

Enterprise security market to exceed \$22 billion in 2012

➤ Canalys outlines top IT security market trends for the SMB segment in 2012

Palo Alto, Shanghai, Singapore and Reading (UK) - for immediate release

Canalys today announced the results of its latest enterprise security forecasts, indicating that total investment is expected to grow 8.7% year-on-year in 2012 to reach a market value of \$22.9 billion worldwide. Currently accounting for 11.3% of the total market, the anti-virus (AV) segment will remain one of the strongest parts of the security industry next year, and is expected to increase by 6.8% year-on-year. Though a mature technology, AV software continues to drive revenue for many resellers, both large and small. It is the first step most small and medium-sized businesses (SMBs) take in securing their infrastructure.

Moving forward, Canalys anticipates that results in the SMB market will define security vendor leadership. Smaller vendors are working to displace Symantec, McAfee and Trend Micro in this segment, thanks to their noted reputations in the consumer space. Kaspersky Lab, one of the fastest growing AV vendors, is using its strong retailer relationships and powerful consumer brand to successfully confront incumbents for example. Other vendors, such as Panda Security, F-Secure, ESET and AVG, are increasingly gaining market share, posing a serious threat to top-tier vendors.

‘Demand for AV technologies varies depending on customer size,’ said Canalys Research Analyst Nushin Hernandez. ‘SMBs are typically looking for base-level protection from online threats, while larger organizations generally have clear security strategies in place.’

‘SMBs do not see themselves as targets for hackers, and many do not invest in full perimeter security,’ said Hernandez. ‘What they fail to realize is that security risks to businesses of all sizes are prevalent. The need to secure sensitive data is more critical than ever.’

The analyst firm also announced today its summary of top trends for the SMB IT security market in 2012:¹

- Consumer buying patterns and behaviors will dominate SMB security spending. Many small companies are both price-sensitive and lack an understanding of the real security threats to their businesses. Many SMBs mistakenly equate AV technology deployment with full protection from threats. They largely depend on resellers to recommend solutions.
- Vendors will increasingly sell solutions through their online stores. Symantec is now offering up to 1,000 licenses through its online store, followed by McAfee at 250. Sophos allows the purchase of up to 199 licenses and Trend Micro and Kaspersky Lab up to 50 each. This is a strategic move to gain share in the high-volume, low-value end of the market, as many SMBs buy online.
- ‘Freemium’ offerings will further disrupt the security market, especially in the micro-business segment. The AV market has already become highly commoditized, and free offerings will continue to drive down costs and complexity at the lower end of the market. Among respondents to a recent

¹ Canalys defines small and medium-sized businesses (SMBs) as having fewer than 500 employees.

Canalys poll of 179 channel partners, 40% indicated that more than 20% of their SMB customers used free AV software for PCs. Vendors will need to develop solutions in adjacent areas, such as web-threat security and data protection, to differentiate and demonstrate a better value proposition. They will also have to invest in training to enable their resellers to educate customers on the gaps in their security protection.

- Vendors will continue to integrate more advanced solutions into endpoint security products. Volume resellers will be increasingly encouraged to become more specialized in behavior, while vendors will work more closely with systems integrators and other types of partners to build new routes to market, such as OEM relationships with PC and enterprise appliance vendors. As a result, volume resellers will need to adapt and develop value-added capabilities through consulting, solution selling and management services or risk margin erosion.
- Security as a service (SaaS) will attract more SMB customers. As they drive partners toward specialist roles, security vendors will have more flexibility to develop new delivery models, such as SaaS. From the SMB side, perceived cost savings will be the primary driver to switch to outsourced security.

About Canalys

Canalys delivers smart market insights to IT, channel and service provider professionals around the world. Our customer-driven analysis and consulting services enable businesses to make informed decisions and generate sales. We stake our reputation on the quality of our data, our innovative use of technology and our high level of customer service.

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