EXCERPT

Security Software Vendors: Customer Perception in Asia/Pacific

Excerpted from an online Asia/Pacific infrastructure software survey, *Security Software Vendors: Which Are Most Popular?* (IDC #AP322309N, July 2006) by Willie Low and Daphne Chung.

IDC OPINION

This study presents the results and analysis of an IDC online survey on vendor perception in the security software market in terms of technology innovation, licensing and maintenance support, and general mindshare penetration.

Key findings of this survey include the following:

- Symantec, Cisco, and Check Point are perceived by respondents to be the vendors with the most innovative technology. Many of the vendors that received high scores for innovative technology are highly acquisitive companies.
- Symantec, Trend Micro, and Microsoft received the highest scores for their respective licensing and maintenance support.
- Symantec and Trend Micro are the top security vendors that the respondents would most like to do business with. Both vendors are very large and are established in the security software market in the region with a very good track record.

IN THIS EXCERPT

This IDC study provides an overview on how the major vendors are perceived by customers with regard to technology, maintenance and support, and general business satisfaction.

"Of the top 5 security software vendors voted by the respondents to have the most innovative technology, four can be classified as highly acquisitive," says Willie Low, senior market analyst, Infrastructure Software, IDC Asia/Pacific. "This means they obtained their technology largely though acquisitions, rather than in-house research and development. Besides sustaining technology innovation, security vendors need to signal commitment, grow their local support ecosystem, and position themselves as trusted advisors to the businesses in the region in order to continue to do well in the increasingly competitive security market," he adds.

Filing Information: November 2006, IDC #AP757002P
: Excerpt

Asia/Pacific Headquarters: 80 Anson Road, #38-00 Singapore 079907 P.65.6226.0330 www.idc.com

METHODOLOGY

IDC designed the *IDC Asia/Pacific (Excluding Japan) Security and Business Continuity Survey, 2006* online survey to determine the top-of-mind security concerns of enterprises, their characteristics in deploying security and business continuity solutions, and their spending intentions. More specifically, the survey sought to understand the following:

- Greatest threats to their organizations' security
- Factors driving investments in IT security
- Changes to size of security budgets
- Considerations in choosing a security vendor
- Business continuity measures adopted and investment intentions
- Impressions on the major security vendors that are active in the region

This study presents the perception results of the survey. It provides an overview on how customers perceive the major vendors in terms of a vendor's technology, maintenance and support, and general business satisfaction. The focus of the report is on the following questions of the survey:

- Which is the security software vendor with the most innovative technology?
- Which security software vendor stands out with the best licensing and maintenance support?
- Which security software vendor would you most like to do business with?

It should be noted that only security software vendors tracked by IDC are included as options in the pull-down list. Respondents have the option of providing vendor names that are not in the pull-down list.

Qualification and Sample Size

The survey was conducted through the IDC Circle portal, an online community of information and communication technology (ICT) buyers and users in the Asia/Pacific (excluding Japan) region, or APEJ, whose membership size stands at more than 19,000 at the time of the writing. The respondents are members of the IDC Circle. More than 30% of them are senior IT decision makers (with designations such as CEO, MD, GM, VP, CTO and CIO). More than 60% of the member base are IT professionals in middle management (with designations such as IT manager, MIS, executive, and officer).

The survey drew more than 300 responses from members in Australia, People's Republic of China (PRC), Hong Kong, India, Indonesia, Malaysia, New Zealand, Philippines, Singapore, Taiwan, and Thailand.

It should be noted that the results are not weighted to be representative of the respective IT market sizes in the different countries. The nature of online surveys also invariably drew more responses from the more IT mature countries in the region, and the results should be interpreted with this in mind.

Readers should also bear in mind that data from end-user surveys can be less reliable because of shifts in market sentiment, especially when it comes to future spending and usage patterns. IDC therefore builds its market views from both supply-side and demand-side perspectives. End-user surveys should be time specific; hence, the data must be put in the context of the market sentiment in a particular time frame corresponding to the data collection period.

SITUATION OVERVIEW

The APEJ security software market reached US$805 million in 2005. IDC forecasts this market to hit US$1.7 billion in 2010, representing a compound annual growth rate (CAGR) of 16%.

The vibrant growth of the security software market in this region has resulted in many vendors renewing their focus and investing resources in the region. As a general observation, customers in this region tend to prefer security vendors who have an established physical direct presence in APEJ. This presents an uphill challenge for the smaller vendors that work exclusively through their partners in the region and have therefore no direct presence.

Given this background, it is interesting to find out the respondents' perception on the various security software vendors in the APEJ. The focus of the report is on the following questions of the survey:

- Which is the security software vendor with the most innovative technology?
- Which security software vendor stands out with the best licensing and maintenance support?
- Which security software vendor would you most like to do business with?

Survey Findings

Q 1: Which vendor has the most innovative technology?

