

## Market Share Leadership, Content Filtering Products Global, 2010

### Frost & Sullivan's Global Research Platform

Frost & Sullivan is entering its 50<sup>th</sup> 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 in turn 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 2010 Global Market Share Leadership of the Year Award in Content Filtering Products to Websense.

### Key Industry Challenges Addressed by Increased Market Share

The threat landscape has changed dramatically in the past five years. In 2010, phishing websites are now the primary vector for spreading malware. Frost & Sullivan's research shows that according to vendors, over 80 percent of all infected malware is classified as a safe, legitimate web site. In addition, the emergence of Web 2.0 capabilities and the use of social networking websites have created new targets for criminal activities. Cyber criminals are also taking advantage of the breadth of personal information now available and are spreading malware out to those sites. Along with these web threats, email threats continue to advance. Email is also considered a top vector for malicious attacks. Blended threats are dominating the security landscape. Threats are becoming more sophisticated and targeted. Spam emails will likely contain links to spam web sites or malicious web sites trying to collect data or execute a malware attack. It is expected that email will continue to be a top vector for malicious attacks. Emails may contain attachments for stealing personal or corporate data or malicious URLs.

Enterprises are searching for the best protection, flexibility and cost-effective products when implementing content security solutions. The content filtering market has experienced vendor consolidation. Websense has performed several acquisitions to improve its market position and product line. The acquisition of SurfControl and PortAuthority enabled Websense to offer a set of integrated solutions of web, email security and data loss prevention (DLP). The market has shifted with companies now offering an integrated solution for security and web and email filtering. Most vendors are now offering various deployment options to add flexibility and enhanced security solutions to the basic URL filtering services.

To maintain strong traction in the content security products market, vendors have to address numerous challenges stemming from organizations. One challenge faced by vendors includes, the ability to deploy advanced technologies against the newest web threats. As the threat landscape evolves, vendors are working diligently to create innovative methods to prevent web attacks and reduce email threats in the most efficient

and cost-effective manner for businesses. Long gone are the days of simply updating a URL list to block employees from certain websites. Advanced technology is crucial today.

Another challenge for vendors includes the ability to offer different deployment options to customers in the form of hybrid, cloud, appliance or software-based solutions. As a result of the changing threat landscape and the proliferation of remote workers, vendors are seeking ways to deploy alternative web and email security solutions. Vendors such as Websense have implemented hybrid solutions which consist of an appliance and a cloud-based service. These solutions are able to offer web and email filtering to remote workers when they are off the corporate network.

### **Impact of Market Share Leadership Award on Key Stakeholders**

The Market Share Leadership Award is a prestigious recognition of Websense's accomplishments in the Content Filtering Products Market. An unbiased, 3<sup>rd</sup> party recognition can provide a profound impact in enhancing the brand value and thereby accelerating the Websense'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**

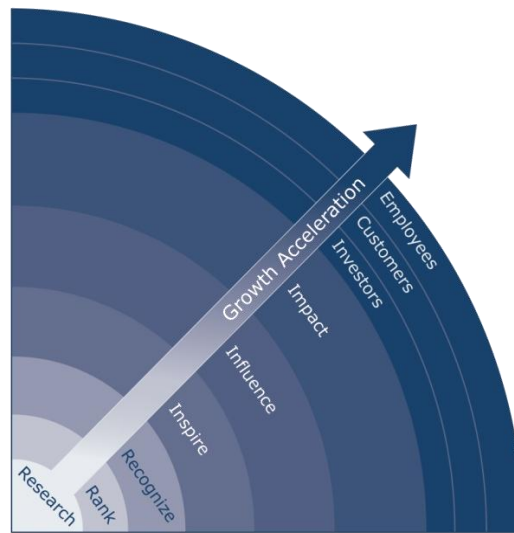
Investors and shareholders always welcome unbiased and impartial third party recognition. Similarly, prospective investors and shareholders are drawn to companies with a well-established reputation for excellence. Unbiased validation is the best and most credible way to showcase an organization worthy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

- **Customers**

3rd 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 Websense'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 Websense.

