

# Benchmarking Security Vendor Infrastructure and Stability

## Executive Summary

### BACKGROUND

The perception exists that all security vendors and their products are alike, undifferentiated. As part of this study, TBR evaluated six leading security vendors across a number of categories to determine which utilized its security assets, product portfolio, and voice in the industry to best meet customer security needs.

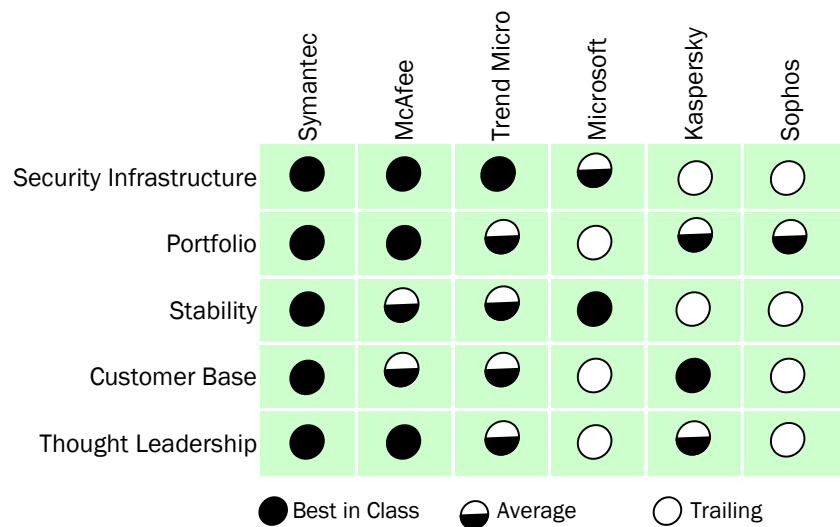
The six vendors included in this study are industry leaders, bringing significant resources to bear on the market and generating billions in revenue each year. They include: Symantec, McAfee, Trend Micro, Microsoft, Kaspersky, and Sophos. To assess the value of each vendor in the marketplace, TBR measured each against a number of criteria that are grouped in the following categories:

- Security Infrastructure
- Business Stability
- Product Portfolio
- Customer Base
- Industry Voice

The assessments and findings presented were derived using a combination of company presentations, SEC filings, secondary research, and vendor interviews.

### INTRODUCTION

TBR identified and evaluated a number of metrics which illustrate the strength of leading security vendors in the market. Focusing on the six leading vendors in the security industry, we measured each within the following categories: security infrastructure, product and patent portfolio, financial stability, customer base and industry voice. The summarized findings are shown below:



Throughout the study, Symantec emerged as best in class when each of the above categories was considered. TBR believes Symantec presents the best choice for customers when evaluating the underlying strength and commitment of security vendors. McAfee also performed strongly against the criteria, but lagged Symantec in the size of its customer base and financial strength. Trend Micro rounds out the top three security vendors, but lacks the breadth of portfolio and market presence of Symantec and McAfee. Microsoft remains unmatched in its overall financial strength, but the company's commitment to security research and innovation is weak in proportion. Particularly considering the company's recent decision to exit the consumer security market, customers should be skeptical of Microsoft's longevity in the anti-virus market. In contrast, both Sophos and Kaspersky are truly committed to the security market, but lack the stability and level of investment that many customers require from security providers. Neither vendor can match the research capabilities or industry presence larger vendors' leverage to provide best-in-class protection to customers.

## Security Infrastructure:

Security products must be constantly updated in order to identify and address the most current threats. Security research labs are on the front line of this effort, constantly monitoring, analyzing, and responding to changes in the threat landscape on a 24/7/365 basis.

The sheer volume of threats mandates that each vendor use a two-tiered threat monitoring system, in which the majority of threats are handled in an automated fashion, while researchers handle the most recent and highest-priority threats. Additionally, all the vendors studied have widely distributed their lab facilities in order to best address a truly global threat environment. Even those vendors with relatively few lab locations, such as Microsoft, have distributed them across the globe to enhance regional monitoring capabilities.

