

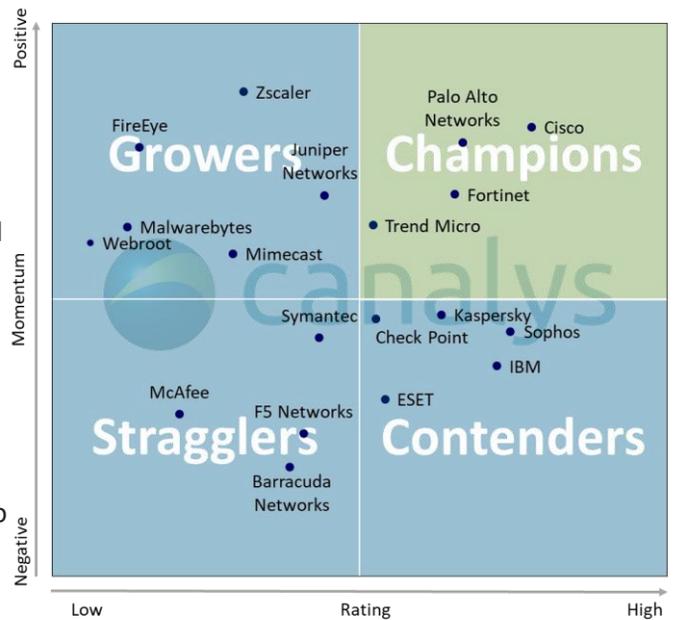
Canalys EMEA Cybersecurity Leadership Matrix 2019

Summary

Cisco, Palo Alto Networks, Fortinet and Trend Micro were unveiled as Champions in the 2019 Canalys EMEA Cybersecurity Leadership Matrix. Unique feedback from channel partners, combined with Canalys quarterly shipment estimates and analyst insight were used to determine the position vendors in the highly competitive cybersecurity ecosystem.

The Leadership Matrix considered 19 cybersecurity vendors to assess their channel and market performance over the last 12 months, as well as their leadership, and change capabilities. Champions have the combination of the highest scores in the Candefero Vendor Benchmark, the largest share of shipments and have maintained strong growth. They exhibit some common characteristics. These include positive partner sentiment, ongoing improvements in processes to drive simplicity and ease of doing business, a willingness to boost growth opportunities for partners, and a demonstratable commitment to growing the share of revenue generated through the channel.

EMEA Cybersecurity Leadership Matrix
October 2019



EMEA Cybersecurity Leadership Champions 2019



The four champions in this year's EMEA Leadership Matrix have established strong positions in the cybersecurity market in the region through the channel. **Cisco** remained the leading cybersecurity vendor in EMEA and extended its share to 9.2% of the total market in the first six months of 2019. Its ongoing investment in partner profitability, offering higher front-end margins to encourage cross-product integration sales is another factor contributing to its position as a Champion. **Palo Alto Networks** recorded the fastest growth rate in H1 2019 among the top 10 vendors. The acquisitions of RedLock, Demisto, Twistlock, PureSec and Zingbox over the last 12 months have evolved its portfolio. Its incubation methodology enables each acquired business to maintain operations during the technology integration phase. This will lead to further growth opportunities for its channel going forwards. **Fortinet's** continued expansion beyond selling just firewalls with its Security Fabric architecture, combined with a series of acquisitions and partner enablement programs, have contributed to sustained growth with the channel. **Trend Micro** maintained a channel-centric approach, enabling existing partners to be certified on its new offerings, while engaging and adding MSSPs to its ecosystem. Its commitment to the channel is unlikely to change, given its culture and its awareness of the importance of the community in determining the success of its go-to-market execution.

Canalys EMEA Cybersecurity Leadership Matrix 2019

Summary

Growers in the Leadership Matrix have made investments in the channel that have improved partner perception over the last year. These vendors are experiencing growth and making market share gains. The combination of merger and acquisition strategies, product launches and channel initiatives place these vendors in a strong position to grow. **Juniper Networks, Zscaler, Mimecast, FireEye, Malwarebytes** and **Webroot** are positioned in the Growers segment by supporting the channel community and making improvements in performance and channel feedback.

