

Executive Summary

Intrusion Prevention System (IPS) products continue to be one of the most dynamic segments of the network security market. Unlike the passive Intrusion Detection System (IDS) technology, IPS is a proactive technology that can block attacks before they reach the intended target.

Besides protecting the network from undesired access, next-generation IPS products also safeguard the network from malicious content, and the inappropriate traffic rates that precede worm or denial of service attacks.

In addition to standalone appliances, basic IPS functionality is increasingly integrated with firewalls and multifunction, security appliances. Integrated products are typically easier to use and less expensive than the standalone products, which makes them attractive to small/medium businesses (SMB).

Another product category provides similar protection using a different approach. Network behavior anomaly detection products monitor internal network activity, creating a profile of normal activity. This profile includes measures of service and connection data during specific times of day. Once the profile is in place, it is compared against current activity. When deviations occur, an alert or other mitigating action occurs. Behavior anomaly products are an emerging segment, but cost and complexity make them viable only for large enterprises and service providers at this time.

In contrast to point products, infrastructure companies are touting system-level solutions that integrate security technologies into the network itself. Many plans and partnerships have been announced, but these programs are still in the very early stages.

All of these activities indicate that the network security market will be in flux for quite some time.

To gain visibility into the IDS/IPS market segment, In-Stat/MDR conducted an end-user survey to discover trends in IPS usage, as well as plans for future security purchases.

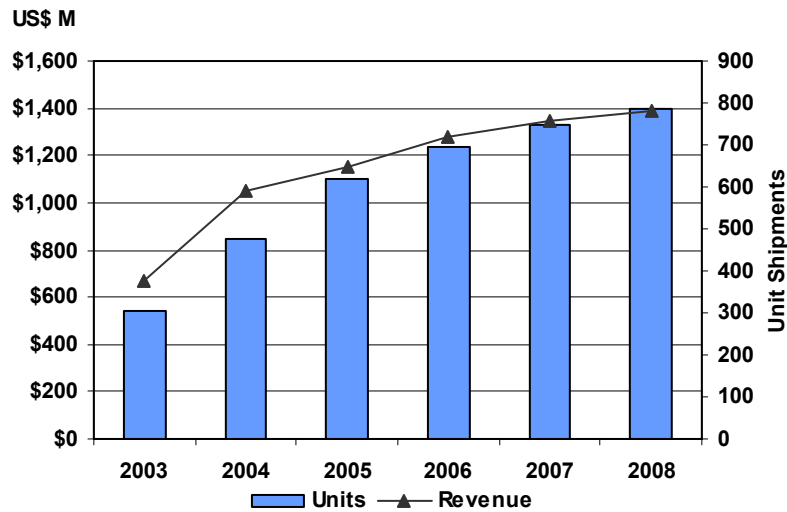
Key findings include:

- 80% of organizations now use IPS products inline with blocking protection.
- 19% of IPS products are deployed at critical segments within the network.
- The top three factors that influence purchasing decisions are: increased functionality, business liability, and improved network performance.
- More than 50% of organizations have budgets of less than \$10,000 for security purchases.

The IDS/IPS market is poised to reach \$1.4 billion by 2008, up from \$541 million in 2003. Most of the revenue growth will be through hardware-based, network IPS appliances.

Although not addressed specifically in this report, host IDS/IPS software will continue to increase because of the growth of secure content solutions, including antivirus and anti-spam products.

Figure 1. IDS/IPS Forecast (US\$ Millions)



Source: In-Stat/MDR, 10/04