

## MARKET ANALYSIS

### Worldwide Software Configuration Management Tools 2004 Vendor Shares

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#### IDC OPINION

IDC's initial top-down assessment of 2004 revenue in the software configuration management (SCM) tools market resulted in a worldwide market sizing of \$989 million. Our final, bottom-up tally shows worldwide SCM market revenue of \$1.062 billion, representing an increase of 10.4% over 2003's market revenue of \$962 million, strong growth by any measure. Highlights include the following:

- ☒ All of the leading vendors — in fact, almost all of the vendors in the SCM market — posted solid growth over 2003. IBM continues to dominate the SCM market, followed by SERENA and Computer Associates. Vendors from the next tier — those with revenue of \$25 million to \$100 million — collectively grew 24.1% in 2004 (Telelogic, Borland, and Perforce having the fastest growth within this group, MKS also posting solid growth). Emerging vendors grew even more quickly.
- ☒ IDC believes that demand for software configuration management tools will remain strong as organizations seek to improve their software development processes to meet business demands for higher productivity and improved time to market in the face of ongoing IT budget constraints. Higher levels of integration and automation in application life-cycle management (ALM) tooling will be key to customer success. Regulatory compliance pressures coupled with drivers for process improvement (streamlining the software development process is key to shifting more of the IT budget to innovation) will continue to foster investment in software configuration and change management systems.
- ☒ The SCM market continues to be a mature and consolidated market: the top 5 vendors collectively hold an 81.2% share. There is plenty of opportunity, however, for innovative vendors that can add value to the "platforms" of the largest SCM (and other large ALM) vendors. Large vendors will increasingly compete on breadth and integration of their solution, and their partner ecosystems will play an increasingly important role here. Smaller vendors should pursue partnerships with the leaders or carve out unique niches that they can dominate.



## IN THIS STUDY

This IDC study examines the software configuration management (SCM) tools market for the period 2002–2004. Worldwide market size is provided for 2004 with trends from 2003. Vendor competitive analysis, with revenue and market shares of the leading vendors, is provided for 2004. This study also provides profiles of leading vendors and identifies the characteristics that vendors will need to be successful in the future.

The vendor shares and competitive analysis contained in this study represent an update to those found in *Worldwide Software Configuration Management Tools 2003 Vendor Shares* (IDC #31689, August 2004). A five-year forecast for this market is provided in *Worldwide Software Configuration Management Tools 2005–2009 Forecast* (IDC #33063, March 2005).

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## Methodology

See the Learn More section of this document 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 26, 2005.
- 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, 2005* (IDC #32884, February 2005).

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## Software Configuration Management Tools Market Definition

SCM tools are used by application development organizations to provide software revision control and versioning capabilities. More sophisticated functions such as process management, change request tracking, requirements management, and distributed team development support may also be included.

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## SITUATION OVERVIEW

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### The Software Configuration Management Tools Market in 2004

IDC's initial assessment of worldwide revenue in the SCM market for 2004 (and the outlook through 2009) was published in *Worldwide Software Configuration Management Tools 2005–2009 Forecast* (IDC #33063, March 2005). At that time, we estimated 2004 revenue in the software configuration management (SCM) tools market at \$989 million.

Our final, bottom-up tally shows worldwide SCM market revenue of \$1.062 billion, representing an increase of 10.4% over 2003 market revenue of \$962 million and building further on the momentum generated during the SCM market's strong recovery in 2003.

Growth in worldwide SCM market revenue in 2004 was broadbased, with nearly all SCM vendors — large and small — showing strong growth. Requirements management and change management continued to be strong drivers for growth in the overall SCM market.

#### ***Performance of Leading Vendors in 2004***

Table 1 displays 2002–2004 worldwide revenue and 2004 growth and market share for SCM vendors.

IBM remained the clear market leader, posting 7.4% growth in revenue to \$366 million, for a 34.5% share of the overall SCM market. SERENA, whose acquisition last year of rival Merant made it the second-largest SCM vendor, grew revenue by 2.2% to \$206 million for a 19.4% share. Computer Associates continued in third place with a 12.9% share, up 6.1% from 2003 to \$139 million. Telelogic posted 23.6% growth to \$89 million for an 8.4% share of the market as the fourth-largest SCM vendor. Borland also grew strongly, up 29.8% to \$64 million and a 6.0% share of the market.

