

FROM AV TO TOTAL SECURITY

According to Gartner, the security software market in India was pegged at ₹1,045 crore in 2011 and is set to grow to ₹1,530 crore by 2014. Out of this, the consumer (1-3 users) AV market is estimated to be worth close to ₹500 crore

■ ABHIJEET MUKHERJEE

Increasing Web threats are driving the consumer antivirus (AV) market. According to McAfee, globally, 40,000-60,000 new malwares are hitting consumers everyday—and the number is rising daily.

"The complexity of threats has undergone a major change over the last few years. Cyber criminals today write malware mostly for financial gain, so the criticality of protecting your network is vital," remarks Ben Wark, Regional Sales Manager, South East Asia & India, McAfee.

With Indians spending more time on the Internet, the exposure to threats has increased. Says David Hall, Regional Product Marketing Manager, Consumer, Symantec, "In a survey we conducted in 2012 in India, we found that people here spent 58 hours per week online."

The increased penetration of the Internet in the hinterland is driving the demand for consumer AV in Class-B and -C cities. According to IAMAI, with 120 million users, India has the third largest Internet user base in the world; this number is expected to reach 350 million by 2015.

Increasing consumer awareness over the last 2-3 years is another reason for AV growth. Consumers are realizing the importance of data protection, both personal and professional. "With the increase in BYOD acceptance by corporates, many consumers need to protect their enterprise data on their personal PCs," points out Jagannath Patnaik, Director, Channel Sales, South Asia, Kaspersky Lab.

Online transactions have also increased over the years. According to a recent RBI report, from April 2011 to February 2012, online transactions using only debit cards at POS were worth ₹480 billion. Consumers are now comfortable booking movie tickets, travel tickets and making online purchases.

This has also increased the threats. Online scams such as drive-by-downloads (links directing users to malicious Websites), phishing and spamming are commonly being used with sophistication and the intention to target specific segments of users. AV vendors are now busy writing codes to fight the menace.

Declining prices

At the same time, the drop in AV prices is also prompting consumers to buy AV software. "AV prices have fallen by as much as 50 percent in the home segment over the last two years," notes Wark. "This has encouraged more people to buy licensed versions rather than use a pirated copy."

Most of the products available are 1-3 user licenses, and are on the average priced at ₹200-1,200 for a single user license for a year. Some even have five-user licenses.

Comprehensive security

The AV market has moved to total protection which provides additional features such as parental control, firewall, anti-spyware and anti-phishing.

"Viruses are just a small subset of the malware that includes worms, trojans, rootkits and botnets.

Additional protection is needed against adware, spyware, spam, Web-based risks

and other malicious activities. Issues related to child abuse on the Internet, privacy and reputation loss for adults are also raising concerns," Wark says.

Vendors are now more focused on selling total security products compared to AV alone.

"AV does the basic job of protecting the computing device, but

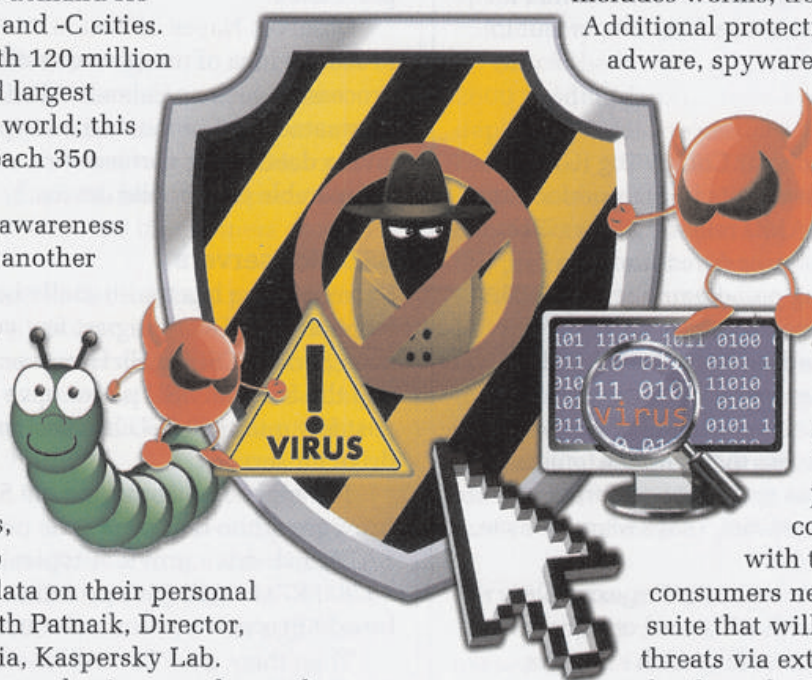
with the increasing threats consumers need a total protection suite that will not only protect from threats via external storage devices but also from the Internet and unauthorized

logins," explains Pankaj Jain, Director, Eset India (ESS Distribution).

