Magic Quadrant for the IT Service Desk

The IT service desk market is mature and highly competitive, and vendors are being selected not because of core incident management functionality, but because of their licensing models, ease of implementation and breadth of IT service management tool offerings.

WHAT YOU NEED TO KNOW

Gartner's 2009 IT service desk Magic Quadrant focuses on enterprise-class vendors that meet Gartner's criteria, as defined below, which include the vendor's ability, demonstrated through customer references, to address the needs of customers seeking functionality for incident, problem, change, knowledge, self-service and service-level agreement (SLA) management.

Interest in IT service desk tools, metrics and best practices remains very high for Gartner clients. IT organizations are looking to IT service desk tools to help reduce service and support costs, increase end-user productivity, align themselves closer to the business, provide high-end user satisfaction, and be the hub for a larger IT service management (ITSM) suite of tools. Features and functionality for incident management have become fairly commoditized, and selection criteria for tools is focused on price, licensing model, reporting, ease of implementation and integration with other ITSM tools. In particular, integrations with IT asset management, service request management and configuration management databases (CMDBs) are important selection criteria. The vendors are finding it increasingly difficult to differentiate their products from the growing number of competitors.

MAGIC QUADRANT

Market Overview

During the past decade, there has been a continuous stream of technology innovations, such as virtualization, Web 2.0, cloud computing and so on, appearing in the IT portfolio each year. While new people skills, processes and tools have been added to manage these new technologies, the technical needs to handle IT service and support fundamentals remain basically the same. Growing as the workflow hub of IT operations management software, IT service desk tools continue to expand functionality, but remain focused on their most fundamental mission: managing the demands of supporting the business, documenting failure and fulfilling requests for service. New features and process models, such as Information Technology Infrastructure Library (ITIL), have been added, but the basic technical mission remains the same.

Gartner

So how did the IT service desk market segment, which has experienced only modest innovation, experience double-digit growth year over year for the past three years. The IT service desk market has been primarily fueled by IT organizations seeking to streamline IT service and support, not just within the IT service desk, but across the entire IT organization. This has led IT organizations to look to a new vision of IT service desk that not only manages core incident and problem management, but also integrates with a larger ITSM suite of tools, including change management, configuration management, IT asset management, release management and availability management. Ever-increasing consumption of IT services by the business presents increasing demands for IT support, and a continuous challenge for IT organizations regarding how to deliver high levels of IT support service without the same growth in head count.

Today's IT service desk market is influenced by four prominent trends:

- Saturated vendor landscape with little tool differentiation

- Limited business case knowledge

- Modest support service maturity gains
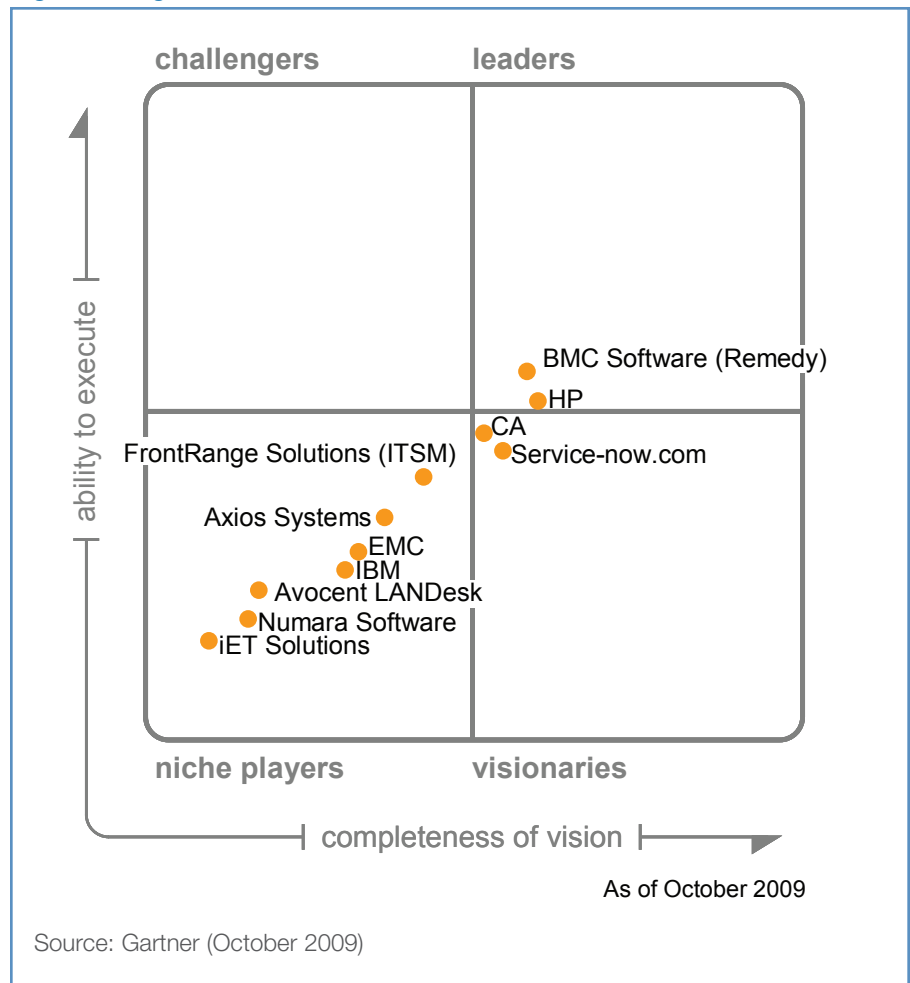
- Confusing pricing, packaging and licensing

