

IDC: Banking, Manufacturing Boost European Security Market

Written by Frederick Douglas
04 April 2019

According to IDC, European spending on security hardware, software and services will reach \$27.3 billion in 2019-- an 8.3% increase over 2018 driven by "considerable" investments in both emerging and traditional technologies.

Such growth should remain constant in the near future, since the analyst predicts spending by European companies should reach a CAGR of 7.2% over the 2018-2022 forecast period, totaling \$33.6bn in 2022.

Top Industry, Based on Five-Year CAGR (2017–2022) (Value, Constant Annual)

Industry	CAGR (5 Years)
Federal/Central Government	+8.0%
Discrete Manufacturing	+7.8%
Utilities	+7.7%
State/Local Government	+7.6%
Banking	+7.6%
Others	+6.7%

Source: IDC Worldwide Semiannual Security Spending Guide, 2018H1

The 3 industries driving European security spending in 2019 are banking, discrete and process manufacturing, with combined investments of \$9bn. In addition, professional services, federal/central government, retail and state/local government will invest over \$1.5bn each on

security. In terms of growth, the most dynamic industries of 2019 are healthcare (9.4% increase), discrete manufacturing, and professional services (9% increase each), while federal/central government (8.0% CAGR) and discrete manufacturing (7.8% CAGR) are the fastest growing over the 2018-2022 forecast period.

"Regulations like GDPR, PSD2, and the NIS Directive influenced IT security investments in Europe in 2018 and will continue to shape priorities in 2019," IDC says. "While banking, professional services, government, and retail industries will leverage IT investments primarily to address data loss and leakage prevention, manufacturing, healthcare, and utilities will pay special attention to compliance."

Over 50% of 2019 European security spending comes from services (\$14.8bn), followed by software (\$8.6bn) and hardware (\$3.9bn). The most significant segments in services are managed security (\$5.8bn) and integration services (\$3.9bn), highlighting the need for customised and always-updated security services. Managed security service growth should reach 14.2% in 2019, the fastest among all categories despite already high starting values. In addition, security-related consulting services will grow 9.4% over 2018, confirming the importance of services in security.

The other fastest-growing categories are in software, namely security analytics, intelligence, response and orchestration software (security AIRO, with an 11.2% increase) and identity and digital trust software (9.8% increase). The fastest growing categories for the 2018-2022 period remain the same, with managed security services (12.3% CAGR) and security AIRO (10.1% CAGR) leading.

In geographical terms, W. Europe leads the 2019 European market with \$24.7bn in spending. Less than 10% comes from CEE (2.6bn). The leading countries in terms of security spending are the UK (\$6.4bn), Germany (\$4.9bn), and France (\$3.5bn). Banking is the leading industry in all these countries except Germany, where discrete manufacturing leads. The Czech Republic (10% CAGR) and Russia (8.6% CAGR) are the fastest growing in the 2018-2022 forecast period, and overall CEE countries will have the fastest growth over the period.

Very large (over 1000 employees) and large (500-1000) businesses make over 60% of 2019 European security spending. The two segments are also the fastest growing over the 2018-2022 period, with respective CAGRs of 7.5% and 7.4%. All business spending is set to grow on average by over 7% during the period, but the consumer market should be the slowest

IDC: Banking, Manufacturing Boost European Security Market

Written by Frederick Douglas
04 April 2019

at 3.7%, with overall 2019 spending of \$1.5bn.

Go [IDC WW Semiannual Security Spending Guide](#)