Of the vendors studied, Symantec, McAfee, and Trend Micro emerged as leaders in their capability to provide the highest levels of security to business customers. The sizable installed bases, globally distributed threat research centers, and considerable lab staffing levels provide these vendors with an advantage in detecting and responding to emerging security threats. Symantec's Global Intelligence Network, which consists of over 240,000 threat activity sensors, over 130 million systems providing malicious code intelligence, and processes more than 8 billion e-mail messages and 1 billion web requests daily, provides a wide net to track emerging threats. The research capabilities of Symantec, McAfee, and Trend Micro enable these vendors to respond to emerging threats more quickly, while minimizing the effects of threats on their customers.

## Symantec and McAfee leverage global facilities to push updates to customers

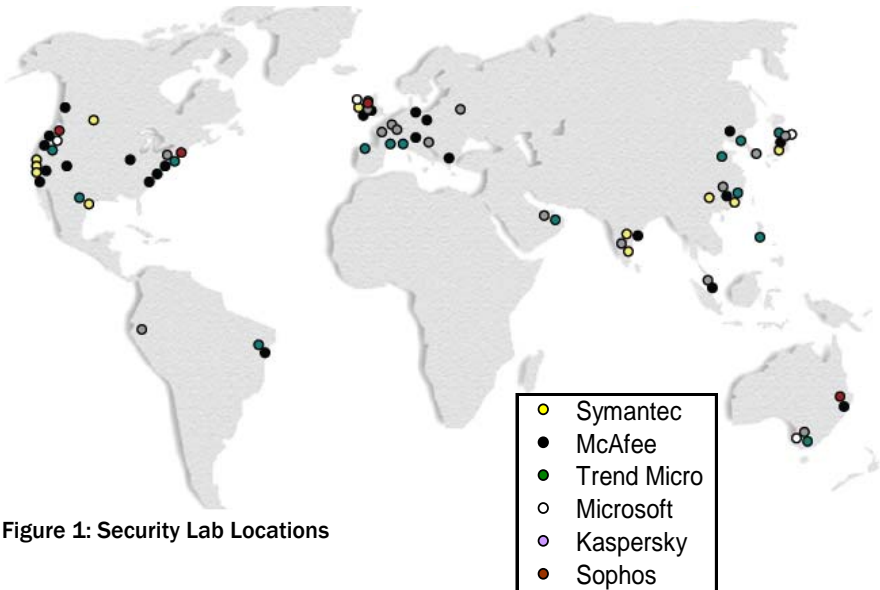


Figure 1: Security Lab Locations

- **Symantec** – Symantec maintains the largest lab headcount investment, strong sensor network, and large customer base to detect and respond to threats. Symantec's deployed products collect threat data and feed it back to the Global Intelligence Network, which improves Symantec's solutions and services such as DeepSight and Cyber Threat Analyst Program.
- **McAfee** – McAfee operates the greatest number of facilities, but lags both Symantec and Trend Micro in lab headcount commitment.
- **Trend Micro** – Even though Trend Micro drives less revenue than Symantec and McAfee, the company's lab resources are similar.
- **Microsoft** – Microsoft's recent entry into the security market is reflected in its lab infrastructure, which consists of only four locations.
- **Kaspersky** – Kaspersky operates a mature lab network for an emerging security vendor due to its legacy as a security OEM provider.