The SCM market continues to be a mature and consolidated one, with these top 5 vendors accounting for 81.2% of market revenue (down slightly from 82.4% in 2003).

#### ***Performance by Geographic Region in 2004***

Figure 1 shows North America continuing as the dominant consumer of SCM tools with 59.0% revenue share in 2004, up slightly from a 58.6% share in 2003. Western Europe was second with 30.6% market share, essentially unchanged from 2003. Asia/Pacific maintained an 8.2% share. The rest of the world (ROW) lost share slightly, falling from 2.7% in 2003 to 2.2% in 2004.

#### ***Performance by Operating Environment in 2004***

Windows continues to be the platform of choice for SCM tools with a 54.5% share of worldwide SCM revenue, a slight loss in share from 2003 (see Figure 2). Unix claimed second place with 21.3%, up slightly from 20.0% in 2003. Mainframe rounds out the list of operating environments with significant market shares at 18.1% share, down slightly from 19.3% in 2003. Linux continued to grow but is still just beginning to establish a presence in the SCM space, accounting for 3.8% of the market and up from 2.9% in 2003.

**TABLE 1**

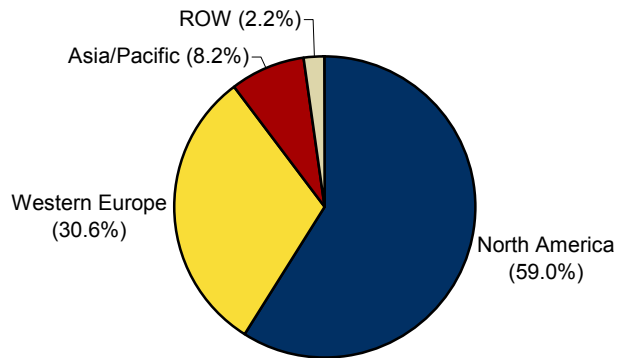
Worldwide Software Configuration Management Tools Revenue by Vendor,  
2002–2004 (\$M)

	2002	2003	2004	2004 Share (%)	2003–2004 Growth (%)
IBM	291.2	340.7	366.0	34.5	7.4
SERENA Software	190.0	202.1	206.5	19.4	2.2
Computer Associates	119.6	129.1	137.0	12.9	6.1
Telelogic AB	63.1	71.9	88.9	8.4	23.6
Borland Software	38.0	49.4	64.1	6.0	29.8
Microsoft	35.5	38.1	41.3	3.9	8.1
Perforce Software	13.0	16.2	25.2	2.4	55.5
MKS	18.3	21.2	24.9	2.3	17.1
Aldon	8.7	10.4	13.4	1.3	28.9
Quest Software	9.5	10.6	11.4	1.1	7.6
VA Software	2.0	3.3	6.3	0.6	90.9
McCabe & Associates	2.3	1.5	3.2	0.3	116.3
Cybermaton.	1.8	1.5	3.0	0.3	100.0
Visible Systems	2.3	2.5	2.7	0.3	7.4
AccuRev	0.8	1.2	2.4	0.2	88.8
Subtotal	796.1	899.8	996.2	93.8	10.7
Other	68.2	62.6	66.0	6.2	5.5
Total	864.3	962.5	1,062.2	100.0	10.4

Source: IDC, May 2005

**FIGURE 1**

Worldwide Software Configuration Management Tools Revenue Share by Region, 2004

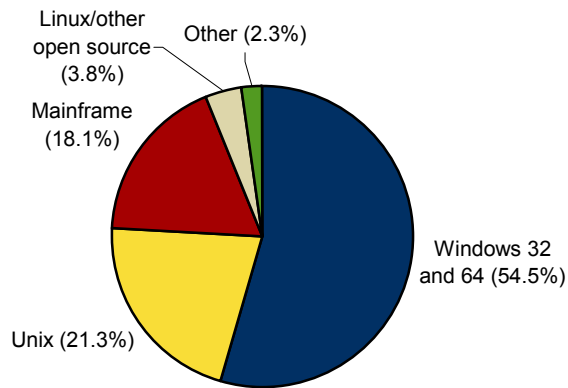


**Total = \$1.062B**

Source: IDC, May 2005

**FIGURE 2**

Worldwide Software Configuration Management Tools Revenue Share by Operating Environment, 2004



**Total = \$1.062B**

Source: IDC, May 2005

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## **Vendor Profiles**

### ***IBM***

Its acquisition of Rational Software in 2003 made IBM the worldwide revenue leader in the SCM market, a market that Rational had dominated for several years. The acquisition also made IBM a leader in the automated software quality (ASQ) market and the leader in analysis, modeling, and design tools.

