

CIMA 2019

Cybersecurity Industry Market Analysis

ECSC EUNITY Workshop

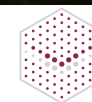
Ulrich Seldeslachts, CEO LSEC, Chair ECSC WG2

Brussels, January 24th, 2019

ConnectedFactories



TAKEDOWN
Identify . Prevent . Respond



LSEC
LEADERS IN SECURITY

CIMA : Cybersecurity Industry Market Analysis



Cybersecurity Industry Market Analysis

CIMA

FINAL REPORT

A study prepared for the European Commission
DG Communications Networks, Content & Technology
by:



Cybersecurity Industry Market Analysis CIMA

November 2018



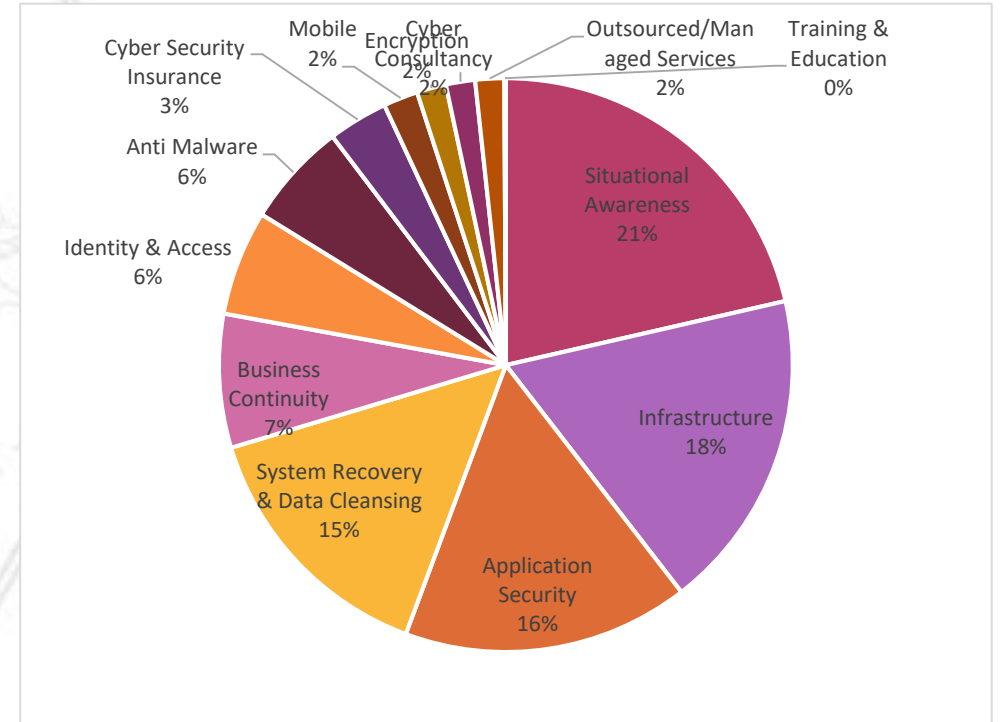
Provide EU Commission independent and unbiased industrial cybersecurity strategy

- Survey cybersecurity markets and quantify the European industry and service sectors in this ICT product and service portfolio
- Survey the import and export flows of cybersecurity products. Who are the large exporters and who are their clients?
- Survey the cross border trade flows in the European Union

Cybersecurity Spending likely exceeding Cybercrime

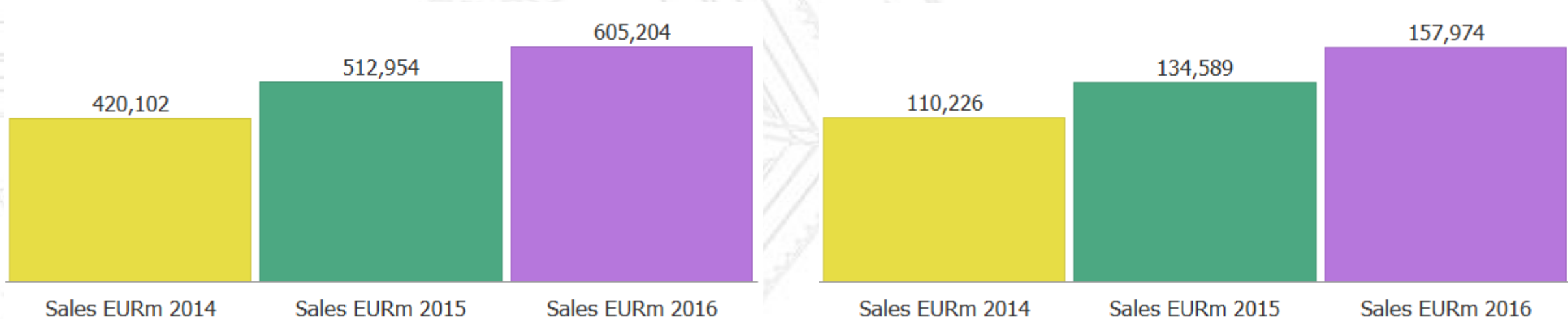


- Cybercrime costs the global economy \$450 billion (Hiscox Insurance, 02/2017)
- Cost to the global economy of cybercrime has been estimated at \$445 billion a year (World Economic Forum, 02/2017)