## Stability:

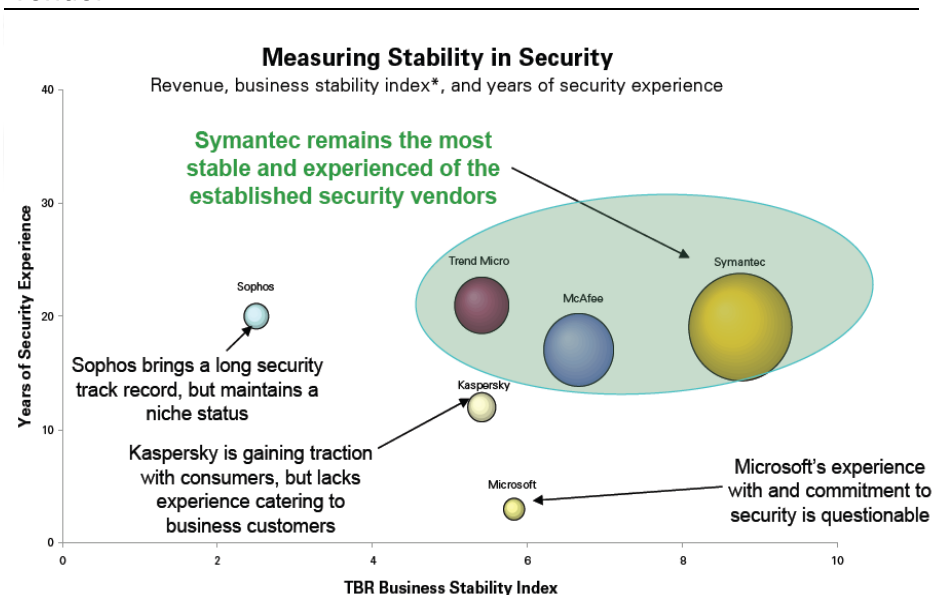
Customers put a lot on the line when choosing a security vendor. The consequences of security breaches or system outages can extend from the loss of millions of dollars to damaging market perception and customer trust. For these reasons, a security vendor's financial stability, experience, and commitment to the industry are of the utmost importance.

In analyzing this category, three distinct groupings emerged:

- 1) Established security vendors (Symantec, Trend Micro, and McAfee)
- 2) Emerging contenders (Sophos and Kaspersky)
- 3) Diversified market newcomer (Microsoft)

Financial stability is strong evidence of a company's track record in meeting customer requirements, as well as an indicator of future performance. For these reasons, TBR believes the established security vendors are the best choice for businesses seeking stability and experience from their security vendor. These vendors maintain the proven client track record, as well as the financial stability to continue investing to improve its positioning. Of the established vendors, Symantec maintains the largest security revenue and customer figures, providing the greatest stability to its security customer base.

## Symantec is the most tenured and financially stable security vendor



**Note:** TBR's Business Stability Index is compiled using cash reserves, number of customers and number of employees.

Figure 2: Business Stability Illustration

- **Symantec** – Symantec leads the industry in revenue and cash reserves, and ranks second behind Trend Micro in years of experience, producing a top rank in the stability category.
- **McAfee** – McAfee maintains a customer base that is comparable to Symantec, but significantly lags in terms of revenue generation and cash reserve balances.
- **Trend Micro** – Trend Micro maintains a sizable cash balance and customer base, but lags both Symantec and McAfee in revenue generation.
- **Microsoft** – Microsoft maintains industry-leading financial stability due to Windows and Office products, but its business stability ranking was hindered by a lack of experience and investment in the security market.
- **Kaspersky** – Kaspersky lacks the scale of Symantec or McAfee, but maintains a large customer base, growing revenue streams, and efficient operations on a revenue per employee basis.
- **Sophos** – Sophos maintains the lowest TBR stability ranking, due to its small scale and ongoing operating losses.

## Customer Base:

Customer base is important because it indicates both how well a vendor's value is perceived in the market, in addition to its depth of monitoring capabilities. In addition to sensors, decoy e-mail accounts, and honeypots, security vendors rely on information from protected customers for recognition of emerging threats.

Each vendor covered in this study caters to both consumer and corporate customers, although the purchase criteria are dramatically different for the two markets. Consumer customers are much less sticky, meaning that while they are easier to acquire, they are quicker to defect. Convincing a corporate customer, particularly a Fortune 1000 enterprise, to commit to a security platform is a significant endeavor that leads to a long-lasting relationship. Based on the results of this study, Symantec is the clear leader in meeting the stringent requirements of enterprise customers.

