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Magic Quadrant for Application Performance Monitoring Suites

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Analyst(s): Cameron Haight, Will Cappelli, Federico De Silva

While providers in the Leaders quadrant remain the same, traditional APM providers have regained some of their competitive edge. For the first time, we also include APM vendors from Asia, an important and emerging regional market.

Strategic Planning Assumption

By 2020, 60% of APM buyers will reside outside of IT operations organizations, up from less than 35% today.

Market Definition/Description

For 2015, Gartner has slightly modified the name of this Magic Quadrant. The word "suites" was appended to "application performance monitoring (APM)" to recognize that the current definition stipulates multiple feature requirements that are sometimes offered as independent products under the guise of a complete solution. In addition, we sought to provide legitimacy to those vendors that offer APM functionality, but perhaps over a more narrow collection of features and/or targeted application environments, such as vendors that focus only on desktop, collaboration, ERP or financial services markets. With this added context, the definition of dimensions of APM suites remained the same as for APM in the 2014 exercise, namely:

- **End-user experience monitoring (EUEM) —** The capture of data about how end-to-end latency, execution correctness and quality appear to the real user of the application. A secondary focus on application availability may be accomplished by synthetic transactions emulating the end user.
- **Application topology discovery and visualization —** The discovery of the software and hardware infrastructure components involved in application execution, and the array of possible paths across which these components communicate to deliver the application.
- **User-defined transaction profiling —** The tracing of user-grouped events, which comprise a transaction as they occur within the application as they interact with components discovered in the second dimension; this is generated in response to a user's request to the application.

- **Application component deep dive —** The fine-grained monitoring of resources consumed and events occurring within the components discovered in the application topology discovery and visualization dimension. This includes the server-side components of software being executed.
- **IT operations analytics (ITOA) —** The combination or usage of the following techniques: complex operations event processing, statistical pattern discovery and recognition, unstructured text indexing, search and inference, topological analysis, and multidimensional database search and analysis.

Magic Quadrant

Figure 1. Magic Quadrant for Application Performance Monitoring Suites

Source: Gartner (December 2015)

Vendor Strengths and Cautions

AppDynamics

AppDynamics is one of the most rapidly growing APM vendors (based on 2014 revenue) among those that were part of this evaluation. The company's "application intelligence platform" continues to secure wins against both traditional and newer APM companies. With only a couple of exceptions, the AppDynamics product line is the result of organic development, enabling the firm to offer a consistent user experience as well as quick time to value for both on-premises and SaaS-based options. The marketing organization within AppDynamics plays a strategic role, and is largely responsible for the company's extensive visibility as well as increasing brand loyalty. Contributing to its success is a sales approach that provides a business value assessment (BVA) for contracts greater than $1 million, which assists customers in assessing the ROI of their APM solution. This results in "in-house" champions and enables larger follow-on deals. While revenue continues to grow, Gartner believes that the company remains unprofitable due to continued heavy investments in R&D, sales and marketing.

Strengths

- The company has a strong record of success against incumbent vendors that speaks not only to product capabilities, but also to overall company vision.
- Clients of AppDynamics report high satisfaction with respect to the end-to-end sales-to-implementation process.
- AppDynamics has a well-integrated, scalable and intuitive APM platform that is largely the result of organic development.

Cautions

- The company is likely to go public, which may prove to be a distraction and impact company culture.
- The BVA-based sales process requires qualified delivery teams, which are challenging to recruit and scale.
- AppDynamics Pro continues to provide little to no support for legacy application environments.

AppNeta

AppNeta's TraceView and AppView products are SaaS-based offerings that cover all five APM functional dimensions from a well-integrated platform, particularly when used in conjunction with the TraceView Real User Monitor (RUM) module. The product is sold through an inside sales team that is supported by an inbound marketing organization, all of which are based in Boston, Massachusetts. The company positions its messaging around "APM for IT" and "APM for DevOps," emphasizing the parts of the product that appeal to different constituencies. The AppNeta suite is notable for its ability to handle a broad array of application server environments and a detailed view of what is happening at the network layer (although this latter capability requires its PathView and

FlowView products). In both the user-defined transaction profiling and deep-dive component monitoring dimensions, however, TraceView's sampling approach is controversial, particularly in the application development community, where members have historically favored technologies that attempt to capture all potentially relevant application behavior data. This reinforces the general impression that AppNeta views the APM problem space from an overly network-centric perspective.

