

Content protection to drive security growth

- Economic uncertainty slowed the security industry in H1 2009

Palo Alto (US), Singapore and Reading (UK) – Thursday, 17 September 2009
For immediate release

- The EMEA enterprise security market totalled \$2,100 million in H1 2009
- Cisco maintained its overall lead but saw its H1 2009 share slip to 17%
- Check Point appliances gained ground through the company's integration of Nokia's security arm
- New security threats, notably social networking and ex-employees, drove growth in data protection
- Content security was the bright spot, growing by 5%

H1 2009 research highlights

For the first time since 2001, H1 2009 saw a sharp decline in the security industry. Though 2008 had been a strong year, the economic recession of H1 2009 forced many companies to freeze or slash IT budgets. Despite this, Canalys research shows security continued to grow as a share of total IT budgets. The EMEA end-user hardware and software security market reached \$2.1 billion in the first half of 2009, falling 4.5% year-on-year. This compares with the networking market, which declined 21.3%, and the unified communications market, which fell by a staggering 32.7%.

EMEA total enterprise security market					
Market shares H1 2009, H1 2008					
Vendor	H1 2009 shipment value (\$m)	% share	H1 2008 shipment value (\$m)	% share	Growth H1'09/H1'08
Total	2,094.8	100.0%	2,193.0	100.0%	-4.5%
Infrastructure security appliance	989.8	47.3%	1,076.6	49.1%	-8.1%
Infrastructure security software	575.5	27.5%	579.7	26.4%	-0.7%
Client security software	360.4	17.2%	452.6	20.6%	-20.4%
Hosted security services	116.5	5.6%	-	0.0%	N/A
Infrastructure security module	52.5	2.5%	84.2	3.8%	-37.7%

Source: Canalys estimates, © Canalys 2009

Security appliances were an area of particular disappointment. 'Enterprises are looking to maintain their existing hardware infrastructure. Many are extending appliance lives to five or even seven years while also moving to OPEX-based expenditure,' said Nikki Babatola, an analyst at Canalys. The appliance market declined 8.1% by value, with Cisco, the category leader, experiencing a drop of almost 28%, the biggest fall within the top five. It has struggled to convert its legacy PIX firewall customers to its Adaptive Security Appliance (ASA) range of Integrated Threat

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Management (ITM) solutions. As the Cisco PIX appliance range comes to the end of its life, some of its customers are opting for the high-performance features being offered by the ever-growing list of specialist security vendors, Palo Alto Networks being an obvious example.

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Total	2,094.8	100.0%	2,193.0	100.0%	-4.5%	
Cisco	356.4	17.0%	506.0	23.1%	-29.6%	
Check Point	183.8	8.8%	194.1	8.9%	-5.3%	
Symantec	177.1	8.5%	243.9	11.1%	-27.4%	
McAfee	153.6	7.3%	139.0	6.3%	10.5%	
Trend Micro	112.5	5.4%	124.1	5.7%	-9.3%	
Others	1,111.3	53.1%	986.0	45.0%	12.7%	

Source: Canalys estimates, © Canalys 2009

Check Point completed its integration of Nokia's security business in the second quarter of 2009, a move that gave it second place in appliances. Despite this it also experienced a decline in value of 4.9% (including legacy Nokia values). Check Point will convert the Nokia IP hardware range to an appliance model with Check Point software pre-installed. The appliance approach means licences expire with the hardware, creating replacement opportunities for Check Point. This move has upset some channel partners, which used to gain large margins on additional software on Nokia hardware. Customers also liked the flexibility of perpetual software licences, and Check Point will have to handle the transition carefully.

The software security market declined 9.3%, with client security investments down 20.4%. Client security is closely linked with PC sales, where unit shipments to business customers dropped 25.0% during the first half of 2009. McAfee, the number one security software vendor, lost sight of its client security business as it worked during the second quarter to integrate the acquisitions it had made in its network security and SaaS business units. 'Many of McAfee's traditional anti-malware channel partners felt frustrated by McAfee's attempts to push appliances at them. Malware software partners have often made a strategic decision not to sell hardware and McAfee's approach should recognise that,' added Babatola.

The infrastructure security software market declined just under 1%, with data protection, SEIM and web-threat security growing fastest in this space. With companies holding out on investing in expensive appliances, infrastructure software has proved to be an effective way of protecting against threats when deployed on existing servers.

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'2009 has seen new threats emerge. Social networking sites, such as Facebook and Twitter, have created new risks. Redundant employees have also become a fast-growing form of data loss. This has caused many companies to invest in security, despite the recession, to protect their critical company data. Investments in content security technologies will drive the market in the second half of the year,' Matthew Ball, a senior analyst at Canalys concluded.

About the service

The shipment estimates and research results discussed in this release come from the Canalys Enterprise Security Analysis service. Canalys' market data is used by vendors the world over to provide a coherent view of the enterprise infrastructure markets. Canalys offers services looking at the markets by country in EMEA, as well as providing global market overviews.

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