COMPETITIVE ANALYSIS

Worldwide Business Rules Management Systems 2011 Vendor Shares

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IDC OPINION

2011 was certainly a better year than 2010 for the software marketplace. A general economic recovery was broadly in evidence, although different market segments performed in different ways. The business rules management systems (BRMSs) market showed a steady growth. Specifically:

☑ Worldwide revenue for the business rules management systems market was $376.1 million in 2011, representing growth of 11%. This growth was marginally better than the growth in 2010, which was 10.2%.

☑ The top 3 business rules management systems vendors in 2011, based on worldwide revenue, were IBM, FICO (formerly Fair Isaac), and Pegasystems, together accounting for 58.2% of the market total.

☑ Oracle is the fastest-growing player among the top 5 vendors of this market, demonstrating strong focus and sales execution with the acquisition of Haley in the policy automation space.

☑ Red Hat was the fastest-growing player in the BRMS space, doubling its revenue as it has started building out a commercialized version of the Drools rules engine (JBoss Enterprise BRMS) into its JBoss Enterprise Platform.

☑ Vendors growing faster than the market are Asseco Group, BR Solutions, SAP, and Object Connections.

IN THIS STUDY

This IDC study examines the business rules management systems market for the period from 2009 to 2011. Revenue and market share of the leading vendors are provided for 2011.

Methodology

See the Methodology in the Learn More section for a description of the data collection and analysis employed in this study.

In addition, please note the following:

▢ The information contained in this study was derived from the IDC Software Market Forecaster database as of May 9, 2012.

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

▢ For more information on IDC's software definitions and methodology, see *IDC's Software Taxonomy, 2011* (IDC #228020, July 2011).

Business Rules Management Systems Market Definition

Business rules management systems (BRMSs) are defined as discrete systems that define, manage, and execute conditional logic in concert with other IT processes and actions. BRMSs are well known for their ability to automatically recognize the interrule relationships that evolve as rules are added or changed, thereby eliminating the need for the careful and complex rule sequencing and conflict resolution that would otherwise be necessary.

SITUATION OVERVIEW

The Business Rules Management Systems Market in 2011

Table 1 displays 2009–2011 worldwide revenue and 2011 growth and market share for business rules management systems vendors. This style of application development is suited for specific types of problems whose solutions are best conceived as an exercise in navigating well-described business rules. The market has seen healthy growth, with IBM pulling ahead of the crowd as it has a sustained successful strategy with its ILOG JRules software. FICO, the second-largest player in this market, has done well as an application vendor but has struggled to position its technology as a horizontal middleware player and has lacked IBM's middleware sales force and broad customer base to cross-sell to. Other up-and-coming players include Oracle and Red Hat, both of which have posted strong gains in this market.

TABLE 1

Worldwide Business Rules Management System Revenue by Vendor, 2009–2011 ($M)

	2009	2010	2011	2011 Share (%)	2010–2011 Growth (%)
IBM	86.4	102.0	115.3	30.6	13.0
FICO (formerly Fair Isaac)	59.8	56.3	62.0	16.5	10.1
Pegasystems	31.6	35.3	41.7	11.1	18.0
Oracle	16.0	19.4	23.8	6.3	22.9
CA Technologies	27.6	24.4	23.2	6.2	-4.7
Progress Software Corp.	11.9	13.5	10.5	2.8	-22.1
Red Hat	1.7	3.3	6.8	1.8	106.0
SAP	4.1	4.5	5.2	1.4	15.1
Bosch Software Innovations GmbH	3.6	4.5	4.9	1.3	8.5
InRule Technology	4.0	4.5	4.9	1.3	7.8
Object Connections	3.8	4.2	4.7	1.2	13.0
Asseco Group	2.6	2.9	3.7	1.0	29.3
BR Solutions	1.7	1.8	2.2	0.6	19.6
Software AG	1.0	1.1	1.2	0.3	6.5
Subtotal	255.8	277.6	309.9	82.4	11.7
Other	51.7	61.4	66.2	17.6	7.7
Total	307.5	339.0	376.1	100.0	11.0

Source: IDC, May 2012

FUTURE OUTLOOK

BRMS remains a niche approach to general-purpose application development, though its suitability to a broader set of applications is evolving as the vendors continue to push the concept and promote it. The technologies can have broad appeal beyond where they play strongly today, namely in a few market segments such as financial services and public policy management.

Although the application development market does seem to be largely code centric and/or process centric, the gradual transition to event-driven architectures will create significant pull through for BRMSs. While business process management suites do provide a provision for linking to rules technology, this has yet to drive much pull through. However, now that OMG is working on a specification that will help standardize the use of rules technologies and dovetail it to business process management notation (BPMN), the release of this specification should generate more BRMS pull through in future years.

