

Managed Security Services - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Managed Security Services Market size is estimated at USD 34.61 billion in 2024, and is expected to reach USD 61.64 billion by 2029, growing at a CAGR of 12.24% during the forecast period (2024-2029).

The market's growth can be attributed to the rising adoption of cloud storage, the emergence of big data analytics, and the increasing complexity of IT infrastructures due to IoT adoption. However, these advancements also heighten the risk of cyber threats, given the expanded attack surface.

Key Highlights

Managed security services involve outsourcing network security to specialized providers. Organizations often opt for managed security service providers (MSSPs) due to the complexity of maintaining a robust security infrastructure and the need for expert monitoring. This need is further underscored by the rising costs of data breaches, as evident from the accompanying graph. While traditional security solutions have evolved, they still struggle to detect newer, non-file-based threats, fueling the demand for managed security services.

The global digitalization trend has provided cybercriminals with opportunities to exploit weaknesses in online systems, networks, and infrastructure. This has had significant economic and social repercussions on governments, businesses, and individuals worldwide. While phishing, ransomware, and data breaches are already prevalent cyber threats, new types of cybercrimes continue to emerge.

The digital transformation era has fueled the expansion of data-intensive applications and technologies, resulting in a significant surge in the volume, velocity, and variety of data generated and processed by businesses. As organizations harness the potential of Big Data, artificial intelligence, and machine learning, securing this valuable asset becomes paramount. With the growing reliance on data-intensive approaches, organizations must manage large datasets containing sensitive information, underscoring the need for robust cybersecurity measures.

The rising complexity of cyber threats is driving organizations to increasingly outsource their security operations. Choosing between an internal or outsourced Security Operations Center (SOC) carries significant consequences, as a single instance of malicious code infiltrating a business system can now spell the demise of the entire organization.

The COVID-19 pandemic has not only disrupted businesses globally but has also expedited the rise of cybercriminal activities, both in private enterprises and government sectors, due to the push for digital transformation. This surge in cyberattacks during the pandemic has opened up avenues for endpoint detection and response solutions, given their effectiveness in mitigating cyber risks. As a result, the market for these solutions witnessed growth both during and after the pandemic.

Additionally, the heightened internet traffic has significantly amplified the risk of cyberattacks across various businesses, necessitating the adoption of managed security services. The market for managed security services has further been propelled by advancements like firewall management and endpoint security, coupled with the surge in cyberattacks since the onset of the pandemic.

Managed Security Services Market Trends

BFSI Sector to be the Fastest-growing End-user Industry

Managed security services are set to dominate the BFSI sector, primarily due to their role in safeguarding sensitive data and bolstering overall security. A key advantage of these services in the BFSI space is their round-the-clock monitoring, enabling swift incident response and remediation in case of breaches.

Given the BFSI sector's focus on safeguarding client data, there has been a notable surge in the adoption of managed security services. This move is aimed at bolstering the security of online services against the rising tide of cyberattacks.

In today's digital landscape, BFSI firms must employ advanced real-time security measures. These include endpoint detection and response (EDR), biometric technology, cloud security, code audit, embedded system security assessment, integrated security solutions, cyber intelligence, multi-factor authentication, security training, and behavioral analytics, among others.

While financial institutions worldwide are enhancing their cyber threat prevention strategies, BFSI entities in India are grappling with the significance and repercussions of cybersecurity. Common cyberattacks like security breaches, data thefts, and password compromises pose significant concerns for these firms. The evolving cybercrime landscape, with its new techniques and skilled perpetrators, underscores the limitations of current cybersecurity approaches in India's BFSI realm.

The BFSI sector is witnessing a surge in distributed denial of service (DDoS) attacks, amplifying the significance of managed security services, particularly in the realm of DDoS mitigation. Notably, in September 2023, Akamai, a leading cybersecurity provider, successfully thwarted a major DDoS attack on a US financial institution. This incident underscores the escalating threat landscape for BFSIs, creating a ripe market for managed security services to fortify against DDoS assaults.

As malware types evolve, the need for detection solutions intensifies. According to Zimperium, in 2023, the banking malware Godfather had 1,171 known variants. As of 2023, Nexus malware ranked first, with approximately 500 variants, while Saderat had around 300 types. Overall, the top five malware families had over 50 variants.

The mounting frequency of cyberattacks in the BFSI sector is driving up the demand for managed security services. These services play a pivotal role in safeguarding financial systems, customer data, and the overall trust of stakeholders in an increasingly interconnected and digitized financial ecosystem. This heightened demand is poised to propel the market growth in the coming years.

North America is Expected to Hold Significant Market Share

The North American region has been witnessing a significant integration of modern technology, and the need for streamlined IT functions is growing rapidly, with an increasing number of businesses in the region finding it easy to keep pace with that with

the help of managed security service providers, which is driving the business growth in the future.

The penetration of smartphones and tablets is increasing in the United States, which will likely drive the bring your own device (BYOD) policy. The increasing penetration of devices and strong network connectivity across the region are expected to encourage organizations to adopt BYOD policies, raising the risk of cyberattacks in the business ecosystems and supporting the demand for managed security services in the region in the future.

Furthermore, the penetration of these smart devices is expected to increase due to the rapid integration of IoT across various industries and sectors. This is expected to propel the adoption and incorporation of managed security services, thereby fueling the market's growth.?

The use of multi-cloud environments is experiencing massive growth in the United States, wherein clients rely majorly on one cloud while using the other sporadically. Here, managed security service providers (MSSPs) can avail of the opportunity by offering consumption-based pricing models.?

Moreover, in the United States, public cloud and managed services are expected to be leveraged more often for IT operations management (ITOM) tools, encouraging the growth of the subscription business design for both cloud and on-premises ITOM. Despite this, on-premises deployments are expected to be the most popular delivery method.?

The region also faces a significant number of DDoS attacks, which are likely to increase with respect to multiple end-user industries, further driving the demand for DDoS protection solutions. Moreover, cyberattacks in the region, especially in the United States, are increasing rapidly. They are reaching high numbers, primarily due to the rapidly increasing number of connected devices in the region.

Managed Security Services Industry Overview

The managed security services market is highly fragmented due to the presence of both global players and small- and medium-sized enterprises. Some of the major players in the market are AT&T Inc., SecureWorks Corp., Broadcom Inc., Trustwave Holdings Inc.

(the Chertoff Group), and Fortra LLC. Players in the market are adopting strategies such as partnerships and acquisitions to enhance their product offerings and gain sustainable competitive advantage.

November 2023 - AT&T announced an agreement to create a standalone managed cybersecurity services business and a capital investment in that business from a Chicago-based investor - WillJam Ventures. Expected to close in 1Q24, the newly managed cybersecurity joint venture will hold associated managed security operations, select security software solutions, and security consulting resources.

October 2023 - Trustwave Holdings Inc. announced the launch of Trustwave Managed SIEM for Microsoft Sentinel. Trustwave's latest offering is designed to help businesses using Microsoft Sentinel with improved security capabilities, optimized return on investment, and rapid response times.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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