

Cahners In-Stat/MDR
LAN Research Panel Findings
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“Security, The New Watchword In LAN Technology?”

In March of 2002, Cahners In-Stat/MDR will publish the third installment of the LAN Research Panel Service in a report entitled “Security,” which surveys members of In-Stat/MDR’s panel of networking decision-makers at companies and organizations of various sizes and in a multitude of vertical industries. “Security” details and analyzes market and technology trends for security products and services oriented to the local area network.

Companies and organizations are transferring and storing increasing amounts of private and valuable data over the local area network as well as wide area and public carrier networks. The growing sensitivity of data communication requires stringent protection from threats originating from both within and beyond the local area network. IT personnel must guard against security challenges posed by the increasing numbers of business partners on extranets, telecommuters and remote branch office locations, and increasing types of wireless access nodes deployed on the network, in addition to threats originating “outside” the local area network.

A variety of technologies have been developed to improve network security. Among the most important of these are firewalls, Virtual Private Networks (VPNs), Intrusion Detection Systems (IDSs), anti-virus software, content and URL filtering software, vulnerability scanners, Authentication, Authorization, and Accounting (AAA) systems, and security management software that allows the IT staff to centrally administer a variety of security applications and products.

The market for network security products is complex, due to the wide range of product categories and the large numbers of vendors competing in this space. Generally, the market for “low-end” security appliances and software tends to be served by smaller companies that specialize exclusively in security technology. Such companies include SonicWall and NetScreen in the VPN firewall appliance market. The market for “mid- to high-end” products is mostly dominated by the large, traditional networking equipment vendors, such as Cisco and 3Com, who provide a portfolio of security products to enhance the attractiveness of their core networking products to large corporate customers.

Firewall technologies had high penetration rates among panel companies and organizations of all sizes. Panelists in the Medium and Enterprise segment reported a heavier reliance on hardware firewall devices than did panelists in the SOHO and Small segments. This follows from the fact that the amount of data traffic in large companies and organizations would be too large for software to handle in a quick or efficient manner. Conversely, SOHO and Small segment companies in the panel reported a greater use of software-based firewall technology, which is both cheaper and easier to use than hardware firewalls and can adequately handle the smaller data flow of a smaller company or organization. Panelists cited manageability and compatibility of the devices across all segments as being very important selection criteria. Additionally, customer support was cited as being just as important as price points in the selection of firewall technologies.

Use of VPN technology, across all product types — VPN software, VPN routers, and firewall/VPN combo devices — was cited mostly by panelists in the Enterprise segment. As VPNs are used to secure access to a LAN from a remote location, or to interconnect two geographically separated LANs, larger companies and organizations have the most need for this technology. As with firewall technology, panelists cited manageability and compatibility as very important aspects of VPN technology. Additionally, panelists cited speed as being very important. This follows from VPNs use as means to facilitate secure communication. There is a certain performance/speed overhead that is incurred through the use of VPNs, and customers place a premium on VPN products that do not overly slow down communications.

