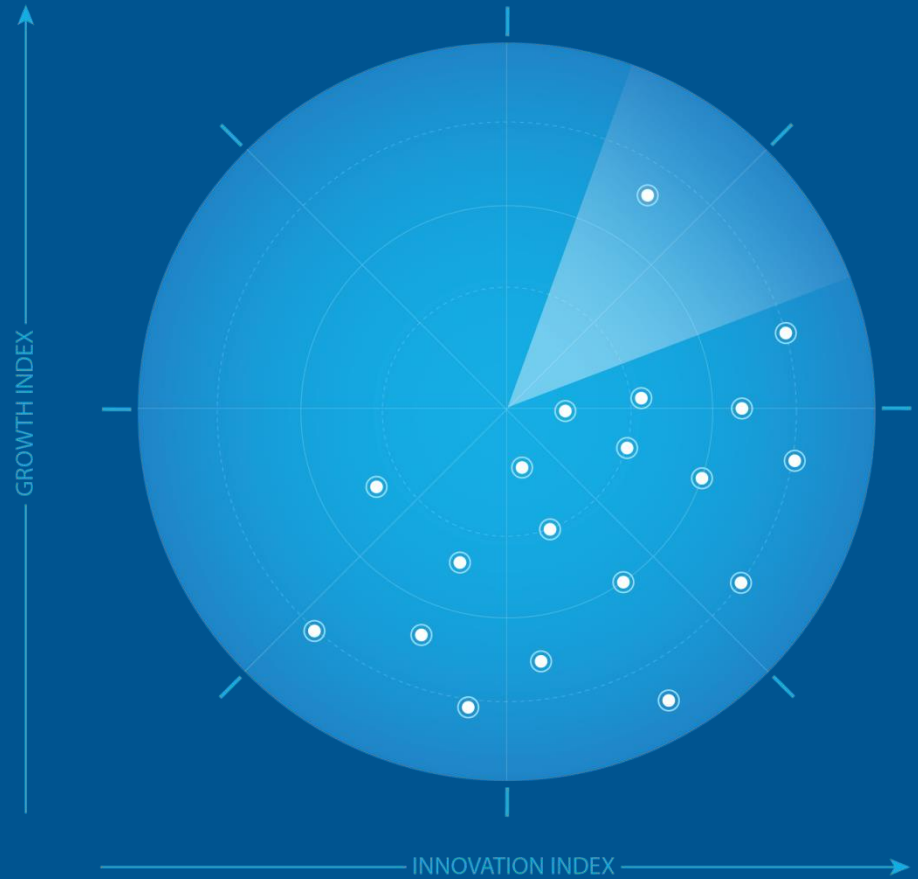


# Frost Radar™: Global Managed Detection and Response Market, 2022

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

Global Security Research Team at  
Frost & Sullivan



# Strategic Imperative and Growth Environment



# Strategic Imperative

- The lack of security professionals is becoming more pronounced with each passing year. In the US alone, [nearly half a million](#) cybersecurity jobs were unfilled by August 2021.
- Lacking access to professionals and unable to effectively protect their businesses, organizations turn to managed services to cover their security needs. MDR service providers have experienced professional teams that can support organizations in the form of threat detection and response.
- Organizations seeking to upgrade their threat detection and response capabilities will increasingly make use of MDR services, relying on the service providers' vast knowledge, expertise, and monitoring capabilities. Due to this, they will be able to allocate their resources to other, more strategic tasks.
- In the next five years, as the Everything-as-a-service model spreads further, organizations will escalate investment and deployment of MDR services.
- In light of the shortage of cybersecurity professionals, organizations are looking for ways to automate the process of threat detection and response. The new generation of solutions and services promises to deploy machine learning and artificial intelligence, automating decision-making to improve the overall performance of the security stack.
- But meaningful automation is still in the early stages of development. Organizations are aware that technologies provide limited benefits right now, and seek alternative paths to success.
- Organizations looking to boost the limited capacities of current automation technologies can lean into MDR for their needs. Highly trained security professionals can complement machine learning algorithms and AI for unmatched incident response.
- In the next five years, while MDR providers continue to develop and perfect meaningful automation, security services and solutions that provide a combination of human teams and automation will thrive in the market.

