

Next-generation Firewall Market Assessment, By Component [Solution, Services], By Deployment Mode [On-premises, Cloud-based, Hybrid], By Company Size [Large Enterprises, Small and Medium Enterprises], By Application [Network Security, Application Security, Endpoint Security, Data Management and Governance, Others], By End-use Industry [Banking, Financial Services and Insurance, IT and Telecommunication, Retail and E-Commerce, Healthcare, Manufacturing, Energy and Utilities, Others], By Region, Opportunities and Forecast, 2017-2031F

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Report description:

Global next-generation firewall market is projected to witness a CAGR of 12.05% during the forecast period 2024-2031, growing from USD 5.18 billion in 2023 to USD 12.87 billion in 2031. The escalating cybersecurity threats significantly drive the growth of the next-generation firewall (NGFW) market. According to research from IBM Corporation and the Ponemon Institute, LLC, the global average data breach cost reached USD 4.88 million in 2024, marking a 10% increase from 2023. The rapid rise of data, particularly shadow data, highlights the importance of innovative security solutions, as one-third of such breaches are identified as shadow data breaches. Organizations are confronted with complex challenges in tracking and securing sensitive associated with this form of data. Strategies involving security AI and automation benefit organizations by saving them an average of USD 2.22 million more than those that did not embrace the innovations. Therefore, an AI-based next-generation firewall is generating a demand for protecting confidential data and mitigating potential loss of funds due to advanced attacks against mature businesses. The need for stringent security is increasing, thereby resulting in huge growth in the next-generation firewall market share in the forecasted period.

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For instance, in May 2024, Fortinet, Inc. launched the FortiGate 200G series, a next-generation firewall designed for modern campuses. It provides advanced AI-powered security services and enhanced throughput while it supports Wi-Fi 7 and addresses the growing demands of decentralized network environments.

Integration of AI and Machine Learning to Drive Market Growth

AI and machine learning are revolutionizing the next generation of firewalls. Due to the changes in AI algorithms that analyze large data, next-generation firewalls can rapidly identify patterns and anomalies that signal a breach in real-time. This proactive approach allows the organizations to act before damage and downtime occur. It provides better accuracy for detecting threats, which reduces false positives, enabling the security team to focus on real risk. Furthermore, there is increasing demand for next-generation firewalls that utilize AI and machine learning as cyberattacks become increasingly sophisticated, fueling the growth of the next-generation firewall market as companies recognize that these advanced technologies need to be invested in better cybersecurity and safeguarding sensitive information.

For instance, in June 2024, Cisco Systems, Inc. unveiled transformative advancements to its Security Cloud, introducing the AI-driven Firewall 1200 Series for enhanced performance and integrating Cisco Hypershield with Advanced Micro Devices (AMDs) and Pensando Data Processing Units (DPUs), reinforcing security across networks and data centers for a hyper-distributed world.

Demand For Unified Security Solutions to Fuel the Next-generation Firewall Market

An increase in the demand for integrated security solutions is a primary growth driver of the next-generation firewall market. Organizations are increasingly seeking solutions that combine multiple functionalities, such as intrusion prevention, virtual private network (VPN), and application control, under one solution, is increasing continuously. This integration reduces complexity, simplifies security management, and enhances protection against various cyber threats.

As the diversity of vulnerabilities continues to grow, security strategies need to become more cohesive. The rising interest in next-generation firewalls is fueled by their ability to provide holistic view of network traffic and threats, allowing organizations to be more responsive in managing events and, therefore, becoming increasingly integral to the modern cybersecurity framework.

For instance, in July 2024, Fortinet, Inc. launched two new next-generation firewalls tailored for mid-sized and hyperscale data centers, designed to enhance hybrid mesh firewall architecture with unified management and robust security capabilities.

Government Initiatives to Act as a Market Catalyst

Government initiatives are contributing highly to the revenue growth in the next-generation firewall market. The United States government released an Executive Order on Cybersecurity in May 2021, reinforcing the need for advanced security measures, including next-generation firewalls, that will help strengthen federal network defenses, thereby increasing demand from government agencies. In addition, the enactment of the bilateral Cyber Incident Reporting for Critical Infrastructure Act that establishes the Cyber Incident Reporting Council further accelerates the adoption of next-generation firewalls as a part of a comprehensive cybersecurity framework in critical infrastructure, thus further propelling next-generation firewall market growth. In addition, the Cybersecurity and Infrastructure Security Agency (CISA) actively promotes implementation, using guidance on zero-trust integration into these technologies. Thus, these projects have heightened the importance of advanced cybersecurity solutions. The next-generation firewall market is indeed lucrative and remarkable for next-generation firewall vendors since this landscape thrives in the forecasted period.

