**Magic Quadrant for Application Services Governance**

**9 April 2015** ID:G00270248

**Analyst(s):** Paolo Malinverno

**VIEW SUMMARY**

The growth of the API economy, the pressing need for application rationalization and the disruptive needs of digital business applications will continue to deeply change the market for application services governance technology and cloud services.

http://na3.www.gartner.com/imagesrv/reprints/images/bottom.gif;pv111504457432093d

**Market Definition/Description**

Packaged application vendors and SaaS providers are taking service orientation for granted, and, more and more, are publishing the functionality they sell as Web APIs. Mobile applications increasingly use private and public APIs to access enterprise systems of record, necessitating adequate governance and oversight.

Whether it is technology or service providers offering their functionality, or private companies giving access to some of their data according to different charging models, the number of APIs available publicly grows by the day. Their usage is multiplied by a growing population of mobile devices and computing platforms (Web, tablets, smartphones, TVs, video game consoles, cars and more, such as "things" in the Internet of Things [IoT]).

Gartner has gone into some detail regarding the definition of API management (see "Run and Evolve a Great Web API With API Management Capabilities"). However, the general public's idea of API management — which is less precise — is becoming firmly established in today's application portfolios. In the view of most practitioners, API management is generally about publishing, promoting and managing the usage of APIs, frequently in the cloud or another scalable, on-premises environment, enforcing proper security when the data used or returned by the API is restricted or sensitive. It also includes API support documentation resources that are generally known as developers' portals.

The scope of this Magic Quadrant covers a wider notion, application services governance, which is about the planning, design, implementation, publication, operation, consumption, maintenance and retirement of all those APIs and services (see the Product/Service section). This goes well beyond the general idea of API management (see "Basic API Management Will Grow Into Application Services Governance" for a more detailed definition). Application services governance strings together three of the most abused (and misused) terms in IT, but, as a whole, it is ultimately what the wide functionality set associated to the life cycle of API does.

**Magic Quadrant**

**Figure 1.** Magic Quadrant for Application Services Governance



Source: Gartner (April 2015)

**Vendor Strengths and Cautions**

**3scale**

3scale, founded in 2007, is a focused, mature API management vendor. It features a distributed architecture (part of which is open source) with on-premises agents and policy management in the cloud, which is different from the on-premises gateway or cloud intermediary model of most other API management vendors.

The 3scale API management platform is the same on-premises and in the cloud. However, there are additional features/components such as APIcast (a cloud API proxy), ActiveDocs (a Swagger-based interactive documentation tool), and an open-source, basic API traffic management tool called APItools.

The offering is sold worldwide using a Web-based model.

**Strengths**

* Over the years, 3scale has assembled a fully functional API management and application services governance platform, which includes a full-featured Developer Portal and open-source add-ons.
* 3scale's offering has a distributed architecture that allows more deployment flexibility and control than a pure cloud-based model.
* 3scale's pricing is particularly attractive at Enterprise level (particularly small and midsize enterprises), and includes several open-source components.

**Cautions**

* 3scale is one of only a few independent API management platforms still in business, and it makes use of investor funding to fuel additional growth.
* Sales and support are limited outside the main geographies of central Europe and North America.
* It does not address pre-Web services integration, infrastructure and service composition, and lacks API design policies.

**Akana (formerly SOA Software)**

SOA Software was renamed Akana in early 2015. SOA Software was an established player in the application services governance market in North America. Service-oriented architecture (SOA) as a discipline is still evolving and establishing itself in modern application infrastructures, and as it does so, it takes different names, and so SOA Software changed its name to Akana, shortly before the publication on this research.

Akana's offering (called Enterprise API Platform) is split across four products, available both on-premises and in the cloud: Community Manager is its developers' portal, and the API Gateway and Lifecycle Manager (for policy management) complete the offering; EnVision for business analytics is planned to ship in the first half of 2015.

Akana sells mainly in North America, and has started expansion into Europe and Australia.

**Strengths**

* Akana is focused and relatively quick to adapt to new market trends in application services governance.
* The vendor has a comprehensive, mature and well-integrated offering, which is generally targeted at large enterprises in need of effective and systematic control and governance gates.
* Akana's high-level, but consistent and effective, top-line marketing results in high visibility, especially in North America.

**Cautions**

* The rise of less formal, dynamic, cloud-centric, digital-business-focused API programs in midsize companies, outside the verticals traditionally addressed by Akana, has made its offering less applicable. Also, customers report limited functionality in the developers' portal.
* Akana will face tougher near-future competition from growing API management pure plays that have been extending their implementation options to existing SOA artifacts, and from mega vendors trying to ease their clients' journeys into mobile, digital business and the Internet of Things.
* Akana has limited R&D and sales power; support is only in English; and international capabilities are still under construction, which have been issues for SOA Software in the past.

**Apigee**

Apigee was an early entrant in this market, and has been a visionary player in API management since the market started developing more than eight years ago. Since its inception, Apigee has been growing significantly, expanding its product line beyond API management into mobile support and API analytics (historical and predictive).

It offers a fully functional API management platform (Apigee Edge), a powerful API analytics platform (Apigee Insights) and API Exchange (for the telco industry). A simpler, microservice-oriented version of its gateway is open-sourced (Apigee-127). Offerings are available in the cloud or on-premises.

Most of Apigee's clients are in the U.S. or Europe.

**Strengths**

* The vendor has gone through several successful rounds of private funding, which means the company and its commercial strategies are built for growth.
* Apigee has powerful marketing and thought leadership across the industry, thanks to its own API conference, webinars, workshops, Apigee Academy and events targeted at all roles (business leaders, IT professionals and developers).
* Apigee is well on its way to executing a differentiated, digital-business-intensive geographic strategy, especially in EMEA.

**Cautions**

* Apigee still relies heavily on venture capital and external investments; however, a few days before the publication of this Magic Quadrant, Apigee announced that it has publicly filed a proposed initial public offering (IPO) of shares of its common stock. If this IPO is successful, it will give Apigee more stability and capital to grow. Apigee has reached a size in which turning into profitability becomes more and more important for the company's future viability.
* As the company scales to address a midmarket of midsize enterprises, it will have to rework and articulate wider sales strategies, and provide more powerful levels of support activities and effectiveness.
* Type C companies might find it difficult to keep the pace with and adapt to Apigee's speed of reaction to new trends in the industry, and its strategy adjustments.

