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Summit  
Strategies'  
Dynamic  
Computing  
Industry  
Report Card:  
IT Service  
Management  
Software

*October 2005*

**"IT service management is the dynamic computing lightning rod for the enterprise IT management software industry."**

**—Mary Johnston Turner**

**Market Strategy Report**

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Management Software  
Strategies and Trends



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## Summit Strategies' Dynamic Computing Industry Report Card: IT Service Management Software

Summit Strategies' ongoing dynamic computing report card series provides an apples-to-apples comparison of how well market leaders are packaging, communicating and executing on the roll-out of emerging dynamic computing technology. This report card examines the progress that the top four IT management software leaders (BMC Software, Computer Associates, IBM and Hewlett-Packard) are making.

Over the past few years, most of the major IT management software vendors have embraced the IT service management (ITSM) vision and anchored their dynamic computing go-to-market strategies around this process-centric model of IT operations. Because ITSM is critical to the realization of dynamic computing, we believe it is one of the best indications of how effectively these leaders are embracing the realities of managing virtualized, composite applications, and the related dynamic computing architectures.

On the whole, the top four ITSM software vendors have all taken major strides since our last year's report card. Each has extended its portfolio and has made efforts to revamp its go-to-market strategy. Specifically:

- *BMC Software* continues to execute effectively on its corporate reinvention strategy, re-tooling its software portfolio, updating its database architecture, and revamping its sales, partner, pricing and channel strategies.
- *Computer Associates* has turned the corner in stabilizing its balance sheet and in building a new management team. Its recent Concord Communications and Niku acquisitions significantly extended its IT management software portfolio and armed it with critical ITSM capabilities.
- *Hewlett-Packard (HP)* has struggled to digest last year's half dozen management software acquisitions but continues to extend its portfolio and improve its ability to sell strategic IT management solutions. With the acquisition of Peregrine, HP will put pressure on IBM and gain access to important enabling technology.
- *IBM* unleashed a series of very significant ITSM announcements in spring and summer 2005. Coupled with a comprehensive rewrite of the Tivoli suite's code base featuring extensive leverage of IBM's WebSphere, Rational, DB2 and IBM Workplace portfolios, IBM's new process-centric ITSM vision and product offerings catapult the firm to the lead in terms of ITSM vision and value proposition.

Looking to the next year, execution will be the name of the game across the board. Customers have reached the point where they not only understand what ITSM is and why it is necessary,

but are also beginning to deploy both pilot projects and process-specific solutions. Vendors need to anticipate that customers will implement ITSM strategies incrementally—kicking the tires at every turn.

The market leaders have a lot to work with. Now they have to execute and help their enterprise customers evolve their cultures and people to take full advantage of what the technology has to offer.

*What's your opinion? E-mail the author:*

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***The report summarized here was written as part of Summit Strategies' Management Software Strategies and Trends Practice Area. For more information, contact us at 617-266-9050 or visit us online at [www.summitstrat.com](http://www.summitstrat.com).***

## Summit Strategies' Dynamic Computing Industry Report Card: IT Service Management Software

IT service management (ITSM) is a critical building block in the overall dynamic computing pyramid. Part process and part technology, ITSM solutions provide real-time capacity, configuration and asset management tools along with dependency mapping, root cause analysis, service-level reporting, and integrated workflow automation. These functions are needed to keep IT resource utilization and performance in constant synchronization with ever-changing business demands. Over the past few years, most of the major IT management software vendors have embraced the ITSM vision and anchored their dynamic computing go-to-market strategies around this process-centric model of IT operations.

Because of ITSM's critical value to the realization of dynamic computing, we decided to use ITSM as the focus for grading the enterprise IT manage-

ment software leaders on their dynamic computing positions and visions. We believe that looking at vendors' ITSM strategies and marketing programs provides the best indication of how effectively each firm is embracing the realities of managing virtualized, composite applications, and related dynamic computing architectures.

This report card provides a side-by-side comparison of how effectively the top four IT management software providers are in taking their respective ITSM visions and products to market, in support of the industry's emerging dynamic computing requirements. In some cases, the vendor's ITSM strategy is tightly connected to a broader corporate message such as IBM's On Demand or Hewlett-Packard's Adaptive Enterprise. By contrast, the pure play enterprise IT management software providers, such as Computer Associates (CA) and BMC Software, use

### Key Findings

- IT service management dominates most major enterprise IT management software vendors' go-to-market strategies.
- The majority of North American enterprises expect to invest significantly in ITSM initiatives over the next one to three years.
- IBM had the biggest ITSM strategic shift in the last year, transforming itself from laggard to evangelist.
- HP's pending acquisition of Pergrine Software brings it vital ITSM enabling technology.

ITSM programs to address customer desires to make IT more cost effective, agile, adaptive and dynamic.

Section 1 of this report describes how enterprise customers position ITSM software in their overall IT strategic plans. Section 2 summarizes our report card grading system and identifies those vendors most often described as strategic ITSM providers. Sections 3 through 6 provide updates on the IT service management initiatives of the top four vendors: BMC Software, Computer Associates, IBM and Hewlett-Packard (HP). Section 7 concludes with a side-by-side report card assessment of what's working and what needs fine tuning as each vendor takes its offerings to market in the coming year.

## **Section 1 IT Service Management Strategies Take Center Stage**

We define ITSM as the operation of IT activities using pre-defined policies and best practice workflows and process models, such as those defined by ITIL (IT Information Library) or similar best practices programs. Unlike traditional IT management strategies that optimized operations around individual technology silos, ITSM helps IT link management information, processes and policies across the multiple technology domains used to enable end-to-end, business-facing services. ITSM also uses automation to enforce policies and integrate operations according to best practices processes and workflow models, although most customers only consider automation after they have successfully implemented integrated best practice process models and policies.

The benefits of ITSM include:

- Better alignment of IT staff and resources with top priority business needs;
- Better communication and coordination across different IT work groups;
- Reduced downtime and improved business service availability and performance; and
- Reduced costs of operations and remediation by getting changes, upgrades and incidents resolved right the first time.

