

Market Overview 2003: Windows Server Platform Management

Thomas Mendel

Contributing Analysts: Jean-Pierre Garbani, Richard Fichera, David Friedlander and Stacey Quandt

Giga Position

In 2002, the Windows server platform management market will generate about \$1.25 billion in revenues and is set to grow to around \$1.75 billion in 2003 and to \$2.25 billion in 2004. There are two main drivers for this expected growth: The fact that the NT4 Server is now reaching the end of its life cycle, as well as the release of Windows .NET Server 2003 sometime in 2003, will result in a large number of migration projects. Windows management has been an afterthought for a long time since the servers were typically deployed for local applications and often managed by local administrators. This became expensive over time. Migrations to both Windows 2000 and Windows .NET Server 2003 in the future will typically lead to an increased focus on more centralized platform management, thus elevating the need for management tools. At the same time, the growing maturity of the server platform has led **Microsoft** to emphasize the need for management of the Microsoft server environment.

The current market for Windows server platform management is fragmented, with many vendors addressing specific requirements. Giga believes this will change during the next 18 to 24 months, resulting in five to seven vendors dominating the space with broad enough product portfolios to cover all aspects of the Windows server platform management market and another five to 10 point solution vendors focusing on niche requirements [.8p].

Proof/Notes

Market Description

With the Windows NT4 Server and the Windows 2000 Server, Microsoft has managed to steadily increase its importance for Global 2000 enterprises. Today, these two product lines are deployed in some form in virtually all Global 2000 enterprises, both in the data center and in distributed environments. Although the original promise of Windows 2000 Server — to become a major force in the replacement of mainframes and Unix-based server environments — has not been fulfilled, the Microsoft server products have managed to proliferate in both the data center and especially in distributed environments. In the data center, however, the Microsoft products are still used primarily for purposes that are not related to traditional mainframe or Unix tasks, like file and print, e-mail, intranet or departmental database applications. Despite very real challenges from the open source movement, Giga believes that with the release of the Windows .NET Server 2003 in 2003 this trend will continue and, in fact, even accelerate [.9p].

Windows server platform management includes all products that help monitor, detect and identify any abnormal behavior of the Windows server platform (see Figure 1).

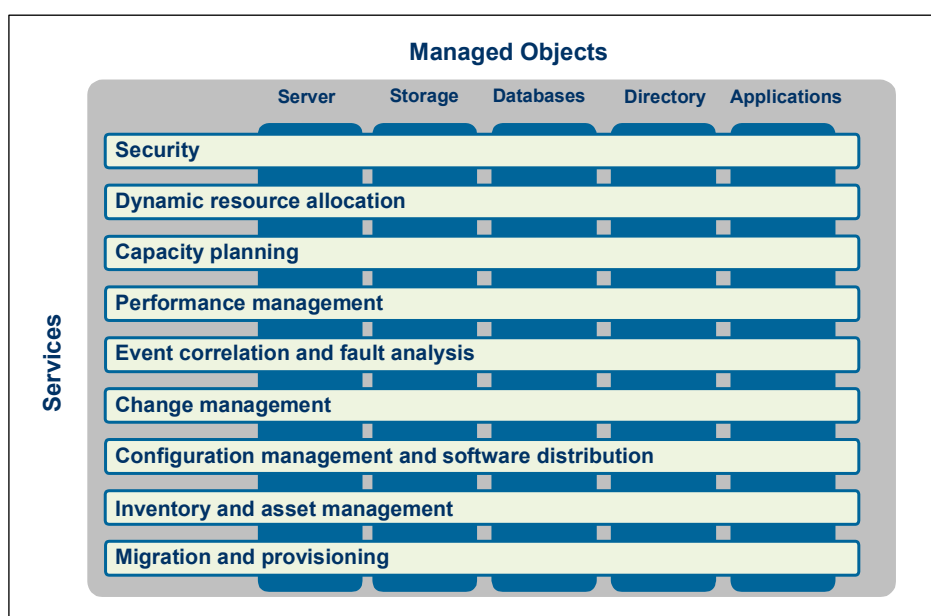
The objects managed by the Windows server platform consist of:

1. The servers (including server operating systems)
2. The storage subsystems
3. The databases
4. The directories (including the network operating systems)
5. The applications running on the server platform (including application middleware)

The services that Windows server platform management software provides are:

1. Migration and provisioning
2. Inventory and asset management
3. Configuration management and server software distribution
4. Change management
5. Event correlation and fault analysis
6. Performance management
7. Capacity planning
8. Dynamic resource allocation
9. Security

Figure 1: The Windows Server Platform Management Architecture



Source: Giga Information Group

With this definition of the overall Windows server platform management architecture, it is easy to see that this market actually represents a subset of both:

1. The monitoring, optimization and billing (MOB) market, which includes all network and systems management (NSM) functionality on the enterprise side and all operations support systems/business support systems (OSS/BBS) functionality on the service provider side, both in terms of licenses as well as systems integration and outsourcing (see Planning Assumption, [Market Overview: Monitoring, Optimization and Billing, Part 1 — The Enterprise View](#), Will Cappelli and Thomas Mendel)
2. The infrastructure performance management (IPM) market, which includes all licensing revenues for products that help monitor, detect and identify any abnormal behavior of the IT infrastructure (see Planning Assumption, [Market Overview 2002: Infrastructure Performance Management](#), Jean-Pierre Garbani)

However, the Windows server platform management market is restricted to the Microsoft platform and does not cover network management.

The majority of management functionality used on Windows servers falls under performance management and event correlation and fault analysis. However, the actual number of servers that are managed is still low compared to the number of servers in use. This is due to the fact that NT4 Servers are used for local tasks with a local administrator close by.

Market Size and Composition

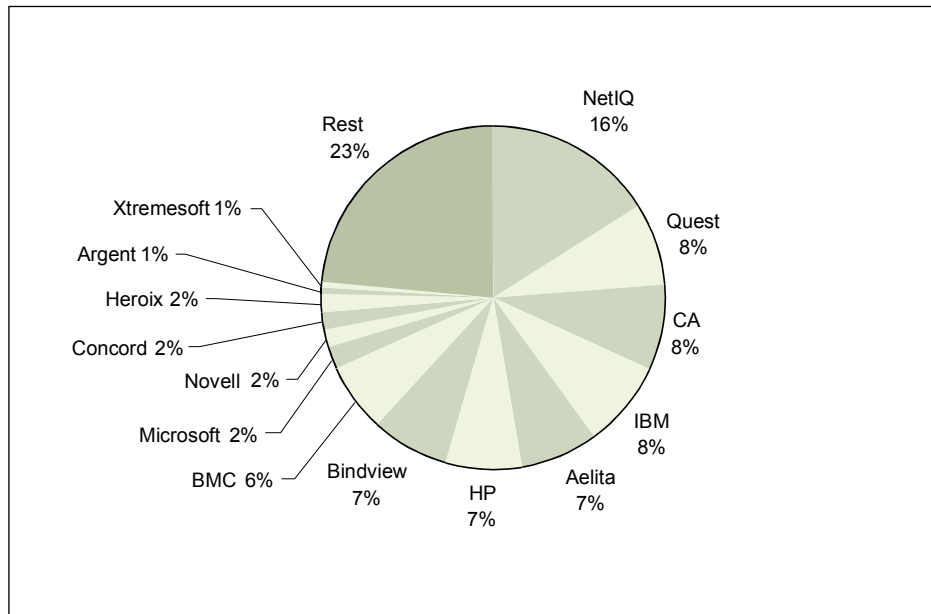
The Windows server platform management market has experienced strong growth between 1996 and 2001, fuelled by first NT4 and then Windows 2000 Server deployments. The market in 2002 will be roughly at the same level as in 2001, amounting to about \$1.25 billion in product license revenues, consisting of both new licenses and license maintenance (see Figure 2). Giga expects the market to grow to around \$1.75 billion in 2003 (see Figure 3) and to \$2.25 billion in 2004.