Figure 1. Magic Quadrant for the IT Service Desk

Source: Gartner (October 2009)

Saturated Vendor Landscape With Little Tool Differentiation

Almost every IT organization, even in small businesses, has some type of IT service desk tool in place, resulting in market saturation. With this characteristic, one might expect a relatively stagnant market consolidated into a few vendors. However, in the past decade, as IT organizations focus on process re-engineering, the number of IT service desk vendors has exploded. The reality is that IT service desk vendors continue to grow their revenue and profitability, and new vendors are entering the market all the time and no one is leaving. This market generated more than $1 billion in revenue in 2008, growing 15.9% during 2008, and had a 25.9%

growth rate in 2007. Gartner anticipates strong growth during the next three years, ranging from 7% to 9% per year.

With such a large number of active vendors in the market, the natural assumption would be that there is diversity in tool offerings. Unfortunately, that has not been the case in this market. Fundamentally, basic functionality for incident and problem management is quite similar. Enhanced functionality, ease of use and administration ranges do offer some area of differentiation. During the past year, research via client interactions and reference discussions highlighted key trends pertaining to IT service desk tools:

- Nearly 10 years of vendor efforts to embrace ITIL process definitions in the tools has created a high degree of uniformity in the market from a tool module perspective. Nearly every vendor will have the primary modules aligned to ITIL processes, such as incident, problem, change, inventory/configuration repository, release (emerging in robustness) and self-service. Incident management has become a commodity. Basic change management from a request for change (RFC) documentation perspective is very similar. Problem management could become a commodity if it were not for the fact that the majority of IT organizations have struggled to get this process module in production (affected by IT cultural and process maturity within IT organizations today).

- Having ITIL best-practice content is a top criteria in the tool acquisition process. Process workflows following ITIL descriptions are embedded in the given process module. Areas of differentiation show up because some vendors have enhanced these with detailed templates offering procedural steps and work instructions by process role. These recent additions have been coupled with "rapid start" implementation services to reduce the implementation time, and improve the time to value, of the tools. Gartner clients report that the vendors' focus on out-of-the-box configuration versus customization and prebuilt workflows and templates has improved the ease and time of implementation.

- Ease of implementation has risen to near the top of the Gartner client selection criteria list. Clients want quicker implementations due to limited budgets and a need to prove quicker return on investment (ROI), but also because they want to follow industry (ITIL) best practices and don't want to customize. Beyond the rapid-start services, vendors have recognized this trend and have invested in easier drag-and-drop configurations of workflows, fields, graphical user interfaces, and additional prebuilt templates and workflows.

- Self-service portals tend to be differentiated mainly at the Web presentation layer. However, the level of richness promised (such as automated ranked FAQs, intelligent knowledge agents to self-solve and so on) still remains elusive. With the release of ITIL v.3, most vendors are beginning to morph their self-service portals to offer "service catalog" capabilities. Some have added a service request management function or a module to map to the service request fulfillment process defined in v.3.

- The area where the most differentiation will exist centers first around how asset, inventory and configuration data is leveraged to support the incident, problem and change process areas. Nearly every vendor has an inventory repository and the ability to integrate with asset/inventory discovery tools. Differentiation shows up when the vendor "claims" that the inventory repository is also a CMDB. Depending on how the CMDB is architecturally defined, its level of functional depth and how it integrates with the fundamental modules' incident, problem and change management will vary greatly by vendor.

