Market Share

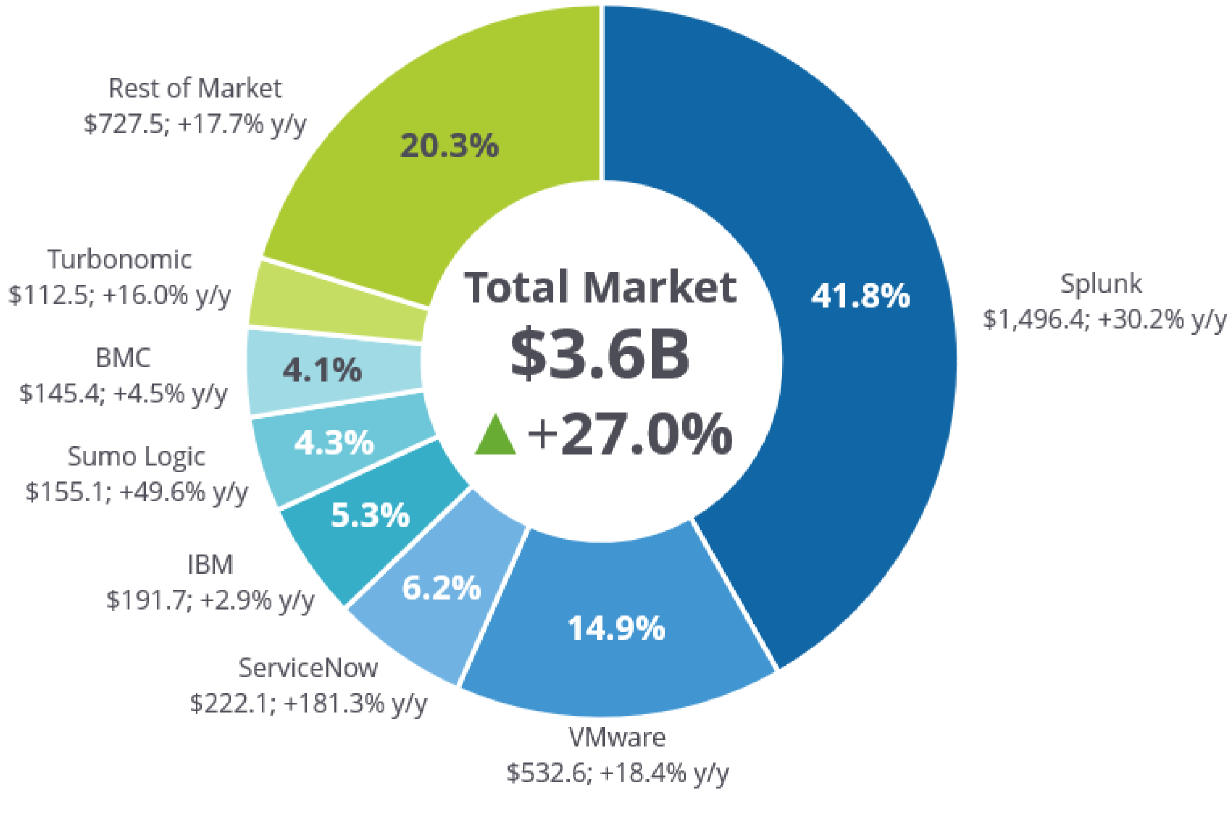
Worldwide IT Operations Analytics Software Market Shares, 2019: Market Growth Accelerates

Tim Grieser

IDC MARKET SHARE FIGURE

FIGURE 1

Worldwide IT Operations Analytics Software 2019 Share Snapshot



Note: 2019 Share (%), Revenue ($M), and Growth (%)

Source: IDC, 2020

IN THIS EXCERPT

The content for this excerpt was taken directly from Worldwide IT Operations Analytics Software Market Shares, 2019: Market Growth Accelerates (Doc #US46806419). All or parts of the following sections are included in this excerpt: Executive Summary, Advice for Technology Suppliers, Market Share, Who Shaped the Year, Market Context, Methodology, and Market Definition sections that relate specifically to Splunk, and any figures and or tables relevant to Splunk.

EXECUTIVE SUMMARY

This IDC study represents IDC's estimate of market sizes and vendor market shares in 2019 for the IT operations analytics (ITOA) software market. The worldwide ITOA software market is estimated to have totaled $3.6 billion in 2019 when calculated in current U.S. dollars. IDC estimates that the 2019 worldwide market grew by 27.0% over 2018. Splunk was the market share leader in 2019, with a 41.8% share on $1.5 billion of revenue, according to IDC estimates. The Americas region, dominated by U.S. sales, represented 68.2% of the market. IDC estimates 19.3% of revenue was delivered via the software-as-a-service (SaaS) public cloud model. Note that this study is based on pre-COVID-19 data.