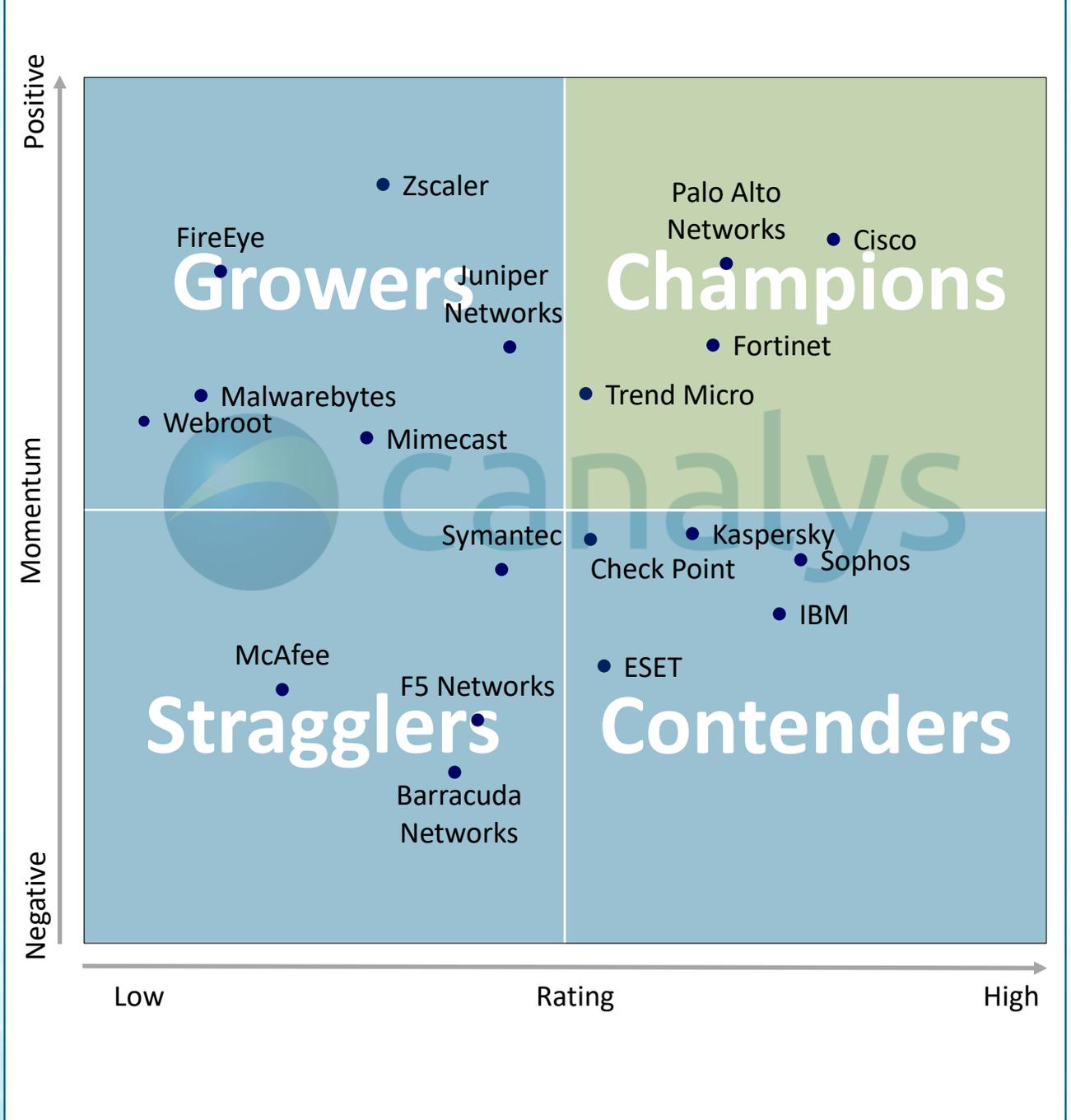
Juniper Networks' increased focus on its security portfolio in the past 12 months has contributed to its momentum in the cybersecurity channel. Zscaler operates a channel-centric business and maintained strong growth in its business. It will need to ensure the appointment of a new leader combining go-to-market and chief revenue officer roles does not impact channel operations by taking a more direct approach. Mimecast reported high growth in its email security business. It is focusing on enabling partners increase the value of existing customer subscriptions, by upselling to new products. Initiatives such as the Cyber Alliance Program demonstrate its intent to enable its partners to grow. FireEye has emerged as a key vendor for the channel, delivered through its Fuel partner program, but its consulting and managed services business can compete with some channel business. Malwarebytes is emerging in the endpoint security segment. It is simplifying its go-to-market approach by rolling out a new global program to consolidate its engagement with different types of partners, while increasing activities with MSPs. The combined Carbonite and Webroot business is in the process of standardizing margin and deal registration that will make it easier for partners to sell across the portfolio.

Stragglers are vendors that have lower partner sentiment compared to their peers and have experienced a decline over the last 12 months. Vendors in this segment have under performed compared to the market average and lost share. Their channel strategy or future engagement with partners shows some signs of disruption. **Symantec, McAfee, F5 Networks** and **Barracuda Networks** were rated as Stragglers for 2019. Despite an improvement in partner sentiment compared to 12 months ago, the proposed acquisition of Symantec's Enterprise Security business by Broadcom raises long term concerns over its commitment to the SMB channel. Broadcom has indicated its intent to cut costs and focus investment on direct large accounts. McAfee is facing friction from many of its channel partners. After spinning off from Intel, operational challenges still remain. Sentiment among F5 Networks and Barracuda Networks partners has fallen, with marketing and lead generation the lowest scored metric for both vendors.

The remaining vendors tracked in the Cybersecurity Leadership Matrix are classified as Contenders. These are vendors that are still rated highly by partners but have faced some challenges, either in market performance or channel sentiment declines over the last 12 months. Their strategy indicates potential to gain market share, but there are often key challenges to overcome. **Sophos, IBM, Kaspersky, ESET** and **Check Point** are the Contenders that need to focus on their channel business. Sophos has consistently scored high among its partners, but sentiment is down from a year ago. IBM risks losing relevance with the cybersecurity channel given the scale of its own cybersecurity services practice and divestitures of certain software assets, such as BigFix, which gave many partners a compelling endpoint security offering. Kaspersky has focused intently on improving partner communications to offset public scrutiny levelled by the US government last year. Feedback from partners highlighted that Check Point needs to become quicker at supporting partners in a fast-evolving market, especially as its main competitors, Cisco, Palo Alto Networks and Fortinet, have reached Champion status in the channel.

Canalys EMEA Cybersecurity Leadership Matrix 2019

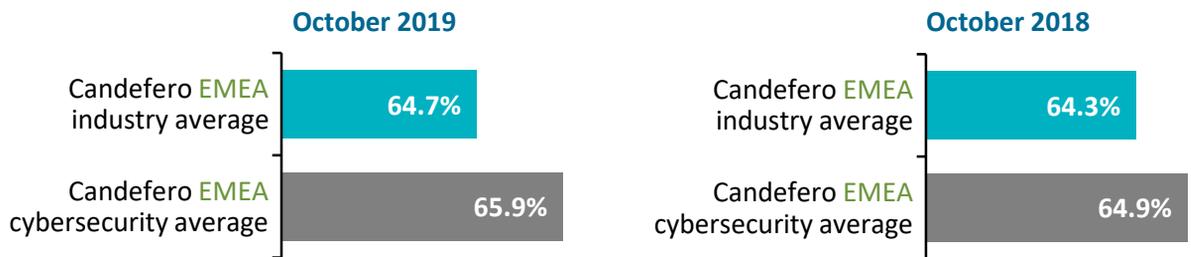
EMEA Cybersecurity Leadership Matrix October 2019



