

# Vendor Selection Matrix™ – Continuous Application Performance Management SaaS And Software: The Top 20 Global Vendors 2019

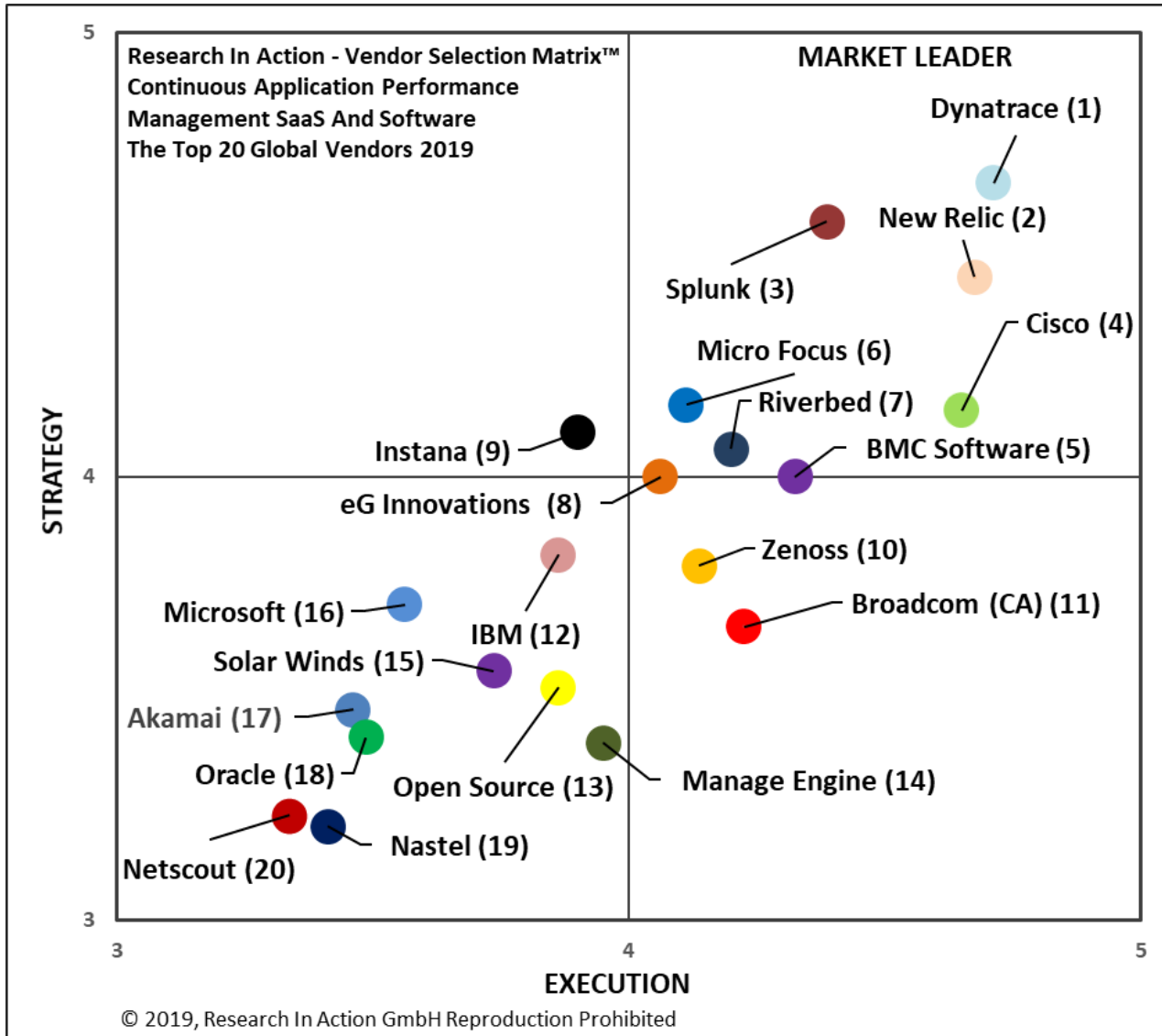
Eveline Oehrlich

Research Director

March 2019



# Vendor Selection Matrix™ – Continuous Application Performance Management SaaS And Software The Top 20 Global Vendors 2019



	Strategy	Execution	Total	
1	Dynatrace	4.66	4.71	9.38
2	New Relic	4.45	4.68	9.13
3	Splunk	4.58	4.39	8.96
4	Cisco	4.15	4.65	8.80
5	BMC Software	4.00	4.33	8.33
6	Micro Focus	4.16	4.11	8.28
7	Riverbed	4.06	4.20	8.26
8	eG Innovations	4.00	4.06	8.06
9	Instana	4.10	3.90	8.00
10	Zenoss	3.80	4.14	7.94
11	Broadcom (CA)	3.66	4.23	7.89
12	IBM	3.83	3.86	7.69
13	Open Source	3.53	3.86	7.39
14	Manage Engine	3.40	3.95	7.35
15	Solar Winds	3.56	3.74	7.30
16	Microsoft	3.71	3.56	7.28
17	Akamai	3.48	3.46	6.94
18	Oracle	3.41	3.49	6.90
19	Nastel	3.21	3.41	6.63
20	Netscout	3.24	3.34	6.58



# The Research In Action GmbH – Vendor Selection Matrix™ Methodology

## Data Summary:

- Unique, primarily survey-based methodology for comparative vendor evaluation.
- At a minimum, 60% of the evaluation results are based on enterprise buyers' survey results.
- Analyst's opinion accounts for a maximum of 40% of the evaluation results (not close to 100% as in most other vendor evaluations).
- More than 45.000 data points were collected.
- Data was collected in Q4 of 2018 and Q1 of 2019, covering 1.500 enterprise IT managers (with budget responsibilities) in a combined telephone and online survey.
- The Top 20 vendors of Continuous Application Performance Management SaaS and Software solutions (selected by the survey respondents) were evaluated.
- The evaluation results and forecasts are based on customer and vendor feedback, publicly available information, triangulation, as well as the analyst's opinion.