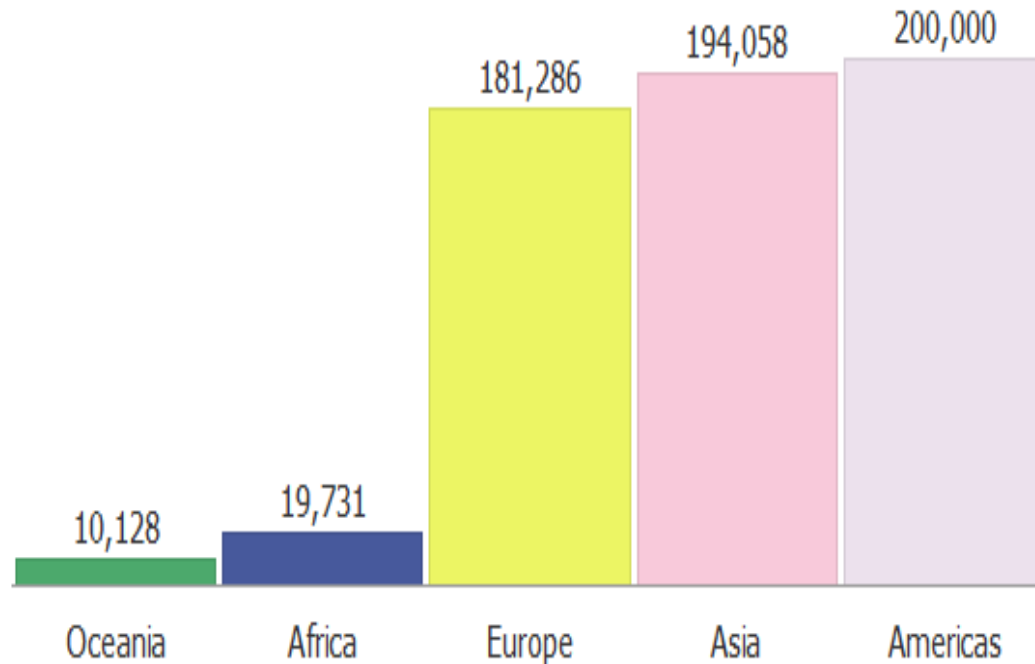
- Cybersecurity Economic Trade (Sales) amounted to €650 billion in 2016
- Biggest Spent is Situational Awareness and Intrusion Detection
- Only just over 500 mio € was spent on training and education

Global vs EU Cyber Market 2014 through 2016 - Spending



- Global market value of EUR 605bn in 2016
- 18% increase from 2015, compared with an increase of 22% between 2014 and 2015
- EU market value of EUR 158bn in 2016
- 17.4% increase from 2015, compared with an increase of 22% between 2014 and 2015
- EU accounts for 26.3% of global market

Global Cyber Spending View – Europe vs RoW



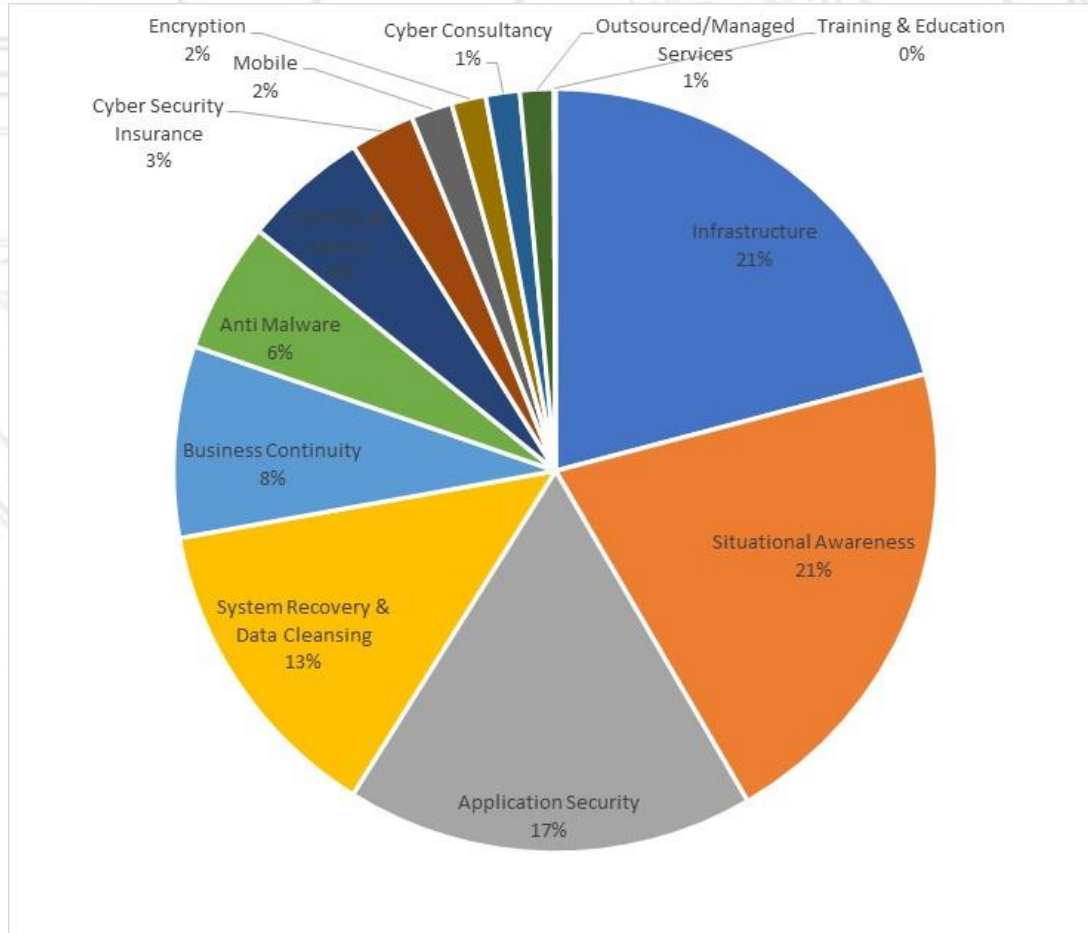
Country	Ranking	2014	Market Share %	2015	Market Share %	2016	Market Share %
USA	1	106,082.6	25.3	129,394.2	25.2	152,841.0	25.3
China	2	38,621.3	9.2	46,770.4	9.1	54,464.2	9.0
Japan	3	35,278.5	8.4	43,014.3	8.4	50,386.0	8.3
Germany	4	23,431.9	5.6	28,965.4	5.6	34,260.9	5.7
UK	5	21,597.6	5.1	26,698.1	5.2	31,949.7	5.3
India	6	17,849.5	4.2	21,513.6	4.2	25,070.2	4.1
France	7	16,449.4	3.9	19,888.7	3.9	23,302.2	3.9
Italy	8	14,127.6	3.4	17,291.4	3.4	19,909.7	3.3
Canada	9	9,295.1	2.2	11,248.1	2.2	13,189.8	2.2
Spain	10	8,557.7	2.0	10,251.9	2.0	11,943.0	2.0
Brazil	11	7,527.9	1.8	9,055.3	1.8	10,436.2	1.7
Russia	12	7,092.9	1.7	8,474.9	1.7	9,783.3	1.6
Taiwan	13	5,606.2	1.3	7,301.7	1.4	9,360.3	1.5
Australia	14	6,105.3	1.5	7,423.5	1.4	8,698.0	1.4
Mexico	15	4,899.5	1.2	5,832.8	1.1	6,722.0	1.1
Pakistan	16	2,512.6	0.6	4,191.3	0.8	6,673.3	1.1
Netherlands	17	4,536.2	1.1	5,520.3	1.1	6,485.1	1.1
South Africa	18	4,596.6	1.1	5,561.3	1.1	6,415.2	1.1
South Korea	19	4,451.4	1.1	5,282.5	1.0	6,026.4	1.0
Indonesia	20	4,226.6	1.0	5,056.7	1.0	5,816.6	1.0