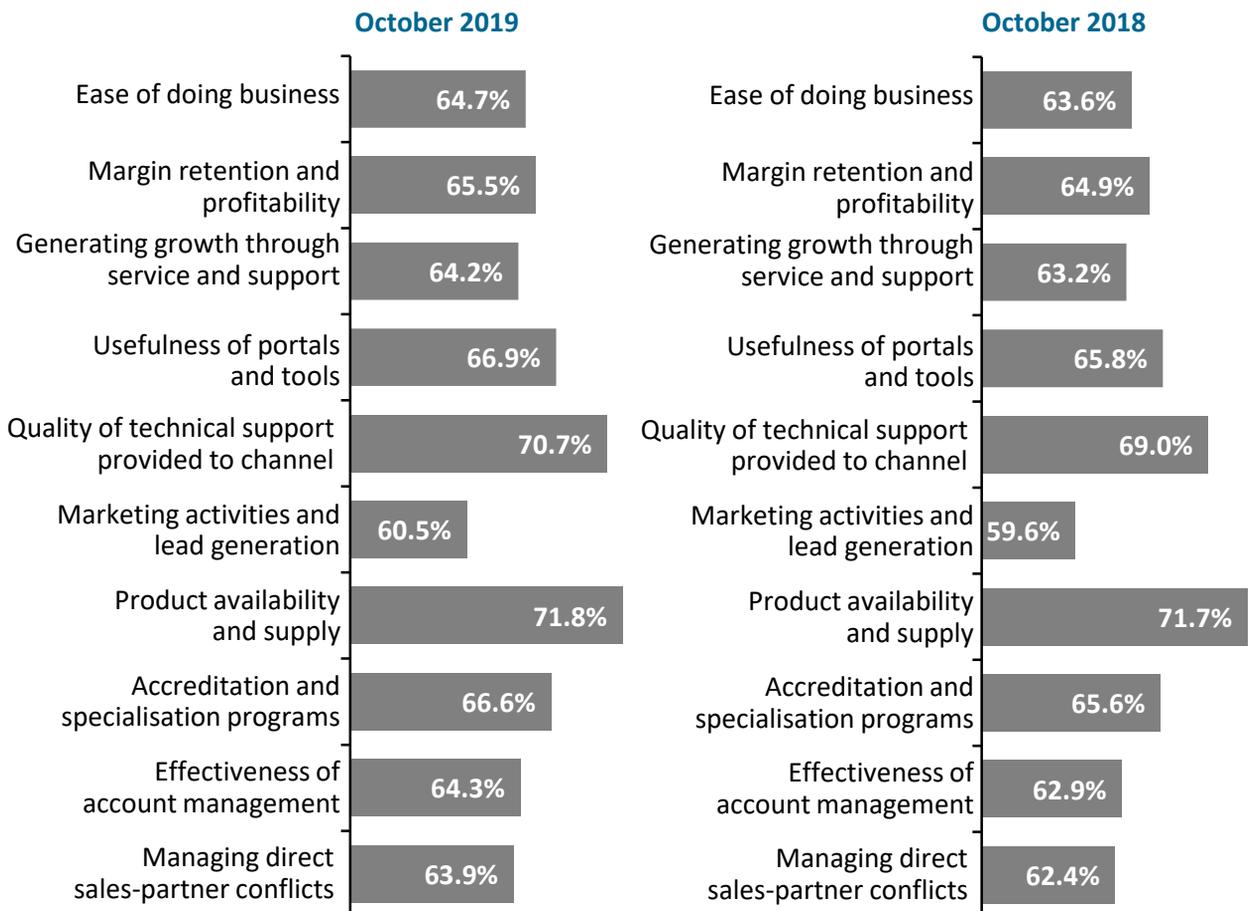
Canalys EMEA Cybersecurity Leadership Matrix 2019

Candefero Vendor Benchmark indicators

Candefero Vendor Benchmark: aggregated channel feedback scores for EMEA



Candefero Vendor Benchmark: aggregated channel feedback scores for EMEA by metric for cybersecurity vendors only

