

TECHNOLOGY // FEATURE

The rise of integrated security appliances

Unified Threat Management devices (UTM) offer significant advantages over the traditional 'point' solutions and are fast becoming the preferred-choice among businesses

Over the past couple of years, the security solutions space has witnessed a significant shift from traditional software-based point solutions to unified hardware security appliances, popularly called Unified Threat Management (UTM) devices.

Research from IDC indicates how fast the UTM appliance market is growing. In 2003 the integrated security appliance market worldwide was \$103 million, but by 2008, it is expected to grow to \$3.5 billion. Analysts expect UTMs to contribute nearly 80 percent of all security

products sales worldwide within the next five years, effectively replacing 'point' products such as firewalls, VPNs, IDS, spam filters etc.

The growth in India has been even more spectacular. "The security appliance market has grown at an impressive 80-90 percent over the last two years. We expect the market for such appliances to cross \$63 million in 2007," says Digvijaysinh Chudasama, VP Sales, Elitecore, the Ahmedabad-based distributor of security appliance firm Cyberoam.

Bullish sentiments are also reflected by other vendors. "India is the most exciting market for security appliances. Our India business has been consistently growing at over 100 percent annually, versus the 40 percent rates in APAC. Currently we sell 200 units per quarter growing at 30 percent sequentially," says Vishak Raman, Country Manager, Fortinet India.

For SonicWALL, revenues from UTM appliances grew 300 percent last year. "Looking at the demand, I don't see why we can't repeat the same growth this year," says Shubhomoy Biswas, Country Manager, SonicWALL India.

The rising star

The fast-paced transition from point

Defining UTM appliance

The word UTM was coined and defined by IDC in 2004. Accordingly, UTM appliance was defined as a product that includes multiple security features in one box. To be included in this category, the device must be able to perform at least four functions that of network firewalling, network intrusion detection and prevention and gateway anti-virus. All of the capabilities in the appliance may not be used concurrently, but the functions must exist inherently in the appliance. The device must also have an operating system and an installation process that requires minimum human intervention. It may also include other features such as security management and policy management by group or user.

to integrated security solutions is largely due to the cost-effectiveness and ease of manageability of these devices. Traditional software-based point solutions are not only complex to manage but also require investment in technical staff to operate. The inconvenience of dealing with multiple annual maintenance contracts, patches, upgrades, licensing of standalone products etc. add to the complexity.

As against this, UTMs appliances integrate the complete suite of threat management features on a single platform in a single box.

Such benefits have made UTM appliances hugely popular among small and medium businesses. "The exponential growth in the UTM market has been driven largely by SMBs. This segment has been increasingly investing in security solutions over the last two years and UTMs have emerged as an ideal choice due to lower total cost of ownership (TCO)," says Chudasama.

Various vendor estimates reveal SMBs currently contribute nearly 50 percent of unit sales and 30 percent in terms of value. "Without doubt SMBs have been the driving force in the adoption for UTM appliances. We have seen a lot of demand emerge from tier-2 and -3 cities," says Raman.

According to various vendors, the savings on deploying UTM as against multi-product point solutions could

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be as high as 50 percent. "One huge component saved is software licensing cost. Unlike software solutions, security appliances are not licensed based on the number of users but on throughput parameters. Add to that savings on manpower and post-sales services etc, and the cost advantage could be as high as 50 percent," says Raman.

Biswas agrees. "We have seen several large enterprises break up their networks; decentralizing them into small networks and deploying UTMs. Customers can recover their investment on security appliance in the first three months of deployment solely on savings on manpower and licensing cost," he says.

However, the biggest advantage of UTM is that it provides customers with single-point accountability. With multiple point solutions, customers have to maintain SLAs with multiple vendors. This can be cumbersome—and despite stringent SLAs, customers are often left in the lurch. In case of a security breach, it's not uncommon for vendors to point fingers at each other rather than attempt to fix the problem. The burden of fault-finding is often left to the customer.

On the other hand, with integrated security appliance the hardware, OS and various security applications are designed to work flawlessly together. Here the onus of providing service lies with one vendor.