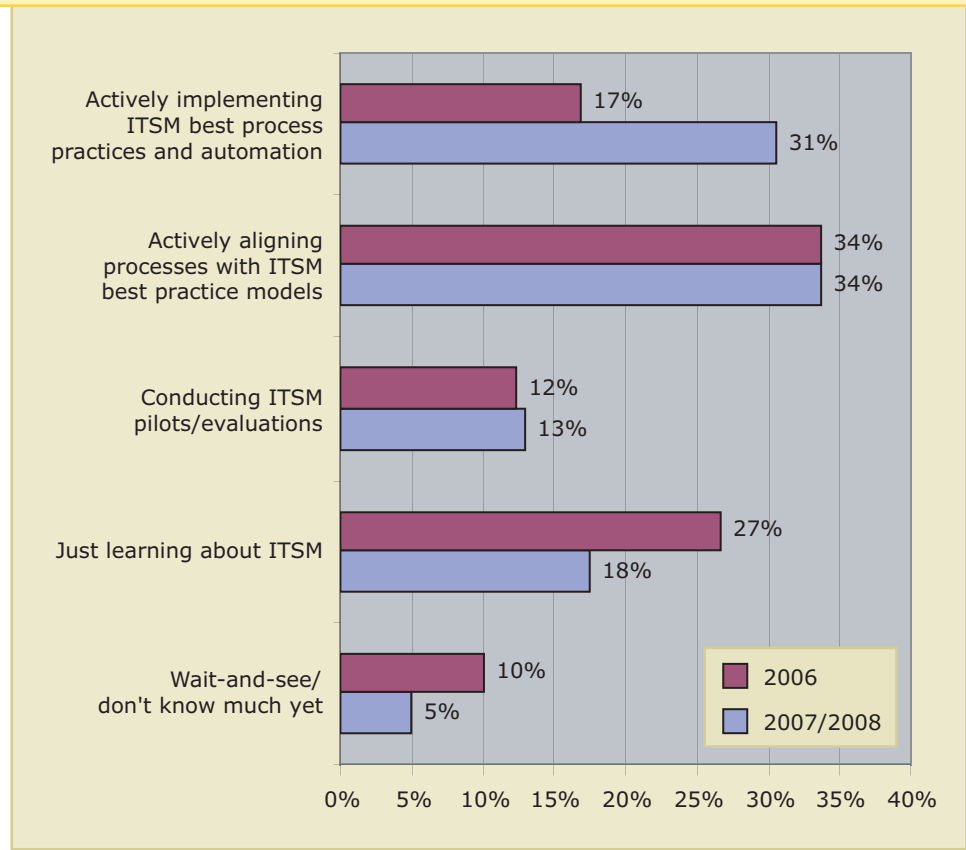
The growing use of complex dynamic computing architectures including composite applications and virtualized servers and storage is shifting ITSM from a “nice to have” to a “must have” item on most CIO shopping lists (see Figure 1). And, among the largest enterprise-class IT management software vendors, ITSM has taken center stage and become a core, unifying theme in product packaging, product development roadmaps and go-to-market programs.

Figure 1

### ITSM Initiatives Grow in Popularity with North American Enterprise IT Decision Makers

**A September 2005 survey of enterprise IT decision makers shows that the introduction of ITSM best practice processes and automation is growing in popularity among North American organizations. By 2008, more than half of the enterprises polled expect to have implemented best practice process models and almost one third expect to introduce substantial ITSM automation capabilities as well.**

*Which statement best describes your organization's current IT service management strategy? Your strategy for the next 1-3 years?*



N=154

Source: Summit Strategies, Inc., [www.summitstrat.com](http://www.summitstrat.com)

## Section 2 ITSM Report Card Evaluation Criteria

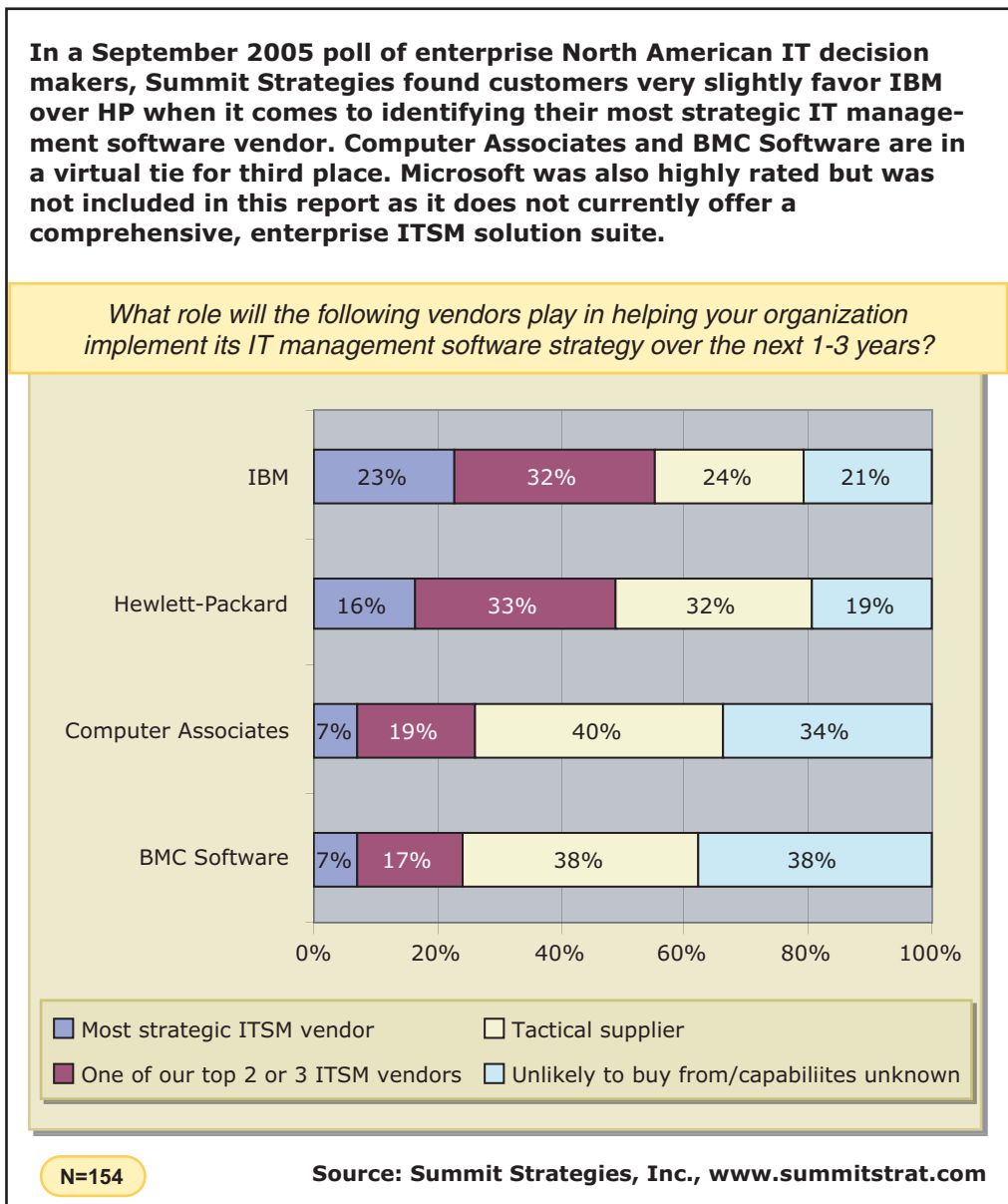
The goal of Summit Strategies' ongoing dynamic computing report card series is to provide an apples-to-apples comparison of how well the market leaders are packaging, communicating and executing on the roll-out of emerging dynamic computing technology. Other recent publications in this series include: *Summit Strategies' Dynamic Computing Industry Report Card: Systems Vendors*



