

COMPETITIVE ANALYSIS

Worldwide Cloud Systems Management Software 2012 Vendor Shares

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IDC OPINION

The worldwide cloud systems management software market is a competitive market representing portions of several IDC distributed systems management software functional markets including change and configuration management, workload scheduling and automation, performance management, event management, and problem management. IDC analysis of market activity during 2012 indicates:

- The worldwide cloud systems management software market increased 60.5% over 2011 for total estimated revenue in 2012 of \$1.2 billion.
- VMware held 20.5% market share with estimated revenue of \$247.5 million, including revenue from acquisitions such as DynamicOps.
- The Americas, responsible for an estimated 68.0% of revenue, continue to dominate the market.
- Private cloud implementations represented an estimated 62% of revenue.

IN THIS STUDY

This IDC study examines leading vendor shares and market trends in the worldwide cloud systems management software market during 2012. Vendor shares from 2010 are provided for historic context. The forecast for this market was published in *Worldwide Cloud Systems Management Software 2013–2017 Forecast* (IDC #240276, March 2013).

Methodology

See the Methodology in the Learn More section for a description of the data collection and analysis employed in this study.

In addition, please note the following:

- The information contained in this study was derived from IDC's Software Market Forecaster database as of May 10, 2013.
- All numbers in this document may not be exact due to rounding.
- For more information on IDC's software definitions and methodology, see *IDC's Software Taxonomy, 2012* (IDC #235401, June 2012).

Worldwide Cloud Systems Management Software Taxonomy

The worldwide cloud systems management software market is an IDC competitive market that reflects portions of revenue reported in the following functional markets:

- Workload scheduling and automation (distributed server/workload automation submarket only)
- Change and configuration management
- Performance management
- Event management
- Problem management

Note regarding the workload scheduling and automation job scheduling submarket: The job scheduling submarket has historically been excluded from the cloud systems management software market. A few job scheduling vendors report that customers are beginning to integrate workload management solutions across cloud environments. IDC will monitor this trend and revisit the possibility of including job scheduling at a future date. For the 2012 vendor share and market forecast, the job scheduling market continues to be excluded.

Revenue estimates for this competitive market include license, maintenance, and subscription revenue for packaged software and SaaS solutions used to actively

manage enterprise and service provider cloud environments. It is important to note that, in the case of cloud systems management functionality bundled as part of a converged infrastructure hardware platform, software revenue is not recognized unless it is tracked and reported using its own separate SKUs. Related revenue from professional services, training, and implementation support services is excluded.

Because different vendors make different choices about product and SaaS service packaging, bundling, and branding, revenue estimates for this market include not only flagship cloud-specific solutions but associated systems management software products, management packs, and SaaS services only to the extent they are deployed to enable fully operational cloud management environments. As an example, if a customer implements a private cloud using VMware's vCloud Automation Center, revenue for vCloud Automation Center and any other vCloud Suite management software licenses needed to enable the operational cloud environment will be included in the revenue estimates for this market. The value of vSphere Hypervisor licenses used to support a cloud is excluded. Systems management software licenses used in a customer's environment outside of those resources being consumed by the cloud are excluded.

For an environment to qualify as a cloud, an environment's architecture and operational model must be consistent with IDC's cloud taxonomy. These typically include the following systems management software capabilities in active use:

- ☒ Self-service cloud infrastructure application provisioning automation, including a service catalog and policy-based life-cycle management capabilities
- ☒ Automated infrastructure orchestration and virtualization management used to enable dynamic infrastructure resource pooling and sharing across multiple workloads and user groups
- ☒ The ability to track cloud resource consumption to support life-cycle management, capacity planning, and (optionally) chargeback/showback

The aforementioned list of capabilities applies to both public and private clouds and represents the minimum systems management software functionality required for an environment to be considered a cloud for the purposes of this market sizing.

Software products deployed to support operation of virtualized resources or used to enable automated VM or bare metal provisioning, in the absence of other core systems management cloud capabilities, are *not* included in these estimates. Job scheduling is excluded.

Systems management software capabilities delivered via the SaaS model are only included to the extent they are used to enable cloud management environments, as described previously. The fact that systems management software is delivered via a SaaS cloud service does not necessarily mean it is included in these estimates since many systems management SaaS solutions are used to manage and monitor resources that operate in noncloud environments and architectures.

Revenue estimates in this document are developed consistent with IDC's normal calendar year revenue recognition and currency conversion methodologies.