** Overall, the top 10 countries accounted for 69% of Cybersecurity sales in all three years and the top 20 countries accounted for 82%.*

CyberSecurity Industry Market Analysis 2018 : Global

- Cybersecurity market is globally a EUR 600 billion market, that is expected to grow in the next five years on average by approximately 17% in terms of sales, number of companies and employment. The largest market is North America, followed by Asia and Europe.
- Looking at global sales figures the **USA is the dominant country** (25.3% of global sales) followed by China (9%), Japan (8.3%) and Germany (5.7%). In Sales terms the **EU (including the UK) represented 26% of the global market in 2016**, above the USA, making the **EU the single largest Cybersecurity market** in the world **when accounted for as a single market**.

European Spending in Products and Services Breakdown

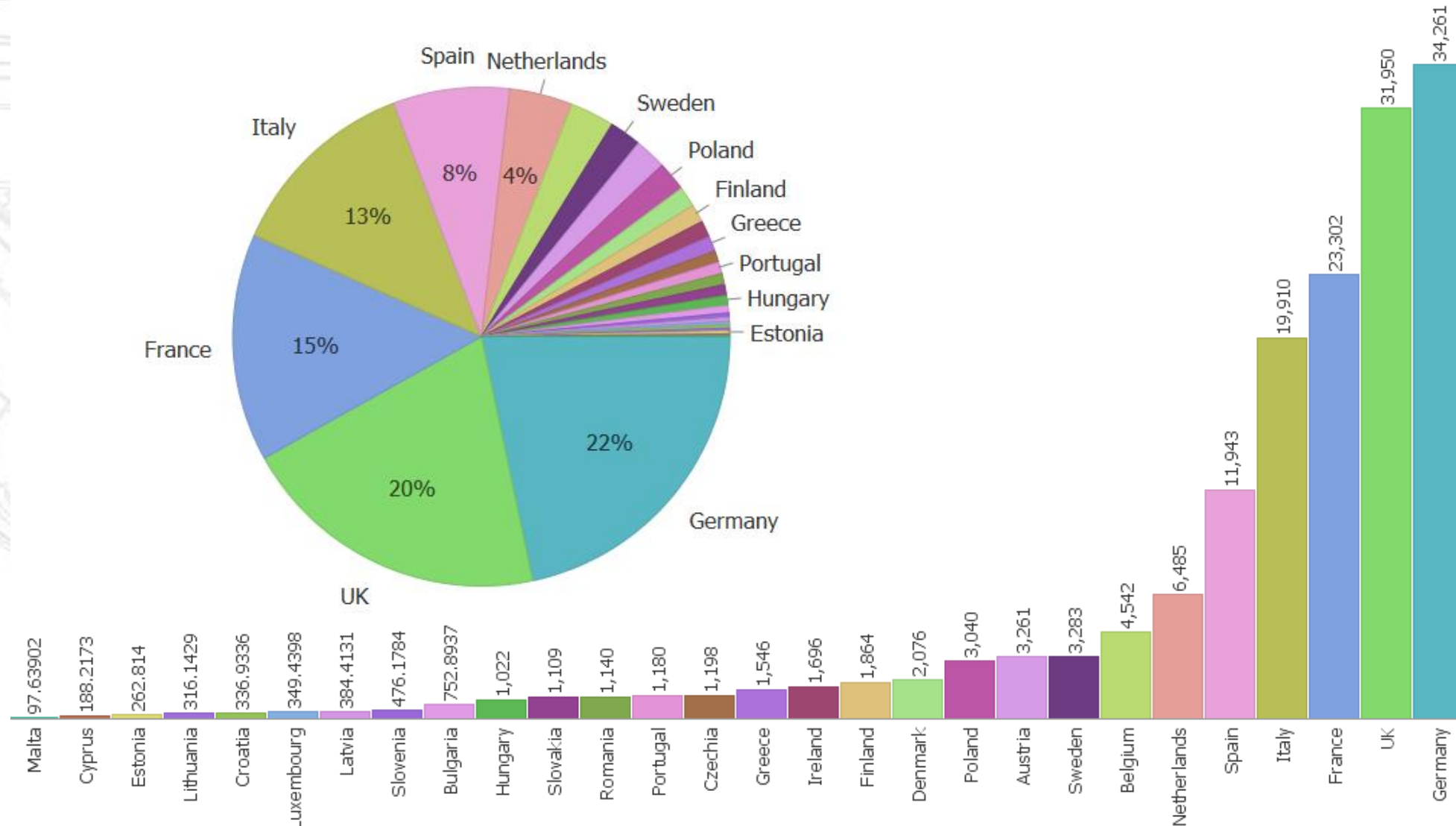


- Majority of the spending in **infrastructure** and **intelligence** (situational awareness)
- More **mature markets** spend more in **detection and prevention**, less mature markets spend more in incident management and recovery
- **Training and Education** only account for 500 m EUR
- Products and services **heavily fragmented** (over 1100 categories (level 5))
- **Continued growth** from **all product and services categories**, strongest growth still from top domains (Infrastructure, Application Security, Situational Awareness)

CIMA 2018 Update

- From both a sales, company and employment perspective, **Situational Awareness** has been the **largest Cybersecurity market**, followed by Infrastructure and Application Security spending. The global Cybersecurity market has grown rapidly across all sub-sectors over the last 3 years, varying from 5% for Training and Education to 25% for Identity and Access and for Outsourced/ Managed Services in 2015/16, with the number of global companies and employment growing at similar rates. Each Cybersecurity sub-sector is forecast to continue growing rapidly at a similar rate (above 10% per annum out to 2021) apart from Training and Education which is forecast to grow at a rate of just above 5%.