Strengths

- AppNeta has demonstrated a good understanding of where the requirements of network administrators and application support professionals intersect, and how to effectively exploit that intersection commercially.
- The firm offers a Google-like "20% time" environment to engineering employees, allowing exploration of new ideas and features.
- TraceView and AppView are easy to deploy, and the five functional dimensions of APM are well-integrated.

Cautions

- The company's offerings are heavily weighted toward SaaS, while the large enterprise market continues to express a strong preference for vendors able to support both SaaS and on-premises.
- AppNeta does not, as yet, market effectively to the increasingly influential application development community.
- AppNeta has, to date, neglected to invest in automated statistical pattern discovery and anomaly detection.

BMC Software

Since going private in 2013, BMC has been reconfiguring its entire availability and performance monitoring portfolio. Its APM offering, TrueSight Operations Management, in conjunction with the critical add-on, TrueSight App Visibility Manager for in-depth application server monitoring plus packet-capture-based end-user experience monitoring, lies at the center of BMC's revamped vision. Over the last several years, BMC's level of investment made enterprises unsure of its long-term commitment to APM, but the portfolio reconfiguration, including the decision to make TrueSight the overall brand identifier, has removed most doubts on that score. Still, the company has some steps to take to establish a position of market leadership — most notably, it must strengthen its capabilities in mobile application monitoring and accelerate its deployment of SaaS (note: BMC acquired Boundary, which is a SaaS-based application-aware infrastructure performance-monitoring [AA-IPM] vendor, during this Magic Quadrant research effort).

Strengths

- BMC has a broad and loyal infrastructure and operations management-centred customer base that is committed to BMC across the entire range of IT operations management (ITOM) disciplines.
- By reconfiguring its availability and performance messaging around the TrueSight brand and product line, the company has demonstrated its ability to radically change direction in response to shifting market requirements.
- BMC has integrated powerful statistical pattern discovery and root cause analysis with its core APM capabilities.

Cautions

- Given historical perceptions of BMC's lack of commitment to APM, efforts to market the change in strategy have been insufficient.
- Companies that go through leveraged buyouts (LBOs), like BMC, initially possess high levels of debt, which enhances the need for steady, strong cash flows, potentially aided by cost-cutting.
- BMC continues to evolve postprivatization, resulting in shifting priorities and investment patterns that may or may not lead to APM capability enhancement.

CA Technologies

CA Technologies has been an important presence in the APM market since its acquisition of Wily Technology in 2006. Between 2012 and 2014, however, failure to reduce the footprint of its deep-dive monitoring platform and general administrative complexity caused many enterprises to bypass CA APM in favor of other solutions. Over the last year, however, a renewed commitment to the market has been clearly demonstrated. There have been heavy investments in analytics, an original and differentiating approach to role-based functionality configuration, a general modernization of interfaces, and the first steps into a SaaS-based offering. The core deep-dive monitoring engine and the packet-capture-based real-end-user experience monitoring capability are still difficult to implement and maintain, and enterprises still find resource consumption to be an issue.

Strengths

- CA Technologies has demonstrated a strong focus on the distinctive needs of its core customer base of large enterprises (such as scalability, deep integration between mainframe and distributed capabilities).
- The company has cultivated an in-depth international presence, particularly in fast-growing Asian markets.
- CA Technologies' APM functionality has been redesigned to support key role-based personas.

Cautions

- Although CA Technologies has recently taken steps to standardize its pricing through the use of an agent-based pricing structure, customers have historically found its approach to APM contract negotiation rigid and its pricing hard to understand.
- Despite updated interfaces, a lot of complexity remains under the suite's "covers," making implementation and administration comparatively burdensome.
- CA Technologies' approach to SaaS remains fragmentary, and its overall direction with regard to this delivery mode remains unclear to end users.

Dell

Dell is a broad-based portfolio technology provider which sells hardware, services and software to small and midsize businesses (SMBs), enterprises, governments and service provider organizations worldwide. Dell is back in this year's APM Magic Quadrant, as the software business has refocused on the APM market and is rearchitecting the platform to modernize it and make it more competitive. While Dell has not been a major player in the infrastructure software market space, the pending acquisition of EMC's software products will add to its database and other key technologies. The company's strategy is to leverage its large sales and support organization, which spans across many geographies. Dell competes in the APM market with the Foglight APM suite, a product line that came with the acquisition of Quest Software in September of 2012. Foglight APM includes both on-premises as well as SaaS options, although the level of functionality varies among products.

Strengths

- Quest Software's historical and Dell's large customer base have helped Dell's APM business maintain its viability in the market.
- Dell APM customers report strong satisfaction with product support and the vendor's ability to respond to their needs.
- Dell's current product offerings are squarely focused on analytics for technical users as well as for business users.

