

CRN

SPECIAL REPORT

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A *CRN* INSIGHT INTO

HOSTED SECURITY

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Securing Your Web World



editorial Fleur Doidge

If you love it, set it free

Security once meant holding on tight, but as IT security rises into the cloud it may benefit customers and channel, writes **Fleur Doidge**

Industry stargazers have been talking up cloud computing for years. We believe that a subset – Software as a Service (SaaS) – may hold the juiciest opportunities for the channel.

Security and virtualisation are big trends for 2009. So, in offering security software as a service, partners are targeting markets with both barrels.

Security has long been dear to the hearts of profitable VARs. Just over the horizon lies virtualisation, which allows users to make the most of their IT to advance their businesses without being held back by capex or physical limitations such as geographical location.

An ascent into the cloud means channel partners can learn to untie themselves from slender hardware margins and technology refresh cycles.

Security SaaS will not only win the hearts of large organisations with large efficiencies to gain. Partners in this *CRN Special Report* show that the opportunities exist for sales to all sizes of organisation, with the critical selling points

of reducing cost and complexity remaining – whether the prospect is a home-based business with five staff or a corporation with thousands of seats.

Trend Micro has launched a security SaaS portfolio that will even suit micro-business customers and says it has also made its offering simple enough and appropriate for the smallest, least specialised resellers.

In offering security software as a service, partners are targeting markets with both barrels

Trend Micro is not the only player in this newer game, although it may be one of the earlier movers in the traditional security software space. In April, networking giant Cisco announced expansion of its security services into the cloud in a launch branded: *‘Collaborate with confidence.’*

Tom Gillis, vice president and general manager of the security technology business

unit at Cisco, said its vision was based on balancing protection and enablement, integrating security across network, end point and end user.

“In today’s changing world, businesses require a security strategy that accounts for the physical, virtual, mobile and global aspects of their business,” says Gillis.

“This combination enables businesses to collaborate with greater confidence when engaging employees, partners and customers.”

Meanwhile, long-standing hosted security players say they are seeing levels of demand like never before.

Instead of clinging to traditional product and professional services models – where a solution might be sold into an organisation and the VAR capitalises by sending in the engineers and the consultants to deploy, integrate and manage and monitor the set-up afterwards – resellers can let go and apply themselves to helping with the transition to security as a service.

And, though there may yet be stormy weather to come, an intimate relationship between vendor and VAR to market SaaS may enable sales to gain altitude this year and beyond.

Fleur Doidge is features editor at CRN

official sponsor Trend Micro

Get security that fits

New and old threats may best be tackled with the almost-infinite customisability of hosted solutions, says **James Walker**

Market analyst IDC has predicted that the Software-as-a-Service (SaaS) market will grow by more than 40 per cent a year over the next five years.

SaaS essentially turns software from a product into a service, bringing significant value to both partners and SMEs in terms of reduced up-front costs and faster, more cost-effective implementation.

There is often a large amount of administration required for on-premise solutions. With the utilisation of SaaS, all of this can now be managed by the service provider or vendor, resulting in cost savings as fewer staff are required to administer these solutions.

SaaS also offers some benefits that end users just do not get from on-premise solutions. Users connecting to the network outside the office typically harness VPN or

similar remote access technologies when on-premise offerings are used.

When using SaaS hosted services, this type of access can be available in almost location, because most are effectively accessed over the internet.

In light of the current economic downturn, this model has now become very appealing, and with the threat landscape changing so

SaaS turns software from a product into a service, bringing significant value to partners and SMBs

rapidly, hosted services can now be quickly scaled or upgraded to meet your changing security requirements, simply by choosing to increase or decrease the seat number of the subscription.

Also, an SaaS model can boost quality and

reliability. As SaaS tends to enable a shorter sales cycle, and negotiation, implementation and maintenance times are cut.

This means customers are able to select from the portfolio on offer far more quickly and at a lower cost.

We are proud to sponsor this Special Report in *CRN* on hosted security or security SaaS, focusing on smaller businesses and resellers in particular.

We want to introduce the range of opportunities opening up to the channel ahead of the rush for hosted security that we believe will occur.

Trend Micro is introducing various hosted services for small offices, which protect multiple PCs and notebooks in or out of the office from security threats.

