Frost Radar™: Global Email Security Market, 2020

A Benchmarking System to Spark Companies to Action - Innovation that Fuels New Deal Flow and Growth Pipelines

Global Information and Communication Research Team at Frost & Sullivan
Strategic Imperative

• Email is the top threat vector for cyberattacks because it is the predominant mode of corporate, B2B, and B2C communications. Due to increased work from home (WFH) rates, email is now the primary channel for all business communication.

• Email security market growth is primarily driven by higher-than-expected malware activity, particularly ransomware and targeted attacks such as business email compromise (BEC) and email account compromise (EAC). Cybercriminals have increased the sophistication of their attacks and hackers have innovated impersonation tactics, including creating external customers and brand names with phony URLs and email header domains. They also perform sophisticated attacks that combine email and cloud accounts, leverage social media for social engineering campaigns, and use outbound email as a bot, thereby endangering an organization’s reputation.

• Scammers can weaponize emails after the fact. They deliver a socially engineered email with a link to a benign website then redirect that URL to a malicious site. Email security vendors are working on solutions that will help organizations monitor social media to identify and categorize fake accounts.

• Email security can now easily fight spam. Thus, attackers instead focus on highly sophisticated and profitable techniques. In line with current events, cyberattack themes include COVID-19, WFH, and BEC. Such attacks must be countered with advanced threat detection tools. The protection of both inbound and outbound email has become a necessity.

Source: Frost & Sullivan
Strategic Imperative (continued)

• A growing trend is the convergence of email security with other security solutions such as UTM, DLP, NGFW, SIEM, and CASB. This enables organizations to consolidate vendors and increase operational efficiencies while gaining stronger, more comprehensive security. Correlating information from multiple security solutions in a central security platform is also important.

• The most significant email security trend is accelerated organizational cloud migration. Customers are adopting cloud-based mailbox services and migrating from on-premises servers to the cloud. Microsoft Office 365 is the dominant cloud email product and Google Workspace is another significant service.

• Email security vendors are enhancing products through new features and functions in direct response to cybercriminal ingenuity. This includes using other security solutions, such as domain-based message authentic (DMARC), browser isolation, behavioral analysis and profiling, DLP, threat intelligence, and forensics. Deeper integration with other security solutions and broader functionality are growing trends and often critical requirements.

• Vendors are developing functions and features that augment Office 365 and other cloud email services, including providing email security as a cloud Software-as-a-Service (SaaS) solution.

Source: Frost & Sullivan
Growth Environment

• The email security market was worth $3.14 billion in 2020, growing 9.1% from 2019. Growth slowed due to the economic turmoil caused by COVID-19. Many security vendors deferred payment or provided discounts to customers in order to help their business continuity. Renewed activity, driven by the need for increased security for remote workers and the growing number of cyberthreats, will result in a sales growth of 12.2% in 2021 ($3.52 billion). Revenue will reach $5.27 billion in 2025 at a 10.9% compound annual growth rate (CAGR) from 2020 to 2025 in response to increasingly sophisticated threats, the impact of Office 365, the rising number of remote users, and the growing cloud dependence.

• The email security market has more than 34 vendors and is saturated and mature. Security vendors are forced to compete with each other and with email service providers (Office 365, Google Workspace) that have built-in security capabilities.

• Email security market drivers include:
  o Continual growth of new threats and attacks: Spear phishing, sophisticated BEC/EAC, and advanced persistent threat (APT) attacks are on the rise
  o Increasing BYOD and mobile device use: COVID-19 drove many organizations to quickly adopt a WFH model
  o Organization cloud migration: Many organizations adopted Office 365 and Google Workspace to improve efficiency, adding new levels of security complexity
  o Skilled security professional shortage: Vendors are improving tools and services to make email security solutions easier to implement and drive further adoption
  o Increased complexity with multiple compliance requirements: Organizations in highly regulated fields or handling sensitive data must meet various compliance regulations (e.g., GDPR, HIPAA, CCPA, PSD 2)