"The IT operations analytics market continued strong growth in 2019," according to Tim Grieser, research VP, Enterprise System Management Software, at IDC. "Leading vendors gained increased revenue on the strength of their offerings in log management and analysis for troubleshooting complex problems across applications and infrastructure as well as support for machine learning of operational characteristics and predictive solutions for preventing future problems."

ADVICE FOR TECHNOLOGY SUPPLIERS

The worldwide IT operations analytics market is evolving quickly as big data and analytics technologies mature and reporting, query, and analytics tools become more accessible to general-purpose IT and business analysts, without the need for customized programming by data scientists. User accesses are being simplified with graphical-based dashboards frequently replacing query language interfaces. At the same time, the range of IT management data sources that can be analyzed is expanding.

IT operations analytics software is focused on log analytics and search, predictive analytics, anomaly detection, and business impact analysis based on end-user, infrastructure, and application performance data paired with machine-generated logs to enable comprehensive root cause analysis and proactive capacity optimization.

ITOA distribution models are also being transformed. Although the majority of the market is currently enabled via on-premises, dedicated software licenses and subscriptions, public cloud SaaS-delivered options are becoming more widely available. ITOA solutions are also being bundled with APM and configuration management solutions to create robust software and SaaS solutions that can support business impact assessments, compliance management, and predictive resource allocation. ITOA software and SaaS suppliers need to continually adapt their product road maps and go-to-market strategies to keep up with changing market dynamics. IDC recommends vendors pay particular attention to the following:

- Although SaaS currently represents the smaller segment of the ITOA market, major vendors such as Microsoft and Oracle are delivering SaaS-based solutions that allow both enterprise and midtier customers to access sophisticated ITOA services rapidly, without having to master the big data tools or dedicate internal resources to deploying and supporting enabling infrastructure hardware and software. Agent-based SaaS architectures coupled with REST APIs allow most organizations to rapidly integrate critical data sources into cloud-based solutions, while browser-based query tools and dashboards enable broad access by IT operations, DevOps, and business analysts. Vendors that have succeeded with on-premises solutions need to monitor the evolving market dynamics closely.
- Persona-based sales and marketing strategies are important. ITOA solutions appeal to different types of buyers for different reasons. IT operations teams may focus on ITOA to help search, dedupe, and filter thousands of events and alerts to find the handful that really matter to day-to-day operations and performance. DevOps teams may look for solutions that can identify the root cause of complex web and mobile app code stacks and integrations and predict the impact that new features and functions will have on performance, capacity, and end-user experience. Infrastructure teams may be looking for ways to better anticipate and justify new hardware and infrastructure software investments by predicting capacity requirements. Successful vendors will avoid one-size-fits-all marketing strategies and focus on providing offerings that can add value to individual roles while expanding as needed over time.
- Buyer preferences are shifting from standalone to integrated ITOA solutions. Pure-play ITOA solutions add value by providing sophisticated analytics functionality that can be applied to any number of IT operations questions and use cases. However, data integration and customization of reports can be time consuming and require more skills that are available to many IT operations and DevOps teams. By bundling ITOA as part of suites or solutions that also address APM, configuration, and capacity management, more and more vendors are able to improve their customers' access to advanced analytics by predefining integrations and reports. ITOA solutions that can be easily included into day-to-day operational workflows and tools have a better chance of being more broadly adopted.
- Ongoing geopolitical upheaval and economic uncertainties may impact demand in certain industries and geographies. Countries with strong existing investments in APM, virtualization, and cloud are likely to see stronger growth in demand for ITOA, while emerging economies may not see the immediate value of these types of solutions.

MARKET SHARE

IDC's view of the ITOA software market recognizes that rapid expansion of functionality is being enabled by big data technologies and highly scalable cloud-based computing architectures. In just a few years, ITOA has evolved from primarily focusing on applying big data concepts to IT log analytics and search to encompassing predictive performance forecasting and anomaly detection, capacity and infrastructure optimization, and the business impact of APM and IT infrastructure performance. As a result, IDC has included a broad range of vendors and products in this ITOA market share analysis.

As shown in Table 1, Splunk took top share in 2019 with a 41.8% share on $1.5 billion in revenue. VMware took second place, with a 14.9% share on $532.6 million in revenue, and ServiceNow took third place, with a 6.2% share on $222.1 million in revenue.