As we noted last year, the Rational acquisition was core to IBM's vision of providing end-to-end support for the software development life cycle, from requirements management through modeling and design, coding and testing, deployment, production operations, and service-level management. IBM's challenges included rationalizing its newly expanded product line and integrating components of its powerful Rational, WebSphere, and Tivoli brands to fulfill on this vision.

IBM's ClearCase, ClearQuest, and RequisitePro products provide an integrated life-cycle management solution encompassing best practices, tools, and services. Life-cycle activities supported include requirements and analysis, software development, system testing, process/project management, and software configuration management. All of these activities are integrated and coordinated via the Rational Suite Team Unifying Platform. Enhancements to its SCM products in 2004 included improved multisite support (for geographically distributed development teams that collaborate over a WAN) and electronic signature support (for audit trails in companies subject to, as an example, FDA regulations such as 21 CFR Part 11).

More recently, IBM has begun to articulate its full life-cycle strategy (what IDC has termed IT life-cycle management) and announce new products in support of that strategy. Key announcements so far include IBM's acquisition at the end of 2004 of IT project portfolio management vendor SystemCorp (to make the link between planning and application delivery) and new Rational-Tivoli integration products (to make the link between application delivery and application management, initial offerings focus on performance testing and root cause analysis to speed problem resolution). IBM continues to be well positioned, with its comprehensive Rational product line and strong WebSphere and Tivoli brands, to be the dominant end-to-end application development and deployment vendor.

### ***SERENA Software***

The "new SERENA," the result of its acquisition of (larger rival) Merant in April of 2004, is the number 2 vendor in the SCM market. This acquisition was not without its challenges: Merant's operating margins were nowhere close to those of the consistently (and highly) profitable SERENA. In addition, there was some product overlap among the five different SCM offerings (counting SERENA's distributed product and Merant's mainframe product, both of which were new to the market) and two different change management products that the merged entity possessed.

SERENA moved quickly to consolidate operations, however, and has started to bring the merged entity in line with its customary operating margins. On the product front, SERENA replaced the Merant Tracker change management product with its

TeamTrack product (from its acquisition of TeamShare in 2003), integrating TeamTrack with the other Merant offerings (something that turned out to be easy because the products had authors in common). Over time, it should be able to migrate its SCM users via upgrades to three offerings, including its mainframe (formerly ChangeMan ZMF), distributed (formerly Merant Dimensions), and midrange (formerly Merant Pro, aka PVCS) products.

SERENA has its eye on providing a much broader application life-cycle management solution. Acquisitions over the past year include its purchase of a very small requirements management vendor ChipWare and last month's visual requirements definition start-up Apptero, whose product has been rebranded and relaunched as ProcessView. Integrating its expanding product line while reinforcing its competitive position at both the high end and the midrange of the SCM market will be its main challenges this year.

### ***Computer Associates***

CA's product line spans both mainframe and distributed environments, and prior to SERENA's acquisition of Merant, CA had no competition here. CA's product line includes the AllFusion Endeavor (mainframe) and AllFusion Harvest (distributed) SCM products. AllFusion Change Management Suite (which includes the AllFusion Endeavor and AllFusion Harvest Change Managers as well as AllFusion Change Manager Enterprise Workbench) provides a cross-platform view of change management activity across both mainframe and distributed SCM environments. The AllFusion brand also extends to tools for modeling and project management in support of CA's full life-cycle strategy.

CA's recent reorganization places its application life-cycle tools under the newly created Business Service Optimization (BSO) business unit, which is focused at a high level on IT-business alignment and on the provision of IT services in a way that meets financial, compliance, and service-level objectives. Given this charter, CA's recent acquisition of IT project portfolio management (ITPPM) vendor Niku makes perfect sense. We can expect to see CA integrate its software configuration and change management solutions with its new ITPPM product in the future, and exploit opportunities to integrate its ALM products with its systems management offerings.

As we noted last year, CA moved to a subscription licensing model in 2001. This means that revenue that would have been recognized "up front" under a conventional perpetual license is instead recognized over the term of the subscription. IDC believes that the subscription model is already working to CA's advantage, as the accrued deferred revenue is recognized ratably over the life of the contract.

