

Magic Quadrant for Cloud-Based IT Project and Portfolio Management Services

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VIEW SUMMARY

The pace of change continues to increase demand for projects and programs, as well as demand for cloud-based application services designed to help PPM leaders manage projects and programs. This Magic Quadrant analyzes cloud-based IT PPM service providers and their products in a very dynamic market.

Market Definition/Description

The cloud-based IT project and portfolio management (PPM) providers included in this Magic Quadrant offer SaaS as cloud-optimized (whereby the underlying software has been refactored or redesigned for cloud-based use) or cloud-native (designed and developed specifically for cloud-based use). Demand for IT PPM software continues to grow.¹ This is due in part to a combination of social and technological factors. Socially, enterprises are beginning to see the value of tearing down the five-foot cubical walls, and replacing water coolers with wireless hot spots, beanbag chairs, configurable desktops and whiteboards. Corporate culture is shifting to support collaboration in a less isolated work environment. They see the value and advances in productivity they get from making their workers more comfortable with each other, building trust, and, ultimately, making the company a lot more money in its respective market.

Technological shifts indicate that IT continues to improve and proliferate. Networks connect everything to everything else, driving increased complexity, which in turn drives constant change.² The pace of change continues to increase demand for projects and programs, not always with increased levels of funding or resources.³ We believe these events are contributing to continued strong growth in this space, even though it is by no means a new space.⁴

In 2012, Gartner declared an "Innovator's Dilemma"⁵ at play in the PPM tool market. Well-established on-premises technology providers with seemingly secure customer bases and an apparent lock on the market were being threatened by relatively new and low-end providers. Today in 2014, this declaration still holds true. We are seeing iterations of traditional on-premises PPM software products being replaced by the newer offerings covered in this research.

While these newer offerings may have fewer features and functions, this isn't necessarily a bad thing for the mainstream market. Most first-time buyers in the mainstream don't need a lot of capability upfront. Buyers in general, like anyone, look for the path of least resistance. For returning buyers looking for a replacement PPM system because their existing one failed them in some way, simplicity in core functionality is an attractive proposition. For example, if a less-than-successful and barely functional on-premises PPM application that is more than five years old — one that is really no more than an expensive time tracking system while other PPM needs are going unmet — can be replaced inexpensively within two to three weeks with something significantly more functional and configurable, many are asking the rational question, "Why not?" We are seeing this question raised more often in the field.

To counter this dynamic, many traditional on-premises IT PPM application vendors are now offering some fixed-price and fixed-scope SaaS options to their existing offerings — at market prices for SaaS. While reports from early adopters were mixed, currently mainstream PPM providers offering fixed-price and fixed-scope solutions as SaaS seem to be having some success. Conversely, some of the newer SaaS providers, moving outside of their traditional target market of midsize enterprise IT, are having occasional growing pains as they look to provide customizations — customizations that contradict a SaaS business model requiring high degrees of standardization — for larger and more sophisticated clients.

Further complicating the market is the questionable soundness of the underlying infrastructure for SaaS — the Internet. While it has historically performed well, recent events require consideration. On 24 March 2014, Basecamp, a provider of project management tools as SaaS, went offline because of a distributed denial of service (DDoS) attack; the provider was, in fact, being held ransom for money.⁶ However, this DDoS impacted many projects that could not access the tools as SaaS. While most PPM SaaS providers have relatively scalable elastic infrastructure (that is, the cloud), they are still somewhat susceptible to attacks such as DDoS. They also are susceptible to other vulnerabilities (for example, the Heartbleed security bug).

Given the current market activity,¹ it would appear that organizations are serious about managing change. Any tools required to manage that change would become indispensable. If enough hiccups occur in the SaaS infrastructure, it's quite possible we'll see a shift back toward on-premises. This is a well-established dynamic known as resource dependence theory (RDT).⁷

Many other dynamics at play will impact this market beyond the 12-month horizon covered in this research.⁸ As both the pace and complexity of change continue to increase, PPM leaders are forced

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EVIDENCE

¹ Gartner's PPM analyst team conducted more than 1,500 client interactions concerning PPM software and tools between January 2012 and December 2013, reflecting the importance clients attach to making the right decisions in this area. Furthermore, there was a 208% increase in PPM software and tool inquiries in 2013 over 2012.

² See "Gartner Top Predictions 2014: Plan for a Disruptive, but Constructive Future."

³ See "IT Key Metrics Data 2014: Executive Summary." The outlook for 2014, based on preyear budgeting, indicates an average planned increase in IT spending of around 3.2% (see Figure 13 in "IT Key Metrics Data 2014: Executive Summary"). The majority of industries are still projecting an increase in IT spending in 2014, although the level of increase varies by sector.

⁴ In 2014, CFOs expect the biggest increase of investment funds to be directed toward R&D and innovation, suggesting that CIOs will need to provide evidence of tighter governance to support this increase. See "2014 CEO and Senior Executive Survey: CIOs Must Ally With CFOs in the Race for Digital Supremacy."

⁵ Background information on "The Innovator's Dilemma."

⁶ See "Basecamp Falls to Blackmail-Fueled Denial of Service Attack," by Ian Paul, PCWorld, 24 March 2014.

⁷ "The Snowden Effect: Data Location Matters" notes that European adoption of SaaS is lower than North America.

