

Magic Quadrant for IT Project and Portfolio Management, 2007

Gartner RAS Core Research Note G00149082, Matt Light, Daniel B. Stang, 15 June 2007 R2423 2/28/2008

The project and portfolio management market has grown rapidly and morphed since mid-2006. Even as large enterprises seek expanded IT planning and control with PPM as a key enabler, PPM value has become apparent to organizations of all sizes through PPM software as a service and on-demand solutions.

WHAT YOU NEED TO KNOW

End-user organizations seeking improved project and portfolio management (PPM) should primarily spend effort identifying needed changes in roles, skills and processes before exploring which tools can best support – and enhance – PPM capabilities. They should then carefully scope PPM implementations to ensure that they are neither too narrow nor too broad, but “just right” – and insist on modular, progressive implementations that will fit immediate, then evolving, requirements. Technology providers should pursue broader markets with solutions tuned to various capability levels that feature more-flexible packaging and pricing.

STRATEGIC PLANNING ASSUMPTION(S)

Continued merger and acquisition activity in the IT PPM market will result in at least one more technology provider being acquired through 2008 (0.7 probability).

The integration of project portfolio, IT service and application life cycle management (ALM) functions into a cohesive IT planning and control (ITPC) offering is under way, but a true market will not coalesce until at least 2009 (0.6 probability).

By 2010, at least one IT PPM leader will emerge with a mid-market focus, largely by featuring a strong software as a service (SaaS) offering (0.7 probability).

Through 2008, IT PPM visionaries that can stage implementations with fitted, alternative product configurations and services at popular price points will keep pace with market growth (0.7 probability).

Market Overview

The PPM market has been quite active since Gartner’s previous IT PPM Magic Quadrant in June 2006. It has been characterized by:

- A stream of new product releases
- Increased availability of new packaging (for example, “quick start”) and delivery options, such as SaaS
- Continued merger and acquisition activity, which Gartner forecast in 2006

Although some see few, if any, remaining acquisition opportunities, we reiterate our forecast with an updated strategic planning assumption. Continued merger and acquisition activity in the IT PPM market will result in at least one more technology provider being acquired through 2008 (0.7 probability).

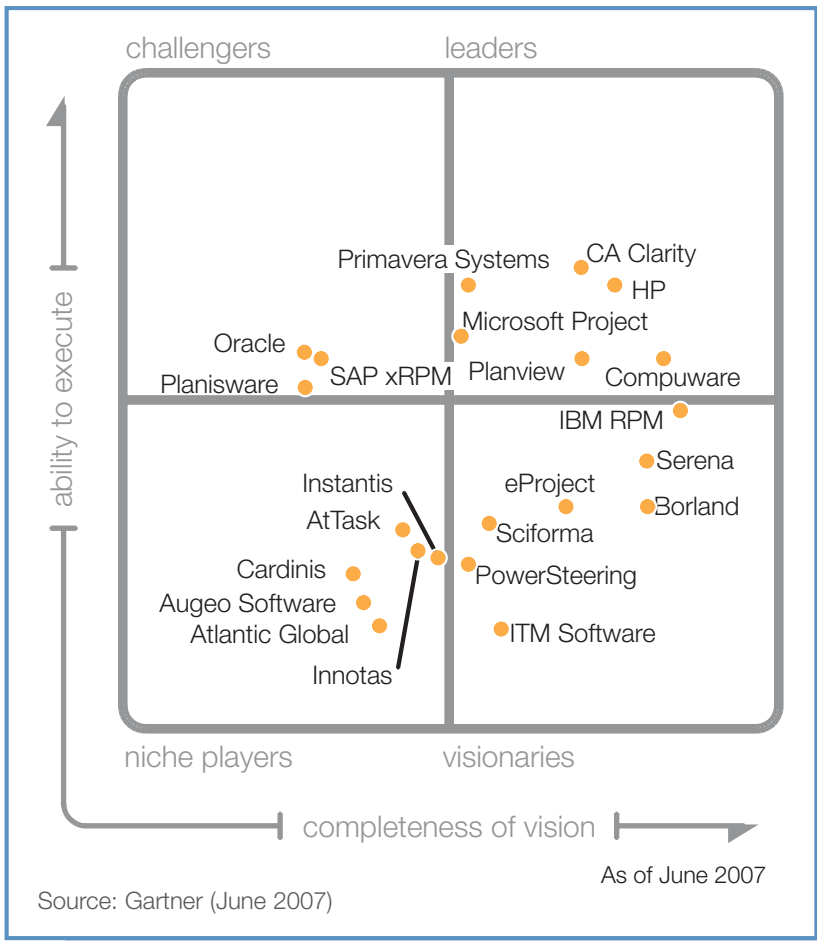
In 3Q06, HP acquired Mercury Interactive. Mercury was, and HP now is, the market leader in tools for distributed software functional and load testing; with its acquisition of Kintana a few years ago, it entered the PPM market. The acquisition of Mercury grew HP's software business to more than \$2 billion and could shift the balance of power in IT operations management in HP's direction. This opportunity could overshadow PPM product development, which (among other things) currently targets further integration with HP Service Management Center, as well as HP Change and Configuration Management Center – all toward a holistic ITPC solution.