Opportunities galore

The unprecedented rise in the demand for UTM appliances have opened up immense opportunities for channels. Many smart solution providers are already making the most of the situation.

Mumbai-based Kaybee Infotech spotted the shift towards UTM



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VP, Sales, Elitecore

appliances early on and is reaping the benefits. "We began providing UTM solutions nearly three years back and presently it contributes 30 percent to our revenues. Our monthly average is 15 boxes at about Rs 5 lakh per unit," says S Krishnan, Director, Kaybee Infotech.

Kaybee's customer base is diverse, and includes companies from ITES, BFSI and manufacturing. "In BFSI several banks are deploying UTMs at the branches. We've got good business from stock brokers as well. ITES has been among the early adopters of this technology," Krishnan adds.

Another company that has seen big numbers from UTM solutions is the Delhi-based Fore Solutions. "We began selling UTM devices last year and sold 25 units. This year we expect to double the volume," says Rajesh Puri, Director. The company has seen demand emerge from manufacturing, BPO and educational institutes.

SonicWALL's Biswas claims that UTM appliances are a great way for channel partners to increase their margins. "We offer double-digit margins to our partners on devices. The up-sell and cross-sell opportunities around the devices are far bigger. In our estimate, for every Rs 100 security appliance hardware sold, there is an opportunity to make an additional Rs 500 if partners sell smart."

Says Fida Hussain, Director of the

Bangalore-based HBF Networks, "On entry level boxes, one can make as much as 15 percent; and if sold as a solution, it could be as high as 30 percent." The company sells five boxes every quarter at an average of Rs 5 lakh to mostly smaller BPO outfits, which makes up nearly 40 percent of its Rs 2.5 crore turnover.

The Bangalore-based Xtelesis has also seen a vertical growth in business. "Most of our business is compliance driven, mostly from MNCs setting up new operations. We sell 4 units every month at an ASP of 1.5 lakh," informs N Patil, Director, Xtelesis. According to Kaybee's Krishnan, UTMs provide large deep selling opportunities in the enterprise space. "After selling UTM for perimeter security you can make further inroads selling point solutions at the secondary level," he explains.

Into the future

With increased volumes, prices of appliances have seen a slide, making them cost-attractive. The average selling price of UTM devices has witnessed a drop of 8-10 percent in the past year - and with sales on the rise and increased competition, vendors aren't ruling out further price cuts. Already the market has a wide range of appliances available across different price-performance categories. Prices of appliances range from Rs 1.25 lakh to 15 lakh.

Vendors are now bringing out UTM appliance with regulatory compliance features built-in. For instance, many vendors have launched products that include HIPPA and SOX compliance. As India integrates further with the global economy, vendors believe the next growth booster will be provided by the regulatory compliance requirements.

One issue that hindered the adoption of UTMs among mid-size and large enterprises is the fact that their

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Country Manager, Fortinet India

performance is weaker than that of the points solution. "Undeniably there is a strong perception that UTM's are just a loosely bound combination of various security features, and lack the key prerequisite of a tightly woven proprietary hardware architecture essential for tackling security needs of large enterprises," admits Chudasama. "That's because first-generation and second-generation UTM technology couldn't handle dynamic situations like Wi-Fi security or counter new threats such as phishing and pharming," he clarifies.

Chudasama believes that the

technology has evolved since and it's only a matter of time before these perceptions are removed. The other downside of UTM is its single-point failure—if disaster strikes, everything will do down at once. However vendors contend that any good security solution will need a second line of defence and this is true with UTM's as well.

With the market exploding, vendors are sparing no effort to capitalize on the opportunity. Road shows for customer and channel awareness, increasing customer support infrastructure and channel expansion are on the cards for most vendors. SonicWALL has launched a toll-free post-sales service and hired 150



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engineers in Bangalore for technical assistance. "We have also set up an RMA in Mumbai and are working with our partners to offer better support" says Biswas. Fortinet on the other hand is looking to expand its current 20-partner strong channel base. "We are looking for more partners in the north but our focus is not so much on numbers as on contribution per partner."

