

The Global Market for Enterprise Mobility Management

Healthy Market, but Consolidation Pace Quickening

Part of the Strategic Insights 2015 Insert...
Research Program: Track 3, Topic 1

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Inside This Report

The freedom and flexibility that mobile+cloud bring are powerful, and they have given workers more opportunities than ever before to be productive while on the go. Keeping our digital lives connected, as well as seamlessly syncing and saving our work-related and personal content, distributed teams now regularly collaborate via virtual workplaces. What's more, mobile solutions provide access from any location, because the cloud's flexibility and scalability deliver the necessary data, software, and business agility.

The Enterprise Mobility Management (EMM) space is the most visible of the "segments" of the enterprise mobility ecosystem. In addition to notable acquisitions (AirWatch, BoxTone, Fiberlink, and Zenprise), participating vendors have demonstrated that they can win large deals and attract key partners in the channel. While EMM vendors have successfully positioned themselves to capitalize on the opportunities to enhance business that mobile technology and cloud software (and services) can deliver, their market has quickly matured. As the line between personal computers and mobile devices continues to blur, EMM must innovate quickly or risk losing relevance in a market that it created.

What questions are addressed?

- ▶ Where can EMM vendors innovate?
- ▶ Does the positioning of Apple, Google and Microsoft jeopardize the EMM market?
- ▶ How big is the EMM market?
- ▶ How fast is the EMM market growing?
- ▶ Is unified endpoint management the proper direction for EMM vendors to move?
- ▶ Will blending virtualization and mobility solutions resonate with customers?

Who should read this report?

Anyone participating directly or indirectly in the development, marketing, or distribution of solutions to manage mobile deployment environments is a suitable audience. This report summarizes key market trends and important solutions we have identified through our research. Ultimately, this report is intended to educate the reader about the key participants involved in the mobile ecosystem and critically analyze prominent vendors and solutions providers.

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Executive Summary

The EMM market has grown up quickly and is the most visible (and competitive) segment in the enterprise mobility software ecosystem. VDC's forecast shows that the global market for EMM solutions is healthy and gaining momentum as we head into the second half of 2015. The compound annual growth rate (CAGR) for the market is 17.7%, growing from \$1.27B in 2014 to \$2.86B by 2019. However, while mobile-first EMM vendors are enjoying strong growth, they have seen their MDM license revenues deteriorate due to commoditization and a race to the bottom for device management only solutions. Customers are beginning to see attractive pricing emerge. They will have more opportunities to negotiate as large and established competitors with diverse solution portfolios become more aggressive with their marketing and sales campaigns for EMM solutions. This trend has led mobile-first EMM vendors to rely heavily on complementary EMM suite elements for application and content management for revenue contributions and has made partnerships even more important. VDC expects downward pricing pressure on mobile-first EMM vendors to continue into Q3 of 2015 as larger vendors begin to offer à la carte EMM solution bundles. To maintain their momentum, mobile-first EMM vendors should pursue partnerships that enable them to target specific vertical markets. Vendors must continue to work closely with device manufacturers, expand their R&D budgets to shorten their innovation cycles, and get their products to market more quickly. Differentiation is becoming difficult to achieve due to the market dominance of Apple and Google's operating systems in the enterprise. Apple's closed operating system approach stifles innovation, and most prominent EMM vendors announced that they would integrate with Google's Android for Work program at its initial launch. Regional expansion via that channel has enabled mobile-first EMM vendors to gain traction in this market and will be critical as large and established competitors such as Microsoft and IBM continue to enhance their EMM suites. In this vein, mobile-first EMM vendors should listen carefully to their customers to identify solution gaps and potential areas to improve their platforms.

Key Findings

- ▶ The EMM market has matured and is healthy; however, key ecosystem vendors such as Apple, Google, and Microsoft are becoming more serious about their enterprise orientation and offerings. Mobile-first EMM vendors must position themselves to complement these vendors' ecosystems in the future.
- ▶ EMM vendors need to expand their ISV partnerships as pre-packaged mobile applications continue to improve and are beginning to see stronger adoption in the enterprise.
- ▶ Innovating on security remains a key priority for the EMM market and continues to offer opportunities for differentiation. Identity management will be a key battleground going forward. Both VMware/AirWatch and Citrix have a leg up on the competition due to their infrastructure orientation and security bonafides.
- ▶ The native containerization features of Google's Android L OS offers EMM vendors a significant opportunity to support enterprise-grade Android deployments. However, the level of integration with Google's Android for Work program varies across the EMM market.
- ▶ Old guard v. mobile-first: EMM vendors are busy developing next-generation unified endpoint management (UEM) solutions. Incumbent and tenured vendors such as Dell, IBM, LANDesk and Microsoft, however, have a big lead and have steadily augmented their mobile capabilities.

