



NETSEGE RESEARCH GROUP

2004 – The Year That Spam Gets Solved
Report Prospectus

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2004: The Year Spam Gets Solved

In 2003, Spam reached a critical tipping point: Spam traffic for the first time exceeded legitimate traffic in many channels, all of a sudden moving Spam from a mail user annoyance to the dominating issue for mail providers and services. For the vendors providing forms of Spam control, 2003 proved to be an interesting year.

In recent speeches, Bill Gates has suggested that Spam will soon no longer be the all engrossing issue that it is today. Is this simply denial from the head of a company who has everything to lose by people being distracted by Spam from more important tasks like buying Office and Exchange 2003? NRG re-examined the world of Spam and as this report documents, came to agree with Gates' position: A big disruption in the market for Spam control is about to take place. Spam can and will be put back in the can. Not only will the Spam problem be constrained, it won't take exotic pattern recognition, linguistic analysis or massive computing to do it. What's new is that network devices will take over the burden of the anti-spam defense.

Not infrequently, rapid success leads to failure. In the animal kingdom, the rapid population growth of a species often presages some catastrophic decline. Small companies that compete with powerhouses fly easily under the radar and then are shot out of the sky when success leads to visibility. By reaching the critical 50% tipping point, Spam volumes created a clarion call to action for everyone in the email community, leading quickly to the collective realization that Spam could only be solved through

community action with the intent of suppressing and blocking Spam creation, not just filtering it at the destination. All of a sudden Spam was viewed as a community and network problem, and from that perspective different forms of solution appeared.

The report examines in depth the pillars of Spam solution – address authentication, reputation and community action – and shows how these can form a solution that moves Spam back to a manageable state, and low cost (compared to the impact of Spam today). The solution is based on disrupting the economics of the Spammer, not by creating technology that betters their technology.

When these solutions are announced and promoted later this year, we expect lots of noise and debate in response, not an unexpected outcome given how dramatically these solutions disrupt the value chain in place today. The report identifies some of the predictable arguments against success, and explains their weaknesses.

The report outlines the likely forms of effective Spam solution, and highlights the gains and losses likely among the existing Spam control vendors. The report updates and reiterates NRG's forecast for the Spam control market. Finally, the report provides a strategic roadmap for both vendors selling spam prevention solutions as well as for enterprises that buy and deploy them. This report presents a comprehensive analysis of the impact that these changes will have on messaging networks and how businesses can move quickly to position themselves to profit from this sea change.

Purchase of the report includes an in-depth briefing and discussion by Peter Christy and John Katsaros, the NRG principals.

About Us

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NetsEdge Research provides marketing and strategy research reports and consulting services, specializing in areas related to Internet infrastructure. NetsEdge offerings combine the formidable and unique experience and perspective of the two principals: John Katsaros and Peter Christy. At NetsEdge Research, John and Peter are continuing the work they began at the Internet Research Group (sold to Jupiter Research in 2000). At NRG, they produced definitive, early studies of the emerging markets in Internet infrastructure. Their clients for this work included most of the participants in the markets.