

Asia-Pacific Managed Security Services to Top US\$4.0 billion in 2015

Frost & Sullivan expects rising SMB uptake

Sydney, May 7, 2010 - The Asia-Pacific managed security services (MSS) market is forecasted to exceed US\$4 billion by end-2015, with revenues rising at a compounded growth rate of 19.7 percent annually for the next five years. The Australia and New Zealand market is forecast to have a compounded growth rate of 17.3 percent annually for the next five years reaching US\$1.01 billion by end-2015.

Frost & Sullivan industry analyst, Cathy Huang, expects growing adoption for MSS by small and medium businesses (SMBs).

As network security risks continue to mount and compliance mandates become more stringent, organisations are forced to implement an ever-increasing number of security technologies, she says. The managed model is a compelling option for SMBs who can ill-afford large capital expenditure (CAPEX) on security solutions, nor cope with the complexity of an endless onslaught of newer and increasingly targeted threats.

New analysis from Frost & Sullivan (<http://www.networksecurity.frost.com>), Asia-Pacific Managed Security Services (MSS) Market, finds that the market - covering 14 Asia-Pac countries, including Japan - grew an estimated 15 percent in 2009, clocking revenues of just over US\$1.31 billion. The ANZ market grew an estimated 13.5 percent in 2009 with revenues of US\$375.6 million.

By the end of 2010, Huang expects Asia Pacific revenues to hit close to US\$1.55 billion, rising 18.2 percent over last year. ANZ revenues are expected to hit US\$438.2 million, rising 16.6 percent over last year.

The past two years saw many companies trimming their IT budgets and looking for more cost-effective ways of meeting their IT needs; network security included, Huang explains. This has fuelled keen interest in shared infrastructure delivery models such as MSS, which allow companies to shift to a more predictable operating expense model.

Large enterprises have historically been the biggest consumers of IT solutions and services, and will likely remain so for a long time. This sector made up the bulk of MSS users in 2009 at approximately 75 percent of the regions revenues.

She believes, however, As SMBs realise the economic sense in the shared infrastructure model, the attraction quotient would ramp-up significantly, particularly for hosted security services where the equipment is owned and housed at the service providers premises, and users need only pay for on-demand services.

Hosted security services would appeal to the SMB sector even more when the service is bundled with other Internet or communications services, Huang continues. She adds that virtualization and products such as unified threat management (UTM) have made hosted services all the more affordable for SMBs.

Larger businesses however are not in favour of hosted services due to the unpopularity of the cloud model for security, which is perceived as loss of control. They [large enterprises] prefer instead to outsource the remote monitoring and management element of their security needs while hosting the infrastructure in-house, she says.

As a result, monitoring/management services, which include round-the-clock monitoring and log analysis, are the most outsourced functions, accounting for about half of the total MSS revenues in 2009.

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