



BroadBranch Advisors

Creating a Durable Advantage in a Dynamic Cybersecurity Market

Cybersecurity has been in the news lately. That is true today, it was true last month, and it will be true whenever you happen to have clicked on this article. Global spending on information security and risk management is projected to grow to \$188 billion in 2023, up from \$158 billion in 2021. Even amidst that spending, the cost of breaches is rising dramatically: the total cost of cybercrime in 2022 was estimated at \$8.4 trillion (with a “t”), up from \$2.95 trillion in 2020. Threats are multiplying, and cybersecurity solutions are rushing to catch up. All of this adds up to a cybersecurity market that shifts and evolves with mind-boggling pace. It’s difficult to overstate just how quickly the cybersecurity landscape has changed over the last several

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years. To illustrate, it’s helpful to take a step back.

Picture it: the year is 2018. SaaS solutions are just beginning to compete meaningfully with on-premises solutions — and look like they might be the future of the market. “AI” and “machine learning” are the buzziest buzzwords around. VPNs are exploding in popularity. Companies of all stripes are gradually moving from Antivirus solutions to solutions centered in Endpoint Detection and Response (EDR) — and Symantec is Gartner’s pick as the market’s clear leader in endpoint protection.

Feels like more than five years ago, doesn’t it? Today, SaaS solutions dominate the market. Substantial incorporation



of AI is table stakes for any cybersecurity vendor. The focal point of security is again shifting, this time away from simple EDR and towards Extended Detection and Response (XDR) and other more holistic solutions. End users are increasingly seen as a major source of security vulnerabilities, and more and more products geared towards training are entering the market. Demand for cybersecurity expertise far exceeds its availability, and many companies are turning to outsourced cybersecurity solutions. CrowdStrike, propelled by the strength of its cloud-based platform, is generally held up as the market leader, though companies like SentinelOne — an organization that boasted fewer than 100 employees in 2018 — are now offering stiff competition. Symantec, if it needs to be said, is no longer a market leader.

This is the nature of the modern cybersecurity market. Ever-evolving threats demand ever-evolving solutions. Amidst a rapid rate of innovation, market leaders rise and fall with whiplash-inducing speed.

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All of this raises a critical question: how can any company achieve long-term success in a market this dynamic? How, in other words, can a cybersecurity company create a durable advantage?

“Durable advantage” refers to a sustainable competitive edge that a business has over its competitors — an advantage which is created and maintained over time. It is the result of a unique combination of resources, capabilities, and strategies that enable a company to outperform its rivals consistently.

In more than a decade working in this space, we have seen time and again that success or failure in establishing a durable advantage hinges on a company’s ability to effectively leverage external perspectives. Success in any rapidly evolving market like cybersecurity requires staying informed about the latest trends and developments in the industry. Awareness of customer perspectives and industry trends is essential to strategic decision making. It is also critically important to be agile and adaptable in response to changing market conditions. This may involve investing in new technologies or processes, developing new products or services, or repositioning your existing offerings to better meet customer needs. Topflight information across multiple dimensions is key:

Customer

Knowledge of customer needs, preferences, and buying behavior is the cornerstone of effective innovation. Think of: being one of the first companies



to make the case that your SaaS-based solution could be primarily managed in-house, helping support customers' resource constrained security teams.

Competitor

Insight into competitors' strengths, weaknesses, and strategies drives differentiation. Think of: understanding the trajectory of Microsoft, the behemoth waiting in the wings, and how they plan to expand into cybersecurity adjacencies.

Market

An awareness of the market drives awareness of emerging technologies, changing consumer behavior, and economic shifts. Opportunity lies in anticipating

systemic threats and identifying adjacent growth opportunities. Think of: fully recognizing the pros and cons of the cloud amidst the all-consuming hype of full cloud products. Cybersecurity's future looks like a hybrid of cloud and on-prem, and any company that understood that early is at a real advantage.

Firms that are able to source and act on customer, competitor, and market perspectives will always outperform other innovative competitors who are internally focused. Companies who consistently remain aware of changes in customer preferences and shifts in their competitive landscape are able to establish themselves as market leaders, driving growth and profitability over the long-term. In a space like

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cybersecurity, succeeding in creating a durable advantage means staying fully informed on what your customers want, what your competitors are preparing, and where the market is trending.

Today, the cybersecurity market is in an interesting place. Resource constrained customer security teams increasingly look like the critical issue that will define the cybersecurity markets' near future, and many vendors have responded by offering solutions that are managed by the vendor in-house. While customers have responded well to these new offerings, vendors now face substantial hurdles when it comes to scalability — especially in a world that currently seems to not have nearly as many cybersecurity professionals for hire as it needs. The winner of the cybersecurity market in the next five years may well be the company that most effectively and creatively leverages customer, competitor, and market perspectives in dealing with this trend.

Why BroadBranch?

BroadBranch Advisors helps our clients grow through periods of profound change. Our focus is on helping clients anticipate industry trends, refine their value proposition, and create business strategies that deliver long-term sustainable growth.

BroadBranch works across a variety of industries, spanning the life sciences, healthcare, manufacturing, financial services, food & beverage, and cybersecurity industries. We help our customers by bringing an “outside in” perspective to develop growth strategies and solve our customer’s most challenging strategic problems. Whether through acquisition due diligence, competitive intelligence, or strategic decision support, we help organizations at critical growth junctures. If you’d like to learn more about how BroadBranch Advisors can help, please reach out to one of our Partners Courtney Matson (courtney@brbradv.com) or Greg Thompson (greg@brbradv.com). You can also read other market perspectives written by our team [here](#).



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