



# SMB security spending worldwide: trends and forecasts 2020–2025



Eileen Zimbler



## About this report

This report provides forecasts for security-related technology spending by small and medium-sized businesses (SMBs) worldwide.<sup>1</sup>

This report quantifies the opportunity for security vendors in 8 key security categories and 25 sub-categories. It is based on:

- Analysys Mason's *SMB Technology Forecaster*, which has been updated to reflect the impact of the COVID-19 pandemic on the SMB market
- our ongoing research surveys with end-user SMBs<sup>2</sup>
- economic indicators, such as GDP and population growth
- vendor and supply-side indicators, such as financial reporting
- Analysys Mason's ongoing discussions with security vendors and service providers.

### WHO SHOULD READ THIS REPORT

- Security vendors that want to identify key areas for revenue growth, both in terms of business segments and individual services.
- Security vendors that are considering targeting the SMB market.
- Third-party service providers (such as managed service providers (MSPs) and operators) that are seeking partnerships with security vendors.

### SPENDING CATEGORIES<sup>3</sup>

- **Data security**
  - data security (cloud and on-premises)
- **Endpoint security:**
  - endpoint detection and response (cloud and on-premises)
  - endpoint protection (cloud and on-premises)
- **Mobile security:**
  - mobile security (cloud and on-premises)
- **Network security:**
  - DoS/DDoS protection (cloud)
  - firewall and UTM software (cloud and on-premises)
  - identity and access management (cloud and on-premises)
  - intrusion detection/prevention (on-premises)
  - other security and vulnerability management (cloud and on-premises)
  - security operations and incident response (cloud and on-premises)
- **Security appliances:**
  - network firewall and intrusion detection/prevention appliances
  - unified threat management (UTM) appliances
- **Web and email security:**
  - email security software (cloud and on-premises)
  - web security software (cloud and on-premises)
- **Security management services:**
  - security support
  - remotely managed security services

<sup>1</sup> We define small businesses as those with 0–99 employees, and medium-sized businesses as those with 100–999 employees.

<sup>2</sup> For more information, see Analysys Mason's [Business survey 2020: the impact of COVID-19 on SMBs in the USA](#).

<sup>3</sup> A full description of each category is included in the appendix of this report.

## Worldwide SMB security spending: SMBs in NA accounted for 31% of the total SMB security spending in 2020, but growth in EMAP will outpace that in other regions

SMBs in NA are an important market for security vendors; they were responsible for 31% of the total SMB security spending worldwide in 2020. However, SMB security spending in EMAP is growing the fastest (14% CAGR).