Another ALM provider, Serena (see Note 1), followed suit in 4Q06 when it acquired Pacific Edge for its newly minted Mariner product – blending functionality first offered in Pacific Edge's Project Office and Portfolio Edge products. With the acquisition, Serena added a complementary, visionary PPM solution to its ALM offerings. Via Mariner, Serena can interface its software change/configuration tool (Dimensions) and its process tool for incident, issue and defect management (TeamTrack) to consolidate data from previously fragmented project and resource management processes with data from software change processes for enhanced ITPC.

Given such developments with HP, Serena and others, the integration of project portfolio, IT service and ALM functions into a cohesive ITPC offering is under way, but a true market will not coalesce until at least 2009 (0.6 probability).

Not to be outdone, Primavera Systems followed later in 4Q06 with its acquisition of ProSight, showing Primavera's continued interest in IT PPM opportunities. (It also acquired longtime partner PertMaster, offering a tool for risk management in oil and gas, aerospace and defense, and large government programs.) Other IT PPM providers should prepare for a reinvigorated Primavera, because ProSight's functionality will enable it to be more competitive in IT PPM, especially in the government/public sector, where ProSight has made significant inroads with custom

Figure 1. Magic Quadrant for IT Project and Portfolio Management, 2007



functionality to address project management mandates in government, such as those driven by the Clinger-Cohen Act – for example, Office of Management and Budget Exhibit 300s for project justification and other parts of the Capital Planning and Investment Control (CPIC) process. ProSight adds a more extensive, stand-alone portfolio management system to the Primavera product lineup, which will complement Primavera's own earned value management (EVM) capabilities. EVM is also an increasing focus of the Office of Management and Budget, and of the Government Accountability Office. More recently, in May 2007, Primavera acquired a partner's technology supporting data integration with the SAP ERP platform using SAP's NetWeaver.

The Magic Quadrant is copyrighted June 2007 by Gartner, Inc. and is reused with permission. The Magic Quadrant is a graphical representation of a marketplace at and for a specific time period. It depicts Gartner's analysis of how certain vendors measure against criteria for that marketplace, as defined by Gartner. Gartner does not endorse any vendor, product or service depicted in the Magic Quadrant, and does not advise technology users to select only those vendors placed in the "Leaders" quadrant. The Magic Quadrant is intended solely as a research tool, and is not meant to be a specific guide to action. Gartner disclaims all warranties, express or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

© 2007 Gartner, Inc. and/or its Affiliates. All Rights Reserved. Reproduction and distribution of this publication in any form without prior written permission is forbidden. The information contained herein has been obtained from sources believed to be reliable. Gartner disclaims all warranties as to the accuracy, completeness or adequacy of such information. Although Gartner's research may discuss legal issues related to the information technology business, Gartner does not provide legal advice or services and its research should not be construed or used as such. Gartner shall have no liability for errors, omissions or inadequacies in the information contained herein or for interpretations thereof. The opinions expressed herein are subject to change without notice.

In 1Q07, Planview surprised some observers with its acquisition of long-troubled Business Engine. The strategy is primarily to move Business Engine's customer base, particularly focused in financial services IT, to Planview Enterprise. With the acquisition also came significant technology assets, such as the Method Engine process management tool, and the MicroFrame Program Manager EVM tool. As Planview absorbs the acquisition, Business Engine 6.0 is to be released as scheduled, with Planview 9.0 likely to be the convergence platform for acquired customers.