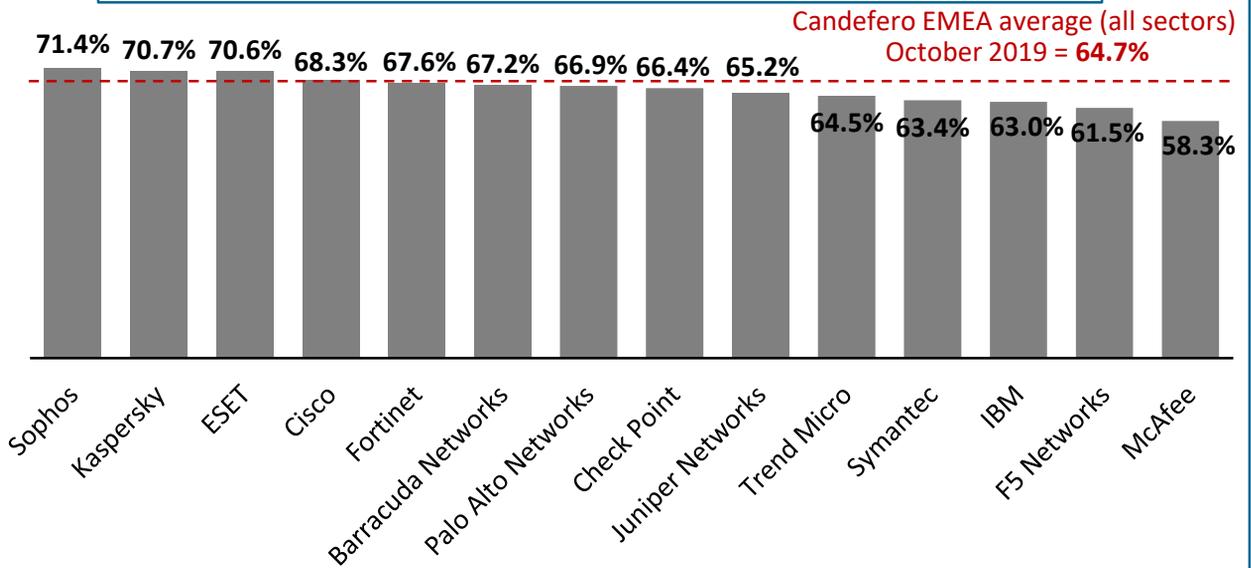


Source: Candefero Vendor Benchmark, October 2019

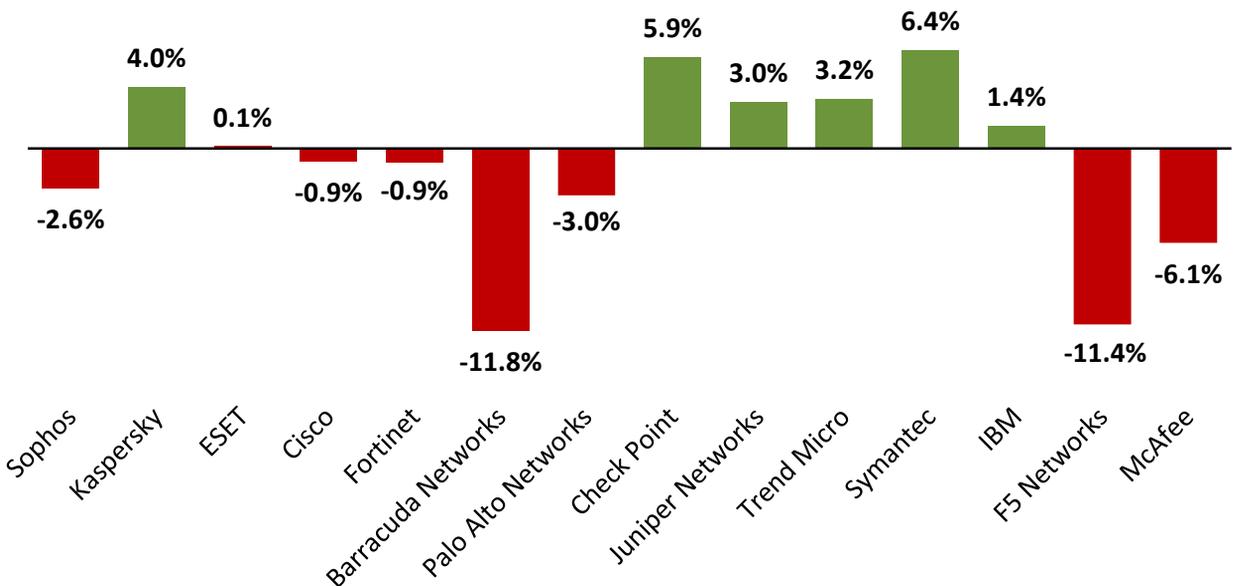
Canalys EMEA Cybersecurity Leadership Matrix 2019

Candefero Vendor Benchmark cybersecurity indicators

Candefero Vendor Benchmark: channel feedback scores by vendor for EMEA
October 2019 (selected vendors)



Candefero Vendor Benchmark: channel feedback change from 12 months ago
by vendor for EMEA October 2019 (selected vendors)

