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Gartner Says Despite Economic Downturn, Worldwide Application Infrastructure and Middleware Market Revenue Increased 2.8 Per Cent in 2009

Analysts Examine the State of the Industry at Gartner SOA & Application Development and Integration Summit 2010, 14-15 June in London

STAMFORD, Conn., Apr 20, 2010 — Revenue in the application infrastructure and middleware (AIM) software market* totalled \$15.9 billion worldwide in 2009, a 2.8 per cent increase from 2008, according to Gartner, Inc. In 2008, worldwide AIM revenue grew 7.1 per cent and totalled \$15.5 billion.

"All factors considered, in 2009 the AIM market performed better than most software segments," said Fabrizio Biscotti, research director at Gartner. "The poor state of the economy played a major role in shaping the overall performance of the market. Budget cuts forced a reduction in spending with consequent downsizing, delay or cancellation of software projects, which started in the first quarter of 2009 with a de facto spending freeze. This has hit vendors' revenues, and in fact 2009, as far as growth rates are concerned, was the worst year ever for AIM spending. The increasing adoption of open source has hit commercial revenues. Nevertheless, on the back of strong drivers, such as service-oriented architecture (SOA) and business process management (BPM) adoption and buoyant demand for application integration, the overall AIM market has remained positive, unlike most software segments, where revenues generally declined."

While 2008 saw a major shakeout in the market following some major acquisitions, 2009 was quieter in regard to mergers and acquisitions as vendors such as Oracle, Software AG and Progress, among others, capitalised on their previous acquisition moves. As soon as recovery occurs, Gartner expects growth to be solid for AIM technology, because pent-up demand has grown over time.

The top five vendors accounted for approximately 58 per cent of the AIM market in 2009, up from 52 per cent in 2008. IBM maintained its leading position and accounted for 31 per cent of total AIM software revenue in 2009 (see Table 1). Among the other largest players, some significant shifts occurred with Oracle being one of the fastest-growing vendors, becoming the market share leader in application servers and narrowing the gap in enterprise service bus suites, followed by Microsoft and Software AG, which both gained market share in 2009.

Table 1
Worldwide Vendor Revenue Estimates for Total AIM Software, 2009 (Millions of US Dollars)

Vendor	2009	Share 2009	2008	Share 2008	2009 Growth
IBM	5,034.6	31.5	4,659.4	29.9	8.1
Oracle	2,663.4	16.7	2,061.0	13.2	29.2
Microsoft	621.6	3.9	567.1	3.6	9.6
Software AG	476.2	3.0	436.4	2.8	9.1
TIBCO	417.9	2.6	423.0	2.7	-1.2

Other Vendors	6,781.5	42.4	7,418.5	47.7	-8.6
Total	15,995.3	100.0	15,565.4	100.0	2.8

Source: Gartner (April 2010)

Of the 12 segments in which Gartner divides the AIM market, SOA governance technologies, message-oriented middleware, AIM appliances and BPM suites were the fastest-growing segments with double-digit increases in 2009.

"SOA governance technologies are an innovative and dynamic market where there are still many smaller players, implying that there is likely to be consolidation in the near future, with products being subsumed into wider IT governance suites in the medium term," said Teresa Jones, senior analyst at Gartner. "The BPM suites market continues to show strong growth, demonstrating particular value in a challenging economy. This value comes partly through enabling process automation that supports cost-cutting initiatives, and by helping companies focus on quickly improving their business processes."

North America and Western Europe are the largest regional markets, followed by Japan and Asia/Pacific. Emerging regions have been the fastest-growing, with good performances in Latin America, the Middle East and Africa and Asia/Pacific. The big disappointment has been Eastern Europe, which went through a challenging year, showing a dismal performance on par with the mature regions. Asia/Pacific, despite being positive and above the worldwide average, posted results that were below expectations.

"In 2008, Oracle's acquisition of BEA had a profound effect in Asia/Pacific, because BEA historically had been a significant vendor controlling a huge portion of the regional market, particularly in China," said Asheesh Raina, principal analyst at Gartner and lead analyst for AIM in Asia/Pacific. "The same stood true for Sun Microsystems since the announcement of the acquisition by Oracle in 2009, because organisations in the region had been using Sun offerings for quite some time. The uncertainty surrounding the outcome has driven potential or undecided customers to further delay their purchases."

"The AIM market continues to be in a creative turmoil with vendors at the high end continuing to consolidate with major acquisitions and sound organic growth, while there is a huge variety of up-and-coming players, particularly in some hot spots such as low-latency messaging (LLM), managed file transfer (MFT), extreme transaction processing (XTP), complex event processing (CEP), and business process analysis (BPA)," concluded Mr Biscotti. "On top of that there is a vibrant activity around cloud with strong repercussions on AIM offerings. We see mounting attention to application-platform-as-a-service (APaaS) offerings from an increasingly large number of organisations looking for fast return of their software development investments. Software-as-hardware is a nascent trend demonstrated by the solid growth of AIM appliances."

*The AIM market includes 12 segments that comprise general-purpose portal products, business-process-management-enabling technologies, application integration and platform middleware, business-to-business/multienterprise products, integration as a service, SOA governance technologies, and AIM appliances.

Additional information is available in the Gartner report "Market Share: Application Infrastructure and Middleware Software, Worldwide, 2009." The report is on Gartner's web site at <http://www.gartner.com/resId=1355224>.

Gartner analysts will present additional findings on the future of the AIM industry at the Gartner SOA & Application Development and Integration Summit, 14-15 June at the Lancaster hotel in London, UK. The Summit gives the richest view of SOA, application development, application integration and emerging

trends available. Additional information is available on the web at www.europe.gartner.com/soa. Members of the media can register by contacting [Ben Tudor](#) on + 44 1784 267 738 or at ben.tudor@gartner.com

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