SITUATION OVERVIEW

Worldwide Cloud Systems Management Software Market in 2012

In 2012, the worldwide cloud systems management software market increased an estimated 60.5% to a total of \$1.2 billion (see Table 1). The top 3 vendors were VMware, IBM, and CA Technologies.

Table 1 includes backstreamed revenue from acquisitions including (but not limited to) Dell's acquisition of Gale Technologies, Red Hat's acquisition of ManageIQ, and VMware's acquisition of DynamicOps.

TABLE 1

Worldwide Cloud Systems Management Software Revenue by Vendor, 2010–2012 (\$M)

	2010	2011	2012	2012 Share (%)	2011–2012 Growth (%)
VMware	70.0	152.0	247.5	20.5	62.8
IBM	48.0	78.0	175.0	14.5	124.4
CA Technologies	60.0	137.0	159.0	13.1	16.1
BMC	35.0	92.0	135.0	11.2	46.7
Microsoft	57.0	74.0	120.0	9.9	62.2
HP	38.0	80.0	110.0	9.1	37.5
RightScale	7.0	27.0	49.0	4.0	81.5
Cisco	20.0	36.0	52.0	4.3	44.4
ServiceMesh	10.0	19.0	26.0	2.1	36.8
Adaptive Computing	5.0	11.0	17.0	1.4	54.5
Dell	2.0	4.0	10.0	0.8	150.0
Red Hat	3.0	6.0	8.0	0.7	33.3
Subtotal	355.0	716.0	1,108.5	91.6	54.8
Other	54.0	38.0	101.5	8.4	167.1
Total	409.0	754.0	1,210.0	100.0	60.5

Source: IDC, June 2013

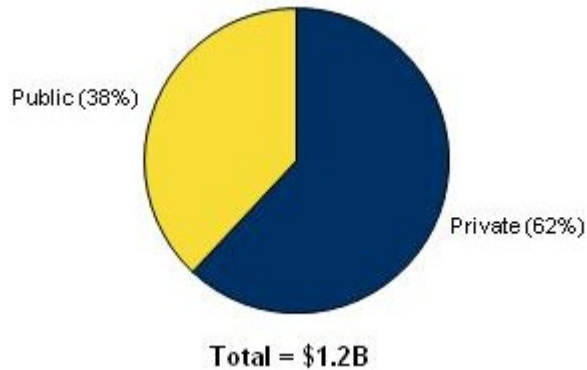
Performance by Type of Cloud

Private cloud environments continue to drive the majority of cloud systems management software spending. Enterprise accounts continue to invest in private cloud infrastructure including systems management software. Public cloud service providers continue to rely on open source and internally developed custom software to support a range of functions in their cloud infrastructure environments. Service providers spend on selected cloud systems management software solutions, particularly those related to the management and control of hypervisors and core computing platforms.

As shown in Figure 1, IDC estimates private cloud accounted for 62% of worldwide cloud systems management software spending in 2012. Note that hosted private cloud solutions provided by third-party service providers are counted as private cloud implementations.

FIGURE 1

Worldwide Cloud Systems Management Software Revenue Share by Type of Cloud, 2012



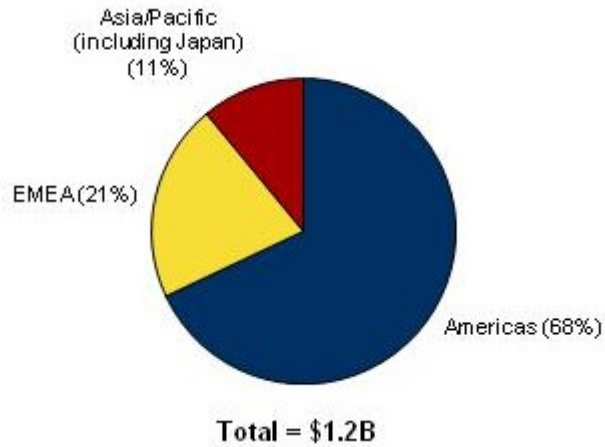
Source: IDC, June 2013

Performance by Geographic Region

The Americas continue to drive the majority of cloud systems management software spending. This is due in part to rising use of private cloud solutions across the Americas, including increasing use of hosted private cloud solutions. As shown in Figure 2, IDC estimates the Americas accounted for 68% of cloud systems management software spending in 2012. Continued macroeconomic challenges in the eurozone have continued to depress cloud systems management software spending in that region.

