

## EXCERPT

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### **AirWatch Private Vendor Watchlist Profile: Addressing Key Enterprise Mobility Challenges Through Mobile Device Management and WLAN Management Software**

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## IN THIS EXCERPT

The content for this excerpt was taken directly from the IDC Vendor Profile titled, "AirWatch Private Vendor Watchlist Profile: Addressing Key Enterprise Mobility Challenges Through Mobile Device Management and WLAN Management Software" by Stephen D. Drake (Doc#226046). All or part of the following sections are included in this excerpt: IDC Opinion, In This Vendor Profile, Situation Overview, Future Outlook, Essential Guidance, and Learn More. Also included are Tables 1 and 2 and Figure 1.

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## IDC OPINION

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AirWatch, founded in 2003, focuses on making iPhones, iPads, BlackBerrys, Android devices, and other smartphones easy and secure for enterprises to deploy as either corporate- or employee-liable devices. The company delivers mobile device management (MDM) and WLAN management software solutions to enterprise customers, providing an integrated, cross-platform solution for all major device manufacturers, operating systems, wireless infrastructure equipment, and wireless printers. The company started as Wandering WiFi, a provider of network installation, monitoring, and technical support for an enterprise's wireless infrastructure. The AirWatch technology was first developed for its own use as it needed a centralized multitenant console for advanced network monitoring and proactive issue resolution. In 2006, to address the growing management and security concerns for smartphones and ruggedized devices in the enterprise, the company productized its solution with AirWatch commercially available in January 2007. We believe AirWatch is a company to watch because:

- ☒ As a new standalone company providing MDM, WLAN, and machine-to-machine (M2M) management software, the company is quickly growing from its strength in managing ruggedized base to expand to support a broad set of smartphones with a single integrated console.
- ☒ The company has growing success with 1,000 customers in the distribution, field service, financial services, government, healthcare, manufacturing, retail, and transportation industries. Additionally, many managed service providers and software companies white label the AirWatch solution as their underlying technology.
- ☒ The company has a flexible delivery mechanism that includes a software as a service (SaaS) with its multitenant architecture, on-premise install including high

availability and virtualization, or an appliance. The product has proven scalability with installations of 40,000+ devices.

- The company has organically doubled employees and revenue in each of the past three years.

## IN THIS VENDOR PROFILE

This IDC Vendor Profile analyzes AirWatch, a company playing in the mobile device management and WLAN management software market, and reviews key success factors: market potential, technology/solution, corporate strategy, force multipliers, and customers. Leveraging IDC's expert understanding of the competitive landscape and future outlook, this document highlights company and market information tailored to the investment professional's needs.

## SITUATION OVERVIEW

### Company Overview

AirWatch, based in Atlanta, Georgia, plays in the mobile device management and WLAN management software market. Company details are provided in Table 1.

**TABLE 1**

AirWatch Company Snapshot

Category	Details
Functional and secondary markets	Mobile device management and WLAN management software
Founding year	2003
Number of employees	150
Number of customers	1,000
Company location	Atlanta, Georgia
Web site	<b><a href="http://www.air-watch.com">www.air-watch.com</a></b>
Funding initiatives	Currently considering first round of funding
Investors	Privately funded by the original founder and former executives from Manhattan Associates (Nasdaq: MANH)
Sales channels	Direct and channel partners

