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The State Of Enterprise Telecom And Network Adoption
Business Technographics North America – 2006

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Business Technographics North America

EXECUTIVE SUMMARY

Three technologies command the attention of enterprises in 2006: mobility, security, and IP. More than 55% of enterprises will increase spending in comparison with 2005 on both mobile voice and data services, and more than 65% will increase spending on security technologies. Forty percent or more of enterprises will increase spending on MPLS, SSL, IP telephony, and site-to-site VoIP. Companies with international operations and networks often plan to increase spending at even faster rates. While enterprises plan to expand their use of managed security services, their interest in expanding their use of other managed network services is comparatively cool — only 10% of enterprises say that they are “very interested” in increasing their use of managed IP telephony or mobility site-to-site IP or VoIP services in 2006. Still, some companies in select vertical industries express stronger interest in expanding their use of managed network services this year — these include retail and wholesale trade, manufacturing, and business services.

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TARGET AUDIENCE

Market research executive, technology product marketing/management executive

NORTH AMERICAN ENTERPRISE TELECOM AND NETWORK SERVICES IN 2006

To assess the differences in spending priorities and overall enterprise telecom needs, Forrester surveyed telecom decision-makers in North America and Europe. This report is based on the results of Forrester's Business Technographics® March 2006 North American And European Enterprise Network And Telecommunications Survey and focuses exclusively on North American enterprises, which represented 702 respondents in the sample. Though randomly chosen, the sample is a representative mix of industries based on contributions to overall IT spending and GDP. Among North American companies, 54% were from companies with 1,000 to 4,999 employees (large enterprises), 28% were from companies with 5,000 to 19,999 employees (very large enterprises), and the remaining 18% were from companies with 20,000 or more employees (Global 2000 enterprises).

Enterprises With International Networks Lead The Way

Enterprise use of mobility and IP is surging but varies by company size and industry. Inside companies, interest in particular technologies and managed services often varies by job title, which can be very useful for vendors and service providers. Companies with international networks, unlike companies whose operations are confined to North America, have higher adoption rates of and impending use of many emerging technologies, including SSL, unified messaging, and IP telephony (IPT). We have identified this subsegment of respondents as INOs, companies with international network operations. This segment represents 22% of the respondent base. Outside the US, bandwidth in and between countries is often expensive and scarce. Therefore, for INOs, control of WAN expenses is critical, and prices for MPLS are often lower than legacy data networks — typically by 20% or more. Twenty-seven percentage points more INOs are increasing spending on MPLS this year than companies using domestic networks. This focus on WAN expenses extends to voice — INOs will decrease their legacy landline voice spending faster than domestic companies, by 11 percentage points, and increase spending on site-to-site VoIP at a faster rate, by 13 percentage points. Another sign that INOs are serious about voice services expenses: Their adoption of site-to-site VoIP through 2006 exceeds adoption of IP PBXs by about five percentage points.

Companies whose operations and networks are confined to North America represent the bulk of survey respondents — 78%. Although somewhat muted in comparison, their technology adoption trends often mirror those of enterprises that are international in scope. In aggregate, we found:

- **Migration from legacy data to IP is accelerating.** Enterprises have decreased their spending on legacy data services, such as Frame Relay, by 17 percentage points since 2005, and they have increased spending on IPsec by 13 percentage points. IP use, migration trends, and spending patterns increase with company size. For instance, 30% of large enterprises plan to increase spending on MPLS this year, compared with 42% of very large enterprises. For remote access,
technology adoption also varies by company size: Very large enterprises are users of remote-access IPsec (64%), while Global 2000 enterprises are the greatest adopters of remote-access SSL (44%). Financial services firms and public sector organizations plan to shift spending at the greatest rate — decreasing spending on legacy data services such as Frame Relay and ATM and simultaneously increasing spending on IP technology and services. Interest in adoption of Ethernet services is growing; 10% of enterprises had deployed the technology last year, but 23% say that they are “very interested” this year. Retail and wholesale trade businesses and public sector organizations expressed the highest levels of interest in adopting Ethernet services across industries.