When respondents were asked the survey question, "Which vendor has the most innovative technology?" (n = 278), Symantec topped the list, with 19.4% of respondents choosing it. Other vendors that obtained high scores were Cisco (12.9%), Check Point (11.9%), and CA and Microsoft (both at 8.3%).

Except for Check Point, four companies in this top 5 list can be classified as acquisitive companies. For instance, besides the mega-acquisition of Veritas, Symantec has acquired IMLogic, Relicore, Bindview, Whole Security and Sygate Technologies in the last 12 months. Cisco acquired M.I. Secure Corporation and Protego Networks, among the numerous other companies they bought. In recent years, CA has acquired Netegrity, PestPatrol, Wily and Niku. Meanwhile, Microsoft has added Sybari, FrontBridge Technologies, Giant, and Whale Communications to its security arsenal.

Check Point is arguably the only non-acquisitive company in this top 5. It acquired Zone Labs in 2003, but its more recent attempt to acquire SourceFire did not conclude. Check Point is well known for its leading technology in the firewall/VPN market. Its position in the top 5 is likely to be a result of the high brand equity it enjoys in the firewall/VPN software market in APEJ.

The results suggest that a vendor's strategy of acquiring technology through mergers and acquisitions (M&A) rather than developing its own technology through in-house research and development (R&D) does not negatively impact users' perception of its innovativeness.

Q 2: Which vendor has the best licensing and maintenance support?

When respondents were asked the survey question, "Which vendor has the best licensing and maintenance support?" (n = 278), Symantec was ranked first with 18.3% of the respondents, indicating that the vendor has the best licensing and maintenance support. Trend Micro came in second with 13.7% of the votes, followed by Microsoft (12.2%), McAfee (10.4%), and IBM (8.6%).

Today's software licensing landscape can be challenging for both software vendors and customers. *IDC's Software Pricing and Licensing Taxonomy, 2006* (IDC #34977, March 2006) has identified the various licensing types including perpetual, terms, and subscription. Each license type has its own benefits and drawbacks and, as such, IDC's opinion is that there is no one-size-fits-all licensing scheme.

Many vendors in the security software market have moved aggressively to offer consumers security software on a subscription basis. However, as mentioned earlier, customers may prefer different licensing schemes for reasons such as perceived costs (i.e., the perception that subscriptions cost more than perpetual licenses in the long run) and lack of infrastructural prerequisites (e.g., consumers owning credit cards are not common in some countries; anxiety over identity theft). Hence, to suit a variety of customer needs, vendors will need to offer various flexible pricing and licensing options — even for one product offering.

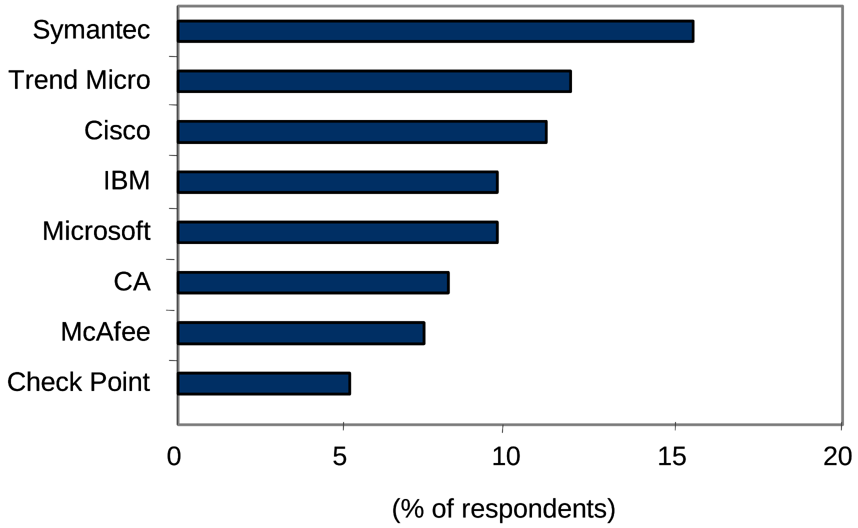
The survey results support this. A good track record is the top criterion for the respondents in choosing an IT security vendor, followed by price competitiveness, speed of implementation, thought leadership or innovation, full spectrum of services, pre-existing relationship, capability to deliver services on a worldwide basis, flexible financing including shared risk, respectively (n = 330).

Q 3: Which vendor would you most like to do business with?

Figure 1 gives an indication of the popularity of security vendors in the region, or the vendors that survey respondents would most like to do business with. Again, Symantec came out at the top, with 15.5% of the respondents. Trend Micro was second, with 11.8% of the votes. Cisco was a close third at 11.1%. IBM and Microsoft were tied for fourth place with 9.6%.