The main driver for this growth will be a large number of migration projects that are going to be started in 2003 and 2004. This is due to two factors: (1) Many companies are still using NT4 Servers on a large scale. NT4 Server, however, is gradually reaching the end of its life cycle, driving many companies to plan migration projects in 2003 and (2) 2003 will also see the release of the Windows .NET Server 2003 from Microsoft, a further source of migration activity in 2003 and 2004.

As companies migrate to more advanced server platforms like Windows 2000 or Windows 2000 .NET Server, they also typically want to further increase the level of task automation and centralized control in order to save operational costs, especially with regard to the number of administrators needed to run the environment. Both goals make more advanced and comprehensive management tools a necessity. This will drive the sales of Windows server platform management products. Microsoft has also realized that to penetrate the data center it needs to put a stronger emphasis on management of the Microsoft server environment.

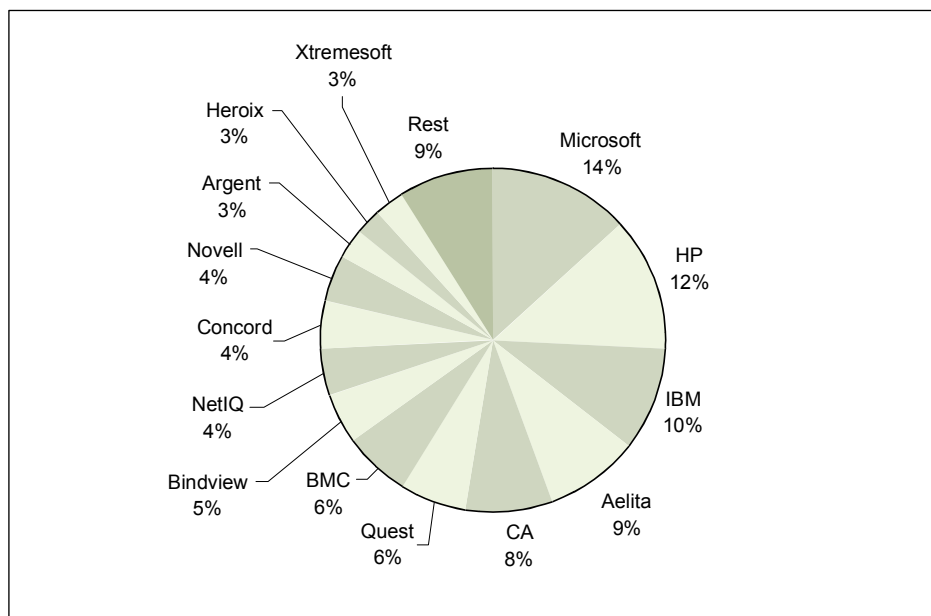
The Windows server platform management market is currently fragmented, with at least 60 vendors offering some type of functionality in that space. Many vendors offer only point solutions, addressing things like server migration or Active Directory management. There is currently no single vendor that can address all the needs depicted in Figure 1. The vendors that currently have substantial market share are **NetIQ**, **Quest**, **Computer Associates (CA)**, **IBM**, **Aelita**, **Hewlett-Packard (HP)**, **BindView**, **BMC**, **Microsoft**, **Novell**, **Concord**, **Heroix**, **Argent** and **Xtremesoft**.

Figure 2: The Windows Server Platform Management Market Share 2002



Source: Giga Information Group

Giga believes that by the end of 2004, Microsoft will be able to increase its influence substantially, primarily through the replacement of existing NetIQ customers. HP will be able to increase its importance in the market, especially with the recently announced partnership with Aelita, giving HP much more credibility in the migration space, an area that HP OpenView does not cover. IBM will also be able to leverage Tivoli sales through IBM GS consulting engagements.