Cautions

- Dell's leveraged buyout in 2013 means that, as a privately held company, it is not required to be transparent in its financial or business disclosures, making it more difficult to assess the health of the company and its software business.
- Future sales success is heavily dependent on leveraging Dell's broader sales teams, which may have other priorities.
- The current user interface (UI) is inconsistent across Dell's SaaS and on-premises options, adding a degree of complexity for those use cases that requires switching between these two environments.

Dynatrace

Dynatrace was spun off from Compuware following the privatization of Compuware in December 2014. Dynatrace's strategy is focused on expanding beyond APM and into what it calls "digital performance management," aiming to access new buying centers. Dynatrace offers a comprehensive suite of products that provide application as well as user monitoring, from the infrastructure level all the way up to end users and their devices. Dynatrace's portfolio is composed of both on-premises and SaaS components. In 2014, Dynatrace launched Ruxit — a pure APMaaS — and more recently offered a managed on-premises service that is sold by a dedicated digital sales team. On a technology level, while it benefits from shared intellectual property, Ruxit will be the basis of unifying the Dynatrace suite.

Strengths

- The company boasts one of the largest sales forces in the industry tied specifically to the sales of APM-related products and services.
- Dynatrace's product support and account management are well-rated by its customers.
- The company's technology is often selected for its in-depth ("gapless") transaction monitoring collection capabilities, which also include extensive real and synthetic end-user monitoring reach.

Cautions

- The stand-alone Dynatrace brand is having to re-establish itself after years of being associated with the mainframe vendor Compuware.
- Dynatrace is majority-owned by the same private equity firm as Riverbed Technology, which raises a risk of a merger like that of another Thoma Bravo-owned property, and could change the future direction of the company.
- A more streamlined UI, while a priority for the company, is still a work in progress, as there are differences in user experience among various components of the offering.

Hewlett Packard Enterprise

The last 12 months have seen a significant flow of R&D into the APM product set by Hewlett Packard Enterprise (HPE), particularly in the areas of SaaS-based synthetic end-user experience monitoring (AppPulse Active), mobile APM (AppPulse Mobile) and the introduction of deep-dive monitoring beta (AppPulse Trace), while deepening the portfolio's machine learning and general analytics capabilities (Operations Analytics). While on-premises deployments require distinct technologies to be brought together to create an integrated perspective of application behavior, HPE Software's focus on data and analytics makes the portfolio effective for dealing with highly modular and distributed applications. To regain a position of market leadership, HPE must continue its efforts to modernize and simplify its APM offerings, particularly in the dimensions of deep-dive monitoring and user-defined transaction profiling.

Strengths

- HPE provides its professional services support globally with consistent levels of quality.
- HPE is beginning to exploit the deep research-generating capability of the company, which will prove particularly significant as machine learning and analytics become increasingly central to APM.
- The APM portfolio is enriched by advanced automated pattern discovery and anomaly detection (via Operations Analytics) and root-cause analysis techniques (via access to its Run-time Service Model technology).

Cautions

- A history of changing leadership and marketing messages has left customers unclear about HPE's overall software direction.
- Although it has begun to phase out the terminology, the firm's usage of "Business Service Management (BSM)" language confuses enterprises about the role that APM plays in HPE's availability and performance management strategy.
- The APM product portfolio consists of a collection of diverse products, making implementation and administration of the portfolio as a whole complex.

IBM

Historically a significant APM provider, IBM, like some others, saw its competitiveness slip over the last few years. However, beginning in late 2014, the company began to see the impact of ramping up its efforts in APM product development. A significant part of IBM's strategy is based on leveraging the firm's large investment in analytics technology (such as Watson) to deliver an APM platform and other associated products with improved algorithms for anomaly detection and problem determination. Investments have also been made within its APM architecture, as IBM's version 8 of its APM suite represents a radical departure from its previous implementation, incorporating a cloud-native approach leveraging microservices and NoSQL data stores along with an improved user interface. Still, it remains backward-compatible with previous agents and collectors. IBM continues to leverage a worldwide direct-sales organization for large enterprise sales, and are moving to shift the APM buying experience to more of a digital, self-service capability through IBM Service Engage for midmarket and smaller businesses.

Strengths

- While it remains under threat from other vendors, IBM still has a large installed base to build upon within the APM market.
- The company provides among the broadest array of APM suite consumption options — on-premises, SaaS and platform as a service (PaaS) — the latter via IBM Bluemix.