- Enterprise-scale companies continue to expand the number of IT service desk users within the IT organization. There is also more evidence of increased module adoption, and with that, the number of transactions or records processed through the IT service desk system continues to increase. In particular, references described, in several cases, combined incident and service request volumes managed by the IT service desk staff. As this becomes a mission-critical workflow hub, the expectation of a reliable IT service desk tool becomes more prominent.

- Small or midsize businesses (SMBs) are the fastest-growing segment of buyers in the market. They have a modest number of end users and typically require less functionality depth and only a few core ITSM modules. In most cases, SMBs focus on implementing only incident management, holding off on problem management. SMBs also may want to implement basic change management procedures, reducing the depth of risk and impact requirements, which translates into less configuration integration. This Magic Quadrant is focused on enterprise use; SMBs will find that many competent vendors not included in this Magic Quadrant may have solid products, lower pricing and financial viability that are well-suited to their needs.

Limited Business Case Knowledge

Most IT organizations have been performing IT service and support from the very beginning of the IT organization's conception; however, most still struggle with providing high-quality support that meets the needs of the business. A common complaint we hear from IT service and support management is that their current IT service desk tool does not contain the data or reporting that they need to properly monitor processes, improve metrics, set service-level expectations or generally improve the quality of service and support. The lack of well-documented and defined IT service and support metrics, processes, service-level expectations and costs impacts the IT service desk market and how often customers buy new tools. Gartner finds that IT organizations "rip and replace" their IT service desks tool every five years in their quest to streamline IT service and support, and right size their staffing.

There exists an erroneous belief that the IT service desk tool represents the greatest cost for IT service support. According to Gartner's IT Key Metrics Data, the IT service desk accounts for about 4% of the total IT budget. Since 86% of the cost of an IT service desk is staffing-related, that means 3.88% of the total IT budget is spent on IT service desk staff. The other 14% of the cost of an IT service desk comprises mostly the hardware and software associated with running IT service and support. Gartner research conducted in 2008 and 2009 via client interaction found the total price of a new IT service desk tool to be one of the top selection criteria, due mainly to the current economic environment. However, most organizations had not developed a business plan or total cost of ownership (TCO) model to identify how the tool improves service quality or impacts cost efficiency (in other words, how does it reduce my personnel costs?). Without an understanding of the overall defined support service with associated SLAs and cost of service, the acquisition of a new IT service desk tool based on the least-expensive price is flawed.

In the customer reference review process of this Magic Quadrant, Gartner found that most IT organizations do not develop a business case to support the acquisition of a new tool. They do not develop a business case because they struggle with reporting tools and lack the critical success factors (CSFs), key performance indicators (KPIs) and SLA metrics needed to understand how a new tool will help them improve the quality of support, deliver services faster, increase business satisfaction and reduce costs. A limited understanding of how the tool helps IT service and support organizations meet SLAs or improve cost efficiencies diminishes the ability to factually justify the scope of function and cost of the tool. Therefore, IT service and support organizations that only consider the cost of a new tool and not its functionality could find themselves four to five years from now in the same place they are now.

IT service desk vendors need to do more to help clients scrutinize metrics, processes, service-level expectations and support costs out of the box. The ability to quickly and correctly measure key IT service and support metrics, such as mean time to repair (MTTR), first contact resolution (FCR) rate, end-user satisfaction, cost per calls and so forth, should be the most important criteria when choosing a new tool, and having access to that data would provide IT service and support organizations the justification for further improvements.

Modest Support Service Maturity Gains

Documenting and managing IT service and support continues to be an industrywide challenge for global enterprises to small businesses. The majority of IT organizations still struggle with defining the support service within their IT service portfolio and its corresponding attributes. The overall maturity level of the IT service and support organization has definitely improved since the beginning of the decade, but the gains have been small, and the vast majority of IT service desk implementations still have not been able to develop SLAs with the business, which is a crux of a mature service and support organization.

The mere existence of an IT service desk doesn't resolve this lack of documented service levels, which serve as the contract between the business and the IT organization. Re-engineering processes because ITIL says this is a best practice doesn't address this void either. Documented service guidance is foundational to determining appropriate scaling of the deliverables from a service-level and cost management perspective. And with this level of knowledge, it is much easier to determine the right depth of process engineering, by which tool alignment becomes easier.

