

Password Management Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The password management market was valued at USD 1,746.8 million in the current year, and it is expected to grow at a CAGR of 28.52%, reaching USD 6,125.4 million by the next five years. Password management (PM) technologies enable users to reset clients' passwords following an account lockout or when individuals forget their credentials. Additionally, PM tools can synchronize passwords for users across many platforms, enabling users to log into numerous applications using a single password. As more and more financial and personal information is kept online, the demand for complex passwords and safe means to store them has led to the development of password managers. According to Keeper Security, inadequate password security accounts for more than 81% of data breaches.

Key Highlights

According to IBM's Cost of a Data Breach Report 2021, the average cost of a data breach to a corporation is USD4.24 million.

Password managers enable users to establish difficult-to-guess passwords and automatically log in to websites without remembering them. Many also offer secure private browsing networks, monitor accounts for data breaches, and test the strength of passwords.

Growing pressure to implement digitally transformative technologies drive businesses to adopt solutions, thereby increasing their risk level. According to the study, security concerns (88%) and the threat of a large-scale breach (84%) are expected to drive organizations to implement an access management solution.

Deploying advanced technologies such as multi-factor authentication, boost the adoption of password management. Several password managers support multi-factor authentication (MFA) to better safeguard users and their passwords. An attacker would need to know the master password and have access to the second factor to gain access to credentials with multi-factor enabled. Every cloud-sync password manager and any other place where password managers are being used to store passwords protecting access to privileged or other sensitive accounts should enable multi-factor authentication.

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The flaws in password management applications are challenging the market's growth and the adoption of such solutions. A security breach from the perspective of the password manager is expected to be catastrophic compared to a single entity breach, owing to the presence of multiple IDs and passwords managed by applications, which make the data even more sensitive. Since the start of the COVID-19 outbreak, the number of cyberattacks has been drastically increasing, adversely affecting individuals, businesses, and organizations. Employees working from home, lack of information about the spreading outbreak, and growing public fears led the hackers to test a wide range of cyber attack methods and receive financial profit. Some affected organizations are investing in financial resources to fix the current inefficient data and password management systems. The threat of cyber attacks is expected to last longer than the COVID-19 pandemic.

Password Management Market Trends

Increased Cybersecurity Risks in the Recent Times Drives the Market Growth

As the use of technology is going up, the risks involved in adopting technology in critical scenarios are also on the rise. For instance, sensitive information, such as financial and personal details, breaches, or denial of services by servers on mission-critical systems by the breach of user and password are driving the demand for password management.

In 2021, there were at least 1,243 publicly documented security events, according to IT Governance's monthly list of data breaches and cyber-attacks. Compared to 2020, there has been an 11% rise in security incidents. A FinCEN study claims that Bitcoin transactions totaling at least USD 5.2 billion have been made due to ransomware extortions.

Further, the growing government investments in cyber security are analyzed to bolster the demand for password management significantly. In March 2022, the president of United States Joe Biden's USD5.8 trillion budget proposal for the fiscal year 2023 was published by the White House, and cybersecurity appears to be a full focus, as seen by a large increase in spending from the previous year.

About a 10.9 billion USD increase from 2022 is requested in the president's budget for civilian cybersecurity-related operations. USD2.5 billion of that sum has been given to the DHS's Cybersecurity and Infrastructure Security Agency. That is a rise of about USD 500 million from the prior year.

Therefore, the growing cybersecurity risks alongside the government investments to mitigate these are bolstering the demand for password management solutions during the forecast period. According to IBM, Manufacturing has the largest proportion of cyber attacks among the global major industries. Attacks against industrial organizations accounted for more than 23% of all cyber attacks in 2021. Finance and insurance stood in second with approximately 22% of the attacks. Professional and commercial services remained in third place, accounting for approximately 13% of the total.

Asia-Pacific to Witness the Fastest Growth

The major factors driving the password management market in the Asia-Pacific include increased digitization initiatives, increased fraudulent activities and identity theft over the last decade, and advanced digital identity use cases across verticals. Furthermore, initiatives by governments and businesses focusing on digitalization and the implementation of new technologies such as AI, ML, and automation in verification solutions would present lucrative opportunities for password management vendors.

A fragmented regulatory environment and the rapid transition to digital commerce have spurred several enterprise fraud management (EFM) trends in the Asia-Pacific. The major contribution of COVID-19 as the world has shifted its work culture from manual to automated; there was an increasing number of online activities, which has raised the huge number of online registrations and profile identification, due to which the risk of fraud has increased thus the demand for the id verification is also growing.

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Countries like China, India, and Japan are driving growth in the Asia-Pacific region. The increasing cyber-attacks have propelled China to strengthen its defensive capabilities. This is expected to boost the adoption of security solutions, such as password management, to prevent unauthorized access.

For instance, the government of Japan approved formulating a venture to try hands-on credential stuffing over the increasing use of IoT devices, including devices at both the enterprise network and consumer levels, primarily to ensure security among the population in the digital age. The government mentioned checking 200 million IoT devices in the country with random passwords that never changed above the default one. This will be rectified to enhance security.

According to the National Institute of Information and Communication Technology of Japan, cyber-attacks have significantly increased, especially with IoT devices. Such incidents encourage organizations to deploy password management solutions at the organization and consumer/users' levels to reset or generate high-strength passwords automatically.

Password Management Market Competitor Analysis

The password management market is highly fragmented with the presence of major players like Lastpass US LP (Goto Group Inc.), 1Password (AgileBits Inc.), Dashlane Inc., Keeper Security Inc., and Avatier Corporation among others. Players in the market are adopting strategies such as partnerships, mergers, innovations, investments and acquisitions to enhance their product offerings and gain sustainable competitive advantage.

August 2022 - 1Password released an update for its Android and iOS apps. 1Password 8 completely overhauls the appearance of mobile password management apps. The customizable home tab includes a feature of the new mobile layout that should make it simpler to locate logins, save favorites, and arrange users' passwords.

March 2022 - LastPass, the prominent player in password management, announced a partnership with Ping Identity, including PingOne and PingFederate, to better support enterprise customers. Customers who use PingOne and PingFederate as their identity provider (IdP) can now integrate with LastPass to streamline access management and scale effective password hygiene throughout entire organizations, saving time for IT departments while maintaining the security of the data without introducing another step or password to the end users' workflow. With these new improvements, LastPass Business can now be used by enterprises of all sizes and has integrations with all major IdPs.

Additional Benefits:

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

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