- **Network security spending escalates.** Like 2005 and 2004, enterprises will increase spending on security in 2006 more than on any other network technology. Thirty-two percent of companies with global operations and networks already use managed content-filtering services, and 34% now use managed firewall services. Of all industries, utilities are the largest adopters of both managed intrusion detection and content filtering services; they are also the heaviest adopters of managed firewall services. However, enterprises’ preferred provider of managed security services varies by industry and respondent job title. More than half of companies in the finance and insurance industry prefer using regional or national managed security providers, and 40% prefer large IT outsourcers or systems integrators. Telecommunications directors are the least likely to favor using network providers for managed security services, and they are, alternatively, the most likely to use network integrators. Compared with those lower in their hierarchies, CIOs and those directly reporting to them strongly favor using security vendors.

- **Use of mobility soars.** Mobility now consumes 26% of enterprise telecom budgets. Fifty-four percent of enterprises expect their spending on mobile voice (2G services and devices) to increase this year, and 61% expect their use of 2.5/3G mobile data services spending to increase, with spending increases tied to company size. Such rapid changes get the attention of network executives — 25% of the telecom executives who directly report to CIOs consider the establishment of mobile strategies and policies to be a critical priority in 2006 (these are typically vice presidents of telecommunications). Consequently, it’s not surprising that 25% of those employees directly reporting to them, telecom directors, consider centralizing the management of mobile devices and services to be a critical priority this year. Often these types of initiatives begin by negotiating corporate-labile contracts with mobile service providers and by specifying the models of devices employees on such contracts can use. Sixty-six percent of the companies in this survey have done just that, and 75% of Global 2000 enterprises now use mobile email. Compared with domestic companies, INOs rely on mobile data applications 25% more often — from email and calendaring through sales force and field force automation, to customer-facing applications and logistics.

- **Adoption of IP telephony and VoIP continues.** Compared with 2005, the number of enterprises rolling out IPT will greatly increase: Last year, 12% of respondents were rolling out IPT; this year, 32% are rolling out IP PBX with an additional 8% rolling out IP centrex. Twenty-nine percent of the companies in the business services industry say the migration to IPT and VoIP is a critical initiative in 2006. Enterprises in the retail and wholesale trade sector have the greatest current level
of IPT deployment, at 22% for IP PBX. Fifty-one percent of North American enterprises anticipate their migration to IP PBXs and IP centrex will be completed before 2010. Fifty-two percent will increase spending on this technology this year, across all industries. Spending grows with company size: 46% of large enterprises will increase IPT spending in 2006, but 61% of Global 2000 enterprises plan to do so. Companies in the public sector are the largest adopters of unified messaging. Forty-six percent of enterprises will increase their spending on site-to-site VoIP this year, with very large enterprises increasing spending the most, at 51%. Utilities, with vast private networks, have the greatest rate of deployment of site-to-site VoIP, at 20%. Companies in the retail and wholesale trade industry, which make extensive use of carrier services, trail a close second at 18%. Of all industries, companies in the business services (54%) and manufacturing (51%) industries will increase VoIP spending the most this year.\footnote{13}

• **Managed network services growth is muted.** Despite the aggregate trend of slow growth in managed network services (only 5% of enterprises consider it a critical priority for 2006), 15% of very large enterprises consider it very important that their providers expand the range of managed services they offer, as do 18% of manufacturers. Meanwhile, 8% of retail and wholesale trade companies indicate that the use of managed network services is a critical priority this year. Above all other industries, manufacturers express the highest interest in using managed remote access services and site-to-site.\footnote{14} Twenty-three percent of companies in the media, entertainment, and leisure industry are very interested in procuring managed IPT services. Companies that are interested in using managed network services typically prefer that network operators supply managed WAN services, such as managed MPLS, SSL, and site-to-site VoIP, and that vendors supply managed IP telephony services.
**Migration from Legacy Data to IP Accelerates**