Two trends stand out from this market activity:

- Interest by ALM providers in extending their presence with complementary IT PPM applications
- Interest in the substantial government market opportunity driven by CPIC processes, including a renewed focus on EVM

With the new packaging and delivery options previously mentioned, we have a picture of a thriving market. Furthermore, we expect that the following will contribute dynamism and growth in IT PPM for the next few years:

- User demand for more built-in risk management structures
- The trend toward better supporting resource allocation, with a view of application portfolio management (APM) demand
- Other collaborative drivers (for example, Web 2.0)

Market Definition/Description

We consider applications to be in the PPM market if they support most of the nine areas described in the Project Management Body of Knowledge (PMBOK) from the Project Management Institute (PMI). The prerequisite core is an integrated approach to the areas of *resource, time and cost management*. Resource management enables staff allocation via a resource repository. Via integration with project timelines, it supports resource loading and leveling (natively or via third-party tool integration). Time management features help build simple timelines (for example, Gantt charts) or more-complex schedules for programs, projects, activities and task assignments. Cost management features enable tracking of labor hours and other costs, facilitating the chargeback or billing of project expenses – enabling, at the high end, EVM (via integration with schedules).

Additional coverage of at least two other areas is necessary to address a majority of the nine areas. These include *integration (portfolio) management*. Whereas PMI tends to focus on processes for integrating knowledge from the other areas on a single project or program, we encourage a more expansive view: Integration management looks across the project portfolio over time, and considers nonproject (for example, application support) work where it also affects availability of project resources. Dashboard tools provide business intelligence and an integrated view of application portfolios, program and project status, resource capacity, service levels, strategic alignment and more. Portfolio data gathered from these segments better enable project and resource prioritization.

Of the other areas, many providers offer features supporting communication management (for example, via issue tracking, approval workflows, discussions and document handling), while many others address quality management (for example, via

methodology templates supporting such approaches as Capability Maturity Model Integrated and Six Sigma with gate reviews, process metrics and more). Of growing interest is a more structured approach to risk management supported by the tools (factoring in risk values beyond scheduled risk to inform prioritization). Some providers have included explicit features for scope management (beyond simply managing scope in the schedule), and others have experimented with procurement management (for example, for skills sourcing and to collaborate with contractors).

Inclusion and Exclusion Criteria

Inclusion in the IT PPM Magic Quadrant is mainly determined by a mixture of a half-dozen major factors and how well a solution and its provider meet them. Any provider in the Magic Quadrant – including niche players – would be recommended in certain circumstances, depending on the user's needs.

Of course, the solution must meet the market requirements we have described here and in other research for years.

Although interest in “enterprise” PPM (beyond IT) is growing, a technology provider seeking to address the needs of most of Gartner's client base should come to market with at least a secondary focus on IT (although most of its sales may be in another segment, such as PPM for professional services). The provider should have gained new customers since 2006 (or at least be successfully selling new licenses into its installed base). Vendors are also considered for inclusion partly on the basis of annual revenue exceeding \$10 million (or strong investor backing). They should have a market presence of at least three years. Vendor management should show deep software experience, business education and integrity.

Gartner has observed the rise of midmarket and other demands for PPM systems, and noted the presence of additional providers, whether established or new (including BrightWork, Dekker, EPK Group, MaestroTec, Project.net, Projity and others), that may address some market needs effectively but do not yet meet enough of Gartner's criteria for inclusion in the IT PPM Magic Quadrant.

Added

- AtTask enters the IT PPM Magic Quadrant with a SaaS/on-demand PPM business and a focus on the IT segment.
- HP acquired Mercury.
- Innotas enters the IT PPM Magic Quadrant with a SaaS/on-demand PPM business and a focus on the IT segment.
- Serena acquired Pacific Edge.

Dropped

- Artemis was acquired by Trilogy and incorporated into its Versata subsidiary, which does not target IT PPM.
- AutomationCentre is focused in the Lotus market segment, which is no longer covered (low market interest).
- Business Engine was acquired by Planview.
- Genius is focused in the Lotus market segment, which is no longer covered (low market interest).

- Mercury was acquired by HP.
- Project Invision shifted its market focus toward other potential opportunities.
- Pacific Edge was acquired by Serena.

