Frost Industry Quotient (IQ):
Australian Mobile Device Management Market,
2014
Table of Contents

1. Market Definition and Scope.................................................................3
   1.1 Mobile Device Management (MDM) Market Definitions.........................3
   1.2 Key Trends in the Australian Mobile Device Management (MDM) Market.......4
2. Market Assessment.............................................................................8
   2.1 Market Size and Forecasts....................................................................8
   2.2 Competitive Landscape.......................................................................9
3. Industry Trends..................................................................................11
   3.1 Economic............................................................................................11
   3.2 Technology..........................................................................................11
   3.3 Competition........................................................................................12
5. Profiles of MDM Vendors in Australia..................................................15
   5.1 AirWatch (VMware).............................................................................15
   5.2 MobileIron...........................................................................................17
   5.3 Good Technology...............................................................................18
   5.4 BlackBerry..........................................................................................20
   5.5 Citrix.................................................................................................22
   5.6 SAP....................................................................................................23
   5.7 IBM....................................................................................................24
   5.8 Microsoft............................................................................................26
   5.9 Google...............................................................................................27
   5.10 Cisco.................................................................................................29
6. The Analyst Word................................................................................31
7. Frost IQ Methodology..........................................................................33
1. Market Definition and Scope

1.1 Mobile Device Management (MDM) Market Definitions

Definitions

Mobile Device Management (MDM) refers to the ability to monitor, configure, diagnose, and troubleshoot mobile devices for reporting, compliance, and other device life-cycle management purposes. These processes can be handled remotely (over-the-air) or through on-premise based applications. On-premise MDM solutions are typically deployed centrally on the organisation’s server and employees are required to register their device(s) with the MDM application to enable them to access various enterprise applications such as email and documents. For cloud based or hosted MDM solutions, the application is stored and managed by a third party provider on their external infrastructure.

The MDM market can be classified into consumer and enterprise segments. This report only covers the enterprise segment. Enterprise MDM focuses on enabling multiple devices and mobile Operating Systems (OS) to access corporate applications and data in a safe and secure method. In general, enterprise MDM consists of device management, application or content management, and user management.

Revenue Calculations

The MDM market value included in this report only covers revenue from MDM license sales and excludes revenue from provision of related services. Services such as pre-deployment consulting, implementation, maintenance and on-going support are excluded from revenue calculations and forecasts.
Market sizing and forecasts include MDM licences from both on-premise and cloud based deployments.

**Key Notes and Assumptions**

The report only covers revenues from MDM licenses and excludes revenue from services such as consulting, implementation, maintenance and support.

Only vendors regarded as major players with a clearly defined MDM strategy are covered in the analysis.

The base year for analysis is 2013.

The Enterprise Segment is defined as organisations with more than 250 employees.

The Small and Medium Business (SMB) segment is defined as organisations with 250 employees or less. Small businesses are companies with less than 100 employees and medium businesses are companies with 100 to 250 employees.

**1.2 Key Trends in the Australian Mobile Device Management (MDM) Market**

The following are some of the major trends in the Australian MDM market that will have an impact on shaping the evolution of the market.

**Uptick in IPOs and Acquisitions**

In the last 12 months, the MDM market was distinctly characterised by Initial Public Offerings (IPO) and acquisitions. MobileIron and Good Technology are both
in advanced stages of going public, while AirWatch was acquired by VMware. As the task of differentiating MDM solutions becomes increasingly difficult, vendors are looking at IPOs as an avenue to improve cash flow and liquidity. This will provide funding for various growth strategies, mainly research and development. As awareness of mobile management solutions increases, larger technology players in adjacent markets will look to acquire MDM vendors to gain a foothold in the market. In the next two years, the MDM market will experience an increase in alliances and acquisitions as the increased awareness draws in new players.

Uptake from Government Departments

The Government sector has been very conservative in embracing cloud and mobility solutions. However, the market has witnessed a change in attitudes in recent months. A number of departments, especially councils, are beginning to adopt mobile centred working and collaboration strategies. While federal Government departments tend to focus on security and compliance factors, state and council departments are looking for greater flexibility and usability. MDM vendors are capitalising on this opportunity to address the security and usability spectrum to increase their footprint in the Government sector. In addition, many Government departments are also moving away from their traditional BlackBerry asset base and are adopting iOS and Android based devices. As a result, these organisations are faced with the challenge of managing multiple mobile operating systems, beyond their traditional Blackberry environments. This offers opportunities for MDM vendors to expand their footprint in the sector through MDM platforms and related services such as consulting and integration. In the next two to three years, uptake of mobile devices and MDM solutions within the Government sector is expected to increase, making this a key segment for vendors to drive future growth.
MDM Services Offer the Next Growth Area for Vendors

Faced with the challenge of differentiating their products in a commoditised market, MDM vendors are shifting their focus on value added services as an avenue for future growth. As the role of channel partners becomes particularly important, vendors with strong partner networks hold an advantage. This enables vendors to drive growth beyond their traditional market boundaries by leveraging the market reach and breadth of capabilities of their channel partners. For example, AirWatch has a well-established channel partner network comprising telcos, systems integrators and specialised mobility service providers. This strategic partnership enables AirWatch to offer end-to-end services from pre-sales consulting to on-going support. As a result, the company gains multiple avenues of revenue growth when the growth rate in the MDM market normalises, giving it a competitive advantage. MDM vendors lacking the range of services being sought by organisations will find it difficult to increase their market share. Going forward, establishing strategic partnerships with major channel partners will be critical for MDM vendors looking to strengthen their presence in the Australian MDM market.