# The Research In Action GmbH – Vendor Selection Matrix™ Methodology

## Survey Instrument:

### Country breakdown

DACH	200
United Kingdom	150
France	150
Benelux	50
Europe (Rest)	150
North America	500
The Americas (Rest)	50
Australia and New Zealand	30
Asia Pacific (Rest)	220
<b>Total</b>	<b>1.500</b>

### Company size breakdown (Revenue more than € 250 million)

Headcount below 2.500:	128
Headcount 2.500 to 5.000:	262
Headcount 5.000 to 10.000:	543
Headcount 10.000 to 50.000:	441
Headcount over 50.000:	126
<b>Total</b>	<b>1.500</b>

### Job title breakdown

VP IT	139
CIO	134
IT Manager	128
IT Operations Manager	124
VP Operations	119
VP Infrastructure	109
IT Service Manager	105
Project Manager	103
Manager DevOps	99
IT Supply Manager	92
VP DevOps	89
Change Manager	61
Test Manager	56
Capacity Manager	53
Manager Testing	42
General Manager	17
CFO	12
Others	18
<b>Total</b>	<b>1.500</b>

### Industry breakdown

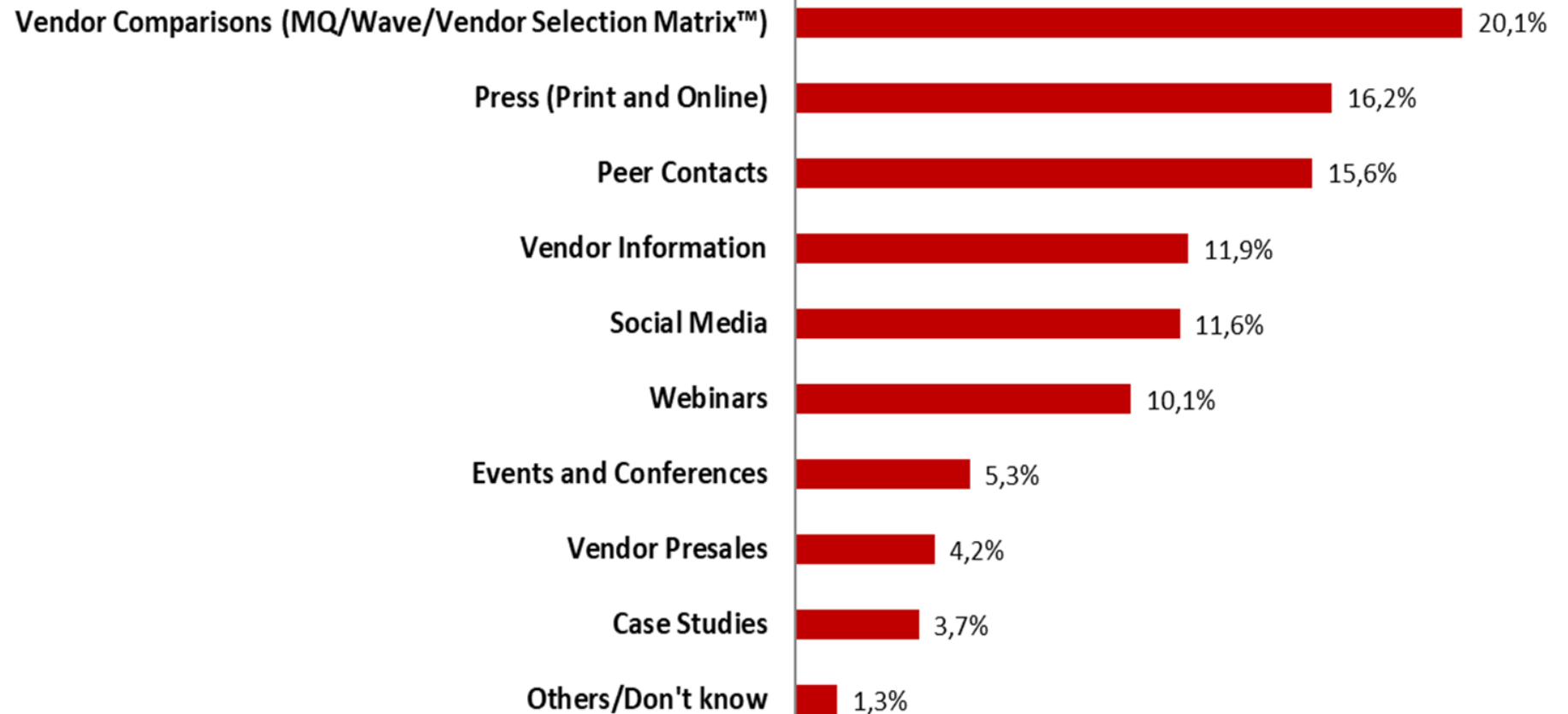
Energy	102
Financial Services	253
Government & Non Profit	98
Healthcare & Chemicals	195
Manufacturing	333
Media & Telecoms	128
Consumer Packaged Goods & Retail	121
Technology & Professional Services	166
Travel & Transportation	104
<b>Total</b>	<b>1.500</b>



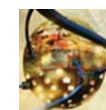
# What Tools Do You Use To Create The Vendor Longlist?