TABLE 1

Worldwide IT Operations Analytics Software Revenue by Vendor, 2017-2019 ($M)

Vendor	2017	2018	2019	2019 Share (%)	2018–2019 Growth (%)
Splunk	781.8	1,149.2	1,496.4	41.8	30.2
VMware	390.1	449.8	532.6	14.9	18.4
ServiceNow	43.1	78.9	222.1	6.2	181.3
IBM	178.4	186.3	191.7	5.3	2.9
Sumo Logic	67.8	103.6	155.1	4.3	49.6
Other	811.6	854.3	985.4	27.5	15.3
Total	2,272.8	2,822.1	3,583.3	100.0	27.0

Source: IDC, April 2020

WHO SHAPED THE YEAR

The use of big data technologies continued to expand in 2019, and enterprise IT operations and DevOps teams began to adopt more broad-based use of machine learning, predictive analytics, anomaly detection, log analytics, and dynamic capacity forecasting. An ever-widening range of systems management software and SaaS vendors added and/or expanded partnerships with pure-play ITOA vendors and/or extended core ITOA functionality embedded in APM, capacity planning, configuration management, and cloud management solutions. Simultaneously, start-ups continued to gain traction as they refined their business and go-to-market strategies. Vendors that shaped the ITOA market in 2019 included the following:

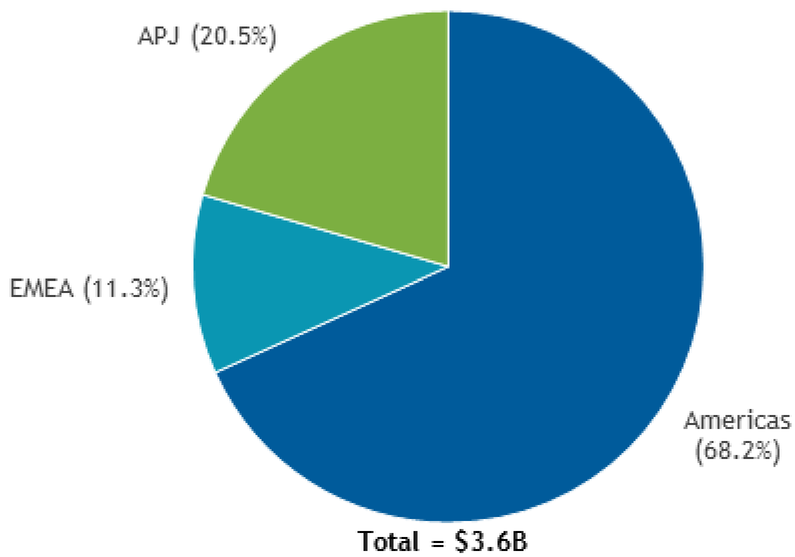
- Splunk was the ITOA market share leader in 2019 for the sixth year in a row. The company achieved rapid growth driven by expansion in log management and analysis capabilities. The number of data sources, data volumes, and use cases continued to expand driving increased customer adoption. Capabilities for big data capture, indexing, management, and search across a wide variety of machine-generated data are increasingly being augmented by dashboards that combine data query, analysis, and graphical displays into panel-based packages. Splunk supports prepackaged content and visualization for a variety of use cases including IT operations, APM, and IT service intelligence, making Splunk-based analytics available to an increasing variety of IT and business users. IDC expects to see further expansion in supported data sources and use cases in the future.

MARKET CONTEXT

The worldwide ITOA software market exhibited strong growth in 2019, fueled by demand in the Americas region. Figure 2 illustrates the allocation of revenue on a regional basis. The Americas region represents 68.2% of the total market revenue in 2019.

