LIQUID × Avasta

# Challenger Index

**Edition 1: B2B Products 2023** Cybersecurity

MYRIOUS GROUP

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# **Category:** Cybersecurity

# **Cybersecurity:** A forward-looking analysis

### The intricacies of brand longevity

Within the vast landscape of cybersecurity, the connection between brand resilience and its long-term importance stands pronounced. The Liquid x Avasta Challenger Index aspires to decode this intricate connection, unveiling predictions about brands that are not only poised to endure but also shape the sector in the subsequent 5–10 years. This perspective goes beyond common indicators such as sheer size or swift growth, providing deeper, more relevant insights.

### Cybersecurity's complex landscape

Cybersecurity is a vast and fragmented domain, spanning from legacy manufacturers like Cisco to software-centric and service-integrated giants like CrowdStrike. Of the 800+ distinct product and corporate brand names explored, only 54 unique cybersecurity brands were identified by 120 participants (organizational decision makers and power users). This sector, populated by thousands of companies, caters to a wide array of needs from broad to niche, emphasizing its intricate complexity and the myriad interpretations of what "cybersecurity" truly encompasses.

### The conundrum of brand portfolios

The cybersecurity sector is marred by convoluted brand portfolios, echoing a cacophony of acquired brands, ambiguously named offerings, and a palpable lack of precision in the christening of new products and features. This convolution exacerbates the crowdedness of the category, complicating brand recall for customers and muddying the decision-making waters.

### Valuation ambiguities and the reigning titans

Market valuation divergences are notable. Canalys pegs 2023's "pure-play" projection at USD 72B, in stark contrast to Gartner's estimate of USD 188B. Among incumbents, Cisco and Palo Alto Networks are likely to consolidate their leadership. However, Fortinet's footing appears less secure, with about 23% of respondents skeptical of its top-three standing in the coming decade. Brand comparisons reveal Fortinet lags, with scores 15–20% lower than stalwarts like Cisco and Palo Alto.

### Challenger brands: The rising contenders

Unlike sectors where there are distinct leading challengers, cybersecurity presents a decentralized brand landscape with multiple contenders. Instead of one or two unanimous brands set to challenge the established giants, there are about 10 brands all striving for the top challenger position. This diversity stems from the vast definitions of cybersecurity. Among these, brands like CrowdStrike, Trellix and Sophos have managed to establish a unique position. Notably, Sophos demonstrates exceptional potential, even surpassing some incumbents in brand momentum.

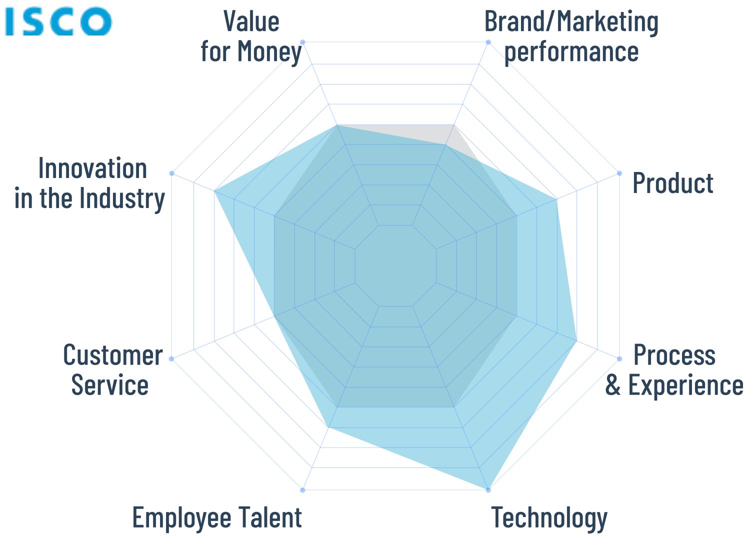
### Conspicuous absences and unsung prodigies

Despite the sprawling discourse, several influential brands remain conspicuously underrepresented. Microsoft Security, boasting a revenue surpassing $20B, scarcely finds mention as a potent challenger. Similar tales resound for Juniper Networks, Kaspersky and Barracuda, with the latter entirely missing from mentions as a potential challenger brand in the coming decade.