Too frequently, IT organizations are focused on tool acquisitions as a method to address process re-engineering, and the primary focal point of an IT organization's strategy is to deliver service and support. With the adoption of ITIL processes becoming the norm in recent years, IT organizations have struggled with delayed implementations due to overarchitecting processes. Within the past 18 months, some IT service desk vendors have adjusted their product offerings by providing formalized process templates to reduce this implementation drag. Rapid implementation or "quick start" services have become prominent again (these services were marketed by vendors in 1999 and 2000) as a way to get the IT

service desk in production quickly. Although the IT service desk tool install on a server can be done in minutes, implementation is challenged by the hundreds of business rules, microprocess stages and escalation communication steps that must be defined. Most organizations describe a minimum of four months to a year to get at least four of the primary modules (such as incident, problem, change and self-service) in production.

Maturity growth in people skills has also been slow to materialize. Experience and training for IT service desk technicians continues to be very low, compared with other professionals in IT; which, in turn, promotes higher levels of turnover. Very few IT service and support organizations provide customer service training, and, often, service desk technicians are not privy to other IT service and support processes, such as change management or asset management.

Lack of maturity shows up as IT organizations implement beyond the basic IT service desk and incident process. For example, nearly half of the references we interviewed have not been able to link incident and change records to produce relevant KPIs. Although most agree that the relationship between these processes is critical to improving service quality and efficiency, they have been unable to make the appropriate people and process links that would enable reporting. In another example, we polled IT infrastructure and operations leaders at a Gartner conference and found that only 17% had automated integration between event management and IT service desk tools. Vendors must offer more best-practice content, training and consultative services to help organizations bridge the maturity gaps. Implementations, in particular, should provide multiprocess integration instead of the industry behavior to stand up one stand-alone process at a time.

Confused Pricing, Packaging and Licensing

The IT service desk market has been fraught with a confusing array of options, from licensing to product packaging to pricing proposals. As IT service desk functional modules expanded, vendors have tried to simplify their pricing and licensing terms. However, different functional attributes, new potential users within IT and the desire to charge based on tool utilization makes this difficult for many vendors.

From a packaging perspective, vendors tend to present the functional options in a basic IT service desk offering (typically including incident, problem and self-service modules) and a suite, typically named ITSM, which is made up of many modules, including incident, problem, asset, configuration/inventory repository, change, release (now emerging), knowledge, self-service and SLA management functionalities. However, the packaging is still far from simplistic. Some vendors will include integrations to their own products, but not to third-party tools; while others may only include an integration to a Lightweight Directory Access Protocol (LDAP) directory. Or basic reporting templates will be included, but advanced reporting requires an additional reporting engine.

Since the early nineties, the predominant method of licensing of IT service desk tools has been the perpetual model, where the IT organization owns the software and pays a yearly maintenance and support fee. Within the past two years, SaaS, as a delivery

and licensing model, has become a potential option for more than 50% of prospective buyers, and we predict that, by 2012, 10% of the IT service desk market will be made up of SaaS solutions. The simplicity of a "user"-based fee structure, without the complexity of user type or which module(s) is utilized, makes the licensing and pricing attractive. Add to this a subscription-based billing model, which translates to no "capital" outlay, but rather an "operational" budget expense. Service-now.com and HP are the two vendors in the Magic Quadrant with SaaS customers in production. Axios Systems, BMC Software, CA, EMC, FrontRange Solutions and IBM are all expected to have SaaS offerings and customers within a year.

Market Definition/Description

IT service desk tools (also known as IT help desk tools) and processes help improve the quality of IT service and support delivered to end users, increase business satisfaction and lower the cost of end-user support. IT service desk tools document, review, escalate, analyze, close, and report incidents and problem records. Foundational functionalities include classification, categorization, business rules, workflow and search engines. These tools manage the life cycles of incidents and problem records from recording to closing. IT service desk tools automate the process of identifying the individual or group responsible for resolution, suggesting possible resolution scenarios and escalation, if necessary, until the service and support request is resolved. Typical IT service desk suites will extend incident and problem management to change management, Web self-service, basic SLAs, end-user satisfaction survey functionality, basic knowledge management and service request management. IT service desk suites often integrate with inventory, configuration, robust knowledge and PC life cycle configuration management modules. In addition, the IT service desk is considered an important function in the ITIL best-practice process frameworks. IT service desk tools have traditionally been purchased as on-premises solutions, but there is a growing trend for software-as-a-service (SaaS) IT service desks solutions.

Within the IT service desk tool, change management functionality manages the documentation, review, approval, coordination, scheduling, monitoring and reporting of RFCs. The basic functional requirements begin in the area of case documentation, including industry-standard assignment capabilities of classification and categorization (such as risk and priority), with advanced functionality to manage "preapproved" or standard RFC-type lists. The tool must include a solid workflow engine to manage embedded workflows (such as standard RFC life cycles), as well as provide escalation and notification capabilities, which can be executed manually or automated via business rules.