Evaluation Criteria

Ability to Execute

Completeness of Vision

Leaders

Leaders have many traits in common with providers rated as visionaries and challengers; however, they distinguish themselves with relatively high ratings in many characteristics, not just a few. Product depth in such core areas as advanced scheduling, resources and cost management distinguishes most leaders, and most offer a range of deployment options (for example, pilots, staged implementations and SaaS) to address customers' varying needs at different levels of PPM capability maturity. Leaders also tend to have, not just capable system integration partners, but some core, direct PPM service offerings, going beyond implementation and support to include process-change consulting. Their vision of the IT PPM market often extends to communication and quality management, with features aimed at improving team performance (for example, via collaborative features and methodology support).

IT PPM leaders have a history of addressing such IT requirements as APM, providing analytic frameworks for the application (not just the project) portfolio, as well as an ability to track such nonproject IT demand as minor software change requests, so managers can assess their cumulative impact on resource supply. Their product development often drives toward a more holistic offering – for example, providing a means of monitoring processes and decisions from IT service management and ALM tools. Consistency over time between a provider's stated strategy and product direction and its actual execution – that is, integrity – is important, along with demonstrated vision enabling it to address emerging, often vaguely defined, market requirements.

Challengers

Challengers resemble leaders in many ways, such as product depth combined with enough experienced technical sales support to effectively reach the market. Often, however, the product may emphasize one core area, such as project cost management, without all-around strength across most

IT PPM functional areas. In general, challengers are consistently profitable, with a steady foundation of maintenance revenue, a growing installed base and an experienced, international sales force with thorough training in the PPM solution. Significant international operations help sustain an ability to execute, in part by insulating providers from shifts in local market or economic conditions.

Visionaries

Visionaries may differ from leaders in product depth or revenue strength, or they may lack the installed base and sales force of a challenger, but they often share – or originally innovated – features and traits of the leaders (for example, methodology support and APM frameworks). Like the leaders, they seek to enable PPM broadly as a business process, with IT processes and skill-set types being only one area addressed. Some visionaries have been more experimental with business models, and they may approach various markets more broadly, with variable packaging and pricing (for example, SaaS and phased implementation packages). Vision ratings can reflect innovative approaches in areas such as resource performance management, pipeline analysis and preconfigured (but tailorable) portals for a variety of enterprise roles.

Niche Players

Like challengers, niche players may stress a specific aspect, such as cost management, vs. all-around PPM functionality, or they may have strength in a specific region. Again, depending on the user's needs, any provider included in the Magic Quadrant could be recommended. Like visionaries, niche players may differ from leaders in revenue strength or installed base; some may have experienced flat sales or restructuring lately, or have been inaccurate in responding to changes in the market or technology.

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product/Service	standard
Overall Viability (Business Unit, Financial, Strategy, Organization)	standard
Sales Execution/Pricing	low
Market Responsiveness and Track Record	standard
Marketing Execution	low
Customer Experience	standard
Operations	standard
Source: Gartner	

They may have a less experienced senior management team, or depend on Web or inside sales to control costs and compete on price, whereas PPM typically takes an enterprise sales force that is used to high-level sales and longer sales cycles.

Vendor Strengths and Cautions

Atlantic Global Strengths

- Atlantic Global's product, Corporate Vision, lets users flexibly model and change organizational and project structures, and roll reporting up into programs at various organizational levels so managers get reports relevant to them.
- For time reporting, the browser-based tool is reportedly easy to deploy and requires virtually no training.

Cautions

- Portfolio management functionality is not as robust as other packages and relatively new to the marketplace.
- Atlantic Global has few customers outside of its U.K. base; however, it is well-positioned for growth in that base.

AtTask Strengths

- AtTask provides its product, @Task, mainly as a multitenant SaaS offering (on-premise is available, with data transportability from SaaS) that is server-, browser-, database- and platform-independent.
- Multilingual support includes Japanese and Chinese, along with English, French, German and Spanish.
- Early in June 2007, AtTask announced the completion of \$7 million in equity funding from OpenView Venture Partners.

Cautions

- As SaaS competition heats up, price pressures could constrain available revenue for further R&D needs.
- AtTask is a young company, and its reliance on the SaaS model limits its marketing reach.

Augeo Software Strengths

- With a loyal group of corporate customers, many of them IT organizations of large European financial and retail firms, Augeo's installed base has been a steady source of license and maintenance revenue, as it increases its average deal size per customer.
- Augeo's modular, multitier Java Platform, Enterprise Edition (Java EE) architecture is adaptable to a phased approach, and configurable data structures let it map to user requirements.
- Augeo continues to support core PPM functionality and is investing in additional deployment options for new and existing customers.