Source: Frost & Sullivan
Frost Radar™

Global Email Security Market
Frost Radar™: Global Email Security Market

INNOVATION INDEX

GROWTH INDEX

Source: Frost & Sullivan
In a field of more than 34 global industry participants, Frost & Sullivan independently plotted the top 12 companies in this Frost Radar™ analysis. Parameters assessed in the analysis included:

- Innovation Scalability
- Research and Development
- Product Portfolio
- Mega Trends Leverage
- Customer Alignment
- Revenue Growth
- Market Share Growth
- Growth Pipeline
- Vision and Strategy
- Sales and Marketing

Frost & Sullivan studies related to this independent analysis:

- [Global Email Security Market, Forecast to 2025: New Malware Techniques Drive Growth as Organizations Accelerate Cloud Migration Due to COVID-19](#)
Companies to Action
Companies to be Considered First for Investment, Partnerships, or Benchmarking
Fortinet

INNOVATION

• Fortinet’s broader company vision places emphasis on the value of the Fortinet Security Fabric that integrates its extensive portfolio of security solutions.

• Fortinet FortiMail is integrated into the Fortinet Security Fabric to enable advanced security outcomes in email (such as Sandbox, browser isolation, EDR), as well as contribute to the sharing of IOCs across security infrastructure in use by customers.

• Fortinet is in the process of launching new capabilities and features as part of its FortiMail 7.0 launch. These fall into 3 major areas: email continuity, enhanced threat protection, and secured communications.

• Fortinet has made enhancements to its quarantine search capability and met a requirement for its MSSP partners for individual quarantines for clients.

• Fortinet continues to innovate to provide enhanced security for users of Microsoft 365.

GROWTH

• Fortinet FortiMail revenue growth has been well over the industry average since 2018. The 3-year CAGR is 21.8%.

• Fortinet is scaling up FortiMail Cloud’s operations for further geographic data center residency options, including the United States and APAC.

• FortiMail is doubling down on its FortiMail Cloud SaaS offering, implementing further enhancements and scaling to account for demand.

• FortiMail is part of a well-defined technology roadmap as part of FortiOS. It will continue to build on the underlying platform, taking advantage of shared components for improved UX and security.

• Fortinet has strong representation in government, MSSP/telco, education, healthcare, and financial industries.

• Growth strategy emphasizes FortiMail and increases awareness with existing customer base of 480,000 customers.

• R&D was 13.3% of revenues in 2020.

• Fortinet Cloud grew 64% in 2020.

FROST PERSPECTIVE

• While FortiMail is a relatively small portion of Fortinet’s overall business, the company is focused on its growth as part of its overall integrated security strategy based on its Fortinet Security Fabric.

• Fortinet has identified that FortiMail has low awareness across its customer base. During the last year, Fortinet stepped up efforts to market and enable conversations with this audience. The Fortinet Security Fabric strategy should be leveraged.

• Fortinet has identified and is addressing several industry Mega Trends. Follow through with new capabilities in FortiMail will drive continued growth.

• With a 78% gross profit margin (2020), Fortinet has the resources to continue to add to its capabilities through acquisitions and organic growth.

• Security awareness training is a service that should be considered.

Source: Frost & Sullivan
Strategic Insights
Strategic Insights

1. BYOD and mobility drive the need for cloud-based email services and security. Connected devices are also registering significant growth. Email is the most common form of business communication, is the number one threat vector, and cyberattacks through email fraud and BEC/EAC are rising.

2. Microsoft Office 365 is the most widely used cloud email service and although it has native security features, it has numerous gaps that leave many large organizations vulnerable to cyberattacks. Vendors should augment Office 365 with additional security, especially for large organizations. As customers quickly move to the cloud, vendors must be able to deliver hybrid solutions.

