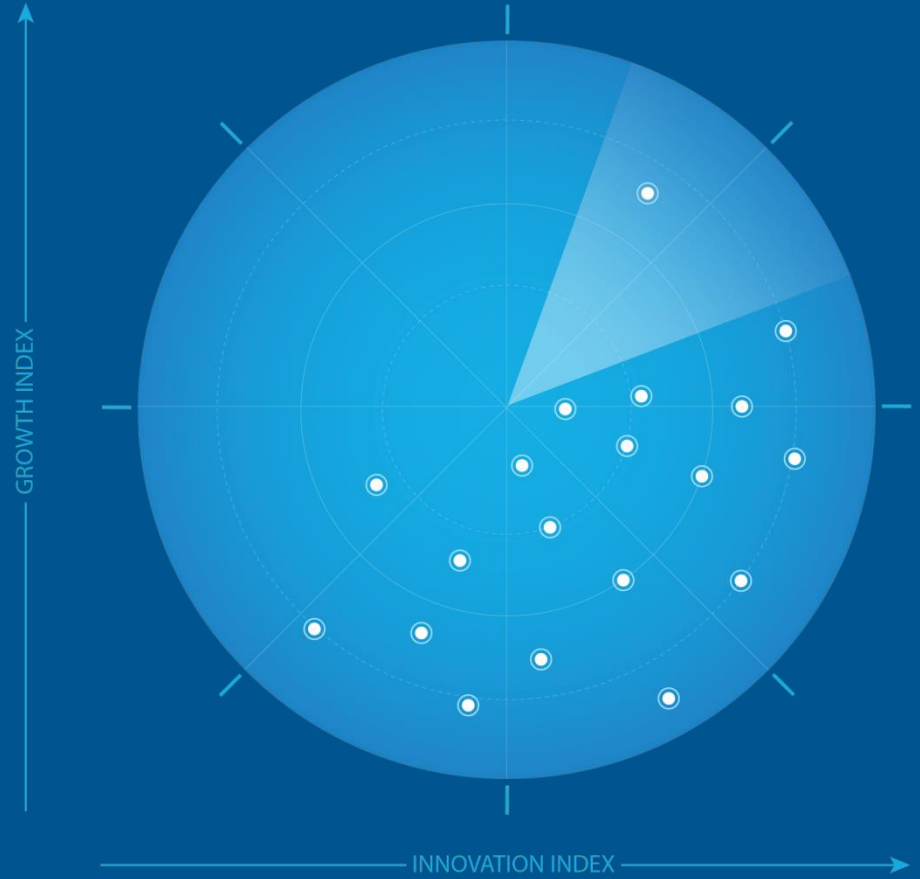


Frost Radar™: Zero Trust Browser Security, 2023

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A Benchmarking System to Spark Companies to Action - Innovation That Fuels New Deal Flow and Growth Pipelines



December 2023

FROST & SULLIVAN

Strategic Imperative and Growth Environment



Strategic Imperative

Factors Creating Pressure on Growth

- Working remotely strains security coverage and makes it more difficult for enterprise security systems to monitor an employee's computer activity. Enterprises must ensure employees use safe devices and networks to access secure websites and corporate applications.
- A zero-trust browser security (ZTBS) solution package offers data loss protection (DLP), sandboxing, and malware scanning capabilities to prevent phishing attacks and inadvertent or intentional data leakage. More importantly, ZTBS tools have minimal impact on employee productivity and administrator workflow.
- ZTBS solutions are an emerging category of security tools that aim to replace virtual desktop infrastructure (VDI), virtual private network (VPN), desktop-as-a-service (DaaS), and secure web gateways (SWG).
- Many new entrants have emerged from stealth mode over the last two years, and there may be more new entrants next year, which will intensify competition.
- Legacy VDI, VPN, and DaaS tools do not adequately support new forms of remote and hybrid work connectivity and end up delivering inefficient workflows and unintuitive user interfaces. Such challenges promote the adoption of modern and user-friendly ZTBS solutions.

Source: Frost & Sullivan

Strategic Imperative (continued)

Factors Creating Pressure on Growth

- Enterprise users and buyers have limited awareness of the capabilities and usefulness of ZTBS solutions. Therefore, ZTBS solution providers face the task of making ZTBS displace VDI, VPN, SWGs, or advanced secure access service edge (SASE) systems.
- Leading ZTBS vendors strategically position their offerings to complement the capabilities of adjacent technologies while providing a superior user experience at an affordable price point. Agile innovation and account-based marketing campaigns assure a more significant revenue share for ZTBS vendors.