- The APM suite can link to integrated log analysis and multivariate analytics for enhanced problem determination.

Cautions

- The company needs to enhance its marketing, as many existing IBM APM customers are unaware of recent developments and, hence, pose an opportunity for IBM's competition.
- While version 8 of IBM's APM suite aims to change this, historically, proofs of concept trials have often required IBM remote support and sometimes necessitated on-site assistance.
- While the user interface of IBM's APM suite has improved, it provides a less rich visual experience than many of its competitors.

JenniferSoft

JenniferSoft enters into our APM Magic Quadrant for the first time in 2015. Based in South Korea, the company has built up a large and loyal following of indigenous clients during the past ten years. JenniferSoft sells entirely through the channel, and over the last year, has been ramping up its efforts to expand beyond Korea and into greater Asia, as well as into Europe. Being a relatively small firm did not stop the company from developing some of its own high-performance database technology to be used within its platform, and it also offers components of its UI via an open-source option. The product, Jennifer5, provides a visually unique interface compared to those from standard APM tools, and is able to reduce the impact of peak application server transaction loads. Still, size does have an advantage in most markets, and the APM space is no exception. The company will need to substantially increase its visibility and sales and support capabilities if they hope to be successful beyond its home market.

Strengths

- JenniferSoft has a very strong beachhead within South Korea from which to expand its market coverage.
- The company culture seems unique among many emerging firms (especially compared to those in Silicon Valley) with its focus on work-life balance not only for its employees, but also for its clients, leading to high retention rates for both.
- Jennifer5 collects and visualizes real-time streams of application-related information.

Cautions

- JenniferSoft has a limited footprint outside of the South Korean market.
- The sales strategy is wholly channel-focused, which may run into challenges with large enterprises that prefer to work with direct sales teams.
- The company does not presently offer any SaaS-based offerings.

ManageEngine

ManageEngine is a provider of a wide range of IT service and ITOM tools. While located in Pleasanton, California, the company is owned by Zoho Corporation, based in India, which has a broad portfolio of enterprise applications. ManageEngine's focus — while it does have enterprise clients — is the midsize market, with significantly lower-priced APM products and services that are available via downloads from its website. ManageEngine provides both on-premises and SaaS products, addressing the various needs of customers, including privacy concerns and ease of use, which are particularly important to SMBs. ManageEngine has presence in all of the key geographies, and while it does not spend anywhere near what its competitors spend on marketing and promotion activities, it has a sizable and loyal customer base of midsize organizations.

Strengths

- The technology remains a good option for organizations seeking lower-priced products with an easy-to-deploy SaaS platform, catering in particular to small and midsize organizations.
- ManageEngine's dual strategy of SaaS and on-premises product offerings positions the company well, as the market continues to move to the cloud, but with still-significant on-premises revenue potential.
- ManageEngine Applications Manager provides broad out-of-the-box support for many applications and database types.

Cautions

- ManageEngine's reliance on low-touch Web-based models may impact the company's ability to deal with complex enterprise APM needs.
- Partnerships to expand ManageEngine's offerings have not necessarily resulted in higher visibility, particularly among the increasingly important application development roles.
- While ManageEngine offers both SaaS and on-premises options, the capabilities and the UI are not consistent between the two offerings.

Microsoft

Over the past year, Microsoft has accelerated its APM efforts via both internal and external means. Azure-based Visual Studio Application Insights went into public preview and is now available for purchase. During the same time frame, Microsoft acquired HockeyApp to strengthen its mobile support (for iOS and Android), Glimpse to improve its diagnostics and BlueStripe Software to enhance its transaction monitoring capability. Microsoft Azure is growing rapidly, and is second in overall cloud infrastructure as a service (IaaS) market share, providing Microsoft with a significant opportunity to expand its APM presence. Microsoft is also leveraging its large developer base, and is focused on delivering a capability that makes the inclusion of application telemetry part of the software development life cycle (SDLC) workflow. While there are many components that show a potential route to success for Microsoft, the company needs to work on providing a unified experience across both its SaaS and on-premises APM products, while also reassuring its prospects and customers of its commitment to the APM market.

Strengths

- Microsoft has one of the world's largest professional developer communities, which serves as a target audience for its APM tools.
- The company is one of the world's largest users of APM across its own cloud and internal services, potentially providing a virtuous cycle of innovation based upon real needs.
- Azure-based Visual Studio Application Insights is an easy-to-use product that offers an intuitive end-user APM experience.