**Axway**

Axway acquired Vordel in November 2012 to mix integration, governance and cloud functions in a B2B infrastructure offering with API management capabilities, and it has been executing that plan since.

Axway markets a wide product line: Axway API Gateway, Axway API Manager (provides API governance for API providers), Axway API Portal, Axway API Analytics, Axway Application Studio (enables API providers to implement custom governance process workflows) and Axway Sentinel (additional analytics combining API metrics with B2B and managed file transfer [MFT] metrics).

Axway's main markets are in Europe and North America.

**Strengths**

* Axway traditionally leverages acquisitions well, and cross-sells effectively. Since the acquisition of Vordel, Axway has executed its integration strategy well, and is preparing for the growth of B2B APIs.
* Its Axway API Portal is a recent development, but it has been maturing rapidly and positions Axway well against other gateway vendors.
* Axway is a diversified vendor, with an extensive product line and effective sales strategies in several geographies.

**Cautions**

* Axway has the advantage of deep B2B knowledge and skills, but relatively little experience with subscription-based cloud computing. It has been slow to leverage major cloud trends, such as integration platform as a service (iPaaS).
* Axway must continue to step up its marketing efforts and emphasize the competitive advantage of its combined product line to get more visibility in the application services governance market, and to be considered for advanced projects in digital business.
* Axway might struggle to keep pace with the velocity digital business applications will require, because its innovation speed is not fast enough.

**CA Technologies**

CA Technologies markets CA API Management, which contains multiple sub-brands: CA API Gateway, CA Mobile API Gateway and CA API Developer Portal (on-premises); in the cloud, CA offers API Management (SaaS), which includes the developers' portal and the gateway.

CA's product line comes from the acquisition of Layer 7 in 2013. It was initially positioned as part of CA's wide security and identity management offering. In late 2014, recognizing the potential and general applicability of API management, the product line was placed in a business unit of its own, to ensure all CA product lines could take advantage of it.

CA Technologies sells mainly in North America, and increasingly in Europe, Asia and Australia.

**Strengths**

* This is a fairly complete offering, with solid security features and good coverage of API management, mobile support, API implementation options and the remaining application services governance basic and advanced functionality.
* CA has a strong product strategy, with a track record of reliable execution.
* Thanks to years of effective marketing, a vocal API Academy and public events to show thought leadership, the offering is now very visible and generally well-known in the market.

**Cautions**

* CA API Management is still very much an on-premises offering, not suitable for clients looking for a cloud gateway. The Developers Portal was late on the market, and has improved dramatically in the past six months, but it lacks state-of-the-art functionality, such as advanced analytics (planned to ship in the first half of 2015).
* After the acquisition, Layer 7's offering was mainly positioned as a component of CA's enterprise identity and security portfolio, deferring the focus on some API management developments, such as a SaaS deployment model — this has delayed CA's responsiveness to the larger application services governance market.
* Going forward, CA will have to improve its ability to react quickly to new market trends and to innovate, in order to address upcoming digital business and Internet of Things projects.

**Cloud Elements**

Cloud Elements is a U.S.-based company founded in 2012 that provides an innovative cloud-to-cloud API integration, aggregation and management service in the form of an iPaaS and associated lean, but effective, API management.

Cloud Elements' approach is to provide a set of canonical RESTful APIs (called Hubs), each covering a specific use case (for example, CRM, documents or finance). Each API is, in turn, mapped into multiple corresponding SaaS applications (for example, Salesforce, SugarCRM and Zoho CRM for the "customer" Hub) via proper customizable prepackaged integrations (called "Elements").

Cloud Elements' API Manager is sold worldwide, although the majority of its users are currently in the U.S.

**Strengths**

* Cloud Elements ties API management and iPaaS application integration into one unified offering. This vision anticipates market trends, and has a lot of potential for the next few years, especially when seen through the lenses of digital business and the Internet of Things.
* The offering is easy to try and buy: Users can try it for free, and then it is priced according to several metering models, based on usage. This easy accessibility has helped Cloud Elements build up an installed base of more than 300 customers in less than two years.
* Cloud Elements offers a single-edition, unified platform that uses the same code, whether delivered through the public or private cloud or installed on-premises. This enables clients to have flexibility across multiple deployment models, and also serves the needs of cloud providers (SaaS, IaaS, PaaS), who can effectively control and sometimes charge for API traffic and leverage the platform's multitenant connectors.

**Cautions**

* Even though it is maturing rapidly, Cloud Elements is a very young company with a limited track record in the industry and subject to obvious viability concerns, which limit its attractiveness for risk-averse user organizations.
* Cloud Elements' API management platform primarily serves the needs of its iPaaS, but it is also offered as stand-alone API management. Cloud Elements is appropriate to integration and cloud-heavy application infrastructure scenarios; however, it does not offer advanced API management features that are necessary to general-purpose API programs.
* More powerful, targeted and sophisticated marketing and sales strategies are necessary to take Cloud Elements out of startup mode.

**Dell Boomi**

Dell Boomi is business unit of Dell providing Dell Boomi AtomSphere iPaaS and Dell Boomi MDM, a cloud master data management hub service. The business unit was formed after the November 2010 acquisition of Boomi, one of the pioneers in iPaaS.

Application services governance had previously been marketed as part of the iPaaS solution (Dell Boomi AtomSphere), but is now offered as a stand-alone product, targeted at managing APIs created externally or by the iPaaS platform. Application services governance deployment is supported on-premises or in the cloud using the patented Boomi Atom runtime engine.

Dell Boomi's offering is sold worldwide; however, the majority of customers are in North America.

**Strengths**

* In 2014, Dell Boomi experienced strong (62%) revenue growth, with a customer base of over 2,800 midsize and large multinational organizations in multiple industries and geographies. A notable contribution came from partners, including several primary SaaS providers that incorporate AtomSphere in their offerings. Dell Boomi API Management has at present over 650 paying customers.
* Dell Boomi ties API management and iPaaS application and data integration into one offering. This vision anticipates market trends, and has a lot of potential for the next few years, especially when seen through the lenses of digital business and the Internet of Things. Dell Boomi has also recently announced major R&D investments in the area of API management for 2015.
* Dell Boomi plans to augment its appeal to a broader set of potential clients by: expanding its EMEA, Latin America and Asia/Pacific presence; extending partnerships with key SaaS providers, as well as global and specialty system integrators; and targeting opportunities in healthcare/life science, big data and IoT jointly with other Dell business units.