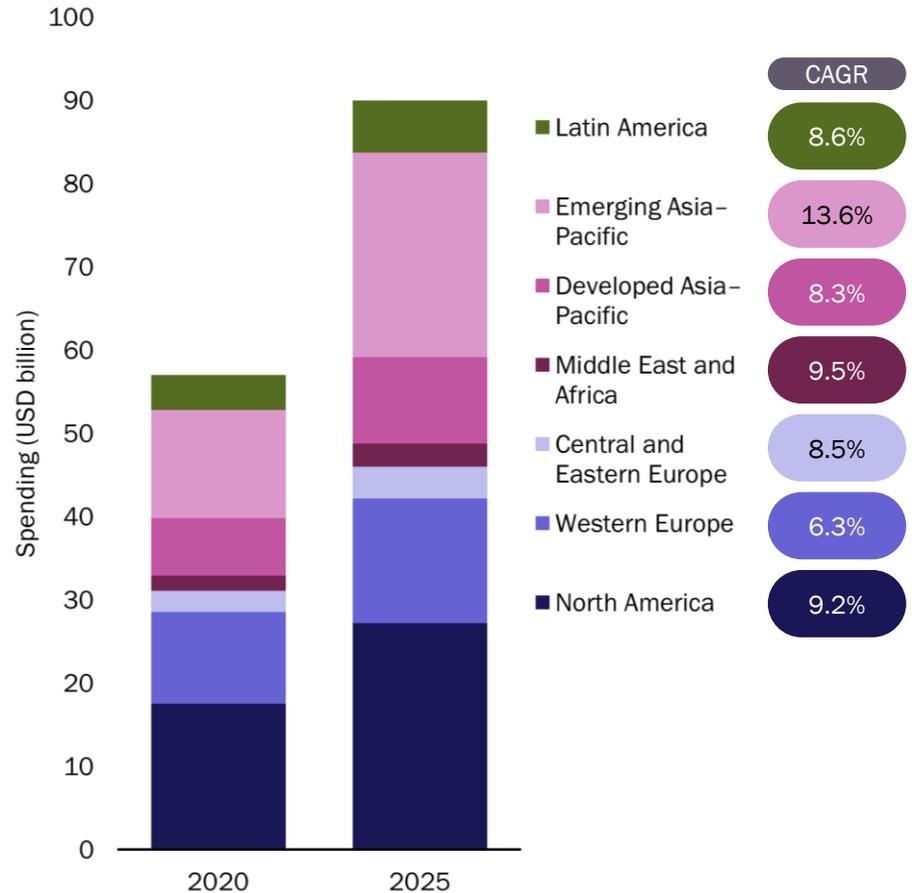
SMB security spending worldwide is expected to increase from USD57 billion in 2020 to USD90 billion by 2025. This robust growth is being driven by SMBs' concerns about protecting their customers' privacy and financial data (70% of the SMBs we surveyed<sup>1</sup> reported that this would heavily affect their cyber-security plans) and ensuring business process stability and continuity (66% of SMBs).

SMBs' cyber-security investments are being heavily influenced by ever-increasing concerns about security breaches, particularly as firms contend with working-from-home (WFH) issues and changing operational conditions due to extended COVID-19-related restrictions.<sup>1</sup>

Security spending by SMBs in EMAP is growing more quickly than the worldwide average due to a rapid increase in the number of first-time deployments of many security solutions. Other regions with strong security revenue growth include NA (9.2% CAGR) and the Middle East and Africa (MEA; 9.5% CAGR).

About one third of SBs and over half of MBs worldwide reported plans to increase their spending on cyber security.

Figure 3: SMB security spending by region, worldwide, 2020 and 2025



Source: Analysys Mason

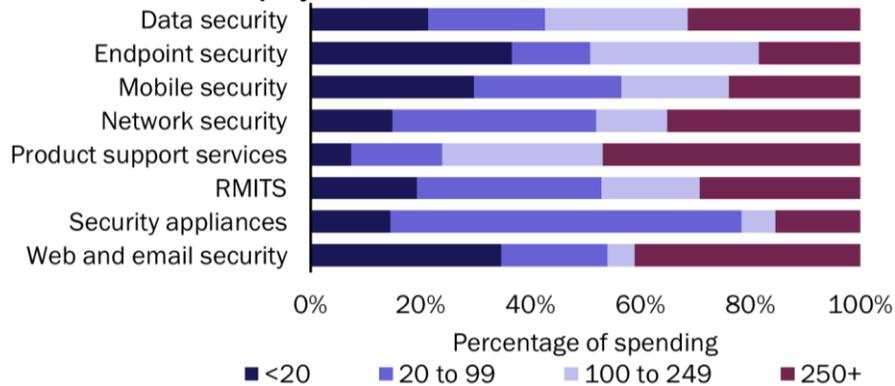
<sup>1</sup> For more information, see Analysys Mason's [Business survey 2020: the impact of COVID-19 on SMBs in the USA](#).

## Firm size and spending category: security spending by SBs will grow slightly faster than that by MBs, but MBs still account for almost half of all SMB security spending

Security spending by SBs will grow slightly faster than that by MBs because more SBs will adopt security products for the first time, especially for managed and cloud security solutions.

