Gartner

Press Release

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Gartner Says Worldwide Enterprise Software Market Grew 8.5 Percent in 2010 to Reach $245 Billion

2010 Represented a Return to Solid Footing as the Enterprise Software Market Recovered and Expanded

STAMFORD, Conn. May 5, 2011 — The worldwide enterprise software market showed broad growth and recovery in 2010 with total software revenue increasing 8.5 per cent annually to a worldwide market size of $245 billion, according to Gartner, Inc. In 2009, worldwide revenue declined 2.5 per cent to $226 billion.

"In 2010, major software vendors expanded their product portfolios, acquired companies where appropriate to their plans, and reached deeper into emerging markets," said Joanne Correia, managing vice president at Gartner. "The year represented a return to solid footing as the market recovered and expanded in terms of revenue and geographies. However, some regions did not recover as rapidly as others. Japan and Western Europe saw relatively modest dollar-denominated growth, while Latin America and Asia/Pacific saw growth in the mid-to-high teens, nearly double the market average."

Three of the top five vendors experienced revenue gains above the industry average (see Table 1). Microsoft maintained the No. 1 position as it increased its worldwide enterprise software revenue market share to 22.4 per cent in 2010. Growth results were enhanced in 2010 by the broader adoption of new releases of the Windows 7 operating system and Microsoft Office 2010 productivity software. Microsoft's total software revenue results have been improved by new strategies aimed not only at individuals, but also at organisations and multiple delivery models. The company is placing more emphasis on enterprise application and infrastructure software programming platforms.

Table 1
Top Five Enterprise Software Vendors Worldwide by Total Enterprise Software Revenue, 2010 (Millions of US Dollars)

	2010 Revenue	2010 Market Share (%)	2009 Revenue	2009 Market Share (%)	2009-2010 Growth (%)
Microsoft	54,711	22.4	48,650	21.6	12.5
IBM	25,436	10.4	24,073	10.7	5.7
Oracle	23,918	9.8	20,037	8.9	19.4
SAP	12,979	5.3	11,390	5.1	13.9
Symantec	5,655	2.3	5,513	2.4	2.6
Other Vendors	121,945	49.8	115,842	51.3	5.3

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Total	**244,644**	**100.0**	**225,505**	**100.0**	**8.5**

Source: Gartner (May 2011)

IBM maintained its No. 2 ranking in 2010 as it had in 2009, and it would be the No. 1 enterprise software vendor if Gartner did not count consumer sales of Microsoft's office and operating systems. IBM sells only to businesses and partners. The company's software revenue grew more than 5.7 per cent in 2010, mainly due to its WebSphere, Tivoli, Information Mgmt., Operating Systems and Rational brands. IBM expanded dramatically in 2010 into the applications with a focus on e-commerce, marketing and sales with more than 20 industry solution frameworks as its "smarter planet" go-to-market strategy evolves.

Oracle showed the strongest growth among the top five vendors, as it increased its revenue 19.4 per cent. Growth was achieved across all software markets, with faster growth emerging from its business intelligence, security, IT operations, and data integration and quality tools offerings. Oracle has kept most acquired technologies intact while integrating the infrastructure and middleware into Oracle Fusion Middleware (OFM) 11g with some integration across the application portfolio. Oracle expects continued market momentum in its industry offerings, middleware, data quality and integration tools, master data management, database CRM and SCM solutions.

Among the top 25 vendors, VMware led the group with more than 41 per cent growth in 2010, followed by Adobe with more than 29 per cent and salesforce.com with more than 28 per cent growth. The top 25 vendors, ranked by total 2010 software revenue, grew more than 11.5 per cent overall. These vendors accounted for nearly 68 per cent share, or more than $165 billion, of the overall software market.

"The enterprise software vendor landscape continues to change," said Tom Eid, research vice president at Gartner. "Mergers and acquisitions (M&As) are expected to continue as vendors and service providers look to expand their customer bases, add unique features aligned to a vertical-market or technology function, and improve overall market presence."

Additional information is available in the Gartner report "Market Share Analysis: Enterprise Software, Worldwide, 2010." Gartner's market and revenue analysis of more than 800 software companies for 2010 provides a comprehensive examination of the software marketplace. The report is available on Gartner's website at: http://www.gartner.com/resId=1642015.

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