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Anti-Spam Market, 2004-2008
Executive Summary

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SCOPE

This study provides a detailed analysis of the anti-spam market in 2004 and discusses its expected evolution over the next four years. It provides a detailed analysis of market trends, size, forecasts, user survey results, along with vendor products and strategies.

Anti-Spam Vendors and Outsourcers offer solutions that transparently monitor and manage all inbound, outbound, and in some cases, internal traffic. Besides blocking unsolicited commercial messages (spam), many anti-spam vendors are beginning to integrate content filtering and anti-virus capabilities in order to filter out non-work related content and provide enhanced security against viruses, worms, Trojan horses, malicious code, and other e-mail borne attacks.

This study segments the anti-spam market according to the following categories:

1. **Anti-Spam Vendors -** Anti-Spam software solutions deployed in-house at the gateway, server, or desktop level by corporations and consumers.

2. **Anti-Spam Outsourcers -** Anti-Spam software solutions that are deployed and managed externally by a managed service provider that blocks spam before it reaches consumer or corporate e-mail networks.

For each market segment, we provide data on current worldwide installed base, vendor market share, revenues, and worldwide forecasted market growth in terms of both installed base and revenue from 2004 to 2008.

All market numbers, such as market size, forecasts, installed base, revenue information, and any financial information presented in this study represent worldwide numbers, unless explicitly otherwise indicated. All revenue numbers are expressed in $USD.

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METHODOLOGY

The data and analysis in this report is based on primary research conducted by The Radicati Group, Inc. It consists of data collected from vendors, service providers, corporate customers and consumers via interviews and surveys throughout 2004.

The focus of the research was worldwide with a heavy emphasis on the European and North American markets where most key developments in anti-spam are currently occurring.

Secondary research sources have also been used, where appropriate, to cross-check the information collected. These include company annual reports and market size information from various market segments of the computer industry.

EXECUTIVE SUMMARY

- Spam has rapidly transformed from a mere nuisance factor to a worldwide epidemic that is crippling organizations and posing serious security threats to e-mail and network infrastructures. Driven by rising security and productivity concerns, companies are increasingly looking for comprehensive anti-spam solutions to combat spam.

- The number of spam messages worldwide has grown an astonishing 115% from 15 billion in 2003 to 35 billion spam messages in 2004.

- If nothing is done to curtail this proliferation of spam, we anticipate the number of spam messages will grow to 142 billion messages by year-end 2008. The percentage of spam messages to legitimate e-mails will increase substantially from 52% in 2004, to 74% by year-end 2008.

Worldwide Spam Growth Forecast (B), 2004-2008						
	2003	**2004**	**2005**	**2006**	**2007**	**2008**
Total Worldwide E-mail Messages/Day	32	68	86	109	143	191
Total Spam Messages	**15**	**35**	**53**	**73**	**102**	**142**
Percent Spam	45%	52%	62%	67%	71%	74%

Worldwide Spam Growth Forecast (B), 2004-2008

- By year - end 2004, we expect 55% of all active mailboxes to have deployed an anti-spam solution, growing to 66% by year-end 2008.

Worldwide Anti-Spam Deployments for All Active Mailboxes					
	2004	**2005**	**2006**	**2007**	**2008**
Active Mailboxes (M)	988	1,107	1,257	1,442	1,676
Mailboxes Deploying an Anti-Spam Solution (M)	**543**	**631**	**754**	**908**	**1106**
Anti-Spam Deployments (%)	55%	57%	60%	63%	66%

Worldwide Anti-Spam Deployments for All Active Mailboxes, 2004 – 2008

- In many cases, both corporate and consumer mailboxes are protected by more than one anti-spam solution, with a typical mailbox including 2 -3 layers of anti-spam filtering technologies.