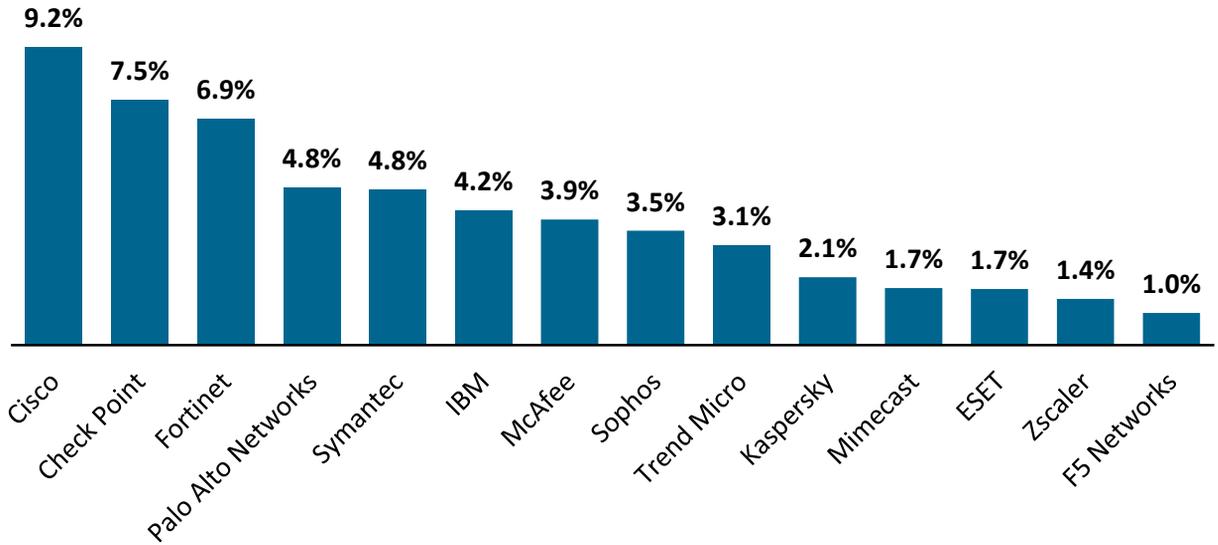


Source: Candefero Vendor Benchmark, October 2019

Canalys EMEA Cybersecurity Leadership Matrix 2019

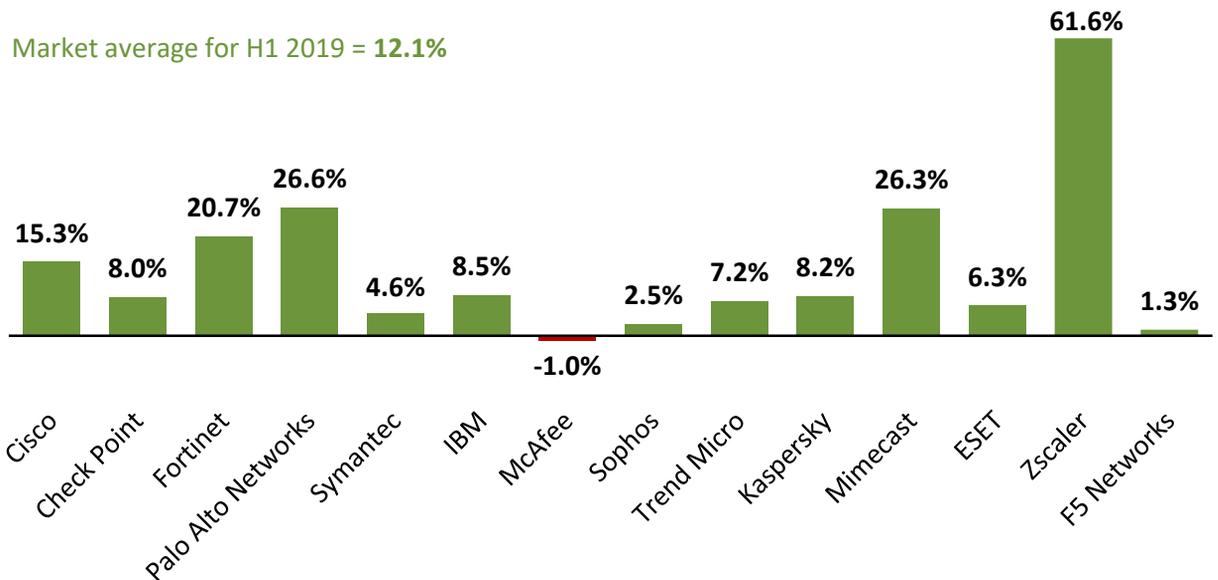
Canalys cybersecurity vendor shipment indicators

Canalys cybersecurity estimates: market share by vendor for EMEA
H1 2019 (top 14 vendors by share)



Canalys cybersecurity estimates: shipment value growth by vendor for EMEA
H1 2019 (top 14 vendors by share)

Market average for H1 2019 = 12.1%



Source: Canalys estimates, October 2019

EMEA performance highlights – selected vendors



VB rating
October 2019:
67.0%

H1 2019 market share:
0.4%

H1 2019 Shipment growth:
10.1%

12-month rating trend



Month	Rating (%)
Oct 18	90
Jan 19	90
Apr 19	65
Jul 19	65
Oct 19	65

✓ Highest rated benchmark metrics

- Quality of technical support provided to channel (7.4)
- Generating growth through service and support (7.2)

✗ Lowest rated benchmark metrics

- Effectiveness of their account management (6.4)
- Marketing activities and lead generation (5.8)

- Barracuda has focused on supporting MSP partners and expanding its portfolio of dedicated offerings, such as its Managed PhishLine service, which enables partners to have sophisticated simulation tools. It acquired Managed Workplace in 2019, a RMM platform from Avast to provide security assessment capabilities for its MSP partners. It released Managed Workplace 12, which integrates with its Intronis Backup service. Its aim is to deliver a more security-focused RMM platform for MSPs.
- Barracuda’s private equity owner, Thoma Bravo, also owns MSP software providers, including ConnectWise, Continuum and SolarWinds, which could be combined together. Its focus on cloud products, as well as its alliances with AWS and Azure, give it a renewed competitive edge.

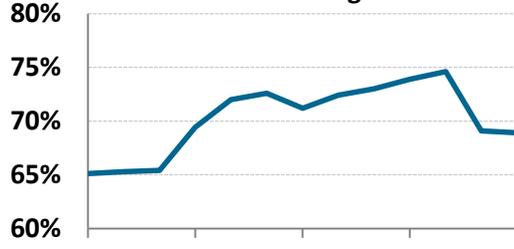


VB rating
October 2019:
68.9%

H1 2019 market share:
7.5%

H1 2019 Shipment growth:
8.0%

12-month rating trend



Month	Rating (%)
Oct 18	65
Jan 19	72
Apr 19	71
Jul 19	75
Oct 19	69

✓ Highest rated benchmark metrics

- Quality of technical support provided to channel (7.1)
- Product availability and supply (7.1)

✗ Lowest rated benchmark metrics

- Managing direct sales-partner conflicts (6.7)
- Marketing activities and lead generation (6.6)

- Check Point launched its new global partner program, Check PointS in February 2019, designed to reward partners for customer engagement, including sales meetings with C-Level executives and product demos, rather than just on revenue. It aims to drive sales of newer cloud and mobile offerings.
- The program aims to remove complexity for partners. Check Point’s slow responsiveness to requests have delayed sales in the past. Rigid processes also made operations such as renewals and maintaining partnerships challenging, while Check Point’s direct sales were cited as interfering in opportunities.
- Its Infinity Total Protection consumption model enables customers to deploy endpoint, network, cloud and mobile security on an all inclusive, per-user, per-year subscription basis.

EMEA performance highlights – selected vendors



VB rating
October 2019:
68.5%

H1 2019
market share:
9.2%

H1 2019
Shipment growth:
15.3%

✓ Highest rated benchmark metrics

- Quality of technical support provided to channel (7.5)
- Product availability and supply (7.0)

✗ Lowest rated benchmark metrics

- Ease of doing business (6.3)
- Managing direct sales-partner conflicts (6.2)

- Cisco has focused on improving partner profitability in cybersecurity by providing higher front-end partner margin. It invested in partner education and support with enablement platforms.
- Cisco’s MSLA enables partners to launch new offerings on a usage basis without upfront investment. It also allocated dedicated MSP resources to help partners build Managed Security Services. Post-paid consumption models for customers also allow partners to offer more flexibility at a lower entry cost.
- Recent acquisitions, such as Duo, have added expertise and new MSPs to its partner ecosystem. Cisco was rated highly on the quality of its technical support, but with such a large ecosystem it needs to focus on being more proactive in managing conflicts between resellers and its direct sales team.



