

From: [Randy Eckel](#)
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Subject: PANW: On Plan/On Plan: PANW: FyQ4 NA OK; FyQ1 mixed; Commentary on Traps; fewer channel leads speculation
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Marker News 2016

Summary: PANW: FyQ4 NA OK; FyQ1 mixed; Commentary on Traps; fewer channel leads speculation

Primary Vendor: PANW Normal Judged Importance by the submitter

Other Vendors: Cylance

Region: NA

Country: US

Date Submitted: 8/8/2016

Quarter: 4 fy2016

Sector: Security

Current Quarter
On Plan

Business Outlook
On Plan

Customer Size Enterprise 5000 - 20,000

The Lead

United States

Yes, the market is tighter than it's been in a while, and CSCO continues to do better. But PANW is PANW, and our PANW business still did (On-plan). And we didn't see that much more discounting than usual.

That said, we had to work a little harder for it.

It was PANW's FYE, so they always nudge us towards doing better towards the close. So we brought a few deals forward into (FyQ4) that normally would have waited until the (Cy)2H16. It just means those deals aren't there for (FyQ1).

Fy17

It depends on what PANW's growth strategy is for Fy17/FyQ1. If they expect us to continue to grow (revenue) at the same pace we have been for the past couple of years, that will be difficult. Still, we continue to do great with WildFire, and last week was some pretty good news for Traps (see Product below).

Product

Traps

The Static Analysis that PANW just announced is similar to what **Cylance** does: use Machine Learning to crunch millions of malware and recognize *patterns* in the malware, so they are thus able to detect malware *even if it's never been seen before*.

Given the access PANW has to malware via its solutions, this gives PANW more malware to search from, and thus an advantage over **Cylance**. PANW won't be the first to do this, either - you can expect all the FW vendors to get here eventually.

If you hire 10 data scientist who can build the algorithms ... this static analysis isn't so hard to do. I told you Cylance was a going to be in trouble - they're a one trick pony, whose trick is no longer that, well, tricky.

If PANW has got this right, and it's a pretty big IF ... let's see it working at enterprise scale, then it elevates Traps above Cylance ... let alone over the legacy AV vendors. They still don't have the full NGEP suite, but they might have Prevention & Discovery pretty well covered. They are going to need to add some remediation capabilities in the near future to round out the suite.

Competition

Fierce, but PANW remains the market brand leader.

Channel

There has been some channel buzz about PANW providing fewer leads to the channel than in the past. We would agree ... we are getting fewer leads. Nobody in the know is talking, but our guess is that two things are happening i) the market for NGFW is just slowing down a bit ii) PANW has many more salespeople than a year ago ... and they each have partners they like to work with so the channel has broadened. So fewer leads pushed out to a larger base of partners = noticeably fewer leads for each partner. And negative buzz all around the channel.

Color

Russ

revised: 8/9/2016

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