

MarketScope for Managed Security Services in Europe

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The managed security service market in Europe continues to grow. Specific network and outsourcing service providers dominate, with few security specialists remaining in this mature market.

WHAT YOU NEED TO KNOW

The market for managed security service (MSS), particularly the management and monitoring of firewalls and intrusion prevention systems, has matured further and maintains solid growth. Since the 2007 Gartner European MSS survey, two providers were dropped from the list, failing to meet the inclusion criteria, leaving a relatively small number of pan-European (or often global) players. Telecommunication or network providers that offer security services dominate this market (AT&T, BT Global Services, Getronics [acquired by KPN International], Orange Business Services, T-Systems and Verizon Business), there are fewer traditional outsourcers (IBM Internet Security Systems [ISS]), but outsourcing providers from India are here to stay (HCL Technologies and Wipro Technologies). The group of security specialists (Integralis, Symantec and VeriSign) is getting smaller, and one more departure is likely to occur in 2008.

In addition to the pan-European MSS providers that meet our inclusion criteria and are covered in this research, a number of small and midsize players typically cover a specific European region, for example QinetiQ and Vistorm (both in the U.K.), SecureIT SA and United Security Providers (both in Switzerland) and S21sec (Spain). Other large players offer security services but not enough to warrant coverage in this research (for example, Cable & Wireless, CSC, Dimension Data, EDS, Infosys Technologies, Siemens IT Solutions and Services, Telindus and Unisys).

There are two major motivations for clients to purchase security services:

- They require security expertise that is not available or not sufficient in-house.
- They need a provider with operational and cost efficiency.

Where security specialists are called in, innovation and flexible services often play a role. In rare cases, services include building a complete security operation center (SOC). Where security services are bundled with network or outsourcing services, security is seldom dominant. One problem that Gartner reference customers frequently cited was billing complexity, which makes it difficult to relate charges to specific services. Price levels are not necessarily different, and Indian providers are not always the least expensive. Pricing depends more on the scale of the deal, expected level of interaction (management or monitoring), quality of service and negotiation skills, rather than on the type of provider or its origin.

Services often are provided globally, partly from European SOCs, most of which are located in Belgium, the Netherlands and Luxembourg (Benelux), the U.K., Germany and Switzerland. Local on-site support is necessary, especially for administrative services (as opposed to monitoring services, which can be provided remotely). To achieve a better geographic coverage, many providers partner with smaller local players or with each other. Although

communication is an issue in such cases, some providers have achieved a satisfactory combination of global delivery with on-site support. MSS clients must verify who will be responsible for the different elements of the delivery.

One way of verifying providers' claims is to speak with reference clients. All providers could provide contacts, some more than others. As part of this research, Gartner spoke with dozens of MSS clients, more than half of which are in the U.K. and Benelux. Some are not only MSS clients but are also resellers and MSS providers. Potential MSS customers should be aware of this difference.

MARKETSCOPE

Most reference client ratings were in the range of good to excellent, and some clients were enthusiastic about the security services they receive. Overall, customer feedback was more positive this time than in 2007, indicating continuing improvement in service levels. This enabled us to move some providers from a rating of "positive" to "strong positive." Others that remained at the "positive" level continue to provide a good level of service but focus on service delivery rather than on research and innovation.

The interaction between provider staff and customer staff remains key, with various levels and means of communication, always via a management portal but sometimes also via instant messaging. Although providers emphasize IT security and business alignment, as well as the importance of an integrated risk management, some portals still lack the capability to link IT assets, business values and vulnerability information. Service-level agreements (SLAs) are increasingly elaborate, although many lack clarity. Penalties continue to play a role but not as insurance to compensate for business losses, rather to keep the vendors listening. Penalties on aggregated metrics are more relevant than long lists of detailed credits.

What sets providers apart is some providers' ability to accurately capture business requirements, take into account regional, vertical and regulatory requirements, and establish or maintain personal relationships and timely communications. They research and innovate in security services and delivery models, and they prepare for example encryption services or data leak prevention. Most services still are delivered with provider- or client-owned customer premises equipment (CPE), although network providers, in particular, are moving toward an "in the cloud" (ITC) delivery model. Unified threat management (UTM) managed devices are used mostly in services that address small or midsize businesses.

The assessment in this MarketScope is done based on survey data collected in February 2008 and on client reference calls conducted in March 2008.

Market/Market Segment Description

An MSS includes remote, subscription-based monitoring and management of firewalls and intrusion detection and prevention via customer-premises-based or network-based devices.

