

IDC: Security Demands Drive Future Spending

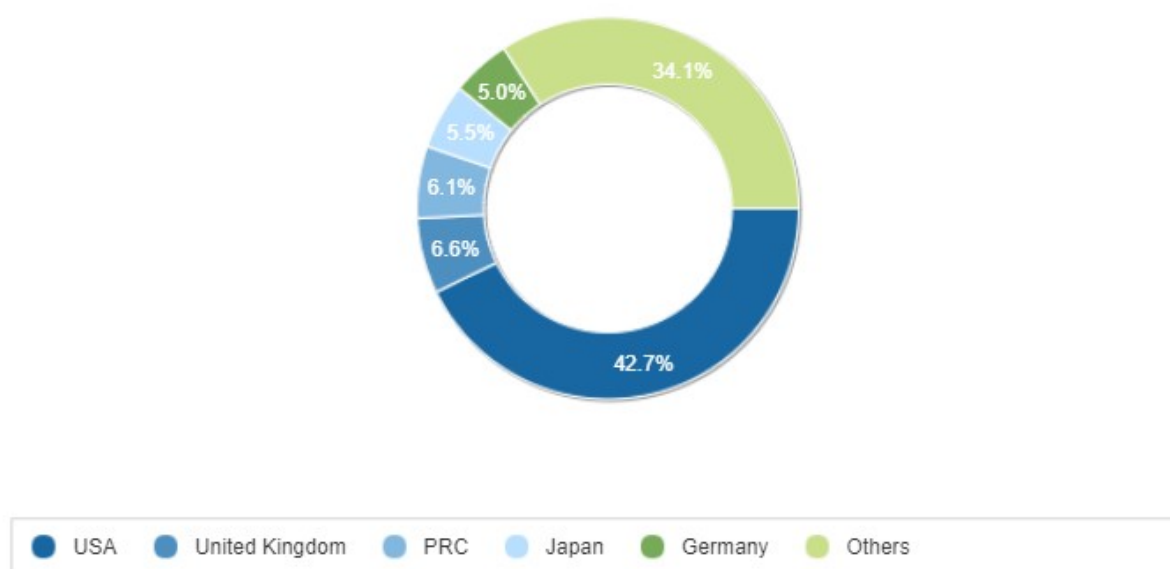
Written by Frederick Douglas
12 October 2018

According to IDC, global security spending is to reach \$133.7 billion by 2022 with a CAGR of 9.9% over the 2017-2022 period-- meaning spending in 2022 will be 45% greater than the \$92.1bn forecast for 2018.

"Privacy has grabbed the attention of Boards of Directors as regions look to implement privacy regulation and compliance standards similar to GDPR. Frankly, privacy is the new buzz word and the potential impact is very real," the analyst says. "The result is that demand to comply with such standards will continue to buoy security spending for the foreseeable future."



Top Country Based on 2018 Market Share (Value (Constant Annual))



Source: IDC Worldwide Semiannual Security Spending Guide, 2017H2

Security-related services is both the largest (\$40.2bn in 2018) and the fastest growing (11.9% CAGR) category in global security spending. Managed security services is the largest segment within services, making nearly 50% of the category total by 2022. Integration services and consulting services make most of the remainder.

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Security software is the 2nd largest category, reaching \$34.4bn in 2018. Endpoint security is the largest software segment throughout the forecast period, followed by identity and access management software and security and vulnerability management software. The latter is the fastest growing software segment with a CAGR of 10.7%. Unified threat management solutions lead hardware spending, followed by firewall and content management.

Banking spends the most during the forecast period, growing from \$10.5bn in 2018 to 16bn in 2022. Security-related services account for over 50% of industry spending throughout the forecast, with managed security services leading. The 2nd and 3rd largest industries are discrete manufacturing and federal/central government (\$8.9bn and \$7.8bn in 2018 respectively) follow a similar pattern with services making around 50% of total spending. The industries showing fastest security spending growth are telecommunications (13.1% CAGR), state/local government (12.3% CAGR) and the resource industry (11.8% CAGR).

In geographic terms, the US remains the largest market with 2018 spending reaching \$39.3bn. In 2nd place is the UK with \$6.1bn, followed by China (\$5.6 billion), Japan (\$5.1 billion), and Germany (\$4.6 billion). The UK has banking and discrete manufacturing delivering the largest security spending, while discrete manufacturing and federal/central government lead in the US. Leading Chinese spending are telecommunications and banking.

From a company size perspective, large and very large businesses (with over 500 employees) are responsible for over 60% of all security spending in 2018. Large (500-999) and medium (100-499 employees) businesses see the strongest growth in the forecast with respective CAGRs of 11.8% and 10%. Small businesses (10-99 employees) show 8.9% CAGR, with 2018 spending reaching \$8bn.

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