(March 2005) and *Summit Strategies' Dynamic Computing Industry Report Card: Systems Integrators* (September 2005).

Based on our most recent surveys, BMC Software, Computer Associates, HP and IBM are consistently ranked as the most strategic enterprise IT management software providers (see Figure 2). Microsoft, Mercury, Compuware and others are also often cited as important IT management software providers, but their offerings are generally more targeted and less directly aimed at supporting the broad industry shift towards dynamic computing and ITSM.

**Figure 2 Most Strategic Enterprise IT Management Software Vendors**



As much as possible we aim to use similar evaluation criteria across all Dynamic Computing Report Cards. In the case of ITSM, we examined:

*Corporate ITSM Strategy.* The scope and scale of each vendor's ITSM vision, and differentiators, including their ability to effectively leverage broader corporate dynamic computing initiatives (if appropriate);

*ITSM Value Proposition.* The general relevance and proof points available to demonstrate the uniqueness of the firm's ITSM value proposition and its connection to broader dynamic computing themes;

*Portfolio Competitiveness.* The comprehensiveness of the vendor's ITSM toolkit and roadmap with attention to support for ITIL, configuration management database (CMDB) technology, application lifecycle management, the overall degree of tools and process integration across the portfolio, and the comprehensiveness of announced product roadmaps;

*Business/IT Alignment.* How well the firm's ITSM offerings can dynamically link ITSM to IT governance systems, service desks, asset management tracking and business process performance metrics to keep IT service delivery in real-time synch with business priorities;

*Partnering Effectiveness.* The breadth and depth of partnering programs, including offers of vertical solutions via partner alliances and the ability to attract and retain high priority partners;

*Market Credibility.* Customer awareness and survey rankings in the IT management software category; and

*Ability to Execute.* The vendor's ability to deliver on what it is promising based on factors including the IT management software management team, financials and track record.

We rated each of the four profiled vendors in terms of whether their current and announced ITSM programs are "on par" with the competition, provide significant "differentiation" or constitute a go-to-market "liability". The following four sections summarize the current status of the market leaders. Section 7 compares these rankings across the board.

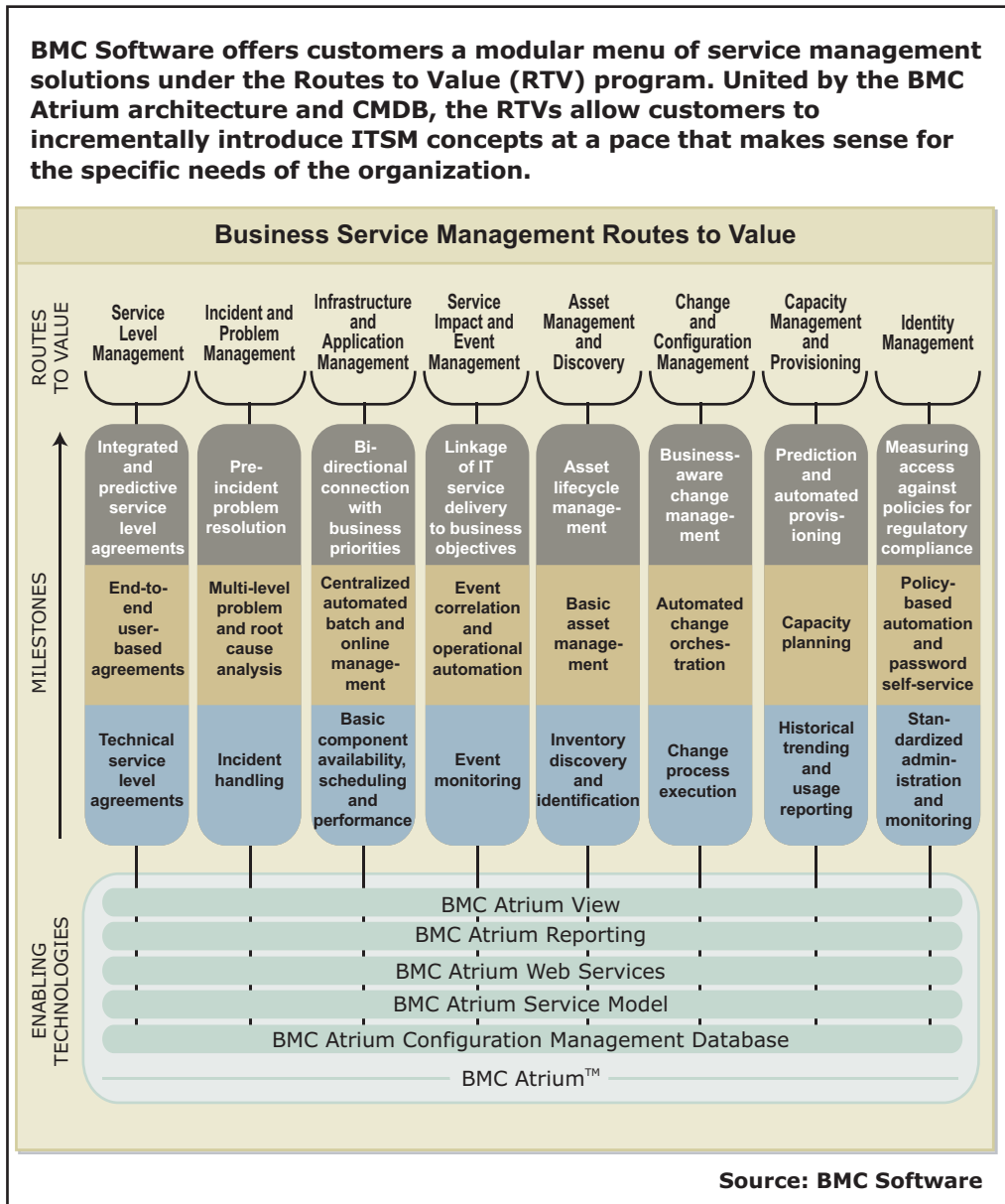
### **Section 3      BMC Software Emphasizes Infrastructure Management**

