

I D C D A T - A - G L A N C E



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System and Network Management Software – The Quest for Operational Efficiencies and Business Alignment

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The System and Network Management Software (SNMS) market is defined as including those software tools that are routinely used in IT operations or by end users to manage network, system and application resources. This market does not include storage management and other storage software. The SNMS market in Australia and New Zealand (ANZ) is expected to grow at a 2007-2012 compound annual growth rate (CAGR) of 9.1%, to reach over US\$435.2 million by 2012.

Management of virtualised environments as well as physical and virtual infrastructure are quickly becoming growing challenges, as organisations adopt virtualisation at a fast pace. The goal remains to simplify and automate the management of complex IT environments in order to improve agility and operational efficiency, as well as reduce cost.

Market Trends

- IDC predicts that problem management, change and configuration management and performance management will be key growth markets, experiencing 2007–2012 CAGRs of 10.7%, 10.5% and 9.8% respectively in ANZ.
 - Problem management tracks, records, and manages problems related to IT infrastructure and operations
 - Change and configuration management includes IT asset management, software delivery and distribution, server and client configuration management, CMDBs etc.
 - Performance management addresses the availability and performance of networks, systems, servers and applications
- IDC is seeing strong interest in IT Service Management (ITSM) and Business Service Management (BSM) in ANZ. ITSM and BSM are disciplines for managing IT systems and processes from a business-centric perspective, with a focus on aligning IT to be delivered as a service to the business.
- Organisations are leveraging ITIL and COBIT; best practice frameworks for IT service delivery and infrastructure management that help identify gaps and improve IT operations and service delivery. According to a recent IDC study, 40.9% and 34.1% of respondents in ANZ have adopted the two frameworks respectively. This high level of adoption is a sign of the relative maturity of ANZ organisations in regards to system and network management and the alignment of IT to the business.

- IDC expects that software-as-a-service (SaaS) models will be gathering increasing traction in the SNMS market, because organisations will be looking for new technologies and delivery models to lower costs. The success of SaaS-based SNMS solutions will depend on a mix of solution maturity, customer proof points that demonstrate reduced costs to the customers, and identifying and solving potential problems.

Market Accelerators

- The need for organisations to manage their complex IT environments cost effectively, is the key driver for investing in SNMS solutions, especially given the increasing pressure on budgets. Datacenter automation tools that provide automated and proactive management, monitoring, alerting and remediation of IT tasks and problems across networks, systems and applications will be in growing demand.
- Efforts to align IT, as an internal service provider, to the business includes activities such as relating infrastructure events to service and end-user impact, tracking IT and business metrics, and calculating costs of delivering specific services to the business. Organisations' interest and adoption of ITIL will drive investments in SNMS solutions, particularly problem, performance, and change and configuration management solutions.
- Virtualisation adds another layer of complexity and creates a need for SNMS solutions to manage virtual and physical infrastructure in an integrated manner. Virtual server management tools are therefore expected to converge with traditional SNMS solutions. The need to manage, monitor and optimise virtual networks, servers and workloads will drive investments in performance, event automation, change and configuration management software.
- Green IT is being another driver as rising power costs in datacenter operations is a top concern of IT decision makers in ANZ. Software that can help better manage power and cooling and improve automation, load and capacity management, while achieving both economical benefits as well as environmental sustainability, will be in demand. Virtualisation software, power monitoring and management tools, asset management and automation tools, all play an important role in Green IT initiatives.