Global Market Overview

The EMM market has matured quickly, and all prominent vendors have moved well beyond just managing devices and de-emphasizing their “MDM roots.” Exhibit 1 depicts the increasingly broad range of solution components that are now commonly referred to as EMM suites. The uptake in mobile enablement in the enterprise has vendors focusing on strong authentication solutions, granular app-level policy controls, and network access control. EMM vendors are well aware of the need to preserve the user experience that end users are accustomed to on mobile, a growing area of focus that provides new opportunities for differentiation.

Exhibit 1: EMM Suite Solution Components

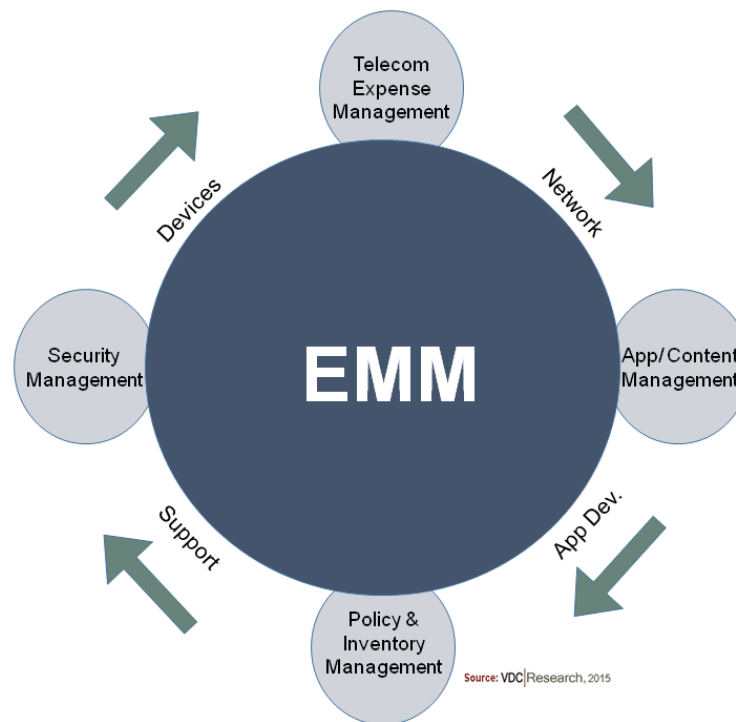
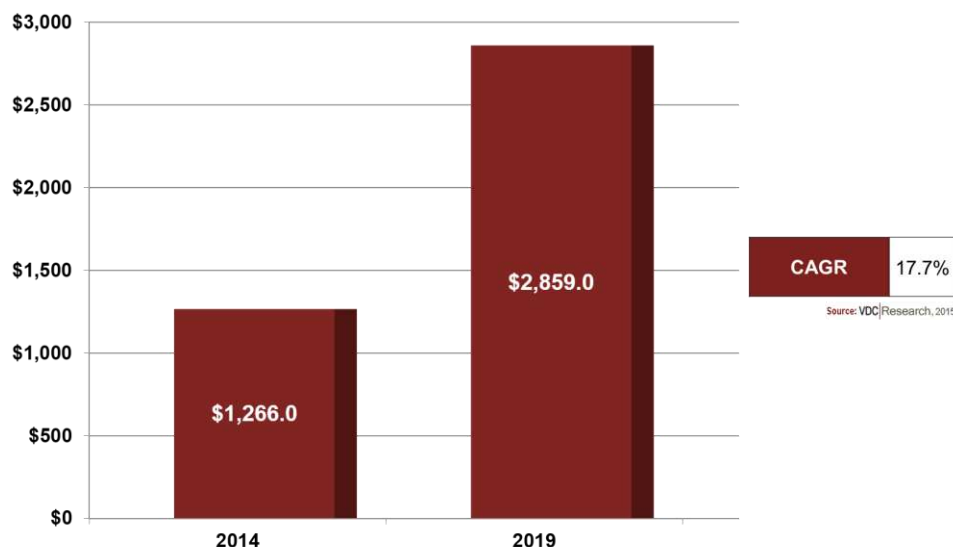


Exhibit 2: Current and Forecast Worldwide EMM Solution Revenues (2014–2019)

The global market for EMM solutions picked up significant momentum in 2014. The consolidation we saw in 2013 and 2014 has produced a clearly divided market between Tier 1 vendors (who account for roughly 77% of the market) and everyone else. There are currently seven Tier 1 vendors in the EMM market (AirWatch [VMware], BlackBerry, Citrix, Good Technology, IBM, MobileIron, and SAP); these vendors each hold more than a 5% market share, according to our market segmentation. There are dozens of additional vendors (mostly small startups) that are fighting for relevance in the market and a notable heavyweight (Microsoft), who is very likely to crack the 5% threshold in 2016, based on our market forecast. The EMM market is growing at a very healthy rate; its CAGR is 17.7% and the market will grow from \$1.27B in 2014 to \$2.86B in 2019. We expect to see current growth rates begin to slow in 2017. Mobile-first EMM vendors continue to drive the majority of this growth and have made key adjustments to their licensing and subscription renewal programs based on increasing competition. Term licensing has been welcomed by users as BYOD policies continue to be adopted, and users increasingly carry multiple devices. Vendors notably succeeding in expanding their customers' mobile solutions beyond MDM to more extensive usage of both content and application management solutions; this trend accounts for a significant portion of the revenue growth we have forecasted. We anticipate that per-user pricing will be offered at a higher list price than per-device pricing, but it will be the de facto model for most large customers beginning in Q3 of this year.