### Brand strength: The beacon of future growth

Interlacing these threads, a clear pattern crystallizes: present-day brand strength serves as a reliable harbinger of future trajectories. Such brands, fortified by their present-day repute, are well-poised for positive future evolutions, underscoring the core ethos of the Challenger Index.

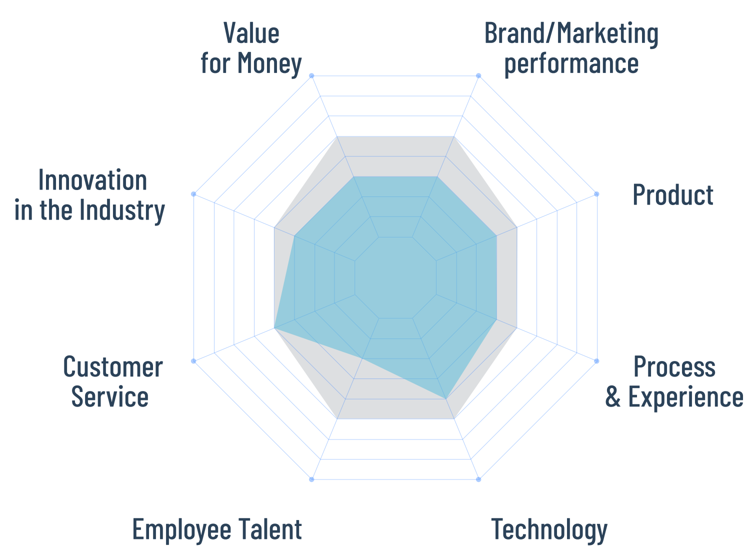
# **Cybersecurity:** incumbents leading the category


## Cisco: Leading cybersecurity through integration

Cisco Systems, a tech giant rooted in hardware, enjoys entrenched market presence. Its strategy of integrating security products with essential networking solutions fortifies its dominance against smaller competitors. Cisco's vast channel partner network enhances its market reach. Its strategic acquisition of Splunk could be transformational if it can fully repurpose Splunk's assets into a cybersecurity intelligence powerhouse. With its solid reputation and strong brand, Cisco is poised to sustain its cybersecurity leadership through strategic growth and acquisitions.

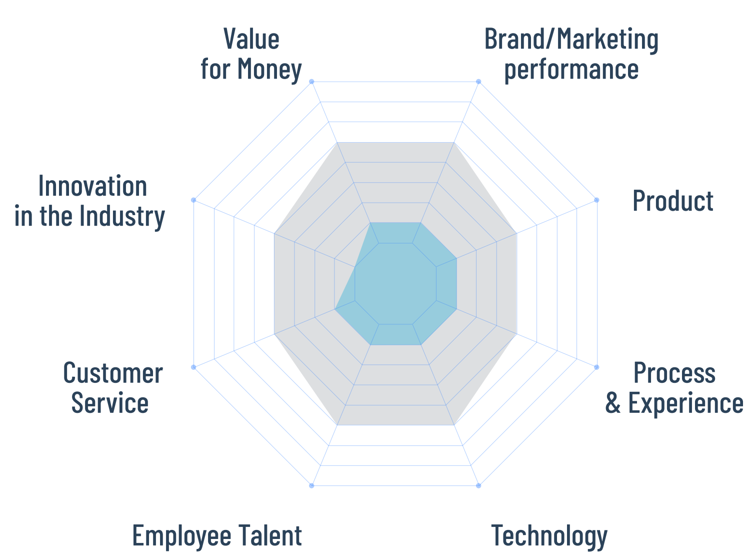
| | |
|---|---|
| TTM Total Revenue | $58.03B (+10.99% YoY) |
| Market Cap | $194.76B (-2.05% YoY) |
| Target Price | 54.00 |
| Entity Type | Public |
| Employee Size | 99,680 |
| HQ | San Jose, CA, USA |