Telcos Strengthening their Presence

As MDM related services become critical for driving revenue growth, telcos hold an advantage in addressing the demand. The ability to bundle carriage and network expertise with MDM will strongly position telcos in the market. Telstra has already established a dominant position in the MDM services market, based on a strong partnership with AirWatch. On the other hand, Optus is ramping up its mobility portfolio and has announced plans to build its MDM portfolio based on AirWatch and MobileIron solutions. Other major telcos such as British Telecom (BT) are also looking to strengthen their footprint in the MDM market. Global telcos such as BT promote their global reach and the ability to address large scale deployments across multiple countries to appeal to organisations in Australia. Further adding to their strength, most
of the telcos also offer a range of UC and mobility related solutions. Consequently, as MDM related services become critical for driving revenue growth, telcos will be crucial to a vendor’s channel partner strategy. With their capacity to offer end-to-end services, Telcos will emerge as the main player in the MDM services segment.

The Rise of Corporate App Stores

Another trend expected to greatly increase the involvement of MDM players and channel partners in the deployment of MDM solutions is the use of corporate app stores. Large enterprises are particularly interested in delivering general-purpose as well as custom-built corporate applications to their workforce (for example, mobile sales force automation apps). While MDM providers may not be directly involved in application development, they provide appropriate solutions to help enterprises to distribute and manage specific corporate-approved mobile applications for smartphones and tablets. Over the next few years, the uptake of corporate app stores among organisations in Australia is expected to increase significantly as mobile devices and BYOD trends reach mainstream adoption. This will result in a secure method of downloading and using mobile applications necessary for work, minimising the risks associated with employees using un-authorised apps. The resource intensive nature of building and maintaining a corporate app store will initially be limited to large enterprises. However, in the long term, advances in technology offered by MDM vendors and partners will significantly reduce the complexity of developing a corporate app store and promote greater adoption.
2. Market Assessment

2.1 Market Size and Forecasts

The Australian MDM market continues to record very high growth rates despite the market approaching commoditisation. Awareness and understanding of MDM solutions has improved significantly in the last 12 months as an increasing number of organisations move towards mobility centred working environments. Although uptake of MDM has increased, the overall market is still at an early stage of growth with only a small number of vendors accounting for a major share of the market. Mobile devices used in a corporate environment currently account for a very small percentage of overall devices in the market. As the proportion of mobile devices used for work increases, a huge opportunity for growth emerges in the MDM market for vendors and channel partners. The growing demand for mobility related services will also impact the future of the MDM market. Overall, the continued influx of mobile devices in the enterprise combined with the demand for value added services will be the main factors driving growth in the Australian MDM market in the forecast period.

The Australian MDM market was worth $ 14.4 million in 2013 and is expected to experience very high growth rates in the next two years. In 2013, the market grew by 95.7% from the previous year, driven mainly by the increase in the number of large scale deployments rolled out by major vendors. The small market, combined with high adoption rates of MDM solutions, also contributed to the high growth rates. The market is expected to almost triple in value by 2016 to be worth $ 51.6 million.

With mobility and mobile based work environments becoming a key focus for organisations, the demand for management solutions will continue to be high. The MDM market is expected to grow at a Compound Annual Growth Rate (CAGR) of 32.0% from 2013 to 2020 to be worth $ 100.5 million. As is the case with emerging markets, the initial high growth rates will begin to stabilise to a more realistic figure of around 30% by 2016.
Among other factors that will drive growth in the MDM market are employee driven trends such as Bring Your Own Device (BYOD) and the untapped opportunities in the Government and the Healthcare sectors. Traditionally conservative verticals such as Government and Healthcare are beginning to adopt mobile devices to extend the reach of their communications and collaboration solutions. As a result, there is a huge potential for growth and uptake of MDM solutions in the Australian market, which will continue to drive growth in the market in the forecast period.

2.2 Competitive Landscape

The Australian MDM market is at an early stage of growth and is benefiting from the increasing market awareness. Although competition is beginning to intensify, the market continues to be dominated by three major vendors; AirWatch, MobileIron and Good Technology. These three major vendors in the Australian MDM market accounted for the majority of market share in 2013. Within this group, AirWatch was in a dominant position in the market and continued to build on its strong position through a number of major customer wins. Its well-established channel partner network and its ability to cater to large scale deployments were the main reasons for its strong market performance. MobileIron focused on strengthening its channel partner network and also secured a number of sizable customer wins. Good Technology leveraged its security credentials to consolidate its footprint in the Government sector. In 2013, all three vendors roughly doubled their revenue from the previous year.