Cautions

- Microsoft is betting on a market evolution in which APM will become increasingly tied to development and DevOps teams; however, Gartner research shows that the primary buyers of APM tools today are IT operations organizations.
- While Microsoft has shown that it will invest in products that it deems strategic, it is unclear from evaluating only the revenue contribution provided by Microsoft's overall APM portfolio whether APM is considered to be an area of critical importance to the company.
- Microsoft is taking a cloud-first approach to enhancing its APM portfolio, and needs to continue the rationalization of the APM interfaces and capabilities available in the cloud-based and on-premises products.

Nastel Technologies

Nastel Technologies has been providing enterprise-focused, middleware-centric APM solutions for over 20 years. It has carved out an identity by providing solutions for mission-critical applications requiring high transaction volumes. In addition to supporting business transaction monitoring for the distributed and z/OS-based IBM WebSphere family of products (including MQSeries, Application Server, DataPower and Message Broker), Nastel also supports non-IBM environments, such as TIBCO, Java, .NET and other application server platforms. The company focus is on the financial services, healthcare and retail industries, but it can deliver solutions to meet custom requirements in other markets. Nastel's AutoPilot technology was designed around an in-house complex event processing (CEP) engine that has high scalability. However, the company is moving toward more of a cloud-native capability (leveraging Spark, Storm and Kafka technologies) in its SaaS-based product.

Strengths

- The company has deep insight into the needs of the financial services industry.
- The company remains centered on the messaging middleware market, and uses this as an advantage against companies that center their efforts primarily on Java and .NET.

- The newer jKool (branded as AutoPilot Insight) SaaS service provides an intuitive natural-language-based query builder that can enable non-APM professionals to rapidly analyze metrics, logs and other transaction data.

Cautions

- While Nastel is profitable, it is a small organization that will have to be judicious with respect to its future investments.
- The company's APM suite portfolio provides limited end-user monitoring, which may present a challenge for enterprises requiring comprehensive five-dimensional APM capabilities.
- The complexity of the environments that Nastel focuses on has carried over into its on-premises AutoPilot products, which can result in the need for implementation assistance.

New Relic

New Relic delivers purely SaaS-based APM functionality via an integrated suite of offerings. Notable for its lightweight instrumentation and ease of configuration, New Relic has become a highly popular solution for APM among small to midsize enterprises, and has been a popular choice among large enterprise application developers (so much so that it has an installed base of over 10,000 paid customers). Despite rapid growth over the last 12 months, the company continues to find it difficult to appeal to large enterprise production-oriented application and infrastructure operations teams, due to these teams' traditional concerns about the security and performance of SaaS-based monitoring offerings, particularly in Europe.

Strengths

- New Relic's exclusive focus on cloud-based delivery of APM indicates the ability to commit and execute on a vision that counters the conventional wisdom of the market.
- By expanding its target customer base to include large enterprise development teams as well as small enterprise production teams, the company has demonstrated an ability to evolve its development and delivery strategies in response to changing market requirements.
- New Relic APM and Browser instrumentation is very easy to download and deploy into both on-premises and cloud-infrastructure-based application code.

Cautions

- With the SaaS offerings of New Relic's competitors maturing, its ability to offer both SaaS and on-premises alternatives could make New Relic's SaaS-only approach appear limited by comparison.
- From its latest 10-K filing (as of March 31, 2015), the company remains unprofitable (and cash flow from operations is also negative), raising some risk of viability.

- Predictive analytics and automated pattern discovery capabilities integrated with its core APM offerings are limited.

Riverbed Technology

Since the 2014 APM Magic Quadrant, Riverbed Technology was taken private by its majority owner Thoma Bravo (also the owner of Dynatrace). In the same time frame, the company has made an improvement in its SteelCentral-branded APM market capabilities with enhanced user interfaces and the incorporation of deep search-based features, while continuing to be able to collect fine-grained data. Because of the success of the SteelHead product family, Riverbed is still often thought of as primarily a network optimization firm, even though the company has been in the APM suite business since 2012 with the acquisition of Opnet. However, the combined portfolio of products does provide Riverbed the ability to tout being able to provide a complete "feedback loop" from monitoring through remediation — the latter via its WAN optimization capabilities.

Strengths

- The company has a large installed base of network customers to leverage for add-on APM suite sales.
- Riverbed's development and delivery philosophy has undergone significant changes in the past year, enabling a more rapid cadence of organic product delivery.
- SteelCentral provides integration of its network performance monitoring and diagnostics (NPMD) and APM solution portfolios through a new SteelCentral Portal UI.