**MQ/VSM  
Press  
Peers  
Vendors  
Social Media**

**Decision makers use  
a mix of traditional  
and online tools.**



N = 3.000 Business and IT Managers with budget responsibilities



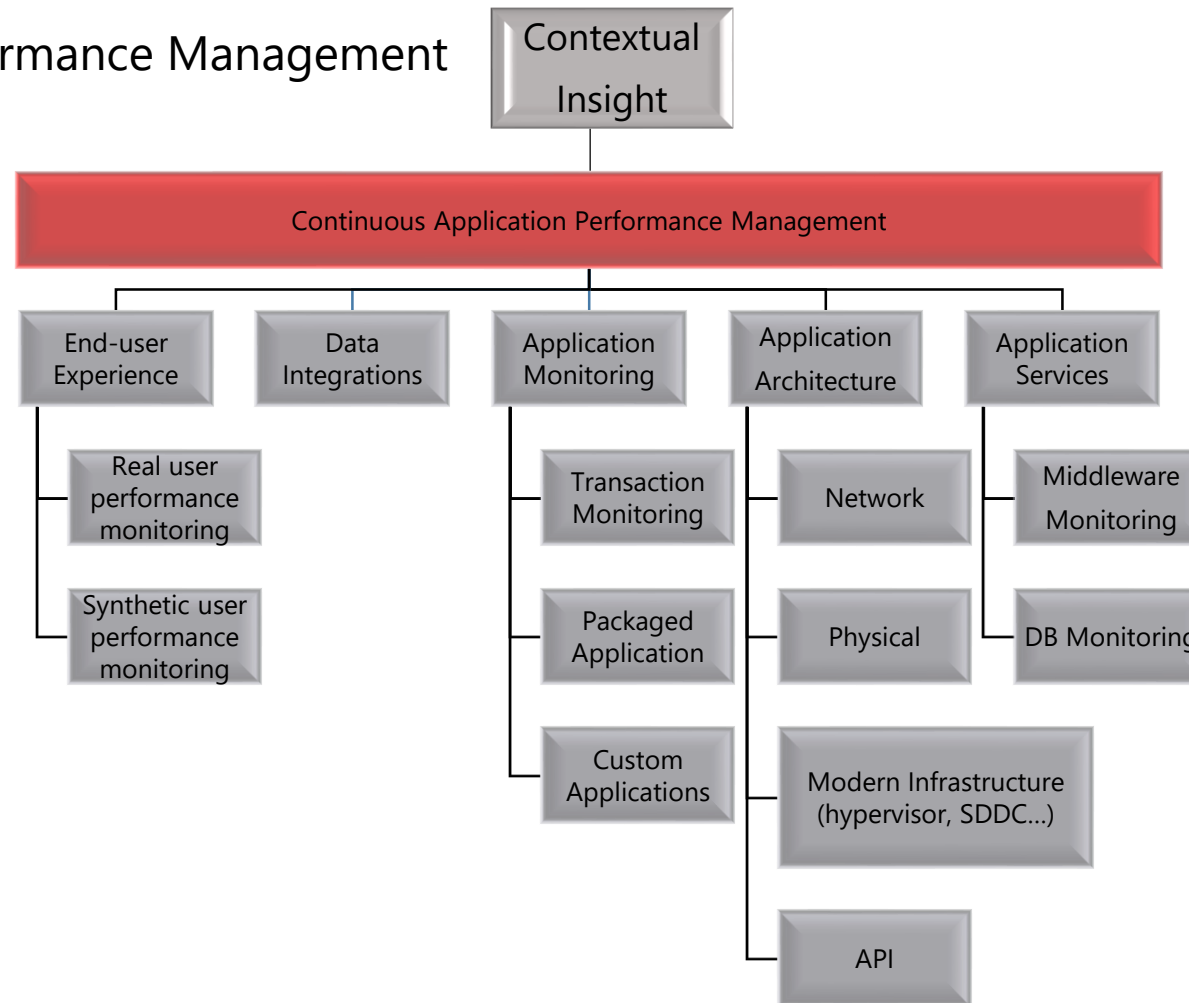
# Market Overview: Market Definition

- Continuous Application Performance Management (CAPM) is the continuous identification of issues around performance and availability of software applications. It strives to proactively detect and diagnose application performance problems and enables a situational awareness of application related issues.
- CAPM SaaS and Software includes the ability to aggregate the data from monitored entities and services and correlates and presents data in context for actionable intelligence.
- For this report, Research In Action has evaluated vendors of CAPM SaaS and Software solutions. The requirements and evaluation criteria for a CAPM solution were defined by the respondents of our survey.
- We are evaluating CAPM SaaS and Software solutions based on customer needs and requirements. Due to the adoption of modern IT environments (e.g. Cloud, serverless, microservices) and the digital transformations within enterprises, the requirements have changed significantly.

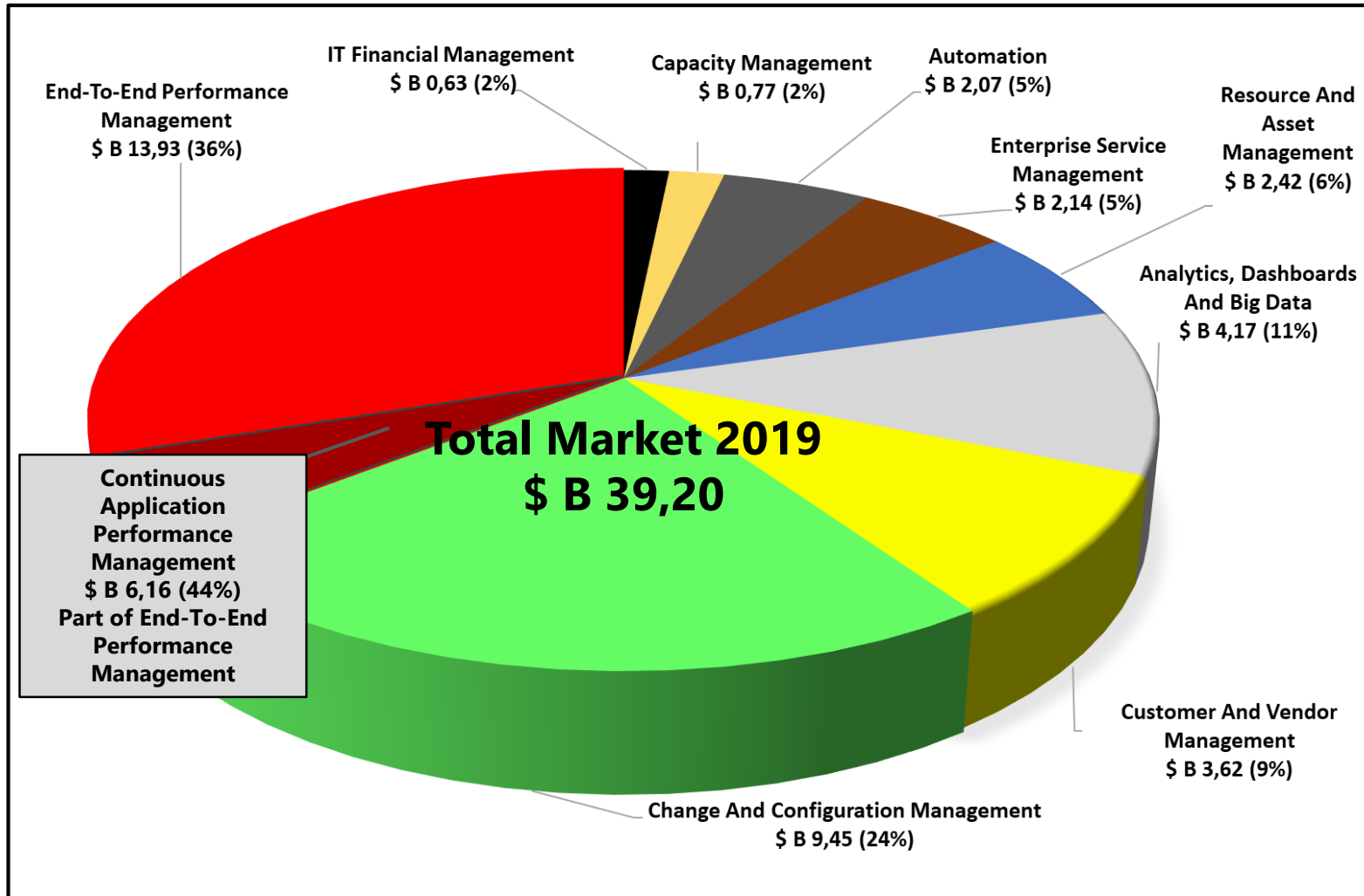


# Market Overview: Market Definition

## Continuous Application Performance Management Marchitecture Model



# IT And Enterprise Management SaaS And Software: Global Market Sizing 2018 And Market Forecast 2019



\$ Billion*	2019	Growth	2018
End-To-End Performance Management	13,93	2,4%	13,60
Change And Configuration Management	9,45	0,7%	9,38
Customer And Vendor Management	3,62	1,1%	3,58
Analytics, Dashboards And Big Data	4,17	19,1%	3,50
Resource And Asset Management	2,42	0,8%	2,40
Enterprise Service Management	2,14	19,6%	1,79
Automation	2,07	27,0%	1,63
Capacity Management	0,77	1,3%	0,76
IT Financial Management	0,63	23,5%	0,51
<b>Total Market</b>	<b>39,20</b>	<b>5,5%</b>	<b>37,15</b>

\* Numbers include software licenses, maintenance and SaaS revenue.

Enterprise buyers in the Research In Action survey predict continuing robust market growth in 2019.