RFC workflows are presented graphically, and are capable of managing assessment and segmented approval with the ability to adjust automatically, based on alterations and multitask change records. To assist with managing the large volume of RFC activity, ITCM tools enable workload assignment, scheduling and calendar functionality (including the ability to manage maintenance and freeze windows). ITCM tools also must provide metric analysis to deliver management reports covering SLAs, CSFs and KPIs. Critical integrations with configuration, release and CMDB technologies

are required for change management tool success. For example, the categorization of a configuration item within the case log in the ITCM tool will improve risk, impact and collision analysis capabilities by integrating with a CMDB. Integration with release management tools provides improved quality and efficiency when ITCM workflow policy coordinates RFC grouping and handoffs to release execution. Other critical integrations include configuration audit tools and governance, risk and compliance (GRC) tools. The majority of ITCM tools are modules offered within IT service desk suites, offering integration with incident and problem management.

Inclusion and Exclusion Criteria

The criteria for inclusion in the 2009 IT service desk Magic Quadrant are:

- The IT service desk product must include modules for incident management, problem management, change management, inventory management, self-service, knowledge management and SLA management.

- The offering must be running in production in enterprise environments of more than 4,000 employees, with concurrent usage of incident management, change management and at least two of the other modules.

- Gartner client inquiry data confirms that the product is of interest to Gartner clients in enterprise environments by making their product selection shortlists.

Added
Numara Software was added.

Dropped
No vendors were dropped.

Evaluation Criteria

Ability to Execute

With IT service desk tools, a vendor's product features and functionality, customer focus, R&D investment and sales execution are important indicators of its ability to execute. Gartner evaluates service desk vendors on the quality and effectiveness of the processes, systems and procedures that enable the vendor's performance to be competitive and positively affect revenue, customer retention and reputation. Special emphasis was placed on functionality and ease of use with incident management, change management, reporting, workflow, knowledge management, service-level management, request management and self-service. Gartner verifies a service desk vendor's ability to execute through extensive interviews with the vendor's customers.

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product/Service	high
Overall Viability (Business Unit, Financial, Strategy, Organization)	standard
Sales Execution/Pricing	standard
Market Responsiveness and Track Record	low
Marketing Execution	standard
Customer Experience	high
Operations	low
Source: Gartner	

Completeness of Vision

Gartner evaluates vendors on their ability to articulate logical statements about current and future market direction, innovation, customer needs and competitive forces, and how well these map to Gartner's position. Vendors are rated on their understanding of how market forces can be exploited to create opportunities for the provider. The completeness of vision axis reflects each service desk vendor's prospects for success by analyzing its view of the market, its ability to differentiate products, its strategic plans for growth and service improvements, and its emphasis on best practices and ease of implementing, not just on product features. We examine the vendor's knowledge of core competencies, industry and vertical strategy, and the ability to partner to fill gaps in the product portfolio.

Gartner verifies a service desk vendor's vision regarding IT service and support based on the service desk vendor's presentation and marketing material, as well as on direct feedback from extensive interviews with the vendor's IT service desk customers.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	high
Marketing Strategy	standard
Sales Strategy	standard
Offering (Product) Strategy	high
Business Model	standard
Vertical/Industry Strategy	low
Innovation	standard
Geographic Strategy	low
Source: Gartner	

Leaders

Leaders in the Magic Quadrant are financially viable vendors with a clear vision of how the IT service desk will evolve, and they have a proven track record for delivering service desk solutions. Leaders have had success in all of these areas:

• Significant market share

• High degree of visibility

• Broad geographic presence

• Integration among incident, problem, change management and CMDB strategies

• Depth of functionality and industry-leading features that sets them apart from the competition

• Scalable deployments in very large enterprises

• A deep understanding of the client's needs in managing a successful IT service desk, in context with ITSM needs

• Best-practice guidelines and templates to help ensure a successful deployment

Leaders do not necessarily offer the best solution for every customer requirement, but their products are strong, overall, with some exceptional capabilities.

HP and BMC are in the Leaders quadrant.

Challengers

Challengers have a strong ability to execute their sales and marketing strategies, as well as solid product features and functionality, and competitive pricing. However, their solutions do not reflect a clear vision of how the service desk market is evolving, and these vendors are not as innovative or advanced as the leaders. Vendors in this quadrant excel in their ability to execute, leading to their high market share and appearance on numerous shortlists. This ability is bolstered by overall fiscal health and a superior track record for market responsiveness and customer service. No vendors are ranked in the Challengers quadrant.

