MARKET SHARE

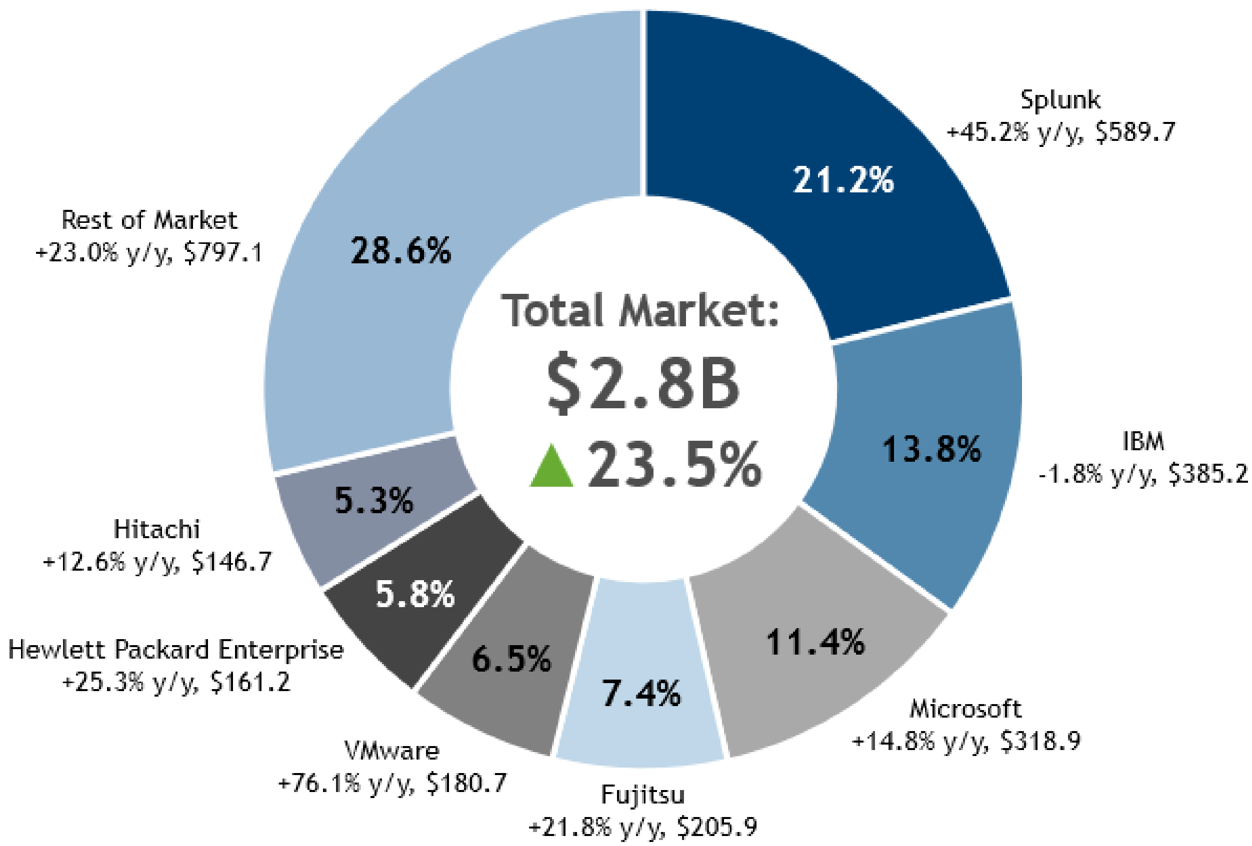
# Worldwide IT Event and Log Management Software Market Shares, 2016: Year of Strong Growth

Tim Grieser

## IDC MARKET SHARE FIGURE

## FIGURE 1

**Worldwide IT Event and Log Management Software 2016 Share Snapshot**




Note: 2016 Share (%), Growth (%), and Revenue ($M)

Source: IDC, 2017

## IN THIS EXCERPT

The content for this excerpt was taken directly from Worldwide IT Event and Log Management Software Market Shares, 2016: Year of Strong Growth (Doc# US42639217). All or parts of the following sections are included in this excerpt: Executive Summary, Advice for Technology Suppliers, Market Share, Who Shaped the Year, Market Context, Methodology, Market Definition, and Related Research sections that relate specifically to Splunk, and any figures and or tables relevant to Splunk.