Growth Environment

- ZTBS tools typically cater to enterprises frustrated with traditional technologies and complex workflows such as VPN or VDI. ZTBS solutions offer a quicker and more cost-effective fix than competing solutions. They monitor employee browser actions to prevent security risks without compromising security or user experience.
- The demand for ZTBS solutions grew after the pandemic and in the wake of an expanding hybrid workforce to cater to the growing need to secure an enterprise's browsing attack surface.
- ZTBS is an emerging, start-up-dominated market. In 2023, ZTBS solutions generated an aggregated revenue of \$78.2 million, and the market is set to grow at a CAGR of 115.5% between 2023 and 2026.
- The availability of substitute technologies and limited awareness of ZTBS tools are the biggest obstacles to revenue growth. Educating the market about the benefits and advantages of ZTBS solutions must be an essential priority for vendors.



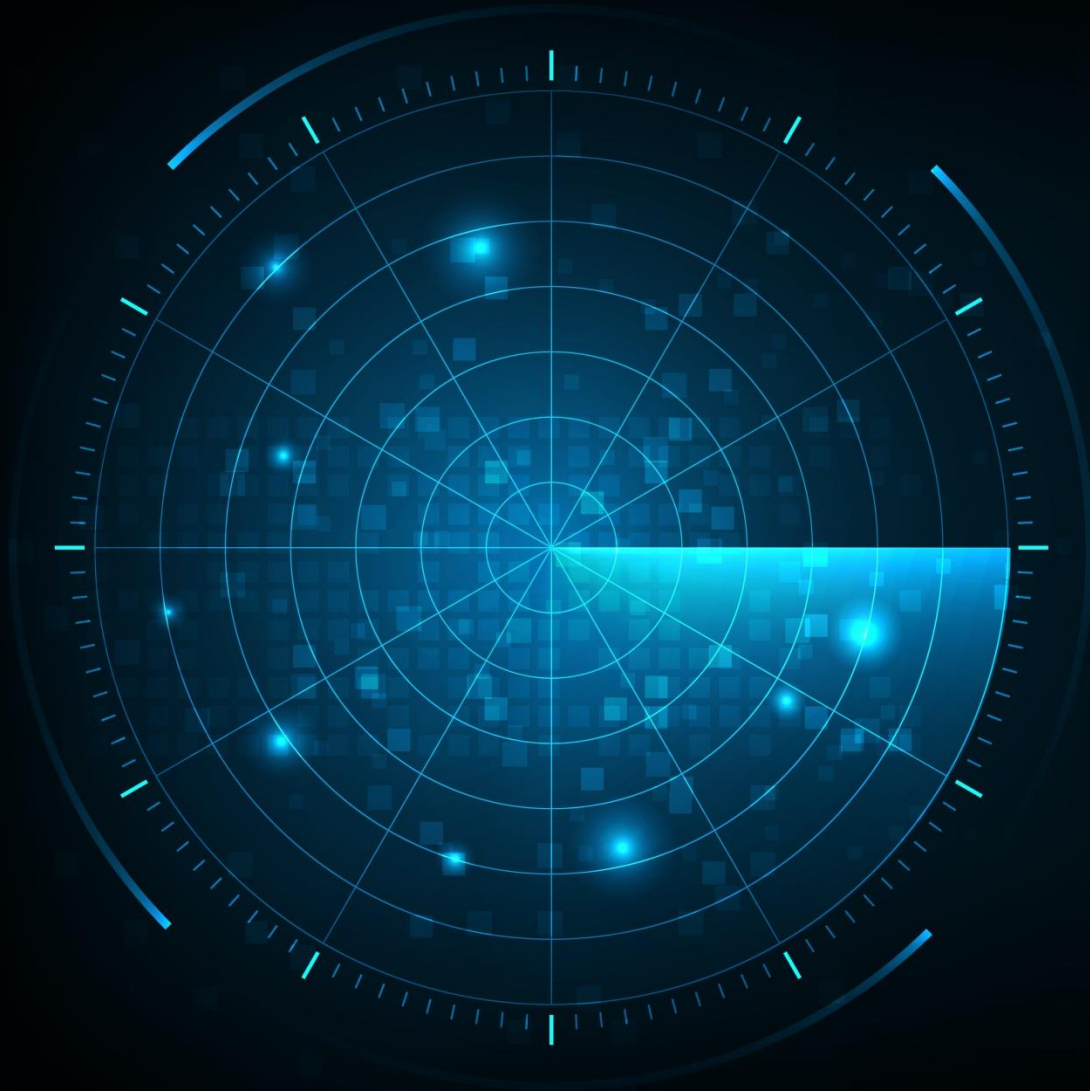
Source: Frost & Sullivan

Growth Environment (continued)