EMM vendors have established themselves as the de facto vendor class for organizations that are formulating (or expanding) their mobile strategies. Indeed, a majority of Fortune 1000 organizations work extensively with at least one EMM vendor. (Our research shows that multi-national firms typically work with at least two EMM vendors.) EMM vendors have capitalized on the fact that enterprises see clear benefits from their employees' consumer-oriented mobile devices and are expanding their mobile application use to key productivity applications. With high adoption in large enterprises, vendors have begun to increase their focus on midmarket firms. This is a wise

strategy, because there are approximately 200,000 middle-market businesses in the United States alone. Most middle-market firms have yet to formally support their mobile workforce. BYOD and consumerization, however, have led EMM vendors to create bundles to cater to middle-market firms and enhance their self-service capabilities to ensure that they can offer these businesses big-solution benefits at the appropriate prices.

The EMM market will grow quickly because vendors have the opportunity to offer innovative IT services and application provisioning methods to mobile platforms. As the ranks of end users who rely on their tablets, smartphones, and other devices at work and on the road grows, organizations must reconsider how they provide applications to these platforms or risk falling behind their peers and find themselves increasingly at risk of losing control of their mobility deployments. This will exacerbate their need to partner with a vendor or vendors that can make critical mobility management services available to their internal end users. Mobile enablement provides IT organizations an opportunity to reassert themselves and demonstrate that they can not only move quickly to roll out mobile applications, but also offer the quality of service and user experience that end users expect.

Recent Developments

There are several important and required features that Tier 1 EMM vendors have consistently added to their platforms; adding features, however, will not enable vendors to differentiate unless they are proprietary in nature. VDC has not yet identified an example of a feature that has delivered true differentiation to an EMM vendors' platform. The most common features added to EMM platforms are: application development tools, split billing, secure browsing, and email. While our discussions with customers showed that the market demands these features, the level of parity between vendors who have implemented these features is stark. Vendors are beginning to differentiate on user experience (UX). For example, Good Technology has integrated its enterprise app store with its mobility suite, offering customers the ability to easily access mobile apps and quickly transition from one workflow to the next. Other areas vendors will continue to gravitate toward include unified endpoint management and enhanced security. Moving forward, digital data regulations in industry sectors, such as health care and government, will continue to evolve and will require that companies know exactly where their data is stored, who is transferring it, and what the level of encryption is for all of their content. For example, the Health Insurance Portability and Accountability Act (HIPAA) mandates strict security requirements for electronic protected health information (ePHI). Unauthorized disclosure of ePHI is a big risk with mobile devices because they are small, portable, highly visible, unlikely to be password protected, unlikely to have encrypted PHI, and likely to connect with Wi-Fi, further risking interception. For these reasons, new capabilities around identity management will be important going forward. While EMM vendors have relied on partners such as Centrify, Okta, and Ping Identity to augment the security of their platforms, we expect that vendors will abandon this strategy and develop their own enhanced security solutions to complement their EMM platforms. For example, VMware has recently revealed its Identity as a Service (IDaaS) solution for identity management.

Platform Enhancements that Vendors Should Focus on

VDC believes that security remains the key area for vendors to innovate upon and achieve differentiation. Capabilities around identity management and taking advantage of hardware primitives (specifically the opportunity to integrate with the Trusted Execution Environment [TEE] on Android platforms) will be important going forward. Such integration offers the robust security required by many enterprises, particularly those with compliance exposure and requirements.

Finding a way to differentiate on iOS will also be critical, and it has not been possible yet due to Apple's "walled garden" approach to granting API access. Apple clearly has strong enterprise aspirations of its own; it continues to add critical MDM and containerization enhancements to its platform. However, we believe that Apple is beginning to signal that it may be willing to play favorites (i.e., to choose an EMM vendor or vendors to whom it will provide exclusive integration options). This is an entirely new position for the company and, if our speculation is correct, it will drastically affect the EMM market. Apple recently disclosed that it was working with several Tier 1 EMM vendors, but specific details are scant.