**Telecom Budget** mixes are shifting — data services now consume 52% of enterprise telecom budgets. On average, 26% of enterprises’ budgets are consumed by mobile services, thus it’s not surprising that 25% of Global 2000 enterprises (20,000 or more employees) say that establishing mobile and wireless policies is a critical initiative for this year. Twenty-nine percent of enterprises in business services say that moving legacy voice traffic to VoIP is a critical initiative for 2006, compared with the 17% average for all enterprises. Thirty percent of Global 2000 enterprises say that it is critical to migrate from legacy data services to IP, versus 12% for large enterprises (1,000 to 4,999 employees).

**1-1 Telecom Budget Breakdown**

"How will your 2006 telecommunications and network services budget break down among the following categories?"

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>All mobile data services</td>
<td>12%</td>
</tr>
<tr>
<td>All mobile voice services</td>
<td>14%</td>
</tr>
<tr>
<td>All landline voice services</td>
<td>34%</td>
</tr>
<tr>
<td>All landline data services</td>
<td>40%</td>
</tr>
</tbody>
</table>

Base: 324 executives at North American enterprises

**1-2 Telecom Major Technology Themes**

"Which of the following initiatives are likely to be one of your major IT and/or telecom technology-related themes for 2006?" (1 [not on the agenda] to 4 [critical priority])

<table>
<thead>
<tr>
<th>Initiative</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set mobile and wireless strategy and policies</td>
<td>20%</td>
<td>38%</td>
<td>26%</td>
<td>16%</td>
</tr>
<tr>
<td>Move some or more of your Frame Relay, ATM, or dedicated data lines to IP data services</td>
<td>19%</td>
<td>28%</td>
<td>19%</td>
<td>34%</td>
</tr>
<tr>
<td>Centralize management of mobile devices and services</td>
<td>17%</td>
<td>32%</td>
<td>28%</td>
<td>23%</td>
</tr>
<tr>
<td>Move some or more of your voice traffic to IP network</td>
<td>17%</td>
<td>21%</td>
<td>35%</td>
<td>27%</td>
</tr>
<tr>
<td>Procure/plan for equipment or services that will combine WLAN and cellular networks</td>
<td>7%</td>
<td>22%</td>
<td>33%</td>
<td>37%</td>
</tr>
<tr>
<td>Outsource more management of your networks to a third party</td>
<td>5%</td>
<td>10%</td>
<td>19%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Base: 369 executives at North American enterprises

(responses of “don’t know” and “not applicable” are excluded; percentages may not total 100 because of rounding)

**1-3 Expected Spending in Telecom And Networking Categories**

"Compared with 2005, how do you expect your firm’s spending on each of the following to change this year?"

<table>
<thead>
<tr>
<th>Category</th>
<th>Increase</th>
<th>No change</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Data networking</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IPsec equipment and services</td>
<td>53%</td>
<td>41%</td>
<td>5%</td>
</tr>
<tr>
<td>SSL equipment and services</td>
<td>42%</td>
<td>53%</td>
<td>5%</td>
</tr>
<tr>
<td>MPLS equipment and services</td>
<td>40%</td>
<td>55%</td>
<td>6%</td>
</tr>
<tr>
<td>Legacy landline data</td>
<td>20%</td>
<td>46%</td>
<td>34%</td>
</tr>
<tr>
<td><strong>Voice</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VoIP desktop equipment and services</td>
<td>54%</td>
<td>42%</td>
<td>4%</td>
</tr>
<tr>
<td>Site-to-site VoIP connectivity equipment and services</td>
<td>49%</td>
<td>47%</td>
<td>4%</td>
</tr>
<tr>
<td>Legacy landline voice equip. and services</td>
<td>14%</td>
<td>49%</td>
<td>36%</td>
</tr>
<tr>
<td><strong>Mobile</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile data services and devices/equipment</td>
<td>56%</td>
<td>39%</td>
<td>6%</td>
</tr>
<tr>
<td>Mobile voice services and devices/equipment</td>
<td>63%</td>
<td>35%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Base: 369 executives at North American enterprises

(responses of “don’t know” and “not applicable” are excluded; percentages may not total 100 because of rounding)
**ADOPITION OF IP TELEPHONY AND VOIP CONTINUES**

**MPLS** adoption is surging — especially among Global 2000 enterprises, where 52% plan to increase spending on MPLS this year.

