Gartner

Magic Quadrant for Application Delivery Products, 2005

Mark Fabbi, Joe Skorupa

The market for products to improve the delivery of application software over networks remains dynamic and innovative. Vendors focused on solving enterprises' most pressing application problems have become the top players.

WHAT YOU NEED TO KNOW

The key criterion in the Magic Quadrant for Application Delivery Products focuses on a vendor's ability to solve important application challenges within the enterprise. Vendors that have been at the forefront of this change will emerge as the more viable and stronger vendors in the market.

MAGIC QUADRANT

Figure 1. Magic Quadrant for Application Delivery Products, 2005
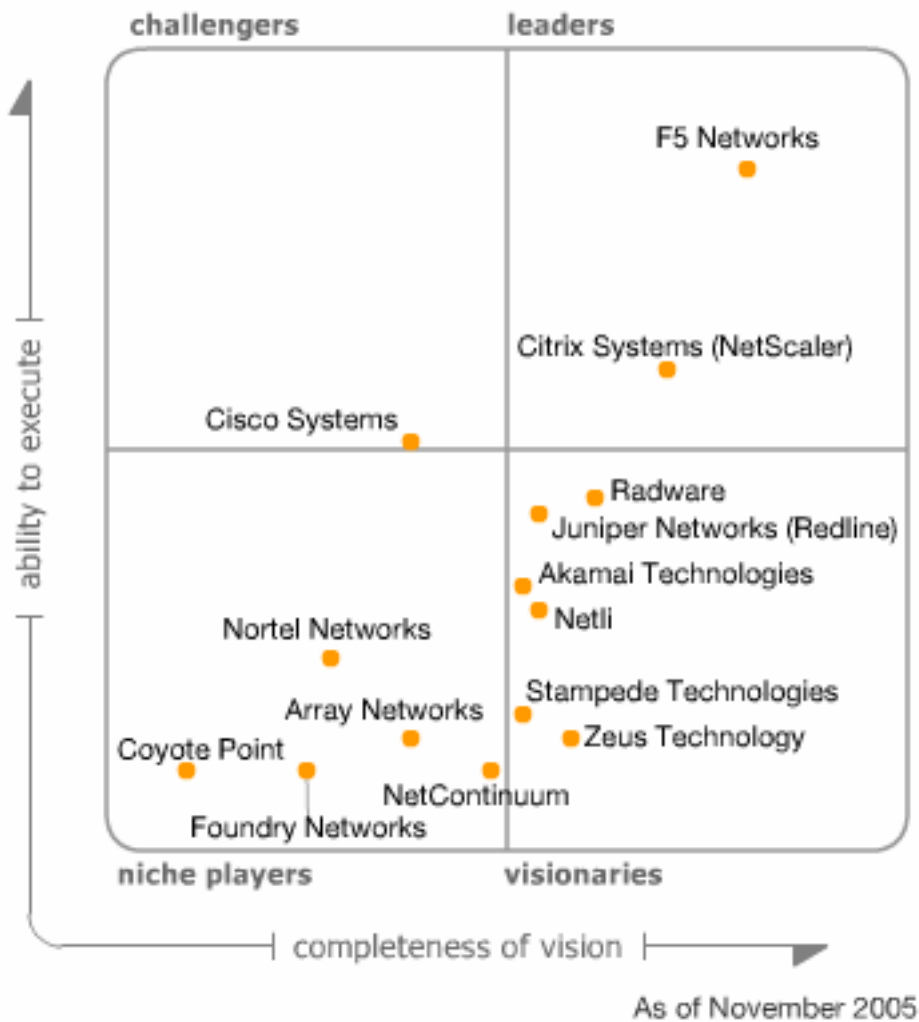
Source: Gartner (November 2005)

Gartner

Market Overview

The market for network-based solutions to optimize the delivery of applications across the network continues to develop rapidly and our expectations increase with each revision of the Magic Quadrant. As a result, the Magic Quadrant effectively shifts up and to the right with each revision. Consequently, vendors must progress to maintain their position on the new Magic Quadrant.

