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Application Server Vendors: The Magic Quadrant

The new breed of application servers based on J2EE or Digital Network Architecture is approaching maturity. The Magic Quadrant reflects vendor positioning in a fundamentally software infrastructure market.

Core Topic
Application Integration and Middleware: Enterprise Software, Platforms and Middleware

Key Issue
Which vendors will dominate the e-business middleware market during the next five years?

Strategic Planning Assumption
By 2006, three or four vendors will carry more than 90 percent of the application server market revenue (0.7 probability).

Application Server Market: A market is a collection of vendors with products that users see as mutually alternative for addressing a particular user-perceived need. The application server market comprises vendors that sell systems software (application servers) designed to host (contain) custom-developed business logic of user applications. Although the definition of an application server is broader in its scope than any one architecture, two architectures — Sun Microsystems' Java 2 Enterprise Edition (J2EE) and Microsoft's COM+/.NET — will remain dominant, under possibly evolving names, through 2006 (0.8 probability). With the exception of Microsoft, the modern application server market is the market of J2EE platforms.

Although proprietary application server technology constitutes the "plumbing" of a number of packaged application solutions (e.g., SAP R/3), the technology is not included in our definition of the application server market because users do not select products for the embedded (and hidden) technology. A special case is Microsoft's COM+/.NET, which comes bundled with the Windows 2000 OS. However, users make an explicit selection and commitment to the COM+/.NET architecture and technology, and they compare the Microsoft platform to the other application servers as alternatives. Therefore, we include Microsoft's middleware platform in the application server market Magic Quadrant.

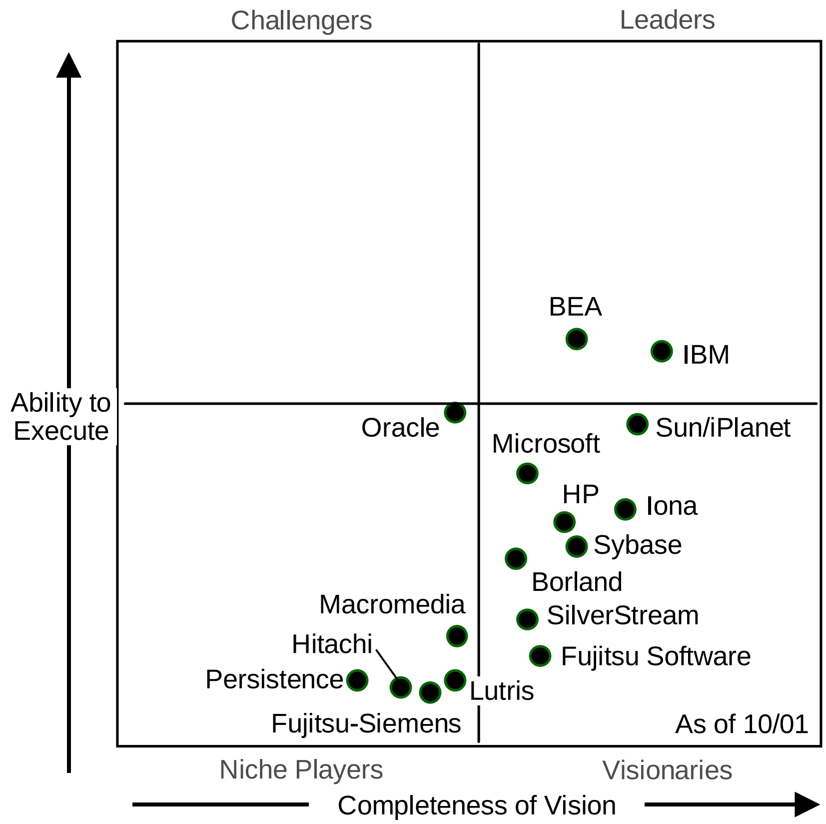
Positioning in a Magic Quadrant: Gartner uses the Magic Quadrant to assess the relative positioning of vendors in a particular market. The position of a vendor in a segment changes over time to reflect the changes in the market and the vendor's own status. Thus, the Magic Quadrant is marked with an "as of" date. We typically do not include all the vendors in the market, but include only those that have a notable influence (through their influential vision or their installed base).

To be placed in a Magic Quadrant, each vendor's "Ability to Execute" and "Completeness of Vision" are evaluated relative to a particular market. The same vendor may appear in different positions in different market Magic Quadrants. Many attributes go into evaluating vendors. The sets of attributes are specific to each market. Generally, the depth of vision reflects the degree to which the vendor's vision influences the evolution of the market; the Ability to Execute measures the ability of the vendor to grow its market share. The fundamental premise is that an influential and growing vendor is likely to be a safe choice as a technology provider to a mainstream user.