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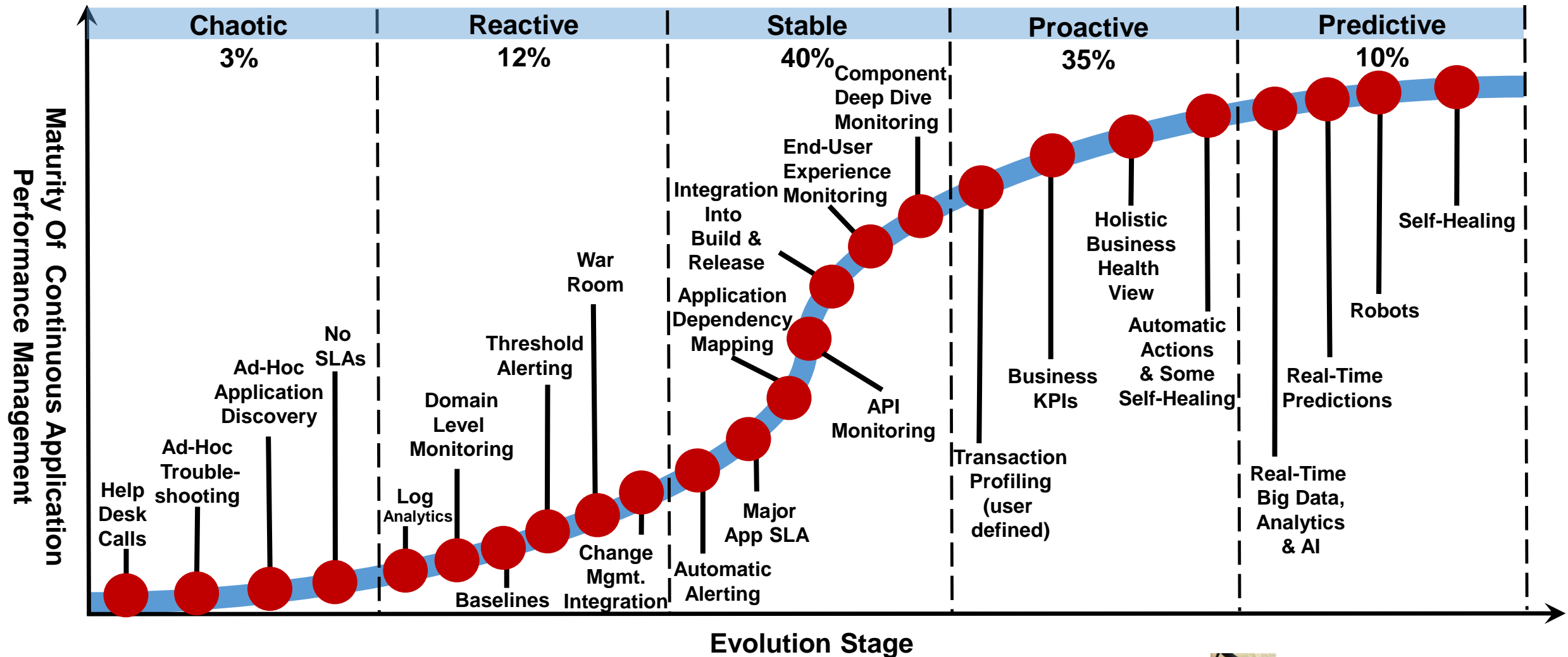


# Continuous Application Performance Management Vendor Revenues in FY2018

Vendor Name	FY 2018 CAPM Revenue Estimates in \$ Mio.	Current Market Share	Estimated Percentage Growth Since Last FY
Broadcom (CA)	700	11.3%	5%
BMC Software	600	9.7%	10%
IBM	500	8.1%	10%
Dynatrace	450	7.3%	70%
Cisco (AppDynamics)	450	7.3%	20%
New Relic	450	7.3%	35%
Micro Focus	400	6.5%	7%
Splunk	400	6.5%	7%
Oracle	200	3.2%	5%
Riverbed	200	3.2%	5%
Netscout	100	1.6%	9%
ManageEngine	100	1.6%	3%
Akamai	40	0.6%	5%
SolarWinds	30	0.5%	12%
Zenoss	20	0.3%	70%
eG Innovations	20	0.3%	10%
Nastel	6	0.1%	3%
Instana	5	0.1%	30%
Microsoft	N/A	N/A	N/A
Others	1,490	24.3%	
<b>Total</b>	<b>6,161</b>	<b>100%</b>	<b>7.5%</b>