## Palo Alto Networks: Adapting for future dominance

Palo Alto Networks, a top-two cybersecurity leader with Cisco, benefits from robust infrastructure-driven market entrenchment. Despite indications of its growth plateauing, its position in the top three remains secure near-term due to their sheer size in the industry. However, facing a rapidly evolving landscape with gaps relative to Cisco and rising contenders, it's unclear if the company can maintain the same market share 5–10 years from now. Regardless, its commitment to AI, a platform-centric approach and real-time security innovation—coupled with a strategy focused on outcome-based partnerships— underscores its adaptability and commitment.

| | |
|---|---|
| TTM Total Revenue | $7.21B (+23.89% YoY) |
| Market Cap | $84.84B (+62.42% YoY) |
| Target Price | 280.50 |
| Entity Type | Public |
| Employee Size | 13,979 |
| HQ | Santa Clara, CA, USA |

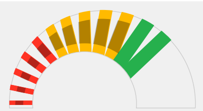

## Fortinet: Navigating a cloudy future

Fortinet, a prominent player in cybersecurity, currently ranks third in a competitive market. Acknowledged for strong financial performance, its current strategy might not secure its top-three position in the coming 5–10 years. Despite favorable customer feedback, Fortinet's market image lags, potentially hindering growth and jeopardizing its top-three status. Overcoming a weak overall cybersecurity brand perception is crucial to enhancing the company's prospects and momentum.

| | |
|---|---|
| TTM Total Revenue | $5.17B (+26.22% YoY) |
| Market Cap | $41.27B (-0.16% YoY) |
| Target Price | 55.06 |
| Entity Type | Public |
| Employee Size | 13,677 |
| HQ | Sunnyvale, CA, USA |

CROWDSTRIKE

Overall brand perception: 2.2



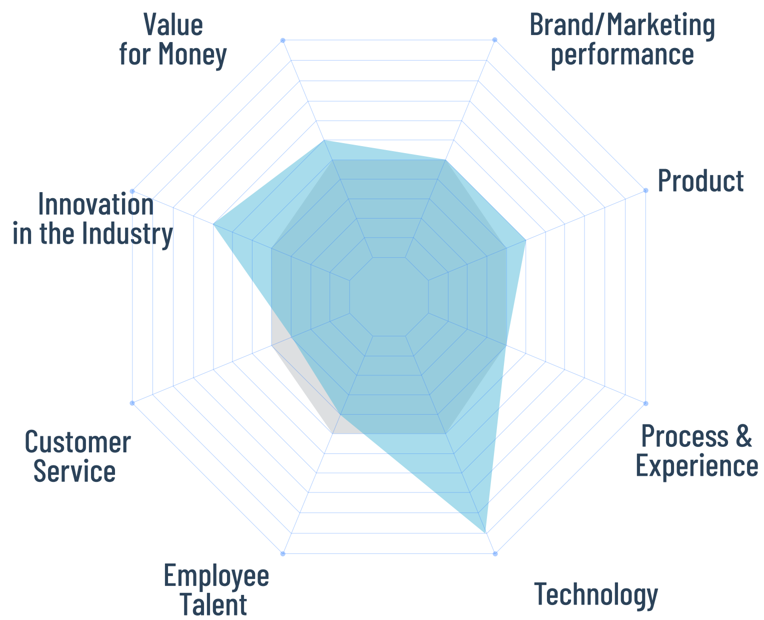
Industry Averages for Brand Perception: 2.0

Likelihood of becoming a category leader

Future Momentum

5 → 4

Rank 5 years ago | Rank 5 years from now




**Summary:**

CrowdStrike is an information security company founded in 2011 and public as of 2019. Its primary offerings include solutions for threat intelligence, endpoint and anti-malware protections and incident response for SMBs and enterprises. CrowdStrike employs over 7,000 individuals and sits at over $2B in revenue in 2023.

| | |
|---|---|
| TTM Total Revenue | $2.64B (+44.08% YoY) |
| Market Cap | $50.16B (+53.47% YoY) |
| Target Price | 200.00 |
| Entity Type | Public |
| Employee Size | 7,586 |
| HQ | Sunnyvale, CA, USA |

## A synthesis of brand mastery and financial prowess

### Foundational ethos drives market recognition

CrowdStrike's market prominence is rooted in an ethos of transparency and education, embodied by their assertive mantra, "We Stop Breaches." This stance, born from a track record of countering high-profile breaches like the DNC incident, underscores their broad protective reach and relentless innovation. CrowdStrike's dedication to these principles not only wins endorsements but is also reflected in their technology, which consistently outperforms competitors, validating the brand with superior product excellence

### Innovative aesthetics define brand identity

CrowdStrike's aesthetic choices, from its falcon symbol denoting vision and precision to gaming-inspired fictional adversaries and protectors, weave a compelling narrative of defense. Their brand fuses category tradition with modernity, creating a dynamic, multi-dimensional narrative in a crowded market.