New applications of the technology continue to emerge, reflecting the significant innovation in the market. One aspect of this development is the subtle change in the name Gartner uses to describe this market. It has changed from "Web-enabled application delivery" to just "application delivery." The new name highlights that these technologies apply across a growing base of applications in the enterprise that may not use the Internet at all, or have little or no roots in Internet and browser-based technologies. While the market emerged from load-balancing solutions to improve the availability and reliability of Web sites, we are now a long way from the days where load balancing and Secure Sockets Layer (SSL) termination for basic HTML traffic are viable by themselves. Browser-based applications are often a major impetus to invest in these technologies, but many enterprise applications that look browser-based have many components that don't run over HTTP(S) and need solutions with broader payload parsing, inspection and optimization techniques. Due to this continued development, a new set of criteria is required to analyze this market.

Market Definition/Description

Application delivery provides a set of functions to optimize enterprise applications. The market evolved out of early load-balancing systems that were developed specifically to ensure the availability of Web sites. Today, application delivery is used by enterprises to optimize reliability, end-user performance, data center resource utilization and security for a variety of enterprise applications. In most cases, an equipment-based solution is used — Application Delivery Controllers (ADC) — although network-based services are now available and are gaining initial acceptance in the market.

Inclusion and Exclusion Criteria

Criteria for inclusion on the Magic Quadrant for Application Delivery Products include:

- The vendor has released products for general availability and has demonstrated commitment to the market.

- The vendor must meet many of our expectations for this market, either with current products or via its vision and commitment to the market.

- The vendor must demonstrate relevance for our clients.

- The vendor must have sustainable business models.

Added

Akamai Technologies, Citrix (acquired NetScaler), Juniper Networks (acquired Redline), NetContinuum and Stampede Technologies.

Dropped

FineGround (acquired by Cisco Systems), Inkra (ceased operations), NetScaler (acquired by Citrix), Redline (acquired by Juniper Networks) and Swan Labs (acquired by F5 Networks).

Gartner

Evaluation Criteria

Ability to Execute

The top-level criteria used for the vertical axis on the Magic Quadrant have been updated to fit new criteria categories in Gartner's standardized Magic Quadrant process. As before, we analyze the vendor's capabilities across broad business functions including: product/service, overall viability, sales execution/pricing, market responsiveness and track record, and customer experience. Beyond the updated terminology, vendors that have expanded their products across a wider range of protocols and applications, have improved service and support capabilities and have a focus on improving enterprise applications will be more highly rated in the Magic Quadrant analysis.

Product/Service looks at the capabilities of the products or solutions offered to the market. Key items to be considered for the application delivery market are how well the products address enterprise application needs, the breadth of the product (in terms of different functions) and scale, from entry-level products to high-end ones. We also look at the level of integration, flexibility and innovation the vendor demonstrates in its products. We look at products that provide load balancing, SSL termination, connection management, compression, protocol manipulation, global redirection, some aspects of security enforcement and other related technologies. A key aspect that demonstrates continued execution in this area is how the vendor expands the types of application that are optimized. Although we don't expect vendors to have every technology option in their products, we expect them to offer a comprehensive and flexible solution for enterprises that clearly demonstrates a focus on enhancing enterprise applications.

Overall Viability measures a vendor's proven commitment to devote sufficient resources to this market. While we expect vendors to demonstrate the financial viability for continued operations and investments in their business, larger vendors with significant financial resources don't necessarily have an advantage. The key attribute is demonstrated investments in products and services for this market.

Sales Execution/Pricing looks at the vendor's ability to get the product into the market in an efficient manner. In this market we look for specialist capabilities — that is, a vendor and associated channels that can understand and deliver solutions for optimizing a range of data center applications. Having strong field sales and engineering to supplement specialist channels will help vendors in this area. Another factor is partnerships with leading application providers or systems integrators (SIs) that provide bundled solutions to the enterprise. In this emerging market, to date, pricing is a very minor decision criterion, although as the market matures and expands to include small and midsize businesses (SMBs) customers pricing will become more important.

