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Company: - **Sophos**

Award Category: 2004 European Security Company of the Year

Award Description

The Frost & Sullivan Award for European Security Company of the Year in Europe is presented each year to the European company that has demonstrated unparalleled excellence in the security market. Only companies founded or headquartered in Europe can qualify for this award. The award is based on numerous factors including the company's business development, competitive strategy, and customer service leadership. This company is perceived to exhibit outstanding management, consistent growth, high quality products and services as well as a positive social and economic impact on local and national communities. Exceptional customer service has been noted as crucial to success, coupled with the ability to combine technology and successful marketing. This company has the exceptional expertise to take advantage of market changes by capturing and solidifying market presence, or through execution of innovative strategies within the existing competitive landscape.

Research Methodology

In order to select the award recipient, analysts quantify several market factors for each market participant according to predetermined criteria, paying close attention to their combined operations efforts. This process includes interviews with all the market participants, customers, and suppliers, along with extensive secondary and technology research. The companies' efforts are then analysed based on the number of new customers, new segments, and commitment to business expansion together with market growth. Industry participants are then ranked based on the predetermined measurement criteria.

Measurement and Judging Criteria

In addition to the methodology described above, there are specific criteria used to determine final competitor rankings in this industry. The recipient of this award has excelled based on a combination of the following key criteria:

- Market share growth/improvement
- Proof of Success executing a restructuring, marketing strategy, and market growth
- New market penetration (geographical, product)
- Marketing, promotion, and visibility of the company through several available mediums
- Evidence of success derived from innovative strategies
- Improvement in customer satisfaction and customer loyalty levels
- Technological innovation and leadership
- Increased brand recognition

Award Winner: Sophos

The Frost & Sullivan 2004 "European Company of the Year" award in the security area is presented to Sophos. Founded in 1985, Sophos is a privately owned company based in Abingdon, UK and has subsidiaries and branch offices in other parts of the world.

Frost & Sullivan presents this award to Sophos for becoming the most prominent European Security Company in 2003.

The company has already received Frost & Sullivan's Growth Strategy Award in 2003 in the anti-virus area for its outstanding achievement in growing its business. A review of progress in 2004 shows the strategy has been effectively executed. The company has been growing consistently above market growth levels in the last three years. This consistent strong growth, in most cases above level of competition, provides evidence of successful execution of the company's growth strategy.

In 2003, Sophos' turnover grew at almost twice the market rate demonstrating the company's continued success in capturing market share in the highly competitive anti-virus market. In a difficult and challenging market, the company has consolidated its overall fourth position in the antivirus market behind heavyweights Symantec, Network Associates and Trend Micro and ahead of Computer Associates and Sybari.

Despite the UK being its stronghold it is making significant progress in already saturated markets such as the US and other European and emerging Asian markets. In addition, Sophos has made a significant acquisition to complement its offering and be able to execute its growth strategy. In late 2003 Sophos acquired ActiveState, a North American software company that develops anti-spam software for enterprises and professional tools for open source language programmers. We believe this has been an opportune and well timed acquisition, which will help the company to increase business in the short to medium term, especially in North America. We believe that strong international growth including successful acquisitions shows key growth enablers are in place

Sophos has become a reference vendor for UK organisations and a truly credible player for other enterprise customers across the globe. Also competitors consider Sophos an increasingly stronger contender. Sophos' strategy focusing on corporate environments and offering a highly responsive customer service has gained respect from competitors who can not be as responsive due to their size. This has a positive influence on the overall customer satisfaction levels achieved by Sophos. We believe that increased profile amongst customers and competitors shows the market has witnessed strong growth.

Reasons for Sophos' successful implementation of growth strategy are:

a. Responsive customer service

Sophos has one of the best customer services in the industry. In our European end user study, Sophos came top in terms of customer satisfaction, due to its excellent customer service and support. This has been identified as the key success factor by the company itself.

b. Focus on corporate customers

By focusing on corporate customers Sophos can dedicate every effort to serve this market. Therefore the company is not distracted in battling against the vendors who dominate the consumer space, less profitable and smaller. Sophos would not be able to execute its strategy if it had to offer support to consumers as well.

c. Strong product

Sophos' products are technically strong and can be classified as best of breed in its class. Sophos products achieve consistent high ratings in terms of detection rates, signature updates, ease of use and ease of deployment.

d. Competitive pricing

Although Sophos does not offer heavy discounts to its customers, Sophos' value proposition makes it one of the best in the industry in terms of pricing. Most customers believe they get good value for their money.

e. Effective channel management

Sophos has to compete in a very challenging market to sign good partners. However Sophos' model is fairly attractive. Sophos lets resellers keep a share of customer licensing fees including renewals will make Sophos sign new strategic VARs to help the company in its international expansion.

Conclusion

Frost & Sullivan believes that Sophos is the deserving recipient of the “European Company of the Year” Award. The company has shone above other European security players. Sophos’ track record in the security market, excellent performance, ambitious international expansion and growth plans, and increased recognition from partners, competitors and customers have been key in our decision to choose Sophos ahead of other strong candidates for the award.