Adoption Trends

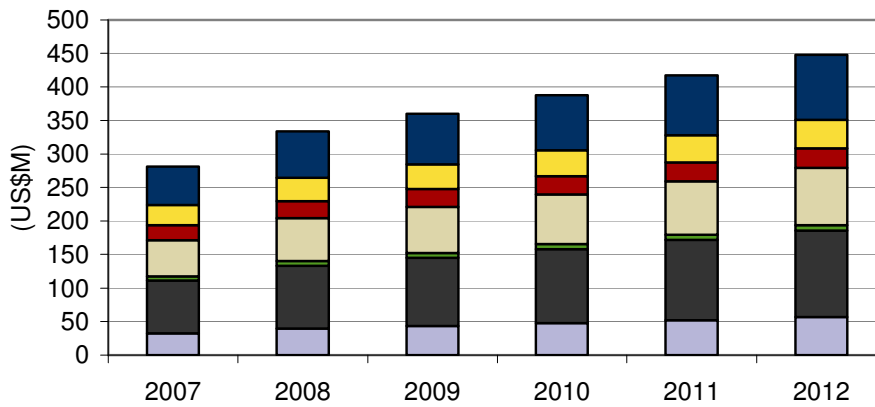
- Banking, financial services and government are the biggest spending verticals on SNMS, together representing over 50% of total spending in ANZ. Banking has high requirements on system and application uptime, to ensure that customer transactions are processing smoothly. The need to maintain legacy systems and investments in virtualisation software is also driving SNMS requirements and investments in the banking sector.
- The government sector is often considered to be a laggard when it comes to technology adoption. However, complex infrastructures and networks and the need to achieve operational efficiencies and reduce costs is driving SNMS investments in the government sector. Government agencies have also showed a strong interest in adopting ITIL processes to better service their internal and external customers.
- The telecommunications sector is another big spending vertical in the network management market. Telecommunication firms need to invest in SNMS solutions to ensure that they can deliver against agreed service levels in terms of network availability and performance. The introduction of new network services such as VoIP and video conferencing put new requirements on network performance and monitoring. Uptime and response time for transactions and end-user interactions is of utmost importance in order to ensure high customer satisfaction and retention.
- Solutions need to clearly yield cost savings to IT, optimise and maximise the use and management of the IT infrastructure, and provide a clear ROI, and reduced management

costs (TCO). Areas for cost savings include improved IT staff efficiency and user productivity, higher availability, faster response to incidents, reduced downtime and help desk calls, better IT performance and business agility.

- IDC has found that holistic services-led projects and engagements, centred around best practice process improvement and the IT maturity level of the organisation are more likely to yield satisfactory results than ad-hoc, tactical tool deployments.

FIGURE 1

System and Network Management Software ANZ: Forecast by Function 2007-2012

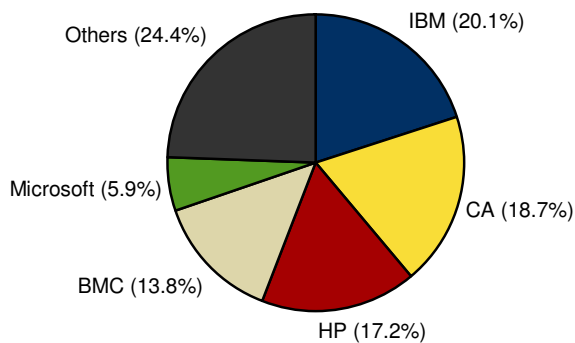


- Change & Configuration Management
- Event Automation
- Job Scheduling
- Network Management

Source: IDC 2008

FIGURE 2

System and Network Management Software ANZ: Vendor Market Share, 2007



Source: IDC 2008

ABOUT THIS ANALYST

Patrik Bihammar is a Senior Analyst for IDC's software research, with a focus on the security, virtualisation and system management markets in Australia and New Zealand. In this role, Mr. Bihammar is responsible for tracking and analysing key developments as well as identifying emerging trends within the Australian and New Zealand infrastructure software markets. Mr. Bihammar has written numerous reports on the ANZ market and is a frequent speaker at industry events. His research and insights are regularly quoted by industry publications.

Prior to joining IDC in 2005, Mr. Bihammar worked for Hewlett Packard in Sydney, Australia. Patrik has been working in the IT industry in various roles since 1994. His experience also includes having worked as a system and network engineer in Stockholm and London.

Mr. Bihammar holds a Master of Science degree in Industrial Engineering and Management, majoring in Computer Science and Marketing from Linköping Institute of Technology in Sweden. He has also studied business, marketing and IT at the University of Technology, Sydney.

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