Vendors assessed as high on both vision and execution (influential vendors with significant and growing market share) are referred to as Leaders. Vendors assessed as low on both vision and execution (niche vision and small market share) are referred to as Niche Players. Visionaries are the innovators with relatively small market share. Challengers are the strong market players that struggle to adjust to new market directions. Even though Gartner's Magic Quadrant can be used as a reference point in the vendor selection process, it does not say that only the Leaders are worth a consideration. All vendors have their distinct strengths. The Niche Players, for example, often have a particular strength in vertical industries or with a particular usage pattern for the technology they offer. Leaders, on the other hand, are often the most-expensive and the least-flexible technology suppliers. Vendors whose products are not suitable for consideration do not appear in the Magic Quadrant.

Application Server Magic Quadrant: We examine only the vendors that sell the application server technology directly (see Figure 1). This excludes application servers embedded in other products (applications and tools). Also excluded are the previous-generation application servers — mainframe online transaction processing (OLTP) monitors, distributed TP monitors or CORBA object transaction monitors (OTMs). Many of these previous-generation application servers are still appropriate for some special, if less frequent, project situations. Notably, the leading vendors in that category are also strong contenders in the modern application server market.

Figure 1
Application Server Market Magic Quadrant



Source: Gartner Research

To measure the depth, or Completeness of Vision, of the application server vendors, we look at a vendor's:

- Ability to anticipate and influence market trends
- Reality and credibility of its business strategy
- Record of technical innovation
- Understanding of market realities
- Ability to devise an effective market differentiation

The fundamental indication of the depth of vision is the ability of a vendor to influence, through advancing its vision, the strategies of its competitors and create a following.

To measure the Ability to Execute of the application servers vendors, we evaluate the vendor's:

- Ability to articulate its vision and to deliver tangible results that fit the articulated vision
- Quality of the delivered products and the timeliness of the deliveries
- Pricing, as well as terms and conditions

- Business execution, including the success record of its executives
- Quality of the relationship with its installed base, whether the customer pool is loyal and satisfied
- Ability to provide, directly or through third parties, additional services expected of a “whole product” vendor
- Financial position and ability to attract partners

Management focus on the market in question is an important component of the ability of the vendor to execute in that market. We note the added power of the vendors that offer services, account support and a broad set of related technologies. The fundamental indication of the ability of a vendor to execute is the ability of the vendor to hold and increase its market share.

Although 16 vendors are ranked in the Magic Quadrant, they don’t cover the entire market. There are several others that Gartner actively tracks but has not evaluated sufficiently to articulate a solid ranking. Some of them are likely to be included in the next revision of the Magic Quadrant. The vendors included so far account for more than 90 percent of the market in terms of revenue.

Leaders: Two vendors have the combination of the execution strength and depth of vision that qualify them for a leadership position in the application server market. They are BEA Systems (with its WebLogic family of products) and IBM (with its WebSphere family of products). Both vendors are characterized by growing revenue, large market share, massive installed base and marketing momentum. Their products are widely and enthusiastically supported by independent software vendors (ISVs) and systems integrators, and their product brands are well known and recognized in all geographies. Their vision is aligned with (and often has anticipated) market trends. These two vendors account for more than 70 percent of the unbundled application server market (see “The Application Server Market Will Stay Healthy,” SOFT-WW-DP-0034) and they are very likely to remain leaders, even if their positioning is eroded by a few strong visionaries.

Visionaries: Exactly half of the application server vendors are rated as Visionaries. Most understand the priorities in the market and have made the transition in strategy from the early proprietary directions to the directions shared by the rest of the market. Most offer unique innovation in addition to the core market strategy. The important trends include support of flexibility in application integration, multichannel access, the J2EE standard evolution, transition to the Web services model and multilayered portal/platform application server topology. A few visionaries (e.g., Sun/iPlanet or Microsoft) have the potential to move into the Leaders segment in the future.

Challengers: No Challengers have been identified in this market. This is due to two reasons: 1) strongly executing vendors have adopted a “modern” vision (moving them into the leaders’ position); or 2) their struggle to devise a vision that fits the modern industrywide trends has impeded their Ability to Execute (moving them into Niche Players position).

Niche Players: These are the vendors with specialty vision and limited success in penetrating the broad enterprise software infrastructure market. Some vendors (e.g., Macromedia) are focused only on small-scale, opportunistic applications; others (e.g., Fujitsu-Siemens) on a specific geographical region; and yet others (e.g., Lutris) on indirect, open-source-based marketing strategies. Among Niche Players, Oracle stands out for its strong Ability to Execute and very likely will move into the Challengers or Leaders segment in the near future.

Conclusions: Application servers are part of the fundamental enterprise software infrastructure. The market is reaching maturity with clearly identified leaders and many innovative and dependable alternative products. The business viability of the specialist application server vendors will, however, be challenged in the next two years with continuing market consolidation around a few powerful players. By 2006, three or four vendors will carry more than 90 percent of application server market revenue (0.7 probability).

Bottom Line: While selecting application servers, enterprises should use the Magic Quadrant as an aid in the context of a broader assessment process. Although Gartner identifies two leading vendors, most modern application servers are safe for most mainstream deployments. Only enterprises with projects that have unique or exceeding demands for features, scale or quality of service need to evaluate and differentiate the individual products more closely.