Competition in the market is expected to intensify as new players enter the market. In the last two years major technology companies such as IBM, Citrix and VMware made acquisitions that give them a foothold in the MDM market. This allows them to address the growing demand for advanced mobility solutions, which will be critical for sustaining growth in the future. From 2013 to early 2014, the global MDM market experienced an increase in capital raising initiatives and IPOs. MDM vendors are capitalising on the positive market sentiment towards mobility solutions to launch...
IPOs to drive their research and market expansion activities. Both MobileIron and Good Technology are on the path towards becoming publicly listed companies in 2014 and are expected to focus on diversifying their revenue base beyond the North American market. Such trends indicate a fast growing market segment, which is expected to experience further consolidation and emergence of new players.
3. Industry Trends

3.1 Economic

Australia’s stable economy, combined with its propensity towards adopting new technologies, has provided the right conditions for the uptake of mobile management solutions such as Mobile Device Management (MDM) and Mobile Application Management (MAM). In addition, organisations are under increasing pressure to accommodate changes being instigated by the influx of mobile devices in the workplace. As employees demand the ability to use any device to perform their work, organisations are increasingly concerned about the impact of developments such as ‘Shadow IT’. Shadow IT refers to the scenario where employees install and use applications (or apps) without the knowledge and control of the IT department. This bypasses the security and privacy policies put in place by the IT department, and greatly increases the risk of security breaches and malware. Cloud based storage solutions such as DropBox and Google Drive has made it very easy for employees to save and share documents outside the organisation’s control. A number of other Over-The-Top (OTT) applications such as Skype and WhatsApp are also enabling employees to bypass internal networks to communicate with internal and external contacts.

3.2 Technology

As the market demand moves towards hosted and cloud-based solutions, connectivity (internet speeds and bandwidth) will be a critical factor in enabling the shift. This is particularly the case for enterprise mobility solutions, where management processes are increasingly being done over-the-air or wirelessly. Many organisations consider bandwidth to be their main challenge in adopting hosted and cloud-based solutions. Over the past decade, Australian Government investment in key IT and telecommunication infrastructure has lagged behind
other developed APAC countries such as Korea, Singapore, and Hong Kong. Consequently, broadband access speeds have generally lagged these countries and this has been an inhibitor to business growth in areas such as cloud computing. However, the Australian Government is currently overseeing the rollout of the National Broadband Network (NBN), which began five years ago and is estimated to be completed between 2019 and 2021. It will provide fibre connection for 93 percent of premises and households. This is expected to significantly enhance connectivity across the country and drive greater demand and uptake for MDM solutions.

3.3 Competition

The MDM market is currently highly consolidated with the top three vendors accounting for the majority market share. AirWatch, MobileIron and Good Technology are the main vendors with a number of new players set to grow their market share in Australia. Among the new entrants, Citrix and Microsoft are well positioned to significantly increase their market share and pose a major competitive threat to established vendors. In the next three to five years, the number of players competing for a share of the MDM market will increase significantly as device manufacturers and security vendors strengthen their presence in the market. As a variety of players from diverse industries such as UC, security, business applications and Machine-2-Machine (M2M) communication enter the market, it will become commoditised. To differentiate their solutions, vendors will have to integrate their respective strengths with device management functions. As a result, the overall MDM market is expected to become fragmented by 2020 with vendors developing a niche through their respective areas of expertise.
4. Frost IQ Matrix:
Australian Mobile Device Management (MDM) Market, 2014

Frost & Sullivan evaluated ten major MDM vendors in the Australian market to position them on the Frost IQ matrix. The key criteria evaluated in positioning these companies on the matrix are:

- Revenue market share,
- Product/service strategy,
- People and skills strategy,
- Ecosystem strategy, and
- Business strategy

Figure 1: Frost IQ Matrix: Major Vendors in the Australian MDM Market, 2014

Source: Frost & Sullivan analysis
As illustrated in the matrix in Figure 1, AirWatch and MobileIron are the only MDM vendors to have secured a position in the champions’ quadrant. Although competition is beginning to increase, the market continues to be dominated by AirWatch, MobileIron and Good Technology; the three major vendors accounted for the majority of the Australian MDM market in 2013. Within this group, AirWatch holds a dominant position in the market, and continues to position itself strongly through a number of major customer wins. Its well-established channel partner network, combined with its ability to cater to large scale deployments, are the main reasons for its market position. MobileIron focused on building its channel partner network and also secured a number of major customer wins in 2013. Good Technology leverages its security credentials to strengthen its footprint in the Government sector.

