

## Market Development

# Adaptivity off to a good start, even better forecast for 2009 with hybrid clouds

Analyst: William Fellows  
Sector: Enterprise Software  
Date: 9 Feb 2009

## Event summary

- Institutionalizing and commercializing their datacenter transformation experience from Wachovia and BoA seems to be paying off for Tony Bishop and Jim Houghton.
- Adaptivity moves beyond consulting, reports a solid first year and forecasts 100%+ growth for 2009. Hybrid clouds seen as the logical end point for combined virtualization, utility, SoA and real-time infrastructure.
- Adaptivity's portfolio of playbooks is essentially DIY for enterprise architects looking to transform their infrastructure computing.

## The 451 take

Adaptivity is more than consulting, now selling licenses libraries and models assembled with expert help over the last few months. It started in home territory by selling consulting to FSI organizations but is diversifying nicely. Adaptivity did \$4m revenue in 2008, its first year of operation - 20% from licensing, the rest consulting. 50% came from global markets, 30% in FSI (vs 60% when it started out) and 20% from non-FSI. It will be 28 strong by next month (with a handful of staff in UK by summer) and hopes to better than double revenue to \$10m in 2010. 25% of its work is turning silos into shared infrastructure, 50% around datacenter transformation (typically extracting better utility from and reducing cost of IBM and HP estates).

## Details

As it grows, Adaptivity is looking to upscale its existing partnerships on to more strategic footing to give it global scale. Partners include Cisco which uses Adaptivity as an expert in FSI while Unisys rolls up Adaptivity in its Real-Time Infrastructure stack alongside companies such as Scalent, Enigmatec and Tideway. Adaptivity's libraries are used by Unisys in its datacenter design and blueprinting offerings. Other partners include Itochu in Japan and Hitachi in the US. At the same time Adaptivity wants to expand its go-to-market reach by white labelling its offerings (or at least private label by multiple parties) as well as sell them direct.

The Adaptivity Transformation program has three key offerings – IT Physique, Datacenter Physique and Cloud Physique with an ERP-for-IT offering in the pipe. The core components of each are first two are a Next Generation Business Platform, Next Generation Data Center and Enterprise Cloud Operating Model respectively (Adaptivity IP – tools and artifacts) plus an application which manages the library and process. The application wizard can access some 1900 tools, operating models, playbooks, execution blueprints, best practices and case studies. Some 50-60% is foundational work common to each offering. While it is designed to be used without consulting, it's Adaptivity's high end design experience which is its value-add here.

## Competitive landscape

Adaptivity's raison d'être is enterprise strategy which means full-service shops, including IBM, HP, Accenture, Capgemini, Atos Origin and CSC, are still the high-order competition (although it's not seeking a role placing consultants inside organizations).

Its technology partnerships reflect the tools Adaptivity's founders have used successfully in previous roles, however it will need to avoid exclusive arrangements for using its portfolio as it seeks to scale.

It sees two key trends in 2009: the need for holistic virtualization (business-aligned virtualization from the top down) and proper management of the virtual operating environment (enabling resources to right size their virtual machine cluster capacity). Service level management, runtime orchestration and on-demand provisioning of resources will be the key activities which support this.