BMC Software continues to execute effectively on its corporate reinvention strategy. Under this ambitious plan, the firm is bent on taking a major role in defining and dominating the ITSM arena via acquisitions, re-tooling its software portfolio, updating its database architecture and revamping its sales, partner, pricing and channel strategies. Central to this undertaking is a well-organized go-to-market program centered on the value of business service management (BSM). BMC Software implements BSM using eight process-centric solution families called Routes to Value (RTV). These RTVs include such processes as Change and Configuration Management (CCM), Service Level Management (SLM) and Inci-

dent and Problem management (for more details see Summit Strategies' February 2005 report, *BMC Bets on Eight Routes to Business Service Management*).

BMC Software's choice to emphasize BSM rather than the more widely used ITSM term has demonstrated mixed results in the market. On the plus side, BSM clearly articulates the vendor's vision to help IT deliver services to the business and places BMC Software squarely in support of dynamic computing at the corporate level. And the firm should get credit for being a very early advocate for managing IT as services rather than as independent devices and components. However, a quick look at the BMC Software portfolio (see Figure 3) shows that

**Figure 3 BMC Software Offers Customers Eight Routes to Value**



its eight RTVs are all very IT service-centric with very little if any real-time connection to end-to-end business process performance or policies. Furthermore, the firm's most recent product announcement—introducing automated service provisioning capabilities via the BMC Virtualizer—extends the portfolio more deeply into the heart of the infrastructure operations, rather than into higher-level application performance and business process flow insight.

Since BMC Software introduced its BSM program, that term has been hijacked by myriads of other large and small IT management software vendors. Some of these vendors, including IBM and HP, have extended the concept by offering much more real-time visibility into and control over end-to-end business process performance, policies and metrics than BMC Software currently provides. As a result, BMC Software's featured use of the term BSM may have become a bit of a misnomer. In reality, the BMC Software portfolio represents a very robust set of IT infrastructure management modules but offers limited visibility into IT's contribution to end-to-end business process performance. We rate its overall corporate ITSM strategy and business/IT alignment as on par with the competition for this reason.

Putting the BSM versus ITSM nomenclature debate to the side, BMC Software's RTV portfolio, unified via its Remedy-based BMC Atrium architecture and CMDB, offers very competitive capabilities across most IT infrastructure management processes. This is particularly true in areas related to Remedy's bread and butter service desk and problem and incident management activities and BMC Performance Manager (PATROL) systems management domain. As one of the first major IT management software firms to offer an ITIL-style CMDB, BMC Software has benefited from the market's rising interest in process and CMDB technology. However, as customers begin to realize that delivering IT as a service requires end-to-end visibility across multiple real-time databases and processes, BMC Software may need to supplement its existing network and systems infrastructure-oriented portfolio with additional acquisitions to add more real-time business process visibility and increase its ability to control applications and middleware.

BMC Software has made a lot of progress in partnering since the launch of the BSM vision and it gets high marks here for the way it structures relationships with regional systems integrators (RSIs) and resellers. The firm has made multiple, clear and consistent choices to focus on products and to co-invest with partners to create significant services opportunities for them. By avoiding the development of a large internal services group, BMC Software is seen as a trusted partner. Its recent introduction of On Demand management services is also a big win for partners, offering them a new set of opportunities to sell and implement hosted RTV solutions for customers that are not ready—or are unable—to install the software in house. BMC Software views its On Demand offerings as transitional services. They allow customers to rapidly implement RTVs with relatively low up front capital or people investments. Partners win twice, first by providing the on-site staff to operate these hosted management services and later by helping customers install the systems in house.

Overall, BMC Software has made significant strides towards stabilizing its balance sheet, developing strong market awareness and delivering on what it promises. Although the firm's current BSM/RTV vision and agenda may not be as all-embracing as those proffered by IBM and HP, we believe BMC Software will be able to execute on most of what it has promised, while continuing to improve the bottom line over the next year.

#### **Section 4      Computer Associates Turns a Corner, but it's Still an Uphill Climb**

With its management team and financial statements stabilizing, Computer Associates is now attempting to grow its over \$4 billion balance sheet by rationalizing, streamlining and focusing its portfolio on a few key management software areas: enterprise systems management, security management, storage management and business service optimization. Its recent Concord Communications and Niku acquisitions significantly extend an IT management software portfolio that had been heavily weighted toward legacy system management, help desk and asset management tools, all sold under the Unicenter brand.

With Concord, CA picks up several important products including the Aprisma Spectrum business service modeling tools and Concord's well regarded family of network management tools including its eHealth correlation engine. Niku's Clarity provides state-of-the-art IT governance, business service optimization and planning tools that will be integrated with Unicenter. The CA Change Management software lifecycle management tool set and the Aion business process rules engine add a strong business application/business process monitoring capability to the portfolio. They also position CA to provide some of the firm's strongest ITSM differentiation in the area of business/IT alignment.