Inclusion and Exclusion Criteria

To be included in this MarketScope, an MSS provider must:

- Have more than 500 firewall, intrusion detection/prevention and UTM (performing firewall and intrusion detection/prevention) devices under management or monitoring for external customers in Europe, or at least 200 external European customers with those devices under management or monitoring
- Provide the following via discrete managed services, directly (not via OEMs) to user organizations in Europe:
 - Managed administration of security infrastructure components
 - Managed remote security incident monitoring and response services
 - Be headquartered in Europe or have a substantial regional office there
- Have a direct or formal channel presence in at least four of the following:
 - U.K.
 - France
 - Germany
 - Italy
 - Spain
 - Benelux
 - Nordics
 - Switzerland/Austria
- Have reference accounts relevant to Gartner customers in Europe

Vendors that have MSS offerings such as distributed-denial-of-service protection or vulnerability scanning – but not device monitoring and management – are not included. Providers of primarily Web/e-mail hygiene and trust services (for example, certificate authorities) are not included. Other vendors offer MSSs primarily to hosting customers, with limited offerings to others. As these providers expand the scope of their MSS offerings, they may be included in future MarketScopes.

Rating for Overall Market/Market Segment

Overall Market Rating: Positive

With a portfolio of mature basic services and an array of innovative options, the MSS market in Europe has reached a mature level with a solid growth perspective, despite – or to some extent because of – a difficult global economic climate. Secure

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Table 1. Evaluation Criteria

Evaluation Criteria	Comment	Weighting
Overall Viability (Business Unit, Financial, Strategy, Organization)	Viability includes an assessment of the organization's financial health, the financial and practical success of the business unit and the likelihood that the individual business unit will continue investing in the product, offering the product and advancing the state of the art among the organization's portfolio of products. Additional areas assessed include management experience, the number of customers in Europe, investment in R&D and understanding business and technology trends.	high
Geographic Strategy	This includes the vendor's strategy to direct resources, skills and offerings to meet the specific needs of regions outside the native area directly or through partners, channels and subsidiaries, as appropriate for the region and market. We considered the vendor's ability to articulate the differences between the U.S. and European MSS markets, as well as differences within Europe.	standard
Offering (Product) Strategy	This is the vendor's approach to product development and delivery, which emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements. We considered the number of target platforms vendors can manage.	low
Marketing Strategy	This is a clear, differentiated set of messages, consistently communicated throughout the organization and externalized through the Web site, advertising, customer programs and positioning statements. In addition, we considered how vendors measure the effectiveness of marketing programs.	high
Customer Experience	These are relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical and account support. These can include ancillary tools, customer support programs (and the quality thereof) and the availability of user groups, SLAs and so on. We also assessed vendors' implementation processes and system integration and consulting capabilities. Reference client feedback was particularly important in the rating for this criterion.	high

Source: Gartner

Figure 1. MarketScope for Managed Security Services in Europe

	RATING				
	Strong Negative	Caution	Promising	Positive	Strong Positive
AT&T				X	
BT Global Services					X
Getronics			X		
HCL Technologies				X	
IBM ISS					X
Integralis					X
Orange Business Services				X	
Symantec					X
T-Systems			X		
VeriSign				X	
Verizon Business				X	
Wipro Technologies				X	

Source: Gartner (May 2008)

infrastructure management is a prerequisite for businesses that operate under regulatory scrutiny and tight competition. Outsourcing of security to “nearshore” or offshore countries is increasingly unhindered by security concerns. In the event that it is, physical operations in the European Union and Switzerland are an option or the default for most providers in this research. MSS customers usually extend their outsourcing contracts and occasionally change providers, but they rarely move services back in-house, which is still considered the more costly option.

These factors have resulted in the MSS market in Western Europe growing at a 12% compound annual growth rate from 2006 to 2011 (with the forecast market size for 2008 at \$1.4 billion), which makes it one of the growth sectors in the IT industry.

Evaluation Criteria

Vendor Product/Service Analysis

AT&T

AT&T is a strong network player that tends to emphasize its global approach rather than regional differentiation. Its technical capabilities and professionalism have been highlighted by clients, together with some understanding of vertical demand and the desire to truly learn about clients’ business requirements. Portal capabilities could be improved to include mapping security services to business assets. AT&T’s overall rating is “positive” due to its global strength and capabilities, not because of regional expertise in Europe. Tight bundling of security services with network services is still dominant, illustrated by a high number of firewall services that are provided ITC.

Rating: positive

BT Global Services

BT is an established name in network and communication services in Europe. Because of ongoing investments (for example, by acquiring the security service pioneer Counterpane, now BT Counterpane) and strong marketing that exhibits regional insights, BT also managed to shape a decent security service profile. Integration of network and security offerings is rarely a problem, although inappropriate up-selling occurs. BT has an extensive yet innovative security service portfolio and drives the adoption of ITC services, as well as UTM. BT’s key strategy is the combination of global coverage and expertise (indicated by training and certification), with a variety of technology, service and delivery partnerships. Partners and clients appreciate this model of global delivery with a local touch. Whether this remains viable also depends on BT’s capability to clean up SLAs and make pricing more transparent and consistent.