**Cautions**

* Dell Boomi's API management serves the needs of its iPaaS, yet it has not been marketed as such so far. It is a nascent stand-alone API management offering with a basic developers' portal: So Dell Boomi is better-suited for integration and cloud-heavy application infrastructure scenarios than for general-purpose API programs.
* Despite the opening of a data center and the establishment of a direct sales and support organization in Europe, Dell Boomi's commercial and support capabilities outside of the U.S. may be insufficient to enable rapid expansion abroad and to support the needs of organizations that operate internationally.
* Clients cite the limited bandwidth of Dell Boomi's professional services organization, as well as difficulties in finding experienced AtomSphere integration developers (both from Dell and external service providers) as issues that need to be addressed.

**IBM**

IBM's flagship product for application services governance is IBM API Management, and it applies to both on-premises and cloud SaaS. For the cloud SaaS offering, the product name is specifically IBM API Management on Cloud, and the solution is also available on IBM's PaaS called Bluemix. IBM DataPower Gateway is the gateway providing policy enforcement.

The current version of IBM API Management is the result of an internal redevelopment of the solution; previous versions of this Magic Quadrant have rated a different generation of products, based on WebSphere Service Registry and Repository, Rational Asset Manager, and Cast Iron Live.

IBM's offerings are sold worldwide.

**Strengths**

* IBM has an established and powerful market position and solid customer base in several vertical industries, with worldwide support capabilities and diversified geographical strategies.
* More than 1 million developers participate in IBM developerWorks, compounded by other strategic endeavors like IBM Bluemix and IBM Cloud marketplace.
* IBM has a powerful consulting service organization, with associated methodologies that assist API programs from planning and design stages.

**Cautions**

* The developers' portal within the API Management product is still young, lacking the advanced features of competing offerings.
* The company is slow to develop new offerings and to react to new industry trends (for example, digital business or the Internet of Things), frequently coming from adjacent industries.
* Users perceive IBM's offering as a high-cost solution.

**Mashery**

Historically, Mashery has always been at the forefront of API management, and its cloud-centric offering has expanded considerably since it was acquired by Intel in 2013.

At that time, for application services governance, Intel offered an on-premises gateway named Expressway Service Gateway (ESG). Mashery integrates with ESG, and users can work on Mashery's Developer Portal, using Expressway as a gateway.

As mainly a cloud offering, Mashery, in theory (see the first caution below), is available worldwide (and has some traction with clients in Europe), but the majority of its clients are in the U.S.

**Strengths**

* Intel has managed to keep most of Mashery's original management team, with its experience, market understanding and visionary power in this industry.
* The clarity of Mashery's top-line messages, coupled with Intel's deep commitment to the Internet of Things and the related emerging standards for interoperability, builds up a solid and viable proposition for Intel going forward.
* As indicated by the maturity and API traffic levels of its customers, Mashery has a solid understanding of the API economy, and how to extract value from the business trends related to it.

**Cautions**

* There is limited sales and support outside North America — this has been a historical issue for Mashery, which has been slow to address it.
* To expand the delivery of its solutions, especially to the midmarket, where most of the API economy projects will be concentrated, Mashery will have to give more consistency and dynamism to its marketing strategy, domestically and especially abroad.
* Expressway Service Gateway and Mashery are small planets in the Intel universe.

**MuleSoft**

Founded in 2006, MuleSoft is a provider of software subscriptions to cloud and on-premises technology (some of it open source; see the last caution below). Its Anypoint Platform includes support for SOA, SaaS integration and application services governance.

Anypoint Platform for APIs is the name for both the on-premises and cloud versions. It includes several options for designing and composing APIs, a developers' portal generator and governance policies. IoT connectors are packaged in Anypoint Edge.

MuleSoft offerings are used by a spectrum of organizations (small to multinational) worldwide.

**Strengths**

* The injection of investment capital has helped to grow awareness of MuleSoft over the past several years, and the company has invested significant R&D efforts in application services governance, running the APIcon conference, and bringing RESTful API modeling language (RAML) for API definition and design to the foreground of this market.
* MuleSoft is positioned as a recognized and leading provider of on-premises integration technology and iPaaS. Its track record, credibility and leadership in those markets are a springboard for success in the application services governance market too, given that integration technology is fundamental at implementation stage, and managing APIs is an obvious iPaaS need.
* Because support is what MuleSoft really sells, it's no surprise that its procedures are strong and its customer satisfaction levels are high.

**Cautions**

* MuleSoft's proposition is technology-rich, and the business side of the API economy is something MuleSoft understands, but might find difficult to help with, especially at the API planning stage.
* Because it is a private company operating on a subscription model, potential MuleSoft customers may be swayed by the fear, uncertainty and doubt that will surely be used by larger, public competitors, especially around company revenue.
* The open-source core of Anypoint Platform is fully owned and controlled by MuleSoft (as distinct from some other open-source projects that are controlled by open-source foundations). As such, MuleSoft has the ability to drive priorities in the roadmap, including which contributions it accepts from the community. So MuleSoft has a very commercial approach to open source, and, in general, on a total cost of ownership (TCO) basis, it is not the low-cost option that some open-source purists (possibly naively) expect.

**SAP**

SAP is familiar with the application services governance market. In the "Magic Quadrant for Integrated SOA Governance Technology Sets" published in 2009, and a predecessor to this research, SAP was rated as a Challenger, with "full SOA life cycle management capability … integrated service environment and policy management tools," but then it exited the market. Since then, the API economy has surged and the technology has progressed, but SAP's solution today (with the Gateway and the Developer Portal via an OEM agreement with Apigee), still interoperates with its 2009 products, which are still in use in SAP's clients' application infrastructures.

The main application services governance functionality is packaged into SAP API Management, On-Premise Edition, with SAP API Management cloud edition expected to be available in the first half of 2015. The offering uses SAP Gateway, and interoperates mainly with SAP Process Orchestration and SAP Hana Cloud Integration.

SAP recently started to market this offering worldwide.