Competition in the market is expected to intensify as new players enter the market. In the last two years, major technology companies such as IBM, Citrix and VMware have made acquisitions that have provided them with a foothold in the MDM market. This enables them to address the growing demand for advanced mobility solutions, which will be critical for sustaining growth in the future. Unified Communications (UC) vendors such as Microsoft and Cisco are also well positioned to expand into the MDM market. With most UC vendors already having a strong mobility portfolio, entering the device management market is a logical extension. In addition, UC vendors control the communication and collaboration functions between devices, which give them an advantage over pure MDM focused vendors. Their ability to integrate communication, collaboration and device management represents an appealing option for organisations looking for a consolidated platform for UC and MDM. Security vendors, device manufacturers and Machine-2-Machine (M2M) communications providers will be the other main players entering and strengthening their footprint in the MDM market in the next few years.
5. Profiles of MDM Vendors in Australia

5.1 AirWatch (VMware)

AirWatch continues to build on its strong foundation in Australia to maintain a dominant market position. The company has recorded very high growth rates, while also expanding its customer base. The company provides a range of applications under its mobility suite, including Security Solutions, Mobile Device Management (MDM), Mobile Content Management (MCM) and Mobile Application Management (MAM) as well as mobile e-mail and browsing applications. AirWatch has been focusing on a number of initiatives to expand its global footprint beyond its traditionally strong North American market. Its efforts to increase market share and raise capital culminated in its acquisition by VMware in early 2014. The acquisition enables AirWatch to integrate mobility solutions with a broader solution portfolio, and provides VMware a strong foothold in a new market segment. The acquisition also allows VMware’s partners such as Data 3 and Fujitsu the opportunity to tap into the fast growing MDM market.

Competitive Advantages

- Strong Channel Partner Network and Breadth of Services
  Although AirWatch engages directly with customers for large deployments, it mostly operates an indirect or partner driven model. The company has been gradually increasing the proportion of its revenues generated through its channel partners. Channel partners now account for more than half of its MDM revenue in Australia. Telstra, MSC Mobility and UXC Connect are the main channel partners, accounting for the majority of deployments. In recent months, AirWatch has also been strengthening its partnership with Dimension Data and Optus. The strength and reach of its channel partner network is one of the key factors for AirWatch’s
dominant market position in Australia. Its channel partner network offers a wide range of options for organisations looking for mobility related services.

- **Presence Across Major Vertical Markets**
  In 2013, AirWatch more than doubled its revenue from the previous year. An increase in the number of large scale deployments and an overall expansion of its customer base were the main drivers for its strong performance in 2013. Another key factor contributing to its growth is the increasing interest from the Government and Healthcare sectors. While local councils are typically more open towards adopting mobility solutions, demand from State and Commonwealth Governments is beginning to pick up. Although Commonwealth Government departments tend to be very cautious with their mobility solutions, they are beginning to closely evaluate solutions that offer the required combination of security and functionality. Overall, Banking, Financial Services and Insurance (BFSI), Government, Healthcare and Retail are the main vertical markets for AirWatch in Australia.

**Challenge**

- **Managing Market Concerns**
  Although the acquisition benefits both companies, with VMware gaining specialised mobility management capabilities and AirWatch gaining a significantly increased market reach, the full impact of the acquisition will be revealed over the next 12 months. Major competitors such as MobileIron will look to capitalise on this period of uncertainty to capture market share. As a result, maintaining business confidence and assuring continued product support will be the main focus for AirWatch in the next two years.
5.2 MobileIron

MobileIron also recorded very high growth rates in the Australian market, and has increased its customer base significantly from the previous year. The company has rapidly expanded its presence outside the USA, and now derives half of its MDM revenues from other regions. Australia remains a key market for MobileIron and represents about 10% of its global revenues. The company is looking to leverage its momentum in the Australian market to expand its presence in the APAC region. In 2013, the company more than doubled its revenue from the previous year, driven mainly by a number of large customer deployments.

In 2014, MobileIron became a publicly listed company, and raised over $100 million in its IPO. The company views this move as a crucial step to generate capital for research and development as well as market expansion activities. Going public also enables MobileIron to compete against major competitors such as AirWatch, which now has the advantage of being a part of a major technology vendor, VMware. In the next 12 months, managing shareholder expectations will be an added responsibility and a key focus area for MobileIron’s executive team.

Competitive Advantages

- **Strong Channel Partner Network**
  Alongside AirWatch, MobileIron has also established a strong channel partner network in Australia that provides a foothold across all major verticals. MobileIron operates a fully indirect model, and generates all of its revenues from its channel partners. MSC Mobility, CSC, Dimension Data and Logicalis are its main channel partners in Australia. MobileIron also partners with telcos such as Telstra, Optus and Macquarie Telecom, and is focused on strengthening these partnerships in recent months.
• **Strong APAC Presence**
  MobileIron has a strong footprint in many APAC markets, which provides significant opportunities for growth. For multi-national organisations with offices across APAC and Australia, MobileIron will be an appealing option as a result of its local market presence. This presence across the APAC region gives the company a competitive advantage over major vendors such as AirWatch and Good Technology.