Figure 3: The Windows Server Platform Management Market Share 2004

Source: Giga Information Group

Market Drivers

In addition to the migration projects discussed above, there are two other factors that will increase the importance of Windows server platform management in 2003:

1. There is a growing awareness in Global 2000 companies that in order to support new and existing applications running on a company's infrastructure, it is important to think about how to operate the infrastructure in a more holistic and integrated manner. This will become especially apparent in the Windows management space where the complexity of the implementations of the .NET environment will be much higher than in earlier versions of Microsoft products.
2. As a result of the longer than expected economic downturn, IT managers are increasingly being asked to detail the infrastructure spending patterns of different parts of the organization, especially for large-scale infrastructure migration projects. Until recently this was not a big concern and many IT managers are unprepared for this request.

Market Trends

The three drivers mentioned above will result in the following major trends for Windows server platform management in 2003.

The introduction of Windows 2000 followed by a large number of migration projects enabled point-product vendors to exploit market opportunities. Giga believes that although the introduction of new products or new product versions in 2003 (like the Windows .NET Server 2003 and Systems Management Server (SMS)) by Microsoft will result again in many migration projects in 2003, the winners this time will be the established NSM vendors and Microsoft. There are two reasons for this: (1) With Microsoft Operations Manager (MOM), Microsoft now has a product able to compete with the point-product vendors such as Quest, Argent and Heroix and (2) the need for a more coherent global Windows management or overall MOB management structure coupled with the increased focus of enterprise customers on vendor viability will intensify the revival of the established vendors like HP, IBM/Tivoli, CA and BMC. Giga, therefore, predicts tough times

for point-product vendors in this space.

Few large-scale migration projects will begin without a thorough upfront cost and benefits analysis. Vendors will react to that by including business case models in their sales cycle to help enterprise IT departments justify their project costs. With this support from the vendors, the introduction of Windows server management tools will be comparatively easy to justify, given the potentially high savings through enhanced and more centralized infrastructure management control. In order to take advantage of the many business opportunities related to migration projects following the release of the Microsoft Windows .NET Server 2003 in 2003, HP and IBM, in particular, will be announcing strong offerings around large-scale Microsoft server deployments, leveraging their consulting arms for the implementation side and OpenView and Tivoli as a management platform. HP will have a head start here, due to the very strong capabilities on the ex-**Compaq** Microsoft consulting side.

Giga anticipates that the open source movement will not have a major influence on the Windows server platform management market. There are two main reasons for this: (1) open source NSM systems are not still not very well developed, leaving clients the commercial NSM vendors as their only option and (2) for example, a real automation of a company's exchange infrastructure using some form of utility computing functionality promises huge benefits, in which the licensing costs become negligible. Giga believes that it will take the leading vendors until 2005 to come up with product portfolios covering the whole spectrum. Companies looking to automatic server provisioning should, therefore, consider sever configuration management vendors, such as **BladeLogic**, **PlateSpin**, **Contrado**, **Jareva**, **Marimba**, **Novadigm** and **Opsware**.

Major Vendors and Market Differentiators

Established network and systems management vendors: HP, CA, IBM, BMC

In the overall NSM market space, the preference for new players brandishing innovative point solutions has given way to a preference for established players capable of global reach and delivering integrated suites of functionality spanning multiple IT domains. This is also reflected in the Windows server platform management space. Furthermore, clients are now looking for prepackaged consulting offerings including migration and management tools. This trend will favor HP and IBM in particular, which can leverage their global consulting organizations. CA and BMC will have to rely on large system integrators to capitalize on this trend, which will be considerably harder to achieve. BMC is currently going through a rough patch trying to regain its once dominant position in the application management space. BMC's messaging has been diluted by the intense focus on managing heterogeneous environments at the expense of the Windows management capabilities. HP currently has the most balanced portfolio, including management tools (OpenView), strong consulting capabilities (ex-Compaq) and migration tools (through the alliance with Aelita).