FIGURE 2

Worldwide IT Operations Analytics Software Revenue Share by Region, 2019

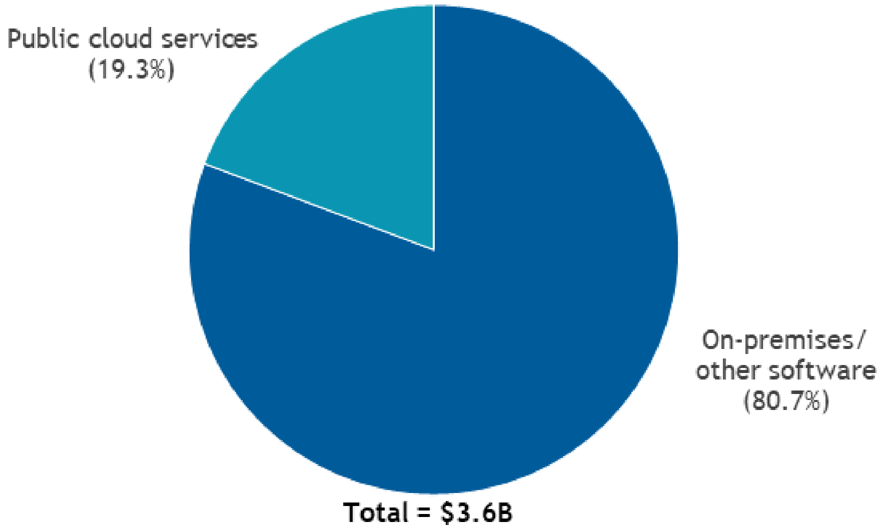


Source: IDC's Worldwide Semiannual Software Tracker, April 2020

Public cloud (SaaS)-based delivery of ITOA software represented 19.3% of total revenue in 2019 as SaaS-based adoption for both established players and start-ups grew rapidly (see Figure 3).

FIGURE 3

Worldwide IT Operations Analytics Software Revenue Share by Deployment Type, 2019



Source: IDC's Worldwide Semiannual Software Tracker, April 2020

Significant Market Developments

Overall, the worldwide ITOA software market saw strong growth in 2019 as a number of vendors took steps to make solutions more user-friendly and accessible to non-data scientists. Pure-play products and ITOA solutions offered as part of APM, capacity, and configuration management solutions demonstrated the benefits that log analysis and predictive analytics can have in terms of improved mission-critical application performance and infrastructure utilization.

Market growth was led by demand in the Americas region where a strong dollar and broad-based interest in big data helped fuel demand. Public cloud SaaS-based ITOA solutions showed their appeal to fast-moving DevOps teams and cloud-native developers but were still working to develop a following among more traditional enterprise-class IT operations teams that have traditionally relied on on-premises solutions.

METHODOLOGY

The IDC software market sizing and forecasts are presented in terms of commercial software revenue. IDC uses the term *commercial software* to distinguish commercially available software from custom software. Commercial software is programs or codesets of any type commercially available through sale, lease, rental, or as a service. Commercial software revenue typically includes fees for initial and continued right-to-use commercial software licenses. These fees may include, as part of the license contract, access to product support and/or other services that are inseparable from the right-to-use license fee structure, or this support may be priced separately. Upgrades may be included in the continuing right of use or may be priced separately. All of these are counted by IDC as commercial software revenue.

Commercial software revenue excludes service revenue derived from training, consulting, and systems integration that is separate (or unbundled) from the right-to-use license but does include the implicit value of software included in a service that offers software functionality by a different pricing scheme. It is the total commercial software revenue that is further allocated to markets, geographic areas, and operating environments. The worldwide software market includes all commercial software revenue across all functional markets or market aggregations. For further details, see *IDC's Worldwide Software Taxonomy, 2020* (IDC #US45718419, January 2020).

Bottom-up/company-level data collection for calendar year 2019 began in January 2020, with in-depth vendor surveys and analysis to develop detailed 2019 company models by market, geographic region, and operating environment.

Note: All numbers in this document may not be exact due to rounding.

MARKET DEFINITION

IT operations analytics is a competitive market derived from portions of IDC's IT operations management (ITOM) software market. The ITOM functional market combines revenue previously reported as IT log and event management software and performance management software into a single market. IT operations analytics builds on big data processing capabilities to provide IT log management, log search and analysis, and related historical and predictive performance, capacity, and root cause analytics. The key objective is to optimize IT operational service levels in near real time for production application and infrastructure computing environments. The emerging area of online application and business impact analytics based on APM and related IT operations analytics data is also included.

Principal benefits of IT operations analytics include:

- Avoidance of service interruptions, slowdowns, and outages
- Faster root cause analysis and problem recovery times
- Enhanced system and application performance
- Improved end-user experience
- Increased operational efficiency
- Improved compute resource utilization

Production compute environments include infrastructure, middleware, and applications running in traditional datacenters and fully virtualized infrastructures, as well as public, private, and hybrid cloud environments. IT operations analytics capabilities can be delivered as licensed or subscription software products deployed on-premises or as SaaS public cloud solutions.

RELATED RESEARCH

- *Worldwide IT Operations Management Software Market Shares, 2019: Strong Growth Ahead of COVID-19 Disruption* (IDC #US46284420, June 2020)
- *Worldwide IT Operations Management Software Forecast, 2020-2024* (IDC #US45973418, June 2020)
- *IDC's Worldwide Software Taxonomy, 2020* (IDC #US45718419, January 2020)

- *Worldwide IT Operations Analytics Software Forecast, 2019-2023* (IDC #US45569519, October 2019)

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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