### Financial milestones indicate growth potential

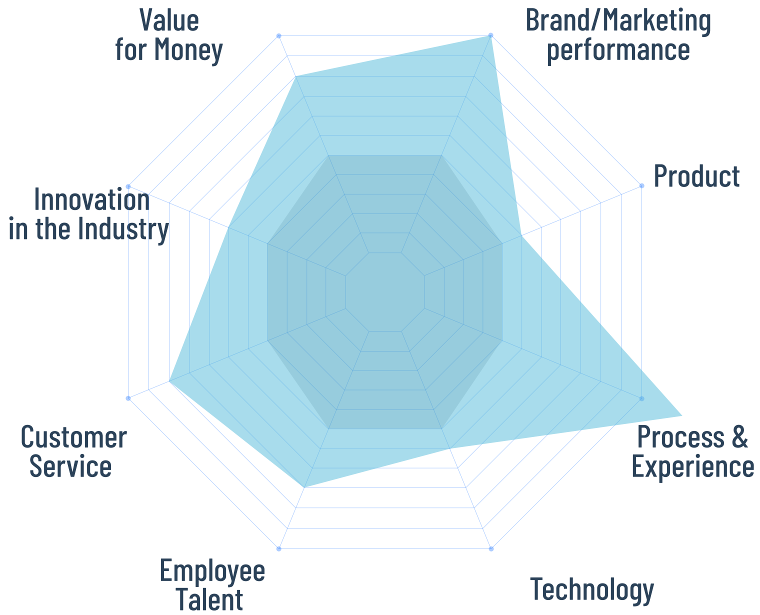
Within just five years, CrowdStrike's brand has made significant strides. Their 2021/2022 IPO, which saw the valuation doubling on day one, testifies to their meteoric rise. A threefold growth during the pandemic and a doubling of value post-IPO further underscore their market impact. Although profitability remains a goal, their positive cash flow and strategic reinvestments indicate a forward-thinking financial approach.

### Emerging as industry leaders

Positioned potentially to unseat established incumbents, CrowdStrike seems poised for capturing a significant industry growth share. The public markets' pronounced confidence in CrowdStrike, even exceeding some expert projections, hints at a company on the verge of defining industry standards.

In essence, CrowdStrike emerges as a cybersecurity brand that masterfully intertwines branding finesse with astute financial strategies, marking a trajectory toward significant industry leadership.

SOPHOS


**Summary:**

Originating in England, Sophos is an anti-virus and cybersecurity software company that was founded in 1985 and acquired by US-based private equity firm, Thoma Bravo, in February 2020. They serve over half a million organizations worldwide with technologies that include endpoint detection, network, email and cloud security.

| | |
|---|---|
| TTM Total Revenue Est. | $500M - $1B (2023) |
| Entity Type | Private Company |
| Employee Size | 4,519 |
| HQ | Abingdon, United Kingdom |

## Crafting distinction in the cybersecurity realm

### Roots run deep

Since its inception in 1985, Sophos has been navigating the crowded lanes of cybersecurity, blending rich heritage with a challenger-brand mindset. Despite operating in a competitive landscape, Sophos has distinguished itself by both its product suite and its principled approach to doing business. This reputation has been reinforced through over 50,000 partner relationships promoting, implementing and managing their products in the marketplace, amplifying the brand beyond its marketing.

### Beyond a name

Sophos stands out in the crowded security marketplace with its vision of "Complete security without complexity." This dedication to a holistic, accessible security strategy sets them apart from vendors offering piecemeal solutions. Sophos suite includes advanced anti-malware, sophisticated encryption, and a user-friendly integrated platform. Their commitment to simplicity is supported by their market-leading customer service.