Cyber Security Spending per EU Country



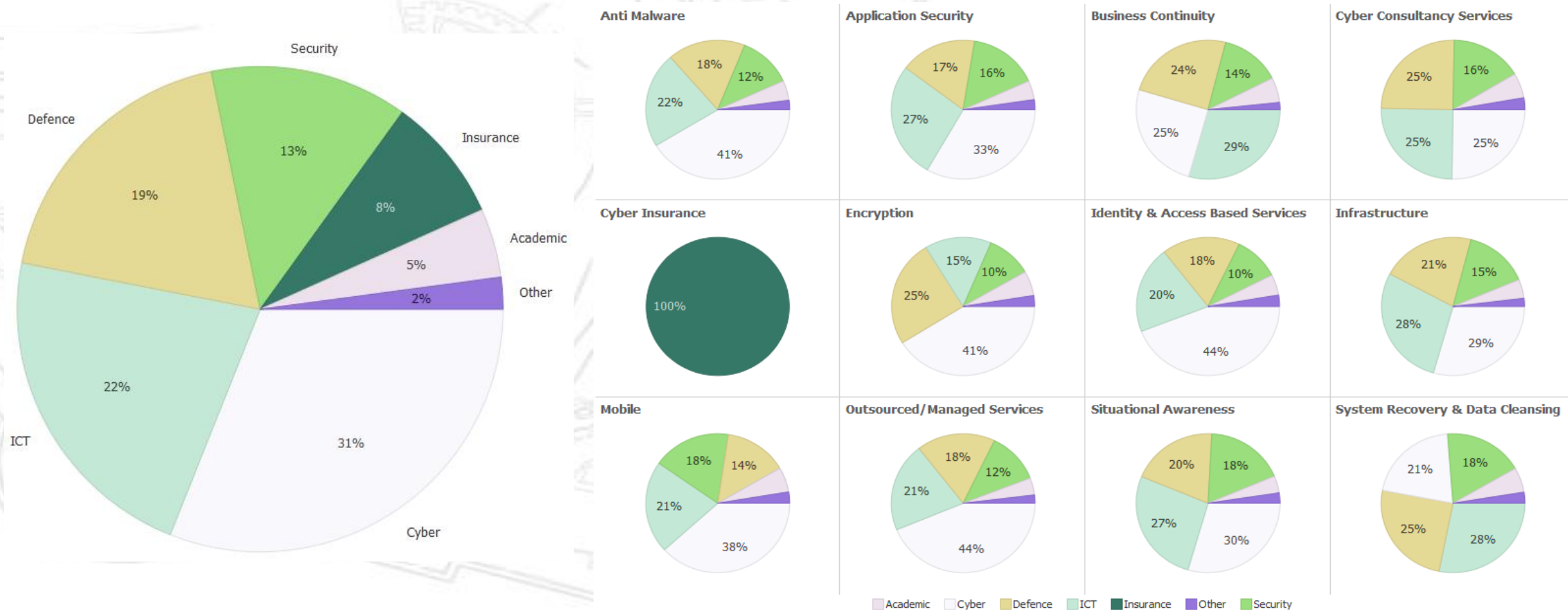
Cybersecurity Industry Market Analysis : Europe

- The EU Cybersecurity market has **grown** rapidly across all sub-sectors over the last 3 years, varying from **4% for Training and Education to 26% for Encryption in 2015/16**, with the number of EU companies and EU employment growing at similar rates. **Each Cybersecurity sub-sector is forecast to continue growing rapidly at a similar rate (above 10% per annum to 2021) apart from Training and Education which is forecast to grow at a rate of just above 5%.** Infrastructure (19%), Situational Awareness (17%) and Application Security (17%) are the largest EU sub-sectors in sales terms.

European Landscape continued

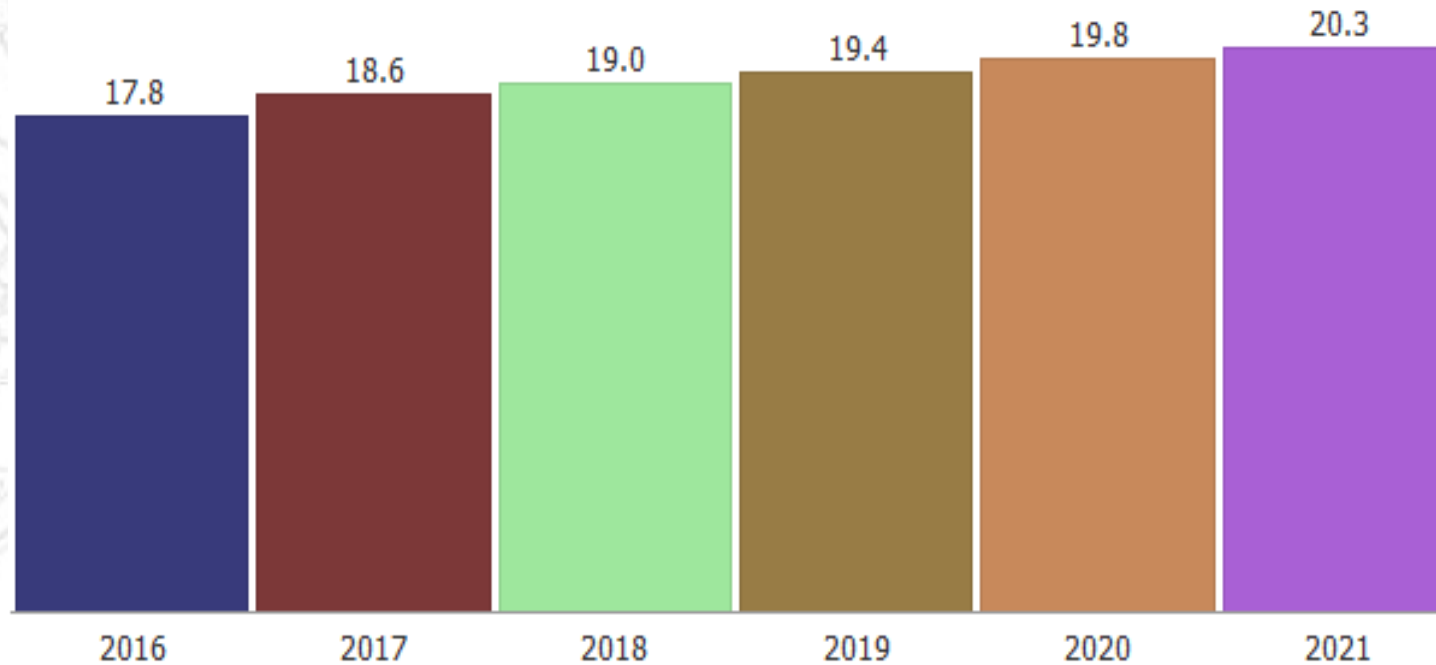
- **Europe is the location for the corporate headquarters of 14%** of the top 500 global Cybersecurity providers, compared to 75% for the Americas (North and South), 7% for Israel and 4% for Asia.
- **Cybersecurity activities and companies have not emerged solely from the ICT sector, but from across a range of market sectors.**
Looking at the sectors involved in delivering Cybersecurity products and services for the EU in 2016, **31%** of the sales value originates from companies that are **solely** involved in the **Cybersecurity** sector, 22% originates from companies whose core business is ICT, 19% originates from companies whose core business is Defence/Aerospace and 13% from companies whose core business is Security.

