Market Share Analysis: Project and Portfolio Management Software, Worldwide, 2011

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Gartner's annual survey of project and portfolio management software providers demonstrates a second year of strong revenue growth in 2011 despite challenging economic conditions. Many providers with software-as-a-service alternatives carried growth rates above the market average of 13.7%.

Key Findings

- The high level of economic uncertainty and change over the past three years has driven higher-than-projected adoption of project and portfolio management (PPM) software as a method to curb spending through improved management of corporatewide programs, projects and portfolios.

- The PPM software market is fragmented, with a slew of small vendors (with revenue of less than $20 million); however, the top 12 vendors — Oracle (Primavera Systems), Microsoft, CA Technologies, Planview, HP, SAP, PowerSteering Software, Planisware, Sciforma, Deltek, Daptiv and AtTask — hold 76% of the worldwide PPM software market based on 2011 total software revenue.

- North America and Western Europe continue as prime consumers of PPM software in terms of dollar spent, accounting for 83% of the PPM market. However, all regions experienced robust growth, with emerging Asia/Pacific, Greater China, North America, and the Middle East and North Africa admirably outpacing the industry average.

- PPM software as a service (SaaS) offerings boost sales for both long-standing incumbents and many best-of-breed point product vendors, with focused capabilities for specific niche markets.

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Market Share Data

Table 1 shows total PPM software revenue and growth by region, while Table 2 shows the top PPM software vendors from 2009 through 2011.

Table 1. PPM Software Spending and Growth by Region, Total Software Revenue, Worldwide, 2009-2011 (Millions of Dollars)

Rank 2011	Region	2009	2010	2011	Growth (%) 2011
1	North America	663.6	761.5	875.4	15
2	Western Europe	296.0	324.0	360.0	11
3	Mature Asia/Pacific	60.1	71.5	79.6	11
4	Latin America	31.8	36.0	40.2	12
5	Emerging Asia/Pacific	26.4	32.2	38.0	18
6	Greater China	23.6	29.9	35.7	19
7	Middle East and North Africa	15.5	20.3	23.6	16
8	Eastern Europe	16.9	18.2	18.5	2
9	Sub-Saharan Africa	8.1	9.4	10.5	12
10	Eurasia	3.4	3.9	4.4	15
	Total	**1,145.3**	**1,306.9**	**1,485.8**	**14**

Source: Gartner (April 2012)

Table 2. Top 12 PPM Software Vendors, Total Software Revenue, Worldwide, 2009-2011 (Millions of Dollars)

Rank 2010	Rank 2011	Change in Rank	Vendor	2009	2010	2011	Share (%) 2009	Share (%) 2010	Share (%) 2011	Growth (%) 2010	Growth (%) 2011
1	1	0	Oracle	262.5	305.0	345.6	23	23	23	16	13
2	2	0	Microsoft	180.0	207.9	229.6	16	16	15	15	10
3	3	0	CA Technologies	110.8	128.2	147.7	10	10	10	16	15
4	4	0	Planview	61.3	71.2	84.9	5	5	6	16	19
5	5	0	HP	63.4	63.3	64.4	6	5	4	0	2
7	6	+1	SAP	29.6	33.7	45.6	3	3	3	14	35
10	7	+3	PowerSteering Software	23.7	33.2	41.9	2	3	3	40	26
9	8	+1	Planisware	34.0	34.1	38.0	3	3	3	0	11
8	9	-1	Sciforma	30.6	33.7	36.7	3	3	2	10	9
6	10	-4	Deltek	29.5	33.9	36.5	3	3	2	15	8
11	11	0	Daptiv	22.6	26.0	31.5	2	2	2	15	21
13	12	+1	AtTask	15.4	21.6	31.0	1	2	2	40	44
			Others	281.8	315.0	352.3	25	24	24	12	12
			Total	**1,145.3**	**1,306.9**	**1,485.8**	**100**	**100**	**100**	**14**	**14**

Source: Gartner (April 2012)

Analysis

Overall Market Performance Analysis

A complement to "Market Share: All Software Markets, Worldwide, 2011," this report analyzes 2011 revenue growth rates, as well as vendor market share, in the worldwide PPM software market. Applications for project, program, portfolio and resource management boost team performance and enable IT management and others to access near-real-time data via dashboards for prioritization and quick decision making. During the next three to five years, PPM leaders will focus heavily on improving speed, accuracy, agility and decision making, which will stretch resources and exert pressure to develop true agile project managers.

Gartner's analysis of the PPM 2011 software market in terms of vendor software revenue reveals strong growth for the second consecutive year after a sharp decline in 2009 despite (or because of) slow economic growth, tight IT budgets, and merger and acquisition (M&A) activity. Turbulent or uncertain IT requirements perpetuated by a stagnant economy are driving changes in IT solutions and delivery models. Key vendors continue to expand product portfolios, buy companies where appropriate and expand their reach into emerging markets. 2011 represented continued resiliency; the total PPM market expanded both in terms of revenue dollars and worldwide markets.