## EXECUTIVE SUMMARY

This IDC study provides a competitive analysis of the worldwide IT event and log management software market for calendar year 2016. The worldwide IT event and log management software market reached $2.8 billion in 2016, representing very strong growth of 23.5% from 2015, measured in current currency. Refer back to Figure 1, which provides a summary snapshot of the total market and leading market share vendors in 2016. Refer to Table 1 for a detailed list of vendors active in this market, Figure 3 for a snapshot of 2016 market revenue by geographic region, and Figure 4 for a snapshot of 2016 market revenue by operating environment.

The vendor shares and competitive analysis contained in this study update those found in *Worldwide Event Management Software Market Shares, 2015: Log Management and Analysis Drive Growth* (IDC #US41302616, May 2016). A forecast for this market for 2017–2021 is provided in *Worldwide IT Event and Log Management Software Forecast, 2017–2021* (IDC #US42302017, February 2017).

Vendor revenue and market shares are based on commercial software license and maintenance revenue derived from publicly available financial reports and guidance from individual vendors. Vendor revenue is stated in U.S. dollars based on current currency exchange rates.

This IDC study includes worldwide market revenue and growth rate for the total IT event and log management software market in 2016 as well as vendor revenue, market shares, and growth rates of the leading vendors. A three-year history showing vendor revenue data and trends for 2014–2016 is also provided. A summary of vendor revenue of the distributed IT event and log management software market — a submarket of the total market — is also provided.

According to Tim Grieser, program vice president, IDC Enterprise System Management Software, "The worldwide IT event and log management software market achieved accelerated growth in 2016 driven by the need to manage and optimize end-to-end availability of systems and applications as organizations increasingly adopt digital business initiatives that demand always-on access and fast response times for end users."

## ADVICE FOR TECHNOLOGY SUPPLIERS

Success in digital commerce requires fast, reliable 24 x 7 access to a wide variety of applications, business services, and data sources deployed on diverse platforms including highly virtualized environments and public and private clouds. Users are demanding consumerlike experience using a variety of handheld and mobile devices. IT event and log management software provides capabilities for anticipating and preventing service-impacting conditions and for quickly detecting and identifying the causes of exceptional conditions when they do occur.

IT event and log management software is a crucial element for meeting and ensuring critical service requirements for complex operational environments. Currently available technology has evolved to take in and process large volumes of both structured and unstructured machine-generated data. Log management and correlation are key to successfully troubleshooting incidents across multiple layers of system and application infrastructure. These capabilities have provided added dimensions to help better understand where issues are occurring or likely to occur in the future across the entire IT stack.

Automated thresholding and exception analysis of operational conditions are essential to provide efficiencies. Machine learning is being used to establish baselines and dynamically adjust thresholds, thus reducing the likelihood of event storms or missed events as the IT infrastructure scale grows.

Customers and prospects of IT event and log management solutions expect key usability features. These include products designed for use by IT administrators and increasingly by line-of-business users. IT organizations need to be able to visualize the "big picture" of IT service delivery in intuitive graphical displays. Customizable dashboards tailored for specific use cases have become table stakes.

## MARKET SHARE

Table 1 displays the 2014–2016 worldwide revenue and market share for IT event and log management software vendors. Splunk was the market share leader in 2016, with $590 million in revenue and 21.2% market share. IBM was second, with $385 million in revenue and 13.8% share, and Microsoft was third, with $319 million in revenue and 11.4% share. Fujitsu was fourth, with $206 million in revenue and 7.4% share, and VMware was fifth, with $181 million in revenue and 6.5% share. Table 1 shows a list of IT vendors having at least $10 million in IT event and log management software revenue in 2016.