Visionaries

Visionaries demonstrate a clear understanding of the IT service desk market and provide key elements of innovation that illustrate the future of the market. However, they lack the ability to influence a large portion of the market and are unable to execute with the same capabilities as vendors in the Leaders quadrant. CA and Service-now.com are in the Visionaries quadrant.

Niche Players

Niche players are perfectly viable choices, but they are facing challenges on the execution and vision axis. Vision challenges include current and future market directions, innovations, customer needs and competitive forces. Execution challenges include product features and functionality, customer focus, R&D investment and sales execution. Avocent, Axios, EMC, FrontRange, IBM, iET Solutions and Numara are in the Niche Players quadrant.

Vendor Strengths and Cautions

Avocent LANDesk

Avocent, located in Huntsville, Alabama, entered the IT service desk market in July 2008, with the purchase of Touchpaper. LANDesk, a division of Avocent, and Touchpaper had been strong partners for years before the acquisition, together selling a PC configuration management and IT service desk suite of tools. Much of the integration between the LANDesk and Touchpaper tools was performed while they were partners, which allowed them to offer a more integrated tool suite on day one of the acquisition. LANDesk Service Management has solid functionality and is easily configurable, and the strong integration with LANDesk PC configuration management is a strong selling point for customers that own both tools. The biggest challenge for LANDesk will be to remain focused on the stand-alone enterprise needs for IT service desks, and not bury the product in its much larger PC configuration management suite. For this Magic Quadrant, we reviewed the LANDesk Service Management v.7.2.6 release. Version 7.3 was released in August 2009.

Strengths

- There is strong out-of-the-box functionality for LANDesk Service Management.

- LANDesk Service Management has strong integration with the LANDesk PC configuration management toolset.

- Ease of implementation for LANDesk Service Management is one of Avocent's strengths.

Cautions

- Customers report poor technical support.

- LANDesk is behind competitors in delivering a SaaS licensing model offering.

- LANDesk's product road map shows limited product innovation.

Axios Systems

Axios Systems is a privately held IT service management vendor located in Edinburgh, Scotland. Its geographic focus has been primarily in Western Europe and North America, but it also has had recent success in Eastern Europe and the Middle East. Axios is one of the smaller vendors reviewed in this Magic Quadrant, and it has successfully competed against much larger vendors for well over a decade by delivering a solid product, strong services and very good customer satisfaction. The company's biggest challenge going forward will be competing in an increasingly crowded IT service market against vendors with much larger resources. For this Magic Quadrant, we reviewed Axios Systems assyst version 8. Version 9 is scheduled for release in late 2009.

Strengths

- Upgrading to new product releases is straightforward, and most customers are on the latest release.

- The product development cycle is highly focused on customer functional requests.

- Axios has strong best practices and a process improvement services offering.

Cautions

- Customers report that out-of-the-box reporting needs improvement.

- Axios is a privately owned business, with limited capital resources to support growth and remain competitive against a growing number of competitors.

- The company's product road map emphasizes keeping on a par with the competition.

BMC Software (Remedy)

BMC, located in Houston, Texas, is the IT service desk market leader, with a 28.6% market share. This Magic Quadrant reviews BMC's enterprise-class IT service desk tool, Remedy, and not its SMB tool, Service Desk Express. BMC has been the IT service desk market leader for close to two decades, and its success can be attributed to the Remedy brand name, a full-featured offering, and large sales and marketing staff. BMC's biggest challenge will be retaining current customers and continuing to lead an increasing competitive market, as well as being able to adapt to new technology and licensing models. For this Magic Quadrant, we reviewed Remedy version 7.5. Version 7.6 is scheduled for release in late 2009.

Strengths

- BMC's product is highly scalable for even the largest enterprises.

- There is strong integration between BMC's IT service desk modules and its CMDB product, which are built on a common platform.

- Strong best-practices-based processes and templates come with BMC's out-of-the-box product.

Cautions

- BMC's large base of customers are on versions 5 or 6, because upgrading to the current release is perceived as expensive and difficult.

- BMC's services engagements are not communicated consistently or not easily understood by customers.

- Customers describe metric and service-level reporting challenges.

CA

CA, located in Islandia, New York, currently has 7.4% IT service desk market share. CA sells to large enterprises and remains competitive by offering a full-featured product with strong out-of-the-box best practices. It also has a comprehensive global sales, marketing and support team. CA has not been able to match the growth and market share of its two biggest rivals, BMC and HP, and its biggest challenge is to grow faster than its competition and be included in more customer vendor-selection shortlists. For this Magic Quadrant, we reviewed CA Service Desk Manager r.12. The next product release is scheduled for 2H10.