### ***Telelogic***

Telelogic, a Swedish company, has long been known for its modeling tools focused on high-tech development markets, particularly in Europe. Its acquisitions of Continuous (with its process-centric Synergy SCM tools) and QSS (provider of the DOORS requirements management product) made Telelogic a significant player in the SCM space and strengthened its presence in the large U.S. market. Recent acquisitions, including those of enterprise architecture vendor Popkin Software and IT project portfolio management vendor FocalPoint, further expand Telelogic's footprint.



Telelogic enjoyed another very successful year in 2004: its SCM revenue grew an impressive 23.6%. The SCM segment now accounts for just over three-quarters of the company's software revenue (the DOORS requirements management system continues to be a key product and contributes nearly half of Telelogic's total software revenue).

As we wrote last year, Telelogic's technical strength and product breadth should enable the company to continue to prosper in the high-tech sector (its customers have traditionally come from defense/aerospace, telecom, automotive, and financial services). The challenges facing the company continue to include gaining presence and mindshare in the large U.S. market (approximately 38% of its revenue comes from North America) and convincing more conventional IT organizations that its products are appropriate. Its Popkin and FocalPoint acquisitions should help.

### ***Borland***

Borland entered the ALM market with its acquisition of StarBase at the end of 2002, which included the Caliber RM requirements management tool that StarBase had acquired from Technology Builders Inc. (TBI) the year before. StarBase's StarTeam product was well known for its ease of use and collaborative development support. This acquisition — along with the acquisitions of TogetherSoft for modeling and Optimizeit for performance profiling, tuning, and diagnostics — established Borland as a full life-cycle development vendor. Borland's strategy has been to parry its strength on the developer desktop with its popular IDEs into a move upmarket, higher up the stack into team-oriented life-cycle tooling.

Borland formally rolled out its new strategy under the banner of Software Delivery Optimization (SDO) at its annual user conference last September and subsequently began shipping its new CoreSDP family of role-based products (integrated suites for developers, architects, testers, and business analysts). As we predicted, Borland's full life-cycle approach has begun to drive growth in its SCM revenue, as its strong showing in 2004 (29.8% growth) attests.

### ***Other Vendors***

#### **Microsoft**

Microsoft's Visual SourceSafe (VSS) is a ubiquitous SCM tool delivered as a component of the Visual Studio development suite. The wide popularity of Microsoft's development tools means that a huge number of developers have access to Visual SourceSafe. Although VSS is not generally considered a full-function SCM tool, it nevertheless serves as the introduction to SCM for many programmers, many of whom will give serious consideration to Microsoft's new SCM product when Visual Studio Team System ships later this year. Microsoft has stated its intention to "bring application life-cycle management to the mass market," and we can expect to see Microsoft quickly become a major player within the developer-focused segment of the SCM market.

## **Perforce**

Privately held Perforce continues to grow quickly on the strength of its technology (it was designed to perform well over a WAN). The company markets its product as a try-and-buy download off its Web site. Perforce relies on partners to provide change management, bug tracking, and the rest of the application life-cycle solution set.

## **MKS**

MKS (formerly Mortice Kern Systems) has been in the SCM market since 1987, but until a few years ago, it was perhaps better known for its MKS Toolkit. MKS put a new management team in place in 2001 and refocused the company on selling Integrity Solution to the Global 1000; its SCM business today accounts for almost all of its revenue. The company's revised strategy has paid off with a return to profitability and two years in a row of robust growth. MKS was early out of the gate with strong messaging around compliance and has successfully positioned its Integrity Manager component as a workflow-enabled change management solution for compliance-driven initiatives.

## **Aldon**

Privately held Aldon has provided SCM solutions for distributed (multiplatform) development for many years, but until recently, the company was little known outside of the iSeries environment because its repository ran on AS/400. With its launch of Aldon Lifecycle Manager 5.0 — which added server-side support for Linux, AIX, and Windows — the company has begun to make a concerted push beyond its stronghold in the iSeries market. Aldon's customers have responded positively to its multiplatform message and to the integrated approach that Aldon Suite takes to process, change, version, and release management.