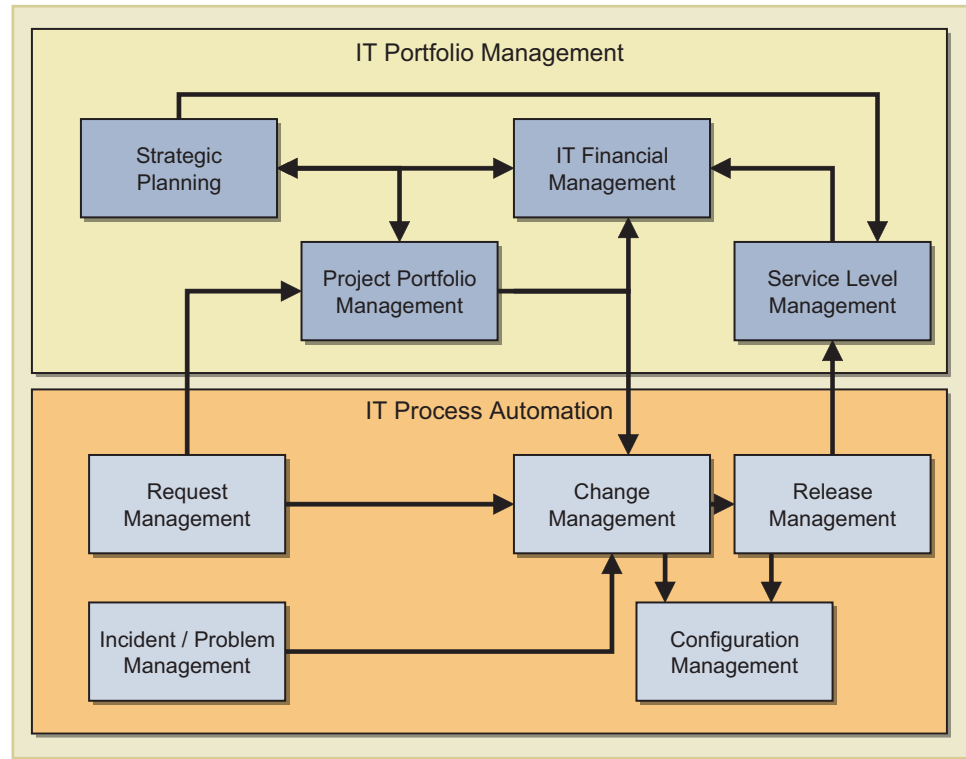
CA is packaging and taking this collection of business process analysis and software management tools to market as its Business Service Optimization (BSO) solution. BSO is central to moving CA beyond providing traditional systems management solutions and enabling it to credibly participate in the ITSM and related BSM markets. As shown in Figure 4, the BSO roadmap promises to provide customers with tight links between IT portfolio management capabilities and IT process automation tools.

During the remainder of 2005, CA will re-brand its most recent acquisitions and more tightly integrate its Change Management technology into the Unicenter suite. By year-end 2006 Niku, Concord and Aion technology will also be integrated and offered as part of the Unicenter R11 release, providing customers with coordinated views of IT resources and business process performance. The BSO roadmap calls for CA to provide customers with integrated IT management dashboards that offer one-stop access to business process flow status, IT infrastructure performance, and asset, financial and governance information.

Figure 4

Computer Associates' Business Service Optimization Roadmap

**Business service optimization is central to CA's strategy for moving beyond providing traditional systems management solutions and enabling it to credibly participate in the ITSM and related BSM markets. CA's BSO roadmap promises to provide customers with tight links between IT portfolio management capabilities and IT process automation tools.**



Source: Computer Associates

To date, CA has acquired most of the critical building blocks it needs to deliver on its business-oriented service management vision. Its challenge now is to prove that the firm's engineers really can take advantage of the new acquisitions, integrating them with the existing portfolio to offer new value to customers. CA has a long history of loosely connected acquisitions at best and customers will need to see proof that the BSO roadmap goes deeper than a common GUI.

As part of putting their engineering where their vision is, CA needs to better explain its CMDB and real-time dependency analysis strategy, to show how it will leverage Concord's capabilities. Previous promises to integrate existing products via the Management Database, or MDB, (announced in 2004 as part of the Enterprise Infrastructure Management Architecture (EIM)) focused on integration of asset data but didn't fully address real-time configuration, root cause analysis, dependency mapping, and change and configuration automation.

CA's overall portfolio combined with the comprehensiveness of the BSO strategy puts its ITSM value proposition and overall portfolio ratings on par with the industry. However, it continues to face the difficult challenge of getting customers and partners to think of it as an industry leader. At a time when our strategic vendor polls show only 26% of North American enterprise customers ranking CA as one of their top three strategic management software vendors, the firm indicates it is taking aggressive steps to teach its traditionally adversarial, transaction-oriented sales force to build long-term consultative sales relationships.

Historically, CA relied heavily on thousands of direct sales and sales support staff to manage several thousand enterprise accounts, with 55% of those in North America. The firm's stated goal, now, is to not only re-energize these existing accounts, but to grow revenue outside the U.S. faster than inside the country while expanding its overall addressable market.

This plan includes substantial growth in SMB accounts and in revenue generated by channel partners. One of the first steps in this market expansion program has been the launch of a new series of packaged solutions aimed specifically at the SMB market. These include five SMB Protection Suite solutions that support server, storage and data migration security.

Executing this wide-ranging sales strategy turnaround will be a long term, sometimes bumpy, undertaking but is also mission critical to re-establishing CA as a top tier IT management software player. We expect as much as half of the traditional sales staff will need to be replaced with more consultative professionals to handle complex accounts, with lower paid telecenter staff being brought in to support the expected growth in the total number of small, less complex customers served by the firm. A new channel partner organization will also have to be built out.

