



Research Report

Nimsoft: CA Technologies Cloud Solution for Midmarket and Emerging Growth Customers

Executive Summary

In our opinion, there are two vendors in the computing marketplace that have *broad, deep, complete cloud management portfolios* that can manage all aspects of public, private, and hybrid clouds. These vendors are CA Technologies and IBM. Each vendor's cloud management stack offers a wealth of products that can perform service assurance/service and portfolio management/virtualization and automation, and security management. Further, these vendor's products are well-integrated with other products in their respective portfolios, helping to simplify cloud-related application troubleshooting, workload balancing, physical and virtual systems management tasks, and more.

Clabby Analytics has already articulated what IBM's cloud stack looks like — but for readers who wish to understand this stack better, please see this report found at: <http://www.clabbyanalytics.com/uploads/TivMonVirtServerFinal.pdf>. We've also produced the first in a series of reports about CA Technologies cloud software stack (we started with a report on CA's APM application performance management found at: <http://www.clabbyanalytics.com/uploads/CAAPMSysviewFINAL.pdf> and we will expand coverage from there over the next several months to cover how APM integrates with CA's service and portfolio management, service assurance, security, and virtualization environments).

Readers should know, however, that CA Technologies has a dual cloud strategy. CA can go to market with a complete, deep cloud management software portfolio that is similar to IBM's cloud stack (as described above). But CA also offers a completely different integrated cloud environment (manifest in its Nimsoft cloud environment) that is not as deep as its own comprehensive suite of cloud management offerings — but is ideal for serving the needs of midmarket enterprises and MSP's.

Even better, Nimsoft can be licensed and deployed on premise (the traditional software sales model), or it can be made available as a *service* (users pay a monthly subscription fee for this service). This kind of Software-as-a-Service (SaaS) pricing makes Nimsoft product ideal for midsized enterprises and or large departments that have limited budgets — as well as for managed service providers MSPs who want to run highly efficient, multi-tenant cloud environments and want to charge monthly fees for service. Further, based upon our travels around the world, we believe that Nimsoft is ideally positioned to serve the needs of cloud architects in emerging growth countries where simplified management products are often a necessity.

In this *Research Report*, *Clabby Analytics* takes a closer look at CA Technologies Nimsoft product offering.

Our Problem with Cloud Architecture

The merits of cloud computing are well known. Cloud architecture can help enterprises increase the utilization rates of their information systems resources; improve service levels; and lower management costs — while at the same time giving users access to more resources and flexible services.

Our major issues with cloud architecture, however, have been in the areas of cloud management (more specifically application performance management) and in cloud security. We strongly believe that information technology (IT) managers and administrators must be able to monitor and control applications and data as it travels through a cloud. This implies that these managers/administrators have access to tools that can graphically identify where problems are occurring — and that provide a means to deal with a given problem. Likewise, clouds are all about managing “services” (such as high availability, security, storage, and other services) — in this implies that IT managers and administrators be able to manage a portfolio of services. Additionally, managers/administrators must be able to ensure the security of data as it makes its way through the cloud — and this implies that they must have identity/access management tools.

Addressing These Issues: Point Products and/or Integrated Stacks

Two years ago we started to research some of the products available to help IT managers/-administrators manage applications and business transactions as they traverse the cloud. And a year and half ago we published our first report on application performance management and business transaction management (available for free at: <http://www.clabbyanalytics.com/uploads/BTMRevFinalOne.pdf>).

Since we wrote that report, we have written numerous research reports on several vendors in the application performance management (APM) space including: OpTier, CorrelSense, Netuitive, INETCO, IBM’s ITCAM and CA’s APM. All of these vendors can help their clients address challenges related to monitoring and tracking application behavior in the cloud — and should be considered by enterprises looking to address specific APM- and BTM (business transaction management)-related problems.

But, for enterprises and managed service providers who are looking to manage all aspects of the cloud computing environment — ranging from the management of virtualized resources through application performance management up to the management of service portfolios — we suggest that integrated stack offerings from vendors such as CA Technologies and IBM be considered.

In fact, based upon our research over the past two years, we’ve come to the conclusion that only two vendors have a complete cloud management stack that will enable enterprises/MSP’s to manage public, private, and hybrid clouds. Those vendors are: IBM and CA Technologies.