The market for PPM software at the regional level remains as it was in previous years, with North America and Western Europe the prime consumers. More than three-fourths of this market is concentrated in developed markets, suggesting that, on the IT adoption curve, PPM is a relatively late technology to adopt and targeted by relatively mature Type A companies (early adopters).

Nonetheless, as demonstrated by Table 1, some regions did not experience the high-double-digit growth of Greater China, emerging Asia/Pacific, North America, and Middle East and North Africa — the biggest laggard was Eastern Europe, with only 1.7% growth. All other areas saw low- to mid-double-digit growth. Many organizations still lack the appropriate tools to manage and optimize resources. Because the economy remained somewhat weak, especially in the second half of 2011, organizations operating with tighter budgets required better capabilities for using resources. In general, for the same reasons, economic recovery will continue to drive new spending in this software market.

Vendor movement has been characterized by partnering, some new sales emphasis beyond North America, and improved packaging and delivery options (most notably, SaaS), as well as by new product releases. Through 2011, PPM product development was generally focused more on integration. However, it showed signs of resiliency and innovation as some vendors transformed themselves to support changing user requirements and expanded their reach into additional PPM domains, or into domains outside PPM (such as greater reach with SaaS offerings and into technologies such as application life cycle management [ALM]).

The rise of midmarket demand — with emerging and established vendors poised to match it — presents a new challenge for participants in the PPM space. PPM prospects, small and large (based on the number of potential PPM end users), increasingly are considering SaaS/on demand as an alternative option for deploying PPM technologies, which leads to more market consolidation and

more-competitive pricing. Some hot spots of adverse economic conditions continue to drive competitive PPM market pricing and may derail some PPM initiatives.

Nonetheless, seasoned PPM practitioners are making additional investments in PPM implementations. Some organizations with established PPM functionality are viewing these as a contributor to deriving more value and better results and enabling the stretching of budget dollars. Some organizations with little to no PPM functionality or process are finding funding and resources to provide a basic capability — at least — in this space. Despite certain known limitations in technologies, PPM practitioners are driving the continued adoption of PPM processes into their organizations as they begin to value applications and IT services on the basis of cost. This trend signals the progress being made by a small percentage of PPM customers toward practices in application portfolio management.

Top Vendors Analyzed

Based on Gartner's annual vendor market share survey, we estimate that the top 12 PPM vendors, ranked by revenue, grew 14% and accounted for just over 76% share (or $1.13 billion) of the overall PPM software market in terms of revenue in 2011. The other more than 30 players represented in this study accounted for the remaining 24% share of revenue (or $352.3 million) and saw similar combined revenue growth in 2011.

Our top 12 ranking for 2011 based on revenue shows that the top five vendors from the 2010 rankings retained their positions in 2011. Among the top 12 vendors, in terms of revenue growth, PowerSteering, AtTask and Daptiv, with SaaS-only offerings, had more than 20% revenue growth in 2011. SAP had significant growth of 35%, while Planview had just over 19% revenue growth.

Without major acquisitions, the top three vendors will not easily change positions — with about $100 million spread among the top three, it would take six to 10 years to organically grow that much revenue. The vendors to watch in terms of dynamics will be those with revenue ranging from $30 million to $60 million. Strategies on business models (SaaS, subscription and so forth), as well as partnering programs to obtain reach into regions outside North America and Western Europe, will be key to growth.

In the following section, we provide a brief analysis of the performance of the top five PPM software vendors and a few others we believe are notable for the strong growth achieved in 2011, as well as their focused SaaS models.

Oracle Continues to Leverage Primavera to Maintain PPM's No. 1 Rank

Oracle maintained the leadership market share position for the third full year after the acquisition of Primavera. The Primavera offering is the most mature project planning and scheduling system on the market, geared toward projects with multiyear durations at a level of complexity exceeding the capabilities of most established client/server scheduling systems. Enhanced integration with P6 and Microsoft Project Server 2007 enabled Oracle to more deeply penetrate the midmarket in 2011. Although Oracle does not provide a SaaS version of Primavera, Oracle On-Demand and partner hosting solutions, along with subscription-based licensing for PPM, allowed Oracle to meet client demand and maintain the top spot.