Cautions

- Although the new-generation Augeo5 (now version 5.3) product has added capabilities, growth has remained modest at Augeo, limiting its geographical market development potential.
- Day-to-day support is generally good, but significant product enhancements are sometimes delivered at a slower pace.

Borland Strengths

- Borland's PPM strategy resulted in enhancements to its product, Tempo, in project and resource management, such as soft-booking analytics and system-suggested schedule dates based on resource needs.
- Multilingual and multicurrency features improved product internationalization.
- Tempo's position in the Borland product line, along with such complementary products as Caliber, have enabled it to begin realizing an ITPC vision.

Cautions

- Borland's evolved mission has it offering solutions for managing IT, requiring the transformation of corporate culture (from a company previously selling programming tools that are now offered through its CodeGear subsidiary).
- Project planning in Tempo can be time consuming, using data-entry screens because of the Java implementation.
- Some users would benefit from more pre-defined reports.

Cardinis Strengths

- The Java-based Cardinis Suite is modular and features document management in its support of project

Table 2. Completeness of Vision Evaluation Criteria

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

communications. It is mapped to the U.K.-based PRINCE2 methodology, as well as PMI's PMBOK.

- The company has several large customers in its Italian base, and the product supports Italian, French and English.

Cautions

- Cardinis' small size has constrained sales and marketing; however, it has launched a partnership with Tryarc to enter the American market.
- Resources for product development are limited.

CA Clarity Strengths

- New Clarity 8 features integrate views of IT components into services to better budget and track service costs (supported by Unicenter interface) and give business stakeholders a view of the cost and status of IT services.
- CA kept pace with the market's brisk (almost 20%) growth and retained its market share vs. surging HP and Planview.
- CA sees PPM as the cornerstone of an integrated set of applications for managing enterprise IT, with Clarity being the main tool supporting IT executive-level planning (not just project planning) and controlling execution.
- Clarity's position in the CA product line, along with such complementary products as Unicenter, have enabled it to begin realizing an ITPC vision.

Cautions

- Lingering doubts based on past years' poor pricing and accounting practices continue to restrain CA's market momentum.
- Demand from large, complex enterprises, and a shortage of skills in the market to support PPM consulting and professional services, have handicapped CA sales' ability to respond to opportunities in midsize IT organizations.

Compuware Strengths

- Compuware's Changepoint product continues to deepen functionality (for example, this year, delivering better-automated, what-if comparisons that can account for the range of IT supply/demand).
- Various delivery models are available, including SaaS, complemented by pricing that lets customers invest further (in tools and services) only as needed, when they gain capability.
- Compuware benefits from an extensive installed base in large IT organizations.
- Sales enablement targets a dedicated Changepoint force and the broader Compuware sales organization, with a value proposition for IT executives based on Changepoint.
- Changepoint's position in the Compuware product line, along with such complementary products as Quality Management and Vantage, have enabled it to begin realizing an ITPC vision.

Cautions

- Compuware's Changepoint uses Microsoft computing platforms exclusively and only supports Microsoft Internet Information Server (IIS) and the SQL Server database.
- As the product line evolves beyond software quality tools to include PPM and other diverse offerings, Changepoint's market positioning may be difficult to promote, including internally to the Compuware sales force.

eProject Strengths

- eProject can support PPM environments of varying size, from a handful of resources to thousands.
- eProject can provide enough basic PPM functionality to support and match the low maturity levels of many project organizations.
- eProject supports IT project management, but also other project environments.
- In May 2007, eProject announced completion of a B round of venture funding totaling \$12 million, led by Bay Partners and including previous investor Kennet Partners.

Cautions

- SaaS/on-demand vendors are universally challenged to provide integrations to other data sources for its customers. As ALM/PPM requirements become less a fad and more a reality, eProject will need to provide an integration strategy that will not drive up total cost of ownership (TCO) costs for its PPM solution.
- Customers will need to review eProject's on-demand technical service and support offerings and computer-based training to assess whether these services are sufficient or whether they must invest in eProject's higher-tier service offerings.