**Strengths**

* With its OEM agreement with Apigee, SAP started its journey into the API economy with a leading offer. Plans are in place to move that offer to the cloud, take advantage of Hana analytics, and interoperate with a plethora of SAP application infrastructure products.
* Even though the offering has only been on the market since October 2014, already 450 customers use it. SAP's massive user base, which includes SAP Gateway users and hundreds of thousands of developers, means the potential for usage is very high.
* The developer portal provides connectivity to several SAP API sources (for example, SAP Gateway, SAP Process Orchestration, Hana Cloud Integration, Hana platform) with facilitated discovery and publication functionality.

**Cautions**

* As for any megavendor approaching a rapidly changing and dynamic space like application services governance, the main challenge will be to keep the pace of the offering in sync with (or even anticipating) disrupting innovation models, especially around digital business and the Internet of Things.
* SAP's market understanding is still basic, generally too focused on current traditional SAP on-premises clients' needs, and it will take time to train SAP's numerous sales force and support channels on the new offering.
* There is doubt regarding how SAP will focus on the application services governance portfolio, as it is marketed as part of the SAP Database and Technology business line, together with SAP's real-time platform SAP Hana, SAP Hana Cloud Platform, and enterprise information management (EIM), data management, security and middleware solutions.

**Software AG**

Software AG offerings span business process management, application integration, in-memory computing and cloud services (PaaS and SaaS). As application services governance evolved to be less traditional-SOA-based, Software AG had to evolve its product line too, starting with its flagship repository, CentraSite.

For application services governance, the core solution today consists of CentraSite, webMethods Mediator, webMethods API-Portal and webMethods Enterprise Gateway, with webMethods Insight as an optional product for API management use cases, and sold primarily in SOA governance initiatives.

Software AG's offering is sold worldwide.

**Strengths**

* CentraSite is a well-established offering, still going strong with approximately 60 vendor partners, and a loyal and wide customer base; and governance is at the center of Software AG's offering and vision for the future.
* Software AG's sales team is powerful, cross-sells effectively over a base of 10,000 clients and leverages solid SOA messages.
* Software AG's market understanding is clear and accurate, and its CEO has been a strong believer in digital business since 2013.

**Cautions**

* The company was late in developing a cloud strategy. The market understanding and the CEO's vision have profound API management implications, but have not translated into its product line yet.
* Software AG is very cautious in rolling out radical product evolutions in application services governance. API management innovation and product functionality, especially in the cloud, are still preliminary, and its choice to base API management on CentraSite will not allow it to address fast-moving, light governance API programs.
* Customers, on average, relate low levels of satisfaction with the application services governance offering, its usability and the time to market it takes to go live with an API program.

**Tibco**

Tibco Software is a well-established middleware, integration and SOA application infrastructure vendor. At the end of 2014, Tibco was acquired by Vista Equity Partners, a move that saw Tibco's founder and CEO, Vivek Renadive, stepping down and moving to the Tibco Management Board. A new CEO was appointed (Murray Rode, who for more than 15 years has served in a variety of key leadership roles within Tibco).

For application services governance, offerings are Tibco API Exchange, ActiveMatrix BusinessWorks, Spotfire analytics, ActiveMatrix Lifecycle Governance Framework and ActiveMatrix Policy Director.

Tibco's offering is sold worldwide.

**Strengths**

* Tibco is an established international middleware suite vendor, with many cross-selling opportunities between several product lines, which has historically been the way Tibco's application services governance has found its way to market.
* Solid R&D and support groups have been behind the product, and it has been effectively operating internationally for years. Vista has confirmed that API management is a strategic offering for Tibco going forward.
* Its application services governance product line can benefit from a wide set of integration and API implementation options, coming from other Tibco and non-Tibco application infrastructure platforms.

**Cautions**

* Tibco API Exchange is only an initial application services governance product offering, especially for the developers' portal and at deploy and run stages. The offering will need a number of enhancements, starting with ease of use after API design, for Tibco to compete effectively with the other vendors in this Magic Quadrant.
* Vista, over the years, has acquired several companies, changed the way they execute, and frequently brought them back to profitability. Expect several changes to the way Tibco operates, and the evolution line of its products.
* Limited innovation, market understanding, focus and responsiveness in this market in the past years have caused the offering to increasingly fall behind the market leaders.

**Torry Harris Business Solutions**

Torry Harris Business Solutions (THBS) was founded in 1998 in New Jersey, U.S. The company focuses on providing high-end, niche technical skills, predominantly in SOA and integration, cloud, mobile, big data and open-source services. THBS provides software services to enterprise clients across different industry verticals through a combination of offshore and on-site services.

Its offering is called API-o-Blocks, a framework of products, processes and services that enable progressive participation in the API economy: API management blocks are packaged in API Connect; API guidelines and processes in API Govern; and API creation blocks in API Enable. The products are mostly open-source, and THBS sells optional consulting projects around them.

THBS mainly markets in EMEA, India and Latin America.

**Strengths**

* THBS has a lot of experience in SOA governance and middleware. It has kept pace with the evolution of SOA governance through API management, and addressed the business issues related to that evolution.
* THBS has a few large and very loyal customers, mainly in the telco, financial services and energy markets. It addresses different business verticals with individualized starter packs, across the technology and business areas it covers.
* API-o-Blocks' functionality is particularly differentiating and effective at design and planning, and versioning and retirement stages. It takes full advantage of ideas matured in other THBS consulting offering lines (for example, rule-engine-based custom policies, or gamification functionality in the developers' portal).

**Cautions**

* THBS is different from the other vendors in this Magic Quadrant because it is a consulting company, with a mostly open-source application services governance product line. All the other entrants in this Magic Quadrant are providers of technology and/or managed services in the cloud.
* THBS's product enhancements and lines of innovation will be dictated by the markets and the clients it serves.
* THBS is not very visible in the market: its offerings are barely marketed, and mainly sold through word of mouth.

**WSO2**

WSO2 offers an open-source platform for the connected business, including APIs, social, cloud, integration, mobile, big data and security. Historically, it has been a provider in the SOA governance technology space first, and then in application services governance.

WSO2 API Manager is the name of the flagship product, which is software that can be implemented on-premises or on a private PaaS/public IaaS. WSO2 API Manager also is deployed inside the WSO2 API Cloud public cloud offering.

WSO2 sells products worldwide.