Mobility

The proliferation of mobile devices is pushing AV growth because securing smartphones and tablets is a big concern. While (according to IDC) the tablet market is expected to grow to 265,000 units this year from around 160,000 tablets in 2011, the smartphone market is expected to reach 20 million units.

This trend is further strengthened by the use of mobile devices for online transactions such as utility





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VP, Global Sales & Marketing, eScan

bill payments, checking bank statements and other money transactions.

"Mobile devices should be protected as they contain personal data and are vulnerable to malicious threats. Consumers often download infected applications while loading applications from the mobile apps stores," says Govind Marda, CEO, RS Computers, the ND for Bit Defender in India.

Mobile thefts are also a regular occurrence. AV companies are offering specific mobile solutions that include remote wiping of data, parental lock and anti-theft functions.

Managed services

According to vendors, managed services are going to be big in the next two years. "The industry is gradually moving toward managed AV even in the home segment. This will not only make the product cheaper but also increase penetration as more people can afford the services," states Sunil Kripalani, VP, Global Sales & Marketing, eScan.

Agrees Amit Nath, Country Manager, Trend Micro India & Saarc, "A leading mobile service provider is currently selling AV to its existing customers at ₹25 per month. Something similar can be done by partners as well. Managed services will bring affordability and convenience."

Opportunities

Mobile security presents a good opportunity in India because the country has a huge mobile base of close to 900 million subscribers, out of whom 30 percent are smartphone users—and the number is growing.

"We are currently selling 3,000 licenses per month, but with more aggressive marketing and channel enablement we will scale it up to 25,000 licenses per month," says Abhijit Jorvekar, VP, Sales & Marketing, Quick Heal.

Managed services will also see a huge opportunity in the home segment. "We believe that very soon Indian consumers will take up managed AV services and will depend on partners who can make a good profit from the business," says Kripalani.

To leverage growing opportunities in the segment, vendors, both domestic and multinationals, including Quick Heal, Net Protector, K7, Norton, eScan, Eset, AVG, McAfee and Kaspersky, are penning aggressive strategies which are mainly partner-led.

eScan enables partners to initiate activities such as security awareness campaigns, road-shows and forums.



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Milestone Interactive Group (AVG)

"Participating in trade-shows, IT expos, etc will help partners to enhance their business," adds Kripalani.

AVG sees tremendous opportunities in tier-2 and -3 markets, and is highly focused on expanding the partner base in these locations.

Challenges

Though the prices have reduced, partners still feel that there is a lot of disparity in terms of pricing, and that consumers go for the product with the lowest price.

"We feel there has been a price war among vendors as most products are priced differently. For consumers, price is a deciding factor, and we find it hard to sell higher-priced products. We make profits in low-priced products on volume sales," says Sunil Kumar, Proprietor, Life Computers, a Varanasi-based multi-brand retailer.

Vendors however feel that products are priced high because they invest in R&D and marketing activities, and ensure that the user needs minimal post-sales support.

"I do not think there is any price war because different vendors have products targeted at different audiences. Most of the products available in the low-price segment require post-sales support, while good products ensure that there is minimal support needed," says Jain.

In addition, vendors feel that the government's policy of double taxation is a big challenge. Says Jain, "Excise duties have also increased, and have added to our costs, and passing those costs to the consumers would mean shrinking sales for partners."

The lack of technical know-how on the part of consumers is another challenge. "Though there has been an increase in consumer awareness in terms of the benefits of using AV and the need for data security, they still need to know what comprises a good AV," remarks Marda.

India is a vast market with immense competition. "Keeping the consumer informed about your product is a huge task. Similarly, retaining your distribution network and keeping the partner motivation high is another challenge," says Jayont Sharma, Chairman & CEO, Milestone Interactive Group (AVG).

Conclusion

Despite consumer awareness, there is a huge untapped market in the Internet user base which will help partners grow. Partners need to develop innovative ways to tap this potential through bundling schemes, enhanced online stores or managed services. ■