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EXCERPT

Worldwide Archiving Software 2010 Vendor Shares: Cloud, Efficiency, and Compliance Continue to Fuel Growth

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IN THIS EXCERPT

The content for this paper is excerpted from the IDC Competitive Analysis Report, Worldwide Archiving Software 2010 Vendor Shares: Cloud, Efficiency, and Compliance Continue to Fuel Growth, by Marshall Amaldas (Doc # 229976). All or parts of the following sections are included in this Excerpt: IDC Opinion, In This Study, Situation Overview, Future Outlook, Essential Guidance, Methodology, and Synopsis. Tables 1 is also included.

IDC OPINION

This study presents a view of the 2010 vendor shares for the worldwide archiving software market. The 2010 revenue for the worldwide archiving software market was $1.5 billion. The archiving software market grew strongly with 13.6% year-over-year growth compared with 2009, which had low-single-digit growth because of the economic slowdown. Highlights include:

- Market consolidation continued in 2010. Major acquisitions were made by Autonomy with the purchase of CA Message Manager and CA Records Manager, which continued into 2011 with the acquisition of Iron Mountain's digital archiving assets. More recently, HP announced an agreement to purchase Autonomy for $11 billion. The acquisition is expected to close by the end of 2011.
- Rapid adoption of cloud-based archiving services continues. Large players like Symantec and Bloomberg entered the market with the launch of Enterprise Vault.cloud and Bloomberg Vault services, respectively.
- eDiscovery requirements continue to be an important driver for archiving investments. Archiving software vendors continue to make investments in eDiscovery technology either through product enhancements or through net-new acquisitions. The most notable acquisition in 2011 was the acquisition of Clearwell Systems by Symantec. Similarly, IBM acquired PSS Systems, a company that specializes in solutions for legal hold, discovery workflow, regulatory compliance, and data governance.
- Constrained IT budgets and high storage growth requirements are motivating firms to consider tiered storage and archiving strategies. Storage and application optimization requirements have recently heightened interest in file and SharePoint archiving solutions.

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IN THIS STUDY

This IDC study examines the archiving software market for the period from 2008 to 2010. Worldwide market size is provided for 2010, with trends from 2009. Revenue and market share of the leading vendors are provided for 2010. The vendor shares and competitive analysis contained herein update those found in *Worldwide Archiving Software 2009 Vendor Shares: Growth Fueled by Cloud Offerings and Market Challengers* (IDC #223466, May 2010). This study also contains profiles of the top archiving vendors that brief on individual vendor's performance, product capabilities, product enhancements, strategy, and salient events that occurred in 2010.

Methodology

See the Learn More section for a description of the data collection and analysis methodology employed in this study.

In addition, please note the following:

- The information contained in this study was derived from the IDC Software Market Forecaster database as of May 27, 2011.
- All numbers in this document may not be exact due to rounding.
- For more information on IDC's software definitions and methodology, see *IDC's Software Taxonomy, 2011* (IDC #228020, July 2011).

Archiving Software Market Definition

Archiving Software

The archiving software market includes software that provides policy-based controls for copying, moving, purging (delete from primary storage), retaining (in read-only fashion for a defined period), and deleting (delete from secondary storage) data. The software may be deployed on-premise or consumed as a service from cloud-based archive service providers. Some tools provide for more sophisticated functions such as content-based data management, indexing, and search/retrieval. Archiving software makes tiering decisions based on file properties and business rules but not file properties alone. Business rules may be based on metadata such as custodian of information, business unit of origin, or indexed content. Archiving software typically requires software on a host to manage the archiving process. All archiving products except those that perform database archiving are included in this market.

Archiving software subcategories are defined in the sections that follow.

File Archiving Software

File archiving software includes archiving software and services for file content on file servers and endpoint devices. File archiving software automates, based upon a defined policy, the migration of data to a different tier of storage and media and automatically recalls files back to primary storage when required for application or user access. File archiving software creates, based upon a defined policy, a copy of a data set or a group of files that are transported to an alternate location or committed to long- or intermediate-term storage. Original copies of the data set may be deleted when the archive is created to free primary storage space, or they may be left in place if frequent access is expected.

Email Archiving Software

Included within the archiving software market are specialized email archive software products (including instant messages) that integrate with collaborative email systems through APIs to migrate email, based on policy, to a secondary archive.