- North America will account for 73.6% of global ZTBS revenue in 2026. Asia-Pacific and Europe follow, reflecting the changing geographical dynamics of the cybersecurity landscape.
- A few noteworthy global and regional regulations that require companies to protect their sensitive data are:
 - General Data Protection Regulation (GDPR) in the European Union;
 - The Sarbanes Oxley Act, Health Insurance Portability and Accountability Act (HIPAA), California Consumer Privacy Act (CCPA), and Electronic Communications Privacy Act (ECPA) in the United States;
 - Personal information protection law in China; and
 - Various other country-specific regulations in the United Kingdom, India, Switzerland, and other countries.
- ZTBS solutions help organizations protect sensitive and confidential data from unauthorized access and generate compliance reports for various regulations.



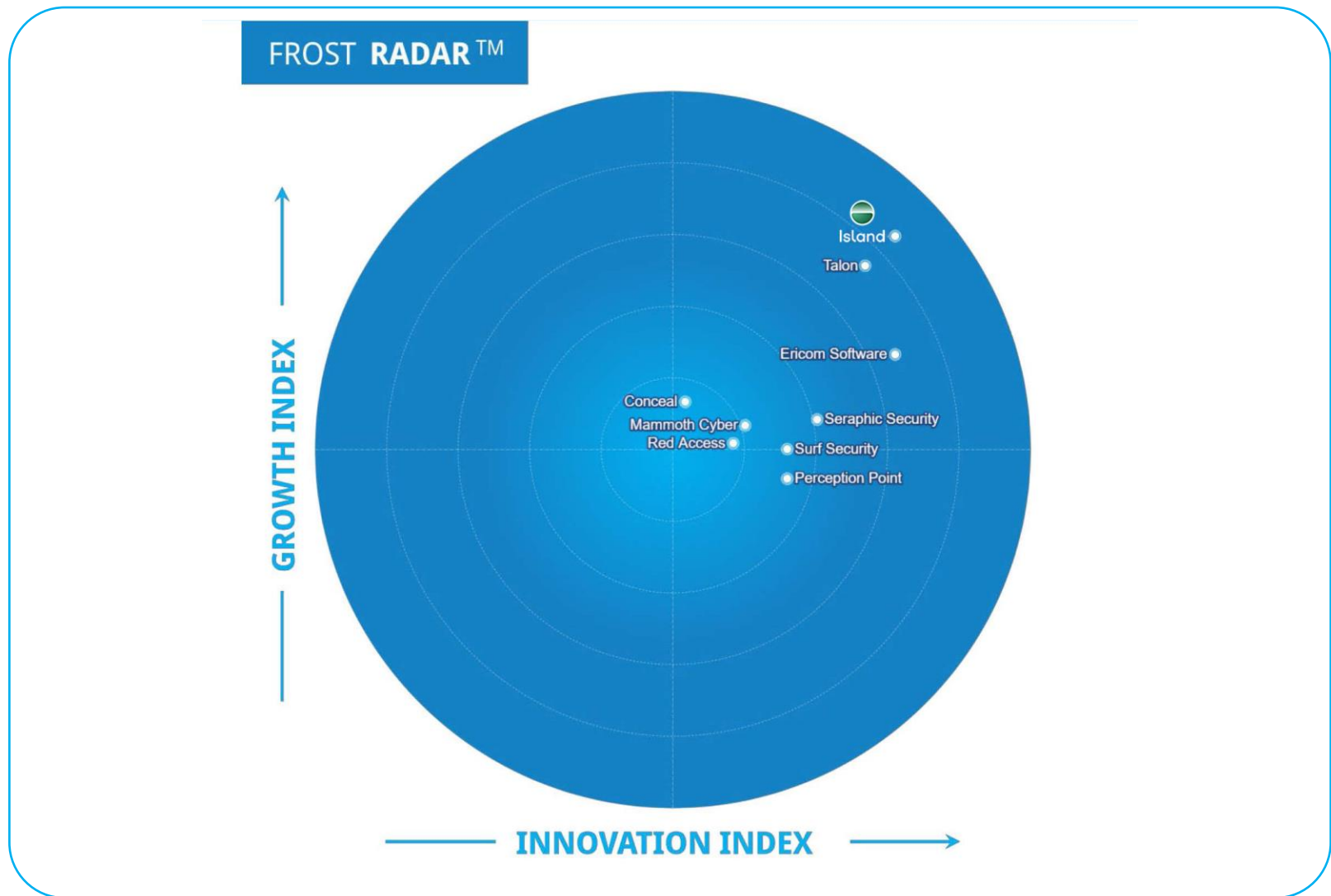
Source: Frost & Sullivan



Frost Radar™

**Zero Trust
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Source: Frost & Sullivan

Competitive Environment

- The global ZTBS market is fragmented, with the top eight market participants accounting for 69.2% of the revenue share in 2023. Market shares could change during the forecast period, as this is an emerging market.
- Island leads the market, accounting for 17.8% revenue share in 2023. The company's browser packs DLP, malware analysis, clipboard controls, last-mile security controls for administrators, and contextual awareness to customize policy enforcement at the tenant level. Moreover, Island has positioned itself as a thought leader with its aggressive marketing campaigns that build its brand and its efforts to raise awareness about ZTBS. A robust R&D pipeline delivers on its vision to become the leader in the browser security space.



Companies to Action:
Companies to Be Considered First for
Investment, Partnerships, or Benchmarking

Company to Action: Island

Innovation

- Island's Enterprise Browser provides contextual awareness based on user identity, device posture assessment, user group memberships, application entitlement, geolocation, tenant awareness, and network awareness.
- The platform also enables real-time last-mile controls at the presentation layer because policy computation and enforcement happen locally rather than on the cloud. As a result, data is not transferred to the cloud and does not leave the data center, enabling organizations to comply with global and regional privacy laws.
- Company co-founder Dan Amiga holds a patent for RBI technology. With leadership with such a solid technological background and investment backing, Island has successfully commercialized the launch of its enterprise browser.
