AirWatch by VMware lays the groundwork for enterprise mobility in Latin America

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AirWatch by VMware entered the Latin American market in 2011. Since then, it has built a solid presence across the region with strategic partnerships and pre- and post-sales support. It expects that its customer count by the end of the year will double last year's count. We project that in 2015, one out of two mobile devices in use in Latin America will be a smartphone, and that this number will continue to grow, so by 2018, two out of three mobile devices in use will be smartphones.

Enterprise mobility in Latin America is still in the early stages of adoption, but growing smartphone penetration will create opportunities for enterprises and technology vendors to deploy mobility initiatives. This report discusses the major trends in the mobile market in Latin America, and what these mean for AirWatch.

The 451 Take

Enterprise mobility is still in early stages of adoption in Latin America, but we expect demand for mobility management products will surge as the smartphone user base grows. More smartphone users means potentially more mobile workers, resulting in enterprises having to deploy mobility initiatives. We believe, however, that the main catalyst for mobility deployments in the region will be the security risks that 'bring your own device' BYOD entails. As the number of employees in Latin America using smartphones for work continues to grow, enterprises will require technology to provide them with secure mobile access to enterprise resources. AirWatch has laid the groundwork with strategic partnerships and has built a solid presence across the region with pre- and post-sales support. The company will also benefit from VMware's presence in the region. We expect AirWatch will continue to be a key mobility player in the region, and will benefit from the surge in demand for mobility products going into 2015.
Context

AirWatch is an Atlanta-based provider of enterprise mobility offerings. The company was founded by senior vice president and general manager John Marshall in 2003, and was acquired by VMware in February for $1.54bn. With more than 2,000 employees and more than 14,000 customers in 150 countries, AirWatch is one of the largest enterprise mobility management players in the world. The company entered the Latin America market in 2011 and has become a key player in the region. AirWatch has consolidated its presence with strategic partnerships with some of the largest telecommunications players in Latin America, and has a growing customer base with large enterprises in different verticals across the region.

Smartphone use in Latin America is growing in record numbers; 451 Research projects penetration is already past 50% and will reach 65% by 2018. This has resulted in new trends emerging in how consumers are using mobile devices at work. Based on our projection for the number of employees using a mobile device to access corporate email, we find this number to be twice as large as the number of corporate-sponsored devices in use. This suggests that BYOD is a common practice in Latin America. Employees are increasingly engaging in work activities using their own mobile devices, and enterprises will need technology to address the security risks this entails. We expect this will result in growing demand for enterprise mobility products in Latin America.

AirWatch entered the Latin American market in 2011 and opened its Latin America headquarters in Miami in 2013. Cesar Berenguer, director of business development for Latin America, heads the company’s operations in the region. AirWatch has employees working exclusively with clients in Latin America in various capacities, including customer support, business development and operations. The company benefits from VMware’s presence in the region, with offices in seven countries and a network of channel partners for pre-sales and post-sales support. AirWatch recently started using VMware's technical support center in Costa Rica, and it relies on additional centers around the world to provide 24/7/365 customer support.

Products

In addition to software for mobile device management (MDM), AirWatch provides products for managing a range of other enterprise needs, including mobile applications, email, browsing, containerization, secure chat, video and content. The company offers a portfolio of mobility management suites to meet the requirements of enterprises that range from the early stages of adoption to more advanced deployments:
Green Management Suite – includes standard hosting, MDM with native email management, App Catalog and Workspace. Cloud deployment is priced at $51 per device for a one-year subscription; the on-premises offering is $50 per device plus $10 annual maintenance.

Orange Management Suite – in addition to Green Management Suite features, this suite includes AirWatch Inbox with Secure Email Gateway. Cloud deployment is priced at $60 per device; the on-premises version is $70 per device plus $14 annual maintenance.

Blue Management Suite – includes all Orange Management Suite features plus App Wrapping, App Reputation Scanning, Secure Content Locker View and Browser. Cloud deployment is priced at $75 per device; the on-premises offering is $90 per device plus $18 annual maintenance.

Yellow Management Suite – includes all Blue Management Suite features plus Secure Content Locker Collaborate. Cloud deployment is priced at $110 per device; the on-premises version is $130 per device plus $26 annual maintenance.

AirWatch mobility management suites are available in Latin America for cloud or on-premises deployment. The company estimates that the majority of its client base deploys the cloud offering, and most of its on-premises deployments are in verticals such as government and finance.

**Go to market**

AirWatch has experienced rapid growth in Latin America in the last two years, and expects that by the end of the year, its customer count will double from the previous year. Although the company doesn't share customer numbers publicly, we estimate AirWatch to be one of the largest vendors of mobility products in Latin America. AirWatch is leveraging VMware's presence in the region, with offices in seven countries, pre-sales and post-sales support, technical support in Spanish and Portuguese, and an established network of channel partners; AirWatch also benefits from VMware's worldwide resources and infrastructure, including AirWatch Partner University, which provides product and sales training for partners and customers.

AirWatch has customers in different countries across the region in a number of verticals, including education, finance, government, manufacturing and pharmaceutical. The company's largest markets in Latin America are Brazil, Argentina and Mexico. Named clients include:

- Brazil: Sistema de Ensino Integral (education), Sumig (manufacturing), Zambon (pharmaceutical),
Brasil Plural (finance), Colegio Koelle (education), Gavea Investimentos (finance), Grupo Abril (media conglomerate), Global Village Telecom (telecommunications), HBSIS (IT), Instituto Presbiteriano Mackenzie (education), HDI Seguros (insurance)

- Chile: Oriencoop (finance)

- Ecuador: Colegio Menor (education)

- Mexico: Universidad Anahuac (education), Barared (telecommunications), IFA Celtics (pharmaceutical)

- Peru: Inversiones la Cruz (finance)

**Competition**

The list of competitors for AirWatch in Latin America does not differ much from other regions; the competitive landscape for the company, however, is influenced by a number of factors, including strategic partnerships and footprint. The main competitors for AirWatch in the Latin American market are MobileIron, an enterprise mobility provider that recently announced a partnership with America Movil, one of the two largest mobile operators in the region; Good Technology, a provider of mobile security offerings that has been active in the region since 2012; and Fiberlink, a provider of mobility as a service that was acquired by IBM and has started making inroads in the region in 2012. Other key players in Latin America include BlackBerry, which has maintained a strong position as a smartphone vendor for the enterprise segment in Latin America, and Samsung, which signed a partnership in March 2014 with Telefonica to distribute Samsung KNOX, an enterprise mobile security product.

**SWOT Analysis**

**Strengths**

AirWatch is gaining market traction in Latin America with strategic partnerships and a growing customer base. The company has a portfolio of enterprise mobility offerings that fit the requirements of enterprises from the early stages of adoption to more advanced deployments.

**Weaknesses**

The company's customer base in Latin America is small compared to other markets such as North America, but we expect AirWatch will benefit from VMware's market presence in the region, and will accelerate its expansion in Latin America in 2015.

**Opportunities**

**Threats**
Smartphone penetration in the region is expected to grow in the next five years, which represents a growing base of potential mobile workers. Coupled with security concerns, this will serve as a catalyst for market demand for enterprise mobility products.

Enterprise mobility in Latin America is in the early stages of adoption and requires companies to invest in market education and infrastructure; this is expected when vendors introduce advanced services in developing markets.