HP PPM Strengths

- Former corporate and financial viability issues that plagued Mercury have been washed away by HP's acquisition of the company.
- In marketing its acquired PPM product into the HP installed base, HP may be able to employ such tactics as discounts in broader deals to leverage existing relationships.
- Enhanced resource handling and project scheduling capabilities in a product not known for its strength in these areas were delivered in the latest version of the HP Project and Portfolio Management Center.
- PPM's position in the HP product line, along with such complementary products as Quality Center and HP Service Management Center, have enabled it to begin realizing an ITPC vision.

Cautions

- Although opportunity abounds, HP's acquisition of Mercury is still being sorted out, and HP has yet to demonstrate a long-term commitment to PPM as a market category.

- In a fast-growth market, leaders like HP may face greater than average staff challenges in post-sales through customer service and post-implementation support.

IBM RPM Strengths

- IBM Rational Portfolio Manager (RPM) has benefited from a strong strategic vision and offers comprehensive PPM functionality.
- Integration with Rational Method Composer provides IT process enablement and a wealth of methodology knowledge content.
- RPM's place in the IBM product line and various integrations (for example, with ClearQuest) have enabled it to begin realizing an ITPC vision.

Cautions

- Although IBM reports that software revenue is growing and has forecast that, proportionately, profits from its software will grow vs. other products and services, a market impression lingers that software products take a back seat to professional services within IBM.
- The Rational group has suffered some isolation within the broader IBM, although it is becoming more integrated within IBM's software group (with various joint projects under way, notably with Tivoli and WebSphere).
- Although the IBM sales organization is said to be included in more deals, prospective customers may need to take the initiative in evaluating RPM, because IBM Rational continues to have difficulty driving the RPM product through passive IBM sales and consulting channels.
- Despite strong vision and adding customers, RPM continues to lag competitors (for example CA and HP) in PPM revenue growth and market share, although reported 1Q07 growth, if sustained, could produce a strong 2007.

Innotas Strengths

- Providing a multitenancy SaaS/on-demand PPM system enables Innotas to provide basic PPM features and functions to IT and other project organizations of varying size at a cost-effective price.
- Innotas' product architecture enables the development team to make product improvements and enhancements with minimal code overhaul or regeneration.
- Innotas is focused exclusively on the IT segment of the PPM market and will continue to build packaged workflow and content around this type of PPM.

Cautions

- As ALM/PPM requirements become less a fad and more a reality, Innotas will need to decide on a build vs. integration strategy that will not drive up TCO costs for its PPM solution.

- Innotas does not have an established global presence. It operates mainly in North American markets.

Instantis Strengths

- Instantis supports multiple project portfolios in a single system with cross-portfolio reporting. Version 5.0 lets users manage portfolios via dashboards of the strategies and processes that drive the project portfolios.
- Instantis emphasizes its Six Sigma strength but is also sufficiently applicable to other processes to offer customers enough IT PPM functionality without requiring a large upfront financial investment.

Cautions

- Instantis leads all its sales engagements with a Six Sigma focus, although customers categorize and track different types of projects, including IT projects.
- Instantis is not as large as other PPM vendors. Therefore, it has limited means for increasing viability and sales execution, and improving support services.

ITM Software Strengths

- ITM Software's product focuses on the role of the CIO and C-level executive PPM for IT environments.
- In addition to portfolio, financial, and governance and compliance management modules, ITM provides a vendor management function for handling contracts and costs, as well as tracking and assessing performance of vendors using scorecards and dashboards.
- ITM's product is based on CIO-level domain expertise. The company's management team is made up of past CIOs, and the vendor draws from extensive research and knowledge gleaned from interactions with hundreds of CIOs.

Cautions

- With a product development foundation based on visibility, the ITM product has made more advances in package breadth than package depth.
- Financial strength is less than some other PPM vendors, because ITM is a young, venture-backed company still working toward breaking even.
- ITM does not have a deep ALM/PPM integration strategy.

Microsoft Project Strengths

- Microsoft Project's new Enterprise Project Management (EPM) 2007 release is able to leverage its place in the Microsoft Office suite. It particularly leverages SharePoint for strong communication management and collaboration.
- Microsoft's licensing fees present a potentially cost-effective PPM alternative to the pricing of other large enterprise vendors in the space.

- The company enjoys wide partnership relationships that augment its marketing channel and help support its leading market share.
- Microsoft acquired a best-of-breed portfolio management and analysis system, renamed it Portfolio Server, and continues to enhance an established integration between it and Project Server at a cost-competitive price.
- Microsoft continues to develop an application management solution by combining Microsoft Project EPM with Visual Studio Team System.