### Trailblazing in MDR

Sophos, despite its mid-tier market image, has showcased stellar growth in managed detection and response (MDR). Raking in over $100M within three years, this segment embodies Sophos agility and resonance. CEO Kris Hagerman radiates confidence, emphasizing MDR's transformative potential across diverse organizational scales.

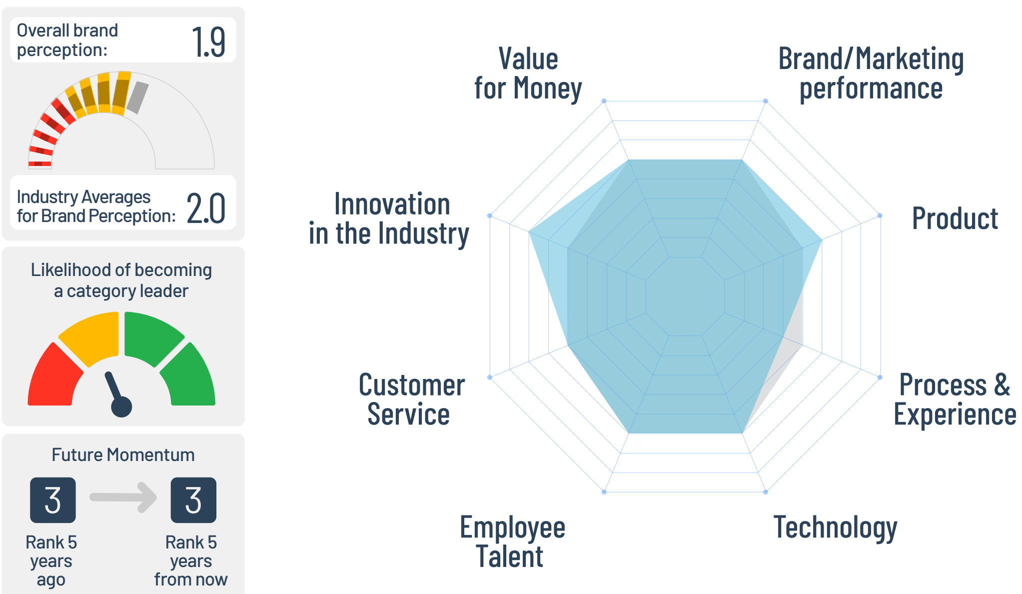
### Navigating market tides and turbulence

No ascent lacks challenges, as Sophos' rise attests. The 2019 legal wrangle with Fortinet shines a spotlight on Sophos burgeoning industry footprint. The core issue—alleged talent acquisition—reflects deeper market dynamics. Sophos robust 23% YoY growth in UTM billings, eclipsing the industry norm and notably outshining Fortinet's 12%, speaks volumes.

### Charting the future landscape

With a legacy rich in achievements and an eye tuned to the evolving horizon of cybersecurity-as-a-service, Sophos stands poised for transformative leaps, it demonstrates that with adaptability, customer orientation and a lucid vision, profound growth and distinction await.

# Trellix




**Summary:**
Founded in 2022 as part of a merger between McAfee and FireEye, Trellix's history in computer security dates back to 2004. Trellix's mission of powering a resilient, thriving world is realized through its extended detection and response (XDR) platform. Today, Trellix serves over 40,000 customers, including 50% of the Fortune 500.

| | |
|---|---|
| TTM Total Revenue Est. | $1B+ (2022) |
| Entity Type | Private Company |
| Employee Size | 5,000 |
| HQ | San Jose, CA, USA |

## Cybersecurity rebirth through integration

### Foundations and integration
Born from the merger of FireEye and McAfee Enterprise, Trellix emerges as a cybersecurity phoenix eager to eclipse the shadows of its tarnished pasts. With its name symbolizing growth and support—akin to a garden trellis—Trellix aims to usher in an era of dynamic, adaptive security solutions.

### Branding and vision
Trellix's discreet rebranding discards the reputational damage of both FireEye's security breach and McAfee's brand disavowal by its controversial founder. The new identity signifies a clean slate, reflected in the brand's positive momentum score since its announcement in January 2022.