Source: The Washington Post; Frost & Sullivan

# Strategic Imperative (continued)

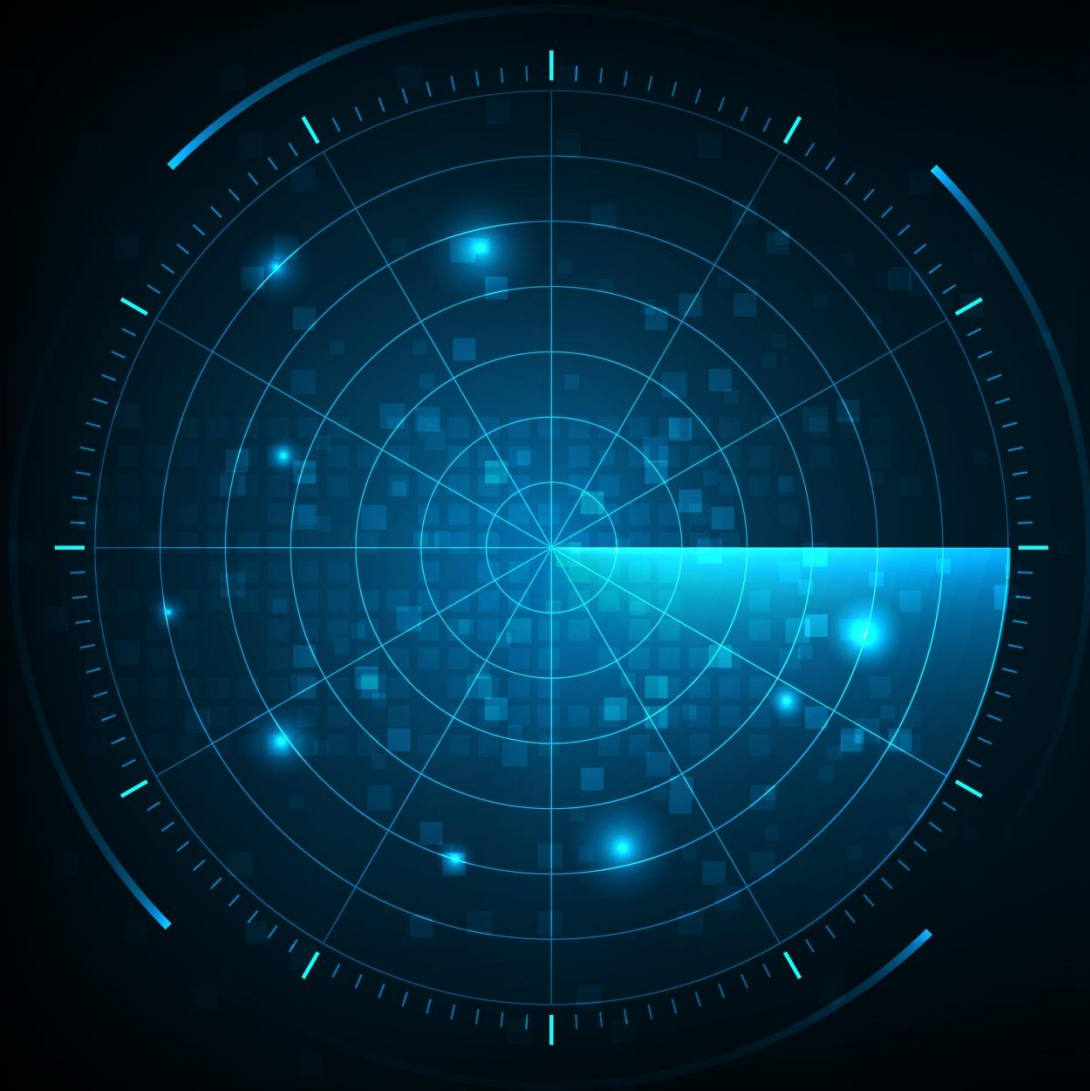
- Over the past decade, security incidents have increased in frequency and sophistication. An increasing number of cyberattacks are sponsored by nation-states, while the attack surface continues to expand in a time of rapid digitalization.
- Due to the sophisticated nature of the threats, organizations find it increasingly difficult to keep up to date with new developments in cybersecurity and to secure their business assets efficiently relying on in-house experts.
- On February 24th, 2022, Russia began an invasion of Ukraine with a wide-ranging attack on multiple fronts. The destruction of the country's infrastructure, devastating loss of life of both military personnel and civilians, as well as the displacement of millions of people will have long-lasting consequences at a global scale.
- A new divide between West and East will bring about a profoundly different global geopolitical context, and this will have implications for the cybersecurity industry as a whole. Attacks sponsored by nation-states were already on the rise. After the economical and political sanctions that the US and the EU (backed by the majority of the world's nations) are imposing on Russia, [these types of attacks may increase](#).
- A silver lining for the cybersecurity industry, organizations will need security solutions and services to provide comprehensive protection of their environments. MDR's 24/7 monitoring, threat hunting, incident response, and professional guidance will be essential for both large enterprises and SMBs of all regions looking for an edge over the new threat. MDR's promise will resonate with organizations for the foreseeable future.

