

Global enterprise security market growth slows

– Cisco maintains lead, market growth expected to improve in 2007

Reading, UK – Wednesday, 28 March 2007

For immediate release

- Annual security market growth declined to 7.2% in 2006, from over 30% in 2004 and 20% in 2005
- Symantec and Trend Micro benefited from strong PC market growth
- Growth is predicted to return to double figures in 2007

Highlights from the Canalys Q4 2006 global enterprise security research

The latest global enterprise security research from Canalys shows that the market grew at a reduced rate of 7.2% for the whole of 2006. This is a far cry from the heady days of compliance investment in 2004 and 2005, where year-on-year growth rates in excess of 30% were common. Cisco maintained its leadership position, although Symantec closed in considerably through 2006. Other strong market performers included Trend Micro, Juniper Networks and Fortinet.

Worldwide total enterprise security market					
Market shares 2006, 2005					
Vendor	2006 shipment value (€m)	% share	2005 shipment value (€m)	% share	Growth 2006/2005
Total	7,063	100.0%	6,589	100.0%	7.2%
Cisco	1,200	17.0%	1,169	17.7%	2.7%
Symantec	1,133	16.0%	981	14.9%	15.5%
Trend Micro	528	7.5%	478	7.3%	10.5%
McAfee	489	6.9%	495	7.5%	-1.3%
CA	428	6.1%	596	9.0%	-28.2%
Others	3,286	46.5%	2,870	43.6%	14.5%

Source: Canalys estimates, © canalys.com ltd. 2007
Includes all hardware and software positioned as an enterprise data or network security product

North America and EMEA remained the biggest regions in value terms, with the former accounting for almost 47% of the €7.1 billion global end-user spend on enterprise security hardware and software, according to Canalys estimates. The year closed with overall market growth slightly below expectations, but a strong rise in the PC, server and networking markets indicates that a return to low double-digit growth in 2007 is likely.

The enterprise security market is finely balanced between hardware (infrastructure security appliances) and software (client security software and infrastructure security software). It was the software segment that saw higher growth and volume in 2006, rising 8.5% year-on-year to reach €3.7 billion. Canalys expects that new technologies such as multi-core processors, virtualisation, I/O acceleration and co-processor integration will continue to provide a foundation for the software market to hold its own against dedicated infrastructure security appliances.

Worldwide enterprise security software market					
Market shares 2006, 2005					
Vendor	2006 shipment value (€m)	% share	2005 shipment value (€m)	% share	Growth 2006/2005
Total	3,703	100.0%	3,412	100.0%	8.5%
Symantec	1,040	28.1%	887	26.0%	17.3%
Trend Micro	509	13.8%	469	13.8%	8.5%
McAfee	441	11.9%	398	11.7%	10.8%
Others	1,713	46.3%	1,658	48.6%	3.3%

Source: Canalys estimates, © canalys.com ltd. 2007
Includes all software positioned as an enterprise data or network security product

Symantec remains the largest vendor of enterprise security software, with full year end-user spend estimated at just over €1 billion. Client security software remains the largest segment, dominated by Symantec and McAfee, with Trend Micro and CA slotting in behind. The infrastructure security software segment remains diverse, with CA leading thanks largely to strong performance in the Identity and Access Management space.

Canalys predicts the software firewall market is set for resurgence. "Check Point has demonstrated a return to its roots in the software firewall market. New technologies, such as blade servers, change the economics and viability of security solutions in the datacentre," commented senior analyst Andy Buss. "Multi-core processing, I/O acceleration and virtualisation will change the way security managers and vendors architect security solutions."

In security hardware Cisco continued to dominate with a market share more than double that of its nearest competitor. The rapid adoption of advanced security technologies on the Adaptive Security Appliance range (ASA), such as SSL VPN, intrusion protection and advanced content control through the partnership with Trend Micro, have offset declines in the PIX market. Juniper Networks executed well in 2006 to take the overall number two position in security hardware, with leadership in SSL VPNs and high-end firewalls

helping cement enterprise acceptance. “The alliance with Symantec for content security on Juniper Networks’ appliances should start to reap rewards through 2007, but it will require work to integrate the two companies’ go-to-market strategies,” Buss added.

Worldwide enterprise security hardware market					
Market shares 2006, 2005					
Vendor	2006 shipment value (€m)	% share	2005 shipment value (€m)	% share	Growth 2006/2005
Total	3,359	100.0%	3,177	100.0%	5.8%
Cisco	1,084	32.3%	1,056	33.2%	2.6%
Juniper Networks	427	12.7%	385	12.1%	10.9%
Nokia*	339	10.1%	431	13.6%	-21.2%
Others	1,510	44.9%	1,306	41.1%	15.7%

Source: Canalys estimates, © canalys.com ltd. 2007
 Includes all hardware positioned as an enterprise data or network security product
 * Figures include value of third-party software (eg, Check Point) running on the platform

Third-placed vendor Nokia had a tough year in the security hardware market. “Product supply issues and competition from Crossbeam Systems in the market for Check Point appliances have affected Nokia’s performance and it will need to regroup and refocus on the security market in 2007,” Buss said. “Meanwhile Fortinet has developed into a vendor of note with its approach of integrated security management across both network and content security, intensifying competition in the hardware firewall market and taking the fourth spot in overall security hardware value.”

About the Enterprise Security Analysis Worldwide service

The shipment estimates discussed in this release come from Enterprise Security Analysis Worldwide, the leading-edge continuous information service designed specifically for enterprise security vendors. Canalys provides a unique and comprehensive view of the market, with detailed segmentation by product type, functionality, routes to market and end-user type. In addition to quarterly market share estimates, clients receive forecasts, quarterly trends presentations and direct access to Canalys analysts by telephone, e-mail and face-to-face. More information is available from the Canalys web site.

About Canalys

Canalys specialises in delivering high quality market data, analysis and advice to the world’s leading technology vendors. It is recognised as a key provider of continuous advisory services and confidential custom projects for marketing managers and strategists within blue-chip IT, telecoms, navigation and

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