EU Cybersecurity Industry Market Breakdown*



*rely on some subjective assessments of company core activities and estimates of the proportion of revenues relating to Cybersecurity

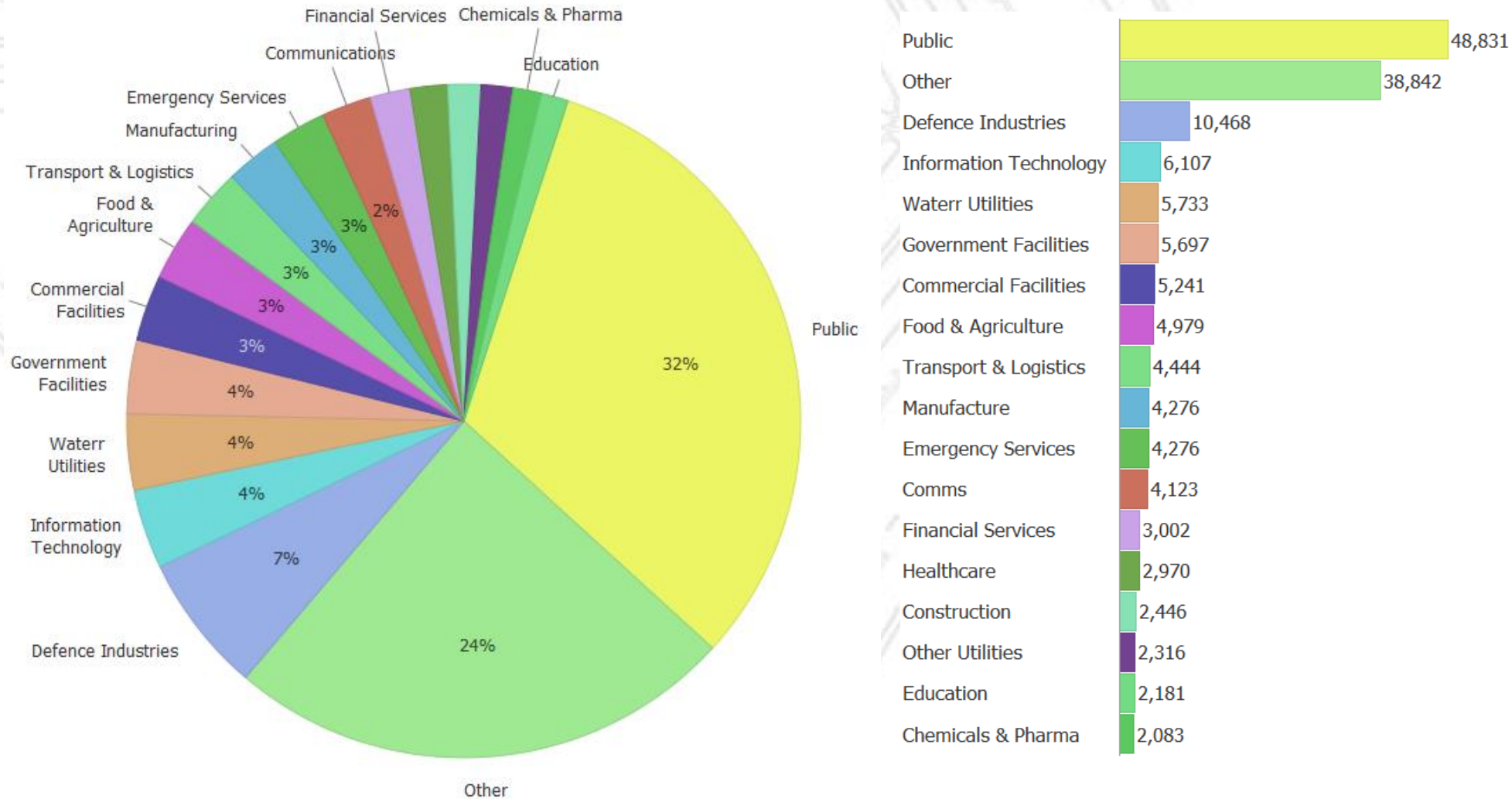
EU Market Growth Potential – 2016 – 2020 (CAGR in %)