Market Responsiveness and Track Record looks at how the vendor positions its products, the messages it uses and whether these messages are getting through to the market at large. For marketing performance, we look for messages that target the key enterprise requirements of application performance, security and reliability. One of the metrics to evaluate market responsiveness is the number of client interactions that we receive about a vendor and the trend of those interactions. Track record is a method of measuring a vendor's sustained performance in the market.

Customer Experience looks at a vendor's ability to deal with post-sales issues. Because of the specialized nature of the application delivery market, vendors are expected to escalate and respond to issues in a timely fashion with dedicated and specialized resources, and have detailed expertise in a number of specific application environments. Another consideration is a vendors

Gartner

ability to deal with increasing global demands. Additional support tools and programs would be signs of a maturing approach to the market.

In short, Ability to Execute reflects the market conditions and, to a large degree, is our analysis and interpretation of what we hear from the market. Our focus is to assess how a vendor participates in the day-to-day activities of the market.

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product/Service	standard
Overall Viability (Business Unit, Financial, Strategy, Organization)	standard
Sales Execution/Pricing	standard
Market Responsiveness and Track Record	standard
Marketing Execution	no rating
Customer Experience	standard
Operations	no rating

Source: Gartner

Completeness of Vision

The criteria used for the horizontal axis on the Magic Quadrant have been fine-tuned to reflect the expanding use of these technologies in the enterprise. They include product direction, innovation, market commitment and investment, and understanding of future market requirements.

Market Understanding looks at a vendor's long-term view of the market. An understanding of future requirements, an ability to adjust quickly to changing dynamics and a clear vision on how the dynamics will influence the market are key elements to this rating. Are they organized in a way to best meet the needs of the market, do they have the correct leadership in place to exploit market opportunities, are they investing appropriate resources to ensure continued participation and success in the market? As an example of the expectations in this category, we look at how vendors have made the switch from dot-com to enterprise requirements, and how they will address additional application environments in the future.

Marketing Strategy examines the vendors messages and methods used to disseminate these messages. Are the messages clear and differentiated, and consistently communicated throughout the organization and externally through the Web site, advertising, customer programs and positioning statements?

Product Strategy looks at a vendor's product road map and architecture, which we map against our view of enterprise requirements. We expect product direction to focus on optimizing enterprise application performance. Specific technologies can include connection management, security enforcement, application enhancements, and emerging solutions for enterprise WAN deployment and related technologies. Timely incorporation of new application architectures, like Extensible Markup Language (XML) and Session Initiation Protocol (SIP) also contribute to this score.

Business Model assesses a vendor's approach to the market. Does the vendor have an approach that allows it to scale the elements of its business (for example, development, sales/distribution and manufacturing) cost-effectively from startup to mature company? Does it understand how to leverage key assets to grow profitably? Can it gain additional revenue by

Gartner

charging separately for optional, high-value features. Other key attributes in this market would be reflected in how the vendor uses partnerships to increase sales. The ability to build strong partnerships with a broad range of application vendors and associated SIs would demonstrate leadership.

Innovation measures a vendor's ability to move the market into new solution areas, and define and deliver new technologies. In the application delivery market, innovation is key for meeting rapidly expanding requirements and keeping ahead of new, often more agile, competition.

Completeness of Vision distills a vendor's view of the future, the direction of the market and the vendor's role in shaping that market. We expect the vendor's vision to be compatible with our view of the market's evolution. In contrast to how we measure the Ability to Execute criteria, more of the rating for vision is based on direct vendor interaction and our analysis of the vendor's view of the future.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	standard
Marketing Strategy	standard
Sales Strategy	no rating
Offering (Product) Strategy	standard
Business Model	standard
Vertical/Industry Strategy	no rating
Innovation	standard
Geographic Strategy	no rating

Source: Gartner

Leaders

A leader has exhibited an ability to shape the market by introducing additional capabilities in its product offering and by raising the awareness of the importance of these features. We expect a leader to be growing market share, or the market as a whole, and to have solutions that resonate with an increasing number of enterprises.