For instance, in May 2024, Institut Teknologi Bandung (ITB) and the Economic Research Institute for ASEAN and East Asia (ERIA) collaborated to tackle cybersecurity challenges in autonomous vehicles (AV), highlighting the critical role of next-generation firewalls in securing AV technology for future advancements and emphasizing their role in protecting digital infrastructure and fostering innovation in Southeast Asia's automotive sector.

Banking, Financial Services, and Insurance Industry to Lead Market Share

The Banking, Financial Services, and Insurance (BFSI) industry leads to the share of the next-generation firewall market, driven by the critical need for enhanced cybersecurity. Institutions within BFSI sector are increasingly adopting next-generation firewall solutions to enhance their security frameworks with cyber threats increasingly targeting sensitive financial information. Enhanced firewalls that offer application awareness, intrusion prevention, and threat intelligence features are required for such organizations to defend against sophisticated attacks. Apart from these, strict regulatory requirements such as the General Data Protection Regulation (GDPR) and Payment Card Industry Data Security Standard (PCI DSS) require thorough security, an important factor driving next-generation firewall demand. Moreover, significant IT spending in the sector allows investments in

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cutting-edge technologies and helps ensure resilience against evolving threats. As digital transformation progresses, so does the importance of integrating next-generation firewalls into cloud environments to secure transactions and customer data, promoting the growth of the next-generation firewall market in the forecasted period.

North America to Dominate Next-generation Firewall Market Share

North America leads the share of the next-generation firewall market, owing to robust technological infrastructure and an increased cybersecurity awareness. The complexity of the threat landscape in this region compels enterprises to invest significantly in advanced security solutions. Regulatory and compliance mandates further drive organizations to implement next-generation firewalls to protect confidential data and maintain network integrity. Hence, the accelerated adoption of cloud services and the rise of remote work have heightened the demand for comprehensive security measures, including next-generation firewalls combined with software-defined wide area network (SD-WAN) capabilities.

North American vendors lead the wave of innovation by applying AI and ML to next-generation firewall products to predict and evade emerging threats proactively. Further, North America stands out as a pivotal player in influencing the future of the next-generation firewall market as cyber threats continue to evolve and contribute to the rise in market share.

For instance, in January 2024, Juniper Networks, Inc. launched its AI-Native Networking Platform, unifying campus, branch, and data center operations under a single AI framework. This innovative platform enhances reliability and security while enabling automated management and self-healing capabilities, leveraging seven years of data insights.

Future Market Scenario (2024 – 2031F)

- The next-generation firewall market will shift towards hybrid mesh firewalls, that would combine networking and security functions to ensure seamless protection across various environments, including On-premises, cloud, and remote locations.
- Next-generation firewalls will implement AI and machine learning technology to heighten their detection and response features related to more sophisticated cyber threats, thereby enabling preventive security measures.
- Next-generation firewalls will increasingly evolve to protect decentralized networks with robust security as remote work increases and will grow to secure access for remote employees and IoT devices.
- Stricter data protection regulations will force organizations to invest in next-generation firewalls, especially in the healthcare and finance sectors, where data security is very critical.

Key Players Landscape and Outlook

The next-generation firewall market features a diverse player landscape, ranging from established cybersecurity firms to innovative start-ups. These vendors are increasingly focusing on cloud-native solutions that can scale effectively, support advanced threat detection, and seamlessly integrate with existing infrastructures. The competition is characterized by a continuous drive for innovation, particularly in the realms of AI and machine learning. Companies are actively using these technologies to enhance security measures and improve operational efficiencies. The outlook for the next-generation firewall market remains robust, driven by escalating cybersecurity concerns, the shift towards remote work, and the need for comprehensive protection across hybrid environments. This trend is expected to boost demand for flexible and intelligent firewalls, ultimately shaping the future of network security with a focus on integrated security solutions.

In June 2024, Tech Mahindra Limited expanded its partnership with Cisco Systems, Inc. to deliver a next-generation firewall modernization solution, enhancing standard functions with unified policy management and Talos threat intelligence for comprehensive malware defense across On-premises and cloud environments.

In April 2024, Google LLC and Palo Alto Networks, Inc. revealed the Google Cloud Next-Generation Firewall Enterprise, a managed service offering advanced Layer 7 security features to protect cloud workloads from threats, enhancing security in complex cloud environments.

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