervisory control and data acquisition* (SCADA) software, which has resulted in an increase in penetration within the utilities vertical market.

Conclusion

Frost & Sullivan is proud to present the Entrepreneurial Company of the Year Award to VUPEN Security. The company has made great strides in the vulnerability research market, proving that it is a top competitor against competing labs.

Frost & Sullivan firmly believes that VUPEN’s dedication and entrepreneurial drive to enhance its security intelligence solutions to meet the needs of the current security environment has proven VUPEN as a reputable and innovative vulnerability research company.

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 VUPEN Security

VUPEN is a leading IT security research company providing exclusive vulnerability intelligence solutions for defensive and offensive security, which enable corporations and governments to eliminate vulnerabilities before they can be exploited, ensure security policy compliance and meaningfully measure and manage risks.

Governmental and federal agencies, and global enterprises in the financial services, insurance, manufacturing and technology industries rely on VUPEN to improve their security, prioritize resources, cut time and costs, and stay ahead of the latest threats.

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>.