Challengers

A challenger in this market would be a follower from a product or innovation perspective, but have demonstrated the ability to take its products into the market and the relevance of those products to a wide audience.

Visionaries

Visionaries are vendors that have provided key elements of innovation and can be illustrative of the future of the market. However, they currently lack the ability to influence a large portion of the market, have not yet expanded their sales and support capabilities to a global basis or do not yet have the funding to execute with the same capabilities as a vendor in the Leaders quadrant.

Gartner

Niche Players

Niche players provide a more limited set of capabilities and have not demonstrated enough vision or focused execution to warrant a stronger position in our analysis.

Vendor Comments

Akamai Technologies

Akamai joins Netli in the Visionaries quadrant as the second service provider in the Magic Quadrant. Akamai enters with a strong offering that targets enterprise applications running across the Internet. It provides as much as 80 percent reduction in application response times while being completely transparent to the application. Akamai leverages its large network, caching/SSL nodes, route and connection optimization technologies. Akamai is a well-known public company with well-established sales and marketing, and a solid reputation for improving the performance of Internet applications. The appearance of a well-known service provider will cause companies to consider outsourcing a portion of their application acceleration efforts. Enterprises (especially smaller organizations with limited networking resources) with applications running largely across the Internet (for example, a business-to-business application) should consider Akamai as a viable alternative to hardware solutions.

Array Networks

Array offers SSL virtual private network (VPN) and ADC appliances. While there is significant overlap between the products, Array doesn't integrate its full-featured ADC with SSL VPNs. While the core ADC product is feature-rich, a lack of marketing, especially in North America and in Europe, the Middle East and Africa keeps Array on the fringes of the market. With many other viable vendors executing on strong global business plans, Array will remain at a significant disadvantage.

Cisco Systems

Cisco is finally showing signs of life in the ADC market. The acquisition of FineGround and the recent launch of the Application Velocity System (AVS) gives its customers the ability to add an advanced feature set so in demand in the market. But Cisco's current two-box solution does not match up to the tightly integrated solutions from stronger players. Existing and prospective Content Services Switch/Content Services Module (CSS/CSM) customers should consider the AVS, especially in light of Cisco's aggressive pricing on upgrades and packages. But only consider the AVS or bundled solution when Cisco offers discounts on AVS in the region of 60 percent to 90 percent, or total package solutions competitive with the leading players in the market. Enterprises must continue to evaluate more focused vendors for this functionality. The move to integrate the ADC development teams working on follow-ons to the CSS/CSM and AVS platforms into a data center and security group is a positive one. Cisco has realized that the overall application delivery market is not a collection of discrete products and features, but an increasingly integrated and focused market. We expect a more concerted product, sales and marketing effort in this market from Cisco. The trends are positive, but it still has a lot to do to compete effectively with more established and focused players.

Citrix Systems (NetScaler)

Citrix (NetScaler) has a strong feature set and uses many of the largest Internet sites as a proving ground for its technology. Over the first two quarters of 2005, NetScaler expanded its previously nonexistent marketing efforts. As part of Citrix, it now has several referenceable large commercial accounts and significant revenue growth. Through innovative capabilities integrating

Gartner

SSL VPN and application delivery solutions, Citrix, like F5, can apply optimization technologies for all Transmission Control Protocol/Internet Protocol (TCP/IP)-based applications. Integration of the NetScaler product with existing Citrix SSL VPN, security and client software will pose significant challenges, but it has the potential to yield a very powerful suite of integrated products. Access to the Citrix channel and SI partners will significantly increase exposure and coverage. Companies that want high performance and a broad set of capabilities in the data center should have Citrix (NetScaler) on their shortlist.

Coyote Point

Coyote Point is focused on the price-conscious SMB buyer with traditional load-balancing needs and has built a significant presence in the SMB market segment. However, its effect on the enterprise market has been limited, earning it a position in the Niche Players quadrant. Coyote Point is privately owned and funded without venture capital, which has limited its ability to take full advantage of the market. Expansion of its executive and sales teams, combined with an expanded product offering, suggest a bolder approach to the market in 2006. The next six months will show if these efforts have been successful. Consider Coyote Point if you need a straightforward load balancer and price is important.