A Closer Look at Integrated Stacks

As we described in the *Executive Summary*, we’ve already articulated what IBM’s integrated cloud management stack looks like. For more information on the three most important elements of this stack, see these three reports:

1. <http://www.clabbyanalytics.com/uploads/ITCAMFinal.pdf>
2. <http://www.clabbyanalytics.com/uploads/TivMonVirtServerFinal.pdf>
3. <http://www.clabbyanalytics.com/uploads/VMControlReportFinalFinal.pdf>

And we have a good start on CA's broad cloud management stack with this report:
<http://www.clabbyanalytics.com/uploads/CAAPMSysviewFINAL.pdf>.

But, CA also offers another integrated cloud management stack environment — and this environment can be found in its Nimsoft product offering (to be discussed in depth in the following section).

A Closer Look at Nimsoft

CA's recently acquired Nimsoft product offering is predominantly a performance and availability monitoring environment. At first glance, we thought the Nimsoft acquisition (completed in March 2010) might overlap with CA APM — but after a discussion with Nimsoft executives, we found that the Nimsoft product set offers much but not all of the functionality of CA APM — and is aimed at entirely different markets.

Rather than focusing on CA's existing large enterprise customer base, Nimsoft solutions are positioned for mid-sized customers (\$300M-\$2B); managed service providers; and customers in emerging growth countries as China and India. CA hopes to grow revenues by attracting new customers, and the feature set, ease-of-use, and cloud-based delivery model of the Nimsoft suite are ideal for these growth markets.

For customers in these markets, budgets are limited and IT personnel are typically generalists lacking the specific skill sets that would be present in enterprise IT departments. These customers need IT and application performance — and availability monitoring tools too — in order to compete effectively against their larger counterparts. However, “deep dive” application performance management products such as CA APM may be an overkill i.e. too detailed, and possibly too complex for the skill sets in these markets.

The wealth of performance data collected by deep-dive tools from the enterprise-class deep dive portfolios of CA and IBM have big payback for large IT shops, but can be overwhelming for midmarket customers and small IT department. And the up-front investment in licensed software can be a large expense requiring a lengthy budget approval cycle as well as a long implementation period, delaying ROI. To serve these customers, another class of infrastructure management tools has evolved (as manifest in Nimsoft offering) that can generally address most use cases found in the midmarket — while addressing this market's requirements for simplicity of installation and management. This new class of tools can typically be purchased as a “pay-as-you-go” cloud-based software – as-a- service (SaaS) managed internally or from a managed service provider.

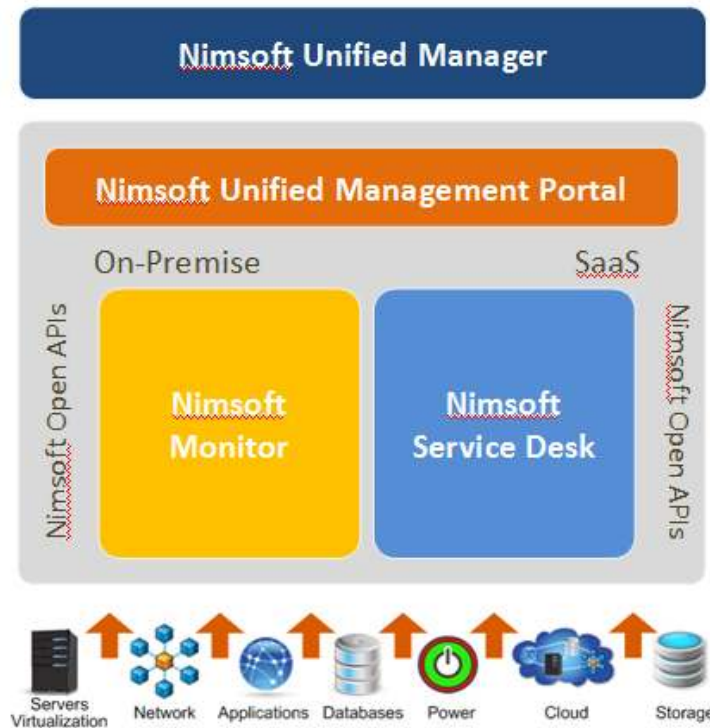
What is as interesting as the products themselves is the impact that the Nimsoft acquisition will have on CA as a whole. Selling into the mid-market is new for CA and represents a huge opportunity, but this market segment requires vastly different sales, marketing and customer engagement models. In Nimsoft, not only did CA get a great set of easy to install, easy to use and feature rich APM tools, they also acquired a company that has cracked the code on how to sell into emerging markets. And for this reason, the Nimsoft culture is being closely guarded and meticulously cultivated — as CA looks to penetrate and expand their presence in these new (to CA) markets.