Across all sizes of enterprise, regardless of current service provider, organizations are migrating away from legacy site-to-site services and onto MPLS at an increasing rate. Through 2005, 17% of enterprises completed migration to MPLS, but 22% plan to move to MPLS this year. Companies are also beginning to migrate off of IPsec and onto MPLS. In 2005, 50% had “fully deployed” site-to-site IPsec, but that has dropped by 6 percentage points to 44% in 2006.

Interest in managed services varies by industry and size. For instance, 8% of retail and wholesale trade companies say that network outsourcing is a critical priority for 2006, as do 11% of Global 2000 enterprises. Interest also varies by rank or job title — 26% of telecommunications directors are very interested in acquiring managed IPsec remote-access services, but only 12% of network staffers (who worry about being outsourced) concur.

### 2-1 Preferred Landline Providers

“Which landline telecom service providers does your company predominately use?”

<table>
<thead>
<tr>
<th>Provider</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT&amp;T</td>
<td>43%</td>
</tr>
<tr>
<td>Verizon</td>
<td>27%</td>
</tr>
<tr>
<td>Sprint Nextel</td>
<td>19%</td>
</tr>
<tr>
<td>SBC</td>
<td>17%</td>
</tr>
<tr>
<td>MCI</td>
<td>17%</td>
</tr>
<tr>
<td>Qwest</td>
<td>16%</td>
</tr>
<tr>
<td>BellSouth</td>
<td>11%</td>
</tr>
<tr>
<td>Bell Canada</td>
<td>6%</td>
</tr>
<tr>
<td>TELUS</td>
<td>4%</td>
</tr>
</tbody>
</table>

Base: 702 decision-makers at North American enterprises (multiple responses accepted)

### 2-2 VPN And MPLS

**At what stage is your company in the adoption of the following VPN and data technologies?**

<table>
<thead>
<tr>
<th>Technology</th>
<th>Fully deployed or upgrading</th>
<th>Rolling out or partial development</th>
<th>Evaluating or piloting</th>
<th>No plans</th>
<th>Don’t know</th>
<th>&quot;No plans&quot; in 2005*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remote-access IPsec VPN</td>
<td>56%</td>
<td>18%</td>
<td>12%</td>
<td>11%</td>
<td>3%</td>
<td>13%</td>
</tr>
<tr>
<td>Site-to-site IPsec VPN</td>
<td>44%</td>
<td>16%</td>
<td>16%</td>
<td>20%</td>
<td>3%</td>
<td>18%</td>
</tr>
<tr>
<td>Remote-access SSL VPN</td>
<td>35%</td>
<td>19%</td>
<td>19%</td>
<td>24%</td>
<td>4%</td>
<td>36%</td>
</tr>
<tr>
<td>MPLS VPN</td>
<td>33%</td>
<td>22%</td>
<td>20%</td>
<td>21%</td>
<td>4%</td>
<td>40%</td>
</tr>
</tbody>
</table>

**How interested are you in procuring the following as a managed service over the next three years?**

<table>
<thead>
<tr>
<th>Service</th>
<th>Very interested</th>
<th>Somewhat interested</th>
<th>Uninterested</th>
<th>Don’t know</th>
<th>&quot;No plans&quot; in 2005*</th>
</tr>
</thead>
<tbody>
<tr>
<td>MPLS VPN</td>
<td>14%</td>
<td>33%</td>
<td>50%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Remote-access IPsec VPN</td>
<td>14%</td>
<td>31%</td>
<td>52%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Remote-access SSL VPN</td>
<td>11%</td>
<td>29%</td>
<td>56%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Site-to-site IPsec VPN</td>
<td>9%</td>
<td>31%</td>
<td>56%</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Base: 517 landline data/IP and Internet access services decision-makers at North American enterprises (percentages may not total 100 because of rounding)

