Market Share

Worldwide Distributed Application Performance Management Software Market Shares, 2015: Year of Investment and Innovation

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IDC MARKET SHARE FIGURE

FIGURE 1

Worldwide Distributed Application Performance Management Software 2015 Share Snapshot

Note: 2015 Share (%), Growth (%), and Revenue ($M)

Source: IDC, 2016
IN THIS EXCERPT

The content for this excerpt was taken directly from IDC Market Share: Worldwide Distributed Application Performance Management Software Market Shares, 2015: Year of Investment and Innovation (Doc # US41666116). All or parts of the following sections are included in this excerpt: Executive Summary, Market Share, Who Shaped the Year, Market Context, Appendix and Learn More. Also included is Figures 1, 2, 3, and 4 and Table 1.

EXECUTIVE SUMMARY

In 2015, the worldwide distributed application performance management (APM) software market — including on-premise software and SaaS — totaled $2.6 billion when calculated in current U.S. dollars, representing a 16.8% increase in revenue over 2014. Dynatrace took the top market share, with a 14.6% share on $379 million in distributed APM software and SaaS revenue. This reflected the first full year of combined Dynatrace and Keynote revenue recognition following the merger of the two companies. The Americas region, dominated by U.S. sales, represented 60.3% of the market.

This IDC study discusses 2015 market shares and activity across the worldwide distributed APM software market.

"Overall, in 2015, the worldwide distributed APM software market experienced very strong growth, driven in large part by increasing enterprise demand for solutions that support emerging digital business, DevOps, and cloud strategies," explains Mary Johnston Turner, IDC research vice president, Enterprise System Management Software. "End-user experience insight and real-time dependency awareness are critical to providing robust SLAs and avoiding runtime problems as is better visibility into the performance of applications running on public cloud infrastructure."

ADVICE FOR TECHNOLOGY SUPPLIERS

As the worldwide distributed APM software market continues to expand at rates well in excess of traditional systems management software markets, established players such as Dynatrace, IBM, BMC, CA Technologies, HPE, and Riverbed are investing aggressively to update and expand their portfolios via acquisitions and organic development efforts. More recent entrants such as New Relic and AppDynamics continue to compete aggressively with near-constant introductions of new functionality that supports large-scale digital transformation, mobile, and business software analytics initiatives.

In 2015, Oracle entered the APM SaaS market as part of the launch of its Oracle Management Cloud service. New Relic acquired infrastructure monitoring start-up Opsmatic to add broader awareness of infrastructure dependencies to its SaaS portfolio. Dynatrace announced its intention to integrate its SaaS-based Ruxit APM unit more deeply into the core of the company's APM delivery platform. IBM focused its APM innovation efforts on Bluemix-based delivery and increased cloud-based availability via the IBM Cloud Marketplace. AppDynamics expanded its analytics platform while supporting SaaS and on-premise options as equal citizens. BMC acquired Boundary as the platform for TrueSight Pulse, a SaaS-based cloud, infrastructure, and application monitoring offering.

Big data IT operations analytics and easy-to-use visualization and query tools are becoming increasingly important APM differentiators as is the ability to proactively monitor applications running on major public cloud services such as Amazon Web Services and Microsoft Azure. To date, most
public cloud IaaS and PaaS providers have offered fairly limited APM functionality. IDC expects to see increased emphasis on APM and IT operations analytics by these vendors.

IDC also sees the coordination of ASQ areas such as test planning with real user monitoring (RUM) data and analytics coming from emerging vendors such as SOASTA (2H16) and others. RUM in conjunction with strong analytics can enable more effective decision making and prioritization of resources to help optimize software performance and avert down time. This will create a new dimension in the APM competitive landscape but may also open up new partnering opportunities.

To stay competitive and grab as much market share as possible in the coming year, IDC recommends that the technology suppliers in the market address the following priorities:

- **Expand efforts to engage with DevOps and LOB decision makers who are using public cloud services and those organizations that are embracing multicloud infrastructure strategies.** IDC’s research shows APM is a significant investment priority for IT and DevOps decision makers who need to maintain consistent end-user experiences and meet stringent SLAs for applications deployed across multiple cloud infrastructure and services, including on-premise, hosted, and shared public cloud service platforms.