ESSENTIAL GUIDANCE

Organizations should consider business rules approaches to certain kinds of decisioning problems because their use can lead to great productivity through a shift of application building to experienced business analysts who are familiar with the problem domain. Vendors looking to best position their technologies should look at the growing analytics space for product enhancements or partner ties to broaden the appeal of their products.

LEARN MORE

Related Research

- ☒ *Going Mobile: The Coming Convergence of Front-End Application Platforms and Ecosystems* (IDC #234000, March 2012)

- ☒ *Application Development Trends: Developer Ecosystems in Flux* (IDC #DR2012_BB1_AH, March 2012)

- ☒ *Windows 8 on ARM: Important New Disclosures* (IDC #lcUS23318012, February 2012)

- ☒ *IDC Predictions 2012: Application Development & Deployment* (IDC #WC20120117, January 2012)

- ☒ *Windows 8 Application Development — A Tale of Two Experiences* (IDC #230687, September 2011)

- ☒ *Worldwide Business Rules Management Systems 2011–2015 Forecast and 2010 Vendor Shares* (IDC #229182, July 2011)

- ☒ *Worldwide Development Languages, Environments, and Tools 2010 Vendor Shares* (IDC #229273, July 2011)

- ☒ *IDC's Software Taxonomy, 2011* (IDC #228020, July 2011)

- ☒ *Getting Old Apps to Windows on ARM: Not So Easy* (IDC #lcUS22873911, June 2011)

- *Worldwide Application Development Software 2011–2015 Forecast: Leveraging the Disruption* (IDC #229150, June 2011)

- *Worldwide Web Design and Development Tools 2010 Vendor Shares* (IDC #228971, June 2011)

- *Worldwide Application Development and Deployment 2011 Top 10 Predictions* (IDC #227110, March 2011)

- *Microsoft Gets Its Mobile Mojo Back with Windows Phone 7* (IDC #lcUS22642610, December 2010)

Methodology

The IDC software market sizing and forecasts are presented in terms of packaged software revenue. IDC uses the term *packaged software* to distinguish commercially available software from custom software, not to imply that the software must be shrink-wrapped or otherwise provided via physical media. Packaged software is programs or codesets of any type commercially available through sale, lease, rental, or as a service. Packaged software revenue typically includes fees for initial and continued right-to-use packaged 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 packaged software revenue.

Packaged software revenue *excludes* service revenue derived from training, consulting, and system 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 packaged software revenue that is further allocated to markets, geographic areas, and operating environments.

The market forecast and analysis methodology incorporates information from five different but interrelated sources, as follows:

- **Reported and observed trends and financial activity.** This study incorporates reported and observed trends and financial activity in 2011 as of the end of February 2012, including reported revenue data for public companies trading on North American stock exchanges (CY 1Q11–4Q11 in nearly all cases).

- **IDC's *Software Census* interviews.** IDC interviews all significant market participants to determine product revenue, revenue demographics, pricing, and other relevant information.

- **Product briefings, press releases, and other publicly available information.** IDC's software analysts around the world meet with hundreds of software vendors each year. These briefings provide an opportunity to review current and future business and product strategies, revenue, shipments, customer bases, target markets, and other key product and competitive information.

- ☑ **Vendor financial statements and related filings.** Although many software vendors are privately held and choose to limit financial disclosures, information from publicly held companies provides a significant benchmark for assessing informal market estimates from private companies. IDC also builds detailed information related to private companies through in-depth analyst relationships and maintains an extensive library of financial and corporate information focused on the IT industry. We further maintain detailed revenue by product area models on more than 1,000 worldwide vendors.

- ☑ **IDC demand-side research.** This includes interviews with business users of software solutions annually and provides a powerful fifth perspective for assessing competitive performance and market dynamics. Direct conversations with technology buyers provide an invaluable complement to the broader survey-based results.

Ultimately, the data presented in this study represents IDC's best estimates based on these data sources as well as reported and observed activity by vendors and further modeling of data that we believe to be true to fill in any information gaps.

Synopsis

This IDC study presents the vendor shares for the business rules management systems market for 2009–2011. Revenue and market share of the leading vendors are provided for 2011.

"The business rules management systems market demonstrated healthy growth in 2011 as more users have come to realize the value of this paradigm of application development," says Al Hilwa, program director of Application Development Software research at IDC. "Successful players in this space have done best by cross-selling their technologies to established middleware buyers and aligning them with broader software stacks."

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