2018 U.S. SMB Security Update:
Endpoint, Network, Email, Mobile Security, Anti-Ransomware

Activities and Plans of SBs, MBs, Total, and “Security Intensive”

contents

Executive Summary

1. Security has grown to be a top US SMB IT spending priority, especially as firms grow to 50+ employees. Network security is essential and SMBs are increasingly interested in coordinating security across platforms with prevention, detection, and remediation: true Next Gen Security.

2. Software accounts for the largest share of SMB security spending, especially among SBs. SaaS security solutions have been gaining share, but hardware/software appliances are still ahead in spending share.

3. Core SMB security capabilities continue to be network and endpoint antimalware, network firewalls, and email scanning. The “big four” are also high on the list for future acquisition/upgrades.

4. SMB use of different mobile security resources is surprisingly modest, given the importance of mobility, until firms reach 50 employees in size, when acquisition plans are almost as great as current use.

Research Objectives

This IDC presentation includes data from IDC's US 2018 Small & Medium Business annual survey

- IDC's SMB research practice conducts detailed yearly surveys of U.S. technology decision makers (ITDMs) who manage IT acquisition and use in companies with fewer than 1,000 employees, with additional surveys of larger firms with 1000-4999 employees
- These surveys are designed to examine SMB business and technology priorities, current use and plans to acquire different hardware, software, and services, channel preferences, and the use of different IT information sources. Also examined are use and plans for social, mobile, cloud, and big data resources.
- Survey research tracks year to year changes and identifies technology and go-to-market opportunities that will contribute meaningfully to client success in the SMB market.

Additional detail and data available via request

Key Analysis and Findings

Key Analysis and Findings Summary

- Among U.S. small and medium businesses ***security is now a top IT spending priority.*** Almost 1/3 of SBs and half of firms with 50+ employees cite improving network security or adding Next Gen security as an IT spending priority.
- Security is especially important in key SMB verticals. ***Over half of SMBs surveyed in banking/ finance, legal, and healthcare cite security as a top IT spending priority***.
- ***Effective management of security resources is a major challenge*** for SMBs. Small businesses use an average of 4.9 security products and midsize firms use an average of 9.0, While this is actually lower than last year, security coordination and management are still ongoing chores.
- SB spend the largest share of their security budgets on software (45%) but ***software share declines while services (including SaaS) and appliance share grows as firms move to midsize.*** The pattern holds for SBs and MBs whether or not they are "Security Intensives," firms that hsve security as a spending priority.

Key Analysis and Findings Summary

- ***The "big four" security capabilities most likely to be used by SMBs are also the most likely to be added or upgraded in the next 12 months***: network antimalware, network firewall, email scanning, and endpoint antimalware, Roughly 20% plan to add or upgrade use of almost every security category examined. Anti-Ransomware, which was added to IDC's most recent survey is actually in the middle of the pack for current use and future acquisition plans, although "plans" are relatively high compared to "use" in keeping with a faster growing product category. Security training, another new survey category, has a similar use/plans pattern.
- ***Mobile security use and plans are relatively modest among SBs***, with mobile device antimalware showing the highest level of use and plans, especially among Security Intensive SMBs.   Plans to add/upgrade by MB Security Intensives are especially high, with almost ¼ planning to add mobile device antimalware or laptop encryption in the next 12 months.

2018 US SMB IT Spending Priorities: Mix of New and Old (%)

	Small Bus <100 emp	Upper SB 50-99 emp	Mid-Sized 100-999 emp
Upgrade/add new PCs	38.9%	46.1%	46.7%
Company-provided tablets or smartphones	12.0%	24.6%	19.9%
Enhance server/network infrastructure	12.0%	**35.0%**	**40.0%**
Increase storage /Improve storage management	15.0%	**28.8%**	**26.9%**
Improve network security/Security management	27.3%	**38.5%**	**39.8%**
Comprehensive data security across platforms incl encrypt/detect/remediate (Next Gen Security)	9.5%	**31.0%**	**28.6%**
TOTAL: Improve network security + Next Gen security	32.3%	**51.5%**	**56.0%**
Expand use of Cloud/Hosted resources	10.6%	25.5%	28.4%
Integrate On Premise and Cloud resources	2.8%	17.0%	12.5%
Support for employee-owned smartphones and tablets (bring-your-own-device/BYOD support)	9.1%	18.3%	17.4%
Mobile worker support – including remote access to company resources	6.1%	24.2%	21.7%

Note importance of network and on premises resources + cloud + security as firms grow