Cautions

- Microsoft relies chiefly on service and support partnerships to deliver and implement its PPM system, and this support via third-party provider is not always cost-effective.
- Microsoft's PPM solutions are based on the use of multiple stand-alone products set up and configured to support a PPM environment, as opposed to other vendors in the space that provide more-configured processes out of the box.
- The emphasis on project schedule set up has not always fit IT management's resource planning and time/cost management focus; however, the 2007 release attempts to address this by creating simple (for example, single-line) projects via the Web client and enabling named-resource or skill assignments to them.

Oracle Strengths

- Features of Oracle's PPM systems are underused in IT organizations, many of which could leverage functionality beyond the planning, budgeting and costing they use.
- Oracle has significant market reach into IT organizations using (or supporting) Oracle applications, including PeopleSoft organizations; their chart positioning reflects this dual reach.
- PeopleSoft Enterprise Service Automation (ESA) has helped professional service organizations manage their resource availability and project costs.
- Integration is possible for multiple business applications already in use and supporting payroll, time and labor, enterprise budgeting, human resources, procurement and other business processes.

Cautions

- Full PeopleSoft Enterprise (or Oracle E-Business) users are best positioned to benefit from Oracle's "flavors" of PPM, because its products are not sold outside its customer base.
- ESA has had some success in professional service organizations, but IT organizations using it should be comfortable with a "run IT like a business" model.

Planisware Strengths

- Planisware experienced rapid growth in 2006 based, in part, on support of a wide variety of platforms.

- New collaboration features in the version 4 series include qualitative risk management.
- Its product OPX2 features a strong scheduling engine and preconfigured industry practices for target markets in product development (especially pharmaceutical) as well as IT.
- Internationalization, including multicurrency and multilanguage (English, French, German, Italian, Dutch and Japanese), is a plus. The addition of a new Japanese distributor should contribute to further growth.

Cautions

- Planisware's traditional business model may leave some users seeking more-flexible packaging and pricing.
- Premium pricing based on differentiation supports margins but restricts sales volume.
- Relative to IT PPM, OPX2 mainly fits IT organizations with a product development orientation.

Planview Strengths

- Planview's Prisms product's knowledge base of best practices, templates and workflow models offers customers a point of reference or library of PPM content, which they can use to further automate PPM processes as they are adopted in an organization.
- It has acquired customers through the purchase of Business Engine, as well as technology assets.
- Micro-Frame Program Manager (MPM), the Business Engine product for EVM, has seen renewed market interest as customers and prospects have a new sense of viability about the MPM product as a result of the acquisition by Planview.
- Planview management has persevered in the IT PPM market with a solid knowledge of the requirements of IT organizations.

Cautions

- For Business Engine customers, Planview will be challenged to provide a solid and cost-effective product migration plan from the Business Engine Network to Planview enterprise.
- Planview may be preoccupied for an extended period with merging and absorbing Business Engine and its customer base.
- Planview supports Microsoft computing platforms exclusively and does not support Web servers other than Microsoft IIS.

PowerSteering Strengths

- PowerSteering can support PPM environments of varying size, from a handful of resources to thousands.
- PowerSteering provides sufficient PPM functionality to support visibility in IT project organizations, particularly easing team collaboration while supporting compliance (for example, with gated workflows), strategic alignment and the use of IT as a strategic resource.

Note 1**Disclaimer Regarding Serena**

Serena is a portfolio company of Silver Lake Partners, a private investment firm that also owns a substantial, publicly disclosed interest in Gartner, Inc., and has two seats on Gartner's 11-member Board of Directors. Gartner research is produced independently by the Company's analysts, without the influence, review or approval of our investors, shareholders or directors. For further information on the independence and integrity of Gartner research, see "Guiding Principles on Independence and Objectivity" on our Web site, www.gartner.com.

- PowerSteering supports IT project management, as well as other project environments, including Six Sigma environments.

Cautions

- SaaS/on-demand vendors are universally challenged to provide integrations to other data sources for their customers. As ALM/PPM requirements become less a fad and more a reality, PowerSteering will need to provide a SaaS/on-demand integration strategy that will not drive up TCO costs for its PPM solution or force customers to move to on-premise systems.
- PowerSteering must add more PPM for IT support in its product (such as ALM integration) to compete more vigorously in this segment of the market and differentiate itself from other PPM players in ways not involving Six Sigma support.
- PowerSteering has limited means for increasing viability and sales execution, and improving support services.