Rating: strong positive

Getronics

Getronics was acquired by KPN International in October 2007. However, the name Getronics will live on to describe the company’s IT service portfolio (work space and security services), including IT services that had been provided by KPN. The acquisition brings the advantage of a strong global network player, but the transition is ongoing. Core security monitoring and administration services will continue to be a substantial part of Getronics’ overall IT service

portfolio. The company continues to invest in MSSs as part of its overall IT service offerings. Incident handling could be improved; the recent adoption of the Information Technology Infrastructure Library (ITIL) framework should support this. So far, the company rarely shows up on shortlists for perimeter security services. Usually, the services are purchased only as part of larger outsourcing deals. Getronics shows innovation in services for workplace security and will continue to drive this innovation into other IT service offerings. Currently, there is some lack of visibility in discrete security monitoring and administration services in Getronics’ integrated IT service portfolio. The company will address this with an awareness campaign later in 2008.

Rating: promising

HCL Technologies

HCL Technologies is an offshore provider that can build on its experience as a strong player in the local market in India. In Europe, HCL is still a small player that just meets the inclusion criteria for this MarketScope, but it has growth potential due to solid remote management experience, coupled with a good understanding of European market specifics. Security devices are deployed on customers’ premises and are controlled from the SOC in India. HCL offers standard and customized SLAs. New clients praise the staff’s due diligence in capturing operational knowledge and implementing it in scripts and processes in the company’s SOC. Long-term clients, however, noticed a high staff turnover, which sometimes results in periods where the level of security expertise does not always meet clients’ expectations. Pricing is highly competitive but must decrease further unless HCL – like other market players – improves security added value beyond mere incident ticket management.

Rating: positive

IBM ISS

IBM ISS combines two strong brands in IT and security services. IBM brings in financial viability, local resources available worldwide and strong marketing, as well as a focus on the business impact of IT security services. ISS has added security competence and global intelligence, a reputable product set, SOC in Belgium and trusting customer base for which outages are not an option. ISS’ partner relationships have been integrated into IBM’s two-tier partnership model, enabling the company to complement its managed security portfolio, which is delivered mostly on CPE. Such a service combination usually isn’t a problem; however, separation of network and security services can pose challenges to incident escalation procedures. IBM ISS earns its rating with a proven track record in IT and security competence and services, while concerns around global pricing and service consistency remain.

Rating: strong positive

Integralis

Integralis is a comparatively small provider of MSSs in Europe but covers many major European regions and maintains SOCs in the U.K., France and Germany, as well as two in the U.S. It also offers some ITC security capabilities. The company’s portfolio of packaged services is not complete, but Integralis is able to listen to its customers and is competent enough to accommodate new and

challenging customer requests. Clients praise the company's project management and communication, clarity of SLAs, ability to adjust to business processes, and innovation and integration capabilities. Although this requires a labor-intensive model, pricing remains remarkably competitive.

Rating: strong positive

Orange Business Services

Orange Business Services is the brand name under which France Telecom offers most of its products and services, including its MSS portfolio (formerly Equant). The company is a sizeable player in the MSS space in Europe because of its large base of network and communication clients. Security services are available independently, but specific security marketing is low, and many sales combine aspects of network operations and security services. Such integration is appreciated by clients, but it keeps switching costs high. Orange has a good presence in all major European regions and a SOC in France and the U.K. It offers a broad range of security services, global coverage and good service delivery. Quality is maintained by reliance on its resources and on organic growth, rather than on local partnerships or big acquisitions. However, client feedback indicates that this can be perceived as coming at the expense of innovation. Security marketing, the list of portal features and the road map are conservative, as compared with those of other market players.

Rating: positive

Symantec

Symantec continues to benefit from its marketing, reputation and established customer relationships in the security product space. Its well-packaged security offerings are available at competitive prices in Europe, although clients also report flexible customization in response to specific business demands. Some success can be attributed to the well-designed security management portal, which enables clients to communicate the value of Symantec's and other in-house security services to management and facilitates compliance reporting. One element of this is Symantec's operations manual, which links to its contractual setups and SLAs. However, changes to the management portal are frequent and often require clients to adjust their parameters. Symantec has a global approach to the delivery of MSS, but consulting services also are available locally. Symantec's strongest assets are its global security intelligence and technology, channel and service partners.

