

'Set it and forget it?' Vigilant exclaims, 'But wait, there's more!'

Analyst: Andrew Hay

Founded in 2003, New York-based **Vigilant**, which started as a pure-play consulting firm, specializes in 'standing up' and co-sourcing security operations centers for enterprise security information management deployments. Led by CEO Allison Andrews (formerly VP of professional services at **eSecurity**), Vigilant aims to help ESIM customers achieve their post-sales reporting, compliance and integration objectives.

The 451 Take

We love that Vigilant is trying to make ESIM useable for customers, since we feel that the gaps in these products have created a secondary market that requires additional post-sales expertise and investment. The vendors may notice their own professional services money dropping off and heading to a small company in New York, instead of into their bank accounts. To that end, we feel that Vigilant may be walking around with a ticking acquisition timer in its pocket as it continues to offer specialized services that the vendors struggle to incorporate natively. The acquisition by a major ESIM vendor, consulting services provider or managed security service provider (MSSP) is certainly not outside the realm of possibility. Should Vigilant continue to post successful numbers and maintain its profitability, the vendors may come courting earlier than expected.

Context

The 'set it and forget it!' phrase, coined by TV sales visionary Ron Popeil, has often been used to describe the ease of deployment attributed to ESIM technologies. Unfortunately, ESIM deployments are never so easy, regardless of what the vendor says, to deploy and operate. Vigilant – part consultant, part vendor and part services provider – takes the opportunity to pick up the dropped ball and extend the capabilities of ESIM deployments using its extensive library of vertical-specific use cases and templates.

Products

Vigilant consults with firms on the best ways to use their ESIM products, studies the business needs of its customers, puts forth a reference architecture and best-practices guideline, and then works to customize processes, rules and reports at the client's premises. Finally, it turns over to the client the day-to-day operation, but provides co-sourced

monitoring, in that the customer is running the systems while Vigilant monitors them from its remote location.

This hybrid MSSP architecture is driven by Vigilant's consulting practice, but ultimately relies on the vertical-specific use cases, reporting templates and configurations that compose the Fulcrum Framework; furthermore, it fuels the Fusion for SIEM (security information and event management) hybrid managed service. Vigilant sees ESIM technologies as business-intelligence tools and uses its products to generate metrics and represent CMM (content maturity model)-based progress to reflect customers' operational efficiency and health.

Strategy

The majority of Vigilant's market penetration materializes in the financial services sector, but it also has customers in the retail, healthcare, utilities, transportation, public infrastructure and education verticals. Vigilant sees the energy vertical as a great potential for growth. ESIM vendors, however, will fight and (likely) undercut Vigilant's pricing to keep their own professional-services organizations in that lucrative vertical.

Vigilant is always looking for additional technology and strategic partners to better develop opportunities in targeted verticals. The company has strategic alliances with **ArcSight**, **McAfee**, **Q1 Labs**, **NitroSecurity**, **Novell** and **RSA**, in addition to technology partnerships with **Guardian Analytics**, **Imperva**, **Guardium**, **Intellitactics** (now **Trustwave**), **Juniper Networks**, **Sourcefire** and **VidSys**. Vigilant only supports the application of its Fulcrum Framework use cases for ESIM vendors ArcSight, RSA (with its enVision product) and Q1 Labs. Understandably, it would take considerable time, money and effort to create a one-size-fits-all bundle for all ESIM vendors across all verticals, and Vigilant does not have the technical staff to support such an endeavor at this time.

Historically, direct sales accounted for 100% of Vigilant's business. A recent OEM agreement with RSA, where RSA packages services under its banner, plus similar agreements with **Accenture** and **Forsythe Solutions Group**, may see up to 30% of that business shift to indirect through the channel. We wonder, however, how long Vigilant can remain an independent and multivendor supporting entity before it becomes a prime acquisition target.