*Source: Forrester’s Business Technographics* May 2005 North American And European Network And Telecommunications Benchmark Study

**Did you know?**
Of those enterprises planning to migrate to MPLS, 26% planned to complete doing so by the end of 2006.
Migrating voice to an IP network is a critical priority for 17% of enterprises. Telecom directors are very bullish on the migration to VoIP and IP telephony (IPT) — 25% consider it a critical priority for 2006. But this does not mean that they’re rapidly migrating their entire networks. Enterprises often stagger deployment of IP telephony technology across two years or more. Thus, at the aggregate, the percentage of enterprises that have fully deployed IP PBXs and IP centrex is virtually unchanged since last year.\footnote{22}

Twenty-three percent of government respondents have deployed IP PBXs and 5% have deployed IP centrex; only 12% and 3% of nongovernment respondents have done so.\footnote{23} Thirty-four percent of government respondents also are evaluating or rolling out IP centrex, compared with 30% of nongovernment; however, a greater proportion are evaluating or rolling out IP PBXs — 66% of nongovernment and 54% of government respondents. Given the comparatively high cost of greenfield IP PBX equipment, companies typically prefer, whenever feasible, to upgrade their TDM PBXs to IPT. All else being equal, this favors long-established PBX vendors such as Avaya/Teknovis, Nortel, or Siemens.
**Contact center technology** continues to evolve, but implementation plans vary by industry. Sixty percent of the companies with international networks plan to increase the number of contact centers they operate this year, as do 29% of business services and 18% of companies in the finance and insurance industry. Global 2000 employees cite cost as the No. 1 factor when considering adopting IP contact center technology. In contrast, large enterprises cite reliability, scalability, and interoperability as key adoption considerations.

In 2005, 7% of North American enterprises said they had deployed IVRs/VRCs that are fully enabled to support speech recognition technology, but in 2006, this has grown by more than 150%, to 18% of respondents. Twenty-six percent of companies with international networks are already using IVR/VRU technology that is fully speech-enabled, as do 33% of business services organizations and 29% of the companies in the media, entertainment, and leisure industries.

**Related Research:**
“2006 IT Spending In The SMB Sector: Business Technographics North America”
April 11, 2006; Data Overview

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### 3-1 The Number Of Contact Centers Will Remain Largely The Same

“In 2006, does your company plan any changes in the number of contact centers it directly operates?”

- Don’t know 1%
- Decrease 10%
- Increase 15%
- Same 67%
- Don’t have contact centers 7%

Base: 227 contact center decision-makers at North American enterprises

50% of those firms planning to refresh or migrate their contact centers plan to do so between 2006 and 2007.

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### 3-2 Enterprises’ Adoption Of Touchtone Is Highest Among Open Speech Platforms

“At what stage is your company in the adoption of the following interactive voice response unit (IVR/VRU) or open standard speech platform technology?”

<table>
<thead>
<tr>
<th></th>
<th>Fully deployed or upgrade underway at all applicable sites</th>
<th>Initial rollout or partial deployment</th>
<th>Evaluating or piloting</th>
<th>No plans</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Touchtone</td>
<td>58%</td>
<td>17%</td>
<td>10%</td>
<td>9%</td>
<td>6%</td>
</tr>
<tr>
<td>Some speech-enabled</td>
<td>23%</td>
<td>23%</td>
<td>19%</td>
<td>27%</td>
<td>7%</td>
</tr>
<tr>
<td>Fully speech-enabled</td>
<td>18%</td>
<td>16%</td>
<td>19%</td>
<td>41%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Base: 108 decision-makers at North American enterprises using an IVR/VRU or open standard speech platform technology (percentages may not total 100 because of rounding)

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Of those firms planning a total transition to IVR applications, 26% will complete the transition in 2006, and an additional 14% will do so in 2007.
USE OF MOBILITY SOARS

Mobile email deployment in North American enterprises now reaches 71%. Similarly, 64% of enterprises now use personalized calendars and contacts. However, government use of mobile personalized contacts and calendars lags behind nongovernment (58% have fully deployed, versus 65% nongovernment). Similarly, use of other mainstream mobile applications varies, with the use of instant messaging more than twice the instance in nongovernment enterprises — 31% versus government at 18%.