**TABLE 1****AirWatch Company Snapshot**

Category	Details
Revenue estimate	~\$18 million

Source: IDC, 2010

**IDC Watch Factor Scores**

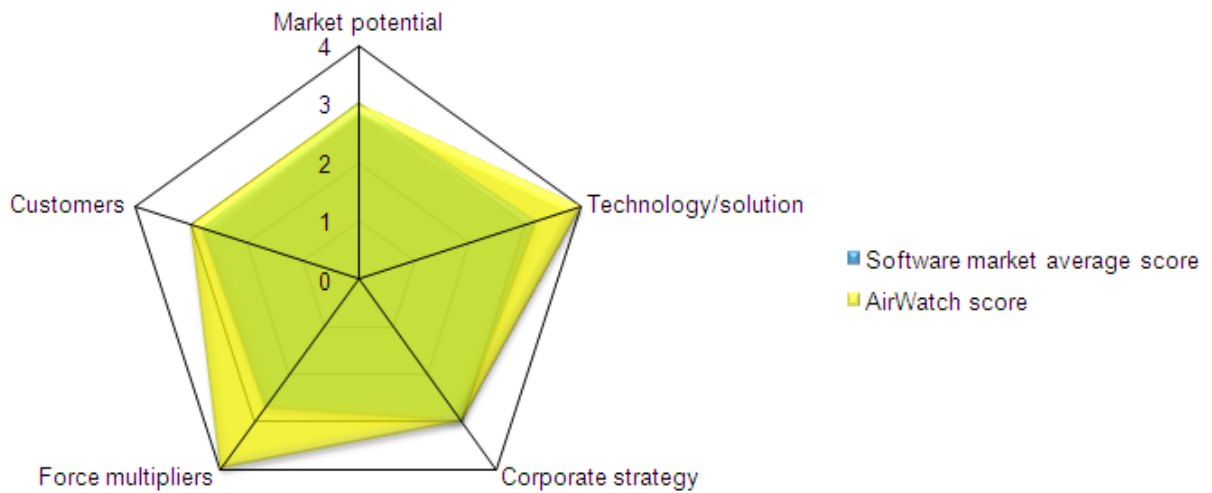
IDC Watch Factor scores measure private companies based on a set of five defined success factors. Each of the five key success factors is made up of detailed subquestions, which are assigned a value from 1 (weak) to 4 (strong). The average of the subcategories is then applied as the overall score for each category:

- ☒ **Market potential:** Market growth potential, strength of competition, and current stage of market (early adopters versus late majority)
- ☒ **Technology/solution:** Level of differentiation, disruptive capability, and scalability
- ☒ **Corporate strategy:** Go-to-market strategy, management pedigree, and financial status (running on venture capital with insignificant revenue versus self-sustaining and not seeking additional rounds of funding)
- ☒ **Force multipliers:** Current partnerships/certifications, additional partnerships likely within the next two years, and channel/sales strategy
- ☒ **Customers:** Number of existing customers, quality of existing customer base, geographic reach, and size of addressable market in the coming years given the vendor's current capabilities

Figure 1 shows the Watch Factor scores for AirWatch versus the Watch Factor average scores for all companies ranked by the Private Vendor Watch Service in the applicable market at the time of publication. The sections that follow detail the reasons for those scores.

**FIGURE 1**

AirWatch Watch Factor Score Versus the Watch Factor Average Score



**Notes:**

The Watch Factor average score reflects the average score for all private companies scored by the Private Vendor Watch Service at the time of publication.

Scores are based on a scale of 1 to 4, where 1 = weak and 4 = strong.

Source: IDC, 2010

## Market Potential

### **Market**

The worldwide mobile device management enterprise market grew by 1.7% from 2008 to 2009, reaching \$265.3 million in revenue. IDC predicts this market will grow by a CAGR of 7.6% over the next five years to reach \$382.7 million in revenue by 2014. The Americas will continue to be the region that accounts for the largest portion of revenue over the forecast period, accounting for 67.8% of revenue in 2014. However, EMEA (the second-largest market) and Asia/Pacific will achieve faster growth rates at 8.7% and 9.2%, respectively, compared with a 7.1% growth rate in the Americas.

AirWatch's revenue in 2009 for the MDM market was \$3.1 million.

### **Market Disruption**

AirWatch has the opportunity to be a market disrupter as it provides an efficient standalone MDM offering with both a cloud-based and an on-premise offering as well as the differentiator of managing WLAN networks. The company is agile and focused and is a viable option to enterprises, channel partners, and OEM customers. Broad support of mobile operating systems, a robust and scalable platform, and the addition of an enterprise mobile application store for critical application management are important differentiators.

## **M&A**

This market has historically been very active with M&A over the past 5+ years. Many of the smaller upstarts in the past have been acquired by larger providers in the broader systems management space or across mobile enterprise application platform (MEAP) vendors.

- Good Technology or Tangoe may be the next to make an acquisition. Good just made an acquisition of CloudSync but may not stop there. Tangoe filed its S-1 and may seek to expand its presence.

Table 2 displays recent M&A deals in the mobile device management market.