**Chart 1: Best Practices Leverage for Growth Acceleration**

## Best Practice Award Analysis for Websense

The Frost & Sullivan Award for Market Share Leadership is presented to the company that has demonstrated excellence in capturing the highest market share within its industry. The Award recognizes the company's leadership position within the industry in terms of revenues or units, as specified.

### WebSense's Performance in Content Filtering Products Market

Frost & Sullivan's in-depth analysis shows that Websense remains the market leader in the content and web filtering markets. The company's early market penetration in the web filtering space has enabled the company to continue with strong traction in the market. Although Websense has shifted its primarily software-based solution, the company is working diligently to offer flexible and enhanced security solutions to customers in the future. In 2010, Websense remained the leading competitor in the content filtering market with 11.5% of market revenues. Within the pure play web filtering market, the company dominated its position with 30.7% of the market. The company's leadership position is a result of its early positioning in the market and comprehensive web security solutions.

### Key Performance Drivers for Websense

#### Factor 1: Market Share Leadership

WebSense, Inc., headquartered San Diego, California, is a provider of Web, data and email security. Protecting tens of thousands of organizations worldwide, the company has maintained a strong competitive position by offering both premise based and hosted security solutions. Today the company also offers an integrated solution, TRITON, which integrates web and email platforms. Websense's TruHybrid combines premise and hosted

solutions all in one management and reporting system, allowing a larger visibility of for organizations.

Frost & Sullivan firmly believes that Websense offers one of the most comprehensive solutions in the market today. As a pioneer in the web security market, the company has proven to develop its products to fit the needs of organizations today. The threat landscape continues to change as Web 2.0 has drastically shifted the required security demands for organizations. Websense recognizes these changes and has broadened its deployment options and technology. In 2007, Websense acquired SurfControl and PortAuthority to enhance its web and email technology. Frost & Sullivan notes that Data Loss Prevention (DLP) technology was also added to its web security suite. In addition to developing and acquiring new technologies, Websense continues to develop its sales and marketing strategies which enable the company to continue its role of as a market leader.

### **Factor 2: Comprehensive Portfolio**

Websense offers a comprehensive portfolio for web and email security. Within the web security market, Websense offers Web Security Gateway, Gateway Anywhere and Hosted Web Security Gateway. Websense Web Security offers real-time scanning for dynamic Web 2.0 content classification. Real-time security scanning is provided by Websense's Advanced Classification Engine, which protects against dynamic threats from malware. Web Security Gateway solutions also include all of the features of Websense Web Security Solutions described below. In addition, Data Loss Prevention (DLP) and compliance controls are offered which helps monitor social networks and prevents the loss of sensitive data. The Web Security Gateway can be deployed as software, on the V-Series appliances, as a service, or in a hybrid solution.

Websense Web Security solutions provide basic web content filtering for productivity and malware prevention. These solutions can be deployed as appliances or as a Security as a Service solution in the cloud. Web Security solutions utilize the Websense cloud-based security intelligence tool, ThreatSeeker Network, to identify malicious or infected web sites. They utilize Defensio technology to identify inappropriate user-generated content as it is posted to social networking and blog sites. Web Security solutions also enable control of over 150 network protocols and applications. Organizations can also utilize Websense's centralized TRITON management system to unify management of distributed appliances and SaaS-protected users. Websense offers email security as a service or software. Its email security protects from spam, viruses and other malicious malware. Email archiving is also an additional option for email security. The Data Security suite includes integrated data loss prevention modules: Websense Data Discover, Websense Data Monitor, Websense Data Protect and Websense Data Endpoint. Its DLP solution provides content, context and destination awareness which allows for effective managing of information that is sent, received, where and how.

Frost & Sullivan feels that the TRITON integrated web, email and data solution differentiates Websense from the other competitors in the marketplace. TRITON offers a unified solution that enables organizations to manage web, email and DLP solution from one platform. In addition, TRITON delivers the ability to manage on a single platform the mix of solutions such as SaaS or on-premise applications. Websense delivers a hybrid environment where policies are followed to remote workers and set through a single interfaced and a unified policy management form. This cross-product convergence and integration of web security, email security, and DLP provides customers with real business and security value by providing visibility and control around who and what can go where and how.