Unified Endpoint Management, the Internet of Things, and Wearables

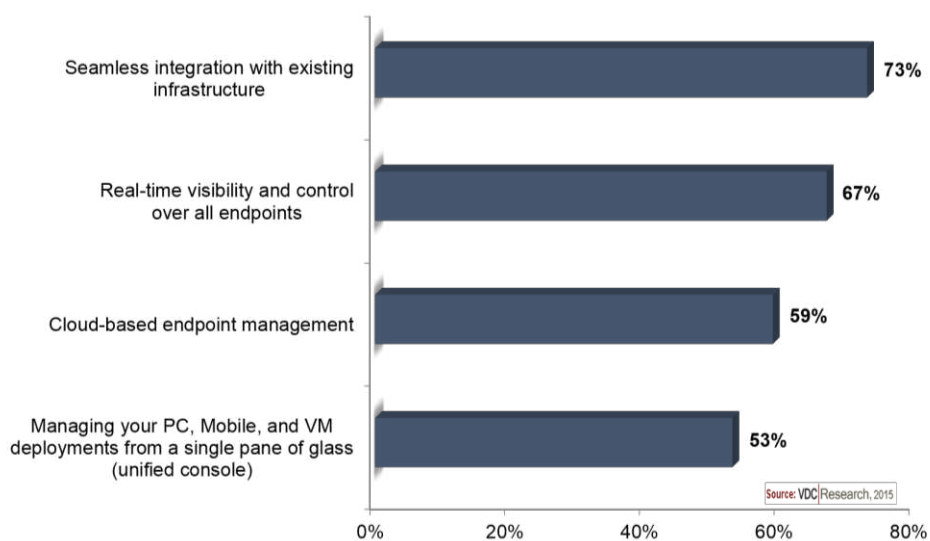
As the lines between personal and mobile computing continue to blur and the number of "non-Windows" endpoints continues to expand, companies must begin thinking about reinventing their businesses around the possibilities these new platforms create. EMM vendors recognize this fact and are positioning themselves to ensure that they have a plan going forward to support non-traditional endpoints. (Such strategies include, for example, ATMs, kiosks, smart vending machines, parking meters, POS devices, printers, and wearables, among others.) AirWatch, Dell, and IBM have taken the lead in developing unified endpoint management (UEM) capabilities. As a mobile-first ISV, AirWatch's foray into UEM is particularly impressive. The company has quickly achieved very strong platform support capabilities for the Chrome and QNX operating systems, as well as for heavy operating systems such as Microsoft Windows and Apple OS X. VDC expects to see tenured endpoint management vendors (in addition to IBM) continue to enhance their EMM capabilities going forward. Examples include Accelerite, LANDesk, and Symantec. The key will be to deliver a single pane of glass to manage all aspects of modern mobile platforms (e.g., Android and iOS) as well as non-traditional endpoints.

Microsoft's upcoming Windows 10 release shows its desire to position itself as a cross-platform productivity solutions company and could potentially signify a de-emphasis on the company's Windows Phone strategy. VDC expects that Microsoft will compete with its operating system and attract corporate interest through the operating system's ability to function across all Windows devices (computers, tablets, and phones). Indeed, Microsoft appears to be trying to make Windows 10 look and act more like iOS and Android and create an opportunity to port iOS and Android apps to Windows 10. Every EMM vendor is working quickly to support Microsoft's new operating system, but the vendor will likely become more competitive and preclude access to certain API (taking an approach similar to Apple's).

Tenured Endpoint Management Vendors are Making a Mobile Move

The continued influx of mobile devices into the workplace has quickly put great pressure on IT organizations to extend endpoint management to popular mobile platforms from companies like Apple, BlackBerry, Google, and Microsoft. Traditional endpoint management vendors (“the old guard”) have a rich history of delivering proven enterprise-grade solutions to manage corporate productivity devices that provide employees access to critical business systems while retaining usability and ease of management for administrators. Only recently, however, have they augmented their solutions with mobility management functionality. These vendors now recognize the necessity of providing end-to-end support that enables administrators to inventory, deploy, patch, and continuously manage both PCs and “modern endpoints” across heterogeneous hardware. Their challenge, however, will be to demonstrate that they can match the level of innovation and functionality of new “mobile-first” entrants into the market and offer a modern user experience for managing non-traditional endpoints. Exhibit 3 shows end user desirability for a unified endpoint management product.

Exhibit 3: Desirability of Potential Future Endpoint Management Capabilities



Mobile-first EMM vendors have found themselves in a strong position and are a significant force in the mobile software market. However, while their solutions are increasingly required as part of a mobile strategy, competition from traditional endpoint management vendors will continue to increase because these vendors have strong brand recognition and broad enterprise portfolios. IT experience and knowledge of current infrastructure trends are also crucial for accepting mobility solutions. In this vein, traditional endpoint management vendors such as IBM, LANDesk, and Microsoft have a clear edge over mobile-first EMM vendors and are already quickly enhancing their traditional endpoint management platforms to include key mobility management features. Additionally, as businesses implement best practices for mobile architecture, user experience, security policies,

and standards, they will quickly discover that this will require more advanced and integrated solutions from their technology partners.