**Challenge**

• **Managing Market Expectations**
  Although MobileIron’s IPO enables it to secure capital for furthering its research and marketing activities, managing market expectations will be a major challenge in the short term. Assuring continued product and service support to existing customers and the market will be the main focus for this public listed company over the next 12 months. Managing shareholder expectations will be an added responsibility and a key focus area for MobileIron’s executive team. MobileIron’s competitors will view this as an opportunity to increase market share by capturing its customer base.

**5.3 Good Technology**

Good Technology is the other major MDM vendor, completing the major three vendors in the Australian market. The company employs a security focused strategy to penetrate the Government sector in Australia. This approach is a key factor that has contributed to the company’s high growth rates in the last two years. Good Technology uses a combination of local data centres and its customer wins in the Commonwealth and State Governments to differentiate itself in the local market. Under its Good-For-Enterprise (GFE) solution, Good Technology offers a range of
security, containerisation and device management functions. The company has been promoting these capabilities to grow its footprint in the Government and BFSI sectors, where security and data protection are often the main requirements.

Good Technology also announced plans to file for an IPO in 2014. As a result, the company will face the challenge of managing shareholder expectations along with assuring continued support for existing customers. Managing the transition to a public company will be the main focus area for Good Technology in the next 12 months, after which market expansion and dealing with the competition will become key focus areas.

Competitive Advantages

- **Government and BFSI Presence**
  Good Technology’s prominence in the Government sector was a major factor in increasing market awareness in the Australian market. Given the risk averse attitude towards technology, and the lack of understanding of MDM solutions, most Government departments preferred the security centred model provided by Good Technology. The company capitalised on this opportunity by capturing existing BlackBerry’s customer base.

- **Industry Partnerships**
  In 2014, Good Technology acquired MDM provider BoxTone, which provides a range of mobility solutions, from device management to process automation. Good Technology also announced its partnership with Samsung, which will enhance the capability of the Samsung Knox management platform. Such industry partnerships (Samsung) and acquisitions (BoxTone) will enable Good Technology to diversify from its core Government sector to other vertical markets.
Challenge

- **Competitors Gaining Momentum in the Government Sector**
  Good Technology is facing increasing competition from AirWatch and MobileIron in its traditionally strong Government sector. Government departments are also beginning to move away from a BlackBerry only policy, and are increasingly adopting iOS and Android devices. As Government departments become more sophisticated in their use of mobile devices, they are seeking MDM solutions that offer a high level of usability along with security. As a result, many organisations are seriously considering solutions from AirWatch and MobileIron to support their future mobility strategies. A number of existing customers in the Government sector have also adopted competitor solutions in recent months. As the Government sector generates most of its revenue in Australia, the growing momentum of competitors presents a major challenge for sustaining future growth. Diversifying its revenue base will be critical for the company to remain competitive in the MDM market over the next three years.

5.4 BlackBerry

BlackBerry has experienced a steep decline in its share of mobile devices following strong end user preference for Apple iOS and Google Android devices. With a growing number of organisations allowing employees to use their own devices for work, iOS and Android have consequently become the main mobile operating systems in enterprises. This trend has adversely impacted BlackBerry's dominant position in the enterprise segment. BlackBerry's MDM solution, included as a part of its BlackBerry Enterprise Server (BES) platform, is also facing intense competition. One of the reasons for this was the lack of support for iOS and Android devices in previous versions of BES. Although recent versions of BES offer full support for iOS and Android devices, specialised MDM vendors were quick to capitalise on this opportunity by securing a major share of the market in the last few years. As a result,
market uptake for BlackBerry's Enterprise Mobility Management (EMM) platform has been weak, with the majority of new deployments coming from its existing customer base in the Government and BFSI sectors.

Competitive Advantage

- Established Customer Base
  Although BlackBerry continues to lose market share in the mobile Operating Systems (OS) and MDM market segments, it has a large established customer base in the Government and BFSI sectors. BlackBerry's strong reputation for providing secure enterprise grade mobility solutions is particularly appealing for organisations in the Government and BFSI sectors. Despite increasing competition in these vertical markets, there is an opportunity for BlackBerry to regain market share through a more focused and targeted strategy. In the last two years the company has undertaken a number of initiatives to increase its market visibility and to counter the erosion of its customer base. The introduction of BES version 10 supported iOS and Android devices, and also provided advanced functionality including content and application management. It also introduced its EZ Pass plan that allows organisations to transfer active MDM licenses to BlackBerry for free. Going forward, BlackBerry’s main focus will be regaining its lost market share and customer base through its renewed products and services.