The Microsoft 'camp': Microsoft, NetIQ

MOM represents the center of Microsoft's current monitoring strategy, with SMS and the Application Center products only playing minor roles. MOM is based largely on NetIQ's Operations Manager with a number of improvements. When developing MOM, Microsoft licensed Operations Manager from NetIQ and tailored it to its operating systems and server applications. Microsoft's decision to use NetIQ's product was based on in-house experience more than anything else because Microsoft has been using NetIQ's Operations Manager to manage its own internal network for several years. MOM, released in March 2001, monitors the performance and availability of servers and applications like Windows 2000 Server, Active Directory, Internet Information Server (IIS), Exchange and SQL Server (see Planning Assumption, [Microsoft Windows Management Solutions: Point Products Still Need More Integration](#), Thomas Mendel and David Friedlander). Microsoft's attempt to encourage the development of plug-ins for interoperability between MOM and other products and platforms has not been very successful so far. NetIQ, especially, has failed to convince customers to use its products to manage other platforms. Giga anticipates that Microsoft will increase its market share primarily at

the expense of NetIQ. One sign of Microsoft's growing attention in this space is the recently announced Server Manager project, which will probably be released sometime in 2004. Giga believes that MOM will undergo significant changes by then. The net result of these changes will be a product much more closely aligned with the underlying server infrastructure. The Server Manager project will also address one of the most crucial shortcomings of Microsoft's products in that space, namely the ease of deployment and management of the operational IT processes.

Challengers, migration specialists and point-solution vendors: Novell, Concord, Quest, BindView, Argent, Xtremesoft, Heroix, Aelita, Altiris and LANDesk

Novell has a stable, very loyal customer base, which also extends to the area of server management. This will enable Novell to take advantage of the growing market through 2004. Concord will continue to market its ability to manage multiple platforms. This will have limited success through 2004 due to the increased competition from the long-established vendors in that space. Quest currently focuses heavily on Exchange 2000 and Active Directory deployments. Quest's historical success has been built on tools for managing Oracle, DB2 and the enterprise applications that sit on these databases. So, Quest will try to bring these solutions to the SQL server platform. Giga anticipates it will be a while before this move is reflected in market share gains, and Quest will consequently lose market share through 2004. BindView has made its name primarily by supplying migration tools. The lack of strong relationships with system integrators and the comparatively weak management capabilities coupled with the changing focus on security will continually confuse and eventually damage BindView's market perception. Argent has been around for more than 10 years. It has carved out a nice niche with around 1,000 customers, specifically in monitoring, capacity planning and growing cross-platform support. However, it will be difficult for it to break out of that niche. NetIQ still remains one of Microsoft's preferred partners for a broad array of MOM add-ons through the original licensing deal. Other vendors of MOM add-ons have a more focused approach. Xtremesoft is one example of this. It focuses specifically on COM+ and BizTalk server management today and Web Services/.NET solutions in the future. Depending on how quickly these solutions start penetrating the market, Xtremesoft has a fairly good chance in the marketplace. Heroix has been around for a long time (25 years). It offers a kind of "me too" product compared to the established framework products focused on system and application management across a number of platforms. Again, it will probably still be successful in its niche but will not gain widespread success. Aelita is another migration specialist. Through the HP relationship, Giga actually sees a lot of potential for it to gain new customers. Although best known for client migration and inventory, **Altiris** also has server management capabilities. Giga, however, remains cautious about Altiris' ability to gain substantial market share in the Windows server platform management market. Finally, Giga expects that **LANDesk**, recently spun off from **Intel**, will also attempt to play a larger role in this market.