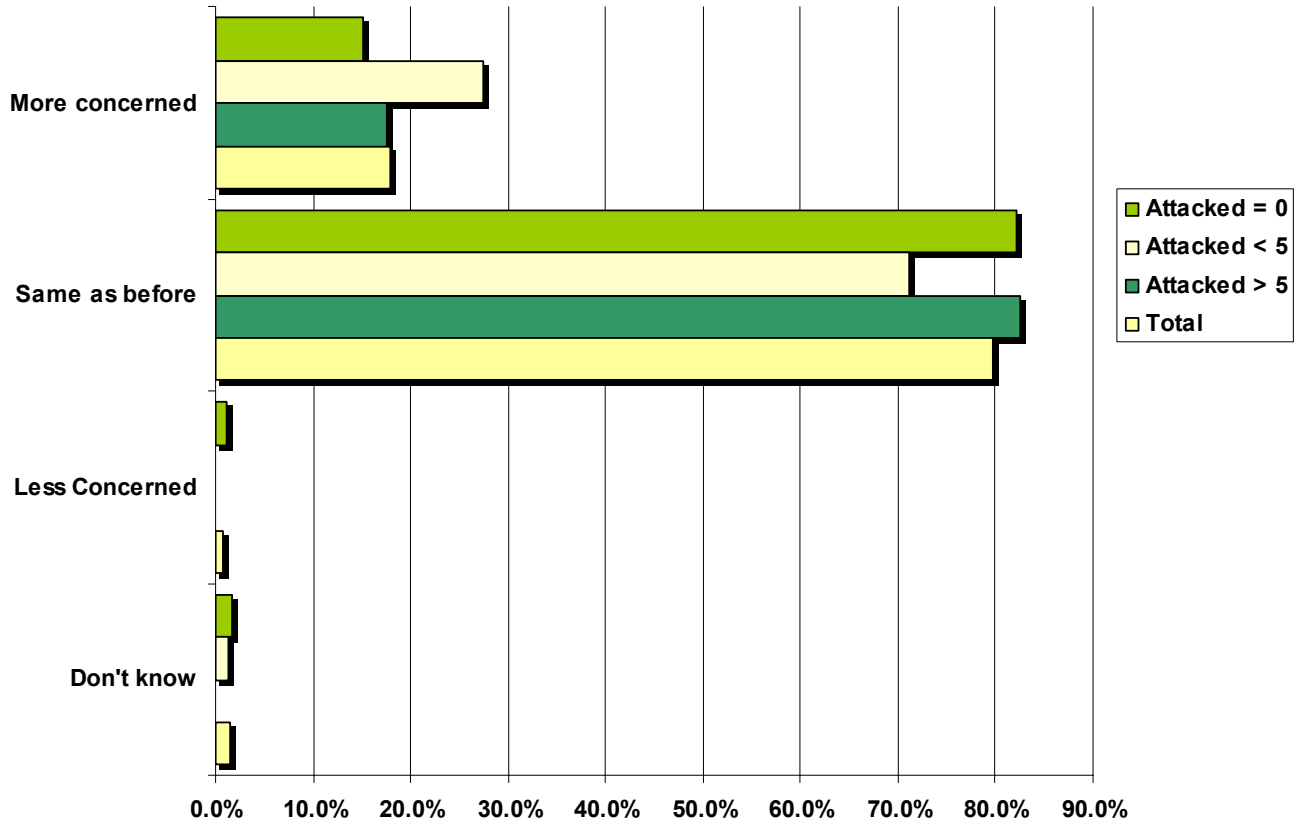
While the firewall hardware device market is fragmented, 3Com had the single highest penetration among the panel companies at 24.1%. Cisco lead among VPN vendors at 43.3%. Symantec lead among firewall software vendors at 32.0%, as well as among software VPN vendors at 17.9%, although the VPN software market is more fragmented than that for firewall software. Cisco had a lock on the VPN router market, at 60.5%, as well as the firewall/VPN combo device market at 34.5% in a fragmented market. Overall, Cisco and 3Com topped the list of potential vendors that would be seriously considered for the purchase of security products, with Cisco at 51.9% and 3Com at 41.2%.

Panelists were largely unaffected by the events of September 11th, in terms of their concerns about network security, with less than 20% of total respondents more concerned about security. This held true even for those companies reporting hacker attacks in 2001. Those who were attacked less than five times in 2001 were the only group in the panel to be more concerned about security after September 11th. This group, with its limited prior experience with security threats, likely felt unsure of how adequately they could respond to threats to their network. Those who have been attacked numerous times before, however, likely felt more confident in their network security blueprint.

With 84.0% of companies holding their spending constant, and approximately 11% increasing network security spending, it is readily apparent how the network security industry has been able to hold steady through the recession and terrorist events in the US, and even in some instances to secure funding from the investment community.