Nimsoft Unified Manager – A Closer Look at the Technology

In April of 2011, Nimsoft (Nimsoft is operated as an independent subsidiary of CA Technologies) announced the availability of Nimsoft Unified Manager which is an offering that combines the capabilities of Nimsoft Monitor (infrastructure monitoring) and Nimsoft Service Desk (Information Technology Infrastructure Library [ITIL]-based service

management) with unified dashboards and reporting through the Nimsoft Unified Management Portal (see Figure 1, below).

Figure 1- Monitoring and Service Desk Together in a Multi-tenant portal.



Source: Nimsoft, 2011

Nimsoft Unified Manager is available as an on-demand software-as-a-service (SaaS) solution or on-premise. It features:

- Lightweight multi-tenant architecture
- Monitors servers, storage, network devices and security appliances
- Supports public and private cloud environments
- Unified view of business services delivery, performance and availability.
- Response-time monitoring of applications and services
- Agent-based and agentless monitoring based on level of detail required by customer
- Agents easily added as customer needs change
- Detailed performance metrics that allow customers to manage service level agreements and maintain uptime
- Intelligent threshold and policy driven alerting
- ITIL-based service management workflows
- Collaboration tools for operations and help-desk staff
- Shared configuration management database (CMDB)
- Intuitive dashboards and reporting
- APIs for third-party solutions and technologies
- Secure, segmented customer views

Nimsoft Unified Manager provides the ability to monitor and view both internal and outsourced IT performance and availability (in both physical and virtual infrastructure) and includes service desk functionality (Nimsoft Monitor and Nimsoft Service Desk are still sold separately as well). It is easily implemented, upgraded and operated, and requires little special training, making it an ideal tool for emerging enterprises and markets.

Target Markets

As stated previously, Nimsoft is aimed at the computer industry midmarket — especially at MSP and emerging growth opportunities. This section takes a closer look at these target markets.

MSP's

Nimsoft has a customer base that includes close to 400 MSPs (40% of total Nimsoft customers) and CA sees this market as strong growth area. In fact 70-80% of new customers are MSP's.

Wikipedia defines an MSP as “ typically an information technology services provider, who manages and assumes responsibility for providing a defined set of services to their clients either proactively or as they (not the client) determine that the services are needed. Most MSPs bill an upfront setup or Transition and an ongoing flat or near-fixed monthly fee, which benefits their clients by providing them with predictable IT support costs.”

A recent research study conducted by Enterprise Management Associates (EMA) surveyed 100 executives, mid-level managers and IT professionals at mid-sized and large organizations. The survey revealed that 31% of those interviewed and half of IT professionals could see a future scenario where all of IT needs were outsourced. Most commonly outsourced functions were storage/recovery and service desk/help desk. Most common reasons for outsourcing were cost reduction, access to better technical expertise, and being able to better focus on core business.

Nimsoft has an aggressive program to capture the MSP segment, as evidenced by its MSPZone, a dedicated area on the Nimsoft website that contains information about best practices information and sample contracts, presentations, guides and templates all designed to help the MSP build and grow their business.

Among Nimsoft's MSP customers, common reasons for deploying Nimsoft include integrated monitoring capabilities (rather than component-level monitoring); the ability to offer new higher-level differentiated services to customers, support for mixed environments of UNIX, Windows and mainframes (as well as cloud and on-premise from a single management interface); the ability to measure and report SLA's; multi-tenancy, allowing segregation of data in a shared environment and; ease of implementation and use.

Emerging Enterprises

Microsoft's “SMB Cloud Adoption Study 2011,” a report detailing how cloud computing will impact small and midsize businesses (SMBs) in the next three years found that 39 percent of SMBs expect to be paying for one or more cloud services within three years, an increase of 34 percent from the current 29 percent. It also finds that the number of cloud services SMBs pay for will nearly double in most countries over the next three years. These statistics bode well for CA's evolution toward offering more products as cloud services —

such as offering Nimsoft Unified Manager as a SaaS. This strategy will enable CA to penetrate mid-market businesses that prefer a pay-as-you go model

The Nimsoft Culture

As stated earlier in this document, Nimsoft is targeting new markets and new customers—MSP's, emerging enterprises (the mid-market) and emerging geographies (including China, India, Brazil and Mexico). Nimsoft is also gaining traction in Europe and in Japan, where the recent tsunami has drawn attention to IT business continuity solutions, and how to better manage IT resources at remote sites.

The sales and support model for emerging enterprises and MSPs is quite different from the typical CA model. Mid-market and emerging customers are looking for quick time-to-value — products that are easily purchased, installed, supported and maintained. This translates into short sales cycles, speedy implementation, and collaborative, social-media-based support models. Customers in this market expect frequent updates and enhancements, with product release cycles that are flexible and agile. Also favored are SaaS delivery models, introducing an important new success metric to CA — monthly recurring revenue (MRR). This revenue can be in the form of renewals, new sales, upgrades or lost sales, also know as “churn”.