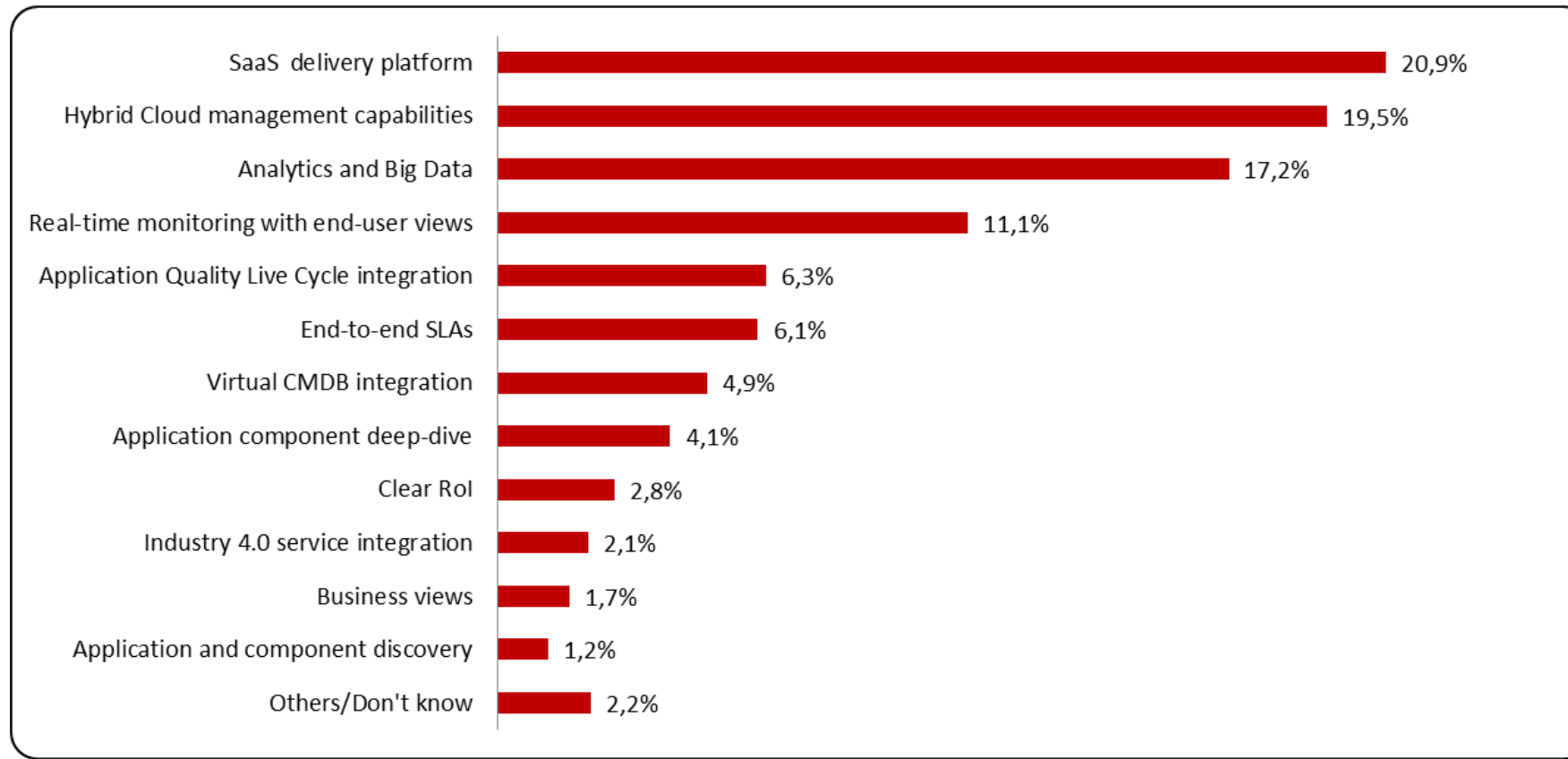


# Continuous Application Performance Management Maturity S-Curve 2019



# Market Overview: Today's Requirements For Continuous Application Performance Management

What are the key requirements for a Continuous Application Performance Management solution?



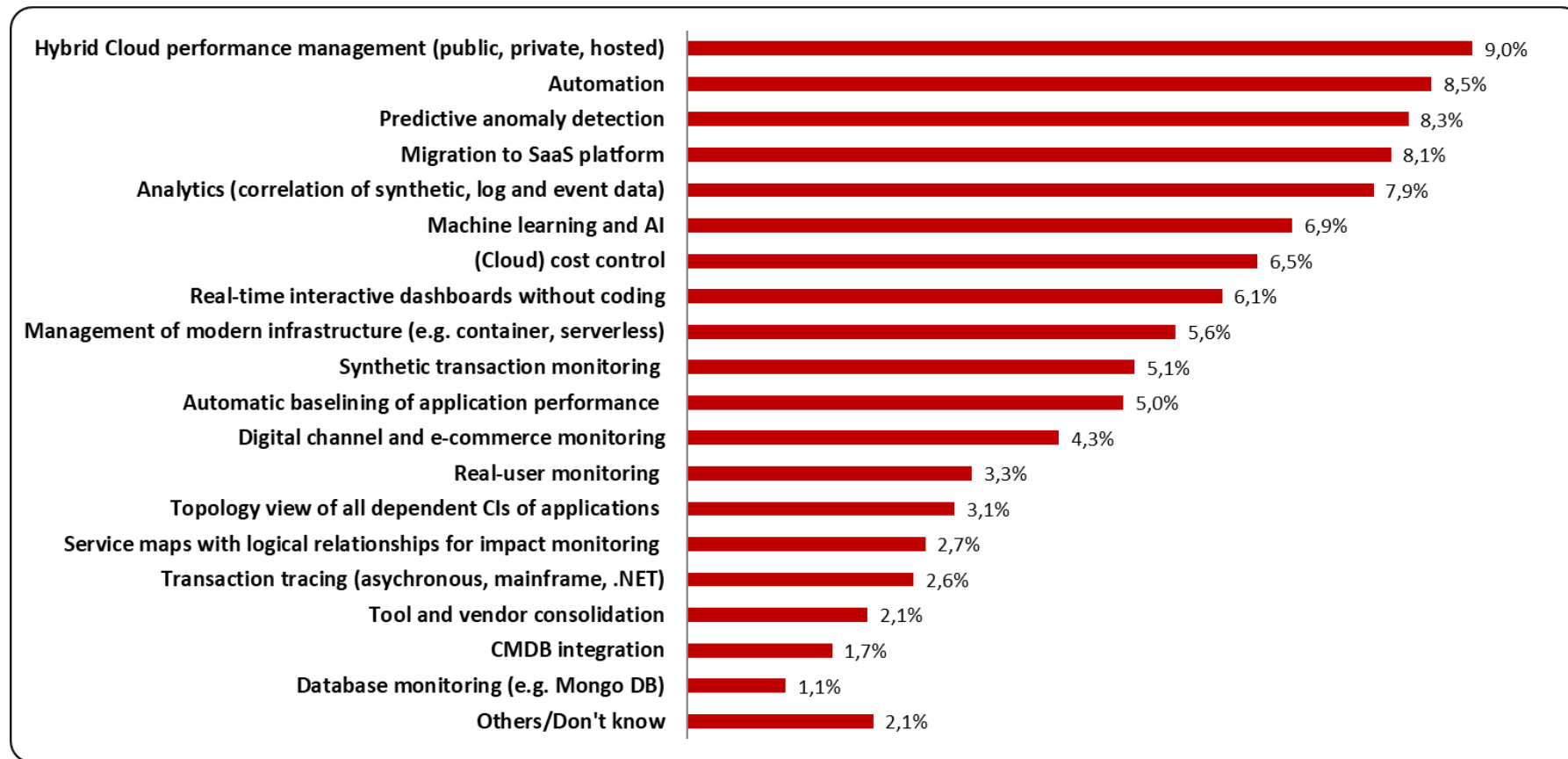
1. CAPM via a SaaS delivery platform is key to reduce maintenance, enable fast implementation and eliminate the worries about scale.
2. Due to the adoption of public and private cloud hybrid management capabilities are a must.
3. Monitoring must shift towards actionable intelligence with analytics and big data capabilities.
4. Digital businesses must be supported with real-time proactive and continuous monitoring of their customer interactions.

N = 1.600 IT Managers in Enterprises



# Market Overview: Market Trends 2019

What is your number one investment area in the Application Performance Management space for 2019?