SharePoint Archiving Software

SharePoint archiving software includes specialized SharePoint archiving software products that integrate with collaborative SharePoint sites through APIs to migrate SharePoint documents, based on policy, to a secondary archive. SharePoint archiving software also provides indexing and search function on SharePoint documents.

Other Archiving Software

This category includes archiving software for content types other than email, file, and SharePoint. Examples of these are:

- Web/Web 2.0 content that includes social media content types
- Machine data archiving (e.g., security event/incident log archiving)

This category also includes middleware software that enables software-based WORM and retention functionality on the disk-based storage medium.

SITUATION OVERVIEW

Archiving Software Market in 2010

IDC estimates archiving software worldwide revenue in 2010 to be $1.5 billion, which represents 13.6% year-over-year growth compared with 2009 revenue. The high growth of the archiving software market in 2010 is partly because of low 2009 revenue, which was flat compared with 2008. Overall, the archiving software market was a high growth market relative to the total storage software market, which grew at the rate of 10.5% year over year. Even though on-premise email archiving software adoption has matured today, the demand for SaaS archiving services and archiving requirements for other content types such as file and SharePoint is likely to ensure the archiving software market sustains a healthy growth trajectory.

As a result of the slow recovery and the fear of a double-dip recession, many organizations have avoided capital expenditures by adopting cloud-based point archiving solutions to meet archiving needs for their most important data types. IDC estimates cloud archiving software revenue to be approximately 30% of total archiving software revenue, which is predominantly email archiving services. Market consolidation continued in 2010 and 2011 with Autonomy's acquisition of CA Records Manager and CA Message Manager and Iron Mountain's digital archiving assets.

Performance of Leading Vendors in 2010

Table 1 displays 2008–2010 worldwide revenue, 2009–2010 growth, and 2010 market share for worldwide archiving software vendors.

TABLE 1

Worldwide Archiving Software Revenue by Vendor, 2008–2010 ($M)

	2008	2009	2010	2010 Share (%)	2009–2010 Growth (%)
IBM	322.9	319.7	351.0	22.9	9.8
Symantec	195.5	197.2	210.0	13.7	6.5
Autonomy	131.3	154.0	180.9	11.8	17.5
Iron Mountain Inc.	105.0	122.0	136.1	8.9	11.5
EMC	88.7	80.0	91.0	5.9	13.7
CommVault	32.1	32.8	38.7	2.5	17.9
Quest Software	9.9	29.5	33.1	2.2	12.1
OpenText	30.3	31.0	32.9	2.1	6.0
LiveOffice	16.0	26.0	32.0	2.1	23.1
Microsoft	18.6	18.0	20.1	1.3	11.7
Mimecast	9.0	15.7	19.8	1.3	26.0
Global Relay	12.5	15.5	18.5	1.2	19.4
CA Technologies	16.6	17.5	17.9	1.2	2.6
ZL Technologies	12.5	14.9	16.6	1.1	12.0
Dell	14.6	18.7	16.5	1.1	-11.7
HP	24.5	17.8	16.2	1.1	-9.2
Waterford Technologies	14.5	14.3	15.6	1.0	9.6
NetApp	15.7	14.7	10.5	0.7	-28.8
DataGlobal (formerly GFT inboxx)	10.2	8.3	8.8	0.6	6.6

TABLE 1

Worldwide Archiving Software Revenue by Vendor, 2008–2010 ($M)

	2008	2009	2010	2010 Share (%)	2009–2010 Growth (%)
C2C	8.1	8.1	8.7	0.6	8.0
Google Inc.	7.4	7.5	8.4	0.5	12.2
Unify Corp.	5.7	7.0	7.8	0.5	12.0
HDS	3.0	2.9	7.0	0.5	144.7
NEC	1.9	1.2	3.8	0.2	227.9
Atempo	–	2.1	2.9	0.2	38.1
Oracle	1.2	1.2	0.8	0.1	-34.4
Plus Technologies	–	0.4	0.5	0.0	20.3
Fujitsu	0.5	0.4	0.3	0.0	-14.1
Hitachi	0.6	0.3	0.3	0.0	-6.5
BakBone Software	–	0.1	0.1	0.0	21.4
Subtotal	1,108.7	1,178.6	1,306.8	85.2	10.9
Other	237.1	171.6	227.4	14.8	32.5
Total	1,345.9	1,350.2	1,534.2	100.0	13.6