Use of mobile data applications varies by company size. For instance, Global 2000 enterprises make greatest use of SMS alerts (42%), mobile instant messaging (32%), inventory management (32%), sales force (27%), and logistics (24%) applications. On the other hand, very large enterprises (5,000 to 19,999 employees) are the heaviest adopters of mobile email (78%), contacts (69%), and field service (27%) applications.

4-1 Mobile Applications

“At what stage is your company in the adoption of these mobile applications?”

- Wireless email or BlackBerry: 71% fully deployed or upgrading, 13% rolling out or partial development, 10% evaluating or piloting, 6% no plans or don’t know
- Personalized contacts and calendar: 64% fully deployed or upgrading, 9% rolling out or partial development, 10% evaluating or piloting, 16% no plans or don’t know
- Content/information for employees (e.g., portal): 34% fully deployed or upgrading, 10% rolling out or partial development, 25% evaluating or piloting, 29% no plans or don’t know
- SMS alerts: 33% fully deployed or upgrading, 6% rolling out or partial development, 16% evaluating or piloting, 42% no plans or don’t know
- Instant messaging: 29% fully deployed or upgrading, 8% rolling out or partial development, 19% evaluating or piloting, 44% no plans or don’t know
- Inventory management: 28% fully deployed or upgrading, 5% rolling out or partial development, 16% evaluating or piloting, 48% no plans or don’t know
- Field service applications: 24% fully deployed or upgrading, 6% rolling out or partial development, 20% evaluating or piloting, 44% no plans or don’t know
- Sales force applications: 22% fully deployed or upgrading, 4% rolling out or partial development, 21% evaluating or piloting, 47% no plans or don’t know
- Customer-facing apps (e.g., application customers can use): 21% fully deployed or upgrading, 8% rolling out or partial development, 19% evaluating or piloting, 50% no plans or don’t know
- Logistics applications: 18% fully deployed or upgrading, 5% rolling out or partial development, 20% evaluating or piloting, 53% no plans or don’t know

Base: 324 mobile technology decision-makers at North American enterprises
The percentage of companies that have increased their mobile data spending has doubled since 2005 (64% versus 32%), and 19% of the enterprise workforce now uses mobile data applications. Interest in managed mobility varies by company size and industry — with the greatest interest expressed by utilities and large enterprises. When considering important mobility adoption factors, enterprises are moving beyond reliability and cost: The second most important consideration in acquiring Wi-Fi and 2.5/3G services is security, and for mobile applications software, it is the ease of integration.
**Enterprise network security** spending continues to rise, with 66% of enterprises expecting increases. As companies continue to migrate away from legacy data services and onto IP VPNs, they will continue to invest in security technologies.

Enterprise interest in managed security services providers varies by company size and also by respondent job title. Global 2000 enterprises favor using systems integrators and security vendors, and they also are the most positively predisposed to use providers that offer a national or regional focus. Forty-seven percent of them also favor using managed security services of national or regional providers; 42% prefer using security equipment vendors; and 39% prefer systems integrators. Fifty percent of respondents in the business services industry favor using network operators, but 44% of public sector organizations prefer using security vendors. Forty-two percent of companies with international operations favor using managed security services provided by security vendors, and 46% prefer network operators.

