

AppDynamics is making strides with its Mobile Real-User Monitoring offering

Analyst: Raúl Castañón-Martínez

19 Nov, 2014

Our survey data shows that 86% of IT decision-makers plan to allocate a high or high-medium portion of their budget to mobile application deployment. While still evolving, mobile will be a key growth opportunity for application performance management (APM) vendors in 2015, as enterprises mature in their mobility initiatives and mobile apps become an integral part of mission-critical processes. This report looks at the steps AppDynamics is taking to enhance its platform's mobile capabilities, and how this will impact its market position as the company prepares for an eventual IPO.

The 451 Take

AppDynamics was relatively late expanding its platform's capabilities with full-featured mobile APM, but it is closing the technology gap with its competitors and now offers a comprehensive service with full mobile capabilities. The company remains private and is well funded: it has raised \$206.5m to date, backed by nine investors. With 575 employees, AppDynamics is approximately the same size as New Relic, which recently became the first new-generation APM vendor to file for an IPO. AppDynamics is building on its reputation as an APM provider, and putting the pieces together to extend its market leadership into the mobile space. While its legal dispute with CA Technologies is still pending, the company stands to benefit from the growing mobile opportunity, and is in a good position to follow New Relic's lead with a successful IPO next year.

Context

APM vendor AppDynamics continues to expand its platform capabilities for managing real-time performance of mobile applications. The company, founded in 2008 by former Wily Technology Lead Engineer Jyoti Bansal, recently announced new mobile behavioral analytics, enhanced end-user experience management capabilities, and a self-service, free 15-day trial of the full-featured version of its enhanced product.

The APM space has changed significantly in the last two years, and the explosive growth and unique challenges of mobile applications have been significant contributing factors. . The competitive landscape has grown increasingly complex, with new mobile-only competitors entering the space, the emergence of software-as-a-service APM, and the growing adoption of cloud-based solutions. APM vendors have responded by redefining delivery models and introducing mobile monitoring and end-user experience management.

It's still too early to determine if mobile APM will evolve as a separate segment or if it will remain under the larger APM umbrella. However, as enterprises continue to advance in their mobility deployments, they will require comprehensive services that can provide performance metrics for all of the elements that can impact mobile transactions across the user lifecycle.

Products

AppDynamics develops APM solutions for software applications. The AppDynamics platform allows businesses to proactively monitor, manage and optimize highly complex and distributed software applications that are built with Web, mobile, Java, .NET, Node.js, PHP, and database technologies; the solution is available for cloud, on-premises or hybrid deployments. In April 2013, AppDynamics announced the launch of a hybrid APM solution with mobile APM for end-to-end monitoring from the device into the hosting infrastructure; a year later, it announced general availability of AppDynamics Mobile Real-User Monitoring.

AppDynamics Mobile Real-User Monitoring includes:

- *Mobile business transaction correlation:* Allows mobile developers and IT operations to drill down into individual lines of code across every hop in a business-critical transaction, so that the end-user and revenue impacts of performance can be pinpointed and addressed in real time.
- *Mobile crash analytics:* Allows mobile developers to quickly identify unique and recurring crashes

for specific devices, operating systems or carrier types, and proactively fix them before they become pervasive.

- *Mobile behavioral analytics*: Allows mobile developers to measure and benchmark business information and behavioral patterns, such as adding items to a shopping cart, or average dollar value across all in-flight carts, in real time. Mobile developers can also prioritize their mobile app certification across a complex multidimensional matrix of device, OS and network carrier by easily identifying and focusing on the highest-value users.
- *Enhanced mobile end-user experience management capabilities*: Mobile developers receive insights into the impact of network request latencies on the end-user mobile experience. In addition, they can collectively time any number of interactions, such as time taken to make a decision after the first search results have been returned, or time taken from the first search to transaction completion.

Go-to-market strategy

AppDynamics Mobile Real-User Monitoring is \$3,000 per year for 5,000 monthly active users , for either on-premises or cloud deployment, which offer identical feature sets. A free, professional full-featured 15-day trial version is currently available. After the 15-day period, the product converts to a 'lite version,' and trial users continue to receive AppDynamics mobile crash analytics data for free. This free offering delivers 365 days' worth of data retention for developers to easily refer back to performance and crash issues for up to a year.

AppDynamics Mobile Real-User Monitoring is incorporated as an integral component in the offerings of large mobile-centric enterprises, including: Kochava, an attribution and analytics platform for mobile advertisers; Mobiquity, a provider of enterprise mobile apps, strategy, and solutions; and Concur, a provider of integrated travel and expense management solutions.

Named customers include Citrix, Concur, Edmunds, Expedia, Fox News, HBO, John Deere, Kochava, Mobiquity, OpenTable, salesforce.com, Sephora, StubHub, and Union Pacific Railroad.

Competition

AppDynamics competes with other APM vendors that have mobile capabilities; its main competitor is New Relic, a SaaS-only APM platform that offers mobile APM. Both companies were spun out of Wily, which was acquired by CA for \$375m in 2006, and have a similar trajectory and offerings. As

noted, New Relic is the first new-generation APM vendor to file for an IPO, in November 2014. AppDynamics also faces competition from new players Crittercism and Crashlytics, two solutions that focus only on mobile. Other established APM providers with mobile capabilities include Splunk, CA, BMC, HP and Compuware.

SWOT Analysis

Strengths

AppDynamics provides a comprehensive service with end-to-end transaction-level visibility, which is relevant for existing customers looking to expand into the mobile space. The company offers an on-premises option, which gives it a competitive advantage over SaaS-only providers, and strengthens its position among large enterprises. AppDynamics is well funded and continues to invest in product development.

Opportunities

Enterprises that use mobile apps as part of their business are becoming increasingly focused on quality and will require comprehensive services for end-to-end monitoring of the end-user experience. Mobile will be a key growth opportunity for APM firms in 2015.

Weaknesses

Even though the company now offers a comprehensive service, it was relatively late introducing a full-featured mobile APM offering.

Threats

Other APM vendors are expanding their mobile capabilities, and new mobile-only focused players are entering the space. The company is currently in the middle of a legal dispute with CA, which alleges breach of contract and misappropriation of trade secrets.

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