

## I D C   D A T - A - G L A N C E



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### **Application Development Tools – Supporting Application Agility**

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*Application Development Tools (ADT) include software and development environments used by developers, business analysts, and other professionals to create both web-based and traditional applications. The tools include third-generation languages (3GLs), unified development environments, business rules engines, model-driven development software, and web site design and development tools. In 2007, Application Development Tools reached a market value of US\$150 million across Australia and New Zealand (ANZ). The market is forecast to grow at a 5 year compound annual growth rate (CAGR) of 6.0% to US\$200 million by 2012.*

*As business operations increase their alignment and reliance on information technology - application flexibility, security and reliability become key success factors in the modern business world.*

#### **Market Trends**

- Unified Development Tools, which include fourth-generation language (4GL) tools, are the largest revenue contributor to the Application Development market with 2007 spending of US\$75.2 million (50.1%). Growth, however, is rather modest at a five year CAGR of 6.0% between 2007 – 2012.
- With a 2007 market value of US\$20.2 million, the Website Design and Development Tools (WDDT) market seems under penetrated. Given the hype around Rich Internet Applications (RIA) and Mashups, the WDDT market is set up to chase its predicted growth potential.
- Growth in the ADT market is slightly dampened by the development of off-shoring initiatives to low-cost countries. Furthermore, investments in development tools experienced a degree of cannibalisation from application deployment technologies which have gained traction around SOA, BPM and application integration frameworks.
- The economic downturn during 2008 has challenged companies of all industries and sizes to adjust their business practice to the changing market conditions. Many of these businesses, however, are constrained by the inability of their applications to accommodate these change requirements. Traditional ADT characteristics such as scalability, security, and performance will therefore be complemented by flexibility and business alignment measures.

## Market Accelerators

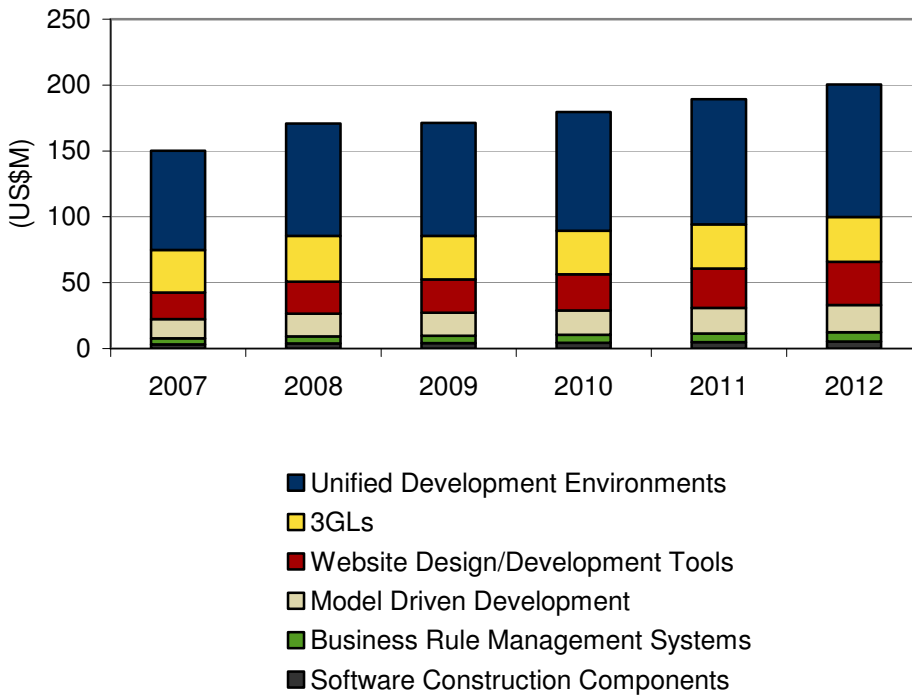
- The Analysis, Modelling, and Design tools market (AMD) is holding its own in application development due to pull-through by Business Process Management (BPM) for business process modelling tools. This reflects in a healthy growth forecast associated with the Business Rules Management Systems (BPMS) market (2007-2012 CAGR 9.3%).
- ADT adoption in the mid-market segment will be driven by the next generation of packaged applications with many of the characteristics of applications built on a BPMS. These applications provide functions such as forms, workflow, task management, business activity monitoring (BAM), and real-time access to information.
- Event-based application development toolsets will penetrate key business functions in a move towards event driven architectures fuelling new investments in extended ADT technologies. In turn, this trend will also have an impact on both SOA and data service evolution over the next few years.
- A general change in user demands and the way users interact with applications is putting greater demands on the presentation layer of applications. It is no longer just about the user interface but about the overall user experience. A new generation of web development tools is emerging that enables applications to become interactive and conversational by incorporating social networking capabilities and deliver a rich mix of content that can be tuned based on the preferences of the site visitor.

## Adoption Trends

- Large and enterprise organisations remain the leading consumers of ADT technologies in the ANZ region. Nevertheless, new generations of applications and software delivery options support growing penetration amongst the mid-market segment.
- Largely stimulated by ever-broadening access to the Internet and the increased man-hours spent on it, a new set of services encompassing what is classically regarded as application plumbing (e.g., development tools, databases and middleware) is emerging as entirely hosted services offerings available in the cloud and sold through subscriptions. The greatest appeal of on-demand ADT is that it permits developers to initiate custom development projects with zero infrastructure and minimal up-front costs.
- Software development functions such as testing are increasingly seen as a mandatory part of the development process. Nevertheless, a large proportion of companies still rate these functions as a chore rather than a strategic opportunity.
- ANZ businesses favour purchasing ADT technologies as part of an integrated solution package consisting of hardware, software and services components. This purchasing preference supports the general trend and emergence of appliance based technology solutions.
- Compatibility and integration capabilities are top of mind considerations for Australian businesses when investing in ADT. In conjunction with services offerings of ADT vendors these factors can present a "make" or "break" criteria during the investment decision process.

**FIGURE 1**

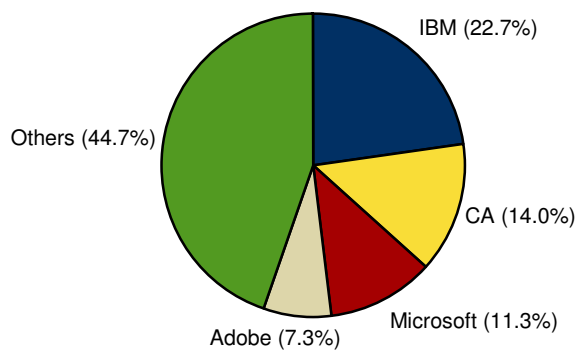
Application Development Tools ANZ: Forecast by Category 2007-2012



Source: IDC Semi-Annual Software Tracker, 1H 2008

**FIGURE 2**

Application Development Tools ANZ: Vendor Market Share, 1H 2008



Source: IDC's Semi-Annual Software Tracker, 1H 2008

## ABOUT THIS ANALYST

*Ullrich Loeffler is Program Manager for IDC's software research unit in the Pacific region. In his role, Ullrich is responsible for management, coordination and further development of the software research programs across Australia & New Zealand.*

*In addition, Ullrich analyses the market for Information Management Solutions. His responsibilities include conducting vendor, business partner, and end-user studies and producing knowledgeable insights and analysis into dynamic and coherent information environments. This comprises all components of dynamic infrastructure, information and application platforms.*

*Ullrich is also a regular speaker at IDC and industry events across Australia and New Zealand and he is frequently quoted in IT and trade publications throughout the Asia/Pacific region.*

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