F5 Networks

F5 continues to build on the momentum generated by the release of v.9.0. It commands over 50 percent market share in the advanced platform ADC segment and continues to pull away from the competition. V.9.0 enabled F5 not only to deliver features like a full bidirectional stateful Transmission Control Protocol (TCP) proxy and in-line data compression, but also to provide more granular, policy-based control of these features. F5 has added application firewall capabilities to BIG-IP and will incorporate extra application-level optimizations gained in its acquisition of Swan Labs. F5 will also integrate the Swan Labs WAN optimization controllers into the BIG-IP family, broadening its offering in an effort to extend its reach beyond the data center. F5 continues to build a large community of users, developers and integrators by taking advantage of its Solution Centre and DevCentral knowledgebase. F5 must increase its marketing activities to maintain its position in the face of more competition from Citrix and Cisco. F5 is one of the thought leaders in the market and offers growing feature richness. It should be high on every enterprise's shortlist for application delivery.

Foundry Networks

Foundry continues to struggle with a less than compelling offering that is only attractive to its installed base. An original equipment manufacturer (OEM) deal with Redline (now Juniper) for an external SSL offload provided a stopgap solution while an in-house offering is developed. Foundry customers should consider offerings from one of the market leaders to achieve maximum value from their server/application infrastructure.

Juniper Networks (Redline)

Juniper has slipped from the Leaders to the Visionaries quadrant based on weak execution during the past nine months. Juniper's sharp marketing enabled it to create significant visibility and it has done a good job in quantifying the benefits of its solutions across a variety of enterprise environments. However, its marketing got ahead of its engineering. While its DX appliance and OverDrive application programming interfaces provide an extensible platform, configuring advanced features can be difficult. Redline was focused on smaller environments or single-application solutions, while Juniper aspires to sell the DX to large enterprises. Consequently, Juniper's success will be based on a more scalable platform and a higher-performance architectural solution. Juniper must also explain how the DX will integrate with the NetScreen SSL

Gartner

VPN product and WAN optimization capabilities acquired from Peribit. Juniper understands what needs to be done; now it must execute. Without this evolution, Juniper will find it difficult to compete with offerings that are more comprehensive and focused.

NetContinuum

NetContinuum focused all its efforts on being an application firewall company, even though it has a very credible ADC with an integrated application firewall. As a result, it languished in a yet-to-develop market while F5, Citrix (NetScaler) and others grew and prospered. In a positive move, investors recently replaced the CEO. NetContinuum clearly understands the advantages of an integrated platform and it has now shifted its marketing efforts to address the broader application acceleration market. However, F5, Citrix and others will soon integrate application firewall capabilities into their ADCs. While its product has much to recommend it, NetContinuum must quickly find a way to reach critical mass, either though a significant OEM deal, or through acquisition by a larger player.

Netli

Netli is joined by Akamai as the only service providers in this Magic Quadrant comprised primarily of product companies. Over the past six months, Netli has grown its business in internet application optimization, but has not taken advantage of the opportunities to optimize intranet-based applications. The Netli solution brings symmetric-style WAN optimization techniques to users of Web-based applications and is completely transparent in the data center. Akamai's entrance into the enterprise intranet market with a credible offering will make it more difficult for Netli to establish itself as a leader in this market. In addition to rapidly rolling out an enterprise Intranet product, Netli must establish a partnership with an established service provider to increase distribution and eliminate concerns over long-term viability. Netli is worth watching and considering if you prefer a managed service to an equipment-based approach. It has the potential; now it must demonstrate the ability to deliver over the long term.