These services can also scan emails for threats, continuously tweak and improve the accuracy of spam detection, and remove spam before it actually reaches the network or server.

James Walker is product marketing manager at Trend Micro



The weathermen

Whether or not the economic storms are really starting to break, the forecast is bright, according to providers of security Software-as-a-Service (SaaS), reports **Fleur Doidge**

There may be a quiet revolution going on in the cloud.

Although the times have seemed dark, the market has always looked a little brighter for security, especially as web threats blot out the horizon. Now, security services are ascending into the cloud – letting vendors and VARs tackle the drives for cost reduction, increased security and recurring revenue with one integrated offering.

James Walker, product marketing manager at Trend Micro, says it is time to get in on the ground floor for SaaS opportunities around security. The drive to get costs down and revenue up means companies of all sizes are looking more than ever at newer models of IT provision such as cloud computing.

Many cloud services are on a large scale and suited only to large firms. However, Trend Micro aims to provide security-as-a-service to VARs in an easy-to-deploy and manage form for a price that will appeal even to micro-businesses.

“Resellers have been talking about services, services, services

for the past few years and this takes it further and gives them a chance to become that proactive, trusted advisor,” says Walker.

As CRN went to press, Trend Micro is in the middle of launching the sixth generation of its Worry-Free portfolio, including Worry-Free Business Security Hosted – Advanced or Standard versions – and Worry-Free Remote Manager, for resellers.

Caroline Hodson, channel sales and marketing manager at Trend Micro, says the Worry-Free range represents one of the vendor’s largest-ever pushes for sales through the channel.

The Worry-Free Business Security products are based on redesigns of Trend’s Client Server portfolio targeting SMEs. Those products are more suited to mid-market organisations with between 250-2,500 seats, with the redesigns sharply focused on benefits for small companies, she says.

The Worry-Free range specifically targets what Trend sees as a gap opening up in the emerging hosted security market – micro-businesses or small businesses with one to 100 seats.

The range aims at making hosted security easy for even non-specialist, small resellers to sell, and even easier for customers to use.

Adoption of hosted services provision and SaaS has been somewhat slow. But Trend believes this is partly because investment in it has been sluggish while on-premise management of security was seen to be filling most companies’ requirements.

“It has taken us five years of investments in technology and resources to get to this point. Now

we own all our own technology [around this range],” says Hodson. “There have been a lot of big acquisitions by our competitors over the past 18 months, of technologies that are essential for a cloud solution. It is an advantage if [customers or partners] do not have to talk to lots of organisations.”

Giant global vendors such as Cisco and Microsoft have also made announcements around hosted security, but many big names, including Symantec and McAfee, have yet to make a move – although they are believed to be investing heavily in cloud infrastructure in preparation.

“Everyone is coming around to the cloud because it reduces costs. If customers can get over the fact that their email is going through someone else’s datacentre, it will be taken up,” says Hodson. “Email goes out over the web anyway.”

Trend offers Worry-Free channel partners the chance to join its Quick Start programme, which provides help and support to get VARs on board and selling hosted security effectively.

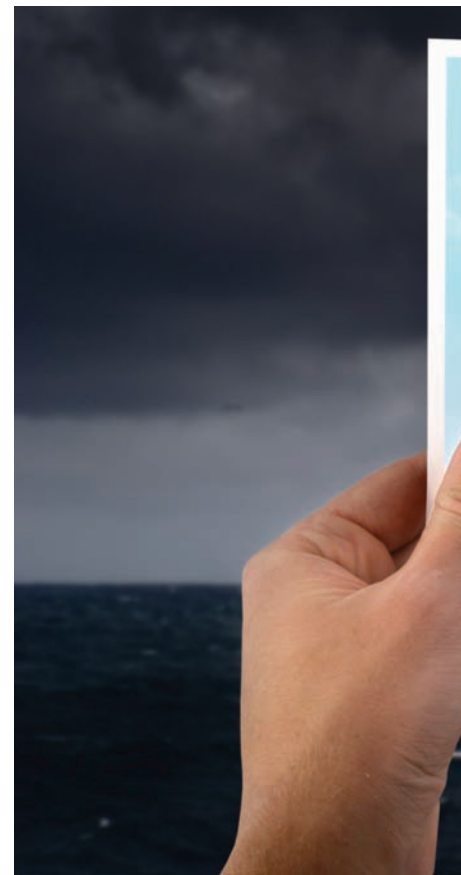
“That is a three-to-six-month rolling programme,” says Hodson. “And we have launched an initiative across EMEA that is looking at engaging small businesses. I think that is an area where we are getting better and better.”