VB rating
October 2019:
67.6%

H1 2019
market share:
1.7%

H1 2019
Shipment growth:
6.3%

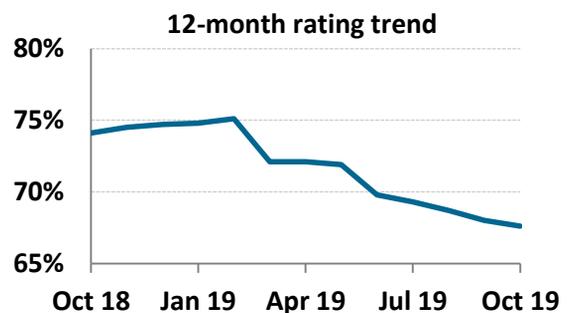
✓ Highest rated benchmark metrics

- Product availability and supply (7.9)
- Quality of technical support to the channel (7.5)

✗ Lowest rated benchmark metrics

- Marketing activities and lead generation (6.1)
- Managing direct sales-reseller conflicts (6.1)

- ESET’s channel strategy is to open collaboration between direct and indirect routes to market. A key driver for this is to have a local presence in each major region and work closely with channel partners. New sales offices in Milan and Japan were aimed at building stronger channel networks at a country level.
- ESET is focused on providing local resources to support specialized channel partners and enterprise customers. Key markets are covered by a two-tier distribution model for the enterprise segment. It is focused on growing market share outside Europe and continued to invest in its APAC and Americas channels.



EMEA performance highlights – selected vendors

VB rating October 2019:
69.5%

H1 2019 market share:
6.9%

H1 2019 Shipment growth:
20.7%

12-month rating trend

✓ Highest rated benchmark metrics

- Product availability and supply (7.8)
- Quality of technical support to the channel (7.4)

✗ Lowest rated benchmark metrics

- Managing direct sales-reseller conflicts (6.5)
- Marketing activities and lead generation (5.7)

- Fortinet announced plans to launch a new partner program at the start of 2020, which will be customized to better support different partner business models. The program will have Advocate, Advanced and Expert levels based on revenue and certifications, which replace the current Silver, Gold and Platinum tiers. Its existing program was updated with a new deal registration policy, modular training curriculum and incentive programs aimed at enablement activities.
- It also added to its headcount within its channel organization. Fortinet is increasing its focus and engagements with its top specialist partners, while relying on key distributors such as Exclusive Networks and Ingram Micro to manage the rest of its ecosystem.

VB rating October 2019:
70.7%

H1 2019 market share:
1.0%

H1 2019 Shipment growth:
1.3%

12-month rating trend

✓ Highest rated benchmark metrics

- Quality of technical support to the channel (7.5)
- Ease of doing business (7.4)

✗ Lowest rated benchmark metrics

- Generating growth through service and support (6.5)
- Marketing activities and lead generation (6.3)

- F5 Networks has focused on moving its traditional VARs to MSP models. It enabled a flexible consumption model for all solutions to drive flexibility and growth and provide administration control to partners. To grow its cloud-native application services portfolio, it launched a new AWS SaaS Enablement Framework.
- It unveiled its new F5 Unity+ partner program to incentivize and reward partners selling application services and solutions, which replaces the previous hardware-centric model. The acquisition of NGINX helped accelerate its cloud-based model strategy. A new Partner Relationship Management platform was also introduced to improve partner-facing tools, content and marketing for partner sales.

EMEA performance highlights – selected vendors



VB rating
October 2019:
62.0%

H1 2019
market share:
4.2%

H1 2019
Shipment growth:
8.5%

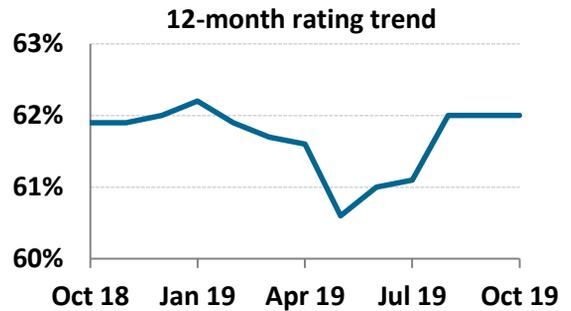
✓ Highest rated benchmark metrics

- Product availability and supply (7.0)
- Quality of technical support to the channel (6.8)

✗ Lowest rated benchmark metrics

- Marketing activities and lead generation (5.6)
- Ease of doing business (5.5)

- IBM has a diverse product portfolio and needs to invest more to call out its cybersecurity product capabilities. With its divestiture of its BigFix product line, many partners have lost a key solution that drove a cybersecurity relationship with IBM.
- IBM's partner program has shifted to focusing on partners' skills, capabilities and competencies. It is seeking new-generation partners, including MSPs and cloud partners.
- It launched a new managed service security program with an aggressive tactic to sell services via an indirect model. IBM is giving partners' sales reps incentives for every new security license and SaaS product sold.



