Network Traffic Analysis Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The network traffic analysis market was valued at USD 0.93 billion in the current year and is expected to reach USD 2.03 billion over the next five years, registering a CAGR of 13.87% over the forecast period. Network administrators currently face a dynamic environment wherein the rising number of system applications, employee-owned (BYOD), distributed infrastructure, virtualizations, and cloud services have created considerable demand for stability and improved administration of networks. Thus, the need for tools to provide enhanced visibility in communication at both the device/system and network levels and control over network applications has become paramount. This control helps reduce the time between the occurrence and resolution of a network issue, monitor network capacity consumption, and proactively avoid network and application problems while ensuring greater network security.

With 95% of the web traffic encrypted, as per the Google Transparency Report in July last year, organizations require an accessible method for decrypting their network traffic without disrupting data privacy implications. NTA solutions enable security professionals to uncover network threats by analyzing the full payload without compromising privacy. Furthermore, owing to the booming tourism industry, the online platforms that allow users to conveniently browse through a number of hotels and reservations of rooms have witnessed growth. This increase in the number of tourists, coupled with an increase in online platforms, is expected to boost the traffic on such platforms, increasing the need for network analysis over the forecast period.

The growth of the e-commerce giants, like Alibaba, Amazon, Flipkart (Walmart), E-bay, etc., has resulted in increased retail space traffic. This makes it essential for the players mentioned above to look for solutions that help them analyze the traffic and provide a better customer experience. Also, during the pandemic, traffic to the sites of some of the biggest retailers was on the higher side. For instance, Amazon.com's page views increased by 50%, while Walmart's page views increased by 91%.

The increasing migration of consumers from standard text messaging to social network messaging apps, like Facebook messenger, is expected to boost the traffic on such platforms. This makes monitoring traffic an essential component for the site or app operators. For instance, Facebook had more than 2.9 billion monthly active users (MAU) in the first quarter of the current year.

Increasing cloud traffic resulted in increased concerns about network security across businesses, thus driving the need to manage distributed denial-of-service (DDoS) attacks and maintain the quality of experience (QoE). The global growth in network infrastructure, owing to the increasing number of data centers and shared storage solutions, drives the network traffic analysis market.

With the evolving nature of the attacks, many technology experts estimate that the network-based micro-breaches may be small enough to evade even the most advanced detection systems ever built. It is also known that deploying network traffic analysis solutions provides a rapid ROI compared to endpoint and sandbox solutions. These factors have been instrumental in making the market a growing investment area for enterprise security teams.

Also, as a response to the COVID-19 outbreak, employees and other stakeholders have already begun remote work, thus creating increased pressure on an organization's cybersecurity risk management. Another significant source of stress being created by work-from-home policies is no lead time for reinforcing and enhancing network capabilities.

Network Traffic Analysis Market Trends

BFSI Sector is Expected to Hold a Significant Market Share

Due to the presence of an extensive networking framework and critical data, the BFSI sector faces several data breaches and cyber-attacks due to the large customer base that the industry serves. People's rising propensity for online and mobile banking has raised the possibilities of these cyber-attacks and data breaches, encouraging banks and other financial institutions to use network traffic monitoring tools. For instance, in March last year, Acer, a global IT hardware vendor, was the victim of a ransomware attack carried out by the REvil ransomware group.

The utilization of banking and financial services through online portals is increasing rapidly, owing to the increasing digitization trend in banks across emerging economies, such as India. This may boost the traffic on their platforms, making it essential for these institutions to continuously monitor and analyze the traffic, enabling them to serve their consumers better. For instance, 40% of core retail banking sales originated digitally last year. This suggests the critical importance given to digital transformation by retail bankers.

Data breaches lead to an exponential cost increase and loss of valuable customer information. For instance, as per IBM's Cost of Data Breach 2020 report, the financial industry witnessed an average of USD 5.1 million as the cost of a breach. Therefore, to secure their IT processes and systems, critical customer data, and comply with government regulations, private and public banking institutes implemented the latest technology to prevent these network attacks.

Additionally, with greater customer expectations, growing technological capabilities, and regulatory requirements, banking institutions are forced to adopt a proactive approach to security, thus adopting solutions that secure the link between the device and the network. Furthermore, with the rising trend of e-commerce, banks are driven to establish secure channels for third-party payments. Thousands of transaction requests are handled and processed daily by websites associated with e-commerce, e-banking, e-shopping carts, etc.

North America Holds Significant Market Share

North America is the base of some of the most prominent technology companies, data center operators, and service providers. The requirement for NTAs across all allied sectors is driven by the deployment of advanced network capabilities and the operation of critical communication networks. Another factor bolstering the region's dominance in the market studied is the presence of market vendors in the region, which has increased the proportion of direct sales, as well as the sales of the international markets served by this region.

From four significant incidents in 2006 to 134 in 2020, the number of major cyberattacks has surged. The cost to victims has risen in tandem with the frequency of attacks. According to IBM, the average cost of a data breach in the United States has risen from USD 3.5 million in 2006 to USD 9.4 million in 2022, representing a roughly 170% increase in 16 years.

Government initiatives have also been instrumental in aiding the market's growth. For instance, in the utility industry, the US government mandated the adoption of version 5 of the North American Electric Reliability Corporation Critical Infrastructure Protection (NERC CIP) as the cybersecurity standard, whereas the healthcare industry abides by HIPPA requirements for securing data.

NTA providers in Canada have to be cautious about the Personal Information Protection and Electronic Documents Act; organizations in the region should prioritize adhering to the principles of privacy regulations while adopting an NTA tool.

Network Traffic Analysis Market Competitor Analysis

The network traffic analysis market is moderately competitive and consists of several major players. However, with the advanced security system's growth, many companies are increasing their market presence by securing new contracts.

In January 2022, SolarWinds acquired federal services provider, Monalytic, a monitoring, analytics, and professional services company, to enhance and protect its mission-critical systems. Monalytic brought 16 employees to SolarWinds and, through the acquisition, will continue to operate as a separate entity.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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