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Gartner Says Cloud-Based Security Services Market to Reach \$2.1 Billion in 2013

Growth in Cloud-Based Security Remains Strong Although Opportunities Vary by Sector

Cloud Identity and Access Management to Be Examined at the Gartner Identity & Access Management Summit 2014, 17-18 March in London

STAMFORD, Conn., 31 October, 2013 — The cloud-based security services market will be worth \$2.1 billion in 2013, rising to \$3.1 billion in 2015, according to Gartner, Inc. Gartner said that growth in cloud-based security will remain strong, but revenue opportunities will vary.

"The cloud-based security market remains a viable one, offering providers many opportunities for expansion," said Ruggero Contu, research director at Gartner. "Encryption will be a new area of growth, but it remains a complex activity. The strongest interest will be in encryption products from cloud security brokers, which are relatively easy to deploy and have options for on-premises encryption management."

Gartner predicts that the top three most sought-after cloud services moving forward will remain email security, web security services and identity and access management (IAM). However, in 2013 and 2014, the highest growth is forecast to occur in cloud-based tokenisation and encryption, security information and event management (SIEM), vulnerability assessment and web application firewalls.

"Areas such as SIEM and IAM offer the biggest growth potential, although for SIEM this will be from a small base," said Kelly Kavanagh, principal research analyst at Gartner. "The benefits cloud security offers — particularly encryption — are making it an increasingly popular choice. However, trust concerns and regional variations mean that providers will have to assess each market opportunity carefully before deciding which to focus on."

Overall adoption of software as a service (SaaS) applications and other cloud-based services encourages organisations to adopt cloud-based security controls. These are delivered either as stand-alone features or as part of an integrated SaaS package. Managed security services (MSS) are also driving adoption of cloud-based security services among organisations. MSS delivery models are in turn being affected by demand for cloud-based security services, which is enabling security providers to become de facto MSS players.

"The benefits of deploying cloud-based security services are clear," said Mr Kavanagh. "Aside from the broad area of IAM, specific controls, such as encryption, are becoming vital to the adoption of cloud computing. They are further helping to generate interest in this particular form of security service delivery."

Gartner expects acceptance of, and reliance on, cloud-based security-as-a-service offerings to increase, based on organisations gaining more experience with SaaS and more consumer-grade technology being made available to corporate systems as a result of trends, such as bring your own device (BYOD).

Cloud-based security services will grow faster than the market for remotely monitored customer premises equipment (CPE) MSS through 2012, but starting from a smaller base. In the next 24 months, new security-as-a-service-based offerings that address specific security controls for cloud-based IT resources will be available from larger IT and network service providers, aimed initially at small or midsize businesses (SMBs). Gartner predicts that smaller, pure-play managed security service providers (MSSPs) will be most affected by the introduction of these services, and expects them to consolidate

Within the IAM space, interest in cloud-based security has been driven mostly by SMBs' needs to extend their basic IAM functions and serve employees who are accessing SaaS and some internal web-architected applications. An increasing number of organisations seem to be adopting cloud-based IAM services to replace IAM on-premises tools. Larger businesses are often looking to use IAM as a mixture of legacy- and web-architected cloud and on-premises.

"Although organisations' interest in encryption is expected to grow, service providers' relative lack of interest in cloud-based encryption means it has remained a complex activity, requiring organisations to initiate complex, build-your-own deployments," said Mr Contu. "The strongest interest is in encryption products from cloud security brokers, thanks to their relative ease of deployment and their options for on-premises encryption management. Nevertheless, Gartner expects cloud hosting providers and IaaS providers to show an increased interest in cloud-based encryption capabilities."

Given the differences in maturity, cultural acceptance and local IT infrastructures, considerable regional differences exist in the deployment rates of cloud-based security systems. The maturity of the related business communities, local regulations and cultural aspects all play a part in the level of spending dedicated to this delivery model compared with on-premises deployments. Privacy remains an important inhibitor in the deployment of all forms of cloud-based services. This is particularly true in those regions and countries with strong regulatory requirements (such as Europe, with its data protection legislation).

Additional information is available in the report "Market Trends: Cloud-Based Security Services Market, Worldwide, 2014." The report can be found on Gartner's web site at <http://www.gartner.com/resId=2607617>.

Additional information on security can be found in the Gartner Special Report "The Future of Global Information Security" The special report can be viewed at <http://www.gartner.com/technology/research/security-risk-management/>. The report explores the major tectonic forces at play that will change how business use of technology will be dramatically changed by rapid escalations in threat, defence and societal demands.

This topic will be discussed in more detail at the Gartner Identity & Access Management Summit 2014, held from 17 to 18 March in London. For more information about the Summit, please visit europe.gartner.com/iam.. Members of the press can register by contacting Rob van der Meulen at rob.van.dermeulen@gartner.com. You can also follow the event on Twitter at http://twitter.com/Gartner_inc using #GartnerIAM.

About Gartner Identity and Access Management Summit 2014

The Gartner Identity and Access Management Summit is the only IT event dedicated to the issues faced by identity and access management (IAM) professionals. It aims to lay out the key trends and strategies that will define successful IAM programmes the technology, tools and techniques needed to establish effective IAM programmes at a time when IT architectures and the regulatory landscape are rapidly changing in response to the Nexus of Forces – mobile, cloud, information and social.

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