FIGURE 2

Worldwide Cloud Systems Management Software Revenue Share by Region, 2012



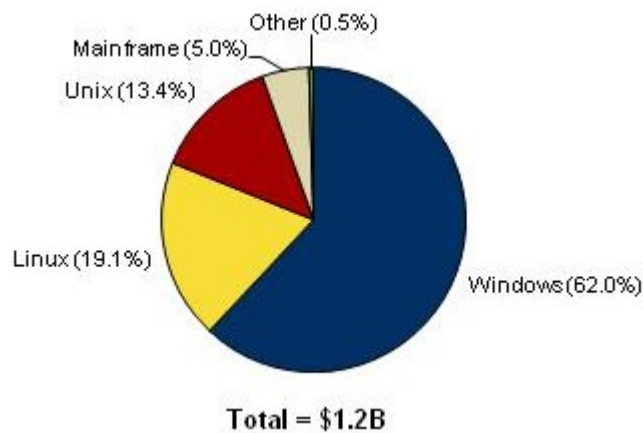
Source: IDC, June 2013

Performance by Operating System

Linux and Windows continue to dominate the market for cloud systems management software, with mainframe and Unix implementations losing share as early adopters transition from first-generation solutions to more modern architectures. As shown in Figure 3, IDC estimates that Windows represents 62% of the market, followed by Linux with 19.1%.

FIGURE 3

Worldwide Cloud Systems Management Software Revenue Share by Operating Environment, 2012



Source: IDC, June 2013

FUTURE OUTLOOK

IDC expects that over the next several years, spending on cloud systems management software will continue to grow rapidly across private and public cloud environments. Established vendors are expected to continue to invest in organic and inorganic product extensions as enterprise and service provider customers gradually transition more and more workloads to cloud environments.

ESSENTIAL GUIDANCE

IDC's research indicates that customer demand for cloud systems management software functionality continues to move beyond rapid, self-service provisioning to include application performance monitoring, IT operations analytics, and real-time workload optimization based on end-user experience and dynamic resource capacity management. IDC also expects to see increased demand for cloud service brokering and vendor management solutions as customers develop more mature cloud management strategies that integrate the control of public, private, and noncloud IT resources across a unified set of monitoring dashboards, service catalogs, self-service portals, and cross-tier workload and infrastructure provisioning tools.

The most successful cloud systems management software providers will offer customers a full-service solution based on open industry standards and out-of-the-box best practices that ensure the ability to integrate with existing systems and management tools while simplifying all aspects of cloud life-cycle management and IT operations.

LEARN MORE

Related Research

- ☒ *Worldwide Public Cloud Enabling IT Infrastructure 2013–2017 Forecast* (IDC #240635, April 2013)
- ☒ *Worldwide Private Cloud IT Infrastructure 2013–2017 Forecast* (IDC #240624, April 2013)
- ☒ *Worldwide Cloud Systems Management Software 2013–2017 Forecast* (IDC #240276, March 2013)
- ☒ *IDC Maturity Model: Cloud — A Guide for Success* (IDC #239772, March 2013)
- ☒ *Cloud Management Priorities for 2013 Target Analytics, Consolidation, and Transformation* (IDC #239094, January 2013)
- ☒ *Worldwide Cloud Systems Management Software 2011 Vendor Shares: Market Moves Beyond Self-Service* (IDC #236556, August 2012)
- ☒ *IDC's Software Taxonomy, 2012* (IDC #235401, June 2012)

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, 2012* (IDC #235401, June 2012).

The software revenue forecasts presented in IDC studies represent our best estimates and projections based on the following:

- Top-down forecast growth rates by IDC worldwide market analysts
- Current U.S. dollar exchange rates as of 4Q12

Bottom-up/company-level data collection for calendar year 2012 began in January 2013, with in-depth vendor surveys and analysis to develop detailed 2012 company models by market, geographic region, and operating environment. This activity forms the basis of vendor share, updated forecast, and competitive analysis studies that will be published later in the year.

Synopsis

This IDC study examines the worldwide cloud systems management software market for the 2010–2012 period. Revenue and market share of the leading vendors are provided for 2012.

"Worldwide cloud systems management software revenue grew by 60.5% in 2012 to reach a total of \$1.2 billion," according to Mary Johnston Turner, research VP, Enterprise System Management Software. "VMware led the market with 20.5% market share as enterprise and service provider customers expanded use of cloud automation, monitoring, and analytics across their virtualized datacenter environments."

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