Ground zero

Free product will be used as an incentive. For selling so much of a certain product, resellers will get fresh stock at no charge. Trend sees this as a win-win situation – the vendor gets to sell more product and the VAR gets to save money.

“Security SaaS gives resellers the chance to become that proactive, trusted advisor”

James Walker, Trend Micro



The silver lining of the credit crunch cloud: Hosted

Daniel Broomfield, helpdesk manager at Structured Technology Services (STS), says the reseller has just signed up to sell hosted security services.

“The main benefit for us is that many of the customers we sell to are smaller businesses. In the UK in particular, many smaller companies have a lot of remote workers and it is just a better solution in that regard,” he says.

Broomfield says constantly connecting to security servers from different locations can create issues that are eased by hosted security. Monitoring tools enable customers to have confidence in the service being provided and that a PC is up to date with patching and anti-virus signatures.

STS’s smaller customers have limited IT resources to tackle any malware infections to which they succumb, and so are expected to look favourably on hosted security. Broomfield thinks that if Trend’s service had come out of beta earlier, STS could even have notched up a few sales with brand-new customers then.

Those customers are now expected to transfer to hosted services in a year or so when





security is becoming increasingly attractive to organisations that are trying to cut costs while ensuring their security is not compromised

their current arrangement is up for renewal.

“Security SaaS is quite a new thing, especially with anti-virus,” he says. “Trend Micro seems to be one of the few doing it.”

Trend will carry out the hosting for STS and send out virus definition updates, which will be instantly available for all STS’s customers. Trend’s Worry-Free Remote Manager will help with monitoring and management of deployments.

“With a typical anti-virus solution, we can sell it to a customer, then configure it and so on,” says Broomfield. “With this, we can also manage and monitor multiple customers from one portal.”

STS signed up with Trend as a partner just six months ago, with an eye to the upcoming opportunities of hosted security.

“Historically, we were a networking company, not really getting involved in the PC side. We could not really tap into that. So we were looking for products that allow us to do it from the comfort of the office and Trend was one of the few that had multiple solutions for email and desktop anti-virus and the ability to manage remote customers,” says Broomfield.

Trend was “very competitive” on price, especially when moving from other anti-virus vendors, he claims, and so far has proven a good and reliable partner.

Regular workshops and other assistance with new technology are a feature, with WebEx meetings taking place at least once a week for the new partner.

“They keep our guys clued up. The only thing I would comment on is that we had to get all the support

through Trend’s email and web portal, but we did not need to speak to them – I am just old-fashioned and like to speak to someone,” says Broomfield. “Once you have logged on, they are quite happy to speak to you after that and they are quite quick to come back to you.”

Massive demand

Stephen Dane, vice president of EMEA sales at web security SaaS provider ScanSafe, agrees that the market is picking up.

“We are one of the longest-term players in the web security space, having been in the web security SaaS area since 2003. We are unusual also in that it is the only thing we focus on,” says Dane. “And the whole hosting area is growing.”

Gartner has plotted a 22 per cent growth trajectory for 2009 over 2008 and the security space within that overall hosted market may be expanding even faster.

“That is despite overall budgets dropping. The area of web security [as a service] is growing very quickly, at about a 46 per cent compound annual growth rate over the next three years or so. We are seeing massive demand, particularly within the enterprise space,” says Dane.

That said, growth is also fast in the small business part of the market, meaning that there is a good opportunity across the board for channel players to extend their capabilities. Web threats are worrying companies of all sizes, with ScanSafe making sales to organisations with between 25 and 100,000 users.

Fashion design outlet Ted Baker has been a ScanSafe customer since May 2006 and protects 300 users at three different locations. The designer uses the vendor’s Web Malware Scanning against internet-borne viruses via the proprietary Outbreak Intelligence platform.

Dustan Steer, head of Ted Baker’s IT, says doing it in-house would have taken more resources than were available. The retailer uses the internet for advertising and sales via its web site, to order



“The whole hosting area is growing – we are seeing massive demand for SaaS, especially within the enterprise space”

Stephen Dane, ScanSafe

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Securing Your Web World

and source products, email and research. Staff also are permitted some personal use of the web.