**Strengths**

* WSO2's offering is very wide, completely open-source and well-suited for enterprise IT groups and independent software vendors (ISVs). WSO2's business model is proven, with effective support and professional services.
* The technology is consistent, mature and natively multitenant (with more than 1,000 free beta customers in the cloud). It is particularly functional at implementation, deploy and run (basic), and versioning and retirement.
* WSO2, since its inception, is an international company, designed to conduct business internationally.

**Cautions**

* In a world where the need for digital business applications will drive a huge amount of API programs, WSO2's proposition is still very technology-based, and could lead to missed opportunities on the business side of APIs.
* The application infrastructure product line is very broad for a company of its size and R&D power.
* WSO2 is not very visible in the market, due to its size and initial marketing activities.

**Vendors Added and Dropped**

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor's appearance in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

**Added**

* Both Cloud Elements and Dell Boomi decided to "ride the wave" of convergence between API management and iPaaS (see "Magic Quadrant for Enterprise Integration Platforms as a Service, Worldwide"), and are marketing their offerings, available separately or bundled.
* SAP, after exiting this market in 2010 (see the SAP section), entered into an OEM and reseller agreement with Apigee in July 2014, and now offers an application services governance full solution built on the Apigee Edge digital acceleration platform.
* During 2014, Torry Harris Business Solutions decided to start marketing the suite of open-source tools that they used to help their clients in engagements around the API economy, building on years of expertise in SOA and governance projects.

**Dropped**

* Managed Methods refocused to the cloud access security broker market, and stopped addressing general application services governance requirements.
* Oracle's API management strategy is going through some major changes with the introduction of API Catalog and API Manager, which were announced at Oracle OpenWorld in October 2014, and are now available. Both products are on-premises only, with plans for API Manager to be available in the cloud with the release of Oracle SOA Suite Cloud Service this summer — as such, Oracle does not meet entry criteria for this Magic Quadrant.

The following providers were considered for this research, but not included:

* Bizmatica, digitalML, Nevatech and WaveMaker met most inclusion criteria, but not the minimum revenue criterion.
* Informatica recently acquired StrikeIron, which, in the years it was an independent vendor, built effective API management capabilities, but at this point in time Informatica does not focus on the application services governance market. Informatica offers an API framework and data as a service as part of its iPaaS offerings.
* Microsoft Azure API management functionally fits with the application services governance market, and it also has an iPaaS option in the works in the form of Azure App Service. Azure API management is cloud-only, and does not have an on-premises correspondent — as such, it does not meet entry criteria for this Magic Quadrant.

**Inclusion and Exclusion Criteria**

For a vendor to be considered for inclusion in the application services governance Magic Quadrant, it must:

* Market any subset of application services governance, as defined in the Product/Service section, both in the cloud and on-premises. Cloud offerings could be part of SaaS, iPaaS/PaaS or cloud service brokerage (CSB). On-premises offerings can be part of integration infrastructure or SOA governance technology.
* Vendors offering both on-premises and cloud offerings (general availability or beta) as of March 2015 are included in this Magic Quadrant. Vendors offering on-premises-only or cloud-only solutions as of March 2015 do not qualify for the Magic Quadrant, because we believe that the lack of one of the two seriously constrains the vendor's future offer applicability in this market. Planned offerings must have been publicly announced by the end of 2014 to be considered for inclusion in this Magic Quadrant.
* Have a comprehensive offering for application services governance covering at least two API life cycle stages (those being planning, design, implementation, deploy, run and retirement), either with a direct offering or through partner agreements.
* Generate revenue of at least $15 million (or its equivalent in another currency) a year from application services governance, or at least $7 million (or its equivalent in another currency) a year from basic API management. Vendors pursuing a subscription-based, open-source business model should have at least $3 million (or its equivalent in another currency) a year for application services governance revenue. These figures include revenue from software, SaaS, iPaaS, PaaS, CSB fees, and support and professional/consulting services related to the application services governance offering marketed. The figures for basic API management and open source are lower to reflect a different business model (based on cloud subscriptions and/or support fees, not on software licenses).

**Evaluation Criteria**

**Ability to Execute**

Gartner analysts evaluate providers based on the quality and efficacy of the processes, systems, methods and procedures that enable IT provider performance to be competitive, efficient and effective, and to positively affect its revenue, retention and reputation. Providers are judged on their ability and success in capitalizing on their vision.

**Product/Service**

This criterion refers to core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

For application services governance, we consider the providers' capabilities in five different categories, corresponding to stages in an API's life cycle:

* **Planning and Design:** Services and APIs don't just appear by magic; they are often designed to meet the requirements of one or more specific applications or mobile apps, and should account for different consumers and personas. One of the most common questions asked by Gartner clients in inquiries today is: "How do I know which APIs to publish?" This subcriterion rates the ability of providers to help their clients in planning and designing the right APIs for their business purposes.
* A common mistake of SOA projects was to build services based on generic requirements of future applications — it is very clear today that the "if you build it, they will come" approach for APIs will not work. APIs should be designed to meet the concrete needs of real API consumers, and to be used immediately. However, anticipating the needs of digital business applications, or meeting them as quickly as possible, is a very sophisticated and error-prone science. Frequently, application services governance providers offer workshops geared at business/innovation managers or application managers (and all the levels of gray between the two), to help them determine which API to publish, and to come up with must-have APIs that API consumers need today to meet specific business requirements. Workshops and consulting services can extend to techniques for API modeling to facilitate implementation.
* A major factor in the selection of an API management platform today is thought leadership of a vendor. For this reason, some providers employ API "evangelists," who would very publicly display their knowledge in this area, and facilitate client workshops for API planning and design.
* **Implementation:** Once it becomes clear which data and functionality an API should give access to, the API obviously needs to be fully implemented as soon as possible (beyond the initial stubs that some toolkits sometimes offer), generally using a mix of the following approaches:
  + Creating a "quick and dirty" API stub (so the applications using the API don't have to wait for the final API to be available), to be followed by real implementation (as per the following bullet points)
  + Reworking pre-existing internal APIs or interfaces, exposed by an enterprise service bus (ESB), iPaaS or other integration platform
  + Composing existing lower-granularity SOA services or microservices, frequently adding business logic on top
  + Mapping existing databases to the new API for simple create, read, update, delete (CRUD) operations
  + Embedding or combining external APIs (public or partner)
  + Programming new code from scratch
* Providers often package into their application services governance offerings the functionality to ease identity management, or speed the implementation of APIs serving mobile applications, which will be evaluated as part of this subcriterion. In the near future, because of the surge of digital business applications, this subcriterion will increase in importance, especially now that devices in the Internet of Things are starting to leverage APIs (and, in the future, vice versa).
* In the implementation of an API, an API provider typically wants to enforce specific design policies. There is a wide variety of design policies, and, in general, the bigger the API provider is, the more design policies apply. Here are some examples of design policies:
  + Enforcement of standards or protocols a specific API must comply with before being published
  + Definition of a specific application domain that a specific development group can implement APIs on (or out of)
  + Adherence to specific API templates, or patterns or models provided as input from design time
* This subcriterion also rates the ease and speed with which the desired API is implemented, typically in conjunction with integration and composition functionality (which could be offered directly by the application services governance vendor, or could leverage other solutions). It does not rate integration and composition functionality per se, only how easily, quickly and effectively API providers can leverage development, integration and composition features to implement the desired API.
* **Deploy and Run (basic):** This subcriterion rates providers' capabilities in basic API management, which is mainly about packaging/operation/runtime/maintenance of APIs, and generally divided in two functional areas:
  + Policies around operational management, security, format translation and the collection of metrics associated with the usage of the API. A policy defines, implements, monitors, enforces and manages desired behaviors and exceptions around the usage of a specific API. Examples of operational policies in basic API management include caching, throttling, load balancing, capacity planning, integrity, confidentiality, authentication (OAuth and more), threat prevention and protection, data transformation depending on the consumer, data and functionality visibility, quality of service, and many more.
  + Discovery, developer access provisioning, testing and collaboration (in the so-called "developers' portal"). Developers' portals also include general reference documentation (like code samples, sandboxes, client libraries, software development kits [SDKs], test kits, references to hackathons, and API/app contests, for example). Frequently, for vendors coming from an SOA governance background, developers' portals are built on top of traditional SOA repositories, but with a radically new, simplified user interface, and a much more decisive attention to ease of use.
* **Deploy and Run (advanced):** This subcriterion rates providers' capabilities that go well beyond basic API management, frequently offered by or in conjunction with consulting services. Some of the following capabilities are sometimes included in mature offerings of API management providers:
  + Promotion of API usage, testing and collaboration (as with the developers' portals and functionality in the Deploy and Run [basic] section), frequently through support in setting up hackathons and API/app contests, targeting, through social platforms, all the developer communities that might be interested in it.
  + Analytics to support the assessment of business value of a specific API. Another frequent question from Gartner clients in inquiry is, "How do I know if the API is of value?" Generally, the value is in the eyes of the API consumer, and in the business benefits the API returns, directly or indirectly. The benefits and value an API returns can be measured in many ways, as APIs generally have several types of ROI associated with them, and can change rapidly in time. Billing and a wide spectrum of API monetization policies are also related to the analytics on the APIs, and are of increasing importance.
  + Being (at least part of) a platform for develop and run digital business applications (see "Which New and Old Applications Will Enable Digital Business?"), and ease of connection and integration with devices in the Internet of Things.
  + Availability of professional and consulting services for the effective execution of application services governance projects, and the provision of related tactical and strategic advice is a key factor for success in this market, as already pointed out in the Planning and Design section — in this life cycle stage the services clients need are quite different, and relate to the capabilities of the previous bullet points.
* **Versioning and Retirement:** Mature API management programs already have to deal with several versions of the same API. Applications and apps using the APIs change frequently, and in digital business they will come and go very dynamically (see "Which New and Old Applications Will Enable Digital Business?"). As APIs typically are consumed in several different scenarios, some of them will evolve to demand a new version and some of them will demand no change at all. Creating new versions of the APIs while supporting the old ones, will become increasingly unsustainable, and should always be thoroughly thought through. Avoiding versioning in the first place would prevent a lot of downstream problems (see "Choosing the Right Web API Versioning Model"). If API providers allow versioning to go out of control, the only choice is to retire old versions of the APIs, by pushing applications and apps off them into new versions, which in many scenarios is very difficult, and will require a variety of hard and soft approaches. It is key to support API providers and consumers through this conundrum, and this subcriterion will assess how wide and effective this support is.

**Overall Viability**

Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Once API programs mature, API providers will incur relatively high costs to switch application services governance vendors, and the degree of change that occurs in API consumers' requirements (and the potential impact the changes can have) can be significant. For these reasons, we consider a vendor's relative size (customers and revenue), financial stability and management commitment to this market. Because of the breadth of application services governance functionality, some vendors partner with other providers to complete their offerings. These partnerships and their perceived effectiveness are valuable when evaluating a particular vendor's viability. We also consider the size and quality of the vendor's active user community relative to its target market, and the availability of professional and consulting services.

**Sales Execution and Pricing**

This criterion refers to the vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

We track revenue growth, including the number of clients the vendor has, the number and business impact of the projects implemented, and how and whether professional and consulting services have eased implementations. We also evaluate whether pricing models — on-premises and in the cloud — are expressed with clarity and predictability. The vendor's ability to handle large and complex deals comes into play here, too.

**Market Responsiveness and Track Record**

Market responsiveness refers to the vendor's ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customers' needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

The dynamic nature of API programs, the furious pace of change that digital business applications will increasingly demand, and how quickly a vendor responds, adapts and takes advantage of it, are key factors. We also look for evidence that the provider continues to respond effectively to rapidly evolving application services governance market conditions (for example, integrating application services governance with an iPaaS, addressing new mobile/IoT requirements or being a platform for a digital business offering).

**Marketing Execution**

Market execution is the clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This mind share can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

We also assess the degree to which the application services governance vendor has captured mind share, thought leadership and gained a solid reputation in this evolving and growing market, and how often the vendor is included in shortlists for application services governance projects. Effectiveness in marketing and partnership programs is evaluated, too.

**Customer Experience**

This criterion refers to relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. It can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

We track the specificity and quality of support (domestic and international), and of contracts and SLAs for the availability of application services governance functionality in the cloud. Application governance issues are the same worldwide, but the types of policies organizations choose to address first (or deal with the consequences of once a policy is breached) changes considerably in different cultures, geographies and projects. Specific attention is given to the customer experience outside the home market of the application services governance vendor.