### Strategic synergy
Combining significant legacies, Trellix benefits from shared business goals and technological synergies. Despite concerns of product overlap and relevancy, the merger seeks to streamline operations, align similar corporate cultures and foster innovative reinvention.

### Market positioning
While still trailing behind industry challengers in brand score, Trellix shows promise with high future purchase intent, indicating that the combined entity is capitalizing on its ability to deliver customer value.

### Innovation and customer focus
Trellix's "living security" philosophy embodies a commitment to developing responsive technologies that learn and evolve, thereby offering advanced protection against contemporary threats.

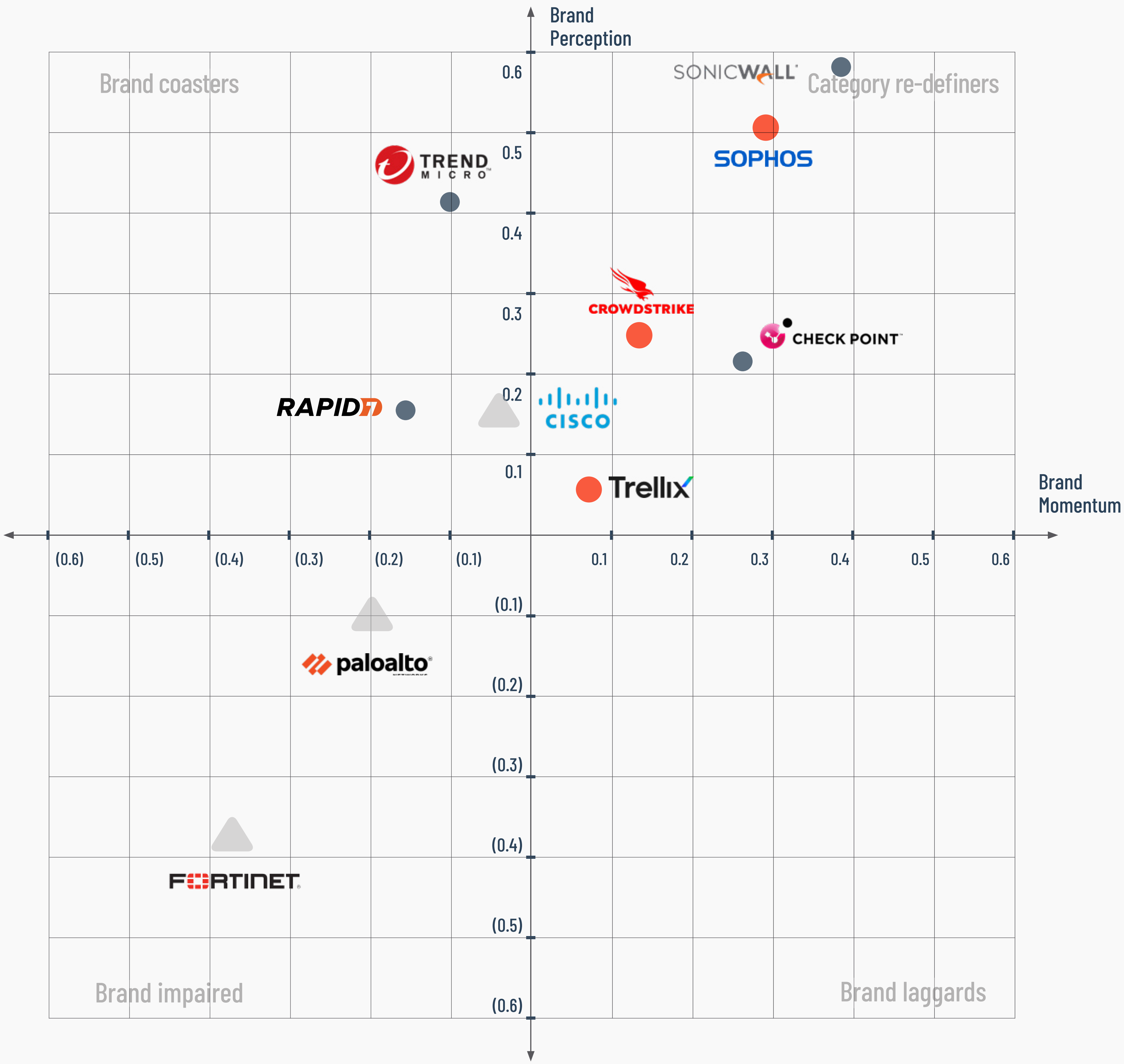
### Future outlook
Facing the challenge of harmonizing its offerings, Trellix aspires to resolve redundancies and redefine its market presence. The aim is not just to survive but to thrive, transforming two historically pivotal brands into a unified force in cybersecurity.