⁸ See "Predicts 2014: PPM Leaders Must Prepare for Extreme Transformation or Prepare New Resumés."

EVALUATION CRITERIA DEFINITIONS

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of

to improve their maturity, which should drive demand for advanced practices and techniques to be supported by tool vendors. We also expect technology trends like digitalization and the Nexus of Forces to drive organizations toward a product development paradigm — at least for a significant number of application projects — potentially giving technology providers with new product development functionality a competitive edge. Also, for some time, we've expected trends to drive organizations toward an enterprise PPM focus, giving technology providers with an emphasis on enterprise project management an eventual competitive advantage. Thus, we will have another interesting (that is, turbulent) year in the IT PPM market.

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Providers in This Magic Quadrant Are Appropriate for Evaluation and Potential Use When ...

- You are looking for mainstream IT PPM functionality delivered as a service to support immediate process automation and reporting needs.
- You do not expect to have immediate and specific needs for extensive customization or deep integration with enterprise systems.
- You are not planning to insource the functionality in the near future.
- The data, network, applications and levels of security offered by the provider are sufficient enough to "outsource" the IT PPM application functionality.
- You wish to make a short-term rather than long-term (three years or more) commitment to IT PPM application functionality.
- You want a rapid deployment of core IT PPM functionality within 30 days.
- You are at the lower levels of PPM maturity (Level 1 or 2 on Gartner's ITScore PPM Maturity Model) and want a core set of PPM application services that will not overwhelm your end users initially, yet will provide a path forward for service functionality to grow over time as the organization matures.
- You have a small end-user group with as few as 20 to 30 end users.
- You have a limited budget (less than \$100,000) for acquiring IT PPM functionality and/or need a way to test the waters or pilot the use of IT PPM functionality for a year (often to gain additional management support for larger PPM efforts).

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Magic Quadrant

Figure 1. Magic Quadrant for Cloud-Based IT Project and Portfolio Management Services



Source: Gartner (May 2014)

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Vendor Strengths and Cautions

AtTask

IT PPM Product: AtTask

publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

www.attask.com

Strengths

AtTask's approach to work management will appeal to most organizations that have too much work to do and not enough people to do it.

AtTask's vision of managing work across the enterprise and its timely identification of markets in need of support for work management, inside and outside of IT, enables its ability to execute in this market.

AtTask continues to provide good service and a solid IT PPM product as it expands into different markets.

Cautions

AtTask's offering may not provide enough advanced functionality required by maturing IT PMOs, such as for managing programs at the portfolio level, and top-down vetting and decision making.

A majority of AtTask functionality lends itself more to the breadth of work management rather than to the in-depth needs of managers looking for more robust IT portfolio management and IT program management features.

Like some other cloud-based providers, AtTask's multitenant database structure stores customer data in shared databases. Therefore, there are limits on the analysis customers can do with the data they store in AtTask, especially if customers want to use third-party business intelligence and reporting tools.

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Automation Centre

IT PPM Product: TrackerSuite.Net

www.acentre.com

Strengths

Automation Centre's TrackerSuite uses an existing email platform on-premises, or a cloud deployment option to provide communication and collaboration between project managers and team members.

Time reporting is a known strength, with the ability to track time against different work efforts, and to charge added time to projects, including maintenance and support efforts.

Recent TrackerSuite enhancements emphasize stronger time reporting (such as improved navigation, conversion to PDF file format and charging time to billing milestones), as well as new reports and data visualization tools.

Cautions

Automation Centre must scale up its service offerings for new customers and deployments as new business volume increases. This will most likely be done by creating and growing a partner program.

TrackerSuite does not provide integration to Atlassian's Jira or agile development tools. These integrations are becoming more and more popular in IT PPM.

TrackerSuite does not provide advanced support for IT program management, or top-down, IT portfolio management configurations.

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Clarizen

IT PPM Product: Clarizen

www.clarizen.com

Strengths

Clarizen's pace of product innovation, specifically as it relates to providing collaboration, communication, and social networking on a cloud-based platform, is exemplary.

Clarizen offers an application "marketplace" of bolt-on capabilities and/or configurations that are easy to access and adopt, and that address persona-specific use cases.

Clarizen's product development focus is on providing flexible capabilities that are easy to adopt, and that support how people work and how they want to work.

Cautions

Clarizen's offering may not provide enough functionality required by maturing IT PMOs, including advanced program management and portfolio management capabilities, such as managing across programs at the portfolio level, and analytical support when performing top-down vetting and decision making.

A majority of Clarizen functionality lends itself more to the breadth of work management rather than to the in-depth needs of managers looking for more robust portfolio-level features — specifically for IT project and program management. These features require customization of Clarizen reporting services and/or assistance from Clarizen.

Due to Clarizen's multitenant database structure, there are limits on the analysis that customers can perform with the data they store in Clarizen, especially if customers want to use third-party business intelligence and reporting tools. Clarizen offers APIs and other evolving workarounds to address the needs of custom reporting.

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Daptiv**IT PPM Product:** Daptivwww.daptiv.com**Strengths**

Daptiv's average number of users per deal has crested to more than 200, rivaling that of large-enterprise IT PPM vendors.

Users report Daptiv's product has made significant gains in usability and configurability, and the extensive use of IBM Cognos software is addressing some reporting flexibility concerns typically associated with cloud-based IT PPM applications.