### TABLE 1

**Worldwide IT Event and Log Management Software Revenue by Vendor, 2014–2016 ($M)**

| Vendor | 2014 | 2015 | 2016 | 2016 Share (%) | 2015–2016 Growth (%) |
|---|---|---|---|---|---|
| Splunk | 297.0 | 406.3 | 589.7 | 21.2 | 45.2 |
| IBM | 388.2 | 392.1 | 385.2 | 13.8 | -1.8 |
| Microsoft | 242.4 | 277.7 | 318.9 | 11.4 | 14.8 |
| Fujitsu | 188.6 | 169.0 | 205.9 | 7.4 | 21.8 |
| VMware | 36.1 | 102.7 | 180.7 | 6.5 | 76.1 |
| Other | 889.7 | 907.1 | 1105.1 | 39.7 | 21.8 |
| Total | 2,042.0 | 2,254.9 | 2,785.5 | 100.0 | 23.5 |

## TABLE 1

### Worldwide IT Event and Log Management Software Revenue by Vendor, 2014–2016 ($M)

| Vendor | 2014 | 2015 | 2016 | 2016 Share (%) | 2015–2016 Growth (%) |
|---|---|---|---|---|---|

Source: IDC's Worldwide Semiannual Software Tracker, April 2017

## WHO SHAPED THE YEAR

Market growth in 2016 was driven by the need to manage and optimize application availability and end-user experience — especially from mobile devices — across complex, large-scale virtualized and hybrid cloud environments. At the same time, vendors continued to support legacy environments — many of which continue as important application infrastructure components. Managing service levels "end to end" across layers of the technology stack continues to be an important requirement. IT event and log management software is a key requirement for identifying and understanding root causes of service slowdowns or interruptions based on analyzing log information. In addition:

- Splunk grew by a very strong 45.2% from 2015, achieving the highest market share among the IT event and log management software vendors for the second year in a row. Splunk's continued rapid growth is based on core capabilities for big data capture, indexing, management, search, and visualization that extend across a wide variety of machine-generated data sources including metrics and logs. Key benefits include optimizing IT service management and operations management. Time-based correlation of event logs assists users in analyzing and discovering root causes of service-impacting events. Splunk can be deployed on-premise (Splunk Enterprise) or via SaaS (Splunk Cloud). Splunk supports visualization and prepackaged content for a variety of use cases, including IT operations and APM.

## MARKET CONTEXT

IDC published a forecast for worldwide IT event and log management software in *Worldwide IT Event and Log Management Software Forecast, 2017-2021* (IDC #US42302017, February 2017). Refer to this document for key market assumptions, market drivers, accelerators, and inhibitors.

