



SECURITY

Sales Forecast For 2Q Looks Solid

BY JOHN ROBERTS, *CRN*
APRIL 27, 2006

Solution providers' security sales expectations rebounded in March. The gains were widespread; higher sales expectations for anti-spyware, firewalls, intrusion detection and VPNs offset lower expectations for anti-virus.

Intrusion detection also was a standout segment, with sales expectations reaching their highest level in the past year.

The increase in sales expectations in March reverses February's decline and follows strong increases in December and January. This is a further indication that security sales expectations have broken the slow downward trend that took place during most of 2005.

As has been the case for the past three years, security remains the single most important spending priority for companies of all sizes. Interestingly, security is almost as important for midsize companies (with between 100 and 999 employees) as it is for large firms (those with 1,000 or more employees).

While the level of importance remains highest for large firms, midsize companies have narrowed the gap significantly over the past several quarters, according to data from *CRN's* Business Spending Survey. Both market segments will remain fertile ground for the channel in the second quarter of this year.

CHART 1

**TOP 10 PRODUCTS/TECHNOLOGIES WITH
HIGHEST SALES EXPECTATIONS**

PERCENTAGE OF VARs EXPECTING SALES GROWTH OF AT LEAST 6%
IN THE NEXT THREE MONTHS

Managed services	64%
Voice over IP	63%
Anti-virus	62%
Intrusion detection	62%
Anti-spam	61%
Wireless LANs	60%
Storage software	60%
PC servers	60%
Notebook PCs	60%
Anti-spyware	59%

BASE: 193 responding solution providers in March 2006

SOURCE: *CRN* Monthly Solution Provider Survey

CHART 2

**SECURITY REMAINS A TOP SPENDING PRIORITY
FOR THE SECOND QUARTER OF THIS YEAR**

LEVEL OF SPENDING PRIORITY RATED ON A 1 TO 5 SCALE, WITH 5 MEANING
“HIGH PRIORITY” AND 1 SIGNIFYING “LOW PRIORITY”

	Spending Priority Level
Large firms	4.05
Midsize companies	4.02
Small businesses	3.68

BASE: 525 company IT executives polled between January and March 2006

SOURCE: *CRN* Business Spending Survey