Daptiv is now the preferred partner for BMC Software for IT PPM in the cloud. BMC customers should expect richer integration between Daptiv and BMC products as this partnership evolves.

Cautions

While the use of Cognos addresses a number of reporting needs, there is a learning curve associated with using this option. Size limitations and other factors can result in lagging response times when running reports in Daptiv.

Some Daptiv customers report they cannot easily create aggregate portfolios and perform program-level rollups. Program and portfolio management is limited largely to the system's existing reporting services. Users cannot easily show dependencies across projects in different portfolios.

Due to Daptiv's multitenant database structure, there are limits on the analysis that customers can perform with the data they store in Daptiv, especially if customers want to use third-party business intelligence and reporting tools other than Cognos.

[Return to Top](#)**Innotas****IT PPM Product:** Innotaswww.innotas.com**Strengths**

Innotas' core strengths emphasize portfolio-level functionality — a key differentiator from many providers of its type.

Innotas' road map is significantly aligned with the forward progression and innovations surfacing in the cloud-based IT PPM market, as the product continues to attract adoption from developer teams as a work management tool, and IT PMOs continue to adopt it as a top-down portfolio management system.

Innotas' integration platform is backed by a service-level agreement and Innotas' support staff. Continued examples of use of this platform in the field among customers demonstrate proven integration to third-party products, including Atlassian's Jira, Microsoft Team Foundation Server (TFS) and BMC Remedy.

Cautions

Innotas is susceptible to growing pains as it continues to scale up to meet the needs of larger project organizations. These organizations may eventually require the vendor to support more and more users and eventually provide a dedicated database. Therefore, Innotas may need to one day provide dedicated instances for its larger customers.

Although its cloud-based integration platform and services are visionary and have shown initial promise, Innotas will be challenged with hiring and retaining top integration expertise to meet the mounting demand for integration to third-party data sources and IT products.

Due to Innotas' multitenant database structure, customers' data is stored in shared databases. Therefore, there can be limits on the analysis customers can do with the data they store in Innotas, especially if customers want to use third-party business intelligence and reporting tools.

[Return to Top](#)**One2team****IT PPM Product:** One2teamwww.one2team.com**Strengths**

One2team added a number of innovative features and functions to its product, including "slideboards," a kanban-like user interface for managing to-do lists, deliverables, project demands, risks, investments, ideas and other objects defined in the system. Other improvements include critical path visualization in the planning module, and new analytical capabilities.

One2team's persona-driven approach to product development provides good design of truly useful features, such as mobile views and "Google-like" search for team members.

One2team's product and vision are perhaps the strongest among providers able to support European-only customers for cloud-based IT PPM.

Cautions

Although well-positioned for IT PPM prospects in Europe, One2team has a limited reach in North America.

Like many others in this space, users would like greater reporting capabilities and more access

to the data they store on One2team's cloud services.

Users report out-of-the-box project management best practices and content could be enhanced to help aid their continued maturation and further adoption of the product's capabilities.

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onepoint Projects

IT PPM Product: onepoint Projects

www.onepoint-projects.com

Strengths

Important additions to product functionality include project prioritization and portfolio analysis.

All previous use of Java on the client side has been removed from the product and replaced with HTML5, making it easier for onepoint Projects to be used on mobile devices.

For Jira users, a two-way integration capability was released in April 2014 as part of onepoint Projects release 12.1, allowing synchronization between work managed in Jira and onepoint Projects.

Cautions

Although well-positioned to support IT PPM customers and prospects in Europe, onepoint Projects has virtually no presence in North America or Asia.

Sales and revenue specifically from onepoint Projects' cloud-based offering is not keeping pace with other providers in the cloud-based IT PPM market.

Integration with other key IT software applications and systems is lacking (such as Rally Software and BMC Remedy).

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Oracle

IT PPM Product: Instantis EnterpriseTrack

www.oracle.com

Strengths

Oracle's corporate PPM vision, if properly executed, will appeal to large organizations looking for enterprise PPM — particularly if Oracle enterprise applications are also being used.

Recent improvements to the product include variable rate and capitalized labor costing, and project-level time approval.

Instantis EnterpriseTrack can generate Microsoft PowerPoint slides with customer-specific visual templates for use as instant project status reports.

Cautions

Customers relying on Instantis' IT PPM-specific features and functions should be aware that, as a part of a larger PPM Oracle portfolio, there is still a risk that Instantis may be distracted by the need to integrate the product with complementary applications and technology in Oracle's current product portfolio.

Oracle's customers report increased pricing, as well as lag times in processing speed and in updating project records, and troublesome uploading of and integration with Microsoft Project plans, all of which may not be the fault of Oracle.

Oracle Instantis EnterpriseTrack does not provide integration to Rally Software's agile development products.

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Project Objects

IT PPM Product: Project Objects

www.projectobjects.com

Strengths

Project Objects' core strengths emphasize portfolio-level functionality — a key differentiator from other providers of its type.

Project Objects is one of the few historical on-premises IT PPM vendors that chose to address SaaS by providing a cloud-based (rather than cloud-hosted) deployment option. This allows Project Objects to offer customers the choice of a dedicated, on-premises deployment, or to deploy purely as a cloud-based offering.

