

**Award Category:  
Entrepreneurial Company of the Year****Award Description**

This Frost & Sullivan Award is given each year to the company that demonstrated superior entrepreneurial ability in its industry. This Award signifies the company's identification of a unique and revolutionary product solution with significant market potential. Additionally, the Award certifies that the company's marketing strategy is sound and poised for success.

**Research Methodology**

Entrepreneurial ability is assessed using mostly primary research with top manufacturers and end-users in the industry. Frost & Sullivan analyst teams perform extensive interviews with the company in question to evaluate its products, business, and marketing plan. In addition, primary research with leading manufacturers is performed to benchmark the award recipient's strategy for growth against established players' strategies. Also considered are elements such as strategic alliances, expected time to market, and the senior management team. Primary research with end-users is also conducted to evaluate and compare the value of the Award recipient's product solution.

**Measurement Criteria**

A recipient that is chosen for the Entrepreneurial Company Award must match the following criteria:

- The company must have fewer than 300 employees.
- The company must have identified a brand new and completely unique product solution.
- The product solution must have significant market potential and a high probability of reaching its potential in the next 2-5 years.
- Financial and employee based resources to ensure a large probability of success. Financial resources include backing from VCs, IPOs, and funding from large corporate partners.
- Protection from competitors - patents, large product development lead-time, strategic alliances with key component suppliers, etc.
- Strong plans for marketing - strategic alliances for distribution, relationships with key customers, voluminous positive-press in the media, endorsements from industry experts, etc.

*TippingPoint Technologies, Inc.*

TippingPoint Technologies, Inc., based in Austin, Texas, has, over the last two years, emerged as a successful new player in the network-based intrusion prevention systems market. The company, which had virtually no revenues in previous years, quickly garnered \$5.8 million in revenues in fiscal 2004. TippingPoint increased its revenues to over \$20 million in the first three quarters of fiscal year 2005 (February-October 2004). The company's flagship product, UnityOne Intrusion Prevention System (IPS), has been winning praise and accolades from customers, third party test labs, and analysts. The product is a result of over four years of research and development.

The company started developing its UnityOne network-based intrusion prevention technology in January 2001. Over the next four years, it invested close to \$40 million in research and development on its UnityOne product line. The company had to depend only on the proceeds from its IPO and private placements to finance its operations and capital expenditure requirements. The company continues to sustain losses in 2004 while it nurtures its nascent network security business, but expects to achieve profitability within the next year due to the phenomenal increase in sales.

# TippingPoint

The company launched its UnityOne product line in January 2002, conducted beta trials during the spring of 2002, and began marketing in September 2002. The timing of the product couldn't have been better. The most definitive technological trend in the market right now is the shift from intrusion detection to intrusion prevention. The intrusion detection and prevention systems market witnessed the launch of many products that distinguish themselves as intrusion prevention instead of intrusion detection. The problem of false positives and high total cost of ownership of the intrusion detection systems dented the confidence and adoption of the technology in the market. Frost & Sullivan research indicates that the majority of the growth in the market in 2004 has come from newer IPS products, while more traditional IDS technology sales have been flat.

Frost & Sullivan tracks the network-based appliance, network-based software, and host-based software markets as segments within the total IDS/IPS market. In 2003, the network-based appliance market grew 44.6 percent, virtually carrying the entire market. The market showed a marked acceptance of the new IPS appliances. TippingPoint, along with other prevention-focused competitors, ramped up sales significantly in 2003, winning large portions of market share from entrenched incumbents such as Cisco and ISS. Frost & Sullivan estimates that the network IPS appliance market will grow faster than any other IDS/IPS market segment. Most recently, TippingPoint reported \$9.7 million in revenue for Q3, a 44 percent increase from the previous quarter. The revenue for each of consecutive quarters in fiscal 2004 has begun to illustrate a new rising star in the network-based IDS/IPS appliance market. TippingPoint is growing so quickly that Frost & Sullivan estimates the company to rank among the top five competitors by the end of 2004.

The company's flagship product, UnityOne Intrusion Prevention System (IPS), is an in-line device that is inserted seamlessly and transparently into the network. It is built using TippingPoint's proprietary "Threat Suppression Engine" technology - a hardware-based intrusion prevention platform consisting of state-of-the-art network processor technology and TippingPoint's own set of custom ASICs. It can inspect each packet at near wire speed. The UnityOne System architecture utilizes custom ASICs, a 20 Gbps backplane, and high-performance network processors to perform total packet flow inspection at Layers 2-7, ensuring that there is minimum network latency and ability to scale up to multi-gigabit networks. The UnityOne IPS comes with its remote administration, configuration, monitoring and reporting system, UnityOne Security Management System, and the TippingPoint

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Network Security Infrastructure Protection  
Entrepreneurial Company of the Year Award

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security team's update service called Digital Vaccine - the company's highly scalable protection update solution where new filters are continuously fed to the IPS to keep it up-to-date with the latest vulnerabilities.

The company's products have been winning praise and accolades from customers and analysts.

- Frost & Sullivan analysts in the report World Intrusion Detection and Prevention Systems Markets #F059-74 made a special mention of the company's technology and its achievements in achieving significant customer wins and growth in 2003.
- The SC Magazine selected TippingPoint's UnityOne-200 as a "Best Buy" in their group test of intrusion prevention products.
- The UnityOne Intrusion Prevention System has been selected as a "Trusted Tool" by the SANS Institute.
- The UnityOne Intrusion Prevention System is the first and only product to win the coveted NSS Gold Award in the IPS space.
- TippingPoint's UnityOne is the winner of the "Network Protection Product of the Year" from IDG and TechWorld.com.
- The UnityOne was awarded both eWEEK's Analyst's Choice Award and the eWEEK Excellence Award for Enterprise Resource Protection.

# TippingPoint

Frost & Sullivan is pleased to recognize the vision, foresight, and achievements of TippingPoint in the IPS appliance market. The company has showed remarkable vision in identifying early on that the market will demand an appliance based intrusion prevention system product. The company's sustained level of R&D expenditure and its execution of sales and marketing strategy have garnered significant customer wins and impressive market share gains in its segment in just one year. The company is well positioned in a market that will be the dominant segment in the IDS/IPS market in the years to come. The company has truly demonstrated superior entrepreneurial ability in its industry.