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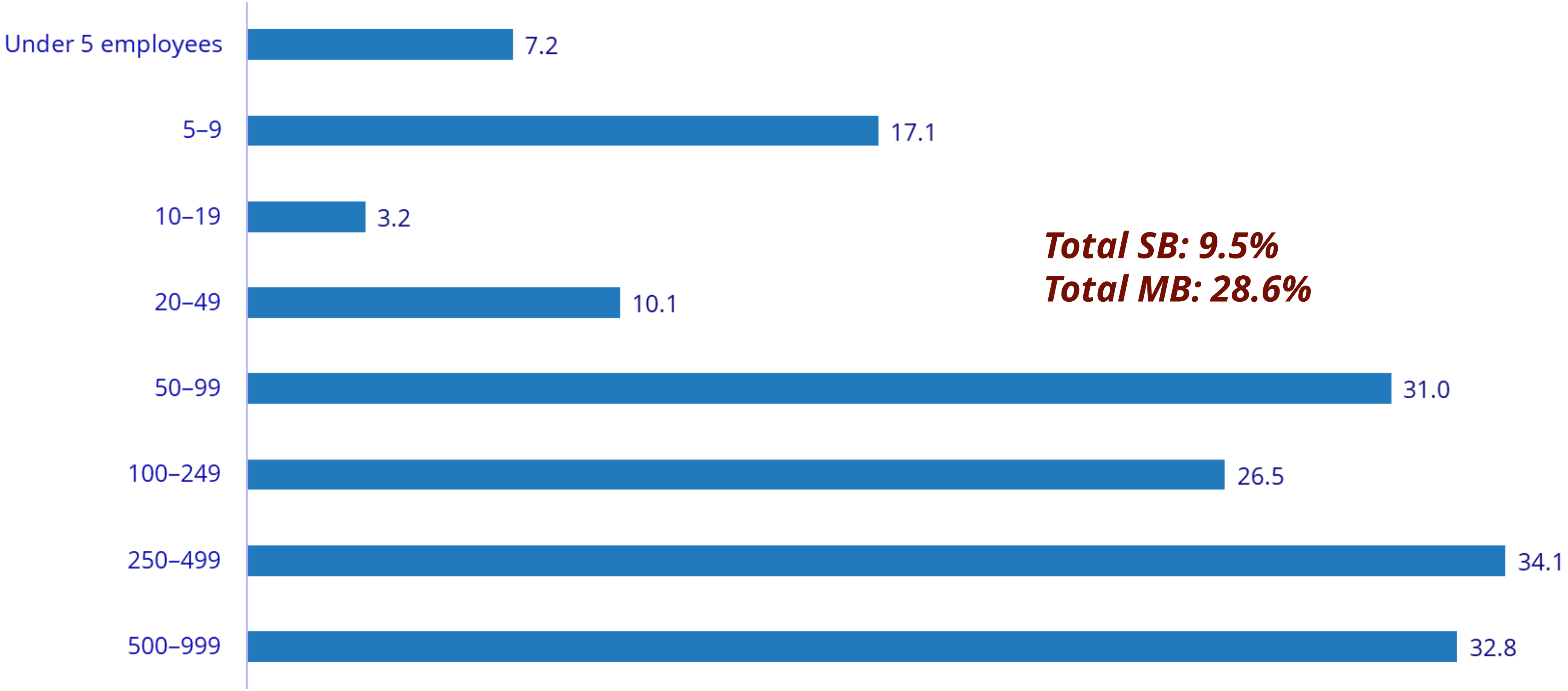
n = 820; Note: Upper SB part of Total SB
Source: IDC's SMB Survey, Q1 2018

Share of SMBs by Vertical Citing Security as Top IT Spending Priority (%)

	Improve Network Security/Mgt	Next Gen Security	TOTAL
TOTAL SMBs	**27.5**	**9.8**	**32.7**
Architecture/Mining	0.3	0.1	0.3
Construction	**46.2**	**9.8**	47.7
Manufacturing	10.3	22.4	30.6
Transportation/Communication/Warehousing/ Utilities	15.5	1.7	16.3
Banking/Finance/Securities	**63.7**	**29.0**	**64.1**
Insurance/Real Estate	28.4	5.3	29.4
Legal Services	**41.3**	**20.3**	**57.1**
Architecture/Engineering	4.1	**36.0**	37.4
Healthcare and Social Assistance	**52.4**	**18.4**	**53.2**
Education	3.3	4.7	7.7
Wholesale Trade	33.1	3.3	33.3
Retail Trade	13.0	6.8	19.5
Other Professional/Scientific/Tech Services/ Acctg	38.4	7.5	38.7
Other Business Services	27.0	12.6	36.2
Other Consumer Services/Arts/Entertainment/ Accommodations/Food Services	16.5	5.3	21.6

n = 820
Source: IDC's SMB Survey, Q1 2018

Next Generation Security Cited as IT Spending Priority (%)
(Cross Platform Encryption, Threat Detection, Remediation)



