



***Current Analysis***

## The Burger King Effect: Proliferation of Content Security Form Factors Lets Customers Have it Their Way

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# Agenda

- Demand in content security shifts from software to appliances and Security as a Service
- Market Impact: Consolidation and the rise of hybrid architectures
- Who buys which form factors and why?
- The fate of software and a market outlook
- Q&A

# Demand swings from software to appliances and SaaS

## ■ Growth stats (like mileage) varies

- Infonetics: SaaS security revenue up 70% in 2009
- Infonetics: content security appliances to grow 58% to \$1.9 billion by 2013
- IDC: Web security SaaS revenue to grow 47% in 2013
- IDC: Web security appliance revenue to grow 20% in 2013
- Cisco: ScanSafe hosted web security grew 110% year over year

## Behind the numbers, a perfect storm

Shrinking IT budgets

Web becomes a giant bulls eye

Spam becomes targeted and more sophisticated

Server-based software costs more to own and operate

## ■ Appliance advantages over software

- Ease of installation, configuration
- Highly competitive pricing
- Good support

## ■ Appliance advantages over hosted services

- For secure messaging, greater control, privacy
- For web security, lower latency

## ■ Appliance disadvantages

- Limited reporting
- No real-time threat protection
- Inflexible policy and scanning

## ■ Hosted services advantages

- Lower installation costs
- Fast deployment
- Pay per use pricing
- No unexpected appliance upgrades
- Fast response to new threats

## ■ Documenting the TCO savings

- Proofpoint: 40% to 70% savings, depending on use case
- Websense: 40% savings across the board

## ■ Hosting services disadvantages

- Loss of control
- Less secure
- Outages give hosting service providers a bad rap

# The appliance acquisitions

Acquirer	Acquiree	Price Paid	Data Announced
Cisco	Ironport	\$830 Million	January 2007
McAfee	Secure Computing	\$465 Million	September 2008
Symantec	Mi5	N/A	April 2009
M86 Security	Finjan	N/A	November 2009

# The SaaS acquisitions

Acquirer	Acquiree	Price Paid	Data Announced
Google	Postini	\$625 Million	July 2007
Symantec	Message Labs	\$695 Million	October 2008
McAfee	MXLogic	\$140 Million	July 2009
Barracuda	Purewire	N/A	October 2009
Cisco	ScanSafe	\$183 Million	October 2009

## ■ Secure Messaging Advantages

- Cloud-based filtering reduces load for on-premises appliances
- Fewer appliances required on premises
- Lower WAN bandwidth utilization reduces operational costs
- On-premises appliances protect sensitive data, block spyware phone-home messages from infected machines

## ■ Web Advantages

- Centralized policy control over all users/locations
- Local content caching in remote sites improves application performance
- Cloud-based filtering allows faster response to new threats

## ■ Barracuda and PureWire

- Threat database, agent and appliance integration done
- Common policy model due later this year

## ■ Blue Coat

- WebPulse provides some cloud-based filtering
- SaaS web security service available by year's end

## ■ Cisco and ScanSafe (and IronPort)

- Threat intelligence integration, common UI in progress
- “Meaningful” hybrid offering due next year

## ■ McAfee and MX Logic (and Secure Computing)

- Hybrid secure messaging in place
- Threat intelligence integrated
- Former IronMail and WebWasher managed by ePO

# Who buys which form factor?

- **SMBs buy SaaS more often, but...**
- **For web security, highly distributed enterprises get a bigger bang for the buck with SaaS**
- **Organizations with both lots of small remote sites and handful of locations with lots of users favor hybrid**
- **No consensus on vertical markets**
- **Enterprises that must comply with complex regulations tend to favor appliances**

## ■ Software's future

- Secure messaging software still makes up half the market
- Inertia/bigger problems to solve will keep a portion of users on renewal treadmill
- Virtual Machine instances, or virtual appliances, are the new software

## ■ Predictions

- Web security's addressable market expands to new endpoints not covered before
- Acceptance of the hybrid form factor will take off and come to dominate some market segments
- Enterprises over the next few years will replace SMBs as the primary consumer of SaaS-based web security

# Questions?

# Thank You



For more information, please contact...

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