## **FUTURE OUTLOOK**

IDC believes the future is bright for the SCM market. The market rebounded quickly following the overall software industry slump in 2001 and 2002, posting double-digit growth in both 2003 and 2004 — strong growth by any measure and testimony to the importance of software quality in realizing the business value of IT investments.

Market drivers that have fueled growth in the past will continue to drive growth in the SCM market in the future. The increasing complexity of software applications and systems, the increasing criticality of software applications to the business, regulatory compliance pressures, and the rise of offshoring and outsourcing all place increasing demands on software development organizations to streamline the software development process.

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## **Market Characteristics in the Future**

The SCM market continues to consolidate and mature, with the top 5 vendors accounting for 81.2% of worldwide SCM revenue. Nevertheless, there is opportunity for vendors both large and small that can successfully broaden the base of users that can adopt software configuration management tools and help customers increase the

percentage of their applications that are tested via automation. Some of the areas that innovative vendors are addressing include the following:

- ☒ **Collaborative software development environments.** Web-based collaborative development environments — whether customer-hosted or vendor-hosted as managed services — are an appealing proposition for geographically distributed software development organizations (whether or not they include external team members such as contractors and outsourcers, partners, suppliers, or customers, etc.) and for small to medium-sized businesses that need a cost-effective, integrated system out of the box for project, process, change, and software configuration management that facilitates team communication (via email lists with alerts/notifications, discussions, and other community-building features tied into projects). Emerging vendors in this category include CollabNet and VA Software, both of whom (not coincidentally) come from the open source world and have lots of experience hosting huge, ad hoc communities of open source developers collaborating worldwide on thousands of projects.
  
- ☒ **Requirements management and definition.** Requirements management systems such as those from IBM, Telelogic, and Borland have been engines of growth for SCM vendors for several years. As IDC research confirms, flawed requirements continue to be the top reason why new applications fail to satisfy users. Visual requirements definition products are available from emerging vendors such as iRise (among others) and from Serena, which recently acquired start-up Apptero; these enable business analysts to create working prototypes of new applications complete with application flow, user interface, and business logic/rules.
  
- ☒ **Software asset management.** An important enabler for future reuse of components will be software asset management systems, which represent a layer on top of the versioning, storage, security, and change management capabilities of today's SCM systems. Software asset management systems add metadata management for components to the mix. LogicLibrary and FlashLine are examples of emerging companies in this area, both of which are supporting OMG's Reusable Asset Specification (RAS).
  
- ☒ **Automated build management.** Most large SCM vendors provide an integrated build management capability today, some through OEM agreements. Automating builds — that is, automating the generation of build scripts themselves as opposed to writing and then running scripts (that quickly fall out of date and fail) — is another promising area. Innovators include Catalyst, BuildForge, and CodeFast.
  
- ☒ **Process management/enactment.** Today's SCM products provide workflow capabilities that enable customers to define roles, authorizations, and approval, notification, and alert processes — processes that guide change management and ensure that changes comply with compliance requirements, are auditable and traceable, and more. Increasingly, SCM vendors are tackling the automation of overall process management from a "best practices" perspective, by providing customizable workflows that enact popular methodologies and/or assist with process improvement initiatives such as CMMI. IBM, whose Rational Unified

Process (RUP) is a highly popular methodology, provides process enactment via Summit Ascendant (acquired with PWC). Serena offers templates with TeamTrack. Microsoft is supplying process guidance templates for CMMI and Agile with its Visual Studio Team System. Start-ups such as Osellus play in this space as well. This is an opportunity for both large vendors and emerging vendors to take a thought-leadership role with their customers and build a services business around best practices. Borland, with its Teraquest acquisition (CMMI experts) would be likely to play here, for example. Other vendors could build templates on top of their general purpose business process automation products (Computer Associates has its CleverPath AION BPM workflow product, for example). Alternatively, systems integration partners could provide these templates. Generally, this represents a move away from paper-based methodware and toward incorporating best practices directly into the automation of life-cycle activities.

- ☒ **License compliance.** As the use of open source software continues to grow, companies need a way to ensure they are in compliance with the endlessly proliferating variations of open source licenses. Software vendors themselves are one of the key target markets for emerging software license compliance vendors such as Black Duck and Palamida. Solutions from these two companies detect code snippets that have been incorporated from open source programs and provide guidance on license compliance (everything from proper copyright notation to "right to distribute" implications).