3. Customers are looking for a complete and integrated cloud solution that connects the dots between cloud and email. Organizations seek integrated solutions and a single pane of glass for more effective and simplified security management. Email security can be implemented as part of a wider integrated cloud-based security ecosystem and must be leveraged across security suites.

Source: Frost & Sullivan
Next Steps: Leveraging the Frost Radar™ to Empower Key Stakeholders
Companies plotted on the Frost Radar™ are the leaders in the industry for growth, innovation, or both. They are instrumental in advancing the industry into the future.

**GROWTH POTENTIAL**
Your organization has significant future growth potential, which makes it a Company to Action.

**BEST PRACTICES**
Your organization is well positioned to shape Growth Pipeline™ best practices in your industry.

**COMPETITIVE INTENSITY**
Your organization is one of the key drivers of competitive intensity in the growth environment.

**CUSTOMER VALUE**
Your organization has demonstrated the ability to significantly enhance its customer value proposition.

**PARTNER POTENTIAL**
Your organization is top of mind for customers, investors, value chain partners, and future talent as a significant value provider.

Source: Frost & Sullivan
Frost Radar™ Empowers the CEO’s Growth Team

**STRATEGIC IMPERATIVE**

- Growth is increasingly difficult to achieve.
- Competitive intensity is high.
- More collaboration, teamwork, and focus are needed.
- The growth environment is complex.

**LEVERAGING THE FROST RADAR™**

- The Growth Team has the tools needed to foster a collaborative environment among the entire management team to drive best practices.
- The Growth Team has a measurement platform to assess future growth potential.
- The Growth Team has the ability to support the CEO with a powerful Growth Pipeline™.

**NEXT STEPS**

- Growth Pipeline Audit™
- Growth Pipeline as a Service™
- Growth Pipeline™ Dialogue with Team Frost

Source: Frost & Sullivan
Frost Radar™ Empowers Investors

STRATEGIC IMPERATIVE

- Deal flow is low and competition is high.
- Due diligence is hampered by industry complexity.
- Portfolio management is not effective.

LEVERAGING THE FROST RADAR™

- Investors can focus on future growth potential by creating a powerful pipeline of Companies to Action for high-potential investments.
- Investors can perform due diligence that improves accuracy and accelerates the deal process.
- Investors can realize the maximum internal rate of return and ensure long-term success for shareholders.
- Investors can continually benchmark performance with best practices for optimal portfolio management.

NEXT STEPS

- Growth Pipeline™ Dialogue
- Opportunity Universe Workshop
- Growth Pipeline Audit™ as Mandated Due Diligence

Source: Frost & Sullivan
Frost Radar™ Empowers Customers

STRATEGIC IMPERATIVE

• Solutions are increasingly complex and have long-term implications.
• Vendor solutions can be confusing.
• Vendor volatility adds to the uncertainty.

LEVERAGING THE FROST RADAR™

• Customers have an analytical framework to benchmark potential vendors and identify partners that will provide powerful, long-term solutions.
• Customers can evaluate the most innovative solutions and understand how different solutions would meet their needs.
• Customers gain a long-term perspective on vendor partnerships.

NEXT STEPS

• Growth Pipeline™ Dialogue
• Growth Pipeline™ Diagnostic
• Frost Radar™ Benchmarking System

Source: Frost & Sullivan
Frost Radar™ Empowers the Board of Directors

**STRATEGIC IMPERATIVE**

- Growth is increasingly difficult; CEOs require guidance.
- The Growth Environment requires complex navigational skills.
- The customer value chain is changing.

**LEVERAGING THE FROST RADAR™**

- The Board of Directors has a unique measurement system to ensure oversight of the company’s long-term success.
- The Board of Directors has a discussion platform that centers on the driving issues, benchmarks, and best practices that will protect shareholder investment.
- The Board of Directors can ensure skillful mentoring, support, and governance of the CEO to maximize future growth potential.