For this reason, Nimsoft is being operated as an independent entity. The executive team is being staffed with seasoned veterans of companies that design, build and sell products into emerging growth markets and MSPs. New products/ acquisitions added to the quiver must be “Nimsoft-ready” and must become “Nimsoft- ready” quickly.

Nimsoft-ready is defined as having a (1) frictionless path to purchase (2) clear path to value and (3) superior ownership experience. Some of the characteristics of a Nimsoft –ready product include being internet-based, having a remote sales model, offering access to web-based collaborative support tools, intuitive dashboard-based management and availability as a SaaS..

One example Nimsoft used to demonstrate this concept is the acquisition of InteQ on December 9, 2010. InteQ's Infradesk service desk functionality was integrated with Nimsoft Monitoring to create Nimsoft Unified Manager. Nimsoft Unified Manager became generally available on April 25, and just 60 days later, — on June 26—16 deals had been completed. It is this type of quick turn-around that will be one of the keys to success when selling into the mid-market.

Nimsoft uses a focused inside sales approach with 3 inside sales people to every outside salesperson — different than the traditional CA sales model. The SaaS delivery model makes Nimsoft Unified Manager an operating expense (rather than a capital expense) so the sales decision can be made at a lower level in the organization. Many sales can be made exclusively by the inside sales representative, cutting sales costs for CA and increasing profits. Installation and set-up is straightforward, meaning that the software can be up and running and delivering value in a matter of days. The unified dashboard enables easy operation for IT generalists in mid-market companies and service providers.

The Nimsoft culture also relies heavily on viral marketing. Nimsoft executives cited at least three examples of situations where a new client had been sold based largely on the recommendation of another. Phone and internet-based lead generation activities are also an on-going source of potential sales. In this market, lengthy internal evaluations of multiple vendors and pilot projects rolled out over a period of several months just don't work — mid-market companies want to purchase and implement products quickly.

Summary Observations

Clabby Analytics believes that as businesses increasingly adopt cloud-based business models in heterogeneous virtualized environments, APM and BTM tools are essential. And for emerging enterprises, being able to purchase these tools as cloud-based services makes economic sense. Why pay a big up-front cost before knowing how quickly the company will grow? Having access to these monitoring and management tools is a necessity, but having options around delivery gives mid-range businesses an affordable option. These growing companies will also look for tools that can be implemented and managed by IT generalists, and those that can provide a quick time-to-value

Nimsoft Unified Manager :

- *Offers IT performance and availability monitoring as well as service desk functionality* — combines these capabilities in a solution that is easily implemented and used, cost effective and can isolate the majority of performance problems;
- *Agent or agentless monitoring* — Allows solution to be tailored based on needs and enables the rapid addition of new capabilities – no need to embed into each application;
- *Has an on-premise as well as a SaaS option* — giving businesses options around delivery, based on budget and IT resource issues. SaaS option enables IT-as a service in-house or outsourced;
- *Unified management* – both on-premise and outsourced can be viewed from a single dashboard and;
- *Provides many features ideal for MSP's* — multi-tenancy, hybrid delivery model (cloud/on-premise), simple to set up and maintain, enables differentiated service offerings and the ability to measure and report on SLA's.

But the most interesting thing about Nimsoft is the impact it will have on CA and CA's current and future customers. Nimsoft is a model for how CA can adapt and evolve to address new target markets — the mid-market, emerging markets and MSP's. We are already seeing some of the lessons learned at Nimsoft “rub off” in CA's mainstream businesses. MyCA is one such example – a collaborative social networking support and education site, MyCA is based on the community and viral marketing concept that has made Nimsoft so successful. *Clabby Analytics* also learned that CA APM will be offered as a SaaS offering in the coming year — another example of how CA is adapting to the cloud (with strategic roots at Nimsoft). Interestingly, elements of the Nimsoft business model will also play well with enterprise customers as these larger businesses compete with more agile mid-market companies and look to “do more with less”.

Nimsoft: CA Technologies Cloud Solution for Midmarket and Emerging Growth Customers

For businesses considering cloud computing – public, private, or hybrid — CA has a range of application management and monitoring solutions with the flexibility to suit the majority of budget and technical requirements, for both large enterprises as well as “emerging” enterprises. And with CA’s global sales/support infrastructure and expertise in systems management, these tools should be at the top of the list for any company that is evaluating application performance management.

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