

The following is a brief summary of the findings from the 4Q08 delivery of our *Content Security Appliances and Software* quarterly worldwide market share and forecast service.

2008 WAS A GREAT YEAR

Worldwide content security gateway revenue was up 25% from 2007 to 2008, hitting \$1.9B, and will grow another 10% in 2009, bucking the harsh economic climate. The short and long-term opportunity for content security is strong; when McColo was shut down in November 2008 and overall spam volume was cut by two-thirds in a single day, there was some question about how resilient the spammers, malicious code authors, and black market economy really were; as of the end of February 2009, spam volume was nearly at its pre-November level. The consensus is that, like a virus, the spammers that survive will be more dangerous and more resilient; other factors that continue to drive the market:

- **Astronomical growth in the number and variety of threats:** the availability of commercial hacking tools, rental botnets, and the emergence of a real black market economy signal the transformation of hacking from hobby to business
- **Regulation and compliance:** several major vendors reported anecdotally that large and small customers are planning to move full steam ahead on regulatory/compliance-based security projects
- **Service provider spending on security:** carriers are still upgrading their networks to support massive growth in traffic (wired and wireless) and are just starting to catch up with the security deployments needed to support the new networks they've deployed; most carriers around the globe are in a very healthy financial state entering this downturn, and will need to continue investing in security; data centers and mobile backhaul networks are two prime targets
- **Cloud-based services and software-as-a-service:** these have been talked about as an IT savior during down times, offering companies the ability to pay for only what they need at any point in time, and to bypass the need for credit to secure hardware; though it may seem that growth in SaaS could hamper content security gateway sales, the truth is the technology still has to be purchased and deployed; it's just a matter of which edge it sits at (the customer's or the carrier's)

WEBSense LEADS THE MARKET

For 2008, In the total content security gateway market (appliances and software), Websense ranks first in revenue with 14.3% market share, due to:

- Their focus on blended threats, necessary for dealing with today's complex threats
- Their strong position in the software market at a time when the software opportunity is being re-invigorated by growth in cloud-based services in SaaS