

## **Press Release**

### **IT Security in India to grow 80% - Skoch Study**

**New Delhi, 20 September 2002.** The overall size of the Indian IT security market is expected to grow to \$37.8 million in 2002 up from \$21 million in 2001 - a growth of whopping 80%. This will constitute 9% of the Asia Pacific security market which will grow from \$325 million to \$420 million during the same period – a growth of 29.23%. These are the findings of a recent *Skoch Study of AP Network Management Market*. India tops in growth rates compared to China, Korea and Singapore in that order. The study points out that India's share in the AP security market will grow to 13.27% during 2005 to clock \$122.47 million against a total AP market size of \$922.74 million.

The growth segments vary from country to country but government segment stands out all across the region. Education, health and government IT spending in Asia Pacific is surging as governments increase spending on e-government initiatives to drive more efficient processes, improve public service, cut costs and increase security measures. This is followed by finance, telecom and utilities sectors.

Rapid computerization in Indian banking and financial services industry (BFSI), dependence on Software exports (\$7.2 billion in 2001 going up to \$50 billion by 2008), private competition in telecom market (Value Added Services becoming key differentiator), heightened government and public sector units (PSUs) spending, vulnerability of Indian IT infrastructure to Pakistani hacker attacks are key drivers for the network security market in India. Service Providers and the small and medium enterprises (SMEs) have to build systems to secure their operations. SMEs are the largest contributor to Indian software exports. "While the clients in USA are quite insistent on a disaster recovery and business process continuity program to be in place with their Indian vendors, even the basic network security in most organizations is found lacking." Says, Sameer Kochhar, CEO of Skoch. Consultancy Services.

Indian enterprises have come a long way in realizing the implications of lacking well defined network security frame policies and now seem to finally putting some money behind this realization.. According to a recent PwC-CII study on network security nearly 80% (respondents) of Indian companies had reported breaches in 2001-2002 compared to 60% in 2000-2001. Predictably, financial services companies are keener to improve their security systems, as many as 93% of them rate security as high priority. Another study by KPMG points out that the total cost of computer crimes over the last five years was \$10 billion globally and India ranks in the top five list when it comes to e-commerce security breaches.

Internationally as more and more vulnerabilities come across in commonly used operating systems, Linux and Unix seem to be coming back as a more effective backbone to use to minimize these vulnerabilities. Initiatives like United Linux and the recent Sun endorsement of Linux are also increasing the confidence level of users to try this platform as a cheaper, viable and more secure alternative to the popular operating systems. China and Malaysia are two large Countries in the region that have already officially adopted Linux – While India is still not clear about it's official stance.

Enterprises across Asia Pacific have traditionally been slow in adopting security solutions, considering security not as a "necessary evil". "Post 9-11, attitudes have changed and both governments and enterprises are rapidly deploying network security solutions in an attempt to guard against external threats and internal sabotage," says Sameer Kochhar.

While implementing network security solution an enterprise must take care of policy compliance, intrusion detection, risk management and enterprise security management, the study suggests. It further says, there is healthy trend of Indian businesses increasing their network security spend to protect themselves and maintain business continuity. "This is crucial in recessionary times. Security is no longer just insurance against an attack, but a critical component of any enterprise's infrastructure," adds Sameer Kochhar.

#### **Asia Pacific Security Market (including Japan and Australia)**

<b>Year</b>	<b>\$ Million</b>	<b>% Growth</b>
2001	325	
2002	420	29.23
2003	546	30.00
2004	709.8	30.00
2005	922.74	30.00
<b>Total</b>	<b>2923.54</b>	

#### **Indian Security Market**

<b>Year</b>	<b>\$ Million</b>	<b>% Growth</b>	<b>% of AP</b>
2001	21		6.46
2002	37.8	80.00	9.00
2003	60.48	60.00	11.08
2004	90.72	50.00	12.78
2005	122.47	35.00	13.27
<b>Total</b>	<b>332.47</b>		<b>11.37</b>

#### **About Skoch**

Skoch is an independent industry analysis and strategy consulting company based out of Gurgaon. It engages with several Fortune 500 as well as SME companies world-wide and carries out periodic studies and research in the Asia-Pacific region. For further information, please contact [skoch@skoch.org](mailto:skoch@skoch.org)