**Operations**

Operations refers to the ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

This is another area in which the availability of professional and consulting services for the effective deployment of application services governance, and the provision of related tactical or strategic advice, are critical success factors. We are interested in the application services governance vendor's security certifications, the scope (for example, people and data centers) and quality of its hosted governance service platforms (for cloud offerings), and the scalability and adaptability of the software platforms offered (for on-premises), including metrics for efficiency, speed of change, or implementation of new features and scale.

| **Table 1.** Ability to Execute Evaluation Criteria | |
| --- | --- |
| **Evaluation Criteria** | **Weighting** |
| Product or Service | High |
| Overall Viability | High |
| Sales Execution/Pricing | Medium |
| Market Responsiveness/Record | Medium |
| Marketing Execution | Medium |
| Customer Experience | High |
| Operations | Medium |

Source: Gartner (April 2015)

**Completeness of Vision**

Vendors are evaluated based on their ability to convincingly articulate logical statements about market direction, innovation, customer needs and competitive forces, and how well these map to Gartner's view of the market. Vendors also are rated on their understanding of how market forces can be exploited to create opportunities for their organizations.

**Market Understanding**

Market understanding is the ability of the vendor to understand buyers' wants and needs, and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

We assess how effectively a vendor partners with other technology and service providers (for example, iPaaS providers) to enhance its application services governance platform, and how well it understands on-premises and cloud (private and public) requirements for small, midsize and large projects in the various vertical industries, and in different geographies. In short, we assess how much a vendor understands the application services governance market, and how powerfully its vision will drive the market forward.

**Marketing Strategy**

This criterion refers to a clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

We look for evidence that the vendor clearly articulates its value propositions (for example, the business value of APIs), and the risks associated with the lack of governance and management, together with how its offering (associated with its partners' offerings, if any) drives new value out of client companies. In this young and evolving market, it is essential for an application services governance vendor to leverage an effective marketing channel to reach its target audience (segmentation of the target market/buying centers is fundamental). Running industry events on APIs is a clear sign of a powerful marketing strategy.

**Sales Strategy**

Sales strategy in this context is the strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

We specifically look for evidence that the vendor is leveraging the right balance of direct and indirect sales vehicles, and is targeting the right mix of small or midsize businesses (SMBs) and large prospects appropriate for its target markets in the target geographies and industry verticals. We look for clarity in the identification of the target market (that is, innovation centers, or large companies with mature SOA projects or specific, time-critical API management efforts), and evidence of a real business plan and an effective strategy that go after the market using presales, professional and consulting services (with the related templates, blueprints and best practices), where appropriate.

**Offering (Product) Strategy**

This criterion refers to the vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

We assess the offering's overall architecture, whether technology or managed services, how future-proof it is, and how easily it can be integrated with the user's current infrastructure, as well as how cloud features (such as multitenancy) are or will be implemented, changed or extended. We will also ask specifically for vendors' offering plans and roadmaps, and assess how complete the application services governance offering is likely to be in the years to come. When the vendor uses third-party functionality from partners to extend its offering (for example, to other types of policy management or to cover other service life cycle stages), we assess how effective and seamless the extension is for the user, how viable the partner is and whether the inclusion of the functionality as part of the vendor's direct offering would make more sense, from a vision perspective.

**Business Model**

This criterion refers to the soundness and logic of the vendor's underlying business proposition.

We look at how the vendor maintains profitability through its pricing models, and how the models work in the cloud, on-premises or for partner sales. Because of the breadth of application services governance, some vendors must partner to complete their offerings. These partnerships, their effectiveness and their viability, from a user perspective, are central to evaluating a particular vendor's business model. We assess the breadth of professional and consulting services, the way the providers recognize revenue and leverage investments in R&D, and their growth strategy (including mergers and acquisitions) across various geographies.

**Vertical/Industry Strategy**

This criterion is the vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

We look at the industries the vendors focus on, the industry-specific solutions (if any) they offer, and how these solutions are or will likely be successful or differentiating in the market. Governance processes frequently are vertical-industry-specific, even if high-level governance requirements do not change much across the industries. We assess vertical-specific blueprints or starter kits, if any.

**Innovation**

Innovation, in this context, refers to direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

In the application services governance market, innovation is not a "nice to have," it is a condition for survival. We consider two types of innovations:

* Those that API providers and API consumers see (for example, how easy it is to integrate a device API in the Internet of Things, or how easy is to find the API you are looking for in a developers' portal)
* Features not necessarily visible to API providers and API consumers (for example, fault tolerance, or multitenancy)

The availability and effectiveness of templates, blueprints and best practices relating to the use of the provider's offering also are good indicators of innovation.

**Geographic Strategy**

This is the vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

We look for evidence that the provider is engaging the right locations relative to its capabilities, and whether further opportunities might exist in geographies not explicitly addressed now. Our evaluation assesses the provider's nondomestic project fulfillment capacity, support centers, sales offices, partner networks, and ability to support complex international requirements and features (such as regional-specific compliance with local laws and regulations).

| **Table 2.** Completeness of Vision Evaluation Criteria | |
| --- | --- |
| **Evaluation Criteria** | **Weighting** |
| Market Understanding | High |
| Marketing Strategy | Medium |
| Sales Strategy | Medium |
| Offering (Product) Strategy | High |
| Business Model | High |
| Vertical/Industry Strategy | Low |
| Innovation | High |
| Geographic Strategy | Medium |

Source: Gartner (April 2015)

**Quadrant Descriptions**

**Leaders**

A Magic Quadrant represents Gartner's judgment of vendors' Ability to Execute and the Completeness of Vision in a technology market (in this case, the application services governance technology market). The Ability to Execute criteria reflect the staying power and record of execution of vendors in the market. The Completeness of Vision criteria reflect vendors' abilities to understand market trends, and lead and influence them, and to follow these trends with agility and consistency.

Vendors that are strong in their execution and ability to lead and influence the market are Leaders. The most recent players in the market that have a limited record of execution, and well-executing vendors that are overly cautious on innovation and risk are less likely to be Leaders. A word of caution: By its nature, a vendor rating process favors comprehensive offerings and powerful sales and marketing strategies. A tightly focused product, even if exceptional, typically will not score as well as a comprehensive offering supported by strong sales and marketing strategies in this analysis. This, in turn, frequently favors the larger vendors, because their extended resources enable them to allocate substantial sales and marketing investments to support their application services governance products, and to offer the more comprehensive collections of functionality.