Project Objects is easy to use and is designed to scale both architecturally and methodologically, with a "progressive project management" approach to implementation.

Cautions

Project Objects' user documentation and training, including video-based training, needs improvement to help customers with adoption and to increase and encourage the use of more advanced functionality.

Although Project Objects has not spent considerable time developing collaboration or social networking capabilities as part of its PPM application services, it has made some initial steps toward doing so. A recent release introduces social PPM collaboration called the Project Objects Collaboration Space, providing chat, the ability to share ideas, and the mashing up of social collaboration features with formal project management processes.

Project Objects does not yet provide integration points to IT service management (ITSM) systems (such as ServiceNow and BMC Remedy).

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Upland Software

IT PPM Products: PowerSteering, EPM Live

www.uplandsoftware.com

Strengths

Since the coming together of the various firms comprising Upland (mainly through acquisition), the rate of product innovation is incrementally improving, and should continue to improve, assuming the continued financial backing from investors.

Upland has assembled some key technology pieces to enable its vision of being a single provider of best-of-breed cloud-based PPM offerings.

Including workflow, document management and IT financial management as part of a family of products on a SaaS platform makes for a compelling argument for mature clients looking for a single-source, cloud-based IT PPM provider.

Cautions

Prospects looking to make a product selection in the near term may be stymied by potentially overlapping and redundant product functionality across Upland's multiple acquired product lines.

Until Upland Software successfully advances on its vision, which would include consolidation and integration of cloud-based products and services, as well as consolidation of underlying business operations, customers will not fully benefit from Upland's vision.

Without a compelling value proposition to the contrary, Gartner sees customers continuing to be open to selecting multiple technologies and PPM products from multiple providers, limiting market demand for a unique, single-source, cloud-based PPM provider and a family of products that Upland has planned for the market.

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VCSonline

IT PPM Product: VPMi Enterprise

www.vconline.com

Strengths

VPMi Enterprise offers solid resource management capabilities, with unique differentiators such as "ask and give" resource request management and fulfillment.

The product's UI is easy to adopt and written completely in HTML5, enabling more adaptable use with mobile devices.

VPMi offers competitive pricing and is historically responsive to client needs, despite its small size.

Cautions

The product lacks integration to common agile integration tools such as Rally Software and Atlassian's Jira.

While recent investments in marketing may prove fruitful, historically low emphasis on marketing has impacted growth, which limits product innovation.

VCSonline seems to have largely limited its market to North America.

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Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor's appearance in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

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Added

Upland Software, which was recently formed

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Dropped

EPM Live, which became part of Upland Software

PowerSteering Software, which became part of Upland Software

Tenrox, which became part of Upland Software, and now focuses on PPM markets outside of IT

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Inclusion and Exclusion Criteria

The product must be an IT PPM product significantly supporting internal IT PPM.

The product must be generally available and actively marketed for the past four consecutive years, without any significant company, product or service disruptions. PPM providers that have "restarted" or "resurrected" older IT PPM companies or product lines/platforms will not be included.

Product deployment is significantly of cloud-native and cloud-optimized application services.

As a standard way of doing business, the provider must offer short-term contracts that are usually no longer than 12 months in length. Allowances are made for multiyear agreements where applicable.

Average deployment times must be between two weeks and 30 days.

These providers will support as few as 10 users per customer (sometimes even less), but can also scale up to support some cases involving hundreds or thousands of users.

Providers must have acquired at least 10 new IT PPM customers (not repeat business) on average, per year, from 2009 to 2013.

A significant percentage of the provider's installed base is typically on short-term, 12-month subscriptions involving a multitenant environment.

Providers must have \$10 million in annual revenue or significant financial backing.

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Evaluation Criteria

Ability to Execute

Product or Service: Core goods and services offered by the provider that compete in/serve the defined market. In addition, this includes current product/service capabilities, quality, feature sets and skills — whether offered natively or through OEM agreements/partnerships, as defined in the market definition and detailed in the subcriteria. Higher marks are given for ease of use, balanced with functional depth, at a cost-effective price. The vendor offers a low cost of entry. A heavy emphasis exists on the amount of IT PPM functionality, as defined in this research, that the product can provide against the price points offered by the provider and in relation to other products in the market. Scalability of the application at the team member level — including downward toward very small user groups (fewer than 30 users) and upward toward very large user groups (thousands of users). The vendor offers SaaS contract models and flexibility, as well as cost-effective process consulting and other services.

Overall Viability: An assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The provider's capabilities in all presales activities and the structure that supports them. This includes responsiveness in sales engagement, deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: High marks are given to opportunistic providers that can respond quickly and change development and/or company direction to meet the needs of an evolving marketplace. Providers should be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and/or market dynamics change. This criterion also considers the provider's history of responsiveness to customer requests.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This mind share can be driven by a combination of publicity, promotional initiatives, thought leadership, word-of-mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, SLAs, and so on. Vendors gain high marks for rapid implementations taking fewer than 21 days to complete. Services/programs are evaluated, including PPM process consulting services, at little or no extra cost, that enable clients to be successful with the products. Vendors have an assessed level of responsiveness in technical support or account support. Ancillary tools, customer support programs (and the quality thereof), availability of user groups, and SLAs are offered. They provide customer satisfaction in small (fewer than 30 users), medium (more than 100 users) and large (more than 250 users) implementations.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, such as skills, experiences, programs, systems, underlying infrastructure, and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis. Security and data privacy are also assessed.

