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## **The 451 Group: Competition in Virtualization Technology Heats Up and Moves to the Management Layer**

### ***New Report Provides a Taxonomy of Approaches to Virtualization Management and a Gap Analysis of the Market with a View to Future M&A Activity***

*New York, December 6, 2007* – The 451 Group believes that competition in virtualization technology is heating up and has moved to the management layer. Thanks to open source projects, the hypervisor – the software layer that enables physical machines to run multiple virtual machines – has become a commodity. As a result, hypervisor vendors have become virtualization management vendors and are now selling virtualization administration. These findings are contained in a report released today by New York-based [The 451 Group](#), a technology-industry analyst company focused on the business of enterprise IT innovation.

"The number of companies jumping into the virtualization arena has exploded," said Rachel Chalmers, Senior Analyst for Enterprise Software at The 451 Group and author of the report. "Six companies represented VM management in our first major report on datacenter virtualization, published in December 2006. Less than 12 months later, in this report, we profile 50 privately held companies competing in exactly the same sector."

This report identifies 10 subsectors of virtualization management technology:

- Administration
- Automation
- Backup and high availability
- Capacity planning
- Infrastructure virtualization
- Monitoring
- Optimization
- Security
- Test lab automation
- Workspace virtualization

"Virtualization is the third-fastest-growing sector in IT buying, behind only storage and security," said Chalmers. "We believe Microsoft is the likeliest buyer, with potential interest in nine of the 10 subsectors – if only because its as-yet-unreleased hypervisor is lagging an estimated two years behind that of market leader VMware. Judicious acquisition could help the Windows giant catch up."

Other public vendors highly likely to be acquisitive in order to flesh out patchy portfolios include OS vendors Hewlett-Packard, Novell, Red Hat and Sun Microsystems, and Windows management specialists Avocent, BMC Software, Citrix Systems, Quest Software and Symantec.

"The most likely target sectors, judging by the number of potential acquirers identified, are automation and monitoring," added Chalmers.

This 170-page report, '[Virtualization 3: Managing the virtual revolution](#),' was written by Rachel Chalmers. Two previous 451 Special Reports examined virtualization at the server level and at the desktop, respectively. In this Special Report, 451 analysts survey the public companies active in the space and identify gaps in their portfolios, and then investigate 50 startups, suggesting which ones might fill the acquirers' portfolio gaps. 451 analysts also take the opportunity to make predictions about the direction of the industry over the next 12-18 months.

### **Key Companies Covered**

The report includes in-depth competitive assessments of the following companies (although this is not a complete list of companies covered in various sections of the report): 3Leaf Systems, Acronis, Akorri, Availigent, Avocent, BladeLogic, Blue Lane Technologies, BMC Software, CA, Cassatt, Catbird, CiRBA, Cisco Systems, Citrix Systems, CohesiveFT, CollabNet, Configuresoft, Desktone, DeviceVM, Egenera, eG Innovations, Embotics, Enigmatec, Enomaly, FastScale, Hewlett-Packard, Hyperic, IBM, illumita, InfoVista, InovaWave, Leostream, Marathon Technologies, Mendocino Software, Microsoft, Netuitive, Network Appliance, Nimsoft, Novell, Onaro, Pano Logic, PlateSpin, Platform Computing, Quest Software, Qumranet, Red Hat, Reflex Security, RingCube, Scalent Systems, ScienceLogic, SteelEye Technology, Stratavia, Surgient, SWsoft and Parallels, Synchron, Sun Microsystems, Symantec, ToutVirtual, Univa UD, Veeam Software, Virtual Iron, Virtugo Software, Vizioncore, VMLogix, VMware, XDS and Xsigo.

### **Report orders**

To learn more about this report, or to discuss developing a client relationship with The 451 Group, contact Simon Carruthers, vice president of research services, via phone at 212-505-3030 x-103, or via e-mail at: [simon.carruthers@the451group.com](mailto:simon.carruthers@the451group.com). Copies of the report can also be purchased by visiting: <http://store.the451group.com/>.

### **About The 451 Group**

The 451 Group is an independent technology-industry analyst company focused on the business of enterprise IT innovation. The company's analysts provide critical and timely insight into the market and competitive dynamics of innovation in emerging technology segments. Clients of the company – at vendor, investor, service-provider and end-user organizations – rely on 451 insight to support both strategic and tactical decision-making for competitive advantage.

The 451 Group is headquartered in New York, with offices in key locations, including San Francisco, London and Boston. The company also operates Tier 1 Research – an independent division of The 451 Group, headquartered in Minneapolis – which analyzes the financial and industry implications of developments impacting public and private companies within the IT, communications and Internet sectors.

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