Competitive Landscape

The individual point solutions that were adequate for isolated mobile deployments are not sufficient in today's modern mobile enterprise. Many of the mobile solutions that remain in place today are unable to accommodate BYOD trends. They have limited ability to scale, as enterprises continue to deploy new devices with varying form factors and OS platforms. Consumerization and BYOD trends have clearly led to mobile enablement opportunities that extend well beyond the initial mobile initiatives that many middle-market firms invested in. However, the majority of organizations have yet to deploy third-party mobility management tools to manage and support their mobile workforces. These firms rely on Microsoft's *Exchange ActiveSync (EAS)* to provide basic device management and to synchronize email, contacts, and calendars. VDC believes that this trend is primarily due to the somewhat limited usage of sophisticated mobile applications. Larger organizations are more likely to require enhanced mobile security capabilities due to their wider usage of mobile applications and their compliance requirements. However, in the future, solutions that help to manage application lifecycles and ensure that mobile data is encrypted will be important for both large and middle-market organizations.

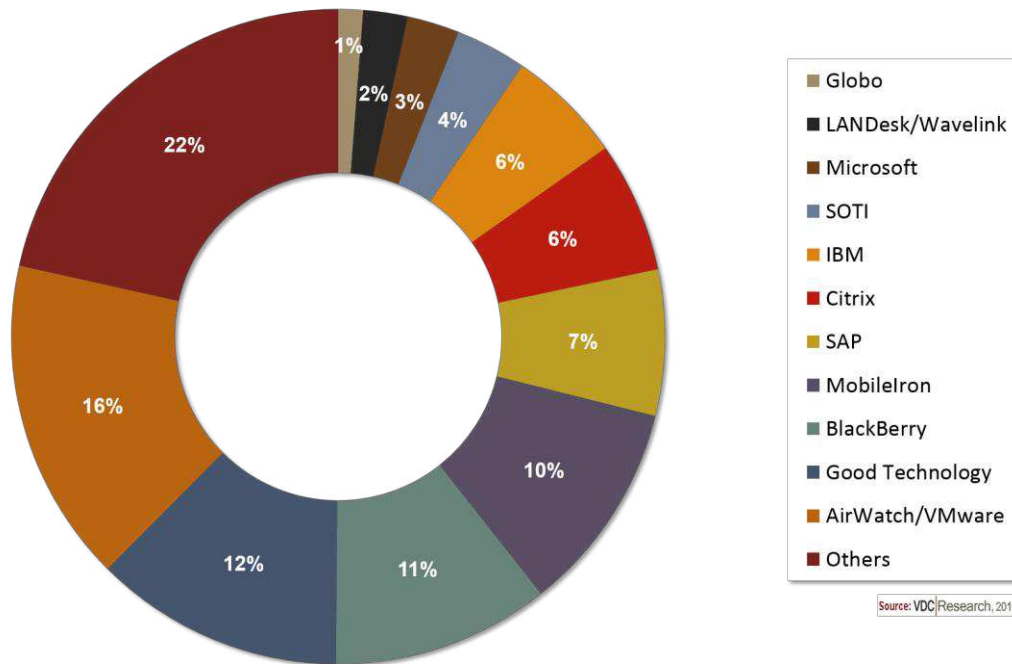
Important and Notable EMM Shifts

EMM vendors are enjoying strong year-over-year growth, but they must continue to expand their workforces to scale their footprints outside of the United States. VDC's forecast shows year-over-year growth from 2013 to 2014 ranging from 10.2% (BlackBerry) to 35.8% (Citrix). In our view, Citrix and AirWatch (which falls right behind Citrix with 32.1% year-over-year growth) are the most interesting vendors in the market because of their strengthening value proposition that effectively blends virtualization and mobile technologies. These vendors are differentiated; they offer customers several options for porting traditional Window-based applications to mobile platforms. Both companies have developed sophisticated virtualization technologies that offer key security benefits. They greatly reduce the risk of data leakage because sensitive application data is never stored on an end user's mobile device(s). AirWatch and Citrix also share an important advantage because their respective containerization solutions are additive. For example, streaming an individual application enables a user to render the application's images inline and process display data and input events at the application level. Not only does this ability maximize performance and density, but also, if combined with a secure container, it permits each user session to be completely isolated. As a result, the application streaming options these vendors offer are also highly secure. They enable businesses to enhance security, compliance, and auditing capabilities, particularly if paired with an identity management solution.

New technologies such as graphics acceleration and enabling mouse support (Citrix is first to market in this regard) are allowing vendors to overcome key UX deficiencies that have traditionally come with virtualizing

applications on mobile devices. While new virtualization solutions offer enterprises a relatively quick way to mobilize existing windows applications, these solutions are still technically a compromise because they do not fully take advantage of mobility and may frustrate some users who wish to recreate a desktop experience on a mobile device. Exhibit 4 shows the 2014 market shares of the market leading EMM vendors.