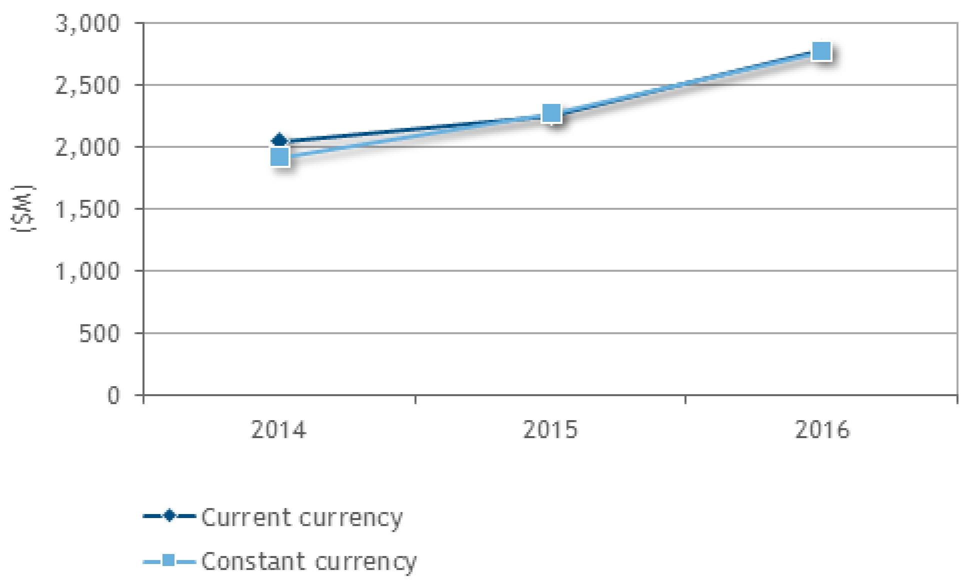
### Impact of Currency Exchange Rates

The U.S. dollar has strengthened significantly against almost all other currencies over the past couple of years. We started including a constant currency measure last year in our 2015 market share documents to provide an indication of overall market developments excluding the effects of fluctuating exchange rates. The valuation of the U.S. dollar remained high in 2016, and because the valuation of the U.S. dollar has been more stable over the course of 2015 and 2016, the impact of exchange rates on year-over-year growth in this 2016 document is less than we had to report in last year's documents.

For example, the IT event and log management software current currency or "as reported" annual growth is 10.4% for 2015 and 23.5% for 2016. This translates, when ignoring the impact of exchange rates, to constant currency growth of 18.7% for 2015 and 22.0% for 2016. This is an important distinction as readers of this document digest its content. Figure 2 shows the IT event and log management software current and constant currency revenue estimates for 2014–2016.

## FIGURE 2

### Worldwide IT Event and Log Management Software Revenue, 2014-2016: Current and Constant Currency



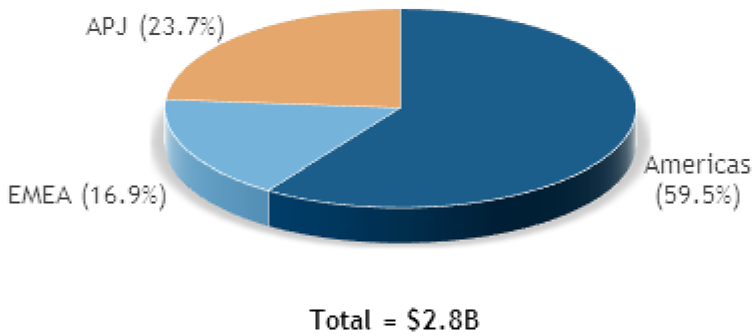

Source: IDC's Worldwide Semiannual Software Tracker, April 2017

## Worldwide IT Event and Log Management Software Revenue Snapshot by Region, 2016

Vendor revenue in the IT event and log management market was impacted by regional conditions. Figure 3 provides a snapshot of the market in 2016 by geographic region. The Americas region had the largest share, with 59.5% of the worldwide IT event and log management software revenue. Asia/Pacific (including Japan) realized 23.7%, and EMEA had 16.9%.

## FIGURE 3

### Worldwide IT Event and Log Management Software Revenue Share by Region, 2016



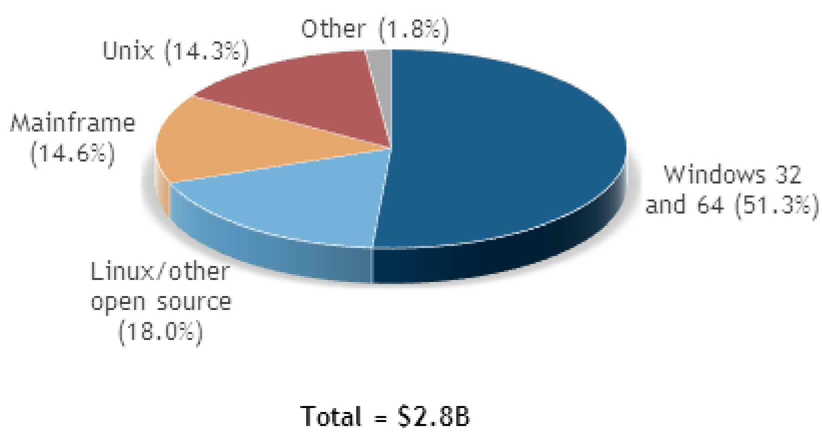

Source: IDC's Worldwide Semiannual Software Tracker, April 2017

## Worldwide IT Event and Log Management Software Revenue Snapshot by Operating Environment, 2016

Figure 4 provides a snapshot of the market in 2016 by operating environment. The Windows operating environment had the largest share, with 51.3% of the worldwide IT event and log management software revenue. Linux/other open source was second, with 18%; mainframe was third, with 14.6%; and Unix was fourth, with 14.3%.

