ESG Economic Validation

# Analyzing the Economic Benefits
# of the Netskope Cloud Security Platform

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## Executive Summary

The digital transformation journey continues to accelerate, and operational efficiency continues to be a common objective on this journey. To address this, many organizations are focusing on modernizing their IT infrastructure to drive greater levels of operational efficiency to better support their businesses. Specifically, cybersecurity is critical for organizations to stay competitive in today's business environment.

ESG research shows that improving cybersecurity continues to be an IT investment justification criterion and ranks as a top business driver for technology spending. When asked about the company-wide business initiatives that will drive the most technology spending, 47% of respondents said their organizations were looking to strengthen cybersecurity. Subsequently, nearly half (47%) of IT decision makers expect that a technology's ability to improve cybersecurity will be a key factor in justifying IT investments to their business management team.[1]

ESG interviewed customers with Netskope experience to understand their use of Netskope and the strengths and weaknesses it has in their IT environment. ESG validated that Netskope delivers enhanced security, lower costs, and increased agility. ESG found that users were able to access and use web and cloud applications, and identify and eliminate rogue applications, leading to enhanced overall security. Customers experienced high value with Netskope, specifically noting how it empowered their organization with the right balance of protection and speed they needed to enable business velocity and secure their digital transformation journey.

[1] Source: ESG Research Report, *2021 Technology Spending Intentions Survey*, January 2021. All ESG research references in this Economic Validation are taken from this report.
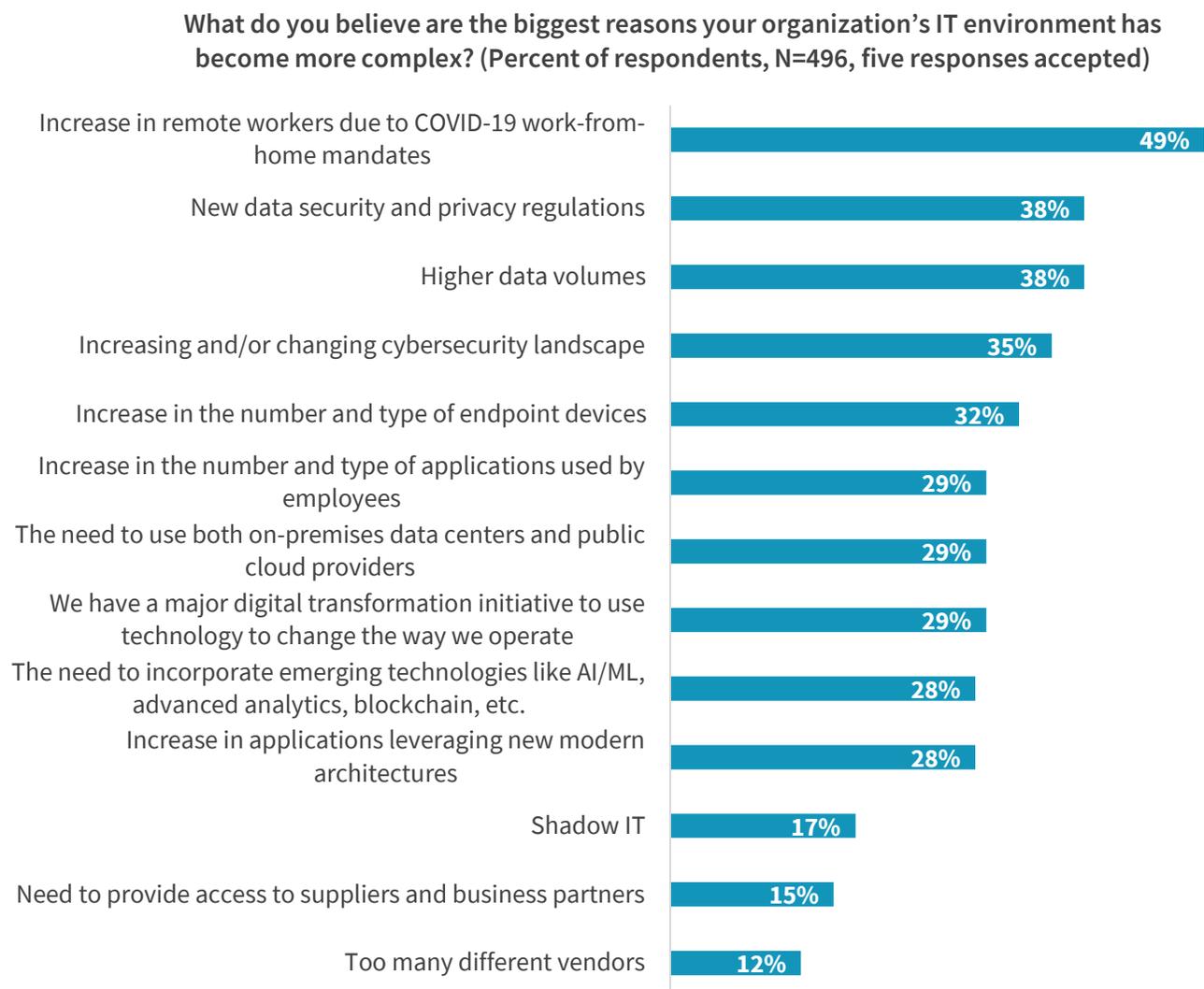
## Introduction