Total SB: 9.5%
Total MB: 28.6%

Variability by size until firms grow to 50+ when about 1/3 cite as priority

n = 820
Source: IDC's SMB Survey, Q1 2018

Share of SMB Security Spending by Type – Total vs. "Security Intensives"

	Total SBs	SB Security Intensives	Total MBs	MB Security Intensives
Hardware	26.7%	24.7%	25.1%	24.4%
Software	44.9%	45.8%	25.7%	26.8%
Security appliance (combines HW/SW)	10.1%	10.4%	18.4%	19.5%
SaaS	10.4%	9.7%	16.2%	15.0%
Services (excl SaaS)	7.9%	9.0%	14.5%	14.3%

Security intensives cite Improving Network Security/Security Management or Improve Next Gen Security" as a top IT spending priority for next 12 months: 32.3% SBs & 56.0% MBs

n = 820
Source: IDC's SMB Survey, Q1 2018

Top Security Capabilities Used by SMBs (%)

	Small Bus <100 empl	SB 50-99 empl	Mid-Sized Bus 100-999 empl
Network antimalware (anti-virus, anti-spoof etc	**63.8%**	**74.4%**	**66.2%**
Endpoint/PC desktop/notebook antimalware	**51.3%**	**64.4%**	**47.8%**
Network firewall	**57.5%**	**62.0%**	**62.0%**
Anti-spam gateway (block unsolicited email)	**40.4%**	**49.7%**	**45.6%**
Internet site blocking – URL Filtering	20.4%	41.5%	34.0%
Network intrusion detection/prevention	21.9%	43.7%	36.3%
Email based Data loss prevention – DLP	12.6%	33.0%	30.9%
Network based DLP	7.8%	24.4%	28.8%
Ransomware protection (prevent/detect/remediate)	**14.6%**	**34.1%**	**29.1%**
Email scanning for viruses/other malware	54.1%	42.2%	41.9%
Email encryption	15.1%	26.7%	23.3%
Advanced threat protection (ATP)	7.8%	21.0%	29.3%
Unified threat management (UTM) appliance	5.9%	20.1%	16.9%

Multiple response, of course

n = 820
Source: IDC's SMB Survey, Q1 2018

Top Security Capabilities to be Added/Upgraded by SMBs in Next 12 Months (%)

	Small Bus <100 empl	SB 50-99 empl	Mid-Sized Bus 100-999 empl
Network antimalware (anti-virus, anti-spoof etc	17.0%	24.1%	25.8%
Endpoint/PC desktop/notebook antimalware	11.6%	23.9%	25.5%
Network firewall	13.1%	21.5%	32.7%
Anti-spam gateway (block unsolicited email)	12.5%	24.1%	23.8%
Internet site blocking – URL Filtering	8.0%	21.9%	21.7%
Network intrusion detection/prevention	7.6%	31.1%	28.6%
Email based Data loss prevention – DLP	8.7%	23.5%	21.8%
Network based DLP	4.1%	14.7%	19.2%
Ransomware protection (prevent/detect/remediate)	**9.6%**	**24.4%**	**20.6%**
Email scanning for viruses/other malware	12.3%	22.7%	22.8%
Email encryption	5.0%	14.3%	15.7%
Advanced threat protection (ATP)	5.0%	14.1%	14.7%
Unified threat management (UTM) appliance	4.3%	21.8%	11.3%

n = 820
Source: IDC's SMB Survey, Q1 2018

Top Security Capabilities Used by SMBs – Part 2

	Small Bus <100 empl	SB 50-99 empl	Mid-Sized Bus 100-999 empl
SSL for secure ecommerce transactions	14.9%	27.3%	31.8%
SSL-VPN for secure remote access	9.5%	18.8%	27.1%
Identity and access management (IAM)	7.6%	27.3%	25.9%
Patch management	6.6%	23.7%	25.4%
Web application firewall (WAF)	13.8%	34.2%	30.8%
Single sign on (access to multiple resources)	7.8%	20.6%	19.3%
Two factor authentication	18.7%	29.2%	28.0%
Cloud server security	15.9%	44.5%	42.2%
Cloud application security (eg Msft Office365, Dropbox, SF)	23.8%	37.8%	41.6%
Security training for staff (espec for anti-phishing)	**9.5%**	**29.8%**	**29.3%**