Microsoft's Tighter Integration Promotes Stronger Adoption

Microsoft maintained the No. 2 ranking in 2011 for the third consecutive year. The combined revenue of acquired Primavera to Oracle's third-ranked Oracle Projects and PeopleSoft Enterprise Service Automation dropped Microsoft to second position in 2009. Microsoft Project Server, from a license cost perspective, is perhaps the lowest-cost option for on-premises integrated IT portfolio analysis that targets the growing "sweet spot" of the small-or-midsize-business market. Portfolio management, demand management and analysis features within Project Server 2010 provide support for decision frameworks involving portfolios and projects, and they include some native support for application portfolios. Using partner products in conjunction with Project Server, customers can build and extend other application performance management (APM) capabilities on top. The introduction of SharePoint 2010 as the foundation for the system's workflow, document management and collaboration capabilities dovetails into existing enterprise investments in SharePoint. Project Server can also integrate with Team Foundation Server 2010 to support detailed ALM. A SaaS version of Enterprise Performance Management (EPM) is offered through a network of certified EPM hosting partners to meet the increased demand for alternative delivery models. Microsoft would likely reach the No. 1 spot if EPM supported stronger "out of the box" dashboard and report capabilities at both the project and, more importantly, the portfolio level.

CA Technologies Launches New Products to Extend PPM Capabilities

CA Technologies maintained its No. 3 ranking in 2011 as in the previous two years. Revenue growth can be attributed to net-new customers, renewals and incremental investments by both on-premises and on-demand clients. In addition, in 2010, CA introduced three new products to the market — CA Agile Vision (agile planning), CA Product Vision (requirements planning) and CA Idea Vision (idea management) — which integrate with CA Clarity PPM to accelerate business-IT collaboration and reduce cycle time in developing new applications. CA growth was also driven by customers' extending their CA Clarity investments into areas such as software rationalization, new product development and managing IT transformation programs. CA provides unique online help and training that help users learn or train themselves on how to use CA Clarity. Both Clarity delivery models share the same code base and introduce the same features to customers simultaneously. CA offers the ability for existing on-site customers to migrate to Clarity on-demand to take advantage of the more advanced Web technologies, specifically in areas of online and ad hoc reporting services and dashboard design. CA Clarity PPM On Demand now accounts for more than 50% of new deals.

Planview Shows Growth Driven by Business Transformation

Planview maintained fourth position for the second year, with strong growth in 2011. After completing a business transformation in 2010 to more readily market, sell and service customers interested in using Planview Enterprise as a SaaS solution, the company saw accelerated growth in its SaaS offering in 2011. The company also experienced strong growth in its on-premises offering during the year. In addition to IT PPM, the company saw significant new business in the emerging PPM areas of new product development, professional services administration (PSA) and enterprise PPM. Also contributing to Planview's strong 2011 revenue growth were technology improvements and changes. These included a core set of portfolio management features for connection and

communication between the IT PMO and application management, APM support for application road mapping, and underlying requirements gathering and release management capabilities, as well as adding a native service breakdown structure for defining an IT service and mapping out its underlying components.

HP Revenue Flat as Legacy Non-PPM Functionality De-emphasized

HP's strategy to focus on core PPM functionality (as defined by Gartner research) and to de-emphasize legacy, noncore PPM functionality caused year-over-year revenue to remain flat in 2011. Since the Mercury acquisition, HP has been moving noncore PPM functionality to other (non-PPM) products and focusing only on core PPM to best meet customer demands. HP has added hundreds of customers in the last few years as users of core HP PPM functionality. HP PPM Center includes top-down portfolio management and IT decision-making support for the IT PMO, coupled with project/program, resource, time and financial management, and provides some native APM support. It also supports portfolio-level tracking, analysis and decision making for IT services portfolio management as part of its continued product development and innovation. The recent introduction of a SaaS-based APM component supports application portfolio-level governance and provides data collection mechanisms for performing application valuation and rationalization. HP has seen fast growth of its PPM SaaS business and has many customers on PPM instances of SaaS. HP focuses on selling both SaaS and on-premises PPM, not one or the other exclusively.

Other Notable Vendors

Besides the top five vendors (in terms of software revenue) that continued to steer growth momentum for 2011, we believe two key vendors — AtTask and PowerSteering — also contributed to the increased activity and growth momentum of the PPM market in 2011. Here, we provide key highlights of the performance of these companies.

AtTask Grows Fast as PPM SaaS Continues to Be a Tremendous Cost-Cutting Investment

AtTask, a leader in PPM and work management solutions, focuses on a SaaS delivery model and continued with strong growth of more than 44% in 2011. Strong client retention and increased customer acquisition helped fuel strong 2011 growth. Although the company is predominantly located in the U.S., it has continued to expand its presence outside the U.S., with its European headquarters in London. With roughly 250 employees worldwide, AtTask is extremely nimble and is able to offer out-of-the box solutions as well as customizable offerings for midmarket and enterprise clients. AtTask gained attention in 2009's crunch year (with 22% growth against the market average of negative 1%) as an alternative delivery model to assist with cost-cutting measures and a faster time to market.