This ESG Economic Validation focuses on the quantitative and qualitative benefits organizations can expect from using Netskope. Insight for this paper was gathered from customer interviews and combined with ESG's expertise and knowledge of cloud security platforms. We evaluated overall usability, flexibility, and value.

### Challenges

Even with the plethora of available technology solutions, IT is still a challenge for many organizations. And it is only getting worse. According to ESG research, three-quarters of respondents (75%) reveal that IT is more complex compared with two years ago. In fact, organizations with mature digital transformation initiatives are likelier than those with no such initiatives to report that IT is significantly more complex today (27% versus 19%).

Figure 1 reveals other common contributors to IT complexity are increase in remote workers (49%) and higher data volumes (38%). Additionally, as companies look to comply with recently enacted data privacy regulations such as the California Consumer Privacy Act (CCPA) in the US and General Data Protection Regulation (GDPR) in the EU, it makes sense that 38% of respondents cite new data security and privacy regulations as further confounding IT strategies.

**Figure 1. Netskope Addresses Top Drivers of IT Complexity**

**What do you believe are the biggest reasons your organization's IT environment has become more complex? (Percent of respondents, N=496, five responses accepted)**

| Reason | Percent |
| --- | --- |
| Increase in remote workers due to COVID-19 work-from-home mandates | 49% |
| New data security and privacy regulations | 38% |
| Higher data volumes | 38% |
| Increasing and/or changing cybersecurity landscape | 35% |
| Increase in the number and type of endpoint devices | 32% |
| Increase in the number and type of applications used by employees | 29% |
| The need to use both on-premises data centers and public cloud providers | 29% |
| We have a major digital transformation initiative to use technology to change the way we operate | 29% |
| The need to incorporate emerging technologies like AI/ML, advanced analytics, blockchain, etc. | 28% |
| Increase in applications leveraging new modern architectures | 28% |
| Shadow IT | 17% |
| Need to provide access to suppliers and business partners | 15% |
| Too many different vendors | 12% |

*Source: Enterprise Strategy Group*

**The Solution: Netskope Cloud Security Platform**

The Netskope Security Cloud Platform is designed to help eliminate blind spots by going deeper to quickly target and control activities across cloud services (SaaS and IaaS), applications, and websites. The platform provides customers a spectrum of security services—including FWaaS, SWG, CASB, ZTNA, CSPM/SSPM—with tightly integrated data protection capabilities that guard data everywhere and advanced threat protection that stops elusive attacks, including ransomware. Netskope provides several deployment options and operation modes, from inline, real-time traffic processing options to an out-of-band, API-driven deployment mode. Flexibility is provided for steering traffic to Netskope using a proprietary client, integrating with existing network elements, or even "clientless" options for unmanaged users. Enterprises can get visibility of all SaaS, IaaS, and web traffic, including from sync clients, mobile applications, and TLS-encrypted traffic. Deployments can be 100% in the cloud, with an on-premises appliance, or a hybrid option. The Netskope Admin UI provides network, security, or data risk practitioners with an easy-to-use interface, which helps eliminate policy conflict through standardized categories across SaaS, IaaS, and web. Combined through Netskope's single-pass architecture and single policy framework, customers can save time by avoiding redundant DLP and threat protection configuration steps and having to switch from one tool to the next, as well as tap greater "context" for an improved security posture. Figure 2 summarizes the capabilities of the Netskope solution.