Source: IDC, May 2011

Vendor Profile

IBM

IBM's archiving software revenue totaled to $351 million in 2010, a 9.8% increase over IBM's 2009 revenue of $319.7 million. IBM grew less than the overall archiving software market, which grew at the rate of 13.6% year over year. IBM continues to enjoy leadership position in the archiving software market, with 22.9% market share in 2010. IBM's archiving software revenue tracked by IDC includes revenue from HSM products such as the Tivoli Storage Manager (HSM) and DFSMS (HSM) as well as archiving solutions for unstructured content, namely IBM CommonStore and IBM Content Collector.

IBM made an important enhancement across its archiving software portfolio (Content Collector, CommonStore, and Optim) to improve the execution and management of legal holds on archives. This was accomplished by leveraging products and technology acquired through the acquisition of PSS Systems in 2010. The integration is intended to turn the legal hold process into a more closed-loop process, where stakeholders in the legal department can directly execute legal holds on archives without the intervention of IT personnel. This reduces the inherent risk involved in traditional legal hold processes while reducing administrative burden on IT.

IT administrators also have access to a dashboard that provides visibility to all information assets in the organization. The dashboard allows IT personnel to monitor the various legal holds that are applied to different systems and can individually view different parameters of individual holds such as the status of the automated execution, the status of evidence collection that may be in progress, the retention schedule of information residing in a particular asset, and the history of evidence already collected that helps minimize duplication of eDiscovery effort.

As a result of this enhancement, IT can more easily apply retention schedules for records (that need to be preserved long term for legal and regulatory purpose) and retention and disposition schedules based on the business value of other information that may be far more voluminous but may not be a "record." The solutions enable IT managers to classify and categorize information based on its business value and to effectively dispose the data when no longer valuable. From a technology and marketing perspective, IBM will continue to focus on a theme of "defensible disposition" and will help companies change the volume growth curve, address the root cause of excess data and the operational challenges that it creates while lowering legal risk associated with information. IBM also partners with solution provider Integro to enable email and collaboration users to easily and efficiently tag and classify records, so more precise policies can be applied and executed in the archive.

Overall, eDiscovery has been the most important purchase driver for IBM archiving solutions in 2010, and this trend is expected to continue through 2011. IBM sees an increased awareness of eDiscovery obligations for content beyond email, such as file, internal collaboration content, wikis, blogs, and social media content. IBM also observed an increased interest in eDiscovery solutions for structured content across many industries such as pharmaceuticals, logistics, finance, and automotives as a result of multiple, large class-action lawsuits in 2010 in the United States.

IBM sees the emergence of social media as a major communication medium forcing higher attention on privacy and data protection in both the United States and the European Union countries. IBM anticipates that privacy laws may get more complex in the coming years, which will make management of customer and employee content much more challenging. As a result, businesses are expected to exercise higher rigor in archiving and managing social media content and increasingly treat them as records and important information that must be well managed, protected, and disposed in a timely and proper manner. IBM is actively helping its customers meet these privacy protection requirements so they can optimize social media opportunities while mitigating risk.

Regionally, IBM sees an increase in need for archiving in Asia as more and more organizations are starting to face the same problems as their counterparts in the West. IBM also enjoys a large base of European enterprise customers that use IBM archive and eDiscovery solutions to meet U.S. eDiscovery requirements as well as their need to more efficiently and securely manage information.

IBM competes primarily with Symantec and Autonomy in the email and file archiving space. IBM also enjoys a fairly unique position because of its wide software and service portfolio. Its capability to provide a unified archiving solution that includes value-based archival, disposal, and eDiscovery enablement for both structured and unstructured data is an important differentiator for companies that want to lower cost, complexity, and risk.