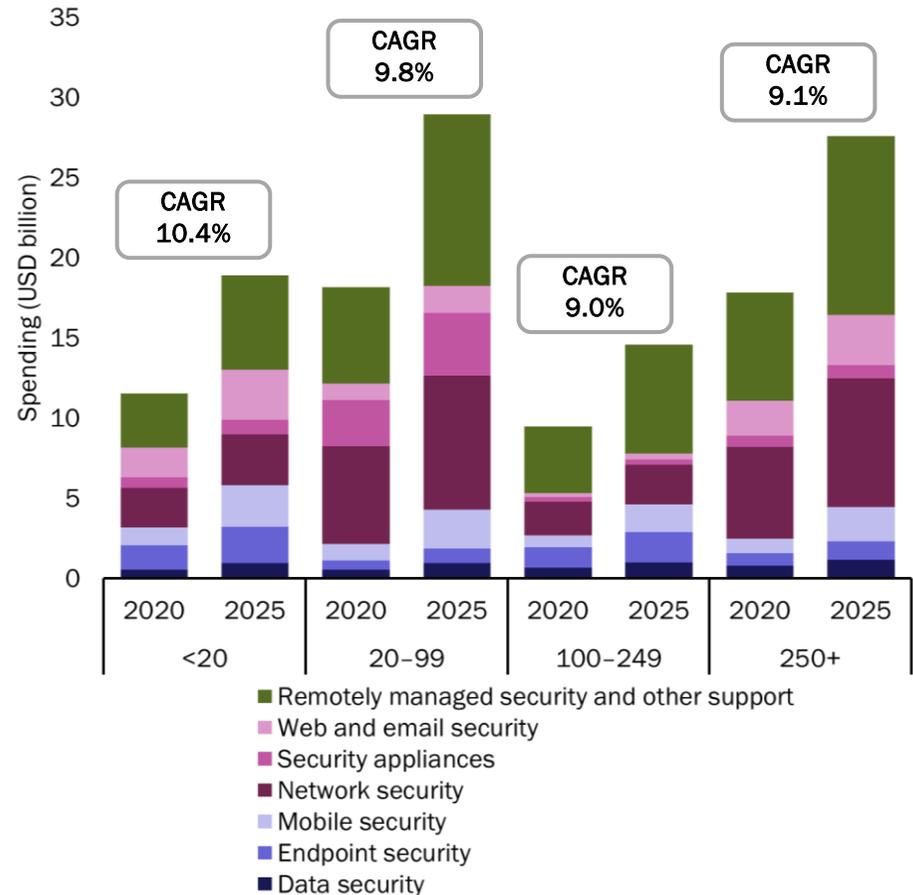
Firms with more than 250 employees accounted for a third of the total SMB security spending worldwide in 2020, and this is expected to remain constant during the forecast period. SBs with less than 20 employees will be the fastest growing sector in terms of security spending. The fastest growth in spending on data security, mobile security and managed security will come from firms with more than 99 employees. The fastest growth for spending on security appliances and web/email security will come from firms with less than 20 employees.

Figure 20: Breakdown of SMB security spending by category and number of employees, worldwide, 2020



Source: Analysys Mason

Figure 21: SMB security spending by category and number of employees, worldwide, 2020 and 2025