Cautions

- As a result of the LBO, Riverbed now has over $2 billion worth of debt. Riverbed must continue to maintain appropriate cash flows to both service the debt and sustain product development.
- Clients, who have historically cited the need to engage professional services to maximize the value of their Riverbed APM investment, should continue to assess whether recent releases have lessened this requirement.
- Riverbed currently does not offer SaaS-based APM suite capabilities, other than for end-user experience monitoring.

Tingyun

With a strong emphasis on mobile applications and a hybrid SaaS/on-premises delivery model, Tingyun is a significant indigenous competitor in the Chinese APM market. Tingyun's offering also supports a rich analytics capability, which modifies many online analytical processing (OLAP)-style operations and reporting motifs for the purposes of application performance analytics, particularly with regard to the end-user experience of applications accessed from smartphones and tablets. Given the importance of mobile applications for the Chinese market, Tingyun's current emphasis on the front end rather than the back end makes sense, but the technology will need to become better balanced in its data capture and analysis across the application stack if the offering is to appeal to global markets.

Strengths

- The company's decision to focus on mobile-centric APM demonstrates its ability to hone product strategy to the needs of the primary geography in which it has chosen to operate (in this case, the Chinese market).
- Tingyun has exploited its understanding of specific chosen market requirements to effectively undermine the more generic positions and offerings of vendors operating on a more global scale.
- Tingyun has laid down an extremely broad and dense network of points of presence across its currently targeted geographies, from which it can conduct synthetic transaction-based end-user experience monitoring.

Cautions

- Tingyun does remain, to date, focused specifically on the Chinese market and geography, limiting its appeal to enterprises with global requirements.
- Tingyun's mobile-centric differentiation will prove increasingly less salient as competitors are forced by global markets to improve their own capabilities in this area.
- Application server data capture is less granular than is required for application-development-oriented use cases.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

Added

- Dell — Dell met the inclusion requirements after failing to do so in 2014, because of a SaaS requirement.
- JenniferSoft — This new vendor from Korea met the inclusion requirements.
- Nastel Technologies — Nastel Technologies met the inclusion requirements.
- Tingyun — This new vendor from China met the inclusion requirements.

Dropped

- SmartBear — The company is refocusing on its testing and synthetic transaction monitoring core competency.

Inclusion and Exclusion Criteria

In comparison to 2014, we have updated some criteria, in addition to adjusting the numerical thresholds:

- The vendor's APM product suite must include all five dimensions of APM (the delivery can be either via on-premises and/or SaaS):
  1. End-user experience monitoring
     - Real end-user experience monitoring of mobile applications is a desired capability, but not a requirement in this Magic Quadrant iteration.
     - Synthetic transaction monitoring is a desired capability, but not a requirement in this Magic Quadrant iteration.
  2. Application topology discovery and visualization
  3. User-defined transaction profiling
  4. Application component deep dive
  5. IT operations analytics
- User-defined transaction profiling must be able to trace transactions across multiple heterogeneous transaction tiers (for example, from Java to .NET, .NET to Java, etc.).
- The APM product suite must be able to instrument and provide deep-dive visibility into compiled Java and .NET code in a production environment.
- IT operations data analytics capabilities must be able to be applied to the metrics collected by the other four capability dimensions.
- The APM product suite vendor must have a sales presence or partner network that spans at least three of the following geographic locations: North America, South America, EMEA, the Asia/Pacific region and/or Japan.
- The APM product suite vendor should have at least 50 customers that use its APM product suite in a production environment.
- The APM product suite vendor references must confirm that they are monitoring at least 200 application server instances in a production environment.
- The APM product suite requirements must be shipping to end-user clients for production deployment and designated with general availability by 1 July 2015.

- Total APM product suite revenue (including new licenses, updates, maintenance, subscriptions, SaaS, hosting and technical support) must have exceeded $10 million in 2014.

Evaluation Criteria

Ability to Execute

Gartner analysts evaluate vendors on the quality and efficacy of the processes, systems, methods or procedures that enable IT provider performance to be competitive, efficient and effective, and to positively impact revenue, retention and reputation. Ultimately, vendors are judged on their ability and success in capitalizing on their vision.

Product or Service: Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets, skills, and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria. Note: In the 2014 analysis, much of the product-centric scoring was included under the Completeness of Vision criteria. It has been restored in the Ability to Execute category, and this accounts for some of the shift in vendor placement versus before.

Overall Viability (Business Unit, Financial, Strategy, Organization): Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood of the individual business unit to continue to invest in the product, continue offering the product and advancing the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message in order to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional, thought leadership, word-of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups and service-level agreements.