**Figure 2. Netskope Solution Overview**
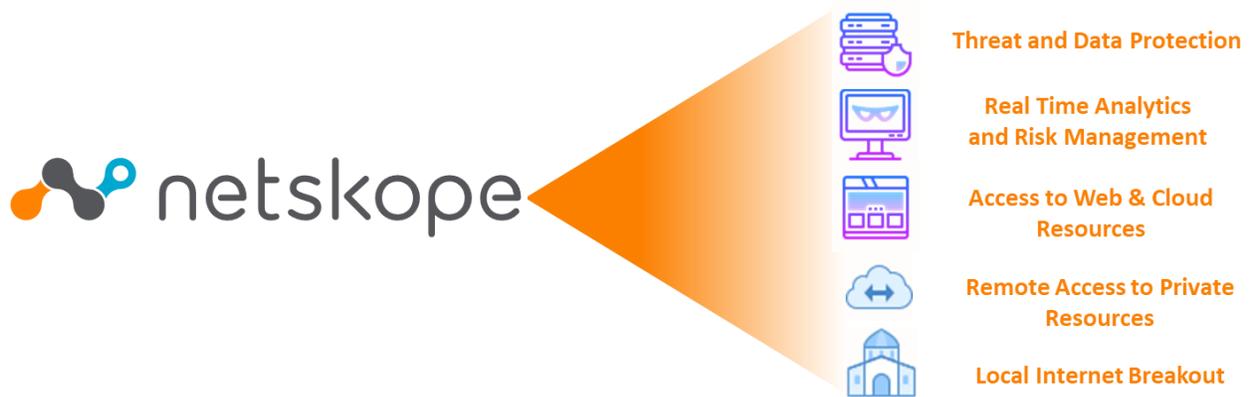


*Source: Enterprise Strategy Group*

## ESG Economic Validation

ESG completed an economic analysis of the impact of adopting Netskope with a focus on breach avoidance, cost savings, and the impact on customers' ability to meet business objectives.

ESG's Economic Validation process is a proven method for understanding, validating, quantifying, and modeling the economic value propositions of a product or solution. The process leverages ESG's core competencies in market and industry analysis, forward-looking research, and technical/economic validation. ESG conducted in-depth interviews with end-users to better understand and quantify how using Netskope has impacted their organizations.

**Netskope Economic Value Overview**

ESG's economic analysis revealed that customers who used Netskope were able to realize substantial benefits in enhanced security, lower costs, and increased agility when compared to other security options.

- **Enhanced Security** – Customers reported that Netskope delivers real-time, cloud-native security, without the traditional performance trade-off.

- **Lower Costs** – Customers reported they can simplify their budget projections and focus on expense management by reducing its unpredictable CapEx expenditure and moving to a predictable OpEx subscription-based model that supports operational cost efficiencies.

- **Increased Agility** – Customers reported that Netskope empowers their organization with the right balance of protection and speed they need to enable business velocity and secure their digital transformation journey.

### Enhanced Security

ESG's economic analysis found that customers reported tighter security and a shift from tactical to predictive. In addition, better security alignment was also mentioned.

- **Tactical to Predictive** – Customers mentioned that with Netskope they have far less operational work. Their security team can focus on the value output of the tool and move to a more predictive mode of operation.

*"When we deployed Netskope, we immediately identified 5000 applications that were shadow IT. Netskope helped us eliminate rogue apps and eliminate risk and made us much more secure."*

*–CISO, National Healthcare Equipment Provider*

- **Tighter Security** – Customers reported Netskope helped manage their endpoints regardless of where they were, which was a huge improvement. Customers also mentioned they immediately identified numerous applications that were SaaS or Shadow IT outside of their approved applications and by eliminating these applications made security tighter.

*"We had 1500 policies; now we have 110. We were able to shift energy from policy management to creative thinking, which helped us better serve our business."*

*– Cloud Security Manager, Manufacturing Company*

- **Security Alignment** – Enterprises typically have devices spread across all regions and spend a disproportionate amount of time ensuring there is alignment between all of the policies on all of the devices. Customers reported they can abstract all of this because they can do it at the tenant level. A reduction in the number of policies shifts energy from basic management to creatively finding ways to protect and enable business.

*"Better governance lifts all boats: financial, security, and operational."*

*–Global Security Manager, Credit Reporting Agency*

### Lower Costs

By using Netskope, security administrators were able to reduce breaches, reduce operational costs, and re-focus FTEs.