- **Provide cloud-based options to try, buy, and use the APM solutions via SaaS- and/or PaaS-based API integrations.** Cloud-native application developers are rapidly embracing continuous delivery and integration methodologies and the use of public cloud PaaS platforms to accelerate development and ongoing new feature releases. Agile processes play a key role here increasingly. Successful APM vendors will provide developers of cloud services, mobile apps, and on-premise software with easy and affordable ways to integrate APM into the continuous application development/test/release and production life cycle.

- **Extend analytics capabilities organically or through partnerships to cover the full stack from infrastructure and public cloud services to middleware, mobile, and on-premise development.** The more that applications are instrumented to generate not only code and web traffic statistics but also end-user experience and behavioral insights, the more that customers will demand to harvest new insights from that data. Big data and analytics will increasingly be paired with APM to provide developers, IT operations, and business analysts with important and actionable insights.

- **Deliver true, seamless, omni-channel visibility and reporting.** Customers increasingly engage with a single application across mobile, desktop, and API-based interfaces. APM and related analytics solutions will be called upon to provide a 360-degree view of application and end-user performance to help predict capacity requirements, optimize workloads, and improve end-user experiences and engagement. Combined performance, event, quality, and network management data enable essential user context for optimized APM.

**MARKET SHARE**

Growth of the worldwide distributed APM software market was robust. The market totaled $2.6 billion in revenue for 2015, representing an increase of 16.8% compared with the 2014 worldwide distributed APM software market total. Currency headwinds slowed growth in selected markets.

As shown in Table 1, Dynatrace took the top spot for the second year in a row, with a $14.6% share on $379 million of revenue. HPE remained in the second spot, with a share of 11% on $285 million revenue. AppDynamics and New Relic continued to be the fastest-growing vendors in the top 10.
TABLE 1
Worldwide Distributed Application Performance Management Software Revenue by Vendor, 2013–2015 ($M)

<table>
<thead>
<tr>
<th>Vendor</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2015 Share (%)</th>
<th>2014–2015 Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dynatrace</td>
<td>324.3</td>
<td>338.1</td>
<td>378.8</td>
<td>14.6</td>
<td>12.0</td>
</tr>
<tr>
<td>HPE</td>
<td>255.0</td>
<td>283.0</td>
<td>285.0</td>
<td>11.0</td>
<td>0.7</td>
</tr>
<tr>
<td>IBM</td>
<td>210.0</td>
<td>225.0</td>
<td>239.4</td>
<td>9.2</td>
<td>6.4</td>
</tr>
<tr>
<td>CA Technologies</td>
<td>202.0</td>
<td>208.0</td>
<td>218.0</td>
<td>8.4</td>
<td>4.8</td>
</tr>
<tr>
<td>Microsoft</td>
<td>129.0</td>
<td>161.0</td>
<td>204.5</td>
<td>7.9</td>
<td>27.0</td>
</tr>
<tr>
<td>New Relic</td>
<td>53.2</td>
<td>96.8</td>
<td>162.2</td>
<td>6.2</td>
<td>67.5</td>
</tr>
<tr>
<td>Riverbed</td>
<td>131.0</td>
<td>140.0</td>
<td>145.2</td>
<td>5.6</td>
<td>3.7</td>
</tr>
<tr>
<td>AppDynamics</td>
<td>22.7</td>
<td>76.9</td>
<td>143.8</td>
<td>5.5</td>
<td>87.1</td>
</tr>
<tr>
<td>Splunk</td>
<td>58.0</td>
<td>94.0</td>
<td>130.0</td>
<td>5.0</td>
<td>38.3</td>
</tr>
<tr>
<td>Dell</td>
<td>71.0</td>
<td>96.0</td>
<td>101.0</td>
<td>3.9</td>
<td>5.2</td>
</tr>
<tr>
<td>Other</td>
<td>430.2</td>
<td>504.7</td>
<td>589.7</td>
<td>22.7</td>
<td>16.8</td>
</tr>
<tr>
<td>Total</td>
<td>1,886.4</td>
<td>2,223.5</td>
<td>2,597.6</td>
<td>100.0</td>
<td>16.8</td>
</tr>
</tbody>
</table>