Exhibit 4: EMM Market Share, 2014



BlackBerry

BlackBerry is still transitioning into a software company, and it has been reduced to a niche player in the EMM market. The company has notable market share, but not through its EMM solution components around application and content management. Hence, we regard the company as a weak Tier 1 EMM vendor that has the potential to fall to a Tier 2 vendor in the next 24 to 36 months. The majority of the company's EMM revenue come from supporting legacy BlackBerry devices. (The company's legacy device footprint is large.) While some customers are upgrading to the latest version of the company's flagship BES platform, not all will, and many are likely to turn to competitors. While the company deserves credit for retaining a sizeable footprint among financial services firms as well as in government deployments, we do not consider the company to be a viable EMM option for new customers. BlackBerry's BES 12 platform is rich in features and offers strong cross-platform support options, but the vendor was too late in releasing this update to the market. According to our forecast, it will continue to see its market share decline. The company has made three notable acquisitions in the last 12 months: Secusmart GmbH (for Voice and Data Encryption), Movirtu (for virtualized SIM capabilities), and WatchDox Ltd. (for Enterprise file synch/share or EFS&S). Each offers platform enhancements, but the acquired technologies will only serve to augment BlackBerry's hold on its existing compliance-minded customer base. In our view, they are unlikely to

enhance the company's opportunity to compete with its Tier 1 EMM competitors. WatchDox definitely provides BlackBerry with a strong EFS&S solution, filling a huge hole in the company's EMM platform. The company has moved too slowly in offering this solution to its customers, however, and will face challenges as it tries to displace incumbent vendors such as Box, DropBox, and other mobile-first EFS&S specialists who have been in the market longer.

BlackBerry's software revenues are holding steady. (The company's reported software revenues from 2013 and 2014 were virtually identical: \$235M and \$234M.) Although the revenue figures are not high, the company's software revenues do not come entirely from EMM. VCD estimates that BlackBerry Internet of Things (IoT) revenues from QNX solutions contributes approximately 36% of the company's software revenues, or \$85M, accounting for BlackBerry's still large revenue stream from EMM. We forecast, however, that these revenues will continue to decline despite the platform-agnostic elements that the company is pursuing. BlackBerry has also started to work more closely with Samsung. We believe this is a smart move that is mutually beneficial for both companies. BlackBerry must continue to work for companies like Samsung as its device business continues to decline.

Good Technology

Good Technology is the only Tier 1 EMM vendor to not integrate with Google's Android for Work program. The vendor claims that its core customer base (which shares many similarities with BlackBerry's customer base) would have significant concerns over privacy with the Android for Work program. While this claim has merit, we have not heard similar concerns from vendors that the company is competing with who have integrated with the program. Good has continued to delay its long anticipated IPO, but the company has successfully expanded its customer base and has been growing at a healthy pace. (We project 26.5% year over year growth in 2015.) Good has been focused on enhancing its flagships' Good for Enterprise UX and has been expanding its support for wearables. We continue to view the company as a strong candidate for acquisition due to its large customer base. Based on the synergies within their customer bases, Good would be a smart acquisition for BlackBerry. Such a move is unlikely, however, because of the price that would likely be required to consummate the deal. (Our estimate is between \$750M and \$1.25B.)

Microsoft

Microsoft has been working hard to assemble an integrated EMM platform for some time. To its credit, the company has been able to incorporate a broad portfolio of assets and products. These include Windows Server, System Center, Microsoft Azure, Office 365, Microsoft Azure RemoteApp, Active Directory, Azure Active Directory, Remote Desktop Services. It has also succeeded in blending these components into a viable and competitive EMM platform. Microsoft's EMM platform, productized as Enterprise Mobility Suite (EMS), features Microsoft Azure AD Premium, Azure Rights Management Services (RMS), and Microsoft Intune at its core. Microsoft is leading with the value proposition that it deliver an EMM solution as a standalone vendor, with one

contract and one SKU. The vendor has a long way to go and has yet to prove that it can win over tenured Tier 1 EMM competitors. While it is likely that many of Microsoft's customers are already using a competing EMM vendor's products, the migration process has been so streamlined that the possibility of switching from one EMM vendor to another gives the company a notable opportunity. (Vendors are still capitalizing on migrations away from BlackBerry's BES platform.) When considering the sizeable roster of customers that have significant Microsoft infrastructures, we believe that the company is likely to achieve strong growth with EMS going forward.

Tier 2 Vendors Still Relevant

We've named the seven prominent Tier 1 vendors (AirWatch [VMware], BlackBerry, Citrix, Good Technology, IBM, MobileIron, and SAP). There are several Tier 2 vendors, however, that are important to consider due to their strength in areas that may be more desirable for certain prospective customers, specifically those who are evaluating UEM solutions or want robust mobile application development tools integrated into their EMM vendor partner. Two such vendors are LANDesk and Globo PLC. LANDesk has significant strength (and tenure) in the UEM market and is an established player in traditional IT service and systems management. The vendor has also acquired a strong EMM play via its Wavelink acquisition. Wavelink's strength in the rugged mobile computing segment complements the deployment environment of LANDesk's traditional customers, because of the company's extensive experience in terminal emulation (an area that remains critical across the supply chains of every large organization). Globo acquired Notify Technologies in 2013, enabling the Greek company to enter the U.S. market. Since acquiring Notify, Globo has developed a well-integrated and enterprise-grade EMM platform and added strong mobile application development tools through its acquisition of Sourcebits.