Table 1. Ability to Execute Evaluation Criteria

Criteria	Weight
Product or Service	High
Overall Viability	High
Sales Execution/Pricing	Medium
Market Responsiveness/Record	High
Marketing Execution	High

Customer Experience	High
Operations	High

Source: Gartner (May 2014)

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Completeness of Vision

Market Understanding: The ability of the provider to understand buyers' wants and needs, and to translate those into strong IT PPM application services in the cloud. Providers that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision. Cloud-based PPM providers should be able to temper or quiet the voice of the customer, to avoid driving all product development based solely on installed customers. Vendors recognize and periodically depart from core product development to exploratory product development to address the needs of potential customers outside the company's known target markets or installed base.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: How the provider approaches product development. The provider's approach to product development and delivery emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements. A heavy emphasis is placed on time to value as it relates to deployment (fewer than 21 days), ease of use, ease of accessibility and ease of adoption. A cost-competitive pricing model exists, as well as evidence of the same observed in the field. Native features and functions exist versus reliance on OEM agreements and/or integration of third-party products. Vendors have a SaaS architecture.

Business Model: The soundness and logic of the provider's underlying business proposition. The provider offers value for customers with low levels of risk, through 12-month contracts and the low cost of ownership or access. The logic of the provider's underlying business proposition is sound. Lock-on, a conscious decision by customers to support the service because of its value, is highly desirable.

Vertical/Industry Strategy: The provider's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes. The vendor offers seasonal product releases, and exhibits rapid development and agile-driven releases. Its functionality demonstrates a strong product vision that pushes the market in new directions, not just the provider. It has a demonstrated ability to lead the "herd" of the market, rather than follow it. The vendor shows improvements to reporting services, introduces social networking and collaboration as part of IT PPM process automation, offers mobile application development and device support, has user experience innovations, provides new and differentiating functionality, and showcases other activities that demonstrate the ability to respond quickly to the needs for emergent functionality and/or introduce new concepts, techniques and functions in the application services themselves.

Geographic Strategy: The provider's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside its "home" or native geography, either directly or through partners, channels and subsidiaries, as appropriate for that geography and market.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	High
Marketing Strategy	High
Sales Strategy	High
Offering (Product) Strategy	High
Business Model	High
Vertical/Industry Strategy	Low
Innovation	High
Geographic Strategy	Medium

Source: Gartner (May 2014)

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Quadrant Descriptions

Leaders

Cloud-based IT PPM service providers identified as Leaders in this Magic Quadrant meet many IT PPM application functionality and process automation requirements of targeted consumers. Leaders provide robust and comprehensive functionality specifically for internal IT departments — either for

the project-execution-level customer or for the portfolio-level customer, and sometimes both types of customers. Leaders support the generation and management of internal IT project portfolios, and can track other types of internal IT-specific demands, such as minor software change requests, application enhancements, and bug and error fixes, so managers can assess the cumulative impact that all types of work will have on a fixed resource supply. Product depth in several core IT PPM areas — such as demand management and analysis, advanced scheduling, resource and cost management, and out-of-the-box integration to key third-party IT applications (such as ITSM software or application development tools) — sets Leaders apart from competitors. Some of the providers can support portfolio analysis (for investment prioritization). Some Leaders are also offering program (versus project) management support in their products.

Most Leaders can demonstrate a strong market presence, combined with a higher-than-usual level of frequency in sales activity and execution. Leaders are growing the number of their installed bases, and their average number of end users per deal is steadily increasing year over year. Leaders can verify their longevity and stability as SaaS providers in the IT PPM market. They also demonstrate a strong SaaS commitment as their primary business model, as well as a resulting strong SaaS architecture and significant cloud-based application development.

Cloud-based IT PPM service Leaders provide depth and breadth of functionality in their application services, representing many years of development and innovation. These providers have a large installed base of SaaS customers, can provide functionality and process automation for customers in 30 days or less, and can give customers the ability to incrementally invest in their services through standard 12-month contracts. Cloud-based IT PPM service Leaders can provide overwhelming evidence that they are actively selling and marketing their solutions. Their sales and marketing programs continue to be highly effective. Leaders are becoming more engaged with customers as process consultants, in addition to being a service provider.

Leaders are currently stable financially. In addition, no significant business or outside disruption has shaken or distracted the Leaders in this Magic Quadrant.

Many of the providers in this Magic Quadrant are focused on SaaS as their main or sole business model — an emergent deployment approach and business model whose success is dependent heavily on the adoption and consumption by end users. Thus, cloud-based IT PPM service providers tend to generate a suitable amount of revenue annually to sustain themselves, but those revenue totals are a far cry from the numbers observed among on-premises and traditional or cloud-hosted PPM software providers.

Any of the providers in this Magic Quadrant could be acquired or have already been acquired recently as they draw more attention to themselves. Given the modest total revenue of the collective lot of providers appearing in this Magic Quadrant, Leaders are likely to be the most attractive acquisition targets, because they exhibit strong functionality, a sizable installed base, low-risk cost of entry into automating PPM processes, and enough flexibility in their architecture, application code, pricing models, and service agreements to carry their customers through the growing pains associated with IT PPM. Leaders maintain repeat business over time, strengthening their financial viability and enabling them to invest more in their SaaS offerings and supporting services.