Source: The Guardian; Frost & Sullivan

# Growth Environment

- MDR is a relatively new solution in the cybersecurity market. While some vendors have been providing services similar to MDR in the form of SOC-as-a-service or various MSS offerings, the inception of MDR goes back to 2018 for the earliest competitors. The novelty of the solution means that the market is just passing the early adopters stage – MDR is starting to be picked up by an early majority of customers in 2021.
- Growth rates for the market show a decrease, from 79.8% growth in 2020 to 60.8% in 2021. However, the CAGR is still very high at 34.0%. There is ample room for growth across all regions, and in every industry vertical or company size.
- The MDR market is currently receiving an influx of new competitors. Some are pure-play cybersecurity companies, coming from the XDR or EDR space, adding a managed component to turn the solution into a service. MSSPs have also developed their own MDR services, looking to establish a long-lasting relationship with their customers, and deepening the threat detection and response they can provide. Furthermore, there are also professional services firms, and other security vendors jumping at the opportunity to increase their already broad portfolios with an MDR offering.
- In the long term, the scarcity of cybersecurity professionals will boost the MDR market growth, as the issue will persist (and possibly deepen) for the rest of the forecast period. MDR currently offers a solution to the most pressing limitations and complications with the cybersecurity industry, and Frost & Sullivan expects this will ensure the success of the service in the next three years.
- Additionally, the market may grow due to an even larger influx from XDR vendors. Frost & Sullivan's study on XDR uncovered the three promises of XDR. The most underdelivered of these promises is that of meaningful automation. The managed component of MDR and managed XDR allows vendors to bypass the need for true automation. As more vendors try to carve out a niche in the market, they may resort to turning their solution into a service in this way.