### Comparative context—Sophos
Mirroring the focused vision and principled legacy of Sophos, Trellix strives to build a brand characterized by wisdom and innovation. Just as Sophos navigates industry complexities with a customer-centric approach and a unified security suite, Trellix envisions a streamlined and adaptive future, indicative of its resilient and transformative brand journey.

# **Cybersecurity Challengers:** Honorable mentions

| | | |
|---|---|---|
| CHECK POINT | **Opportunity:** With high brand momentum, Check Point Software reflects ongoing evolution and enduring impact over its 30-year history. | **Risk:** The firm faces differentiation challenges in a fragmented sector, underscored by low value-for-money perceptions among current and prospective customers. |
| RAPID7 | **Opportunity:** Rapid7 exhibits robust scores across key metrics, establishing itself as a strong challenger brand with significant recognition. | **Risk:** Despite these strengths, the brand's capacity to contest market leaders appears restricted, suggesting a need for strategic expansion to diversify its competitive edge. |
| SONICWALL | **Opportunity:** SonicWall's proponents rank it among the strongest challenger brands, evidenced by impressive study scores. | **Risk:** As a smaller niche provider, SonicWall's test is encouraging switches from established cybersecurity incumbents in a maturing market. |
| TREND MICRO | **Opportunity:** With a 35-year history, Trend Micro has the chance to revitalize itself in the market, riding high on innovation and value-for-money scores, poised to capitalize on its rebranding efforts. | **Risk:** The brand faces the challenge of diversifying its product range as the very definition of cybersecurity expands. |

# **Cybersecurity:** Future performance




**Category re-definers**
Long term will win share: the brand and market demand are in sync; brand is supporting purchase intent.

**Brand coasters**
Long term has permission to correct for shortfalls in drivers of category demand: the brand has a positive reputation but declining share of future demand.

**Brand impaired**
Long term will lose share: brand is declining in reputation and company is increasingly declining in growth and retention.

**Brand laggards**
Long term will miss out on maximum potential share: the brand is not effective at conveying the competitive advantages that meet future demand.

**Incumbent**
**Challenger**
**Honorable Mentions**

## Liquid x Avasta Challenger Index: Assessing brand dynamics

The Challenger Index stands as an essential instrument for both B2B and B2C sectors, offering a strategic perspective to evaluate brand strength, market alignment and potential for growth. With its neutral, outside-in assessment approach, the Challenger Index highlights the multi-dimensional nature of brand dynamics—financial, technological and behavioral—to inform and shape robust business strategies.

## About the study authors

**Liquid Agency**
www.liquidagency.com
Liquid Agency is a brand consulting and activation company that orchestrates brand, employee and customer experiences to fuel a company's growth. For over 21 years, Liquid Agency has shaped powerful B2B and B2C brands such as: GE, Hitachi, HP, Intel, Nike, Nordstrom and Walmart. Liquid Agency helps organizations build belief in who they are, what they do and where they're going. The results are lasting bonds with employees and customers that power organizational performance, create value and capture ROI.

**Avasta**
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Avasta is the Profitable Growth Company. We work at the intersection of management consulting, end-customer insights, and financial data analytics. We provide an impartial, outside-in market understanding that enables executives and boards to have robust, financially validated strategies that are applied concurrently across their internal functions in strategy, sales, marketing and product. Portfolio companies from half the 10 largest PE firms have benefitted from our expertise as numerous public and privately held companies.

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Interested in learning more? Book a call here.