Leaders share many attributes with technology providers rated as Visionaries and Challengers, but they are also differentiated by comparatively higher ratings in many areas, not just a few, with overwhelming customer references supporting their claims submitted as evidence, and other significant observations made by Gartner. Consistency between a provider's stated strategy and product direction, and its execution (that is, integrity) is important, along with demonstrated vision, enabling the provider to address emerging and often vaguely defined market requirements.

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Challengers

There are no Challengers in this year's Magic Quadrant for cloud-based IT PPM services. If or when a provider is identified as a Challenger, it would be a company that resembles the Leaders in many ways, such as product depth and breadth — combined with enough experienced product development, sales and marketing personnel to effectively reach and meet the needs of the market. In fact, most of the description about Leaders can be applied to Challengers. Challengers, however, appear as such mainly because they may have recently embraced cloud-based IT PPM SaaS as their main business model, or their cloud-based business model, although the focal point going forward, has not eclipsed their other business models, which may include a history of on-premises and/or hosted PPM software implementations.

Challengers are consistent in their sales and marketing campaigns, and demonstrate obvious success in sales and marketing execution — a differentiator from Niche Players in this Magic Quadrant as reflected in growing customer counts and average numbers of users per customer. Challengers typically offer a strong core set of IT PPM functionality as a service, while demonstrating an ability to sell and market that core set. They also, however, may be missing features and functions in some IT PPM process areas, such as demand management, program management, social networking or mobile device support. Challengers may not be keeping pace with Leaders in cloud-based IT PPM in overall Completeness of Vision, but they do provide a core set of functions that internal IT departments may find sufficient to meet a majority of their core IT PPM requirements.

Challengers may not yet readily support top-down IT PPM-based decision making, analysis and planning, nor do they frequently sell their product to an IT PMO. Where they do lack top-down portfolio management capability and sales execution, they often make up for it with robust execution-level IT PPM features and functionality. In contrast, some Leaders and Visionaries can support portfolio-level IT PPM customers, in addition to execution-level IT PPM customers, and sell their product to both project management constituencies and PMO constituencies.

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Visionaries

Cloud-based IT PPM service providers in the Visionaries quadrant are enjoying steady but modest

increased growth in customer count and average users per customer. Some Visionaries in this Magic Quadrant have been operating in the space for more than a decade. Visionaries may differ from Leaders in product depth and breadth, or in total revenue or financial viability, or they may lack the installed base and sales execution track record of a Challenger. They also, however, often demonstrate some "visionary" features and traits resembling those of Leaders, such as in their SaaS architecture and/or cloud-based application development activity, or their SaaS-based business model and SLAs with customers.

Like Leaders, Visionaries seek to enable IT PPM broadly as a business process, but they also may focus on specific IT PPM functionality and not provide as much product breadth, or they may focus on the most innovative solutions while backfilling their IT PPM services with core functionality over time. Some Visionaries have been more experimental with business models, and they may approach various markets more broadly, with variable packaging and pricing (for example, free trials, try-and-buy options and flexible contract durations).

Completeness of Vision ratings of Visionaries reflect innovative approaches in areas such as collaboration, social networking, mobile device support, interoperability with third-party data sources, and group-specific collaboration (for example, for PMOs, steering committees, workgroups, project execution environments and teams). The financial viability, number of customers and average number of users per deal of Visionaries may not compare to those of Leaders in this Magic Quadrant, but these providers make up for such limitations through innovative features and functionality, as well as direct, responsive customer care and some influence over future product development.

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Niche Players

Cloud-based PPM service providers identified as Niche Players in this Magic Quadrant often emphasize specific IT PPM features and functions versus providing a broad and functionally deep cloud service. In other cases, Niche Players have decided to embrace SaaS as their primary business model moving forward. As a result, they have built a single-instance, multitenant IT PPM SaaS environment or other flavor of cloud-based PPM service for their customers.

Niche Players also include cloud-based IT PPM service providers operating in a specific country or geographic region that have not yet demonstrated a growing global presence. In building a SaaS platform and offering IT PPM applications as a service, these providers are trying to break out of their original target markets by providing a SaaS offering that is available to any customer, regardless of geographical location. Likewise, Niche Players also make ready use of online marketing tools, services and channels to extend their global reach and bring about global brand awareness as part of a SaaS-based IT PPM business strategy.

Like Visionaries, Niche Players differ from Leaders and Challengers in areas such as total revenue, financial strength, marketing execution and/or size of their installed base, but they also are often dedicated to supporting specific IT PPM process automation needs in one or a few select areas. Their overall size in terms of head count puts them close enough to customers to fully understand what improvements should be made to their products quickly in the near term to keep their customers happy. Customers may benefit from having more influence over the provider's future product development.

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Context

While project management is essentially the management of structured work to deliver a significantly complicated or complex solution, portfolio management is the making of management decisions determining which projects (and programs) are the appropriate ones in which to invest. The IT PPM service providers covered in this Magic Quadrant provide support for one or both of them.