VDC's Temperature Check

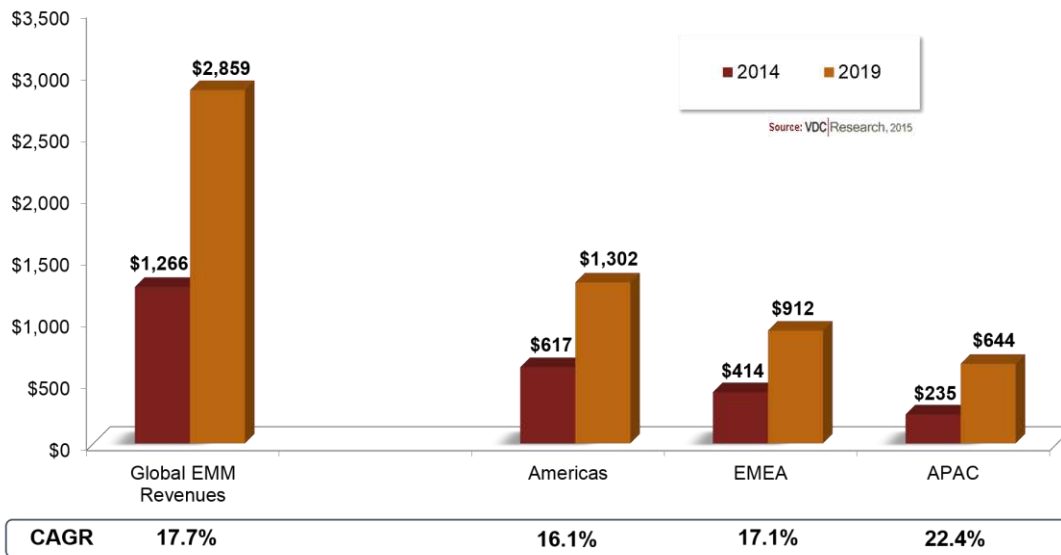
VDC Temperature Check is a rating mechanism that provides a quick ecosystem assessment of the competing technology solutions providers in a specific market. Exhibit 5 depicts the VDC's Temperature Check for the most prominent EMM vendors in the market today. Ratings are based on key qualitative interviews with existing customers of each of the vendors represented and are supported by our quantitative end-user surveys to IT decision makers. Our scores are based on ratings of the following: brand perception, customer service, experience and support performance, executive team, market momentum, product roadmap/vision, sales execution, and global channel strategy and success.

Exhibit 5: VDC's Temperature Check on the EMM Market



Regional Forecasts

Exhibit 6: Current and Forecast Worldwide EMM Solution Revenues, by Region (2014–2019)



Americas (16.1% CAGR)

- ▶ The Americas region will show strong growth through our forecast period and grow at a 16.1% CAGR from \$617M in 2014 to \$1.3B by 2019.
- ▶ Multinational organizations in these regions were the most active in investing in mobile IT infrastructure upgrades to meet the requirements of today's changing work environment and to keep up with the wide regional variance in compliance regulations.
- ▶ While the region tends to be more mature, it will continue to show strong growth as large organizations expand deployments and begin to increase their use of custom application development tools, corporate app stores, and mobile collaboration platforms.

APAC (22.4% CAGR)

- ▶ The Asia-Pacific (APAC) region will show the most robust growth through our forecast period and grow at a 22.4% CAGR from \$235M in 2014 to \$644M by 2019.
- ▶ Emerging vendors in the region have productized EMM solutions that are beginning to rival well known U.S.-based vendors such as AirWatch and MobileIron. Most notable is NQ Mobile, which has developed a comprehensive EMM solution (NQSky) and has begun to acquire large regional customers. NQSky MDM was launched in February of 2013—the company has been expanding across the APAC region since then and has recently entered the Japanese market through a partnership with Daiwabo Information System Co., Ltd. (DIS).

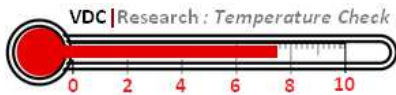
- ▶ In regions such as China, urban renewal and technology infrastructure investments will lead to broad opportunities for mobile-oriented vendors. The underlying technologies in these projects will enable a broad range of constituents in the mobile ecosystem to engage with enterprises with mobile advisory services, provide consulting, and offer opportunities for more strategic customer relations regarding mobile enablement.