FUTURE OUTLOOK

The following are drivers to archiving investments:

- **Archiving viewed as a storage efficiency strategy:** Exponential growth of unstructured data across industries has led a larger number of organizations to pursue file system archiving as an efficiency strategy. Use of SATA disk drives makes archiving more feasible and complements archiving software sales.
- **Prevailing compliance and discovery requirements:** Compliance with various government regulations will continue to be a major driver for archiving software investments. IDC research also suggests that compliance and governance are becoming increasingly relevant in Europe and that data retention is also a high priority in the region. Archiving software to support discovery requirements will continue to be an important factor driving investment in archiving software.
- **Adoption of SaaS-based archiving services:** A number of SaaS-based email archiving services with a pay-as-you-go pricing model continue to be widely adopted. The entrance of large players like Symantec and Bloomberg will further accelerate this trend. IDC expects more SaaS providers to start providing archiving services for SharePoint and file contents as well.
- **Additional use cases for archiving:** Additional use cases for archiving such as email continuity and third-party application integration to enhance workflows will become important selling points going forward. Such additional features and capabilities will overall increase the interest in archiving solutions.
- **Archiving for machine data content:** The need to efficiently store vast amounts of structured and semistructured, machine-generated content in easily accessible archives will drive investments in specialized archiving software and hardware.
- **Upgrades to Exchange 2010 and Office 365:** Continued adoption of Exchange 2010 will drive migration or net-new deployments of email archiving solutions. The availability of Office 365 hosted exchange will also drive adoption of SaaS-based email archiving services.

- **Demand for voice, video, and image archiving:** The unified communications and convergence of voice and messaging will drive increased assessment of audio file archiving. The increase in the use of high-fidelity video and imaging in industries such as healthcare and media and entertainment has a high impact on storage. This will drive the need for archiving software technologies that help store, preserve, and manage these content types efficiently with minimal intrusion to workflows.

The following are inhibitors to archiving investments:

- **Inclusion of tiering capabilities within file systems:** The use of file-based storage tiering capabilities to achieve storage efficiency removes a considerable portion of the value of a dedicated host-based archiving software. End users looking at archiving for purely storage management purpose may not find investing in separate archiving solutions appealing.

- **Cloud storage and cloud gateways:** The availability of inexpensive raw storage capacity in the cloud makes it attractive for some organizations to use such services as data dumps in lieu of using specialized archiving solutions.

- **Pricing pressure on point archiving solutions:** Generic point software solutions with basic email archiving capabilities are under increasing price pressure because of the commoditization of archiving software and because of relatively inexpensive SaaS alternatives.

- **Smarter backups:** A combination of efficiency technologies, indexing, and search capabilities on today's backup software solutions continues to encourage end users to use backup as an alternative to purpose-built archiving software.

ESSENTIAL GUIDANCE

Growth within the archiving market is expected to outpace the total storage software market over the next five years. The following guidance is for suppliers looking to capitalize on this growth:

- Use cases other than compliance and regulation are the remaining greenfields for archiving software and service providers. Alternate use cases of archiving that relate to efficiency, storage consolidation, workflow optimization, and analytics need to be explored.

- Standalone archiving software and services are increasingly being commoditized, which is leading to higher price pressure and lower revenue at a unit level (per user or per gigabyte). To differentiate the offering, archive solution providers will have to develop specialized features, capabilities, and service components that align the solution to a specific vertical/application/business function.

- The use of disk-based archival storage systems remains on the rise. Many storage system vendors such as HP and Dell are aggressively investing on archiving software integration initiatives to create holistic and easy-to-deploy solutions for their customers. Forging successful partnerships with archival storage vendors will be important to the success of file archiving solutions in the market going forward.

- Small and midsize organizations today are challenged by the enormous growth in unstructured data and deal with the same problems that were experienced within enterprises years ago. Archiving solutions that accommodate the limited skill sets of SMB IT organizations will be well received.

- There is growing interest for analytics among many organizations within industries such as telecom, finance, and oil and gas. As such, expect archiving software solutions that facilitate the capture and preservation of logs and records from machines and monitoring equipment in an efficient yet analyzable format to be in demand.

- The requirement to archive more than just email content needs to be capitalized on by archiving software vendors. Thus, the ability to capture, preserve, and retrieve data from multiple sources will be critical.

Synopsis

This IDC study presents a view of the 2010 vendor shares for the $1.5 billion worldwide archiving software market.

"The archiving software market grew strongly in 2010, with 13.6% year-over-year growth compared with 2009," said Marshall Amaldas, senior storage software analyst, Storage Software and Solutions, at IDC. "Growth within the archiving market is expected to outpace the total storage software market over the next five years. Small and midsize organizations today are challenged by the enormous growth in unstructured data and deal with the same problems that were experienced within enterprises years ago. Archiving solutions that accommodate the limited skill sets of SMB IT organizations will be well received."

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