This Magic Quadrant offers an in-depth analysis of the competitive positioning for cloud-based IT PPM services by showcasing the relative placement of the main players in the market according to a variety of criteria, and by offering detailed strengths and cautions for each of the included providers. The ratings of the providers represent a combination of research and client reference checks conducted specifically for the Magic Quadrant process, along with input from the Gartner PPM research community, ongoing provider briefings, interactions with Gartner clients and market developments.

Gartner's comprehensive Magic Quadrant for cloud-based IT PPM services is a useful starting point from which to identify and evaluate such a service. Selection of a good provider should be based on a detailed evaluation of needs and objectives, compared with a service provider's capacity to fulfill those requirements and expectations over time. Therefore, enterprises must determine which cloud-based IT PPM service provider can best address their particular requirements.

What Is a Cloud-Based IT PPM Services Provider?

The cloud-based IT PPM providers included in this Magic Quadrant offer SaaS as cloud-optimized (whereby the underlying software has been refactored or redesigned for cloud-based use) or cloud-native (designed and developed specifically for cloud-based use). Application services are typically lighter-weight offerings providing the core functionality desired by mainstream IT PPM leaders.

These services have rapid time to value, and minimize financial commitment and risk. Strong demand for these solutions persists, as these providers:

- Are generally small to midsize, yet growing
- Provide mainstream PPM software functionality in the cloud
- Typically have 75% or more of their installed base on their cloud-native or cloud-optimized platforms
- Provide cost-effective, rapid deployment of PPM functionality, without requiring users to own or

manage the software instance

Sell mainly 12-month contracts

The underlying infrastructure of cloud-based IT PPM application services is cloud computing — scalable IT-enabled capabilities delivered as a service to external customers using Internet technologies. The application code is also built to take advantage of cloud computing. (For more information on cloud architectures, see "Creating Cloud Solutions: A Decision Framework, 2011.")

Although the cloud architecture distinction of the solution provider is important, generally enabling faster implementation times, it is just one of several differences among the cloud-based IT PPM services included in this report and the on-premises/cloud-hosted IT PPM offerings included in Gartner's "MarketScope for IT Project and Portfolio Management Software Applications."

Cloud-based IT PPM providers mainly sell 12-month contracts. Implementation times typically take as little as two weeks but rarely extend beyond 30 days, except in cases of above-average-size deals involving larger numbers of end users (that is, several hundred users or more). Average deal sizes range from 30 to 125 users per deal, but all have a few cases where customers have deployed significantly larger numbers of end-user licenses (for example, more than 1,000 users).

Cloud-Based IT PPM Services for the Execution-Level Customer

Execution-level IT PPM customers are mainly interested in enhancing the data sharing, collaboration and communication between project managers and team members in a project environment. All the providers featured in this Magic Quadrant offer some level of centralized request, demand, project, resource and time management capabilities. Reporting services can provide consolidated visibility into the current state of projects, resources and spending.

These applications support detailed project or work record creation, scheduling and leveling, resource management and allocation, time reporting, and project cost management, among other PPM processes. Reporting services, including portfolio-style reporting, can aggregate the data the system collects from users performing these activities within the PPM system.

Integration with other adjacent systems, including IT management systems (such as the help desk), enables users to funnel different types of work items, other than formally defined projects, into the PPM system to do one or more of the following:

- Capture nonproject resource demand
- Source and allocate nonproject work
- Track the use of resources on nonproject and other work items
- Track the cost of managing nonproject and other work items

Some execution-side IT PPM configurations can be flexible enough to provide lighter versions of providers' project and resource management features as an alternative to using third-party service desk and trouble-ticket management systems to manage operational IT service requests. However, most IT PPM products often stop short of readily embedded and full support for ITIL standards often found in IT service management (ITSM) products.

Application value for the execution-level IT PPM customer is often highly dependent on the rate of adoption by end users (such as project managers and team members) of multiple PPM features at the lowest levels of work management detail. Stronger adoption rates lead to better communication between project managers and team members, greater visibility into what is happening at the execution level, and better reporting to management and stakeholders interested in the progress of investments, programs and projects.

Applying social networking and collaboration features and functions in a PPM context within an execution-level PPM deployment can aid or accelerate daily end-user adoption of the PPM system, because it can curb the tendencies of project team members to go outside the PPM system (for example, by using email, spreadsheets or third-party time-reporting systems) to handle communication and data sharing during project execution activities.

For the execution-level PPM customer, project portfolio reporting services can be the "shiny objects" that convince management of the value in automating execution-level processes. However, execution-level PPM customers should assume business managers will not actively participate in the use of the PPM system beyond accessing reports and personal dashboards.

Cloud-Based IT PPM Services for the Project Portfolio-Level Customer

Project portfolio-level IT PPM customers are mainly interested in enhancing the data sharing, collaboration, and communication between project managers and business sponsors and any roles in between. Consequently, project portfolio-level IT PPM customers will often look for a top-down, stand-alone system in which the "portfolio management" features and capabilities are not centered on or dependent on task- and assignment-level time reporting and detailed project schedule management, as is often the case with execution-level IT PPM configurations.

IT project portfolio-level customers want a common platform for planning, prioritizing and approving demand prior to such work items being passed on to an execution-level IT PPM system. They want this platform to replace existing spreadsheet-based planning and selection exercises, while also integrating this platform with different data sources that can include one or more execution-level IT PPM and ITSM systems, as well as financial data sources.