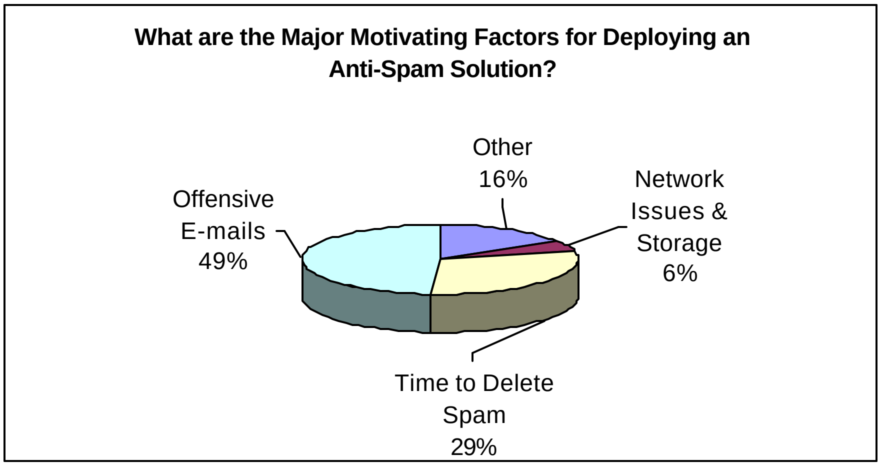
- Based on a recent survey by the Radicati Group, in 2004, corporations are reporting that despite having deployed anti-spam filters, 17% of the messages received in user inboxes still constitute spam. For consumers, this percentage is even greater at 30%.

Percent Spam Before & After Deploying an Anti-Spam Filter					
	2004	**2005**	**2006**	**2007**	**2008**
Percent Spam Before Deploying an Anti-Spam Solution	52%	62%	67%	71%	74%
Percent Spam After Deploying an Anti-Spam Solution for Corporations	17%	15%	13%	11%	9%
Percent Spam After Deploying an Anti-Spam Solution for Consumers	30%	28%	26%	24%	20%

Percent Spam Before & After Deploying an Anti-Spam Filter, 2004-2008

- 47% of respondents indicated that the biggest problem with their current anti-spam solution is that end users do not have access to their quarantined files, 23% indicated a lack of customization (for spam filters or rules), 15% indicated a poor spam catch rate (solution does not catch all incoming spam messages), 8% were receiving too many false positives (legitimate message erroneously labeled as spam), and 7% indicated other reasons (price, lack of features, etc.).

- The majority (49%) of customer's that we spoke to indicated that the receipt of offensive e-mails was the number one reason for deploying an anti-spam solution. Offensive and inappropriate e-mails disrupt daily e-mail usage, greatly affecting an organization's productivity levels.



Customer Survey – Motivating Factors for Deployment

- According to our research, SPIM will triple from 400 million messages in 2003 to 1.2 billion messages in 2004 as a result of a growing number of corporate and consumer IM users and a sharp increase in published IM names in corporate and public directories.

- In January 2004, the US approved a federal anti-spam law, the CAN-SPAM Act of 2003, requiring marketers to adhere to specific e-mail requirements. A number of countries within the European Union have also implemented laws and regulations designed to eliminate spam. To date, however, legislation has had no impact on reducing the amount of spam.

- In recent months, several industry standards have been proposed – Microsoft's caller ID for e-mail, Yahoo's DomainKeys, and AOl's Sender Permitted From (SPF) initiative. We expect to see these proposals lead to dramatic changes in how the Internet is used by consumers and corporate organizations.

- To offer customers a more comprehensive security solution, many anti-spam vendors are starting to branch out and offer integrated e-mail content security solutions that include anti-spam, anti-virus and content filtering capabilities.

- The market for anti-spam solutions has grown very rapidly over the past year with the total market for anti-spam solutions (including both anti-spam vendors and anti-spam outsourcers) reaching $979 million in 2004, growing to over $1,740 million by 2008.

- Overall, the anti-spam market is ready for consolidation. Over the past twelve months, we have already seen two major acquisitions take place - Zix Corporation/Elron Software in August 2003 and Sophos/ActiveState in September 2003. As the anti-spam market reaches a point of saturation, we anticipate there will continue to be a lot of consolidation among anti-spam, anti-virus, content filtering and web filtering vendors as the market continues to transition from single solution providers to broader, more comprehensive secure messaging platforms.

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