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product or Service	High
Overall Viability	High
Sales Execution/Pricing	Medium
Market Responsiveness/Record	High
Marketing Execution	Medium
Customer Experience	High
Operations	Not Rated

Source: Gartner (December 2015)

Completeness of Vision

Gartner analysts evaluate vendors on their ability to convincingly articulate logical statements about current and future market direction, innovation, customer needs and competitive forces, and how well they map to the Gartner position. Ultimately, vendors are rated on their understanding of how market forces can be exploited to create opportunity for the vendor.

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	High
Marketing Strategy	Medium
Sales Strategy	Medium
Offering (Product) Strategy	High
Business Model	Medium
Vertical/Industry Strategy	Low
Innovation	High
Geographic Strategy	Low

Source: Gartner (December 2015)

Quadrant Descriptions

Leaders

The APM suite Leaders quadrant is composed of vendors that provide products that are a strong functional match to general market requirements, have been among the most successful in building a loyal customer base, and have a relatively high viability rating due to strong revenue growth and/or high market share. They have comprehensive portfolios that typically do not come with major integration challenges and offer superior application visibility. Leaders also show evidence of superior vision and execution for emerging and anticipated market requirements, as well as a consistent track record of innovation.

Challengers

The APM suite Challengers quadrant is composed of vendors with high market reach and large deployments. Vendors in this quadrant typically have strong execution capabilities, as evidenced by financial resources, and a significant sales and brand presence garnered from the company as a whole, if not directly from their APM-related activities. Many have previously been among the leaders in the market and thus offer broad product portfolios. However, they are all currently engaged in efforts to more fully modernize and integrate their architectures and feature sets to better compete against those in the Leaders quadrant.

Visionaries

The APM suite Visionaries quadrant is composed of vendors that provide products that have built a compelling plan to competitively address current and future APM suite market requirements, but their current product portfolio may still be a work in progress. Vendors in this quadrant would often have a "SaaS-first" product development priority. They have a lower ability to execute rating than the Leaders, which is typically due to a lower viability rating as measured by installed base or financial strength. There are no companies positioned as a Visionary in this year's evaluation.

Niche Players

The Niche Players quadrant is composed primarily of vendors with solutions catering to specific audiences or with limited use-case support today. Because they do not demonstrate equal depth across all five dimensions, they typically do not meet the APM suite needs of larger enterprises, or do so only within specific verticals or market segments. In addition, vendors in this quadrant may have a much more limited ability to invest in the necessary functional as well as organizational capabilities to expand beyond their current focus. Inclusion in this quadrant does not reflect negatively on the vendor's value in the markets in which they chose to compete.

Context

In the course of this research, several key observations emerged from provider's strategies that should be carefully considered during an organization's APM strategy formulation and solution selection, including:

- Many APM suite solutions are assembled from multiple products, which can enable modular adoption of APM functionality, but can also add significant complexity to procurement and ongoing maintenance.
- Many purchasers of APM suites still require significant vendor assistance to fully implement the technology.
- Ease of use remains an area that needs improvement and varies significantly both across vendors and within vendor suites.
- On-premises approaches are expected to remain the dominant delivery model for several years, but SaaS-based offerings are rapidly becoming more available.
- Releases of new products and features are occurring much more rapidly due to a combination of SaaS-based delivery models and the adoption of agile development methods.
- Pricing and product/capability packaging vary significantly across vendors (not only in terms of what is "counted" but also how it is billed), making comparisons more difficult.

- APM products are viewed as expensive, and there is increasing concern that existing pricing mechanisms may have to change to support increasingly dynamic IT environments.
- Integrations with other ITOM solutions (even other availability and performance solutions) are often not priorities — in fact, many APM vendors are looking to expand beyond application monitoring, if they haven't already.

Organizations should not utilize the Leaders quadrant as a shortlist of appropriate vendors, but instead should build a list of criteria that describe their current and future needs, and then select from vendors that best meet those requirements. Organizations should select a vendor that has both a history of and future plans for focusing on this market. Careful consideration should be given to required skills, training, process and deployment investments, because these factors will have a much greater impact on the overall value realized from an APM suite investment than any specific functional capability found in a given tool.

Market Overview

The growth of APM software revenue has accelerated over the past several years, reaching $2.6 billion in 2014 (note: the APM revenue of the 15 vendors profiled in this Magic Quadrant make up approximately 69% of this total). This translates into a 15.8% increase over 2013, which in turn posted revenue growth of 13.0% over 2012. The compound annual growth rate between 2011 and 2014 was 12.3%, more than double the broader ITOM market, making APM the fastest-growing ITOM segment (for more details about the APM market, please see "Market Share Analysis: Application Performance Monitoring, 2014").