Developing channel trust is likely to take some time as CA needs to demonstrate that it really will help channels build business without disrupting existing channel/customer relationships. Since value-add channel programs are basically a new concept at CA, we expect the company will need some time to develop a formula and go-to-market model that works. With CA's major competitors all much further along in recruiting the higher-end channels needed to sell and implement sophisticated concepts like business service optimization and IT service management, the new CA management team has its work cut out for it.

The bottom line is that CA has made major steps forward in the last 12 months. The stabilization of its management team, the aggressive acquisition of critical ITSM and BSO technology, and its consistent, unified to business/IT alignment are all major improvements. Looking to the next 12-18 months, the company needs to execute and prove that it can deliver on these visions. Both new and old customers and channel partners are hopeful that this really is a new CA, but it's going to take some time to prove it to everyone's satisfaction.

## Section 5

### HP Struggles to Implement Aggressive HP OpenView Transformation Strategy

A year ago, HP announced a half dozen rapid fire acquisitions and introduced a state-of-the-art SOA-based, model-driven architecture designed to dramatically extend the HP OpenView product family into the applications management, ITSM and BSM markets (see Summit Strategies' May 2004 report, *Will Hewlett-Packard's Adaptive Management Makeover Capture CIO Loyalty?*). The firm also launched a program to sell higher inside customer organizations, to increase the number of \$1 billion and above accounts and, perhaps most important, to take a money-losing software business unit into the black. This effort entailed hiring and training hundreds of new sales specialists, adding a new layer of consultative sales experts, and ratcheting up relationships with the major global and regional SIs. HP has also continued to expand its existing ITSM consulting, audits and training services capabilities via several acquisitions.

Viewed together, these initiatives constituted a major change in mission and scope for the HP OpenView organization. Although the transformation is still ongoing, we believe HP has successfully achieved its financial goals in terms of up-leveling its sales activities and staunching the flow of red ink. Acquisitions and home-grown products have been introduced to fill out the portfolio, but to date, the vendor has made very little progress towards the promised model-based integration of its far-flung portfolio or in porting the older HP OpenView products onto the new, model-based architecture. Delays in releasing integrated products such as Service Desk 5.0 forced HP to center most of its 2005 go-to-market activities on re-branding acquisitions and selling stand-alone solutions such as the Novadigm Radia tool for change and configuration management.

HP also introduced several home-grown products in recent months. As described below, each is designed to extend the HP OpenView portfolio deeper into applications management and BSM:

- *HP OpenView SOA Manager*: Defines and maintains a SOA business service model including identification of software assets and associated virtualized infrastructure;
- *HP OpenView Compliance Manager*: Helps predefine and monitor key risk and control indicators needed to support audit and tracking activities dictated by Sarbanes-Oxley, Basel II and related compliance regulations;
- *HP OpenView Business Process Insight*: Reports on how IT's performance is impacting selected high value business process milestones using HP-developed business process telemetry technology; and
- *Process-Aware Business Intelligence* product partnership deals with Business Object, SAS, Hyperion, and Cognos that allow traditional BI providers



to take advantage of HP's business process telemetry engine and Business Process Insight product.

While each of these products add value to the HP OpenView portfolio and improve the suite's ability to display business performance status and impacts, for the most part, they are still very embryonic solutions. Many also require substantial professional services support.

We believe HP recognizes that it needs to put more horsepower behind its ITSM software promises and is taking steps to enhance its core technologies as well as to hasten meaningful integration of its acquisitions.

The most meaningful investment towards this goal is the proposed \$425 million acquisition of Peregrine Software and its widely used AssetCenter and ServiceCenter product families. In the short term, Peregrine will certainly enhance the HP OpenView portfolio in the areas of IT governance, asset management and executive decision support. However, over the long term, we expect Peregrine to contribute important enabling technology such as dependency mapping, CMDB, and integrated service request management. It will also provide HP with a unique entry point to many IBM Tivoli accounts since IBM has relied on Peregrine as its primary service desk ISV partner for several years.

The full HP OpenView/Peregrine technology integration roadmap is still in development and will not be formally announced until the acquisition is closed, most likely in the first quarter of 2006. HP has promised it will protect the interests of its existing Service Desk customers by shipping the long-awaited Service Desk 5.0 upgrade as previously announced. We've rated the firm's business/IT alignment capability as on par at the moment, although the completion of the Peregrine acquisition could improve that rating by next year.

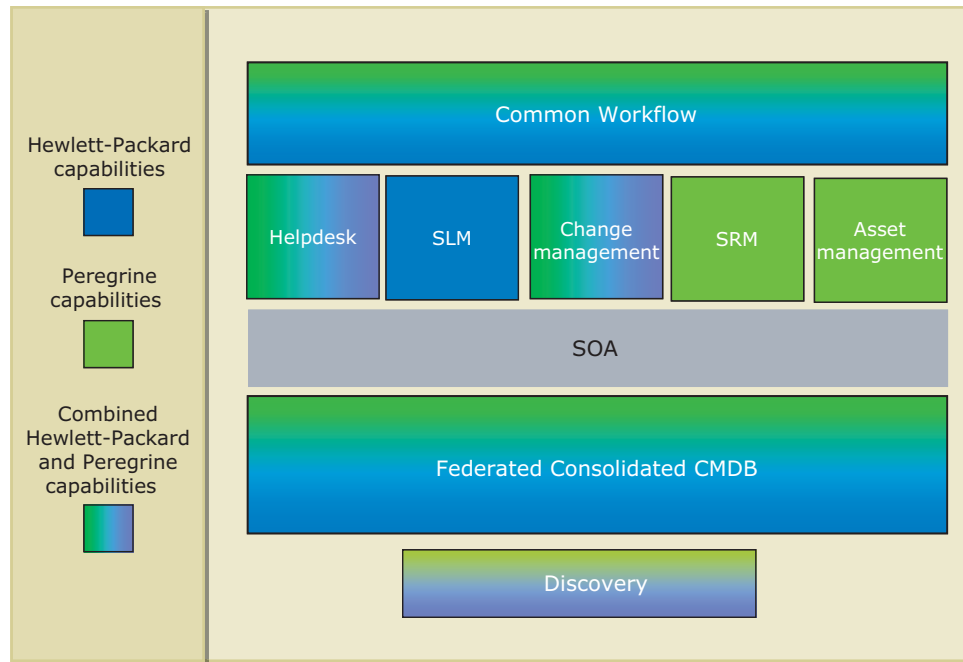
Over time, shown in Figure 5, HP anticipates it will leverage both Peregrine and Service Desk technology to enable more tightly integrated ITSM solutions. We expect Peregrine's Active CMDB will become a key element of HP's overall OpenView integration architecture by providing the data architecture, analytics and workflow automation needed to help the firm execute more aggressively on its ITSM vision.