Source: IDC, August 2016

WHO SHAPED THE YEAR

While established vendors raced to expand their portfolios and reach beyond their traditional customers to more deeply engage with DevOps and cloud users, newer entrants continued to grow quickly by serving this newer generation of customers. One of the vendors that set the pace for market growth and innovation in 2015 included:

- **Dynatrace** successfully completed the acquisition of Keynote, drove 12.0% combined software revenue growth, and expanded its ability to engage with DevOps and cloud users. New capabilities introduced included Digital Performance Intelligence — a SaaS-delivered digital business index and cloud service SLA monitoring solution that leverages synthetic web and mobile APM data to help organizations benchmark their online experience versus a wide range of competitors — and Dynatrace Personal License Edition, a free, lifetime subscription to Dynatrace Application Monitoring and User Experience Monitoring for individual use targeted at developers and limited to use with preproduction applications. Dynatrace also began the process of harvesting technology innovation developed by its Ruxit incubator as it prepared for deepening integration across the Dynatrace, Keynote, and Ruxit portfolios.
MARKET CONTEXT

The worldwide distributed APM software market exhibited solid growth in 2015, fueled by strong demand in the Americas region. Figure 2 illustrates the allocation of revenue on a regional basis. The Americas region represents 60.3% of total market revenue.

Figure 3 illustrates the allocation of worldwide distributed APM software revenue by operating environment. Windows is the largest segment, with a share of 56.5%.

FIGURE 2

Worldwide Distributed Application Performance Management Software Revenue Share by Region, 2015

![Pie chart showing revenue distribution by region. Americas: 60.3%, EMEA: 30.2%, Asia/Pacific (including Japan): 9.5%. Total revenue: $2.6 B.](source: IDC, August 2016)

FIGURE 3

Worldwide Distributed Application Performance Management Software Revenue Share by Operating Environment, 2015

![Pie chart showing revenue distribution by operating environment. Windows: 56.5%, Linux: 22.6%, Unix: 19.2%, Other: 1.8%. Total revenue: $2.6 B.](source: IDC, August 2016)
Significant Market Developments

In 2015, SaaS delivery platforms for distributed APM software were widely accepted with just about every major player introducing or expanding a SaaS option. In many cases, the inherent on-demand scalability and global reach of SaaS make these platforms a great match for DevOps and cloud-based applications that often experience unexpected changes in performance and experience frequent changes and updates, thanks to Agile development methodologies and use of continuous deploy and iterative cycles as part of software delivery. As shown in Figure 4, IDC estimates that SaaS-delivered distributed APM software solutions represented 25.7% of the overall market.

FIGURE 4

Worldwide Distributed Application Performance Management Software Revenue Share by Deployment Type, 2015

![Pie chart showing public cloud SaaS (25.7%) and on-premises (74.3%), with total revenue of $2.6B.]

Source: IDC, August 2016

METHODOLOGY

The IDC software market sizing and forecasts are presented in terms of commercial software revenue. IDC uses the term commercial software to distinguish commercially available software from custom software. Commercial software is programs or codesets of any type commercially available through sale, lease, rental, or as a service. Commercial software revenue typically includes fees for initial and continued right-to-use commercial software licenses. These fees may include, as part of the license contract, access to product support and/or other services that are inseparable from the right-to-use license fee structure, or this support may be priced separately. Upgrades may be included in the continuing right of use or may be priced separately. All of these are counted by IDC as commercial software revenue.

Commercial software revenue excludes service revenue derived from training, consulting, and systems integration that is separate (or unbundled) from the right-to-use license but does include the implicit value of software included in a service that offers software functionality by a different pricing scheme. It is the total commercial software revenue that is further allocated to markets, geographic areas, and operating environments. The worldwide software market includes all commercial software revenue across all functional markets or market aggregations. For further details, see IDC’s Software Taxonomy, 2015 (IDC #256767, June 2015).
Bottom-up/company-level data collection for calendar year 2015 began in January 2016 with in-depth vendor surveys and analysis to develop detailed 2015 company models by market, geographic region, and operating environment.