Source: Analysys Mason



Executive summary

Worldwide trends

Trends by security category

Trends by firm size

Trends by routes to market

Forecast methodology and assumptions

**About the author and Analysys Mason**

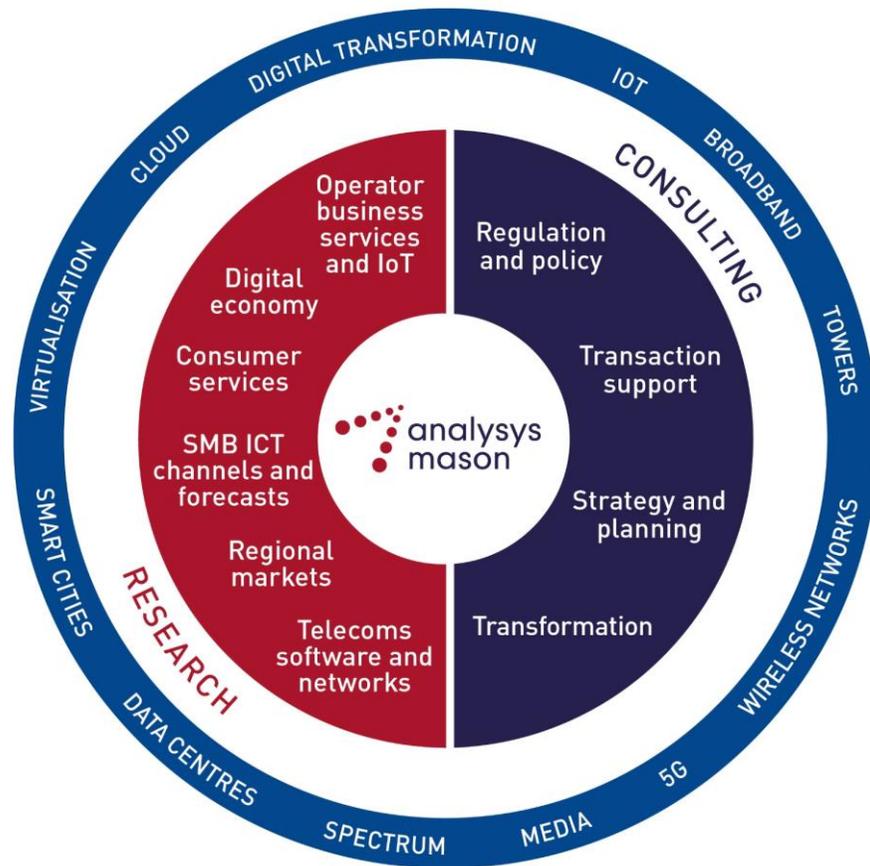
## About the author



**Eileen Zimble** (Senior Analyst) is in Analysys Mason's *SMB ICT channels and forecasts* research team. She has more than 25 years of experience in IT market research and manages a global team of analysts and consultants that focus on SMB ICT research services. Eileen oversees the primary research and analysis process that informs many Analysys Mason programmes, including the PCs and mobile devices programme. She is also involved in custom research projects for leading IT vendors such as Cisco, Dell, HP, Intel and Microsoft. Prior to joining Analysys Mason, Eileen held roles at AMI-Partners (acquired by Analysys Mason) and IDC/LINK, a leading consulting and research firm focused on PCs, telecoms and consumer electronics, where she authored a number of research reports on small business computing and multimedia. Eileen holds an MBA in Finance as well as a Bachelor of Arts in Liberal Arts from Hofstra University.