Clearly, the simultaneous challenges involving general corporate-wide restructuring, as well as the HP OpenView-specific issues such as revamping core products, sales strategies and market messaging, got the better of HP this last year. The result was that externally visible progress towards executing the broad product integration strategy slowed to a trickle, forcing the firm to concentrate on individual product launches rather than full-scale advocacy of its broader ITSM vision. With the Peregrine acquisition, a stabilized balance sheet, and corporate shake-ups behind them, the HP OpenView team may be able to make more forward progress in the coming year. But for now, HP can boast lots of assets with still unlocked potential for addressing the red hot ITSM market.

Figure 5

Peregrine Acquisition Provides Critical Enabling Technology for HP OpenView

Hewlett-Packard plans to harvest ITSM enabling technology from both Peregrine and the existing HP OpenView environment. HP will contribute access and connectivity to the core HP OpenView suite. Peregrine will take the lead in asset and service request management. It will also provide powerful IT business analytics to support governance and executive decision making. SOA-based integration technology to unite various modules and functions will be developed jointly by both engineering organizations as part of the converged product.



Source: Hewlett-Packard

Section 6

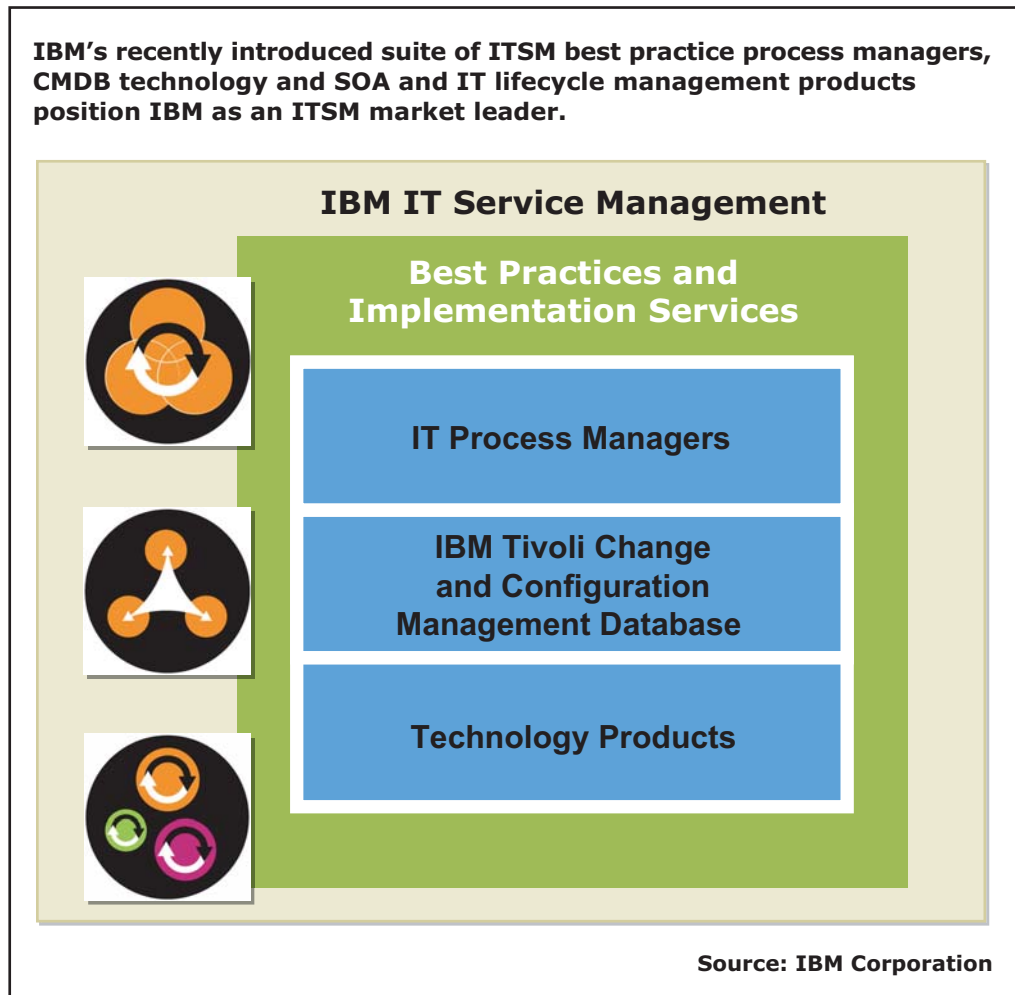
IBM Tivoli Joins Forces with Rest of IBM's Software Portfolio

After trailing the leaders in commitment to ITIL and process-centric IT service management strategies, IBM unleashed a series of very significant announcements in the spring and summer of 2005. These announcements were coupled with a comprehensive rewrite of the Tivoli family's code base that featured extensive leverage of modeling, database, enterprise service bus and collaboration technology from the WebSphere, Rational, DB2 and IBM Workplace portfolios. Taken together, IBM's new product capabilities and new process-centric ITSM visions catapult IBM to the lead in terms of ITSM vision and ITSM value proposition (see Figure 6).

The comprehensive product portfolio, with strong ties into IBM's Rational suite and the IBM ITLM program is also a differentiator. The lack of strong service

Figure 6

IBM IT Service Management Architecture



desk, IT governance and asset management offerings offset the suite's applications visibility resulting in an on par rating.

Rather than focusing ITSM marketing exclusively on the Tivoli brand, IBM's software organization is increasingly going to market with cross-software business unit programs designed to collectively use each brand's strengths to accelerate customer implementations of On Demand solutions. As we described in detail in *Can IBM's Conversion to Process-Centric IT Set Tivoli and Rational Apart?* (August 2005), IBM's spring 2005 ITSM strategy launch and ITLM initiative announcement significantly changed how the firm conceptualizes its software product requirements, prioritizes product development and, most important, takes both the Tivoli and Rational product lines to market.