Strengths

- Ease of upgrade and strong migration plan helps keep customers on current releases.

- Solid best-practices-based processes and templates come with CA's out-of-the-box product.

- CA has flexible and easy-to-understand pricing.

Cautions

- Clearer articulation of CA's change, configuration and release management vision is needed.

- CA's sales and marketing execution to new customers needs improvement.

- If required, high degrees of customization can be costly and time-consuming.

EMC

EMC, located in Hopkinton, Massachusetts, entered the IT service desk market with its acquisition of Infra in March 2008. EMC acquired Infra, in part, to offer a fuller IT management suite of tools and complement its past IT management vendor acquisitions of Smarts, Voyence and nLayers. Infra's core customer base was midsize and low-end enterprises, but EMC's new target market for this IT service desk solution, now called EMC Ionix Service Manager, is large enterprises, particularly cross-selling to its existing customer base. Ionix Service Manager competes well in the market due to its strong workflow and well-integrated modules. EMC's challenge will be to successfully integrate Ionix Service Manager with its other IT management tools, and continue to ramp up sales and marketing to compete in the large-enterprise market against BMC and HP. For this Magic Quadrant, we reviewed Ionix Service Manager v.8. The next version, Ionix Service Manager v.9, is scheduled for release in late 2009.

Strengths

- EMC has a strong drag-and-drop workflow modeler.

- EMC has good ease of implementation and configuration.

- Customers report an improved product and services vision since the Infra acquisition.

Cautions

- Current SMB customers should understand that the Ionix Service Manager product line is evolving to focus on the needs of larger enterprises.

- There have been long time lapses between major product releases.

- Customers report that administration is cumbersome.

FrontRange Solutions (ITSM)

FrontRange Solutions, located in Pleasanton, California, is owned by Francisco Partners, a private equity firm. This Magic Quadrant reviews FrontRange's enterprise IT service desk tool, ITSM, and not the company's SMB tool, Heat. FrontRange is a fast-growing IT service desk vendor whose success is due to its market understanding, strong product offering, and its excellence in sales and marketing execution. FrontRange's biggest challenge will be continuing to grow as it increasingly begins to compete head-on against the large vendors – BMC, CA, IBM and HP – while fending off the large number of small vendors. For this Magic Quadrant, we reviewed FrontRange Solutions ITSM v.6.2. ITSM version 7.0 will be released in late 2009.

Strengths

- FrontRange's voice over Internet Protocol (VoIP) product offering for automated call distribution and queuing is innovative.

- FrontRange is attentive to customer requirements and market trends.

- Financial backing from its equity partner enables FrontRange aggressive marketing, sales and acquisition growth.

Cautions

- Customers state that reporting and dashboards are difficult to configure.

- The ITSM product suite lacks enterprise functional capabilities in change management.

- Customers cite that best-practice guidance and implementation services need improvement.

HP

HP, located in Palo Alto, California, has the second-largest IT service desk market share, at 20.6%. HP acquired Peregrine Systems back in 2005, which helped catapult HP into second place in the IT service desk market, although HP still has a considerable customer base using the legacy HP Service Desk tool. HP has a wide breadth of IT service operations tools, including the HP Service Manager service desk tool, and the company benefits from a strong presence in many large enterprises, plus a large and global sales, marketing and services organization. HP's biggest challenge will be continuing to lead an increasing competitive market, and being able to adapt to new technology and licensing models. For this Magic Quadrant, we reviewed HP Service Manager 7.0. The next version is scheduled for release in mid-2010.

Strengths

- HP has a deep and global services organization.

- HP has strong change management functionality for risk, impact and collision analysis.

- The company's strong best-practices-based processes and templates come out-of-the-box.

Cautions

- Customers report poor technical support.

- Implementation services can be lengthy and costly.

- Customers report poor out-of-the-box reporting.

iET Solutions

iET Solutions, located in Framingham, Massachusetts, is owned by Platinum Equity, a private equity company. iET Solutions is the smallest vendor in this Magic Quadrant in terms of IT service desk revenue. In 2003, Platinum Equity acquired the CRM business of Applix, and formed iET Solutions to address the ITSM market. Many of iET Solutions' largest IT service desk customers have followed them from Applix. iET Solutions competes in the IT service desk market with its customer focus, full functionality and ease of implementation. The company's biggest challenge is differentiating its product in an increasingly competitive market to sustain sales and revenues. For this Magic Quadrant, we reviewed iET ITSM 5.0. The next version, iET ITSM 5.1, is scheduled for release in late 2009.