Mid Size firm use 2-3X higher than SB use across most categories

n = 820
Source: IDC's SMB Survey, Q1 2018

Top Security Capabilities to be Added/Upgraded by SMBs in Next 12 Months (%) – Part 2

	Small Bus <100 empl	**SB 50-99 empl**	**Mid-Sized Bus 100-999 empl**
SSL for secure ecommerce transactions	4.8%	14.4%	19.1%
SSL-VPN for secure remote access	5.4%	14.9%	27.2%
Identity and access management (IAM)	4.9%	15.9%	19.2%
Patch management	3.7%	16.9%	20.6%
Web application firewall (WAF)	6.0%	14.3%	20.7%
Single sign on (access to multiple resources)	2.8%	12.4%	10.9%
Two factor authentication	8.3%	15.3%	20.3%
Cloud server security	10.0%	23.2%	31.9%
Cloud application security (eg MSFT Office365, Dropbox, Salesforce)	10.8%	17.3%	30.3%
Security training for staff (espec for anti-phishing)	**9.4%**	**20.8%**	**23.4%**

MB intentions also 2-3X higher than SB intentions

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n = 820
Source: IDC's SMB Survey, Q1 2018

Mobile Security Capabilities Used and Planned (%)

Currently Used	**Small Bus <100 empl**	**SB 50-99 empl**	**Mid-Sized Bus 100-999 empl**
Laptop encryption (full disk encryption)	8.3%	29.9%	24.9%
Mobile device antimalware	16.3%	23.8%	30.8%
Mobile device management	13.1%	25.3%	28.2%
Planned for Next 12 Months			
Laptop encryption (full disk encryption)	5.5%	21.8%	19.4%
Mobile device antimalware	8.0%	13.2%	17.9%
Mobile device management	7.6%	**26.3%**	18.5%

n = 820
Source: IDC's SMB Survey, Q1 2018

Mobile Security Capabilities Used and Planned: SMB v. SMB Security Intensives (%)

Currently Used	SB <100 empl	SB Security Intensive	MB 100-999 empl	MB Security Intensive
Laptop encryption (full disk encryption)	8.3%	9.5%	24.9%	29.9%
Mobile device antimalware	16.3%	27.0%	30.8%	33.3%
Mobile device management	13.1%	23.7%	28.2%	35.2%
Planned for Next 12 Months				
Laptop encryption (full disk encryption)	5.5%	7.5%	19.4%	24.0%
Mobile device antimalware	8.0%	12.9%	17.9%	24.6%
Mobile device management	7.6%	10.1%	18.5%	19.7%

High level of SB Next Gen Security Intensive resource use matched with equally high acquisition plans compared to total SBs. (For MBs the two groups are similar)

n = 820
Source: IDC's SMB Survey, Q1 2018

Related Research

February 2018
EMEA41975317
Security and Compliance: Top Business and Security Priorities for Western European SMBs

January 2018
US42566218
IDC Survey: Worldwide 2017 SMB Use of Different Channels for Advanced Technology Solutions

October 2017
US42812217
IDC FutureScape Worldwide SMB 2018 Predictions

September 2017
US41381517
Market Analysis Perspective: SMB Markets Global Overview, 2017 — Sharpening Technology Investment for Maximum Impact

August 2017
US41381617
Worldwide SMB IT Spending by Company Size Categories 2016-2018

July 2017
US41138217
SMB Objectives, Technology Attitudes, and Spending Priorities in Seven Countries, 2017

March 2017
US42258417
Ready or Not! SMBs Take Digital Transformation to the Next Level

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Appendix

Methodology

- This study is part of IDC's annual survey of SMB IT decision makers

Country	<100 employees	100-999 employees	1000-4999 employees	Total
USA	360	460	80	900

- Field Time: January 2018
- Method: Internet
- Screener Requirements
  - Business owners, line of business leaders, or IT leaders aware of or managing IT spending in companies with 5,000 or less employees
  - Data sorted by company size and also industry
  - Additional crosstabs available by other variables:
    - Revenue growth or decline
    - Line of Business versus IT staff
    - Attitude segmentation: SMB 2.0, 1.5 Fast Followers, Middle of Road Worrier, etc.
    - Age of senior management
      - Millennials (under age 37)
      - Gen X (37-52)
      - Baby Boomer (52-72)
      - Greatest Generation (72+)