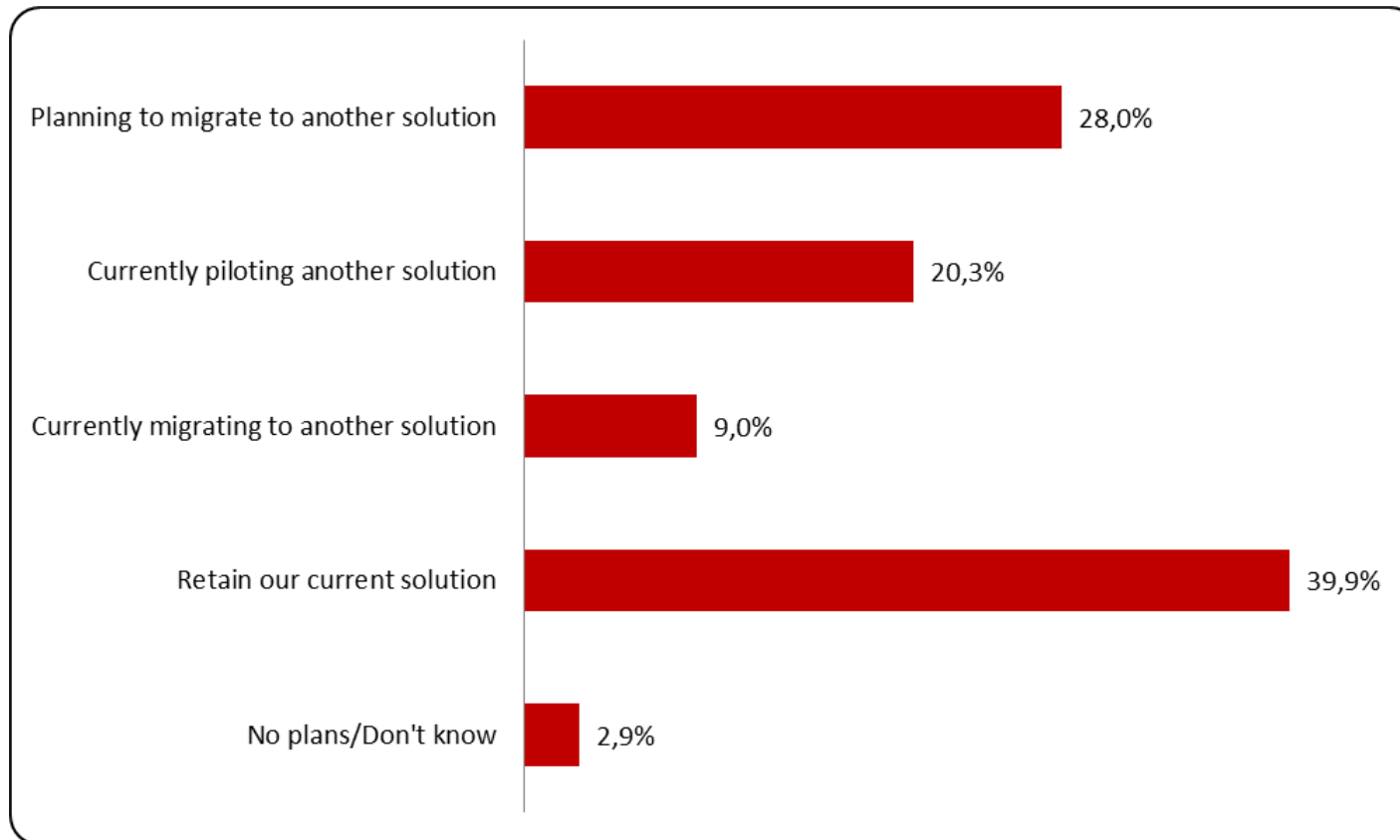
1. A must investment is the hybrid cloud performance management to provide continuous awareness of application related issues for automated or immediate resolution.
2. Adopting automation enables the shift of operations towards predictive work.
3. Additional priorities are providing proactive situational awareness of application related issues to the appropriate person, correlation of problem sources and data to provide actionable intelligence for fast resolution augmented with machine learning and AI.

N = 1.500 Enterprise IT Managers with budget responsibilities



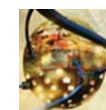
# Market Overview: Market Trends 2019

Are you planning to replace your Application Performance Management solution in the next one to three years?



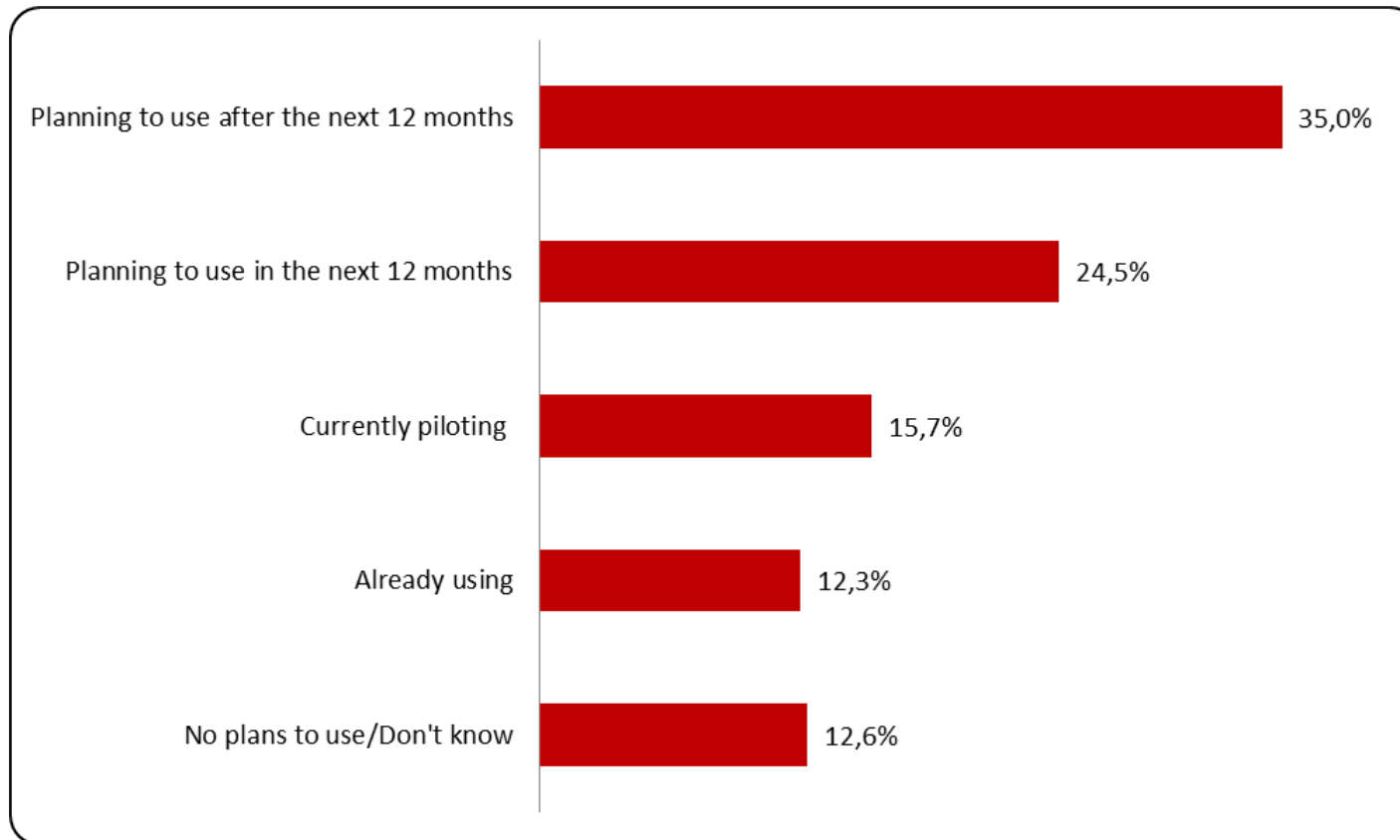
N = 1.500 Enterprise IT Managers with budget responsibilities

Over the next three years more than half of IT Enterprises will have replaced their existing APM solution with one or more new solutions as DevOps initiatives, complex environments and the desire for actionable intelligence and automation are key demands.



# Market Overview: Market Trends 2019

Are you planning to use machine learning and/or AI as part of Application Performance Management?