Nortel Networks

Nortel's recent internal activities suggest it has a renewed focus on application delivery and an understanding of market needs. However, enhancing the Alteon platform is proving to be a major challenge and without a major investment in this business, Nortel will find it difficult to take advantage of its large, legacy installed base. Nortel must demonstrate an ability to market to enterprise customers and understand enterprise application issues in the field. Engineering, sales and marketing efforts over the next six months are key to Nortel re-establishing itself in the ADC market. Initial signs are mixed, and until Nortel introduces compelling new technology, enterprises are advised to look to other solutions to solve application challenges.

Radware

Radware has slipped from the Leaders quadrant due to its loss of focus on its core business. While application delivery is its core business, Radware spent too much effort on security products. While its early work on security demonstrated vision, the loss of focus combined with product transitions, lack of integration and lackluster marketing in North America puts it at risk of being left behind by F5 Networks and overtaken by new entrants such as Citrix (NetScaler). Radware's product announcements in 4Q05 and road map for 2006 is a strong move back into the application delivery market and addresses many of the previous shortcomings of its offerings. Key to Radware's future must be a strong North American marketing plan and execution in sales, marketing and service on a global basis. To guarantee long-term viability, Radware must move beyond a product focus to one that more obviously demonstrates market leadership. Radware's

Gartner

future direction appears sound. Enterprises should evaluate its new offerings to determine if Radware has regained its focus and product leadership.

Stampede Technologies

Stampede's initial focus was optimization of IBM Notes environments. It developed a hybrid solution that combines a traditional asymmetrical application delivery controller with closely linked client software. The combination provides WAN optimization in addition to typical ADC capabilities and foreshadows the ADC/WAN optimization controllers (WOC) integration that Gartner predicted in 2004. Recently, Stampede expanded its focus to incorporate other applications, protocols and mobile handsets. It has also added a remote WOC that incorporates a version of its client code that provides optimizations for a branch office. These activities indicate an understanding of what the market needs. While Stampede has a clear vision, it has been unable to translate this vision into visibility and market share. To become important in the broad market and viable over the long term, Stampede must significantly ramp up its marketing and sales activities. This will take one or two significant partnerships. Stampede needs to take aggressive action, and soon.

Zeus Technology

Zeus has been around since 1995, primarily as a supplier of Web server software. Despite using a software approach on off-the-shelf server hardware, Zeus manages to get extremely high performance. Its solution contains most of the features expected in an advanced application delivery platform; Zeus is aggressively pushing into XML optimizations, which illustrates the continued consolidation of functionally in the market. On the business front, it has added to its senior management ranks, and is rapidly expanding its partner and channel programs. Zeus has also increased its efforts to become an OEM software supplier to server, blade and application vendors. The features, performance and portability of its code should make it an attractive supplier or acquisition. In spite of these activities, Zeus continues to operate at the fringes of the market. The next six months are critical for the company's commercial success. It must succeed with these new initiatives to compete over the medium and long term.

RECOMMENDED READING

"Magic Quadrants and MarketScopes: How Gartner Evaluates Vendors Within a Market"

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, skills, etc., 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 of the individual business unit to continue investing in the product, to continue offering the product and to advance the state of the art within the organization's portfolio of products.

Gartner

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 in order 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, 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, etc.

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 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 Web site, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling product 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 set 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 verticals.

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.

Gartner

REGIONAL HEADQUARTERS

Corporate Headquarters
56 Top Gallant Road
Stamford, CT 06902-7700
U.S.A.
+1 203 964 0096

European Headquarters
Tamesis
The Glanty
Egham
Surrey, TW20 9AW
UNITED KINGDOM
+44 1784 431611

Asia/Pacific Headquarters
Gartner Australasia Pty. Ltd.
Level 9, 141 Walker Street
North Sydney
New South Wales 2060
AUSTRALIA
+61 2 9459 4600

Japan Headquarters
Gartner Japan Ltd.
Aobadai Hills, 6F
7-7, Aobadai, 4-chome
Meguro-ku, Tokyo 153-0042
JAPAN
+81 3 3481 3670

Latin America Headquarters
Gartner do Brazil
Av. das Nações Unidas, 12551
9° andar—World Trade Center
04578-903—São Paulo SP
BRAZIL
+55 11 3443 1509

Gartner