### **Factor 3: Advanced Technologies**

Websense solutions are protected through its ThreatSeeker Network, Advanced Classification Engine (ACE) and Defensio. ThreatSeeker Network utilizes real-time and behavioral analysis which gives users the most up-to-date security information regarding malicious threats. The ACE engine includes ThreatSeeker Network and Websense PreciseID, which provides accurate identification and classification in more than 370 different file types and formats. Multiple detections are used to help organizations remain in compliance and assists in enforcing content use policies. This includes fingerprinting, rules, lexicons, dictionaries, exact and partial matching, statistical analysis and natural language processing. Websense's enhanced security technologies enables solid web and email protection for many organizations. As a result of its technologies offered, Websense has been able to maintain strong traction in the web and email security market.

### **Factor 4: Flexible Solutions**

Websense offers various deployment platforms for content filtering solutions. Websense's Web Security Gateway solution is not only delivered as a software solution but is also offered in an appliance form, as SaaS, or as a hybrid combination of SaaS and on-premise. The flexibility Websense offers customers enables the company to maintain a strong market presence. Websense views the importance of the increase in mobile devices and mobile workers. The company plans to focus on this upward trend and where their solution can help businesses maintain web and email policies. Integration and convergence will continue to play a key focus for Websense in the next few years.

Based on the aforementioned factors, Frost & Sullivan is proud to present the 2010 Global Market Share Leadership of the Year Award in Content Filtering Products to Websense.

## **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 360 degree perspective is also a "must-have" requirement for the identification and analysis of best-practice performance by industry leaders.

The 360 degree 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 2 below, the following six-step process outlines how our researchers and consultants embed the 360 degree perspective into their analyses and recommendations:

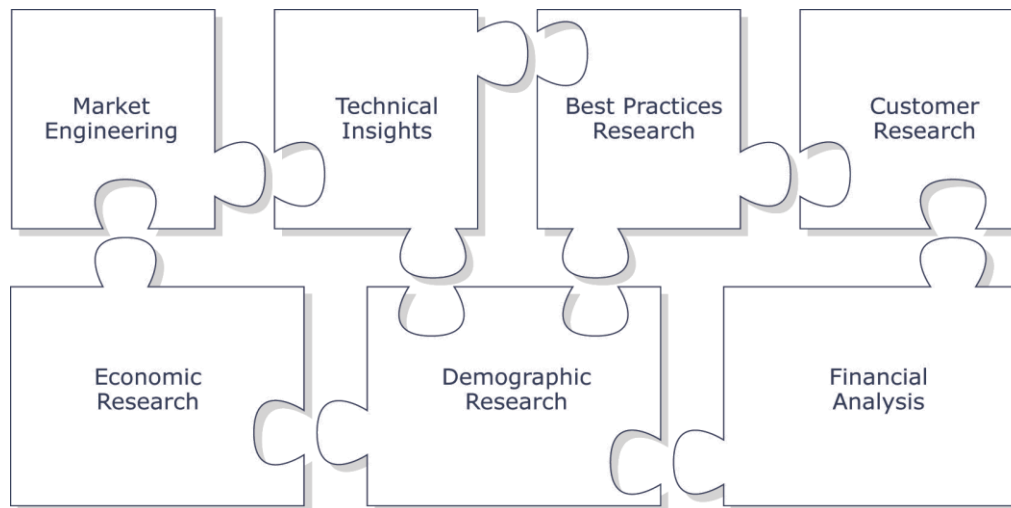
**Chart 2: CEO's 360 Degree Perspective Model**



## 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 7 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 the 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 3: Benchmarking Performance with TEAM Research**



## About Websense

Websense, Inc. (NASDAQ: WBSN), a global leader in unified [Web security](#), [email security](#), and [data loss prevention \(DLP\)](#) solutions, delivers the best content security for modern threats at the lowest total cost of ownership to tens of thousands of enterprise, mid-market and small organizations around the world. Distributed through a global network of channel partners and delivered as software, appliance and Security-as-a-Service (SaaS), Websense content security solutions help organizations leverage Web 2.0 and cloud communication, collaboration, and social media while protecting from advanced persistent threats, preventing the loss of confidential information and enforcing Internet use and security policies. Websense is headquartered in San Diego, California with offices around the world. For more information, visit [www.websense.com](http://www.websense.com).

## 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 almost 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 31 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.