Choosing IT project portfolio-level PPM allows customers of the IT department, program managers, project managers, and resource managers to communicate and collaborate during high-level project and resource planning and decision making. Summarized, aggregate, execution-level information can also be fed into the common platform without severely disrupting the way a project manager works on a daily basis.

IT PPM and Agile Development Support

Without adding any new, specific functions, IT PPM systems have some of the administrative

workflow "plumbing" to be configured to support parts of agile development, but by no means are they a good replacement for dedicated application development tools that readily support agile development methods and work management. The successful use of an IT PPM system to support agile development teams at more detailed levels is mainly dependent on how well that system complements and integrates with a developer's typical development processes and environment. Developers do not want to be forced to jump from their development workspaces to an external IT PPM system to record time on agile development activities.

Although most IT PPM providers have not fully integrated PPM processes with agile development processes to allow a developer to "stay put" when working on agile activities (those with PPM reporting implications), there is a growing trend to provide preconfigured IT PPM applications supporting collaboration, communication and project portfolio-level reporting for agile development. Providers with existing footholds in application development process software markets are already planning to provide transparent IT PPM functionality in integrated development environments.

In addition, some of the IT PPM providers covered in this Magic Quadrant are emphasizing the importance of providing aggregate application development activity reporting out of the box in their products. To do so, IT PPM providers are forging partnerships and/or building and supporting integration points between their products and Atlassian's issue and bug-tracking Jira product, as well as Rally Software's products for agile development.

IT PPM, Social Networking and Collaboration

Social networking and collaboration platforms, capabilities and integration points are beginning to find their way into IT PPM applications. Gartner is seeing a few different approaches to applying social networking and collaboration in an IT PPM context. Some providers in this Magic Quadrant are relying on classic and basic communication tools and functions, including issue tracking, threaded discussions, synchronization, integration to and from email systems and applications, and other mechanisms that have been staples of IT PPM software products for years. Other providers are partnering with social networking and collaboration providers, such as Chatter and Jive. Still others are planning to be or are fully engaged in developing native social networking and collaboration as part of their core products, or are taking the buy-versus-build route, like Microsoft did when it acquired Yammer in 2012.

Social networking and collaboration in IT PPM applications seem more like fads that could fade away someday, rather than becoming legitimate mainstay IT PPM capabilities. At the lowest levels of process automation, however, the added features and capabilities can trigger viral adoption among end users. At the highest (portfolio) levels, they could provide a way to support point-in-time and emergent communication needs among portfolio managers and business leaders.

At the moment, PPM-to-social networking application integration does not feel much different than leaving an IT PPM application and going into an email system to discuss a project with team members or other constituents. However, if IT PPM providers begin to build PPM-to-social networking into their applications, end users will more likely stay in that IT PPM system for longer periods of a workday. End users that value the social networking and collaboration capabilities of an IT PPM system will want to log into it when they first get to work for the day and stay inside the IT PPM system to collaborate and communicate all day long, rather than leaving it to use outside personal productivity tools and services, such as email, to hold IT PPM discussions.

IT PPM and Mobile Device Support

Many IT PPM providers continue to use HTML5 to connect an IT PPM system to a number of mobile devices, including tablets and smartphones. There seems to be a strong consensus among many of the IT PPM providers in this Magic Quadrant that building dedicated applications for a series of known wireless and mobile devices available in the field would only create too much overhead and complexity for them. Instead, these providers are mostly leveraging HTML5 development to push out specific features and capabilities to mobile users of their product. In some cases, IT PPM vendors are rewriting their entire application code base to support HTML5.

IT PPM providers are focused on delivering three main mobile capabilities to their customers early:

- Time reporting, allowing end users to report their time from mobile devices

- The ability to approve items within a process flow of an IT PPM system, which enables managers to approve, for example, time sheets or project ideas, or requests from mobile devices

- Executive reporting to mobile devices, so end users (for example, business managers or project managers) can access and view reports and dashboard information from their tablets or smartphones

Consumers should expect slow but continuous incremental mobile support to appear in their IT PPM products of choice over time, with HTML5 being the main vehicle for delivering it. Providers will be challenged in bringing more and more features and functions to mobile devices, because the nature and characteristics of mobile devices can limit an end user's ability to perform certain functions easily in an IT PPM system from their tablets or smartphones. For instance, many IT PPM systems have been designed to be accessible via browsers. Historically, the working assumption was that the browser was being launched from a PC, terminal or laptop device. Tablets and other mobile devices, however, may not always include things such as keyboards or a mouse/cursor. Therefore, performing certain functions within an IT PPM system can be difficult or even impossible if attempting to do so through certain mobile devices.

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Market Overview

The cloud-based IT PPM services market provides an array of different flavors and approaches to leveraging and using IT PPM applications remotely, rather than bringing a system in-house. Cloud-optimized or cloud-native IT PPM applications, delivered as a service, provide benefits for consumers in exchange for some trade-offs in the ability to fully own, control, extend and customize their own IT PPM investments. By sacrificing total control of an IT PPM system for rapid availability, adoption

and consumption, consumers of cloud-based IT PPM services can access functionality from virtually anywhere, while limiting their financial commitments to one-year increments, as well as their overall risk in investing in IT PPM process automation.

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