Some of the important themes for future innovation in the area of software life-cycle process and configuration management are better integration, greater automation, better metrics, and linkages to planning and operations. For better integration, we mean that vendors will provide more plug-and-play, out-of-the-box integration, saving customers the time and effort of integrating various products from multiple best-of-breed vendors in the role of amateur systems integrator. Integration is key to obtaining greater benefits in areas such as impact analysis: If we know exactly what needs to be retested, given a specific set of changes to the underlying source code, we can prioritize scarce resources and provide greater quality assurance.

For automation, we mean that information captured by one life-cycle tool will be shared/leveraged by other life-cycle tools in a more automated workflow. For example, requirements management and definition systems could automatically generate use cases for test purposes, and (depending on the test tool) potentially generate test scripts as well. If tests were generated directly from requirements, flawed requirements might become less of a risk to project success than is the case today, and it might be easier to keep test scripts in sync with software revisions. (A similar opportunity exists to tie modeling tools more tightly to test generation.) Better automation is key to process improvement: processes can only be improved when they are consistent and repeatable.

By better metrics, we mean better real-time visibility into project health and status. Most vendors already provide some sort of dashboard where they roll up the metrics their tools create into useful reports for management and development team members. Consolidating information from multiple tools into even better metrics that could act as KPIs for the development process requires that more life-cycle tasks be

automated and that data be automatically captured for analysis and process improvement.

Finally, there are obvious linkages with operations and planning that need to be strengthened. For instance, end-to-end change management — including development, deployment, and production — is important for regulatory compliance. In order for project and portfolio management systems to be useful as decision-support systems, they need up-to-date information about projects already underway, including performance against budgets and schedules. This is one of the reasons that large ALM vendors have been buying up IT project portfolio management vendors over the last two years. Examples include Mercury Interactive's acquisition of Kintana, Compuware's acquisition of ChangePoint, IBM's acquisition of SystemCorp, and CA's acquisition of Niku.

As the SCM market continues to mature and consolidate, smaller innovative vendors will help the large vendors build out their solution footprints to include some of the areas mentioned above. The large vendors' partner programs are the obvious vehicle for expanding their ecosystems. Improved standards for interoperability are an important facilitator for improving the integration and automation of life-cycle processes. Microsoft's ecosystem will rely on Microsoft's published APIs. The alternative for the non-Microsoft camp may come from the Application Lifecycle Integration & Interoperability Framework project (ALMIIF) recently proposed to the Eclipse Foundation.

## **ESSENTIAL GUIDANCE**

The solid rebound of the SCM market in 2003 and the SCM market's very strong growth in 2004 point the way to robust growth in the years to come. IDC continues to be confident that there is ample opportunity for enterprising SCM vendors that can help software development organizations improve their productivity, reduce costs, and shorten the time to market for their new applications. Customers are once again investing in new applications to drive revenue growth and market share, and application life-cycle management tools are key to the success of these new initiatives — whether they are Web services applications, legacy modernization projects, or packaged software implementations/upgrades. In an IT spending environment that will continue to be cautious, vendors that offer a compelling return on investment (ROI) will enjoy the advantage.

The complexity and business-criticality of software will continue to drive the need for automation in the application development life cycle. Regulatory compliance pressures, the rise of distributed development teams (including offshoring and outsourcing), and the pressure to increase the percentage of the IT budget that can be applied to investments that deliver new business value all place intensified demands on software development organizations to improve the overall software development process through automation.

There is ample room for unique technological and business model innovations from full-service and niche SCM providers alike. A broad array of tools is required to serve the diverse test needs of all of the participants in the life cycle, including developers,

QA professionals and (nontechnical) business users, as well as the production support team. The trend toward role-based packaging (including suites for specific roles) is a response to this need. Vendors that are first to market with solutions for these constituencies will enjoy the greatest success. Smaller players will find success through partnerships with the larger vendors, where they can augment existing solutions, or by establishing new niches that they can dominate. Customers should evaluate solutions with an eye to shifting as much as possible of the tool integration burden to vendors and should weigh the benefits of replacing home-grown systems with commercial solutions.