Challenge

- Competition in the Government and BFSI Sectors
  While many Government departments in Australia, especially Commonwealth Government departments, continue to value the security and familiarity of BlackBerry’s platform, they are increasingly looking to adopt solutions from
specialised MDM vendors. The BFSI sector is another traditionally strong segment for BlackBerry, where it has been ceding market share to competitors. Large banks such as Westpac have announced plans to shift from a BlackBerry centred environment towards iOS and Android environments. Such trends will have a major impact on BlackBerry’s market position in Australia. Overall, the company is focused on holding on to its existing customer base in select verticals and remains largely unsuccessful in penetrating other major verticals.

5.5 Citrix

Citrix is one of the new entrants to the MDM market through its acquisition of Zenprise in 2013. The acquisition gave Citrix a foothold in the fast growing EMM market. Unlike the major three MDM vendors (AirWatch, MobileIron and Good Technology), Citrix is not a specialised MDM player and offers a range of enterprise products such as desktop/server virtualisation, networking and Software as a Service (SaaS) solutions. Following the acquisition, Citrix rebranded its MDM solution as XenMobile and made it available as a stand-alone or bundled solution with CloudGateway.

Competitive Advantage

- Desktop Applications and Virtualisation
  Although Citrix has found it difficult to match the major three vendors in terms of revenue growth and customer wins, it is well positioned to benefit from the changing market preferences. As the market shifts from a MDM based to a broader EMM focus, large technology and infrastructure vendors such as VMware and Citrix will be able to bundle mobility with their core solutions. This will give them a major advantage over specialised MDM vendors, which will struggle to sustain growth once the market matures. Citrix’s existing customer base will also enable the company to up-sell mobility solutions, providing it with a larger target market.
Challenge

• Competition and Local Market Footprint

Although Citrix has been gaining ground in the EMM market globally, expanding its presence in the Australian market has been challenging. Among the main limiting factors for Citrix in Australia are its channel partner network and its lack of visibility in the local market. However, the company is beginning to gain momentum and has been securing customer wins for its MDM solution in 2013, largely based on the strength of its desktop and collaboration solutions. Over the next two years, establishing a strong channel partner network in Australia will be the top priority for Citrix.

5.6 SAP

SAP entered the MDM market through its acquisition of Sybase in 2010. Following the acquisition, SAP Afaria has emerged as a major vendor for MDM solutions. However, the uptake of its Afaria platform in the Australian market has so far been weak. Most major channel partners focus primarily on AirWatch and MobileIron solutions, with Good Technology, Citrix and BlackBerry being the other key platforms. SAP has not secured any major customer wins in the MDM or EMM segment to pose a competitive threat to the main vendors.

Competitive Advantage

• Existing Customer Base for Enterprise Applications

Leveraging its strengths in core enterprise applications such as Enterprise Resource Planning (ERP) and Business Intelligence (BI) is SAP's main strategy for expanding its MDM market share. SAP's large established customer base for enterprise applications provides an attractive target market for promoting
mobility applications. The company will focus on bundling MDM and EMM applications with enterprise application licenses as its primary go-to-market strategy.

Challenges

- **Market Demand and Competition**
  Although SAP gained a foothold in the market through its bundling strategy, a large number of customers have switched to MDM solutions from other vendors such as AirWatch and MobileIron. A particular disadvantage for SAP has been the weak uptake of its Afaria solution among new customers. In addition, SAP is predominantly focused on the large enterprise segment, which has resulted in a limited presence in the SMB segment. Overall, as the company looks to increase its footprint in the Australian MDM market, it will face intense competition from AirWatch, MobileIron and Good Technology.

- **Channel Partner Network**
  While SAP holds a well-established partner network for its enterprise applications, it lacks specialist partners for mobility solutions. Given the need for market education and value added services in the emerging MDM and EMM market, channel partners play a critical role in enabling organisations manage the deployment. SAP currently lacks the breadth and range of channel partners when compared to major MDM vendors such as AirWatch and MobileIron.

5.7 IBM

IBM is among the major technology vendors seeking to increase its share of the EMM market. It previously offered mobile management solutions under its MobileFirst portfolio. However, uptake in the Australian market has been very low, with most of its
customer wins being a part of global deployments for large multi-national companies. In 2013, IBM announced the acquisition of Fiberlink, a provider of cloud-based enterprise mobility management solutions. Fiberlink's MaaS360, an EMM platform that provides device management, content management and secure gateways, was central to the acquisition. MaaS360 significantly improves IBM's capabilities in the EMM segment, and gives it a readily available product for the market. While demand and uptake for the solution has been gathering momentum globally, its awareness in the Australian market is still low.

Competitive Advantage

- **Position as a Global Systems Integrator**
  IBM’s main advantage is its reputation as a global systems integrator and technology service provider. Its strong brand name for IT services enables it to target the enterprise segment for large scale and complex deployments, particularly when bundled as a part of a major deployment. The MaaS360 acquisition makes IBM both a vendor and service provider for EMM solutions, giving it greater control over revenue margins.