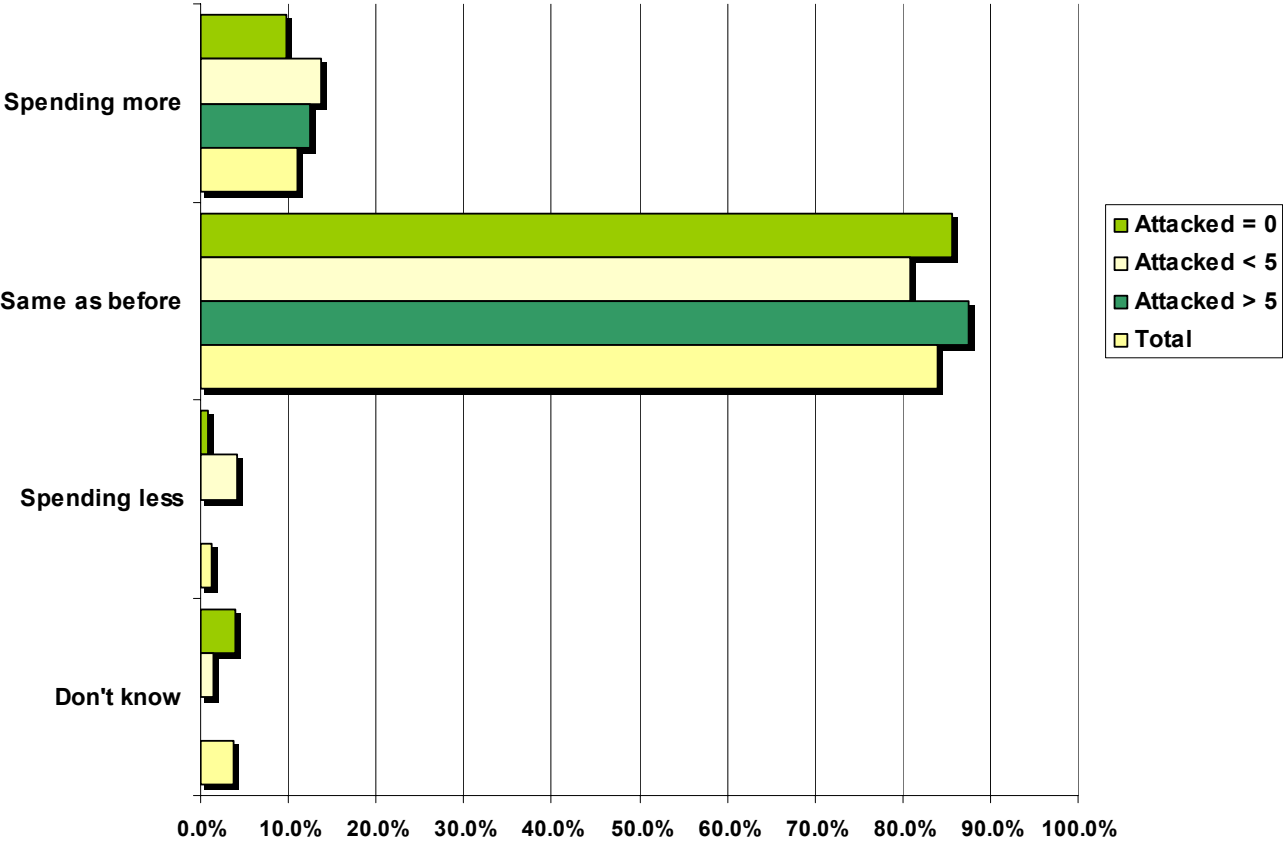
Please contact Sam Lucero at Cahners In-Stat/MDR at slucero@instat.com for more information on the LAN Research Panel Service.

Which of the following best describes your feelings about network security after the events of September 11th? (n = 405)



Source: Cahners In-Stat/MDR, 2/02

What effects have the events of September 11th had on your company's network security spending? (n = 405)



Source: Cahners In-Stat/MDR, 2/02