SECURITY

VPNs, Intrusion Detection Boost Channel's Sales Expectations

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JAN. 17, 2006

Data from the December CRN monthly solution provider survey show that security sales expectations perked up to their highest level since June, with the increase led by VPNs and intrusion detection.

This breaks (at least for now) a slow downward trend in security sales expectations, which in November had reached a yearly low. This rebound bodes well for the financial health of the channel going into the new year, as security and other "basic" technology categories such as networking still form the base of revenue and profits for many solution providers.

Despite the overall increase in sales expectations, however, the gains were confined to three subcategories, led by sharp increases in VPNs and intrusion detection. Firewalls saw a smaller gain in sales expectations, while expectations for anti-virus sales remained flat in December compared to November. Anti-spam sales expectations actually declined last month.

Moreover, only one security-related category (intrusion detection) is represented on the top 10 products/technologies list for December, the fewest since CRN began publishing the Research Report in June 2004. With anti-virus and firewalls topping the list of products that solution providers plan to sell or recommend to their customers (see the December CRN Research Report), this may be a short-lived event.

But this trend (along with the sales expectations data cited above) may be a reflection of the fact that the line is becoming clearer between stand-alone security solutions (such as anti-virus software or firewalls) and "all-in-one" security solutions that combine several business IT security needs into a single package, and that the latter is becoming more prominent in the marketplace.

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

	Dec. '05
Web services	60%
Voice over IP	58%
Managed services	57%
Wireless LANs	57%
Intrusion detection	**56%**
Imaging/image mgt.	56%
Networking hardware	56%
Networking software	55%
Hosting	54%
Business class communications services (voice and data)	54%

BASE: 314 responding solution providers in December 2005
SOURCE: *CRN* Monthly Solution Provider Survey

CHART 2

SECURITY REMAINS KEY SPENDING PRIORITY FOR ALL BUSINESSES

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	4.08

Midsize companies	3.89
Small businesses	3.46

BASE: A total of 525 company IT executives polled between October and December 2005
SOURCE: *CRN* Business Spending Survey