- The company follows an innovation model called "islands of innovation." The company's engineering departments are organized into mini start-ups, with each start-up or "island" having its product or use case focus, headcount, finances, leadership, and deliverables. Engineers work on a use case or feature for three months to a year. The model breaks traditional vertical hierarchies and gives autonomy to each team, which helps the company accelerate innovation by eliminating red tape and enabling peak productivity.

Source: Frost & Sullivan

Company to Action: Island

Growth

- Island, a Dallas-based company, targets enterprises looking to replace legacy browsers and IT security technologies. In addition to focusing on new customer sales, the company upsells new product capabilities to existing customers as additional modules. Recent examples of such additional modules include Island Private Access, which provides ZTNA capabilities and replaces legacy VPN, Island password manager, Island AI assistant, Island secure shell (SSH) and RDP, Island browser extension, and Island Mobile.
- Island emerged from stealth mode in 2021. Island's solution is deployed in 14 large Fortune 500 companies. The company has a strong presence in North America, which accounts for 98% of its revenue share.
- Island relies primarily on internal sales and marketing efforts for customer acquisition, primarily large enterprises and some channel partners.

Source: Frost & Sullivan

Company to Action: Island

Frost Perspective

- Island is the evident Growth and Innovation leader in the Frost Radar. The company sells to CISOs, CIOs, and line-of-business leaders, always keeping the end user in mind. The company's new product, Island AI assistant, and the soon-to-be-launched Digital Experience module round out its product line.
- Product features such as last-mile control will cater to European privacy requirements. Island could build on its strength in the North American market, expand to other countries, and gain market share. The company should leverage regional channel partners to expand its presence to other regions.

Source: Frost & Sullivan



Key Takeaways

Key Takeaways

1

Browsers provide the initial foothold for cyber adversaries. As the frequency and complexity of web-based attacks grow, the need to secure the browser attack surface increases. ZTBS solutions provide multifactor authentication protocols that prevent unauthorized access. ZTBS platforms may fit into the solution portfolio of SASE vendors or might become an extended arm of identity providers.