## Symantec and McAfee Dominate the Fortune 1000; enterprises perceive emerging vendors as too risky

	Symantec	McAfee	Trend Micro	Microsoft	Kaspersky	Sophos
Number of Systems Protected	130 million	125 million	>100 million	<10 million est.	<20 million* est.	>100 Million
% of Fortune 1000	99%	76%	>33%	<10% est.	<5% est.	<10% est.
Security Revenue	\$3.5 billion	\$1.6 billion	\$964 million	\$100 million est.	\$360 million	\$169 million

\* In total Kaspersky protects more than 250 million systems, which include OEM distribution and networking equipment

Figure 3: Customer Tables

- **Symantec** – Symantec maintains the strongest presence of any security vendor in corporate accounts. Symantec protects 80 million enterprise endpoints, and counts nearly all of the Fortune 1000 as customers.
- **McAfee** – McAfee closely trails Symantec's total installed base of protected systems, but lacks Symantec's ubiquity amongst Fortune 1000 customers.
- **Trend Micro** – Trend Micro maintains a strong presence in its native Asia Pacific geography, but is still establishing its brand in the U.S. and EMEA, which hinders its Fortune 1000 penetration.
- **Microsoft** – Microsoft's security customer base and Fortune 1000 penetration remains small due to its short tenure in security and perception issues involving the frequent attacks and patches for the Windows OS.
- **Kaspersky** – Most of Kaspersky's large installed base reflects its OEM partnerships, while its branded endpoint base is small but rapidly growing.
- **Sophos** – Sophos' customer base is constrained by its exclusive focus on business customers, and its reliance on its home country of England for a majority of revenue.

## Portfolio:

Compared with consumers, businesses have much more robust security requirements, including protecting data at all points in the lifecycle, from creation to archiving. The differences in customer requirements are reflected in each vendor's product portfolio.

For the vendor portfolios studied, each show significantly fewer products aimed at consumers versus business customers. Kaspersky, for example, has experienced growing presence with consumer customers, but is still working to prove that its portfolio can address the full range of corporate customer requirements.

Of the vendors studied, Symantec and McAfee emerged as leaders in the breadth of their security portfolios. In today's market, however, security products do not exist in a vacuum. Security is one aspect of a strategy employed by customers to protect data and infrastructure at all points throughout the lifecycle. Symantec is able to offer its customers a more holistic approach to protecting data with its line of backup, archiving, and recovery solutions, which is a differentiator in the market.

## Symantec maintains the broadest product and patent portfolio

	Symantec	McAfee	Trend Micro	Microsoft	Kaspersky	Sophos
U.S. Security Patents	362	220	34	<50 est.	4	4
Total Security Products	78	69	46	13	28	9

Source: U.S. Patent Office and Vendor Websites

Figure 4: Product and Patent Portfolio Table

- **Symantec** – With a wide array of both specialized and general security products, Symantec leads in breadth and depth of offerings.
- **McAfee** – McAfee has a broad array of security products, but performance, as measured in third-party tests and comparisons, is not as strong as that of industry leaders.
- **Trend Micro** – Trend Micro offers fewer products in fewer categories when compared to Symantec and McAfee.
- **Microsoft** – As a security product vendor, Microsoft is young and offers only a small number of products.
- **Kaspersky** – Kaspersky has a breadth of offerings in the consumer space, and an increasing number of products addressing the needs of SMBs, but it lacks the portfolio breadth of its larger competitors.
- **Sophos** – Sophos offers a small number of product suites focused on its large institution market, including specialized capabilities such as the ability to limit user applications as well as more traditional security functions.