CIMA 2018 Update : EU Exec Summ : Public – Private - Import

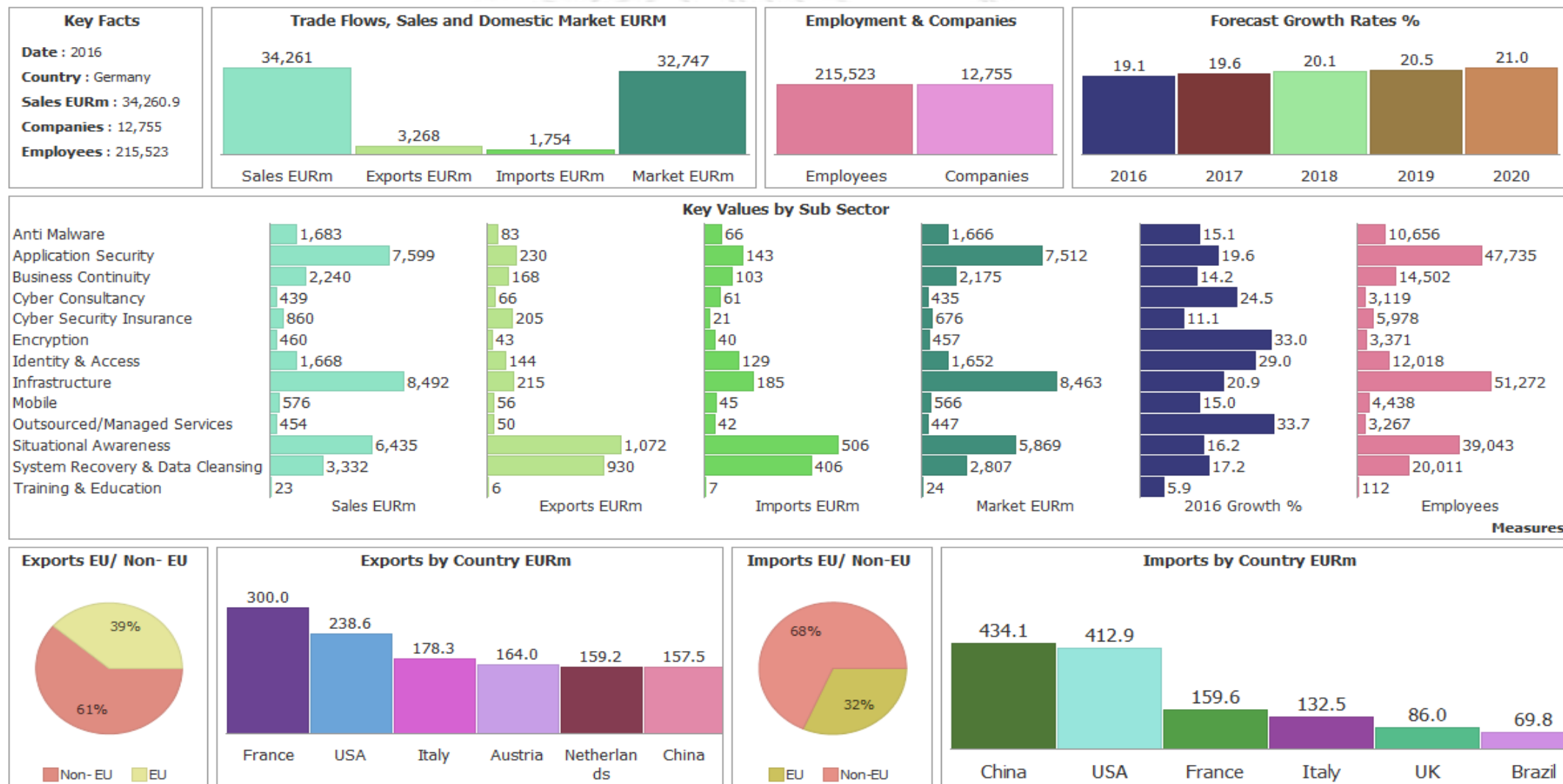
- 16 end user categories, based upon the Cybersecurity market flows. The EU End User markets in sales terms comprise **Private users (45% of sales)**, **Public users (31%)** and “Other” users (25%). The “Other” category is large because it includes retail activities (10%) and un-attributable activities (10%). The Public Sector Cybersecurity market ranges between 24% (Germany) to 48% (UK).
- **The EU imports EUR 8.5 billion from outside the EU**, which is approximately **5.3% of the total EU Cybersecurity market in 2016**. The percentage of imports into each Member State from within the EU (as opposed to outside the EU) varies significantly by country, from 17% for the UK through to 53% for France (2016 figures). **Member States on average import 30% of products/ services from other EU countries and 70% from outside the EU**: their EU imports range from 20% for Encryption and Outsourced/ Managed Services through to 32% for Situational Awareness and System Recovery and Data Cleansing

European Perspective End User Breakdown



- 32% Public
- 68% Private, of which 24% is unattributed
- 44% relates to 16 industries
- Public % varies between 25-43% across the EU