EMEA (17.1% CAGR)

- ▶ The Europe, Middle East, and Africa (EMEA) region will grow at a healthy CAGR of 17.1% from \$414M in 2014 to \$912M by 2019.
- ▶ Exposure to currency volatility continues to negatively affect European organizations and has impeded their progress in adopting mobile solutions.
- ▶ Given the region's strong focus on manufacturing and government mandates for mobile solutions that provide compliance and traceability, manufacturers represent attractive targets for vendors that offer EMM solutions. This is largely due to these organizations' need to improve visibility and responsiveness within their supply chain. VDC believes that mobile solutions will continue to play a larger role in these sectors and lead to service-oriented revenue opportunities.

Vendor Insights

AirWatch/VMware – Tier 1 (7.50)



VMware's acquisition of AirWatch has extended VMware's proposition from datacenter to device, and it strongly positions VMware in the mobile ecosystem. VMware recently launched an identity management solution (simply named VMware Identity Manager), which offers integrated single sign-on (SSO) functionality with AirWatch's EMM platform. The solution will allow for the company to provide single sign-on application access to users, thus enhancing the security and functionality of its EMM offerings. Integrating AirWatch's mobility solutions is beginning to differentiate the market for VMware. The company's enterprise mobility solutions are centered on the Horizon Mobile Secure Workplace, which provides end users with quick and easy access to desktops, applications, and data across devices, locations, and networks. The Horizon Workplace solution is designed to help IT address BYOD and workplace mobility initiatives. It is effective in streamlining and automating desktop application and data management while providing IT with the ability to apply location-aware, policy-driven access to corporate resources at higher levels of security and compliance. We are impressed with VMware's vision; it is finding interesting ways to blend its virtualization prowess with AirWatch EMM platform. For example, the company has merged NSX solution (a virtual networking solutions) with AirWatch's EMM platform. By using what VMware calls "network micro-segmentation," the company is effectively bringing very granular virtual network policy controls (at the application level), allowing users or groups to access only the specific applications within the data center to which they are authorized. As the company's mobile virtualization solutions evolve, its ability to deliver a seamless transition to the post-PC era can potentially place VMware in a unique and strong market position. Moving forward, virtualization will remain a key to VMware's success, as will its ability to deliver flexible mobile solutions to customers that complement the powerful virtualization technologies that have enabled VMware to grow.

AirWatch continues to be aggressive in the market on pricing and in the channel, and has been busy expanding its roster of mobile operators and systems integrators. These partnerships have enabled the company to capture operational efficiencies by shifting resource from its direct sales force. AirWatch has also been a key participant in the App Configurator for the Enterprise program (ACE). The consortium of technology companies has defined a means of creating development standards for enterprise apps so they more easily integrate with a number of commonly used enterprise mobility management (EMM) products. We see this as a smart strategy going forward. The roster of ISV partners for the program continues to grow and includes important ecosystem partners who bring core enterprise mobility capabilities. VMware has begun to work more strategically with Apple, starting with the joint development of configuration templates for iOS to improve user experience, and we anticipate greater collaboration going forward. We expect to see AirWatch begin to capitalize on VMware's global presence later this year. The company has also recently entered a notable partnership (announced by VMWorld this past October)

whereby HP will resell the company's EMM platform as a managed service. We hear that HP has been slow out of the gate to enable its sales organization to capitalize on this opportunity.

VDC Research

About the Author

Eric Klein is a market research and consulting professional who specializes in the design, analysis, and delivery of project-based research. Over the past 15 years, Eric has worked with a wide array of firms across a number of industries, leading quantitative and qualitative research in areas such as innovation in enterprise software, supply chain risk management, manufacturing operations/automation, and IT spending research. Eric has worked in a variety of market research and management roles, providing market data and competitive intelligence to Fortune 500 firms. His previous employers include: AMR Research, The Yankee Group, and Affiliated Computer Services (ACS). Eric holds a Bachelor of Science degree in Finance from Boston University.

David Krebs has more than ten years experience covering the markets for enterprise and government mobility solutions, wireless data communication technologies, and automatic data-capture research and consulting. David focuses on identifying the key drivers and enablers in the adoption of mobile and wireless solutions among mobile workers in the extended enterprise. David's consulting and strategic advisory experience is far reaching and includes technology and market opportunity assessments, technology penetration and adoption enablers, partner profiling and development, new product development, and M&A due diligence support. David has extensive primary market research management and execution experience to support market sizing and forecasting, total cost of ownership (TCO), comparative product performance evaluation, competitive benchmarking, and end-user requirements analysis. David is a graduate of Boston University (BSBA).

About VDC Research

Founded in 1971, VDC Research provides in-depth insights to technology vendors, end users, and investors across the globe. As a market research and consulting firm, VDC provides coverage of AutID, enterprise mobility, industrial automation, and IoT and embedded technologies that ranks among the most advanced in the industry, helping our clients make critical decisions with confidence. Offering syndicated reports and custom consultations, we deploy methodologies that consistently provide accurate forecasts and unmatched thought leadership for deeply technical markets. Located in Natick, Massachusetts, VDC prides itself on its close personal relationships with clients and on delivering attention to detail and a unique perspective that is second to none.

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