Primavera Systems Strengths

- Primavera Systems provides a robust set of project management solutions. It is particularly strong in enterprise project scheduling and execution.
- Acquisition of ProSight adds a best-of-breed, stand-alone portfolio analysis and management system, as well as a capable consulting arm for PPM implementations and best practices.
- Primavera is well-established in many accounts, and will continue to generate significant new license and maintenance revenue in multiple PPM areas, in addition to IT, ensuring its financial viability.
- Fast, effective service and support are among Primavera differentiators.

Cautions

- Primavera focuses mainly on complex enterprise project planning, scheduling and management, and less on the management of all IT requests (such as tracking application life cycle activities and work associated with IT service delivery).

Acronym Key and Glossary Terms

ALM	application life cycle management
APM	application portfolio management
CPIC	Capital Planning and Investment Control
EPM	Enterprise Project Management
ESA	Enterprise Service Automation
EVM	earned value management
IIS	Internet Information Server
Java EE	Java Platform, Enterprise Edition
ITPC	IT planning and control
MPM	Micro-Frame Program Manager
PMBOK	Project Management Body of Knowledge
PMI	Project Management Institute
PPM	project and portfolio management
RPM	Rational Portfolio Manager
SaaS	software as a service
TCO	total cost of ownership

- Primavera relies heavily on partnerships to deliver its solutions. Last year's major round of investments in Primavera (more than \$150 million by Francisco Partners and Venture Partners) have enabled it to increase direct services from about 30% to more than 50% of engagements, and to provide engagement management for almost all the rest.
- Primavera pricing can be cost-prohibitive for some organizations with tight PPM budgets.

SAP xRPM Strengths

- Out of most PPM prospects, existing SAP customers will find the most benefit from selecting xRPM for its capital project PPM needs because of the tight integration with HR, financials and time-tracking systems.
- SAP integrates with its other xApps and business applications, letting organizations efficiently manage communication across the enterprise.
- Designed as a service-enabled solution leveraging its NetWeaver technology, the xRPM "cross-application" does not require other SAP components, although integration is provided with SAP (and some non-SAP) tools.
- SAP's Duet strategy enables it to integrate well with Microsoft technologies, and enables improved resource performance management and workflow.

Cautions

- Like most ERP vendors operating in PPM, SAP primarily sells into its own installed base.

- SAP's PPM/ALM integration story is not as strong as other vendors in the space.
- Large ERP vendors tend to move more slowly in terms of innovation in any software market, including PPM.

Sciforma Strengths

- PSNext's Java and Java EE-based architecture supports a range of server and database products (including open-source alternatives), and should facilitate Sciforma's plans for alternative delivery via SaaS.
- PS Next features robust scheduling capabilities that are more full-featured than most other PPM products.
- Sciforma maintains a significant presence in Western Europe, claiming more than 50 dedicated sales and support staff.
- The PS Suite product line provides PPM for Windows with a desktop project management component (Project Scheduler 8).

Cautions

- Token-based pricing provides flexibility but can be confusing. Users allocate purchased "tokens" to various roles (for example, Planner, which costs four tokens).
- With resources focused on product development and limited sales and marketing, Sciforma is little known except by advanced project managers.

Serena Strengths

- Mariner's place in the Serena product line, along with such complementary products as Dimensions (third in software change and configuration management market share) and TeamTrack, have enabled it to begin realizing an ITPC vision.

Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

- The Mariner product features configurations for different levels of organizational readiness based on capability assessments introduced two years ago by Pacific Edge (which Serena acquired last year).
- Serena has an established global presence, whereas Pacific Edge did not. Serena will leverage this presence to sell ALM/PPM solutions worldwide.

Cautions

- Serena's sales force is still becoming accustomed to selling PPM solutions as the vendor continues to absorb the Pacific Edge acquisition.
- Serena will be challenged to add more integrations (and provide evidence of use in the field) between its existing product lineup and its acquired Mariner PPM system.
- The Dimensions/Mariner integration is a linear, one-way integration starting in Dimensions and feeding Mariner. Serena plans to deliver enhancements in this area in the near term.

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.

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.