- **Breach Avoidance** – According to Ponemon (2020), the average cost per breach is approximately $3.86 million. Customers reported the ability to quickly target and control activities across cloud services and websites.

- **Reduced Operational Costs** – Organizations have moved, or are moving, their security technologies and controls to the cloud. Customers reported that Netskope allowed them to simplify their budget projections and focus on expense management by reducing unpredictable CapEx expenditure and moving to a predictable OpEx model that supports operational cost efficiencies, in large part due to shifting from appliances to a security-as-a-service model.

*"Our CapEx to OpEx costs shifted towards OpEx by 35% since we aren't going to recycle hardware devices."*

*–Global Security Manager, Credit Reporting Agency*

- **Accelerate Network Transformation** – Customers realized significant gains on network infrastructure side that facilitated ongoing efforts to modernize the network to address the pivot to cloud. This included being able to reduce or eliminate expenditures related to their legacy MPLS WANs, private connections to key SaaS or Cloud providers like Microsoft O365 or Amazon Web Services, tapping into low-cost broadband connectivity options in-regions, as well as incorporating networking advancements like SD-WAN.
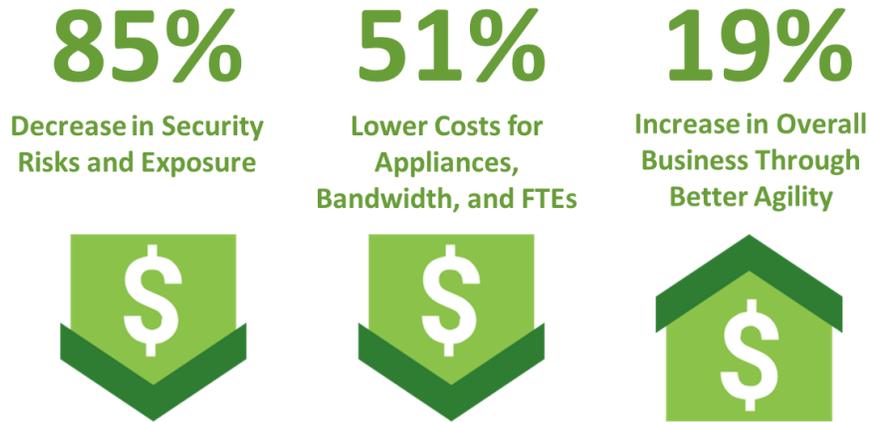
*"Netskope has reduced my security TCO by 30% while increasing my ability to protect our assets."*

*–CISO, Multinational Healthcare*

- **Re-Focus FTEs** – By using Netskope, customers were able to deploy more seats, with fewer people, and more rapidly than they expected. This allowed them to re-focus people on other strategic initiatives.

ESG created a financial model analyzing the impact of a mid-sized company adopting Netskope. This example company had 2,500 connected employees, 4,000 supported devices, 36 locations/supported sites, and annual revenue of $450M. The results fell in line with what existing customers reported during interviews: overall ROI savings of 22% with opportunities to increase existing business by 19%, as seen in Figure 3.

**Figure 3. Netskope Lowers TCO and Enables New Business**

# 85%
**Decrease in Security Risks and Exposure**

# 51%
**Lower Costs for Appliances, Bandwidth, and FTEs**

# 19%
**Increase in Overall Business Through Better Agility**

*Source: Enterprise Strategy Group*

### Increased Agility

Using Netskope allows companies to gather true real-time analytics, reduce complexity, and achieve faster time to value.

- **Real-time Analytics** – Customers stated that Netskope provides real-time security and access policies. These policies can block, alert, bypass, encrypt, quarantine, and coach. They work with web and managed and unmanaged SaaS and IaaS services.

- **Reduced Complexity** – Customers reported that it was easy to perform a continuous audit of their multi-cloud environment to look for, and automatically fix, security misconfigurations that could lead to the inadvertent exposure of sensitive data.

