Less Than Half of Security Software Market Belongs to Top Five Vendors: Gartner

Just 44 percent of the US$16.5 billion world wide security software market in 2010 belonged to Symantec, McAfee, Trend Micro, IBM and CA, according to Gartner, Inc. The combined market share for the top five vendors has dropped from 60 percent since 2006 (see Table 1).

The information security market is in a continuous state of consolidation, but even fairly intense merger and acquisition (M&A) activity has not stopped the market from being very fragmented, said Ruggero Contu, principal research analyst at Gartner. Market expansion and innovation are driven partly as a result of new start-up players entering the market. New players bring innovative technology solutions to cater for end-user requirements that in turn are created as a result of the new threats, often introduced by cybercriminals taking advantage of new vulnerabilities created by changes to IT ecosystems.

Gartner said that while M&A activity been a constant factor, the market is far from reaching a consolidated status, that is, in which more than 60-70 percent of the market is owned by the top five vendors. Currently, any consolidation at the top is contrasted by an expansion of the market at the bottom.

Table 1:

Market Share Trend, Top Five Vendors, 2006 Versus 2010

Vendor

2006 Security Software Market Share (%)

Vendor

2010 Security Software Market Share (%)

Symantec

29.5

Symantec

18.9

McAfee

12.3

McAfee

10.4

Trend Micro

8.1

Trend Micro

6.3

IBM

5.3

IBM

4.9

CA

5.0

CA

3.8

Total

60.0

Total

44.3

Source: Gartner (July 2011)

Gartner analysts said the main reason for this trend is that established leaders are losing market share to smaller players, many of which were start-ups that developed new offerings to meet newly introduced threats and vulnerabilities, or they implemented a successful go-to-market strategy, built themselves a niche presence and gradually took market share away from incumbent vendors. Similar to other related markets, such as the IT operations management market, security relies a great deal on innovation from start-up companies, which is particularly the case with a continuous

influx of new vulnerabilities and threats.

We expect more consolidation to take place place, along with innovations being introduced by new additions to the market, said Mr. Contu. The security market continues to provide good growth opportunities for both established players and start-up companies, and the market landscape remains fairly dynamic with many competitors. While end-user organisations have shown an increasing preference to use a suite of products from fewer suppliers, the complexity of end users' product portfolios will not be solved in the short term because new, stand-alone niche tools will continue to be purchased to solve new rising threats and vulnerabilities that incumbent players haven't been able to address.Additional information is available in the Gartner report "Forecast: Security Software Markets, Worldwide, 2010-2015, 2Q11 Update, available on Gartner's website at http://www.gartner.com/resId=1733435. Analysis is available in the Gartner report Market Trends: An Ever-Consolidating Security Market Never Consolidated, available on Gartners website at http://www.gartner.com/resId=1746315.

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