**NEXT STEPS**

- Growth Pipeline Audit™
- Growth Pipeline as a Service™

Source: Frost & Sullivan
Frost Radar™ Analytics
Frost Radar™: Benchmarking Future Growth Potential
2 Major Indices, 10 Analytical Ingredients, 1 Platform

**GROWTH INDEX ELEMENTS**

**VERTICAL AXIS**

**Growth Index (GI)** is a measure of a company’s growth performance and track record, along with its ability to develop and execute a fully aligned growth strategy and vision; a robust growth pipeline™ system; and effective market, competitor, and end-user focused sales and marketing strategies.

- **GI1: MARKET SHARE (PREVIOUS 3 YEARS)**
  This is a comparison of a company’s market share relative to its competitors in a given market space for the previous 3 years.

- **GI2: REVENUE GROWTH (PREVIOUS 3 YEARS)**
  This is a look at a company’s revenue growth rate for the previous 3 years in the market/industry/category that forms the context for the given Frost Radar™.

- **GI3: GROWTH PIPELINE™**
  This is an evaluation of the strength and leverage of a company’s growth pipeline™ system to continuously capture, analyze, and prioritize its universe of growth opportunities.

- **GI4: VISION AND STRATEGY**
  This is an assessment of how well a company’s growth strategy is aligned with its vision. Are the investments that a company is making in new products and markets consistent with the stated vision?

- **GI5: SALES AND MARKETING**
  This is a measure of the effectiveness of a company’s sales and marketing efforts in helping it drive demand and achieve its growth objectives.
Frost Radar™: Benchmarking Future Growth Potential
2 Major Indices, 10 Analytical Ingredients, 1 Platform

**HORIZONTAL AXIS**

Innovation Index (II) is a measure of a company’s ability to develop products/services/solutions (with a clear understanding of disruptive Mega Trends) that are globally applicable, are able to evolve and expand to serve multiple markets, and are aligned to customers’ changing needs.

**INNOVATION INDEX ELEMENTS**

- **II1: INNOVATION SCALABILITY**
  This determines whether an organization’s innovations are globally scalable and applicable in both developing and mature markets, and also in adjacent and non-adjacent industry verticals.

- **II2: RESEARCH AND DEVELOPMENT**
  This is a measure of the efficacy of a company’s R&D strategy, as determined by the size of its R&D investment and how it feeds the innovation pipeline.

- **II3: PRODUCT PORTFOLIO**
  This is a measure of a company’s product portfolio, focusing on the relative contribution of new products to its annual revenue.

- **II4: MEGA TRENDS LEVERAGE**
  This is an assessment of a company’s proactive leverage of evolving, long-term opportunities and new business models, as the foundation of its innovation pipeline. An explanation of Mega Trends can be found here.

- **II5: CUSTOMER ALIGNMENT**
  This evaluates the applicability of a company’s products/services/solutions to current and potential customers, as well as how its innovation strategy is influenced by evolving customer needs.
Legal Disclaimer

Frost & Sullivan is not responsible for any incorrect information supplied by companies or users. Quantitative market information is based primarily on interviews and therefore is subject to fluctuation. Frost & Sullivan research services are limited publications containing valuable market information provided to a select group of customers. Customers acknowledge, when ordering or downloading, that Frost & Sullivan research services are for internal use and not for general publication or disclosure to third parties. No part of this research service may be given, lent, resold, or disclosed to noncustomers without written permission. Furthermore, no part may be reproduced, stored in a retrieval system, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of the publisher.

For information regarding permission, write to:
Frost & Sullivan
3211 Scott Blvd., Suite 203
Santa Clara, CA 95054

© 2021 Frost & Sullivan. All rights reserved. This document contains highly confidential information and is the sole property of Frost & Sullivan. No part of it may be circulated, quoted, copied, or otherwise reproduced without the written approval of Frost & Sullivan.