

"Tunnel Vision: End-User Plans for IP VPNs"

"Tunnel Vision: End-User Plans for IP VPNs" is an installment of the LAN Research Panel and provides primary, end-user data on how IP VPN equipment and services are being perceived and deployed by end-users and potential customers. Panel members represent organizations of all sizes and a range of industry verticals. Data for this report was collected in April 2003, and includes information on current deployments, future deployment plans, percentage of the work force connected to IP VPN services, required integrated functionality, current and potential VPN equipment vendors, reasons for not deploying IP VPNs, and the amount of money being budgeted for IP VPN services and equipment for 2003. Data and analysis will be useful to IP VPN equipment vendors seeking to gauge the market requirements and deployment plans of their customers.

- In terms of security currently deployed in panel organizations, data back up and recovery, PC-based virus checking and firewalls are the most widely cited technologies, with IP VPNs cited by roughly 39% of the panel. Those panel organizations that do have IP VPNs implemented, are more likely to be larger organizations, rather than smaller organizations.

- Key uses for IP VPNs are securing remote access, site-to-site intranet, and extranet applications. Nineteen percent of the panel organizations using site-to-site links claim they are using these for VoIP connections. Based on a comparison with data obtained in a separate IP VPN survey conducted last year, In-Stat/MDR believes there could be strong growth in the use of IP VPNs in the future.

- The panelists clearly expect firewall functionality to be implemented with their VPN equipment, with a large majority indicating this was a requirement. This is both a result of customers growing accustomed to this type of integration, which is a fairly standard product offering from vendors, as well as a response to the need for firewall security at the VPN device, which represents a point of weakness for encrypted data leaving the IP VPN network.

- Cisco holds the lead among vendors cited for current VPN equipment deployments, with 3Com a distant second. Both did particularly well among larger organizations, which In-Stat/MDR believes demonstrates the advantage large networking vendors have in selling security equipment to their current networking customers. 3Com actually did best among the small business segment, reflecting its focus on the small and mid-sized business markets. However, 3Com may face competition among smaller customers from security specialist vendors; while larger customers appear to prefer working with their current networking vendor, smaller organizations seem more willing to purchase from lesser known brands. SonicWALL and WatchGuard, which are pure-play security vendors that specifically target their security appliances toward the low-end market, each ship more of these devices, per year, than does 3Com.

- The single largest percentage of panelists expect that their organizations will spend between \$1,000 and \$10,000 on IP VPN equipment and services in 2003. Breaking down this group by size of business, we find that 36% of Small organizations fall into this group, along with 35% of Medium organizations in the panel. Meanwhile, only 22% of Enterprise panelists and 11% of SOHO panelists fell into the \$1,000 to \$10,000 category. So, what was the single largest percentage in terms of size of business? This again is a "so what?"

kind of statement. Of course larger organizations are apt to spend more money than smaller organizations. The issue here is what sizes of company comprised that single largest percentage that would spend between \$1000 and \$10000.

- Cost considerations are by far the leading cause of panelist organizations not implementing IP VPNs at the present time, as opposed to not having a need for IP VPNs, service not being available, or security concerns. In-Stat/MDR generally views this as good news for VPN equipment vendors, since, as they bring price points down, they should be able to grow their customer base, without a lot of effort being put into convincing their potential customers why they need IP VPNs.

In another positive sign for VPN equipment vendors, more panelists expect their organizations to implement IP VPNs over the next 24 months, than indicate that their organizations have no plans at all to implement IP VPNs. The largest group of those who expect their organizations to implement IP VPNs - 17% of the total - believe the deployment will take place from 6 to 12 months from now (5/03), followed by 16% indicating between 12 and 24 months from now, and finally, 7% indicating more than 24 months from now. Only 6% indicated that their organizations will deploy IP VPNs within 6 months from now. Thirty-two percent of the total have no plans to implement IP VPNs, and 20% do not know, or are not sure, what their organization's future implementation plans are.

Which, if any, of the following VPN vendors is your organization currently using (Please select up to three; n=139)