With its several benefits and vendor push, UTM's may become the preferred choice for customers sooner than later and present channels with many opportunities to boost business and margins. Are you ready? □

- JOHN JACOB

// TECH BRIEFS

Intel details next generations processor

INTEL announced recently that it will soon begin manufacturing the next-generation Penryn family of processors. These new processors contain enhancements to Intel's Core microarchitecture and have 45nm process technology. Intel intends to have 15 products in all under the new architecture, including dual and quad core desktop processors, a dual core mobile processor, and a quad core server processor under the Xeon brand. The processors will be smaller than the current 65nm process products. The

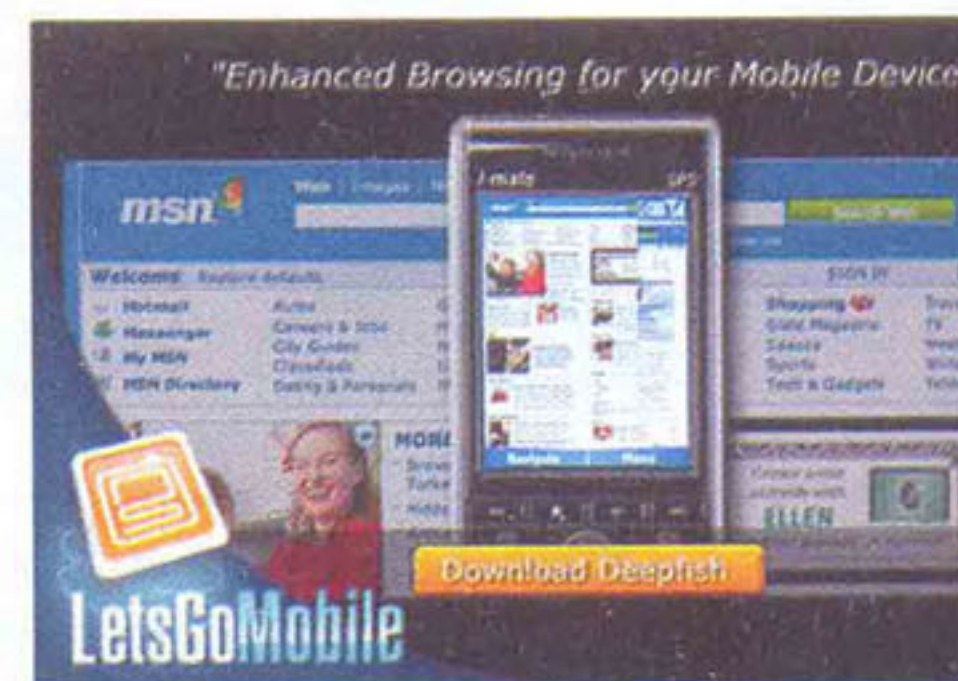


dual-core version will have a die size of 107mm, i.e. quarter of the size of the average postage stamp and 25 percent smaller than Intel's current 65nm products. The new family features an advanced power management technology called Deep Power Down which reduces the power consumption during processor's idle periods. It also promises enhancements to Intel VT—virtualisation technology. New processors have up to 50 percent larger L2 cache and higher clock speeds compared to the existing Core technology.

Intel plans to have two 45nm manufacturing fabs in production by the end of the current calendar and four by Q2-2008. The company will begin manufacturing these products in the second half of the current year.

Microsoft introduces Deepfish mobile browser

MICROSOFT recently unveiled a new mobile technology, called Deepfish



designed to make mobile browsing resemble the desktop browsing. Existing mobile browsers take a time—at times even a minute—to render large graphics rich pages. It is difficult to view the complete page glance on the small phone screen. Through Deepfish, Microsoft proposes to solve these two crucial problems. Deepfish will load full layout webpages and load them faster than other browsers, the vendor claims. The browser also offers for a simple zoom-in-and-out feature to view full or partial of the pages, and a simpler navigation according to Microsoft. The product is still in the prototype phase and the final version is expected to be introduced by early next year. □