PowerSteering SaaS-Based Business Model Takes Off

PowerSteering revenue comes from a 100% SaaS PPM offering designed specifically for portfolio management and decision-making support for IT and business PMOs, while providing some native APM support through its PPM features and functions. Managed as separate entities, application records can be populated with incurred cost and effort information triggered by decisions made

within the system's project portfolio management capabilities. PowerSteering enables users to define and model many different variations of business, project or application portfolios for minimal upfront costs and a predictable subscription-based pricing model. With a relatively small revenue base (primarily located in the U.S. and Western Europe), this company experienced a year-over-year growth rate of more than 26%. PowerSteering was recently acquired by Silverback Enterprise Group.

Mergers and Acquisitions

Table 3 shows recent M&As in the PPM software market.

Table 3. M&As in the PPM Software Market, 2008-2012

Acquiring Company	Acquired Company	Date of Acquisition or Deal Closure
Golden Gate Capital	Lawson Software	April 2011
Oracle	Primavera Systems	December 2008
Silverback Enterprise Group	PowerSteering, Tenrox	February 2012

Source: Gartner (April 2012)

PPM Product Map

Table 4 is a sample listing of PPM vendors and their offerings.

Table 4. PPM Vendors and Their Products

	Product Name
AtTask	AtTask
CA Technologies	Clarity
Compuware	PPM Changepoint
Deltek Systems	Deltek Enterprise Project Management
HP	HP Project and Portfolio Management Center
Microsoft	Project Server
	UMT Portfolio Manager 3.1
Oracle	Oracle Projects
	PeopleSoft Enterprise Service Automation
Acquired: Primavera Systems	Primavera P6 Enterprise Project Portfolio Management
	Primavera Risk Analysis
	Primavera Contract Management
	Primavera Earned Value Management
	Primavera P6 Professional Project Management
	Primavera Contractor
	Primavera P3 Project Planner 3.1
	Primavera Inspire for SAP
	Primavera Portfolio Management
	Primavera SureTrak Project Manager 3.0b
Planisware	Planisware 5
Planview	Planview Enterprise
	Planview Enterprise Insight Analytics
	Planview Enterprise Portfolio Management

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	Product Name
	Planview Enterprise Project Portfolio Management
	Planview Enterprise Service Portfolio Management
	Planview Enterprise Product Portfolio Management
	Planview Process Builder
	Planview Prisms
	Planview OpenSuite
	Planview Enterprise On Demand
	Planview Business Engine Network
PowerSteering Software	PowerSteering 8
Project InVision	Project InVision Suite
SAP	Resource and Portfolio Management
Sciforma	PSNext
	PS8
	Project Communicator

Source: Gartner (April 2012)

PPM Software Vendors

Software vendors that are followed as part of Gartner's PPM market share research include detailed vendors and "other vendors."

Detailed vendors include AtTask, Augeo Software, BMC Software, CA Technologies, Compuware, Daptiv, Deltek, Genius Inside, HP, IBM, Instantis, ITM Software, Lawson Software, Microsoft, Oracle, Planisware, Planview, PowerSteering Software, Project InVision, SAP, Sciforma, Serena Software and Telelogic.

Other vendors and solutions in this report include ActionBase, Advanced Management Solutions, Agresso, Atlantic Global (acquired by KeyedIn, a cloud-based business application vendor and positioned for PSA), Automation Center, Axosoft, AXS-One, Cardinis (acquired by Sempla, a consulting company), Certive, Danube, Dekker, Digite, Epicor, EPK Group, InventX, Maconomy, MaestroTec, Metier, onProject, OpenAir, Project.net, QuickArrow, Rally Software, Segue,

SharpOWL, Solution 6-Novient, TargetProcess, Tenrox (acquired by Silverback Enterprise Group in 1Q12), Unanet, VCSonline, Versata, VersionOne and Welcom.

In addition to these vendors, several smaller vendors, including open-source vendors, most with less than $5 million in total software revenue, have been consolidated into this group.

Recommended Reading

Please note that this is only a subset of the information available. Contact the analysts through Gartner Client Services for more details on market share and trends in the market.

Some documents may not be available as part of your current Gartner subscription.

"Market Share: All Software Markets, Worldwide, 2011"

"Forecast: Enterprise Software Markets, Worldwide, 2009-2016, 1Q12 Update"

"Market Definitions: Software"

"Market Methodology: Software"

"Magic Quadrant for Integrated IT Portfolio Analysis Applications"

"Cool Vendors in Program and Portfolio Management, 2012"

Evidence

This report required data collection and preparation of market statistics information. Prevailing market conditions and political and economic events that affect vendor performance, such as regulations, M&As, a slowed worldwide economic recovery and new-version migration, have been taken into account.

Gartner uses public sources of information and works with software vendors to establish estimates for the market. Information from Gartner's secondary research and internal community meetings has also been used to arrive at certain conclusions. The data in this research report is published as Gartner estimates/opinion and not as facts that the vendor reported.

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