### 5-1 Security Spending

**“How do you expect your firm’s spending on network security equipment and services to change this year compared with 2005?”**

<table>
<thead>
<tr>
<th>Decrease 4%</th>
<th>Don’t know 2%</th>
<th>Remain the same 28%</th>
<th>Increase 66%</th>
</tr>
</thead>
</table>

**Base**: 369 executives at North American enterprises

### 5-2 Security Outsourcing Trends

**“What level of interest do you have in procuring the following security technologies as a managed service over the next three years?”**

<table>
<thead>
<tr>
<th>Technology</th>
<th>Already using</th>
<th>Very interested</th>
<th>Somewhat interested</th>
<th>Not interested</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Content filtering (e.g., Web filtering, spam filtering)</td>
<td>30%</td>
<td>6%</td>
<td>14%</td>
<td>49%</td>
<td>1%</td>
</tr>
<tr>
<td>Firewalls (network- or premise-based)</td>
<td>26%</td>
<td>9%</td>
<td>19%</td>
<td>45%</td>
<td>2%</td>
</tr>
<tr>
<td>Intrusion detection (IPS and IDS)</td>
<td>23%</td>
<td>12%</td>
<td>22%</td>
<td>41%</td>
<td>2%</td>
</tr>
<tr>
<td>Network quarantine</td>
<td>19%</td>
<td>8%</td>
<td>26%</td>
<td>46%</td>
<td>3%</td>
</tr>
</tbody>
</table>

**Base**: 439 security services decision-makers at North American enterprises (percentages may not total 100 because of rounding)

**Did you know?**

Enterprises with 20,000 or more employees lead the plans to increase spend in this area, with 70% of executives reporting planned increases in spending.
USING THE DATA

Business Technographics provides Forrester clients with a rich data asset to be tapped for action-oriented market intelligence. By looking under the hood of the data in this document, technology solution providers can receive answers to questions like:

- What are the industry-by-industry purchase plans for my offerings?
- Which segments have the highest propensity to buy from me, rather than from my competitors?
- How do firmographic variables, such as job role and company size, affect buying behavior?

All data is industry-coded and profiled by variables like company size and geography. To understand how your firm can access this data asset through our Technographics Data & Services offering, email business technographics@forrester.com.
SUPPLEMENTAL MATERIAL

Methodology

The purpose of this study was to analyze 2006 spending on and adoption of emerging telecommunications and network services by North American and European enterprises. The survey examines adoption of landline and mobile voice and data services and managed security services. Among North American respondents, 91% live and work in the United States, and 9% live and work in Canada. Twenty-two percent of respondents were the CIO or most senior network decision-maker; 23% were their direct reports (typically vice presidents of telecom/network); 8% were telecom directors; and 47% were telecom managers. All respondents were screened for significant involvement in telecom decision-making, as well as the telecom purchasing processes and authorization. Among North American companies, 54% were from companies with 1,000 to 4,999 employees, 28% were from companies with 5,000 to 19,999 employees, and the remaining 18% were from companies with 20,000 or more employees. Seventy-eight percent of North American respondents’ network responsibilities were confined to North America, while the remaining 22% were responsible for their firm’s extraregional or international networks. The entire survey was administered via telephone and was fielded by Evalueserve in the first half of 2006. To motivate respondents to participate in this survey, we are providing them with a summary of its results (this report).

In addition to sampling error, one should bear in mind that the practical difficulties in conducting surveys can introduce error or bias into the finding of opinion polls. Other possible sources of error in polls are probably more serious than theoretical calculations of sampling error. These other potential sources of error include question wording, question ordering, and nonresponse. As with all survey research, it is impossible to quantify the errors that may result from these factors without an experimental control group, so we strongly caution against using the words “margin of error” in reporting any survey data.

These statements conform to the principles of disclosure of the National Council on Public Polls.

You can find more information about the data on the Survey & Data page online. From this page, you will be able to download the Survey Instrument.

ENDNOTES

1 In Forrester’s Business Technographics March 2006 North American And European Enterprise Network And Telecommunications Survey, we analyzed adoption trends in network and telecommunications technology for enterprises in North America and Europe. The survey examined general trends in organizations’ telecommunications environments, as well as specific trends in landline voice services. Particular attention was paid to landline data technologies and services, security technologies and services, landline voice services, contact centers, mobile telecommunications services and technologies, and managed services.

