Fall 2003 Wireless LAN Market Perception Study

EXECUTIVE SUMMARY

Wireless LANs represent the rarest of rarities in technology today: a white-hot networking market. Massive uptake of business-class 802.11 technologies (both actual and anticipated) among corporations seduced by the convenience of wireless LAN networks and the productivity benefits offered by mobility has fueled intense competition among a bewildering collection of vendors.

Incumbent wireline equipment vendors – such as Extreme Networks and Foundry Networks – are looking to enterprise-class 802.11 to goose flagging revenues and rally their stock prices. A slew of well-funded startups – including Airespace, AirFlow Networks, Aruba Wireless Networks, Trapeze Networks, and others – see 802.11 as their ticket to instant wealth, either through acquisition or via entry into the public markets. Meanwhile, established wireless networking specialists such as Proxim and Symbol Technologies must fight off the threat from both camps.

To make things really interesting, Cisco Systems, the 800-pound gorilla of the networking world, has yet to make a move into the hottest wireless equipment category of all: wireless LAN switches. Cisco’s absence has helped to create a situation in which no one company has emerged to dominate the 802.11 switch space.

On the customer front, it’s already clear that wireless LAN is one of the few areas in which IT managers will be spending real money in 2004. Yet it’s equally apparent that enterprises have serious concerns over issues like security, management, and integration of wired and wireless infrastructures. All of the vendors looking to take a commanding lead in the business-class 802.11 market are working flat-out – and spending huge amounts of money – to establish leadership in these vital technology areas.

It’s absolutely clear that the 802.11 market contains all of the catalysts required to create a huge technology boom. And if Heavy Reading’s analysts have learned anything during the last five years, it is that for every boom, most of the companies in a given market will go bust. But who will make it and who will fail?

The only way to answer that question is to talk directly to the customers that are buying business-class 802.11 technologies. And that’s exactly what Heavy Reading has spent the last three months doing.

The result is our Fall 2003 Wireless LAN Market Perception Study, a unique document. The cornerstone of the study is an exclusive, invitation-only survey gauging the attitudes and opinions of 802.11 buyers and users toward suppliers in seven different wireless LAN product categories.
Nearly 800 prequalified respondents participated in the project, yielding critical market perception data for 73 different wireless LAN vendors (30 public, 43 private). Respondents included employees from more than 700 different companies and organizations worldwide, including Fortune 500 companies from the healthcare, automotive, construction, pharmaceuticals, and service provider industries.

Key findings on market perceptions of wireless LAN suppliers include the following:

- **Compared with other networking categories surveyed by Heavy Reading, the market for business-class WLAN products is wide open.** Survey results indicate that enterprise customers are giving serious consideration to products from both wireless LAN startups and wireline equipment manufacturers. This is especially true of the hottest WLAN sector: 802.11 switches.

- **Security is the No. 1 concern of prospective WLAN buyers and users.** Out of 440 respondents who offered their general opinions on the market, 72 specifically mentioned security and integration issues as a potential stumbling block to WLAN deployment.

- **Market perception of most wireless LAN sectors is still in its formative stages.** Even for hot categories like wireless LAN switches and security and management appliances, 20 percent or more of survey respondents couldn’t name a market leader in the price, product performance, product quality and reliability, or service and support categories. This lack of clarity suggests there are opportunities for aggressive vendors to start building mindshare in the WLAN market.

- **Marketing and PR count.** Companies that have budgeted for marketing their 802.11 technology or evangelized it via public relations efforts often turned in markedly better customer perception results than those that didn’t – even in areas in which Heavy Reading’s research indicates they have real weaknesses. Conversely, companies that have not invested in outbound marketing are effectively invisible to enterprise purchasers of WLAN products.

- **Bigger vendors from the wired world are quickly establishing their brands in the wireless LAN market.** Intel, Nortel Networks, Extreme Networks, Foundry Networks, IBM, and Hewlett-Packard all received solid name-recognition scores from WLAN buyers.

- **Buyers and users of WLAN products and services are bullish on the market and its potential.** Among the 440 survey respondents who characterized the state of the WLAN market, those who considered the market to be growing outnumbered those who called it slow to develop by a margin of nearly seven to one.

**REPORT STRUCTURE**

The Heavy Reading market perception survey includes a searchable database for analysis by a wide range of criteria and from a range of perspectives, including the following:

- Geographic region
- Company/organization type
- Respondent job category
- Startups vs. incumbent vendors

The database allows for further analysis of all survey results for specific purposes, such as the following:
• **Wireless LAN vendors**: What are the strengths and weaknesses perceived by different demographic segments for specific product categories – and how effective are companies' various marketing strategies in supporting their brand?

• **Financial analysts and investors**: Which wireless LAN suppliers have mindshare with customers, which are getting ignored, and which have customers not even heard of?

• **Prospective buyers of wireless LAN products**: Which suppliers are recognized as leading the field on price, product performance, product quality and reliability, and, perhaps most important of all, service and support?

The survey drills down to show what buyers think about vendors’ products within seven distinct wireless LAN categories:

- Wireless LAN switches
- Security and management appliances
- Corporate access points
- Secure roaming software
- Network sniffers
- Wireless LAN test equipment
- Wireless LAN components

**SURVEY RESPONDENTS**

More than 1,200 responses were received for the study. All responses coming from those who worked directly for vendors involved in the study or who did not identify a company affiliation were eliminated from the survey database.

The final base of 777 survey participants includes employees from more than 700 different companies and organizations worldwide. Demographic breakouts of the survey base are as follows:

**Survey Participants by Region**

- **North America** 65.4%
- **Europe** 20.2%
- **Asia/Pacific** 8.0%
- **Central/South America** 4.7%
- **Middle East and Africa** 1.7%
Survey participants rated vendors in each product category according to five criteria:

- Name recognition
- Price leadership
- Performance leadership
- Market leadership in product quality and reliability
- Market leadership in service and support

The *Heavy Reading* study analyzes overall results for each category and breaks out results for each survey category:
RESPONDENT COMMENTS

The survey contains more than 700 write-in comments from survey respondents, with the primary focus on general perceptions of wireless LAN buyers and users on the state of the market.

Respondent Comments (from Section IV: Corporate Access Points)

Respondents’ biggest concerns about corporate APs centered on standards, including vendor-specific versions and the evolution of industry standards. Some examples:

“The lack of a modular approach to the hardware construction, limiting the useful life of most of the products as the newer standards are adopted.”

“Standards are constantly changing.”

“Standardization and compatibility between different vendors’ products.”

“Too many proprietary implementations of software.”

“All of the products are in some way proprietary. This limits the support for client hardware, unless you want to lose the benefits of the vendor enhancements.”

“Cross-product interoperability – the ability to build hybrid networks to allow for a best-of-breed network design.”

DEEP ANALYSIS OF PRODUCT CATEGORIES

In addition to survey results and analysis, the report includes detailed definitions of wireless LAN product categories, along with technology and market overviews for each of the seven product sectors.

*Heavy Reading’s* Fall 2003 Wireless LAN Market Perception Study will be essential reading matter for any company selling or buying enterprise-class 802.11 wireless LAN products, investing in the companies that make those products – or looking to sort the leaders from the followers in this dynamic, developing, and white-hot market.