VB rating
October 2019:
66.0%

H1 2019
market share:
0.9%

H1 2019
Shipment growth:
4.4%

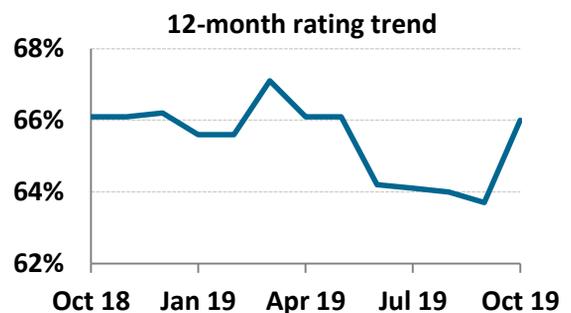
✓ Highest rated benchmark metrics

- Product availability and supply (6.9)
- Quality of technical support to the channel (6.9)

✗ Lowest rated benchmark metrics

- Usefulness of portals and electronic tools (6.3)
- Marketing activities and lead generation (6.2)

- Juniper Networks has increased focus on its security portfolio in the past 12 months and has established a managed services business model.
- This includes initiatives such as its MSSP post-paid program for virtual firewalls, Service Provider as a Channel (SPaaS) and its Managed Customer Premises Equipment (CPE) program.
- Juniper Networks added new security campaigns to its Partner Marketing Portal.
- It arranged regional boot camps to train partners with an emphasis on SRX GUI. Juniper will be focused on generating growth through security services and will continue its security marketing activities.



EMEA performance highlights – selected vendors

VB rating
October 2019:
70.8%

H1 2019
market share:
2.1%

H1 2019
Shipment growth:
8.2%

✓ Highest rated benchmark metrics

- Product availability and supply (7.7)
- Accreditation and specialisation programs (7.3)

✗ Lowest rated benchmark metrics

- Margin retention and overall profitability (6.7)
- Marketing activities and lead generation (6.7)

12-month rating trend

Month	Rating (%)
Oct 18	66.5
Jan 19	67.0
Apr 19	66.5
Apr 19	69.0
Jul 19	69.5
Oct 19	71.5

- Kaspersky launched its Kaspersky United partner program at the beginning of 2019, enabling partners to focus on selling Kaspersky products matching their respective specializations. The new program offers pay-as-you-go buying models, new volume discounts, deal registration and MDF tools. It also introduced a revamped partner portal that leverages Salesforce.com’s partner community.
- Kaspersky is focused on strengthening its relationships with MSPs and a recent partnership with the SolarWinds RMM platform was an important initiative.
- After the geopolitical challenges faced by Kaspersky, it has managed to survive the headwinds, showing strong performances in regions outside the United States.

VB rating
October 2019:
55.4%

H1 2019
market share:
3.9%

H1 2019
Shipment growth:
-1.0%

✓ Highest rated benchmark metrics

- Margin retention and overall profitability (5.9)
- Usefulness of portals and electronic tools (5.8)

✗ Lowest rated benchmark metrics

- Marketing activities and lead generation (4.7)
- Effectiveness of their account management (4.5)

12-month rating trend

Month	Rating (%)
Oct 18	57.5
Jan 19	57.8
Apr 19	55.5
Jul 19	55.8
Oct 19	55.5

- McAfee announced plans to launch a new partner program in the first quarter of 2020. MPACT will better support the different business models of its partners, as well as enable partners on its newer Mvision Cloud, EDR and Insight offerings through training. It is bringing together its channel organization and sales engineers to work more closely with its Platinum and strategic partners. The new program will focus on deal registration.
- Feedback from partners indicate a decrease in marketing activities and support, as well as more direct engagements. Partners are also demanding more engagement from McAfee to avoid losing opportunities to competitors. Reports of a potential IPO have emerged.

EMEA performance highlights – selected vendors



VB rating
October 2019:
68.6%

H1 2019
market share:
4.8%

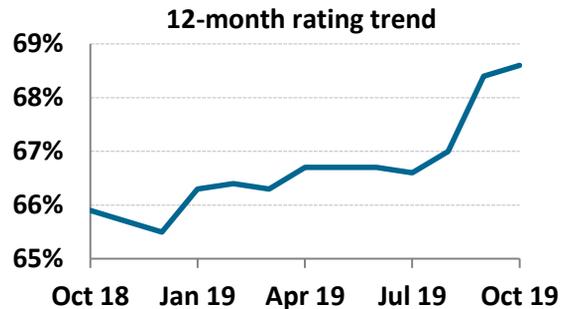
H1 2019
Shipment growth:
26.6%

✓ **Highest rated benchmark metrics**

- Product availability and supply (7.4)
- Quality of technical support to the channel (7.1)

✗ **Lowest rated benchmark metrics**

- Generating growth through service and support (6.7)
- Managing direct sales-partner conflicts (6.5)



- Palo Alto Networks enhanced its NextWave Partner Program by adding new initiatives, such as the NextWave Managed services program with customized incentives for MSPs.
- Partners are encouraged to sell across the full portfolio with modified incentives and rebates that have displaced its traditional discount structure. The success of this new program roll-out will determine if Palo Alto can sustain its Champion position.
- Its partners rate the vendor highly on the quality of its technical support. This support is critical as Palo Alto Networks is moving toward cloud integration by product updates but still needs to work on multitenancy functionalities.



VB rating
October 2019:
63.6%

H1 2019
market share:
3.5%

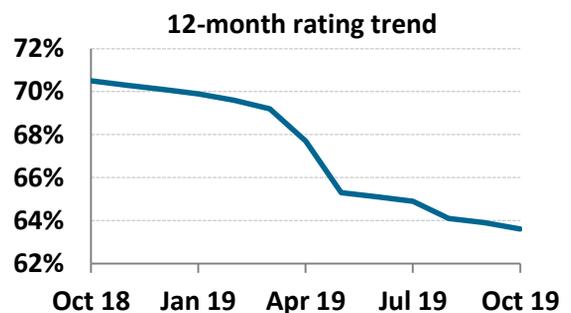
H1 2019
Shipment growth:
2.5%

✓ **Highest rated benchmark metrics**

- Product availability and supply (7.3)
- Accreditation and specialization programs (6.7)

✗ **Lowest rated benchmark metrics**

- Marketing activities and lead generation (5.8)
- Effectiveness of their account management (5.7)



- Sophos worked with more specialist partners to create strategic and customized offerings. The Sophos Central platform enables management of networks and endpoints, and has helped partners with cross-selling and up-selling to end customers.
- Sophos acquired DarkBytes, an endpoint platform company, to add expertise in MDR and SOAR. Prior to this it acquired cloud infrastructure security company Avid Secure to expand solutions in the public cloud environment. Its strategy to extend its existing solutions to cloud products have helped it grow.
- With product integration, its partner support portal has accelerated the sales process. End-customer awareness is higher and co-branding has encouraged more partner-generated leads.