Strengths

- iET's IT service desk tool is easy to implement and get into production.

- The company has a strong focus on customer satisfaction.

- iET has experience in large enterprise deployments.

Cautions

- Customers report poor out-of-the-box reporting.

- Lacks functionality for end-user satisfaction surveys.

- iET has comparatively small revenue to support growth and remain competitive.

IBM

IBM, located in Armonk, New York, grew its IT service desk revenue by 6.5%, and currently has a 5.8% market share. In October 2006, IBM acquired MRO Software, which was a leader in the enterprise asset management market, but which also had an IT service desk product. It has taken a few years for IBM to integrate the MRO Software IT service desk tool, now called Tivoli Service Request Manager (TSRM), into its ITSM portfolio and improve its sales and marketing execution. Since the acquisition, TSRM has experienced the largest increase in new customer adoption of all the vendors in this Magic Quadrant. The release of TSRM v.7.1 in May 2008 has helped IBM close the gap between itself and competitors in terms of IT service desk functionality. IBM's biggest challenge will be to continue to improve not just the product, but also its sales and implementation services. For this Magic Quadrant, we reviewed TSRM 7.1. TSRM v.7.2 is scheduled for release in late 2009.

Strengths

- Customers report solid reporting capabilities.

- IBM has strong growth in sales and marketing execution.

- IBM has a very large and global services team, plus a large partner network.

Cautions

- Customer growth puts pressure on IBM to grow its internal and partner services capabilities to meet the increased demand.

- Customers report that implementation services need improvement.

- Customers indicate that sales and product communication are inconsistent.

Numara Software

Numara FootPrints is a new entrant in this year's Magic Quadrant. Numara Software is located in Tampa, Florida, and acquired UniPress Software (and its FootPrints product) in September 2006. FootPrints has been a solid IT service desk product for over a decade, but has traditionally been focused on the needs of midsize organizations, and, therefore, was not included in the enterprise Magic Quadrant. Numara has invested heavily to add features and functionality around incident management, service request management and change management that enterprises require, and has begun to compete well in low-end enterprises. Numara Software also has a small business IT service desk tool called Track-It!, but that product is not reviewed in this enterprise-focused Magic Quadrant. FootPrints is an easy-to-configure and easy-to-implement product that often requires little professional services to get up and running in production. Numara's biggest challenge will be the continuing development of advanced functionality, especially around change management life cycles, and increased competition from much larger vendors. For this Magic Quadrant, we reviewed Numara FootPrints version 9. The next release is scheduled for late 2009.

Strengths

- Ease of product implementation and configuration.

- Numara FootPrints has the ability to create separate service desk instances to address business departmental needs.

- Numara has competitive pricing.

Cautions

- Customers note that reports and dashboard are difficult to customize.

- There is limited functionality in Numara's change management risk, impact and collision analysis.

- Numara lacks experience with very large, global enterprise implementations.

Service-now.com

Service-now.com is located in Solana Beach, California. Service-now.com is a relative newcomer to the IT service desk market – it has only been selling its SaaS solution for a little more than four years. The uniqueness of its SaaS licensing model, in conjunction with solid functionality, ease of implementation and a very good user interface, has allowed Service-now.com to grow very rapidly and compete successfully against the more-established vendors in this Magic Quadrant. The other IT service desk vendors have seen Service-now.com's success with SaaS and are copying its licensing model. The biggest challenge going forward for Service-now.com will be competing in this cutthroat market, while possibly losing its competitive advantage of being the first to market with a SaaS solution. For this Magic Quadrant, we reviewed the Service-now.com Winter 2009 release. Since then, Service-now.com has issued its Spring 2009 release and its Fall 2009 release.

Strengths

- Potential customers can take advantage of Service-now.com's production-quality sandbox to try the product fully before purchase.

- The user interface is intuitive and easy to configure.

- Dashboards are easy to set up and configure.

Cautions

- Service-now.com's competitive advantage of having a subscription licensing model is being copied by all major competitors.

- There is limited functionality in change management risk, impact and collision analysis.

- Service-now.com lacks an implementation services methodology for complex process guidance.

Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets and skills, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability (Business Unit, Financial, Strategy, Organization): Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all pre-sales activities and the structure that supports them. This includes deal management, pricing and negotiation, pre-sales support and the overall effectiveness of the sales channel.

Market Responsiveness and Track Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word-of-mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.