Combined with its fall 2005 SOA Foundation program and Availability Management (based on last year's Candle acquisition) introductions, IBM is now

positioned to offer the industry one of the most comprehensive, well-integrated IT lifecycle and infrastructure management suites, when these products become generally available in 2006. The integrated management environment will be able to provide role-based runtime visibility across operations and applications development as well as enable extensive policy-based automation and remediation. This results in faster problem identification and remediation while eliminating finger pointing and disruptions to end users.

Unlike most of its competitors who provide performance and availability information via service level dashboards, monitoring agents and standard polling schemes, IBM is approaching this problem from two perspectives. With the launch of the IBM Enterprise Portal and Tivoli Monitoring Engine, IBM is providing customers with a new interactive, graphical management portal designed to provide an integrated view across all domains. Simultaneously, via the IT lifecycle program, it is providing Rational development tools to help build in manageability, monitoring and automation at the time of application development. Together these capabilities will allow operations staff to capture data needed to debug active programs and share it with the development team the first time an error occurs. It will also allow customers to define operational policies and automation routines based on real-time application performance triggers.

As is typical for IBM, many of the newest capabilities initially work best on IBM platforms. The firm offers a broad set of industry vertical-specific partner programs as well as the Open Process and Automation Library for management ISVs, but it's hard to deny that IBM's portfolio—rather than those of its partners—benefits the most in the early going.

In many ways, we believe IBM has actually overshot the market in terms of what customers are willing and able to absorb today. Conversations with early adopters point to cultural challenges, the need for constant and consistent senior executive sponsorship, and a bit of frustration with the seemingly rapid shift away from the extensive script-based environments many Tivoli administrators have grown to love.

IBM's upcoming challenge will be to help the market accept these new capabilities and drive them into customer architectures faster than the competition can duplicate IBM's level of integration and end-to-end automation. It aims to do this by offering enterprises a menu of assessments and jumpstart consulting engagements as well as by introducing packaged, templated out-of-the-box solutions for the SMB market.

IBM stresses it is providing migration pathways for all existing products and envisions customers implementing the new IT lifecycle management and ITSM visions on a very modular and gradual basis. By aiming high, IBM is betting that it can move the industry away from emphasizing the help desk and asset management side of the ITSM to put more priority around real-time automation, change, availability, and performance management.

With HP's acquisition of Peregrine, IBM needs to help customers make this shift quickly, since it will definitely feel pressure in Peregrine's core areas of problem, incident, asset, and help desk management. Since BMC Software's acquisition of Remedy, IBM has relied heavily on its relationship with Peregrine to supply the service desk management functionality hole in the Tivoli portfolio. Once the Peregrine acquisition closes, IBM will stand as the only major ITSM supplier that doesn't have a clearly preferred service desk offering. Whether IBM can find a new partner, build a competitive product based on its own CCMDB platform, or make peace with the competition remains to be seen.

Overall, IBM is poised to take the lead in setting the industry's ITSM agenda, if it can convince partners and customers that the sum of the parts has a greater value than each individual product on its own. For Tivoli customers who have endured more than their share of painful upgrades in the past, it may take some time for them to sign up for a major architectural shift. As customers weigh their options, IBM's competition may find new opportunities to get their message in front of customers who want to take a fresh view of the market before they re-up with Tivoli.

## **Section 7**      **Winners, Losers and Lessons Learned**

On the whole, the major ITSM software vendors have all taken major strides in the last year. Each has extended its portfolio and made efforts to revamp its go-to-market strategy. Our rankings of each vendor are shown in Figure 7.

IBM has made the most progress, moving from being an ITSM laggard to being a convincing advocate for process-centric ITSM process best practices and automation. HP, although still very credible and competitive, has definitely lost some market traction in the past year as it struggled to implement a very aggressive sales and technology strategy. BMC Software continues to ride the strength of its early commitment to service management strategies and a CMDB-based architecture, although more recently it has emphasized infrastructure automation over business/IT alignment. Computer Associates has made a number of much needed acquisitions and put a can-do management team in place.


Looking to the next year, execution will be the name of the game across the board. Customers have reached the point where they not only understand what ITSM is and why it is necessary, but are also beginning to cautiously deploy pilot projects and process-specific solutions. Vendors need to anticipate customers implementing ITSM strategies slowly and incrementally—kicking the tires at every turn.

With every vendor providing open, modular, standardized solutions designed for heterogeneous environments, customers implementing ITSM solutions can often layer one vendor's ITSM kit on top of another vendor's infrastructure monitoring and control systems. These open architectures mean that vendors

Figure 7

Summit Strategies' IT Service Management Vendor Report Card

**On the whole, the major ITSM software vendors have all taken major strides in the last year. Each has extended its portfolio and made efforts to revamp its go-to-market strategy. However, IBM has made the most significant progress in terms of aligning its entire product portfolio and go-to-market strategy around process centric messages and solutions.**



Competitive differentiator – “differentiator”  
 On par with competitors – “on par”  
 Competitive liability – “liability”

	BMC	Computer Associates	Hewlett-Packard	IBM
Corporate ITSM strategy	on par	on par	on par	differentiator
Portfolio competitiveness	on par	on par	differentiator	differentiator
ITSM value proposition	on par	on par	on par	differentiator
Business / IT alignment	on par	differentiator	on par	on par
Partnering effectiveness	differentiator	liability	on par	on par
Market credibility	on par	liability	on par	on par
Ability to execute	on par	on par	liability	on par

Source: Summit Strategies, Inc., [www.summitstrat.com](http://www.summitstrat.com)

will have to compete for the business of their installed base as well as new customers, taking nothing for granted along the way.

ITSM continues to be the lightning rod for the IT management software industry as it aligns to help customers control their dynamic computing environments. We expect this area will continue to be the driving motivation behind many IT management software acquisitions and vendor go-to-market initiatives in the coming year.

*What's your opinion? E-mail the author:*

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