*Note: All numbers in this document may not be exact due to rounding.*

**MARKET DEFINITION**

The term *application performance management (APM)* has been adopted by a wide range of application development, test, quality, analytics, and systems and network management packaged software and SaaS vendors. In general, vendors are embracing the term in an attempt to signal to customers that their monitoring, testing, reporting, and analytic solutions can provide value to the business and enable visibility into application health and end-user experience. It is, in effect, an effort to distance their offerings from more traditional systems and network management tools that focused on monitoring the health and status of specific hardware or software components but did not provide an end-to-end perspective or business context.

This document discusses the worldwide distributed APM software market, which includes APM solutions deployed and running on distributed operating environments and public cloud SaaS.

In developing this document, IDC defines APM as a competitive software market representing segments of several functional markets as defined by *IDC's Software Taxonomy, 2015* (IDC #256767, June 2015). Specifically, these functional markets are:

- Performance management
- Event management
- Network management
- Automated software quality

APM software focuses on monitoring, maintaining, and optimizing the performance and health of business applications across development, test, datacenter, and network environments. Packaged software and SaaS solutions marketed as end-user experience monitoring (EUEM), real user monitoring, and business transaction monitoring (BTM) are generally included in the APM market. Many APM solutions include some level of IT analytics and correlation as part of the feature set. To that extent, these analytics are core elements of the APM offering that are included in this market assessment. However, standalone or general-purpose IT operations analytics solutions are excluded.

APM solutions are distinct from more traditional component or system-level monitoring and testing tools in that they are able to look across complex operational environments, discover hardware and software dependencies and topologies, and track transactions, packets, and code traces on an end-to-end basis that provides business application impact assessments and context. Increasingly, APM solutions are incorporating advanced visualization and executive dashboards as well as predictive analytics and modeling capabilities to enable rapid and proactive detection, diagnosis, and remediation of application performance problems and incidents – whether the source is linked to code, systems, or network issues. Both agent-based and agentless approaches such as synthetic transaction monitoring are included.

Network management products included in this market must specifically report on application performance. Products that provide generic grouping information based on protocols (i.e., HTTP, CIFS, and IP) are excluded. Console-based event correlation engines and event filters as well as
system infrastructure-level event analytics, modeling, and reporting products are also excluded. Solutions that monitor cloud IaaS exclusively are excluded, although cloud-based APM services that monitor and report on application health, quality, and availability are included.

Performance, stress, and load testing products and some static and dynamic code analytics products and code analysis capabilities leveraged in conjunction with relevant APM portfolios (and tracked in IDC's automated software quality market) are also included as they provide key capabilities for gaining visibility into how well applications are performing in conjunction with real user monitoring and code stability. These kinds of solutions also provide the ability to discover and remediate software problems. Functional and regression testing as well as typical test management do not play a role in APM.

Also excluded are performance and event management software products, application management, and network management products that focus exclusively on system- or code-level event monitoring, log management, system- or network-specific performance monitoring, reporting and analytics, and related management packs and plug-ins.

Consistent with IDC's software taxonomy, this competitive market covers both the packaged software license and the maintenance revenue as well as SaaS-delivered solutions. Software elements of appliance-based solutions are also included.

Some examples of included vendors and products are as follows:

- Dynatrace
- New Relic
- AppDynamics
- SOASTA
- SmartBear
- Riverbed SteelCentral AppInternals and App Response
- HPE AppPulse
- CA Application Performance Management

Some examples of excluded products are as follows:

- IBM Netcool and NetView
- HPE Network Node Manager

**RELATED RESEARCH**

- *Riverbed Expands End-User APM Business with Aternity Acquisition* (IDC #lcUS40938616, July 2016)
- *New Relic FutureStack15 Introduces Software Analytics for All* (IDC #lcUS40370915, November 2015)
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