

NetQoS Acquisition Rounds Out CA's Network Management Portfolio

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CA's portfolio includes strong network fault management and network performance reporting, but has lacked the ability to analyze network traffic at a granular level. The acquisition of NetQoS will fill this gap.

NEWS ANALYSIS

Event

On 14 September 2009, CA announced that it has signed an agreement to acquire NetQoS for \$200 million. Austin, Texas-based NetQoS, a privately held company that was founded in 1999, focuses on network performance management and service delivery solutions. During calendar year 2008, NetQoS achieved \$56 million in revenue. It has an installed base of 650 customers under maintenance, and employs 250 people worldwide.

Analysis

The acquisition of NetQoS provides CA with fine-grained network traffic analysis that differentiates CA from the other large-enterprise-scale network management leaders (such as EMC Smarts, HP and IBM Tivoli), which do not have network management functions at this level. This deal not only enhances CA's portfolio; it also blocks CA's competitors' access to one of two suppliers that consistently appear on Global 2000 shortlists for such technology (the other being NetScout). Gartner expects the market will consolidate further as CA's competitors seek to add network traffic analysis to their own portfolios.

CA plans to combine the NetQoS Performance Center with CA eHealth Network Performance Manager and CA Spectrum Infrastructure Manager. This combination will provide network engineers and network operations managers with better visibility into network traffic, NetFlow, VoIP traffic and response time. However, CA faces several challenges in making this acquisition work:

- It has limited experience with NetQoS' appliance-style packaging in the network management space and must quickly come up to speed on this alternative delivery model.
- It must resolve how NetQoS' appliance-style packaging will go to market with eHealth and Spectrum, which are delivered as standard perpetual-license software offerings.
- It must rationalize platform support across its portfolio, as NetQoS' products run exclusively on the Windows platform, whereas CA's network management products also run on Linux and Unix, in addition to Windows.
- It will need to correct and clarify NetQoS' value and market positioning relative to CA's Wily product, as NetQoS has been marketing its product as an application performance monitoring solution, which sounds competitive to Wily. In fact, the technologies are complementary, and there is potential high value in linking the network traffic analysis with the end-user experience monitoring.

RECOMMENDATIONS

- **NetQoS ReporterAnalyzer and SuperAgent customers:** Be confident that CA will continue to develop and advance these products. Expect efforts to integrate with and upsell to eHealth and Spectrum.
- **NetQoS NetVoyant customers:** Plan for further development of the product to likely be curtailed due to its overlap with eHealth and Spectrum functions.

- **CA eHealth customers:** Prepare for the embryonic NetFlow capability in Traffic Accountant to be transitioned to the stronger NetQoS capabilities.
- **CA network management customers:** Review the value that NetQoS adds to the CA portfolio, but don't expect integration until at least 1H10. Be prepared to manage another set of tools (policy, console and so on) until at least 2H10.
- **Enterprises investigating large-enterprise-scale network traffic analysis products:** Include CA on your shortlist, along with its competitors Fluke Networks, NetScout and Opnet. Enterprises interested exclusively in the NetFlow subset could augment that shortlist with any of the many vendors addressing this burgeoning market segment, including ManageEngines, Network Instruments, nMetrics, SevOne and Solarwinds.

RECOMMENDED READING

- "Hype Cycle for IT Operations Management, 2009" — As a result of the focus on cost optimization through IT operations technology and processes, this market grew by almost 10% in 2008. **By Milind Govekar and others**
- "2008 Polling Results Show That Data Center Network Managers Are Increasingly Being Tasked With Meeting Application Performance Goals" — A Gartner poll shows that data center network managers are being pushed to go beyond preventing network performance issues. **By Debra Curtis and Will Cappelli**

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