## FIGURE 4

### Worldwide IT Event and Log Management Software Revenue Share by Operating Environment, 2016



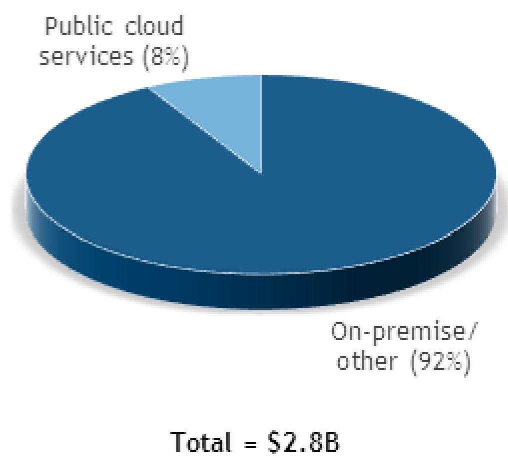

Source: IDC's Worldwide Semiannual Software Tracker, April 2017

## Worldwide IT Event and Log Management Software Revenue Snapshot by Deployment Type, 2016

Figure 5 provides a snapshot of the market in 2016 by deployment type. On-premise/other had the largest share, with 92% of the worldwide IT event and log management software revenue. Public cloud services had 8%.

### FIGURE 5

**Worldwide IT Event and Log Management Software Revenue Share by Deployment Type, 2016**




Source: IDC's Worldwide Semiannual Software Tracker, April 2017

## Significant Market Developments

Requirements for IT event and log management software are increasingly being driven by the need to manage applications and infrastructure in dynamic environments supporting digital and customer-facing applications. IT organizations are faced with managing multiple environments ranging from traditional on-premise systems with virtualized infrastructures to private, public, hybrid, and multicloud deployments. Managing IT availability across the rapidly evolving technology stack including containers continues to be an important requirement, although difficult to achieve. Focus on managing systems and applications to optimize the end-user experience is a major priority as 100% uptime and fast performance are table stakes for digital business success.

## METHODOLOGY

The IDC software market sizing and forecasts are presented in terms of commercial software revenue. IDC uses the term *commercial software* to distinguish commercially available software from custom software. Commercial software is programs or codesets of any type commercially available through sale, lease, rental, or as a service. Commercial software revenue typically includes fees for initial and continued right-to-use commercial 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. These are counted by IDC as commercial software revenue.

Commercial software revenue *excludes* service revenue derived from training, consulting, and systems 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 commercial software revenue that is further allocated to markets, geographic areas, and sometimes operating environments. For further details, see *IDC's Worldwide Software Taxonomy, 2016* (IDC #US41572216, July 2016).

Bottom-up/company-level data collection for calendar year 2016 began in January 2017 with in-depth vendor surveys and analysis to develop detailed 2016 company models by market, geographic region, and operating environment.

The data presented in this document is IDC estimates only.

*Note: All numbers in this document may not be exact due to rounding.*

## MARKET DEFINITION

IT event and log management software automates the analysis and response of the systems to nonscheduled system and application events and root cause analysis. Included are console automation products, global event management applications, event correlation and root cause analysis software, event action engines, log management, and log analytics. This category does not include automation of responses to scheduled events.

## RELATED RESEARCH

- *IDC's Forecast Scenario Assumptions for the ICT Markets and Historical Market Values and Exchange Rates, Version 1, 2017* (IDC #US42418817, March 2017)
- *Worldwide IT Event and Log Management Software Forecast, 2017-2021* (IDC #US42302017, February 2017)
- *IDC's Worldwide Software Taxonomy, 2016* (IDC #US41572216, July 2016)
- *Worldwide Event Management Software Market Shares, 2015: Log Management and Analysis Drive Growth* (IDC #US41302616, May 2016)

## About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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