Driving APM growth are several key factors:

- **The rise of the perspective of the end user:** We titled our spring 2015 APM survey note "Survey Analysis: End-User Experience Monitoring Is the Critical Dimension for Enterprise APM Consumers" for a reason, namely that the survey data showed that enhancing the quality of customer experience received the most No. 1 rankings in response to the question of what the most important reasons were for the investment in an APM solution. When we surveyed the references supplied by the vendors in the 2015 APM Magic Quadrant, we received exactly the same response (and almost the same percentage: 49% ranked customer experience quality most highly in the Research Circle survey, versus 51% in the vendor reference survey). In addition, when asked to rank the most important of the current five dimensions of APM, both surveys showed end-user experience monitoring as the most important. This emphasis is increasingly reflected in many of the offerings provided by these and other APM vendors — especially with increased support for mobile endpoints.
- **The consumer of APM data is evolving:** There was somewhat of a divergence of the "buyer" for APM tools between the APM survey we conducted in the spring of 2015 and those cited by the vendor references. While both had IT operations as primary, the MQ vendor survey showed the DevOps team as (still a somewhat distant) second and the application owner/line of business as third — yet both still higher than in the earlier APM market survey. While the results stem from different populations being surveyed, it is Gartner's belief that the Magic Quadrant

vendor references were likely of higher APM effectiveness or maturity than the more broad-based APM Research Circle survey, and thus represents a leading-edge indicator of a shift in who increasingly may not only be the buyer of APM tools, but also the consumer of APM data. The transformation of APM architectures to support more (near-) real-time processing may be one of the factors leading to increased DevOps usage, while the growth of business-oriented metrics in APM offerings is likely the reflection of the need to increasingly understand the application in a business context.

- **The empire may be starting to strike back:** What stood out the most in the 2015 APM Magic Quadrant evaluation was the significant change in the portfolios of the traditional APM vendors, such as BMC Software, CA Technologies, Dell, HPE, IBM and Riverbed. Each of them was heavily engaged in the upgrading of its APM architectures — including some vendors offering increasingly competitive SaaS-based products. And in a few cases, we found that in specific areas they were ahead of the Magic Quadrant leaders, such as in analytics. However, the challenge for these and some other vendors is to continue the transformation of their on-premises technologies to be as intuitive as many of their cloud-based products — we still observed significant complexity beneath "prettier" portals, and differences in capabilities between UIs. Thus, the Leaders in this year's Magic Quadrant cannot rest on their laurels, and must continue to enhance their own strengths. Overall, this means better products for the APM buyer and information consumer.

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"Survey Analysis: End-User Experience Monitoring Is the Critical Dimension for Enterprise APM Consumers"

"Market Guide for Mobile Application Performance Monitoring"

"Market Share Analysis: Application Performance Monitoring, 2014"

"Hype Cycle for IT Infrastructure Availability and Performance Management, 2015"

"IT Leaders Should Identify the Right Things to Worry About When Their Vendors Are in Transition"

"How to Re-evaluate Strategic Vendors Acquired by Private Equity"

"How Markets and Vendors Are Evaluated in Gartner Magic Quadrants"

Evidence

The Magic Quadrant is a reflection of a broad-based research effort involving:

- Over 500 inquiries with Gartner clients inquiring about APM tools during the past 12 months.
- Many in-person discussions and other interactions with the vendors within this Magic Quadrant.

- A detailed vendor survey requiring responses to more than 230 questions.
- As part of the Magic Quadrant process, Gartner conducted a survey of organizations using online tools from July to August 2015. The survey participants were customer references nominated by each of the vendors in this Magic Quadrant. These surveyed customers were asked 13 questions about their experiences with their vendors and solutions. The results were used in support of the assessment of the APM suite market. We obtained 74 full responses representing companies headquartered across several different geographic regions.
- A live product demonstration from each of the 15 participating Magic Quadrant vendors, where each was requested to provide insight into their ability to support specific functions (specifics to be detailed in "Critical Capabilities for Application Performance Monitoring Suites").

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

GARTNER HEADQUARTERS

Corporate Headquarters
56 Top Gallant Road
Stamford, CT 06902-7700
USA
+1 203 964 0096

Regional Headquarters
AUSTRALIA
BRAZIL
JAPAN
UNITED KINGDOM

For a complete list of worldwide locations,
visit http://www.gartner.com/technology/about.jsp