CIMA 2018 Update : Country Reports - Germany



CIMA 2018 Update : Country Reports - France

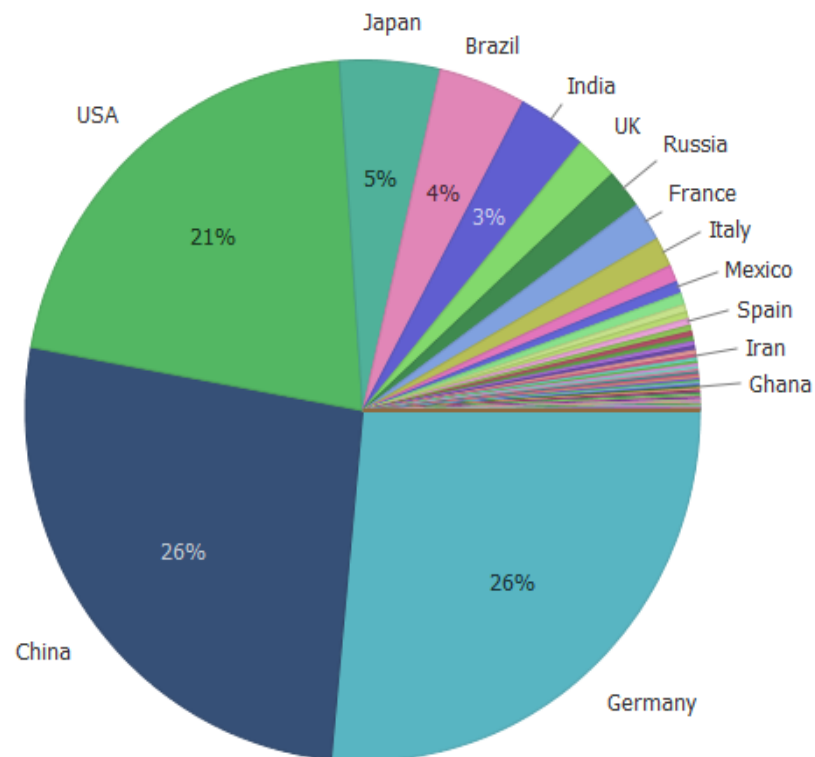


CIMA 2018 Update : EU Exec Summ – EU Competitiveness

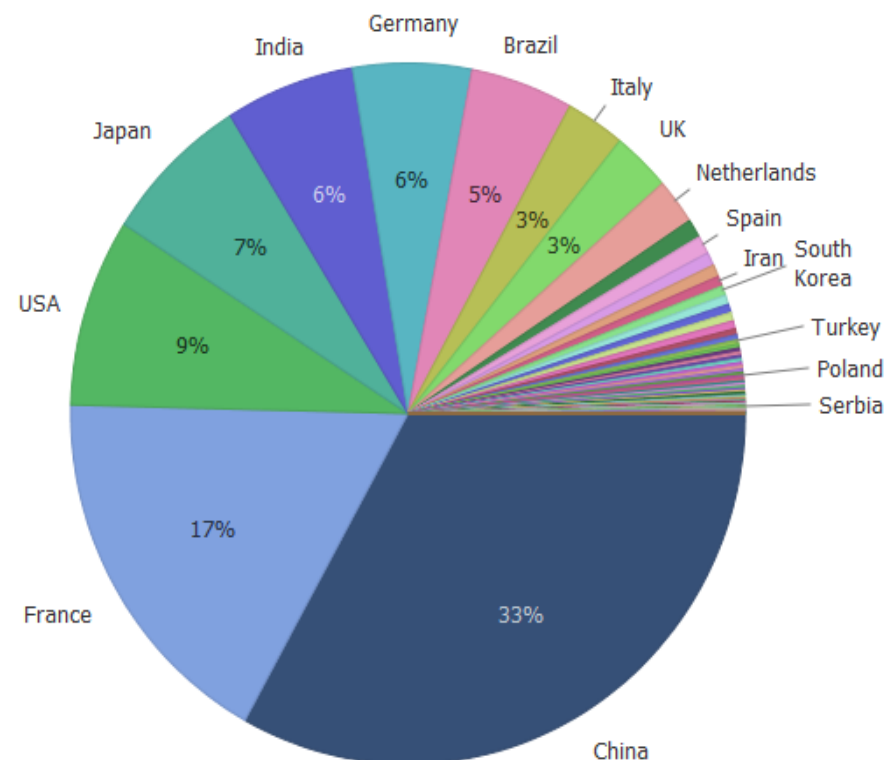
- Cybersecurity activities and companies have emerged from a range of market sectors where Europe is strong (ICT, defence/ aerospace and security) – this offers **future opportunities**.
- The **Digital Single Market** will promote Cybersecurity in the EU. The **NIS directive** will stimulate EU critical infrastructure sectors to address Cybersecurity and this will create an opportunity for EU Industry.
- Public users form a significant part of the EU End User market in sales terms (at least 31%) and so **public procurement** policies can significantly influence the Cybersecurity market.
- While the USA is the EU's main competitor in global markets (followed closely by China), China followed by the US is the main competitor to EU suppliers in EU markets and specifically in the smaller EU countries.