Rating: strong positive

T-Systems

T-Systems is the information and communication technology service arm of Deutsche Telekom and provides managed services targeted at named multinational clients, large enterprises and smaller German organizations. Relative to the market, it has a comprehensive portfolio of MSSs and a laudable focus on the end-to-end security process (not just network security). Being part of Deutsche Telekom, T-Systems is well-positioned to provide ITC services and has the considerable strength (brand and size) of Deutsche Telekom behind it. Other positives include good client communication and strong technical capabilities. T-Systems' main challenge remains the lack of a profile in security communities

outside Germany, resulting in a shortage of referencable clients. This is reinforced by a concentration of sales, consulting and support staff in Germany.

Rating: promising

VeriSign

VeriSign offers a sound portfolio of MSSs (which came with the Guardent acquisition). Clients appreciate the good service delivery, coupled with valuable intelligence, although some say that VeriSign's security services need renovation, for example, the mapping of security service to business infrastructure. A large part of MSSs are provided via channel alliances and managed service partners, using SOCs built by VeriSign and running the TeraGuard platform. This helps partners jump-start their services but comes with a hefty price tag for the partner. At the time of publication of this research, VeriSign's MSS business (including iDefense intelligence services and security consulting) is up for sale. Although ongoing investments by VeriSign in preparation for the sale are encouraging, and the company's rating is "positive" due to the good performance of the company, current and new clients must take the ongoing ownership discussions into account and must consider the possibility of disruption.

Rating: positive

Verizon Business

Verizon Business is a mainstream MSS provider with good coverage in Europe after the acquisition of Cybertrust (formerly Ubizen). Verizon Business operates two SOCs in the Benelux region, has a major presence in the U.K. and balanced coverage in other European countries. This gives Verizon Business good insight in regional differences, and it can benefit from a number of business and technology partnerships. Its firewall and intrusion prevention services are based on CPE, although ITC delivery also is being introduced. Although Verizon Business' firewall services are of good value, pricing for some clients remains at the same level despite decreasing market prices. Customers report a focus on personal relationship (for example, via phone) rather than increased automation (for example, a modernized portal). Service innovation is good.

Rating: positive

Wipro Technologies

Wipro Technologies is an offshore IT service and system integration provider based in India. It offers MSS to organizations in Europe from a primary control center in India, supported by regional SOCs in the U.K., Romania and the U.S. Its entry to the MSS provider market in Europe is comparatively recent, but the company continues to show solid growth rates. Its primary target market is its outsourcing and integration client base. Wipro has a large number of skilled resources in India and an impressive array of organizational and personal security certifications. It aligns security processes with ITIL service management processes, an approach that will be well-received in organizations in Europe that have adopted ITIL. We upgraded Wipro's rating from "promising" in 2007 to "positive" in 2008 mainly due to a bolstering of the company's European resource presence and an improved ability to

provide solid references. Other strengths include price competitiveness, depth and breadth of technical capabilities and a willingness to adapt to clients' needs. Challenges include a lack of awareness of the company in information security communities in Europe, coupled with lingering perceptions about the wisdom of offshoring security activities.

Rating: positive

Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

Gartner MarketScope Defined

Gartner's MarketScope provides specific guidance for users who are deploying, or have deployed, products or services. A Gartner MarketScope rating does not imply that the vendor meets all, few or none of the evaluation criteria. The Gartner MarketScope evaluation is based on a weighted evaluation of a vendor's products in comparison with the evaluation criteria. Consider Gartner's criteria as they apply to your specific requirements. Contact Gartner to discuss how this evaluation may affect your specific needs. In the below table, the various ratings are defined:

MarketScope Rating Framework

Strong Positive

Is viewed as a provider of strategic products, services or solutions:

- *Customers:* Continue with planned investments.
- *Potential customers:* Consider this vendor a strong choice for strategic investments.

Positive

Demonstrates strength in specific areas, but execution in one or more areas may still be developing or inconsistent with other areas of performance:

- *Customers:* Continue planned investments.
- *Potential customers:* Consider this vendor a viable choice for strategic or tactical investments, while planning for known limitations.

Promising

Shows potential in specific areas; however, execution is inconsistent:

- *Customers:* Consider the short- and long-term impact of possible changes in status.
- *Potential customers:* Plan for and be aware of issues and opportunities related to the evolution and maturity of this vendor.

Caution

Faces challenges in one or more areas.

- *Customers:* Understand challenges in relevant areas, and develop contingency plans based on risk tolerance and possible business impact.
- *Potential customers:* Account for the vendor's challenges as part of due diligence.

Strong Negative

Has difficulty responding to problems in multiple areas.

- *Customers:* Execute risk mitigation plans and contingency options.
- *Potential customers:* Consider this vendor only for tactical investment with short-term, rapid payback.