**TABLE 2**

### MDM M&A Deals

Date	Acquirer	Target Company	Deal Value (\$B)	Specific Market/Solution Type
19 August 2010	Intel	McAfee	7.7	MDM/mobile security
3 June 2010	McAfee	Trust Digital	NA	MDM/mobile security
27 January 2010	Good Technology	CloudSync	NA	MDM
15 January 2009	Tangoe	InterNoded	NA	MDM/TEM

Source: IDC, 2010

## **Technology / Solution**

### ***AirWatch***

AirWatch is the company's MDM offering and includes the following features:

- Mobility asset management:
  - Track and manage devices to user and device level; also track usage, status, and so forth
- Device and network security management:
  - Console access, integrated with Active Directory, security management including authentication, device lock and remote wipe, power-on password, and device-level data encryption
- Over-the-air device configuration management, software updates, and software inventory

- ☒ Integrated network and device views
- ☒ Device access and compliance and OTA updates
- ☒ Intelligent notification and reporting
- ☒ Rapid deployment capabilities
- ☒ Application management/enterprise mobility App Store capabilities
- ☒ iOS SDK
- ☒ Enterprise integration with database imports for initial population of the AirWatch database with foundation data; API imports used for system-to-system integration of data and transactions; API exports and single sign-on/integration

***Other Products/Solutions Offered by AirWatch's Wandering WiFi Division***

Wandering WiFi is a wholly owned division of AirWatch and provides wireless infrastructure monitoring and management services for guest and public access for restaurants, hotels, convention centers, airports, sports arena, hospitals, and more. This managed service consists of the following:

- ☒ Remote, real-time network monitoring and management via the AirWatch technology
- ☒ 24 x 7 in-house, onshore technical support from the company's Atlanta-based NOC
- ☒ Integration with existing network infrastructure as well as deployment of new equipment
- ☒ Comprehensive branding of all aspects of the guest access experience, including customized portals, branded help cards, event-specific splash pages, and other mobile marketing initiatives
- ☒ Integrated backhaul solutions with major service providers
- ☒ Legal and business risk mitigation with audit logs, content filtering, and forced acceptance of terms and conditions
- ☒ Integration with third-party applications, including restaurant and hotel management systems, POS and customer loyalty systems interface, and application design and development capabilities for iPhone applications for store locators, interfaces to third-party loyalty, and payment systems and more

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## **Corporate Strategy**

### ***Leadership***

AirWatch's chairman previously established and successfully led Manhattan Associates (Nasdaq: MANH), a global leader in distribution and logistics solutions. This company was also an early pioneer of wireless technologies, installing some of the first 802.11 handheld devices in the distribution centers of the country's largest retailers and their key suppliers in the early 1990s. Today, Manhattan Associates has more than 2,200 employees and a global reach.

Manhattan Associates' origins and early years are unique and worth noting — this company was entirely self-funded and profitable from the beginning, never relying on any outside capital. In fact, under founder and former CEO and chairman Alan Dabbieri's leadership, Manhattan Associates sustained one of the longest records of growth and profitability as a public company in the software industry's history — third only to Microsoft and Kronos. The company's successful IPO in April 1998 today provides AirWatch with the funding needed to make substantial investments in our R&D.

Dabbieri, a proven software entrepreneur, joined the company in 2006 because he recognized that mobile devices had quickly evolved from an employee perk to a mission-critical tool, but corporate IT lacked the ability to deploy, secure, monitor, manage, or support them in a real-time, systematic, or holistic manner. Subsequently, he and John Marshall led the effort to productize the company's proprietary network monitoring and management software developed for its WiFi hotspot business, expanding its functionality to include enterprise-grade mobile device/smartphone management, and renamed the solution (and the company) AirWatch. In early 2007, AirWatch was launched as a commercially available enterprise-grade mobile device and WLAN management solution. Today, AirWatch's rapidly growing customer base is global in nature, with representation in North America, South America, Europe, Australia, and Asia.

Marshall, AirWatch's founder, president, and CEO, worked at Manhattan Associates during its early, fast-paced growth. He led large-scale installation and consulting projects for dozens of Fortune 500 clients. This experience, along with senior leadership roles at several Internet-based start-ups, helped him recognize the tremendous potential of wireless networks and the rise of the mobile device. This prescient vision allowed him to be an early leader in the mobile device management industry.