CIMA 2018 Update : Imports by Country of Origin per EU MS

Austria

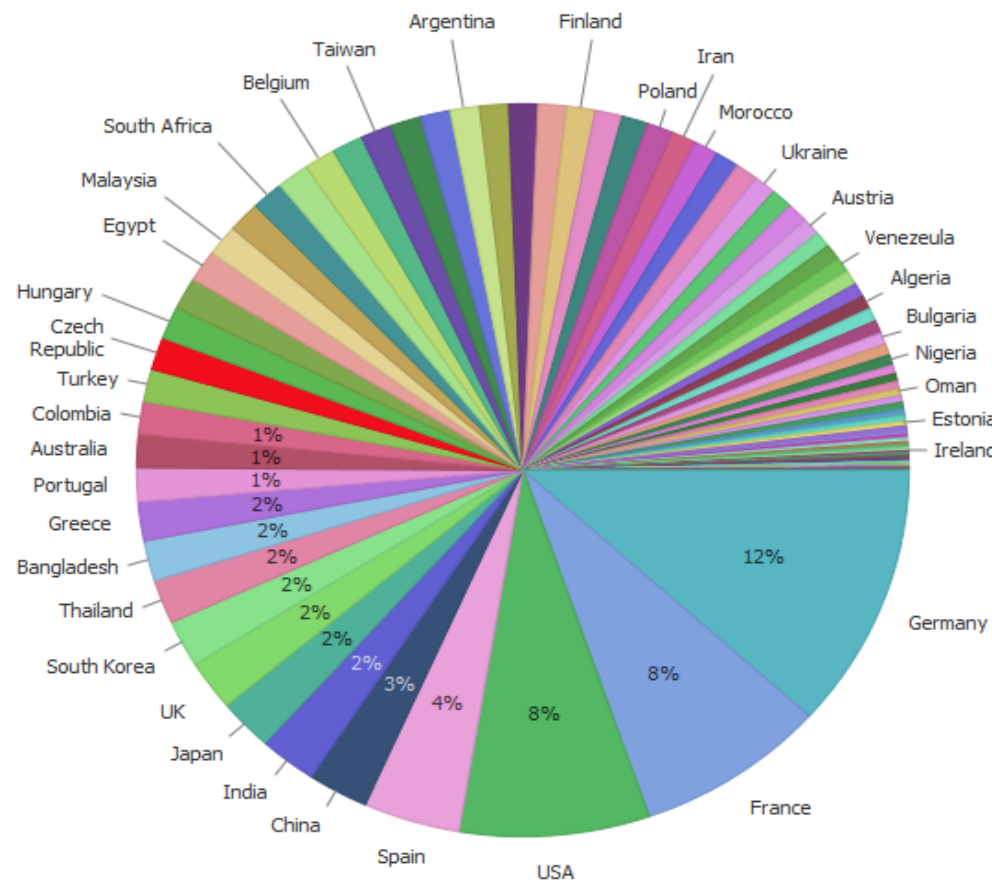


Belgium

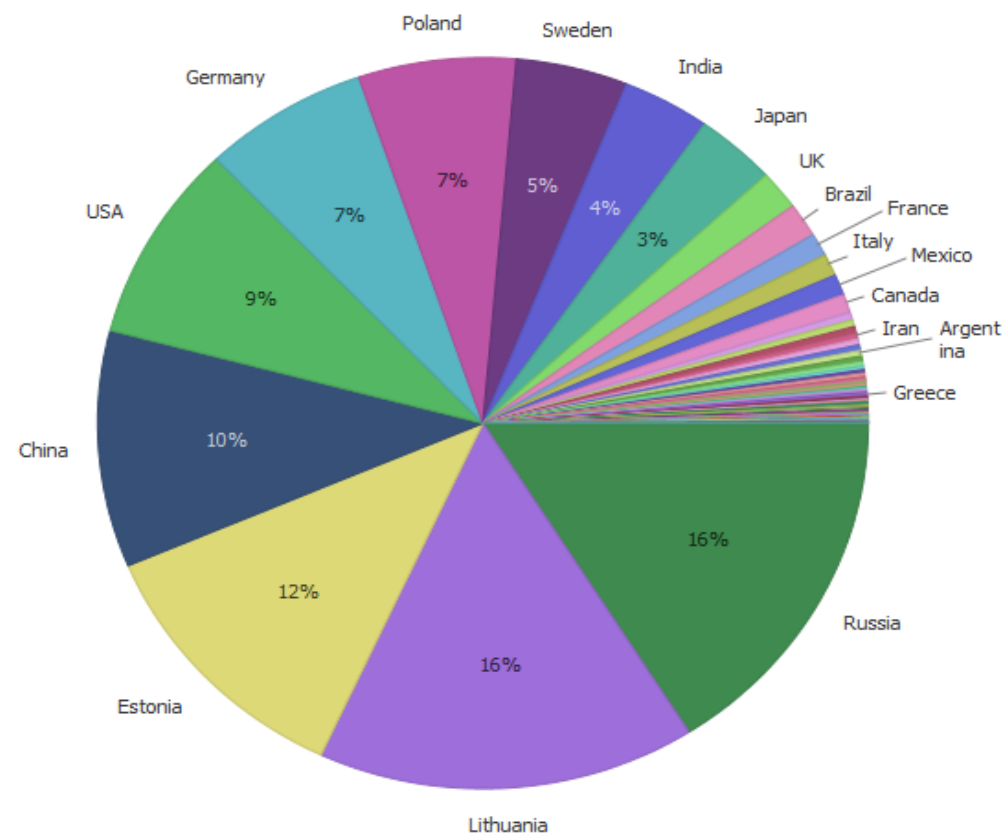


CIMA 2018 Update : Exports by Country of Origin per EU MS

Italy

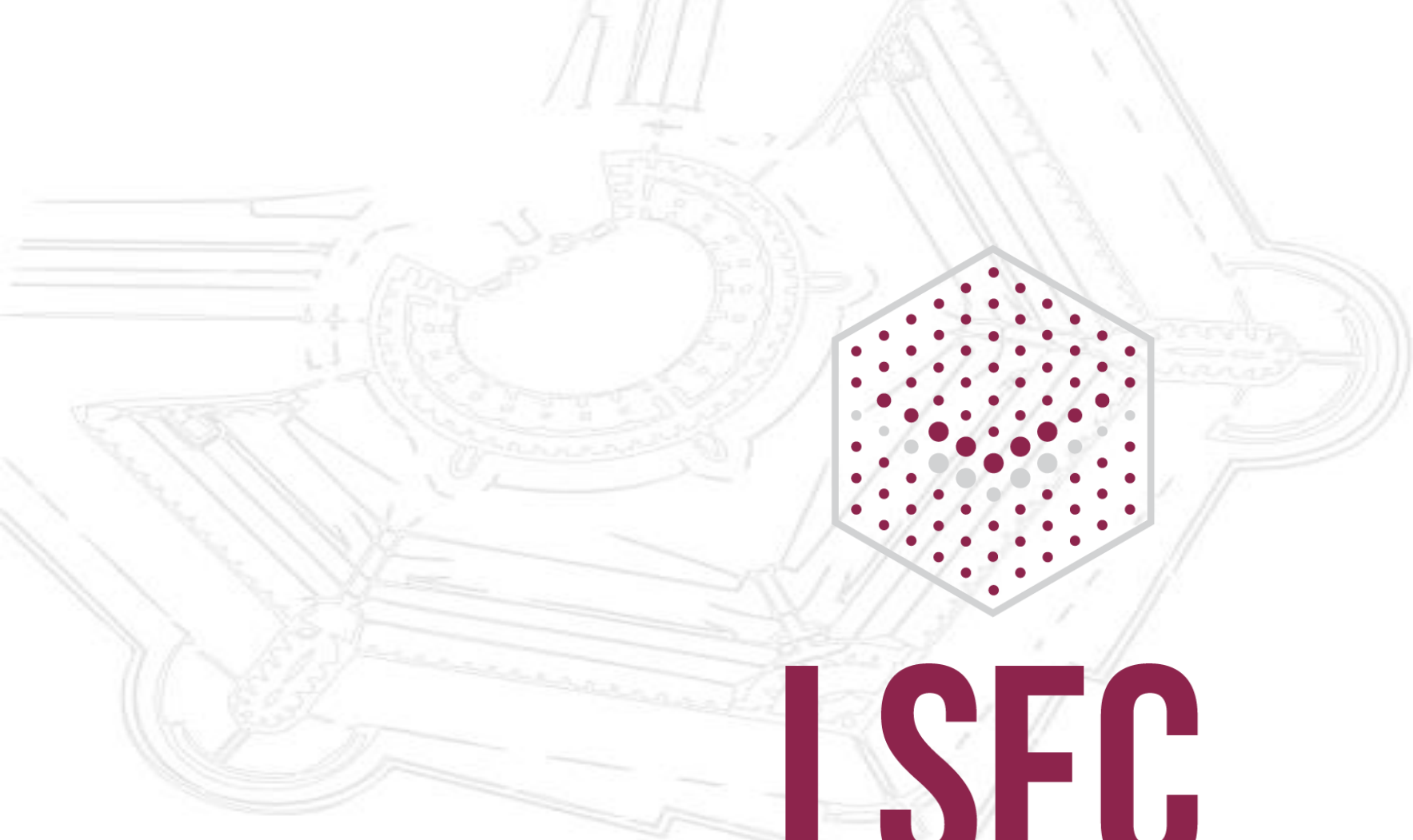


Latvia



2019 Update

- Current document to be published relying on 2016 market data
- While this is still relevant, published by the EC, it won't have a long lifetime
- LSEC, ECSO & partners could publish and update of the 2018 report focusing on relevant data, updating numbers and using the materials to support the further policy discussions
- Updated data could be published as an interactive market analysis, as a interactive tool allowing to browse per country and per category, linking it to the radar;
- This might be in collaboration with the EC & Japan EUNITY



LSEC

LEADERS IN SECURITY

www.lsec.eu

NOT THE END

More information, slides and follow-up

www.lsec.eu

www.3if.be - [.eu](http://www.3if.be)

Q or C

Ulrich Seldeslachts

ulrich@lsec.eu

+32 475 71 3602



AGENTSCHAP
INNOVEREN &
ONDERNEMEN