FIGURE 1

Security Software Vendor Respondents Would Most Like to Do Business With



n = 271

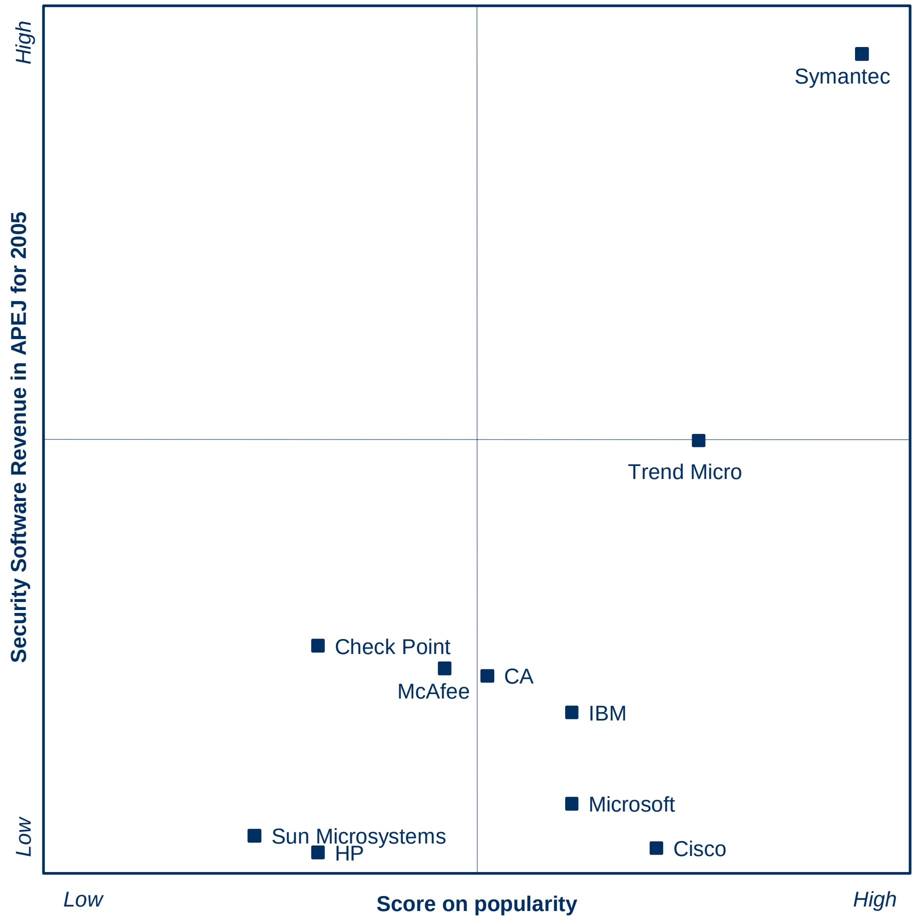
Source: *IDC Asia/Pacific (Excluding Japan) Security and Business Continuity Survey, 2006*

Figure 2 reveals several interesting observations. There are two vendors in the upper right quadrant, namely Symantec and Trend Micro. These vendors scored high with the survey respondents for the question, "Which security vendor would you most like to do business with?" This gives an indication of their popularity. Both of them are recognized security specialists globally with a sizable presence in the security software market in APEJ. Their sizable presence in the region signals their commitment to this market. They have also built a good reputation and have been in the region for many years. These factors appear to have influenced their popularity with the respondents.

If we look at the bottom half of the chart, we see a mix of companies. There are vendors with diverse product portfolios who play in numerous and various IT markets (e.g., HP and IBM), and there are specialized security vendors (e.g., McAfee and Check Point). For very large full solution vendors such as HP and IBM, this result may indicate that their security software portfolios are not widely recognized by the market yet.

FIGURE 2

Security Software Vendors: A Case of Popularity and Presence



Notes:

- n = 271 (survey question on security vendor respondents would most like to do business with)
- Revenue figures are based on the IDC Asia/Pacific Semiannual Security Software Tracker, 2H05.
- Scores on both axes are normalized to a scale of 1–10.

Sources: IDC Asia/Pacific Semiannual Security Software Tracker, 2H05; *IDC Asia/Pacific (Excluding Japan) Security and Business Continuity Survey, 2006*

However, it should also be noted that this survey is designed to gauge the vendor's popularity in the security market (and not the entire solution portfolio offered by the vendor). For many of these full solution vendors, their security software business represents a small part of their entire business. Having said this, the result may suggest that these vendors have yet to fully leverage their strong reputation for other lines of businesses (e.g., storage, system management, network management, or even OS software) to market their security software business.

FUTURE OUTLOOK

The APEJ security software market is poised to enjoy a healthy growth over the next few years. IDC forecasts this market to grow to hit US$1.7 billion in 2010, representing a CAGR of 16%.

The market is set to become increasingly competitive. Besides the traditional security vendors such as Symantec, McAfee and Trend Micro, other vendors are coming into the space due to the market's growth potential and security's increasingly strategic importance in an IT vendor's product portfolio. Entrants in the market include other large software players (e.g., Microsoft) and network equipment vendors (e.g., Cisco). Given the clout these large players have by virtue of their large installed bases, the market dynamics may see interesting shifts in the near future.

ABOUT THIS PUBLICATION

COPYRIGHT AND RESTRICTIONS