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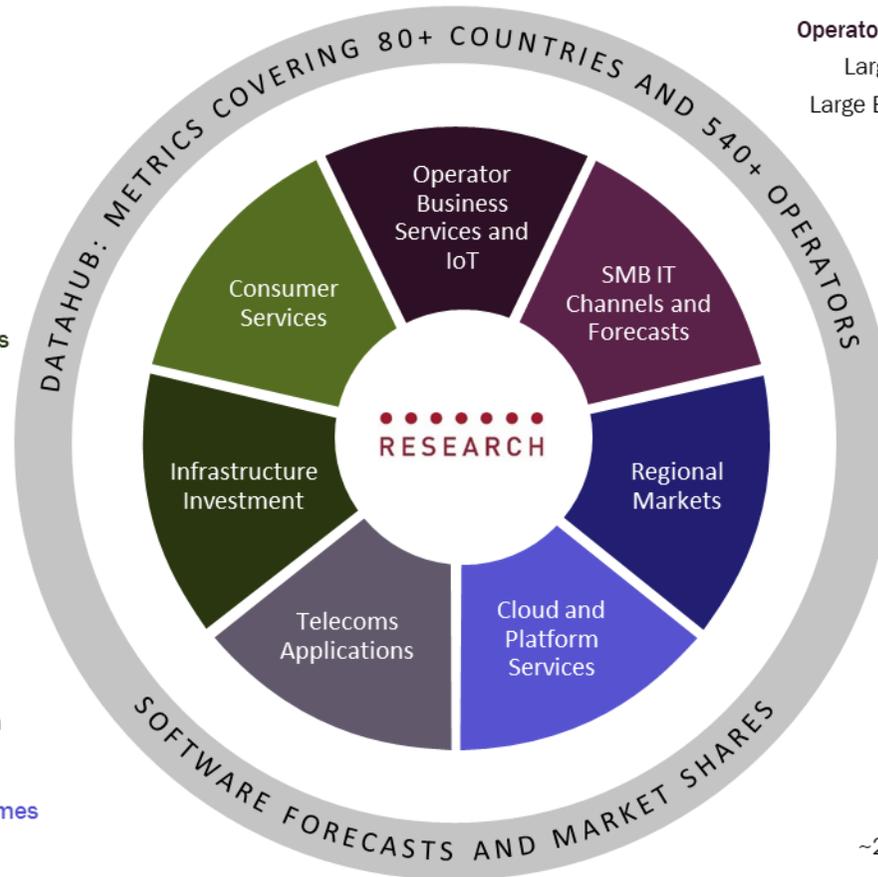
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  - Operator Investment Strategies
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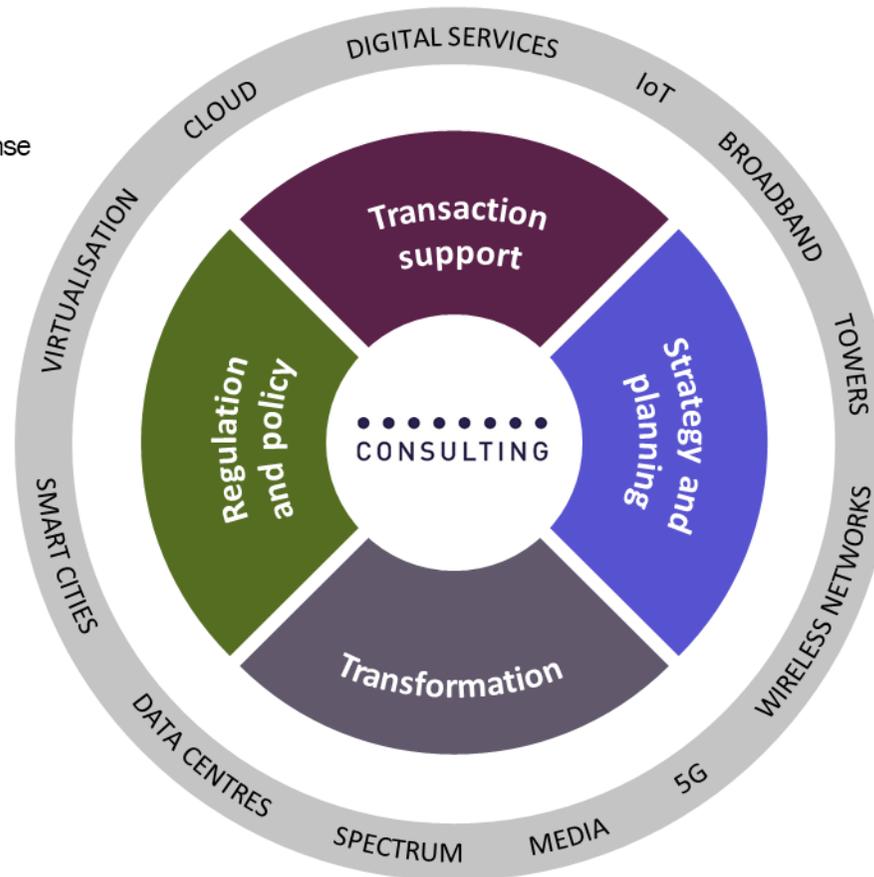
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- Policy development and response
- Ex-ante market reviews, remedies, costing...
- Universal Service Obligation (USO)
- Scarce resources: radio spectrum management, auction support, numbering...
- Ex-post / abuse of dominance
- Postal sector



## Transformation

- Transformation programmes
- Assurance
- Implementation
- Delivery



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**PUBLISHED BY ANALYSYS MASON LIMITED IN JANUARY 2021**

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