## Thought Leadership:

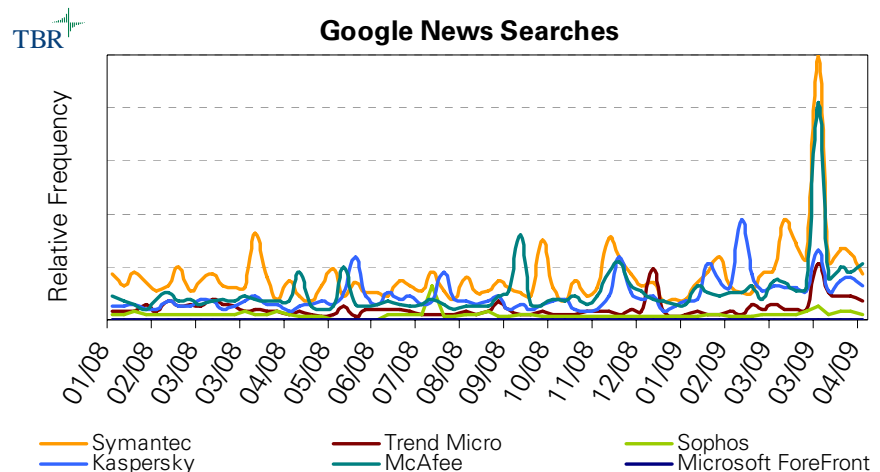
Security is a rather unique market within the software industry, in that it relies on contributions and collaboration between its members in order to ensure that the world's global IT systems are protected. In that respect, security is similar to open source, in which a community of members contribute and influence the direction of the industry.

As with any community, there is an entire spectrum of participation, from vendors that commit large amounts of resources and have powerful influence, to vendors that follow the general direction of the industry.

The results in this category indicate that expertise and commitment to the industry are the strongest determinants of industry voice. Microsoft is a company that is under-represented in security discussions in light of its size, while the much smaller Kaspersky is generating a growing amount of interest, particularly from consumers.

Symantec trails Microsoft in overall size, and Kaspersky in grass-roots consumer buzz, but emerged as the most mature voice in the industry. Symantec's commitment to ongoing industry research and communication are apparent in its outreach activity. In addition to influencing the overall community, these activities provide customers with information on the latest security threats and technologies to better protect information.

## Those vendors with the greatest security assets also have the loudest voices in the industry



SOURCE: TBR AND GOOGLE

Figure 5: Thought Leadership Table

- **Symantec** – Symantec's thought leadership, as measured by an extensive list of publications and outreach efforts, maintains the company's long-standing awareness leadership in security.
- **McAfee** – McAfee uses frequent publication of a wide range of documents to maintain its market awareness.
- **Trend Micro** – Trend Micro generates a smaller volume of publications than Symantec and McAfee, and search statistics support the observation that the company has a quiet industry voice.
- **Microsoft** – Microsoft's security product message is very quiet. The company's messages regarding security focus more on its other products, such as Windows patch releases and Windows Defender.
- **Kaspersky** – Leveraging its name and distinctive history, Kaspersky generates awareness disproportionate to its size, in both the general public and the security community.
- **Sophos** – Because of its small size and specialized market of large institutions, Sophos does not make itself very visible to the general market and security community. Its publications are geared toward its customers and users.

## About Technology Business Research

Technology Business Research, Inc. (TBR), headquartered in Hampton, N.H., is recognized as one of the leading high-tech market research and consulting firms specializing in analyses of computer, networking, software and professional services companies in the information technology market. Servicing an international clientele of high-tech manufacturers, service providers, IT professionals and end users, the company has continually distinguished itself in the marketplace by providing timely, accurate, high-quality information and market research in a format that is uniquely responsive and tailored to clients' needs.

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### Summary: Security research capabilities and vendor stability should be important purchasing decision factors

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TBR believes the security products in the marketplace today are only as strong as the companies which provide them. Financial strength and investment in researching security threats are critical aspects that can be overlooked when making purchasing decisions. Viewing all security products and vendors as comparable means decisions are likely based solely on product packaging or pricing considerations, and such decisions leave many important factors to chance.

As part of this study, TBR identified and evaluated a number of metrics that illustrate the strength of leading security vendors in the market. The findings of the study provide a more holistic look into each vendor and can aid customers in making well-informed security purchasing decisions.

For consumers, the impact of vendor research capabilities and stability are relatively limited. Price and ease-of-use will continue to dominate consumer purchasing patterns because defection is easy and the risk of adverse effects is low.

For businesses, however, the investment and level of risk in selecting security solutions is significant. The deployment and management of new security software is a large investment, and in today's environment the financial and business risks associated with security are tremendous. With such large investments on the line, TBR believes Symantec leads in breadth of portfolio, strength of research capabilities, and presence in the marketplace, while McAfee is a solid second choice.