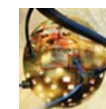
N = 1.500 Enterprise IT Managers with budget responsibilities

1. Artificial intelligence and machine language capabilities are still in pilots to proof its value.
2. The promises of AIOps which must include machine learning and AI is still 1-2 years away from mainstream adoption.
3. Machine learning and AI will raise in adoption if it enables predictive anomaly detection leveraging real time data, as this is the number three investment priority for Enterprise IT Managers.



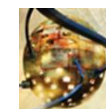
# Market Overview: Market Trends 2019

- **The adoption of Continuous Application Performance Management is driven by digital transformation.** As part of the End-To-End Performance Management market, Continuous Application Performance Management (CAPM) is growing significantly. Today, there are more than 500 active software and SaaS vendors globally generating around \$ 6,2 billion in annual revenue. We predict this market to grow at a CAGR of 7,5 % year-over-year as CAPM is a key requirement to enable the digital business.
- **This market is finally converging.** As IT environments have grown in complexity with the adoption of modern technology (e.g. Cloud, serverless, microservices) implementations of CAPM must be modernized to meet key requirements. CAPM solutions are platforms which provide proactive and ongoing situational awareness of application related issues. Intelligent automation is supported through correlation, contextual presentation and prediction of application and/or service health. SaaS solutions provide immediate benefits with best practices, policies and are easy to implement. New vendors have emerged, and established vendors have shifted their architecture and strategy to mirror that of the emerging vendors.
- **Investment trends for 2019.** Spending trends for 2019 are reflecting these changes in the market and in customer requirements. The key investment areas for 2019 are:
  1. Hybrid Cloud Performance Management
  2. Automation to free up staff and reduce waste
  3. Predictive anomaly detection to increase positive customer experience
  4. Migration to SaaS delivery platform for flexibility, scalability and data integration
  5. Analytics which leverage the correlated key sources for intelligent automation



# Market Overview: Continuous Application Performance Management Market Predictions

- **The continuous rise in complexity will require intelligent correlation.** The continuous evolution of architecture, technologies and business models will continue to challenge how to stay ahead of performance issues. All software, services and abstraction layers will spew out data which needs to be correlated across the supporting complex modern infrastructure and application layers. This correlation must provide proactive and contextual insight for fast or automatic resolution.
- **The desire of digital customer experience improvements will drive investment priorities.** Amidst all the effort IT spends on strategies and plans around new architectures, technologies and best practices, continual improvement of customer experience is company critical. CAPM teams must ensure that their solutions are capable to deliver advanced digital customer experience monitoring. Examples of such are user journey insights and funnel analysis.
- **The importance of tracing will show IT value within your business.** Even starting with the ten slowest transactions or more granularly the ten slowest SQL statements or driving out the ten worst performing infrastructure issues will ignite excitement across the business. High performance CAPM teams must focus and establish tracing as a methodology to improve some of the worst customer experience inhibitors. This will have tremendous impact on the value CAPM delivers within the entire organization and/or business as it will have immediate impact to the company's bottom line.
- **The power of the holistic perspective is to connect IT key performance indicators with business KPI's.** Business leaders don't care about details on IT infrastructure or technology performance issues. Key performance indicators (KPI's) for the business typically evolve around revenue and customer experience. Understanding what application dependencies and their impact on the KPI's to diagnose, triage, predict and potentially self-heal to positively impact business KPIs must be a critical aspect for selecting CAPM solutions.





# Market Overview: Continuous Application Performance Management Market Predictions

- **CAPM will be an integral part of the modern software delivery chain.** The adoption of DevOps and Agile which has risen above 50% at the enterprise level, requires the left shifting of a variety of processes\*. Shifting left means to take processes that usually fall at the end of the Software Development LifeCycle (SDLC) and putting them towards the beginning. Or, it could mean turning a staged process into a continuous process that occurs throughout development. By shifting CAPM to the beginning (during testing or development) it eliminates possible bottlenecks which show up during or after deployment.
- **Shift from mean-time-to-resolution (MTTR) to time-to-business-impact (TTBI).** In the digital world everything happens in real-time. This requires IT to use a meaningful way to communicate the impact of performance to the business. The term MTTR - where IT presents the efficiency in repairing something - is no longer adequate for the modern business technology environment as it does not reflect anything in relation to business health. Communicating application health with the use of a TTBI dashboards and application health indexes will change the perspective on IT's value, efficiency and innovation.
- **AI and machine learning will add some value but...** To stay ahead of issues across the rapid-changing IT landscape, the adoption of machine learning will provide some benefits when applied to historical data but will only significantly increase in value when contextual and real-time data is leveraged.
- **CAPM vendors will become a data source for AIOps.** Leveraging machine learning and additional AI capabilities promises if/then analytics, predictability of issues and prescriptive ways to heal or resolve issues. Vendors strictly focusing on AIOps have risen, but many of them need existing CAPM vendors which have focused on monitoring as possible data sources from the managed environment. Existing CAPM vendors are rearchitecting their capabilities to include AIOps as an option.

\*Source: DevOps Institute



# Vendor Selection Matrix™ – Continuous Application Performance Management SaaS And Software: Evaluation Criteria

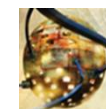
<b>Strategy</b>		
Vision & Go-To-Market	30%	Does the company have a coherent vision in line with the most probable future market scenarios? Does the go-to-market and sales strategy fit the target markets and customers?
Innovation & Partner Ecosystem	20%	How innovative is the company? How is the partner ecosystem organized and how effective is the partner management?
Company Viability & Execution Capabilities	15%	How likely in the long-term survival of the company? Does the company have the necessary resources to execute the strategy?
Differentiation & USP	35%	Does the solution have a Unique Selling Proposition (USP) and clear differentiators?
<b>Execution</b>		
Breadth & Depth Of Solution Offering	30%	Does the solution cover all necessary capabilities expected by the customers?
Market Share & Growth	15%	How big is the market share and is it growing above market rate?
Customer Satisfaction	25%	How satisfied are customers with the solution and the vendor?
Price/Value Ratio	30%	How do customers rate the relationship between the price and perceived value of the solution?