Alternative View

Giga's market predictions are based on the assumptions that the current trend within Global 2000 companies to implement a more coherent management structure, using more framework-like product suites rather than point solutions, will continue and that the open source movement will not be able to sufficiently damage the deployments of Windows-based server products. There is, however, the possibility that open source-based solutions will become more commonplace, replacing both Windows and legacy Unix-based server deployments. In that case, Giga anticipates the four leading long-established network and systems management software vendors (HP, IBM/Tivoli, CA and BMC) to take advantage of this opportunity, at the expense of the purely Microsoft-focused vendors. Giga does not believe that a possible prolonged economic recession will result in a revival of point product solutions for two main reasons: (1) the current focus of enterprise customers on vendor viability will continue and favor established players with broad portfolios and (2) the economic justification for tool consolidation will prove to be compelling given that the integrated solutions are now much easier to implement than they used to be.

Findings

The Microsoft Windows server product line has steadily increased its importance since the release of the NT4 Server. With the release of the Windows .NET Server 2003 in 2003 and the approaching end of life of the NT4 Server, Giga believes that there will be many migration projects in 2003 and 2004, with an increased focus on more centralized platform management, thus elevating the need for management tools.

In 2002, the Windows server platform management market will generate about \$1.25 billion in revenues and is set to grow to around \$1.75 billion in 2003 and to \$2.25 billion in 2004.

Microsoft, HP and IBM will be able to increase their market share through 2004.

Recommendations

Vendor clients should be aware that clients' buying decisions have increasingly shifted away from choosing point product solutions toward integrated ones and that clients are now looking for combined consulting and migration plus management tool offerings from leading system integrators and consulting companies. This puts vendors without their own consulting arm or without strong links to third-party consultants or system integrators at risk.

User clients should be aware that NT4 is reaching its end of life. Migration projects will involve a lot of planning and should therefore not be delayed for too long. In addition, user clients should realize that a more complex Windows 2000 or .NET environment will need more comprehensive management tools. Otherwise, the management costs will increase sharply.

Investor clients should be aware that despite a growing market, the Windows server management space will not be attractive for many startup vendors.

References

Related Giga Research

Planning Assumptions

[Market Overview 2002: Infrastructure Performance Management](#), Jean-Pierre Garbani

[Microsoft Windows Management Solutions: Point Products Still Need More Integration](#), Thomas Mendel and David Friedlander

[Monitoring, Optimization and Billing Vendor Scorecard](#), Will Cappelli and Thomas Mendel

[Market Overview: Monitoring, Optimization and Billing, Part 1 — The Enterprise View](#), Will Cappelli and Thomas Mendel

[An Architecture for Monitoring, Optimization and Billing](#), Will Cappelli, Alice Salpeter, et al

IdeaBytes

[Microsoft Operations Manager 2000 Looks After Its Own](#), Thomas Mendel

[Microsoft Operations Manager vs. NetIQ AppManager: Functionality Comparison](#), Adria Ferguson

[Microsoft Operations Manager Licensing and Promotions: Choices for End Users](#), Adria Ferguson

[Microsoft Operations Manager vs. NetIQ AppManager: Price Comparison](#), Adria Ferguson

[Collecting Configuration Data and User Requirements Are Critical for a Windows XP Migration](#), David Friedlander

Relevant Links and Other Sources

Aelita, www.aelita.com
Altiris, www.altiris.com
Argent, www.argent.com
BindView www.bindview.com
BladeLogic, www.bladelogic.com
BMC, www.bmc.com
CA, www.ca.com
Concord Communications, www.concord.com
Contrado, www.contrado.com
Dirig Software, www.dirig.com
Heroix, www.heroix.com
HP, www.hp.com
IBM, www.ibm.com
Jareva, www.jareva.com
LANDesk, www.landesk.com
Marimba, www.marimba.com
Microsoft, www.microsoft.com
NetIQ, www.netiq.com
Novadigm, www.novadigm.com
Novell, www.novell.com
Opsware, www.opsware.com
PlateSpin, www.platespin.com
Quest Software, www.quest.com
Xtremesoft, www.xtremesoft.com