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Panda beats Bugbear but can it stand tall against the other AV animals?

Analyst [Robert Deane](#)

Sector Enterprise software

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Panda Software has announced a new addition to its antivirus arsenal: Panda Antivirus for Exchange Server with support for Microsoft Exchange Server 2003. The enhanced AV offering is a result of Panda's strong collaborative relationship with Microsoft and is based on the latest VirusScanning API version 2.5 to ensure simple integration with Microsoft Exchange 2003 platform.

Impact assessment

The message

Panda is exhibiting its tight relationship with Microsoft as it introduces Panda Antivirus for Exchange Server with support for Microsoft Exchange Server 2003.

Competitive landscape

There is no shortage in competition as Panda prepares to further embrace the enterprise market within the US. Symantec, Network Associates and Trend Micro are not likely to stand idly by watching the newcomer chip away at their share of the AV market.

The451 assessment

Panda Software has a solid value proposition and may very well attract enterprise customers that have enough confidence in its ability to push timely AV signature updates. The direct challenge for the AV vendor will be to establish an effective channel as quickly as possible before the market becomes even more tightly consolidated and converges with content filtering technologies.

Context Those of us working in North America have probably never even heard of Panda Software, let alone considered purchasing AV from it. Rival companies have successfully emblazoned their corporate identities into our minds – such as Symantec's solemn-looking men and women in bright yellow suits. Panda will readily admit that it has done a horrendous job at marketing its products to anyone outside of its home base of Spain and neighboring Western Europe. The fact is, however, that this little European security player has been one of the leading innovators in the AV space and may ultimately prove to be a solid contender in a market known for its maturing products and cutthroat competition.

In 1994, Panda was one of the first software vendors to develop an AV product that was capable of being installed and automatically updated in PCs connected across enterprise networks. A few years later in 1997, it further pioneered the space as one of the original AV companies to offer 24/7 customer service and it became the first provider of AV for Exchange and Outlook that was able to scan nested messages and OLE objects. These efforts led to the offering of daily updates of all signature files and subsequent competencies in scanning actual email message bodies instead of just headers. In 1999, Panda was the first AV developer of Exchange Server (with protection for Internet Mail Connector) and subsequently became the first AV product to use AutoTuning technology that helped optimize the performance of Windows NT/2000. Finally, over the past few years we have witnessed innovations from the Spanish AV vendor that enabled it to claim title as the first AV technology for Notes/Domino to use Extension Manager and the SmartClean technology that repairs systems damaged by virus infections.

Strategy Panda knows that enjoying 80 percent market share in Spain and Portugal will not translate into success in North America unless it can find a way to strengthen the channel in the United States. The company will need to allocate a substantial amount of money previously devoted to research and development to beef up marketing and public relations programs. Even with these concerted efforts to extend corporate product awareness, it is entirely possible that the company may fail to immediately create enterprise 'pull' for its products.

One exercise that developers at Panda have been brilliant at carrying out is co-developing AV products with Microsoft. With Microsoft's announcement last week regarding the proposed acquisition of GeCad Software, the company is positioning itself well as a complementary product within Microsoft's freshly designed OS infrastructure. By not allocating enormous resources to building its own infrastructure, Panda may be leveling playing field as it competes against AV market leaders that have already spent million of dollars on proprietary systems. Panda currently employs 400 people in Spain to run operations in that country and internationally, and has a firm CAGR of 30%.

Products Panda's products run the gamut from AV products designed for the novice home user to antivirus for both small businesses and large enterprises with multiple workstations, file servers and messaging platforms. Panda Antivirus Enterprise Suite offers its most current UltraFast scanning engine as well as optimized performance in all protected platforms, from firewalls to proxies and file servers to workstations. It recommends that customers buy its AV in modules – such as Panda Antivirus Platinum for Desktops, Panda Antivirus for File Servers and Antivirus for Exchange Servers – which can be purchased separately or in a package as needed by the enterprise.

Its customers also have the option to buy Panda PerimeterScan, which offers protection against viruses and malware in HTTP, FTP and STP traffic across the network perimeter (e.g., firewalls, SMTP gateways and proxy servers). By employing this software, customers combine Panda's latest antivirus and content filtering technologies for detecting Internet threats and boosting performance and integration with the enterprise's DMZ.

Finally, Panda has built an appliance that provides AV protection at either the perimeter or Internet gateway. Essentially, this product integrates hardware and software into a single appliance that allows enhanced scanner throughput and simplified network installation across all of the most common communications protocols (HTTP, FTP, SMTP, POP3, IMAP, NNTP, and SOCKS). It is equipped with a centralized Web-console and gives detailed reports on the current status of the enterprise's antivirus.

Competition The competitive environment for AV is not exceptionally complicated – just a few vendors make up the majority of the market. Security vendors Symantec, Network Associates and Trend Micro will be Panda's biggest competitors, giving the newcomer a few exceptionally high hurdles to clear. We will argue that while technology considerations are typically one of the most visible competitive differentiators in AV, this race will not be won with technical superiority. The AV vendor that will reap the most rewards will be the champion of channel building.

Funding Ever since Mikel Urizarbarrena first set up Panda Software in 1990, the company has grown entirely through self-financing. It began by dominating the Spanish market and then started to expand internationally by enlisting the help of 49 franchised country partners who in turn have made major investments in sales, marketing and technical support.

SWOT analysis

Strengths

Panda is taking the necessary preliminary steps to boost its marketing and public relations teams as it prepares to target the US market with renewed fervor.

Weaknesses

The AV vendor is substantially behind the US competition in developing solid relationships with OEM and VAR partners.

Opportunities	Threats
<p>Sometimes it pays to be the 'little guy' when approaching a maturing market such as antivirus. Panda does not have the enormous overhead expenses from building proprietary AV infrastructure that its competition has and may be able to quickly establish credibility with enterprises.</p>	<p>Enterprises may continue to purchase AV products from vendors with localized credibility instead of taking a chance with a vendor that has substantially less US presence and support.</p>

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