EMEA performance highlights – selected vendors



VB rating
October 2019:
60.4%

H1 2019
market share:
4.8%

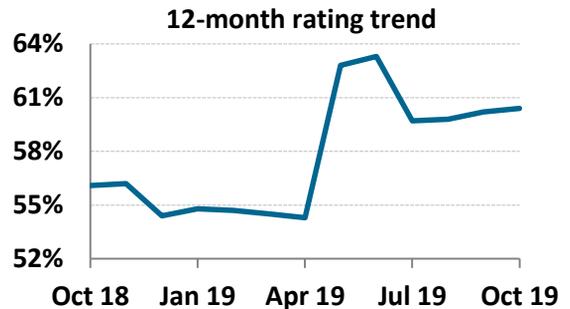
H1 2019
Shipment growth:
4.6%

✓ Highest rated benchmark metrics

- Product availability and supply (6.9)
- Quality of technical support to the channel (6.6)

✗ Lowest rated benchmark metrics

- Effectiveness of their account management (5.7)
- Marketing activities and lead generation (5.2)



- The proposed acquisition of Symantec’s Enterprise unit by Broadcom has raised concerns for the channel, given the plans to cut costs and focus investment on direct engagement in large accounts.
- The perception of Symantec among its partners have improved, as it transitions its business to a more services-based model. Positive initiatives include Symantec Knights, which are named Symantec evangelists within channel companies, to drive Symantec initiatives. Likewise, its online cloud demo program has been well received by many partners. Previously, partners were unsatisfied with delays in renewal processes with complaints that its portals were not providing timely and accurate information. Symantec’s sales teams need to be proactive if it is to protect its large installed base.



VB rating
October 2019:
67.7%

H1 2019
market share:
3.1%

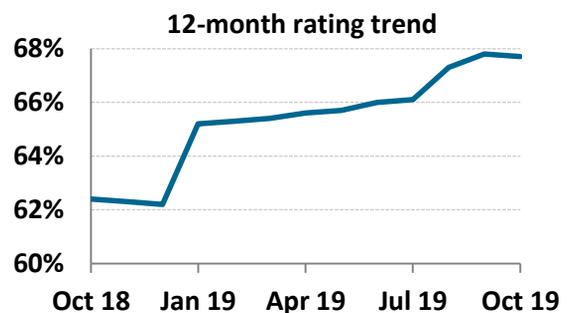
H1 2019
Shipment growth:
7.2%

✓ Highest rated benchmark metrics

- Product availability and supply (7.8)
- Usefulness of portals and electronic tools (6.9)

✗ Lowest rated benchmark metrics

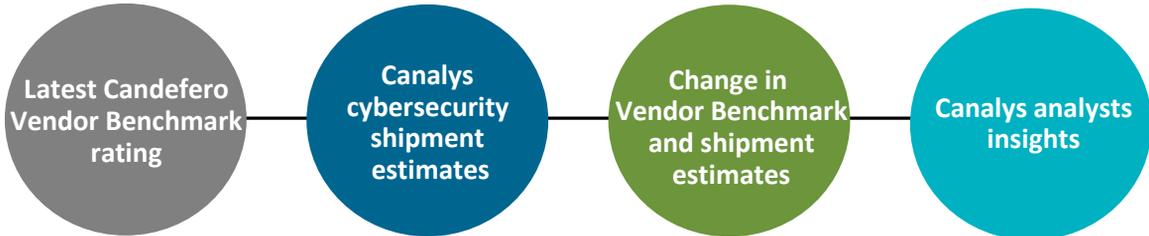
- Marketing activities and lead generation (6.3)
- Effectiveness of their account management (6.3)



- Trend Micro has taken steps to rebuild its MSP programs by making solutions like network, endpoint and email security available through a central licensing management platform, and has increased its number of supporting Account Managers. It also launched new MSP Accreditation.
- It is focused on restructuring its channel organization and incentivizing partners to sell new lines of business, as it continues to focus on expanding the commercial business segment. Trend Micro is one of the pioneers in the AWS marketplace, working closely across technical, sales and channel functions. It will play a key role in helping AWS understand how to involve partners in driving marketplace sales, and likewise will be a key advisor to help partners develop new consumption-based selling motions.

Canalys EMEA Cybersecurity Leadership Matrix 2019

About the Canalys Cybersecurity Leadership Matrix



The Cybersecurity Leadership Matrix assesses vendor performance in the channel, based on EMEA channel feedback into the Vendor Benchmark over the last 12 months, and an independent analysis of vendors, assessing vision and strategy, portfolio competitiveness, customer coverage, channel business, M&A activities, new product launches, recent channel initiatives launched, and future channel initiatives planned. The Vendor Benchmark tracks leading technology vendors around the world, collating the experiences that channel partners have when working with different vendors. Channel partners are asked to rate their vendors across the 10 most important areas of channel management.

The Canalys Cybersecurity Leadership Matrix provides a graphical representation to assess the performance of each vendor over time, and positions them in one of four categories:

- **Champions:** Vendors with high channel scores, which have shown both continued improvement in channel management, strategy and execution, and a commitment to driving future improvements.
- **Contenders:** Vendors with high channel scores, but which have seen declines in channel sentiment and/or a deterioration in channel commitment or execution.
- **Growers:** Vendors with low channel scores, but which have seen improvements in channel sentiment and performance.
- **Stragglers:** Vendors with low channel scores, which have seen channel sentiment and/or performance deteriorate or stagnate.

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