Challenge

- **Visibility in the Local Market**
  Generating market awareness of its MDM and EMM solutions in Australia will be a key focus for IBM in the next few years. The company has found it challenging to replicate its success in the North American markets in the Australian market. In addition, IBM also lacks a strong channel partner network to support its market expansion activities in Australia. Another challenge is the erosion of its market share in the Unified Communications (UC) market. As a result, business perception of IBM as an enterprise communication and mobility solutions provider
is very weak. Overall, IBM’s ability to integrate key acquisitions and execute its market strategy will determine its future position in the market.

5.8 Microsoft

Although Microsoft only holds a small number of customers for its Intune MDM solution, the company is well positioned to emerge as a major vendor in the next three to five years. Microsoft’s Intune MDM solution is available either through an organisation’s existing System Centre Configuration Manager (SCCM) subscription, or as a stand-alone cloud-based application. The ability to integrate with Microsoft’s Active Directory is often the key driving factor for organisations looking for greater integration with existing applications. Current market awareness and uptake of Intune is very low, with its SCCM subscription customers accounting for most of its existing users.

Competitive Advantage

- Expertise in UC and Desktop Applications
  In the rapidly evolving MDM market, Microsoft will focus on leveraging its expertise in Unified Communications (UC) solutions to expand its footprint. Given its position as a major technology and software vendor, Microsoft possesses a number of advantages that will give it a strong foothold in the MDM and EMM market. Microsoft’s main advantage over competitors is its control over the desktop applications market, mainly through its Windows operating system and Office solutions. This will enable it to easily bridge the gap between PC and mobile device management, giving organisations a centralised platform to manage and control laptops as well as mobile devices. Microsoft’s acquisition of Nokia gives it added expertise in device manufacturing, which will enable it to tailor its Intune solution for a mobile based environment. Additionally, Microsoft’s strong brand
name and established partner network provides the necessary structure to bring EMM solutions to the market.

Challenge

- **Competition and Awareness in the local market**
  Microsoft is still at an early stage in terms of promoting its MDM and EMM capabilities, and has not been aggressively pushing for expansion of market share. As a result, market awareness and understanding of its MDM solutions is very low. In the next two years, Microsoft will increase its efforts in the mobility segment through its Windows 8 (Mobile) operating system and its Intune management platform. This will be a critical factor for competing against established vendors such as AirWatch and MobileIron. Although Microsoft has a number of key advantages to expand its presence in the EMM market, the execution of its go-to-market strategy and response to intensifying competition will determine its future in the market.

5.9 Google

Through the popularity of its Android mobile OS platform, Google has the potential to emerge as a major player in the MDM and EMM market. Google’s position as an enterprise communications vendor is also improving through its Google Apps and Gmail products. For MDM solutions, Google continues to enhance its enterprise tools and services to help organisations enhance the on-device experience of their employees. Google introduced support for enterprise applications through its Android 2.2 by offering the Android Device Administration API, which enables simple device administration features at the system level. In subsequent versions of Android (3.0 and 4.0), Google launched a series of advanced management capabilities such as
password protection and encryption. Such features provided basic to intermediate MDM functions that were built-in with mobile devices.

Competitive Advantage

- **Expertise in Mobile and Cloud-based Solutions**
  Google's control over the mobile OS environment gives it a major advantage in integrating MDM solutions with its cloud-based applications such as Gmail and Docs, offering a richer experience for the end user. In addition, Google also announced the acquisition of Divide, a MDM platform provider, in 2014. This provides Google the advanced capabilities to compete against major MDM vendors in the market. In addition, Google's expertise in cloud-based solutions will also be an advantage as the market moves towards a cloud-based MDM and EMM solutions in the next few years.

Challenge

- **Competition and Market Awareness**
  Google's MDM strategy is mainly built on its Divide acquisition, which gives it a competitive platform to offer to the market. However, the solution is still in the very early stages of availability and the company also faces the challenge of low market awareness. In the next few years, Google will focus on building increasing market awareness and promoting its ability to support non-Android based devices. The growing competition in the MDM and EMM market will be another major challenge for Google as it looks to increase its footprint. The company will face competition from a range of players including specialist MDM providers, technology providers and UC vendors.
5.10 Cisco

Cisco is another major UC vendor looking to enter the MDM and EMM market. Cisco gained a foothold in the market through its acquisition of Meraki, a provider of WiFi, switching and MDM solutions. Meraki offers its solutions over a cloud-based model, and specialises in addressing the mid-market segment. This provides Cisco with the necessary capabilities to address the MDM market. Cisco plans to leverage its network expertise and established customer base to drive its expansion into the MDM and EMM market.

Competitive Advantages

- **Expertise in Networking and UC Solutions**
  Cisco holds a strong position in the networking and UC market segments, which provides a large established customer base. This gives the company significant opportunities for promoting the uptake of its MDM and EMM solutions. Its well-established partner network and strong brand name in the market will be added advantages going forward.