These executives, along with other former key employees from Manhattan Associates, leveraged their deep domain expertise to lay the groundwork for AirWatch's leading-edge wireless solutions. Coupled with this knowledge, the AirWatch leadership team also has the proven experience needed to successfully build and scale not just enterprise software solutions but also the associated customer support organizations, implementation methodologies, and other services.

### ***Go-to-Market Strategy***

AirWatch leverages a set of major mobility solutions partners such as Enterprise Mobile and Intermec that leverage AirWatch's MDM software solution as part of a broader mobile enterprise deployment. This channel partner strategy is important for AirWatch and is a viable model for the company to grow its customer base. Additional partners are required across the mobile ecosystem and outside of the United States to expand the business.

### ***Exit Strategy***

AirWatch may see a public offering in its future. Acquisition is also a possibility, whether it is being acquired or making an acquisition. A likely acquirer would be a larger entity that needs this capability as part of a broader mobile play. In addition, AirWatch could eventually either purchase a competitor in the MDM space or add additional functionality and perhaps enter into the mobile enterprise application platform market through acquisition.

### ***Key Acquisitions***

AirWatch has not made any acquisitions.

### ***Current Investors***

AirWatch was self-funded by the founders but is considering Series A round of funding in near future.

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## **Force Multipliers**

### ***Partners***

- Intermec
- LXE
- ATT
- Enterprise Mobile
- Microsoft

### ***Partnership Opportunities***

AirWatch has a significant opportunity to expand its OEM and channel partner business to other software and hardware providers.

### ***Channel/Sales Strategy***

Channel partners play a critical role in the delivery of AirWatch solutions. This will continue; however, AirWatch will seek to expand the number and types of channel partners that can reach a broader audience.

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## **Customers**

### ***Key Customers***

- ☒ The Coca-Cola Co.
- ☒ General Electric
- ☒ The Home Depot
- ☒ Intermec
- ☒ Rollins (Orkin)
- ☒ Homecare Homebase
- ☒ Adidas
- ☒ Army & Air Force Exchange Service (AAFES)

### ***Key Audiences***

Distribution, field service, healthcare (major medical sites), hospitality (hotels and travel sites), retail (mass merchandisers, department stores, grocery stores, restaurants), and financial services/insurance are key verticals where AirWatch is focused. AirWatch is focused on selling to the largest sized businesses. AirWatch would be expected to expand its customer base across a broad set of verticals to the large enterprise businesses.

### ***Geographic Reach***

To date, AirWatch is largely focused in the United States but has newly established offices in the United Kingdom with plans to establish offices in France, Australia, and Hong Kong by the end of 1Q11. Future growth should include a more robust international presence.

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## **FUTURE OUTLOOK**

### **Challenges and Opportunities**

#### ***Challenges***

AirWatch is a small company in a strong growth area. The ability to keep up with the demand is always a challenge for a company of AirWatch's size. In addition to addressing new business, keeping up with the speed of mobile technology is also resource intensive.

#### ***Opportunities***

AirWatch has strong technology and is positioned well as a standalone entity. The company can partner with a broad set of partners without the concern of competitive pressures. Its MDM offering and accompanying WLAN management software is a

differentiator, and its recent addition of application management and enterprise mobile application store offering is compelling.

## ESSENTIAL GUIDANCE

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### Reason to Watch

The juxtaposition of growth in the MDM market and a smart company that is positioned from a strong technological and leadership position with a lot of customer momentum is a key reason to follow AirWatch.

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### Differentiators

AirWatch's standalone management software focus, its MDM and WLAN management offering, and its additional application management capabilities and iOS SDK are key differentiators. Additionally, its leadership has already built one company from a start-up to a scaled public company successfully.

## LEARN MORE

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### Related Research

- ☒ *Rhomobile Moves Up the Value Stack to Deliver an Enterprise Mobile App Store and Offer Mobile Application Management* (IDC #lcUS22568610, November 2010)
- ☒ *Worldwide Business Use Smartphone 2010–2014 Forecast and Analysis* (IDC #225054, September 2010)
- ☒ *Worldwide Mobile Device Management Enterprise 2010–2014 Forecast and 2009 Vendor Shares* (IDC #224437, August 2010)
- ☒ *Worldwide Mobile Security 2010–2014 Forecast and Analysis* (IDC #222348, March 2010)

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