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NetIQ's Innovation Targets Diversity And Costs

SWOT Analysis: NetIQ, Q2 2008

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EXECUTIVE SUMMARY

Attachmate's acquisition of NetIQ has revived a company that was once considered too close to Microsoft to succeed in the long run. In fact, the privatization of the company provided the impetus to make it think outside the box and consider how it could actually make a difference in the IT management market. Instead of becoming another "me too" vendor of infrastructure and application management, NetIQ understood that to successfully introduce its management portfolio to enterprises and thus compete with larger vendors and other incumbents, it needed to design a solution that would adapt seamlessly to any enterprise management context while showing a rapid return on investment. IT process automation was the answer, and NetIQ Aegis is the solution that makes NetIQ a true innovator.

FORRESTER'S IT MANAGEMENT SOFTWARE SWOT

The IT management software market has gone through a wave of acquisitions over the past few years.¹ Once again, clients are particularly interested in the capabilities of the larger, more integrated vendors in the space as they prepare to make strategic decisions around such topics as business service management and the configuration management database.² Forrester publishes separate research reports on the current strengths and weaknesses as well as the opportunities and threats (SWOT) of the largest vendors in the IT management software market. We are now continuing and expanding this series with SWOT assessments of the most promising leading vendors in the market, including NetIQ.

NetIQ

As a result of its acquisition by Attachmate, NetIQ is now a private company; it does not disclose its financial results. Attachmate, originally of IBM 3270 emulation fame, was founded 25 years ago and claims more than 65,000 customers worldwide. NetIQ, however, remains an independent business unit within Attachmate; it has a seasoned executive team promoted from within and the freedom to create advanced, innovative enterprise management solutions. Originally based on AppManager with a focus on Microsoft products, NetIQ has now blossomed into a portfolio of solutions for enterprise system and application management, operational VMware management, security information and event management, configuration control, enterprise administration, and IT process automation in particular. While many IT software management vendors are looking at IT process automation either in the context of data center automation or as a replacement for low-level automation scripts, NetIQ's innovative solution takes the IT process automation concept to its full potential — as a way to integrate different management solutions within the enterprise in the context of IT management processes and

to reduce costs by automating repetitive tasks. An example here is the support of the ongoing “operationalization” of security — i.e., achieving consolidated event correlation and prioritization in the context of a process — so that IT operations deliver business services that are inherently more secure.

The benefits for IT operations are clear:

- **It takes more than good products to make a good management solution.** IT operations groups have been facing an increasing challenge in the multiplication of their management solutions. While each product provides good data, the whole is less than the sum of the parts. Information is segregated into technology silos; products do not support management processes such as ITIL; and resource consumption for incident and problem resolution is still high. IT process automation allows for the selective integration of siloed data into meaningful information, thus providing cross-divisional cooperation.
- **Menial tasks consume too many resources.** Infrastructure and application administration, the implementation of corrective actions, and other repetitive tasks take up too much time and too many resources. IT process automation reduces the dependence on scripts and frees critical resources for more productive tasks.

For NetIQ, IT process automation opens the door to many possibilities — in particular, the capability to seamlessly introduce its portfolio of solutions alongside incumbent products in the enterprise and to provide value beyond the products themselves: Now the whole is far greater than the sum of the parts. Our SWOT analysis reveals that (see Figure 1):

- **NetIQ has created a perfect challenger strategy for IT management software.** By building a strategy focused on integration with customer-installed solutions and providing IT process automation through Aegis, NetIQ demonstrates how using the full force of IT process automation can increase IT productivity, streamline compliance, and cut costs.
- **But NetIQ's sales force has focused too much on its existing customer base.** Of course, the 12,000 NetIQ customers worldwide are bound to have other installed solutions and will be attracted to Aegis. But Forrester feels that this is also a perfect solution that could benefit many enterprises facing the issue of IT management diversity. NetIQ needs to become more aggressive in positioning Aegis as its integration/automation solution.

Figure 1 SWOT Analysis: NetIQ, Q2 2008

Company attribute	Strength	Weakness
Coherent brand/ portfolio strategy	NetIQ has created a perfect challenger strategy for ITMS by building a strategy focused on integration with customer-installed solutions, including security incident and event management and configuration control solutions, and providing IT process automation through Aegis. A perfect example of using the full force of IT process automation.	
Product/solution portfolio performance	Excellent performance in putting the company back on track financially.	
Consistent sales and go-to-market strategy		NetIQ's sales force has been too focused on its existing customer base. It needs to become more aggressive in positioning Aegis as an integration/automation solution.
Value chain and market alignment	The NetIQ road map should help a more aggressive out-of-base sales campaign.	
Stability and viability	<ul style="list-style-type: none"> • Solid and innovative management. Being a private company provides NetIQ with the capability to develop out-of-the-box ideas. • High level of R&D investment. • Strong channel partner revenues. 	Faithful client list, but Aegis should have better penetration and serve as a reference list for out-of-base sales.
Market attribute	Opportunity	Threat
Market dynamics	NetIQ has a unique opportunity to provide integration and IT process automation to a number of large enterprises seeking to reduce costs and the diversity of ITMS solutions.	Although BMC, CA, and HP seem to focus on the data center automation market, they have the capability to compete against NetIQ in the integration/automation market.
Competitive position	Excellent potential based on cost reduction and automation, management of virtual environments, and security compliance.	
Client perception and adoption	Cost and governance are key drivers. The trend toward convergence of systems and security management may emerge as another key driver.	But everyone is going to use them.

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Source: Forrester Research, Inc.

ENDNOTES

- ¹ The current market situation is characterized by four major IT management software vendors that dominate the market: CA, BMC Software, IBM Tivoli, and HP Software are the leaders of the IT management software space. They have the capability, through their own developments and through acquisitions, to cover all facets of the market. The combined market share of these four vendors grew from around 34% in 2005 to 40% in 2006 and will reach approximately 45% in 2007. See the March 9, 2007, "[The IT Management Software Market](#)" report.
- ² Business service management (BSM) dynamically links business-focused IT services to the underlying IT infrastructure. Therefore, a complete BSM system maps business processes and infrastructure resources, dynamically links the two together, and provides end-to-end management for the whole system. See the April 18, 2006, "[Implementing BSM](#)" report.

A configuration management database (CMDB) is a unified repository of information related to all the components of the information system. It helps an organization to understand the relationships between these components and modify their configuration. The CMDB is a fundamental component of an ITIL framework. The CMDB records configuration items (CIs) and details about the important relationships between CIs. A CI is an instance of an entity that has configurable attributes: for example, a computer, a process, or an employee. A key success factor in implementing a CMDB is the ability to automatically discover information about the CIs. See the April 12, 2006, "[The 'Just Enough' CMDB](#)" report.