2

Both enterprise browsers and secure browser extensions have a strong potential for revenue growth. Secure browser extensions will enjoy higher adoption because they allow legacy browser continuity. Enterprise browsers will compensate for a small user base by generating higher revenue, thanks to a higher price point.

3

Increasing awareness about ZTBS's capabilities and the advantages it offers over adjacent technologies will remain the biggest priority for most vendors in this market. Brand-building initiatives will demand significant marketing expenditures. Vendors with more capital (particularly those with venture capital investments to spend) will gain an edge over peers.

Source: Frost & Sullivan

Key Takeaways (continued)

4

SASE solutions offer broader functionality, including SWG, cloud access security broker (CASB), zero-trust network access (ZTNA), software-defined wide area network (SD-WAN), and sometimes remote browser isolation (RBI), next-generation firewall (NGFW), and data loss prevention (DLP). Moreover, ZTBS solutions limit browser security coverage, but SASE/security service edge (SSE) platforms extend security coverage across web-based attack surfaces. In addition, ZTBS cannot function as a stand-alone security tool but requires more security layers, such as email security, endpoint security, and more. Such additional layers require separate administration policies, which can significantly deter enterprises from deploying ZTBS. As a result, many large enterprises prefer to engage with a single SASE vendor rather than invest in an enterprise browser security solution.

5

Many of the ZTBS vendors are start-ups in the seed funding stage. Without much marketing budget, these vendors may struggle to build brand equity and may be absorbed by larger vendors seeking to integrate enterprise browser functionality. At the same time, SASE implementation can be more complex and expensive than ZTBS implementation, which could drive mid-market enterprises to adopt ZTBS solutions rather than invest in SASE.

Source: Frost & Sullivan

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Frost Radar™ Analytics



Frost Radar™: Benchmarking Future Growth Potential

2 Major Indices, 10 Analytical Ingredients, 1 Platform

VERTICAL AXIS

Growth Index (GI) is a measure of a company's growth performance and track record, along with its ability to develop and execute a fully aligned growth strategy and vision; a robust growth pipeline system; and effective market, competitor, and end-user focused sales and marketing strategies.

GROWTH INDEX ELEMENTS

- **GI1: MARKET SHARE (PREVIOUS 3 YEARS)**
This is a comparison of a company's market share relative to its competitors in a given market space for the previous 3 years.
- **GI2: REVENUE GROWTH (PREVIOUS 3 YEARS)**
This is a look at a company's revenue growth rate for the previous 3 years in the market/industry/category that forms the context for the given Frost Radar™.
- **GI3: GROWTH PIPELINE**
This is an evaluation of the strength and leverage of a company's growth pipeline system to continuously capture, analyze, and prioritize its universe of growth opportunities.
- **GI4: VISION AND STRATEGY**
This is an assessment of how well a company's growth strategy is aligned with its vision. Are the investments that a company is making in new products and markets consistent with the stated vision?
- **GI5: SALES AND MARKETING**
This is a measure of the effectiveness of a company's sales and marketing efforts in helping it drive demand and achieve its growth objectives.

Frost Radar™: Benchmarking Future Growth Potential

2 Major Indices, 10 Analytical Ingredients, 1 Platform

HORIZONTAL AXIS

Innovation Index (II) is a measure of a company's ability to develop products/services/solutions (with a clear understanding of disruptive Mega Trends) that are globally applicable, are able to evolve and expand to serve multiple markets, and are aligned to customers' changing needs.

INNOVATION INDEX ELEMENTS

- **II1: INNOVATION SCALABILITY**

This determines whether an organization's innovations are globally scalable and applicable in both developing and mature markets, and also in adjacent and non-adjacent industry verticals.

- **II2: RESEARCH AND DEVELOPMENT**

This is a measure of the efficacy of a company's R&D strategy, as determined by the size of its R&D investment and how it feeds the innovation pipeline.

- **II3: PRODUCT PORTFOLIO**

This is a measure of a company's product portfolio, focusing on the relative contribution of new products to its annual revenue.

- **II4: MEGA TRENDS LEVERAGE**

This is an assessment of a company's proactive leverage of evolving, long-term opportunities and new business models, as the foundation of its innovation pipeline. An explanation of Mega Trends can be found [here](#).

- **II5: CUSTOMER ALIGNMENT**

This evaluates the applicability of a company's products/services/solutions to current and potential customers, as well as how its innovation strategy is influenced by evolving customer needs.

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