- **Hosted UC Solutions**
  Cisco has been strengthening its position in the hosted UC market segment through its Hosted Collaboration Solution (HCS) platform for UC solutions. As the MDM market shifts towards a hosted and cloud-based model, Cisco is well positioned to capitalise on the shift.
Challenge

- **Competition and Market Awareness**

  Cisco's expertise in networks and its strong position in the UC market provide a platform to drive its market expansion. However, in an increasingly competitive market, Cisco will not only face specialised MDM vendors such as MobileIron, but also competition from major technology vendors entering the market, including Microsoft and IBM. Despite the acquisition, Cisco is yet to aggressively push into the MDM market. It has primarily focussed on leveraging the WiFi and mobile security capabilities of Meraki, and has not yet promoted its MDM features. Improving market awareness and upselling MDM and EMM solutions to its existing customer base will be the main focus areas for Cisco in the next two years.
6. The Analyst Word

The nascent stage of the MDM market in Australia has generated triple digit growth rates for vendors over the last few years. However, as organisations become more sophisticated in adopting MDM solutions, the overall market is gradually becoming commoditised. As a result, vendors are finding it very difficult to differentiate their solution from competing products. To overcome this challenge, vendors are focusing on expanding the capability of their MDM solution from device management to include wider mobility management. Vendors are beginning to offer a range of features such as Mobile Content Management (MCM), Mobile Application Management (MAM) and integration with Unified Communications (UC) and collaboration applications. As a result, the market is evolving towards a wider Enterprise Mobility Management (EMM) to address a wider range of business requirements. Going forward, the integration with enterprise communications and value added services will be the key focus areas for growth for market participants.

As the MDM market evolves towards EMM solutions, the competitive landscape will undergo significant changes. Currently, specialised MDM vendors account for the majority of deployments in the Australian market. However, this competitive mix is rapidly changing due to the widening scope of MDM solutions. The acquisition of AirWatch by VMware indicates the growing interest in the MDM segment from major technology vendors. Such acquisitions are expected to continue over the next few years, with MobileIron and Good Technology becoming key targets for larger players looking to enter the market. In the next few years a number of vendors from the technology, business applications and Machine-2-Machine (M2M) communications markets will enter the MDM and EMM market. The advantage will shift towards vendors that can offer a range of integrated solutions that connect mobility with core business functions.
The EMM market will undergo significant changes beyond 2016, as a number of technology vendors enter the market. This will primarily be driven by the massive demand for converged communications that enable organisations to manage a huge range of devices beyond smart phones and tablets through a single dashboard. The future EMM market will evolve into a fully integrated enterprise communications solution that leverages the capabilities of cloud computing and Machine-2-Machine (M2M) communication technologies. Future M2M solutions will enable users to interact with a range of items including cars, home appliances (air-conditioning units, lighting systems, etc.) and enterprise mobility applications. In addition, cloud-based models will enable organisations to manage devices and user profiles from any location, by placing smart phones and tablets at the centre of the ecosystem.
7. Frost IQ Methodology

The focus of Frost IQ is to provide a balanced assessment of selected markets. These markets have been tracked rigorously by Frost & Sullivan analysts over a period of time. Data that has been collected, such as vendor revenue, is scrutinized and forms part of the input for the Frost IQ matrix.

The study approach provides a mix of quantitative and qualitative assessment. The Frost IQ matrix has two major attributes. They are market share and future growth strategy.

1. Revenue Market Share

Revenue Market share information is derived from Frost & Sullivan research programs. These research programs include market trackers and syndicated research reports. From the regular research conducted at quarterly, semi-annual or annual intervals, analysts build a strong revenue database relating to vendors in the market.

According to the Frost IQ Matrix, the X-axis measures the market share on a percentage scale. The divide line on the matrix is set at 50 percent of the revenue market share of the leading player in that particular market.

2. Growth Strategy

Frost & Sullivan considers 4 main components in the growth strategy assessment for Frost IQ. The guiding principle is that these components and their subcomponents should follow the MECE (Mutually Exclusive and Comprehensively Exhaustive) test.
The four main components are as follows:

- Product/service strategy
- People and skills strategy
- Ecosystem strategy
- Business strategy

There is an equal weightage to all the components with measurement on a 100 point scale. The dividing line on the Y-axis is at the mid-point i.e. a weighted score of 50 on a 100 point scale.

Details of the sub-components are available, if required.
About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, works in collaboration with clients to leverage visionary innovation that addresses the global challenges and related growth opportunities that will make or break today’s market participants. For more than 50 years, we have been developing growth strategies for the Global 1000, emerging businesses, the public sector and the investment community. Is your organization prepared for the next profound wave of industry convergence, disruptive technologies, increasing competitive intensity, Mega Trends, breakthrough best practices, changing customer dynamics and emerging economies?

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