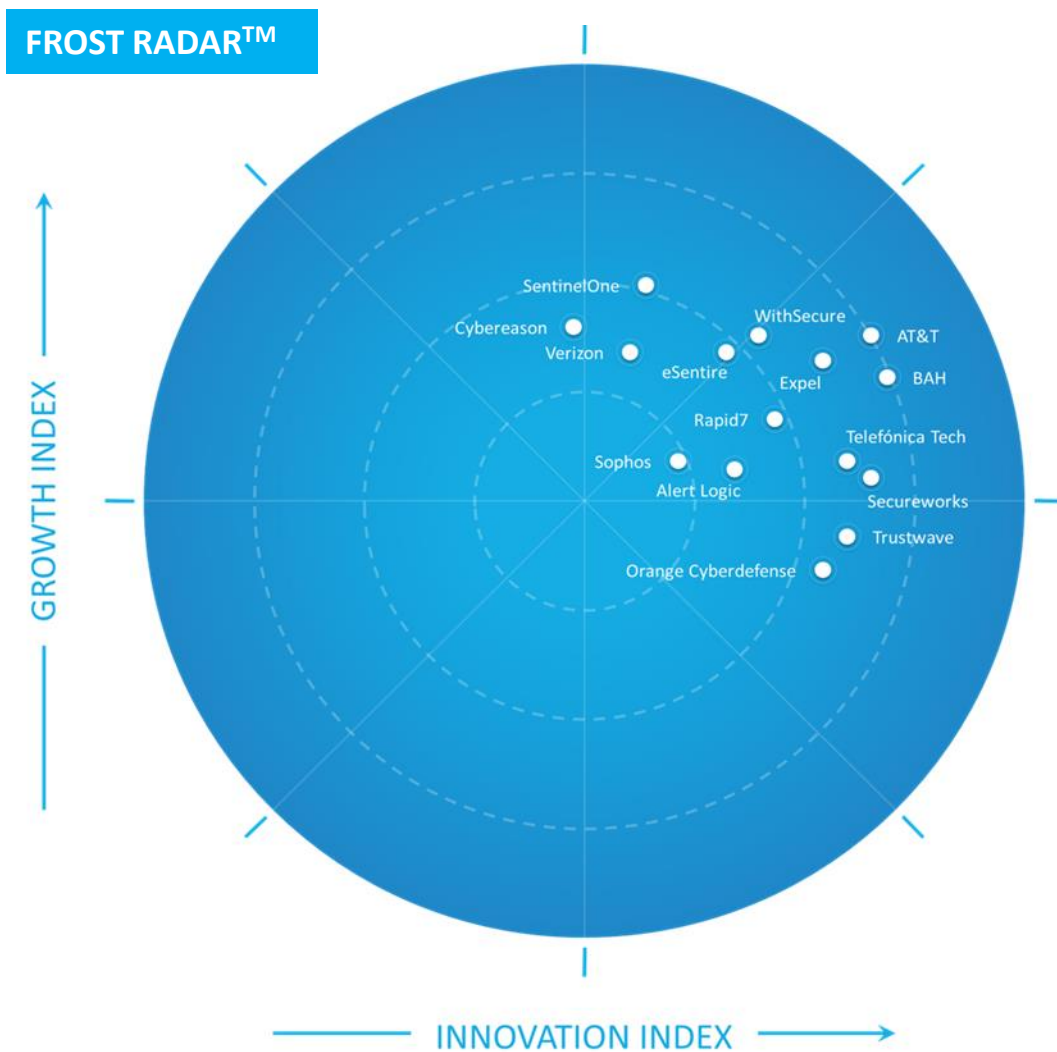
Source: Frost & Sullivan



**Frost Radar™**

**Managed Detection  
and Response**

# Frost Radar™: Global MDR Market



Key: AT&T Cybersecurity appears as AT&T in the image; Booz Allen Hamilton appears as BAH in the image.

Source: Frost & Sullivan

# WithSecure (formerly F-Secure Business)

## INNOVATION

- WithSecure provides MDR services through its Countercept platform. The service's utmost goal is True Partnership – to act as an extension of the client's security team.
- Even when there are no alerts to report, WithSecure aims to deliver peacetime value via telemetry-driven insights to increase security posture and improve the customers' readiness.
- Every level of the Countercept subscription includes Incident Response days, which the customer can freely exchange for Incident Readiness at will.
- WithSecure also provides extra services or modules that increase the value of their portfolio, such as penetration testing or Cloud Security Posture Management. This service identifies dangerous misconfigurations within the customer's cloud platforms to prevent easily avoided breaches, and help the customer learn more about their own environment.

## GROWTH

- WithSecure will outpace average market growth by a large margin for the next three years, positioning itself as one of the growth leaders in MDR.
- WithSecure's Countercept works in Windows, macOS, or Linux operating systems. This makes it more broadly appealing and gives it a reach advantage over other competitors.
- The vendor's maxim of providing peacetime value fundamentally changes the value proposition of WithSecure. It forces customers to face the fact that cybersecurity is not a cost center, but a business enabler. WithSecure acknowledges that alertness and readiness for future threats and breaches are invaluable. Thus, it offers flexible options for customers with Incident Response days.
- Based in Helsinki, Finland, WithSecure's mostly European customer base will grow faster than average in the next three years.

## FROST PERSPECTIVE

- While WithSecure already has business in North America, the vendor should consider partnering with MSSPs or resellers in the region to carve out a bigger niche in that market. North America will continue to be the biggest contributor to global MDR revenue for the foreseeable future, and WithSecure should take advantage of the region's largely greenfield nature.
- WithSecure can use a similar strategy in APAC and Latin America, where the vendor's peacetime value and approach to cybersecurity will attract organizations on their digital journey.
- WithSecure should increase the amount of integrations that its MDR and XDR platform can offer. As cyber threats continue to evolve, customers will increasingly need and demand more telemetry to secure their growing perimeters. Endpoints, network, cloud, OT, IoT, and more coverage will be required.

Source: Frost & Sullivan



# 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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