The company plans to further invest in the depth and breadth of its metrics capabilities, Fusion service and GRC vision as a whole. Vigilant also plans to expand outside of the northeast US and into the western US and Europe, Middle East and Africa markets by the end of 2010. Although it is not in active talks to acquire any technology or company, Vigilant says that it is always on the lookout for technologies that extend beyond ESIM. Web application monitoring, data-loss prevention and digital asset management products, in addition to technologies that help narrow gaps on the governance, risk and compliance side, are but a few of the technologies that interest Vigilant right now.

Financial

Self-funded with less than \$100,000, Vigilant is not currently seeking additional funding, but the door is not closed by any means. If aggressive investment in R&D, or a strategic need is

discovered, it might entertain the notion of investment. Andrews has experience with both organically grown companies and with M&A-driven organizations, but would prefer the former for Vigilant.

The average deal for consulting engagements is in the neighborhood of \$50,000-100,000, and combined consulting and MSSP deals average roughly \$200,000-400,000 per year, based on a 12-24-month build cycle. Based on Q1 results, Q2 pipeline opportunities and current 2010, Vigilant expects to achieve nearly \$8.5m in revenue this year.

In 2008, Vigilant had roughly 25 people, which grew to 30 in 2009. Through 2009, however, the headcount dipped slightly, but is now back to 30. Of those 30, 22 people are in technical roles across the consulting and MSSP practice areas. The company is actively hiring in 2010, and is looking for additional MSSP and consultant headcounts, in addition to business development representatives, to help grow its coverage area.

Vigilant's customers have grown from around 40 in 2009 to roughly 70 in 2010. With the focus squarely on the Fortune 1000, it already boasts an impressive list of customers, including **Citigroup**, **JPMorgan Chase**, New York City Transit Authority, **TD Ameritrade**, **Nyfix**, **Yale New Haven Health System**, **Intelsat**, **Metropolitan Life Insurance**, and **Blue Cross and Blue Shield Association**.

Competition

The biggest competition Vigilant has faced came from Tampa, Florida-based **Decurity**, but with the transition of Decurity to RSA in late 2009 and the subsequent departure of founder Rocky DeStefano shortly thereafter, that competition went away. The main competition Vigilant currently faces comes from the professional services arms of existing ESIM vendors ArcSight, Q1 Labs, **LogLogic** and RSA (with its enVision product), along with **LogRhythm**, **Symantec**, Novell, **NetIQ**, **eIQnetworks**, **LogMatrix**, **IBM** (with its three Tivoli-based products), **CA Inc** (with its Enterprise Log Manager product), **SenSage**, **TriGeo Network Security**, **Splunk**, NitroSecurity, **Alert Logic** and **netForensics**.

Vigilant must, however, also contend with both VARs that resell the ESIM vendors' products and consulting shops, such as Washington DC-based **Knowledge Consulting Group (KCG)**, **IBM Global Technology Services**, Accenture, **Deloitte**, **Capgemini** and **Ernst & Young**. Veteran PCI and logging specialist Anton Chuvakin's **Security Warrior Consulting** and **Visible Risk**, DeStefano's current venture that provides similar services to former Decurity customers, also threaten to take away market share, although on a much smaller scale.

SWOT analysis

Strengths	Weaknesses
Opportunities	Threats
<p>Professional services arms of existing ESIM players are often underutilized and, in some cases, understaffed. Vigilant provides a unique post-sales skill set that takes quite a bit of pressure, and subsequent income, off of the vendors.</p>	<p>As we mentioned in a previous report, the expertise required to scale this business is not quite repeatable. The expertise required to develop new (and understand existing) content will be a slow and organically grown skill set.</p>
<p>As long as vendors continue to neglect their post-sales install base, opportunities for Vigilant to shine will grow.</p>	<p>At some point, the vendors are going to notice their professional services income shifting to Vigilant. ArcSight, RSA or both may be forced to reconsider their partnership agreements should Vigilant materialize into a threat instead of an ally.</p>

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