## LEARN MORE

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### Related Research

- ☒ *Worldwide Automated Software Quality Tools 2004 Vendor Shares* (IDC #33587, forthcoming)
- ☒ *Worldwide Application Life-Cycle Management Tools 2004 Vendor Shares* (IDC #33552, June 2005)
- ☒ *IT Life-Cycle Management: Will a Platform Emerge?* (IDC #33377, May 2005)
- ☒ *Worldwide Application Life-Cycle Management Tools 2005–2009 Forecast* (IDC #33067, March 2005)
- ☒ *Worldwide Software Configuration Management Tools 2005–2009 Forecast* (IDC #33063, March 2005)
- ☒ *Worldwide Automated Software Quality Tools 2005–2009 Forecast* (IDC #33060, March 2005)
- ☒ *IDC's Software Taxonomy, 2005* (IDC #32884, February 2005)
- ☒ *Borland's ALM Road Map: Up-Leveling to Software Delivery Optimization* (IDC #32448, December 2004)
- ☒ *IBM Acquires Project Portfolio Management Vendor SystemCorp* (IDC #32433, December 2004)
- ☒ *Worldwide Distributed Automated Software Quality Tools 2004–2008 Forecast and 2003 Vendor Shares* (IDC #31719, August 2004)
- ☒ *Worldwide Automated Software Quality Tools 2003 Vendor Shares* (IDC #31712, August 2004)
- ☒ *Worldwide Software Configuration Management Tools 2003 Vendor Shares* (IDC #31689, August 2004)
- ☒ *Worldwide Software Configuration Management Tools 2004–2008 Forecast Update: July 2004* (IDC #31578, July 2004)

- ☒ *Worldwide Automated Software Quality Tools 2004–2008 Forecast Update: July 2004* (IDC #31577, July 2004)
- ☒ *"Scriptless" Testing: Worksoft's Approach to Functional Test Automation* (IDC #31393, June 2004)
- ☒ *Serena Acquires Merant to Become Second-Largest Software Configuration Management Vendor* (IDC #30970, March 2004)
- ☒ *Mercury Interactive Crosses the Half-Billion Mark: What's Next?* (IDC #30875, February 2004)

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## Methodology

The IDC software market sizing and forecasts are presented in terms of "packaged software revenue." Packaged software is defined as programs or codesets of any type commercially available through sale, lease, or rental or as a service. Packaged software revenue typically includes fees for initial and continued right-to-use packaged software licenses. These fees may include, as part of the license contract, access to product support and/or other services that are inseparable from the right-to-use license fee structure, or this support may be priced separately as software maintenance. Upgrades may be included in the continuing right of use or may be priced separately.

Packaged software revenue *excludes* service revenue derived from training, consulting, and system integration that is separate (or unbundled) from the right-to-use license but *includes* the implicit value of software included in a service that offers software functionality by a different pricing scheme (e.g., the implicit or stated value of software included in an application service provider's [ASP's] or other hosted software arrangement). It is the total packaged software revenue that is further allocated to markets, geographic areas, and operating environments.

The market forecast and analysis methodology incorporates information from five different but interrelated sources, as follows:

- ☒ **Reported and observed trends and financial activity.** This study incorporates reported and observed trends and financial activity in 2004 as of the end of April 2005, including reported revenue data for public companies trading on North American stock exchanges (CY 1Q04–4Q04 in nearly all cases).
- ☒ **IDC's Software Census interviews.** IDC interviews all significant market participants to determine product revenue, revenue demographics, pricing, and other relevant information.
- ☒ **Product briefings, press releases, and other publicly available information.** IDC's software analysts around the world meet with hundreds of software vendors each year. These briefings provide an opportunity to review current and future business and product strategies, revenue, shipments, customer bases, target markets, and other key product and competitive information.

- ☒ **Vendor financial statements and related filings.** Although many software vendors are privately held and choose to limit financial disclosures, information from publicly held companies provides a significant benchmark for assessing informal market estimates from private companies. IDC also builds detailed information related to private companies through in-depth analyst relationships and maintains an extensive library of financial and corporate information focused on the IT industry. We further maintain detailed revenue by product area models on more than 1,000 worldwide vendors.
  
- ☒ **IDC demand-side research.** This includes thousands of interviews with business users of software solutions annually and provides a powerful fifth perspective for assessing competitive performance and market dynamics. IDC's user strategy databases offer a compelling and consistent time-series view of industry trends and developments. Direct conversations with technology buyers provide an invaluable complement to the broader survey-based results.

Ultimately, the data presented in this study represents IDC's best estimates based on the above data sources as well as reported and observed activity by vendors and further modeling of data that we believe to be true to fill in any information gaps.

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