The most distinctive attribute Leaders in this market have is that they kept the pace of changing technologies and the changing nature of projects. The rise of the API economy has put API management in everybody's thoughts, and API management took central stage in this quadrant. APIs must come from somewhere, and leaders extended their offerings to API design and implementation. API programs frequently start small with innovative ideas, and they need to execute fast. The Leaders made sure their offerings could cope with this dynamic environment.

Leaders in this Magic Quadrant come from three different backgrounds: maturing API management providers, dynamic and overarching gateway vendors, and a fast-moving, business-oriented open-source provider. Leaders understand the market that will bring them and their clients forward.

**Challengers**

Challengers execute well today for the portfolio of work for which they have functionality, but have a blurred or incomplete view of market direction. There are two type of Challengers in this Magic Quadrant. The first are companies that have recently moved into this market with a powerful offering, and executed well on sales. The second are former Leaders whose product portfolios, for disparate reasons, did not keep the pace of the change fast enough in addressing fundamental requirements driven by dynamic API programs.

The future of these technology and service providers is directly linked to how aggressive and proactive they are in addressing the shortcomings in their visions. If they do that work effectively, they may be, or return to being, Leaders in the future; if not, they might simply move into another quadrant (if not out of the Magic Quadrant altogether). The strong dynamics and the sharp evolution this market experienced in the last 18 months, and the injection of pace due to digital business and the Internet of Things don't leave any other alternatives.

**Visionaries**

Visionaries typically approach this market with a fresh view from an innovative angle, and are big into API management and the cloud (possibly at the expense of more structured and traditional on-premises projects). While they typically feature an incomplete set of functionality, they have the power and the mind share to grow that set for potential customers, often in a different way from established Leaders. A less frequent case is when a previous Leader becomes a Visionary — which typically underscores issues in execution.

Previous Visionaries have become Leaders in this Magic Quadrant. Visionaries carry no baggage, and often can move faster than Leaders. In this version of the quadrant, we are short of visionaries, reflecting the partial and unstructured attention to innovation which a lot of the entrants exhibit. Innovation is absolutely fundamental to be viable in this market going forward, and will be essential once digital business applications and the Internet of Things start driving sweeping competitive forces.

**Niche Players**

In Gartner Magic Quadrants, Niche Players focus on a particular segment of the market, typically defined by a specific life cycle stage (for example, operations) or by other characteristics, such as vertical industry, client size (and spending power), geographic area, advanced functionality required (for example, performance or security) or project maturity/complexity. In some cases, Niche Players are small, young and growing companies, with a bright future if they keep executing well and expanding their offerings and their client bases.

This connotation does not characterize the Niche Players in this Magic Quadrant at all. Niche Players in this research have very different histories, and their Ability to Execute and Completeness of Vision are limited by rework of plans due to recent acquisitions; by a too narrow technology focus in a world where business trends will make and break API programs; or simply by the fact that they landed in this market only recently, having been successful in other related ones.

In their specific niche, their offerings might be more functional than those of the Leaders; in others, it might be just a sign that the vendor is maturing, and that its offering is being extended. Niche Players' Ability to Execute is limited to those focus areas and, therefore, is partial and is assessed accordingly. Their ability to innovate and, to a greater extent, to survive in this market is affected by their narrow focus.

**Context**

The demands of digital business will forever change the composition of an organization's application portfolio. Application rationalization, the API economy, bimodal IT, the evolving notion of applications/apps and changing consumers, both human and electronic, will significantly drive the application portfolio of the future.

It's not only about people, the processes that companies run, and governments anymore. Things (as in the Internet of Things) will become smarter, and will be empowered to make decisions. We will soon start talking about business-to-thing or thing-to-thing (all API-based, obviously, because things prefer to bypass user interfaces), because B2B and business-to-consumer (B2C) will not be enough.

Digital business will disrupt all industries, and, therefore, it will drive radical changes in the applications that companies run to operate, stay relevant and prosper in the industries they belong to (or even across them). APIs are at the core of enabling application transformation for digital business, giving access to functionality and data in your current applications to the new digital business applications (see "Which New and Old Applications Will Enable Digital Business?").

**Market Overview**

A market is a set of end users looking for solutions to the same problem, and providers addressing it with products and services. It is our view that all the functionality introduced in the Product/Service section is what companies will need for their API programs in the next few years.

API programs and initiatives don't necessarily need the full set of application services governance functionality from their start, but their new functional requirements arise rapidly (and will need to be addressed quickly as they evolve) — so we recommend that CIOs, IT leaders and business executives in charge of API programs consider offerings that have the potential to address their needs well beyond the first project or two. Extending the current platform will be much easier and less expensive than replacing it.

The market has changed fundamentally from the previous version of this Magic Quadrant. Projects have become smaller, focused on very few APIs at a time, more business-oriented, in need of very quick execution, and with generally simpler interactions mainly driven by mobile apps. Buying centers are shifting rapidly from IT departments to business units, anticipating a general trend. Vendors who adapt to a plethora of different usage scenarios and help clients deliver projects faster will do well.

Acquisitions in this space will continue to be commonplace, as larger players will want to buy an initial share in a rapidly growing market, and use API management as part of their larger PaaS offerings.

As recently published in "Market Share: All Software Markets, Worldwide, 2014," the application services governance market was worth around $438 million in 2012: It was mainly an on-premises SOA governance technologies market, with API management in the cloud only worth $55 million of the total $438 million. SOA governance technologies and API management largely became a single market, namely application services governance, and in 2013 it was already difficult to tell one from the other. The application services governance market was worth around $526 million in 2013, still very much on-premises, but with cloud offerings worth $92 million of the total $526 million. The on-premises market still grows just short of 20% annually, but cloud revenue is growing rapidly (about 70% annually). The application services governance market was worth around $618 million in 2014 ($155 million in the cloud).

## Evaluation Criteria Definitions

### Ability to Execute

**Product/Service:** Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

**Overall Viability:** Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

**Sales Execution/Pricing:** The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

**Market Responsiveness/Record:** Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

**Marketing Execution:** The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

**Customer Experience:** Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

**Operations:** The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

### Completeness of Vision

**Market Understanding:** Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

**Marketing Strategy:** A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

**Sales Strategy:** The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

**Offering (Product) Strategy:** The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

**Business Model:** The soundness and logic of the vendor's underlying business proposition.

**Vertical/Industry Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

**Innovation:** Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

**Geographic Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.