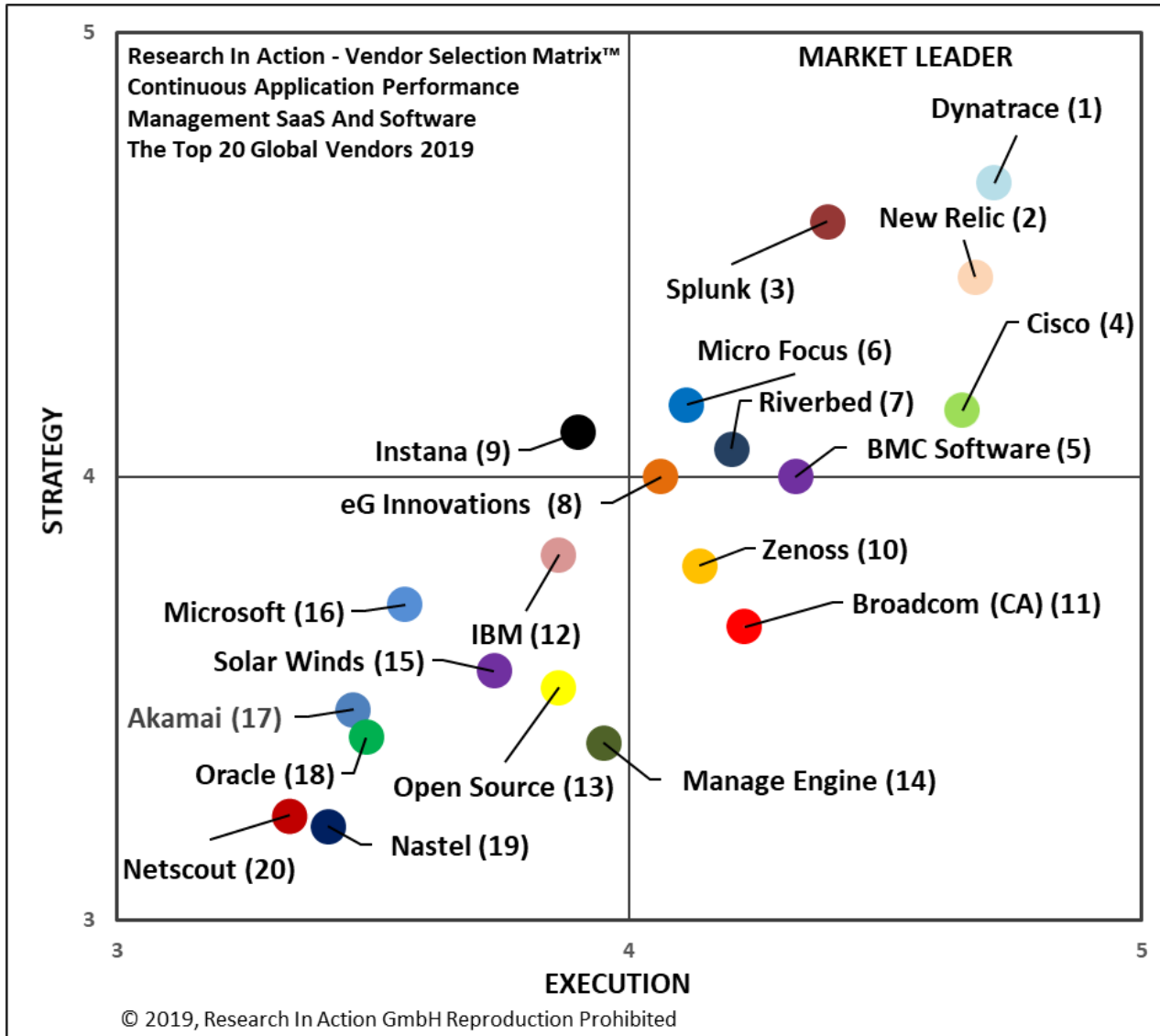
# Vendor Selection Matrix™ – Continuous Application Performance Management: The Top 20 Global Vendors

## Evaluated Vendors and Solutions:

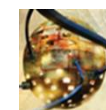
Name	Product(s)
1 Akamai	Cloudtest
2 BMC Software	TrueSight Product Family
3 Broadcom (CA)	APM, Nimsoft
4 Cisco	APM
5 Dynatrace	Dynatrace
6 eG innovations	eG Enterprise
7 IBM	IBM Cloud App Management
8 Instana	Instana
9 ManageEngine	Applications Manager
10 Micro Focus	Operations Bridge
11 Microsoft	Azure Monitor, System Center Operations Manager
12 Nastel Technologies	Autopilot
13 Netscout	nGenius
14 New Relic	APM
15 Open Source	Nagios /Icinga , EventDB , NagVis, Business Process View...
16 Oracle	Oracle Management Cloud
17 Riverbed	SteelCentral
18 SolarWinds	Server and App Monitoring
19 Splunk	Enterprise
20 Zenoss	Zenoss Cloud



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# Vendor Selection Matrix – Continuous Application Performance Management: The Winner

## Dynatrace: A solid partner to achieve great digital customer experience

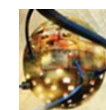
- **General:** Dynatrace is a solid solution partner to automate the performance management of an enterprise's digital customer experience. The company has capabilities from monitoring Web apps, cloud environments, and captures details on users' interactions with apps. It has introduced the ability to extend the already existing AI engine Davis with additional data from other sources than its own for additional data analysis. The company has achieved the highest score on its strategy due to the depth, differentiation and the highest scores on execution due to the highest score on customer satisfaction.
- **Strategy:** Dynatrace is continually focused on extending its existing capabilities to ingest and analyze additional data beyond what the platform already collects. Its current ability to integrate custom metrics, events and additional data from third party tools across e.g. the CI/CD and ITSM tool chain provides a rich set of data for excellent analytics. The company's vision of software intelligence for the enterprise cloud resonates well with cloud native and hybrid cloud enterprises of all sizes. Its ability to automate performance management intelligently while enabling a variety of content owners with critical business health details, makes Dynatrace attractive to buyers across development, operations and the business.
- **Execution:** The company has invested heavily into cloud, container and microservices monitoring. The Dynatrace platform automatically monitors and analyzes the full stack technology environment. Continuous discovery is supported with an AI engine at the core and provides real-time insights for intelligent action. Clients of all sizes are extremely satisfied with Dynatrace and gave high scores on price versus value. Its sizeable dedicated sales force is working diligently to serve existing and gain new customers across all major geographic regions and the company has achieved great growth over the last year.
- **Customer Quote:** "Over the years Dynatrace has evolved very well and we have evolved with them, they are always good partners." VP IT global financial services company.
- **Bottom Line:** Dynatrace's continuous focus on digital transformation attracts a variety of stakeholders across all lines of business. The continuous drive towards speed, velocity and quality by both business and IT teams requires vast and extensive automation towards predicting outcomes before they happen, and customers select Dynatrace as their predictive automation vendor for digital customer experience.



# Vendor Selection Matrix™ – IT And Enterprise Service Management SaaS And Software: Detailed Results

	<u>Weighting</u>	<b>Dynatrace</b>	
		Score	Result
<b>Strategy</b>			
Vision & Go-To-Market	30%	4.75	1.43
Innovation & Partner Ecosystem	20%	4.50	0.90
Company Viability & Execution Capabilities	15%	4.50	0.68
Differentiation & USP	35%	4.75	1.66
	<b>100%</b>		<b>4.66</b>
<b>Execution</b>			
Breadth & Depth Of Solution Offering	30%	5.00	1.50
Market Share & Growth	15%	4.50	0.68
Customer Satisfaction	25%	4.75	1.19
Price/Value Ratio	30%	4.50	1.35
	<b>100%</b>		<b>4.71</b>

Scale Explanation: 1 (Low) To 5 (High)



# The Research In Action GmbH – Vendor Selection Matrix™ Methodology

## **Vendor Selection Matrix™ Disclaimer:**

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# Contact



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