2 We set targets for the number of respondents for each industry based on data about the industry’s contribution to overall IT spending. For each target, we had an allowance of +/- 5%. See the June 30, 2005, Market Overview “2005 Update: US Enterprise And SMB IT Spending.”
For the purpose of this research, international network organizations (INOs) are companies we identified as having international networks based on the decision-making scope of the survey respondent (those with responsibility for networks within and beyond North America). INOs comprise 22% of the survey base. Conversely, 78% of respondents’ network decision-making scope is solely within North America.

We’ve worked with several clients recently who received MPLS price proposals from providers; in each case, MPLS prices were 20% to 40% lower than their current Frame Relay prices. Some providers’ policies regarding MPLS prices are explicit — Sprint is a case in point. See the May 15, 2006, Trends “US MPLS Services Update, Q2 2006.”

In 2005, Forrester reviewed and wrote about telecommunications technology and network adoption trends. See the June 23, 2005, Data Overview “The State Of Network And Telecom Adoption: Business Technographics North America And Europe.”

Forty-one percent of financial services firms and 32% of public sector organizations plan to decrease spending on legacy data services in 2006. Forty percent of financial services firms will increase spending on IP technology and services this year, as will 58% of public sector organizations.

In Forrester’s Business Technographics May 2005 North American And European Network And Telecommunications Benchmark Study, 62% of enterprises surveyed reported spending more on security than they had one year earlier. See the September 21, 2005, Data Overview “The State Of Security In SMBs And Enterprises: Business Technographics North America.”

Forty-six percent of utilities now use managed firewall services, and 46% of utilities also now use managed content filtering services with 31% employing managed intrusion detection services.

Seventeen percent of telecommunications directors favor using network providers for managed security services, but 33% of them favor using network integrators.

Mobile corporate-liable contracts bill the enterprise, not the employee, for monthly cellular fees; in such arrangements, the enterprise also selects which mobile devices will be available for employee use, and it typically pays for these as well. See the June 23, 2005, Trends “Knocking Down Barriers To North American Enterprise Wireless Adoption.”

Difference in mobile applications adoption varies by application, and this difference is never less than nine percentage points.

IP telephony refers to LAN, line-side, or desktop VoIP functionality, which is typically delivered by IP PBXs or IP centrexes. In contrast, site-to-site VoIP refers to trunk or WAN-side VoIP functionality. 2005 data is taken from Forrester’s Business Technographics May 2005 North American And European Network And Telecommunications Benchmark Study, in which 12% of the 407 decision-makers at North American SMBs were rolling out IP telephony.

In both cases, their spending on site-to-site VoIP will grow by more than 50% in 2006.

This is true for site-to-site MPLS and IPsec, remote-access SSL, and remote-access IPSec.

In Forrester’s Business Technographics May 2005 North American And European Network And Telecommunications Benchmark Study, 17% of 407 North American decision-makers surveyed had already fully deployed MPLS VPN services.
In Forrester’s Business Technographics May 2005 North American And European Network And Telecommunications Benchmark Study, 13% of 352 North American decision-makers surveyed planned to complete their migration to intranet VoIP by the end of 2006.

In our 2006 survey, 14% of North American decision-makers were in the government sector.

In Forrester’s Business Technographics May 2005 North American And European Network And Telecommunications Benchmark Study, 7% of 352 North American decision-makers ran IVR/VRUs that were fully speech-enabled.

In Forrester’s Business Technographics May 2005 North American And European Network And Telecommunications Benchmark Study, 51% of 292 North American decision-makers surveyed were fully deployed or upgrading their wireless email capabilities, while 55% were for personalized contacts.

In Forrester’s Business Technographics May 2005 North American And European Network And Telecommunications Benchmark Study, 7% of 407 North American decision-makers surveyed said that they would significantly increase their spend on mobile data equipment and services, while an additional 25% would somewhat increase.
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