"[It] was a quick set-up job that required little assistance from ScanSafe," says Steer. "We felt that you can never be too secure in checking for viruses and malware as hackers are becoming increasingly advanced."

Dane says companies are seeking to deal with fewer providers, which is one reason the channel is crucial to further sales, particularly to SMEs. That is on top of a trend towards managed services as the channel finally turns irrevocably away from box-shifting.

"We have a channel model for pretty much the usual reasons," he says. "The more successful channels will be those that enable web security services with their own capabilities. We are taking advantage of that, particularly in the carrier space where service providers offer network services, web security and more."

"Yet we have a mix of channel partners. We are seeing a lot of new businesses starting that are focused on SaaS or services. And those are some of the smaller companies."

Dane says there is definitely room for more VARs, but vendor support is critical for both new and established VARs looking to move away from, say, selling appliances.

"It is sometimes difficult for traditional VARs pushing on-premise equipment because it is a new way of doing things. If you

" The recession has been driving companies' adoption of hosted technology"

Jonny Wilkinson, Websense

are selling a disruptive technology, you often have to look at new channels to market," says Dane.

SaaS appeals when times are tough because many customers view investing in new technology with some trepidation even at the best of times. Whether a customer plans to downsize or acquire, no matter which way the axe falls, SaaS can be a scalable solution, avoiding the problems associated with buying new hardware that may end up not being used after all.

Enormous growth

Jonny Wilkinson, EMEA sales manager for messaging security at Websense, has also been involved with hosted security for years.

"I talk to numerous partners and I think there is still enormous growth potential for SaaS. IDC in July 2008 predicted about 32 per cent growth for such services from 2007 to 2012. Clearly, there is a massive increase in hosting. I estimate that between 20 and 25 per cent of UK firms today use a service for email security, but a lot fewer use web security as a service," says Wilkinson.

While there has been near-continuous doom and gloom about the latest credit crunch, in fact it represents a glimmer of hope for service provision. Firms will always need IT and IT management – and while they may not want to buy new boxes of hardware or software, they want better ways to use what they have. SaaS is one rather good answer that resellers should be providing, Wilkinson suggests.

" You are looking to provide hosted web and email solutions but also a whole lot more than that"

Terry Greer-King, 2e2



"The recession has been driving the adoption of hosted technology," he says. "People are sick of buying hardware to filter email. Some 90 per cent of email is unwanted and they are seeing that increase over 12 months and then having to buy more hardware to keep up with it."

The key is providing security SaaS using service-level agreements (SLAs) that give customers flat opex – predictability and reliability on cost. The future is about customers only buying – and paying for – what they use. Models that enable that are streets ahead.

"And with SaaS, you do not have to factor in any additional hardware or software costs," says Wilkinson.

Customers get accountability through SLAs that they could not get by having the hardware and software in-house. Vendors cannot provide SLAs for in-house product that is owned and operated by the customer because there are too many other factors to consider – the environment the products are in is out of the vendor's control.

"And organisations need to focus on what they do best. Your customer does not become a great company by stopping spam – it is something it just needs to do to exist," says Wilkinson.

Eighty per cent of sales prospects presented with Websense hosted security end up buying, and the current renewal rate is about 95 per cent or higher, with 40 per cent signing up for a multi-year agreement, says Wilkinson.

Terry Greer-King, divisional director at reseller 2e2, which acquired managed hosting and security specialist Netstore in late 2008, agrees.

"There has been a significant increase in security SaaS over the past six months," he says. "A lot of customers have a choice of an appliance or a hosted service. We are seeing an increased requirement for hosted web security in its own right as more web threats emerge."

Dealers and partners will benefit from vendors that offer a full suite of services, rather than having to take a little from column A and something from column B to make up their protection. It saves them time and hassle, as well as knowing exactly who to turn to if things go wrong.

Resellers who want to play must ensure they know the market as well as they know their offering. But, overall, the drive for managed services and hosting is fostering longer-term relationships that can only benefit the channel.

"You are looking to provide hosted web and email solutions but you are also looking to provide a whole lot more than that," says Greer-King.

Hosted has the most appeal

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