*"We operate in parts of the world where supply chain is a major challenge. Hardware failures could take days to remedy which forced us to fail open or closed, both of which are bad for our business. Netskope eliminated most of this complexity."*

*–Global Security Manager, Credit Reporting Agency*

- **Faster Time-to-Value** – Deploying and setting up Netskope is fast and easy. Customers stated Netskope provides the right balance of protection and speed they need to enable faster time to value and secure their digital transformation journey. Companies that engage heavily in mergers and acquisitions (M&A) find that mean time to security, the time period from acquisition until the new company fully adopts the security standards of the mothership, shifts from months or longer to a period of a few days. This fundamentally simplifies the risk equation that must be considered with change and facilitates growth that may have been passed over in the past without the capabilities of Netskope.

*"We engage in a lot of mergers and acquisitions. This allows us to initially maintain their security posture while we uplift theirs to ours using the Netskope agent. This has shifted our mean time to security from months (or years) to days."* **–Global Security Manager, Credit Reporting Agency**

- **Enhanced Business Productivity** – As a knock-on effect to the security transformation made possible with Netskope, customers noted user experience and application performance improvements after steering their traffic over the Netskope NewEdge security private cloud network that translated into more efficient workers, increased overall satisfaction with IT, as well as a reduced likelihood of users bypassing security controls altogether to get their jobs done.

## ESG Analysis

This analysis was created using a combination of existing customers with varying levels of experience with the Netskope Platform. The interviews covered all aspects of the lifecycle, planning, deployment, daily management, and fine-tuning. ESG also relied on the deep knowledge of our security and platform analysts as well as existing case studies.

To effectively compare the impact of the Netskope platform with a traditional as-is environment, ESG created a sample company that represents a mix of the organizations studied for this analysis. The parameters of this sample company are shown in Figure 4.

**Figure 4. Parameters of Sample Company Used for Analysis**

| Item | Quantity |
|------|----------|
| Connected employees | 2,500 |
| Supported devices | 4,000 |
| Locations/supported sites | 36 |
| Bandwidth Requirements (Mbps) | 6500 |
| Annual revenue (USD) | $450,000,000 |

*Source: Enterprise Strategy Group*

ESG created a financial model to measure the impact of adopting the Netskope platform and found results that were in-line with what was reported in customer interviews. Results were quantified in three major categories: enhanced security, lower costs, and increased agility. A realization factor of 20% was applied to user experience metrics to recognize the fact that an hour saved does not necessarily equate to an hour driven into profit-generating activities.

> *"Netskope gave us full visibility to protect their web access & SaaS apps, but doing it without sacrificing performance or user experience ."*
>
> *– CIO, UK-based Public Accounting, Tax, and Consulting Firm*

The financial model was tested with small, medium, and large company sizes and showed a strong Netskope benefit for all sizes of organizations. While your needs may differ from those of the customers interviewed or the companies modeled, ESG recommends that businesses compare the impact of Netskope with the categories that are most important for your security and business goals.

## The Bigger Truth

Many companies see the current security landscape as a limiting factor for business enablement, the risk of opening up networking channels often exceeding the benefit. Whatever the case, the increasing complexity of attacks and rapidly expanding attack surfaces presents a challenge that few companies can truly master.

The flow of data is increasing at rates unseen in history. It is estimated that 80-90% of the data that will exist in two years has not been created today.[2] Companies can either adapt to the challenge of providing secure networking or incur the risks of attack or stagnation.

The Netskope Platform provides enterprise-level threat protection, data loss prevention, visibility, and real-time insights in a simplified interface that enables companies to both proactively reduce risk and rapidly address issues within on-prem and cloud environments. Organizations that use Netskope report strong positive impacts in enhanced security, lower costs, and business agility. Also notable were the performance and related increased business productivity outcomes made possible through Netskope's focused investment in the underlying service-delivering infrastructure, called NewEdge.

ESG validated the Netskope Platform by comparing TCO and security impacts against common network and security platforms and found Netskope provided benefits for companies regardless of size. Existing Netskope customers were interviewed to understand their experience procuring, deploying, and managing Netskope and were able to confirm the overall positive operational and TCO aspects of the platform. ESG also relied on our internal analysts with extensive knowledge in security, networking, and economic validation.

The Netskope Platform has proven to provide substantial security benefits while simplifying the process of recognizing and remediating threats. The platform is a compelling offering for any company looking for performance-minded, data-centric cloud security. ESG highly recommends you consider the Netskope Platform for your security and data protection needs.

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[2] Source: Rivery, *Big Data Statistics: How Much Data is There in the World?*

**Enterprise Strategy Group** is an IT analyst, research, validation, and strategy firm that provides market intelligence and actionable insight to the global IT community.

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