

BMC Software Acquires MQSoftware, Strengthens Middleware and Transaction Management Portfolio

Abstract

In August of 2009, BMC Software (BMC) announced its acquisition of MQSoftware, a privately-owned Independent Software Vendor (ISV) specializing in management and reporting software for IBM® WebSphere® MQ and other middleware platforms. The acquisition formalized a partnership and integration roadmap announced in July of 2007, and, per BMC, was based on customer demand.

MQSoftware brings multiple product capabilities to the table including Enterprise Application Integration (EAI), business transaction assurance, and management and messaging tracking for IBM WebSphere MQ, Oracle WebLogic Server (formerly BEA WebLogic), and Tibco, among others. ENTERPRISE MANAGEMENT ASSOCIATES® (EMA™) analysts see this as an astute acquisition with the potential to strengthen BMC's positioning in the transaction and application management spaces. This EMA brief covers the specifics of the acquisition, including details about the two companies' product offerings, as well as the integration roadmap for the two lines.

BMC Announces Acquisition of MQSoftware

On August 10, 2009, BMC Software (NYSE: BMC) announced its acquisition of MQSoftware, a Minneapolis, Minnesota-based Independent Software Vendor specializing in real-time business transaction assurance and middleware management. Founded in the mid 1990s as a training and consulting firm specializing in IBM® MQSeries, MQSoftware introduced its flagship product, Q Pasa!, in response to customer demand for performance and availability monitoring. Over time, the company introduced five additional solutions, including:

- Q Nami!: Business Transaction Assurance
- AppWatch: IBM WebSphere MQ Management
- AppWise: Tibco Enterprise Management Advisor management
- StatWatch: WebSphere MQ Message Tracking
- DataFlow Studio: Enterprise Application Integration

In July of 2007, two years prior to the acquisition, BMC announced a formal partnership with MQSoftware, along with plans to integrate BMC's MAINVIEW Transaction Analyzer (MVTA) with MQSoftware's Q Nami! Q Nami! supports multiple platforms including IBM WebSphere MQ, Oracle WebLogic Server, and Tibco, among others.

The two companies will continue to build upon the current integration. It provides the ability to launch MVTA in context from the QNami! dashboard, with drill-down into the underlying MAINVIEW monitors for root cause analysis.

High Performing Transactions and Revenue

MQ is a market-leading, message-oriented middleware technology introduced by IBM in the early 1990s. Today, the IBM zSeries line is still going strong, and WebSphere MQ is the acknowledged leader in the middleware space with a purported 75-80% of market share. Millions of transactions per month worldwide run over MQ messaging, and the importance of managing such transactions grows as they become increasingly fundamental to revenue.

In recent Return on Investment (ROI) research, EMA interviewed an IT manager within a large manufacturing and distribution firm. His team was responsible for managing all aspects of IBM WebSphere® MQ, covering over 300 applications and 65,000 MQ queues, with "probably billions" of transactions going through the system on a daily basis. Severity 1 problems cost this company between \$750,000 and \$1.5 million per incident. Clearly, for large companies such as this one, lack of visibility to MQ can have significant cost implications.

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The BMC-MQSoftware Combination

With roots in the systems and silo management capabilities characteristic of the enterprise management space of the 1990s, BMC has invested heavily in recent years to build the enterprise focus that is fundamental to the Business Service Management (BSM) vision of today. In doing so, the company has pursued multiple strategies, including re-architecting its solution set, acquiring, and partnering.

One result is BMC's Performance Manager, which augments BMC Patrol's agent-based technology with agentless technology. BMC's acquisition of ProactiveNet in 2007 added to BMC's transaction-based capabilities with transaction monitoring, correlation, and predictive analytics. ProactiveNet analyzes transaction health in near real-time, and proactively notifies on pending problems based on the past behavior of the application and its supporting ecosystem.

MQSoftware adds a feature-rich set of offerings to this landscape. The acquired assets strengthen BMC's capabilities in the transaction space by bringing visibility to the messaging "Black Box." EMA views middleware management as part of the Application Integration Analytics layer of the End-to-End Application Management Model, a capability that is critical to delivering high-performing transactions in complex tiered and composite deployments. For many companies, products in this space are viewed as investments rather than simply as a cost.

From the enterprise perspective, deploying such products is no longer a matter of choice so much as a business imperative. Companies lose money if their transactions don't perform. Employees on the manufacturing floor grind to a halt, customers can't place orders, and shipping activities cease.

Regardless of the risk, many IT organizations still do not have a good grasp on transaction performance. Without specialized products, it is difficult to know whether transactions are completing or not, the round-trip response time if and when they do complete, and to troubleshoot when problems do occur. The combination of BMC and MQSoftware solutions offers a unified solution for managing these transactions across mainframe and distributed systems.

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Key Ramifications

- *Adds key transaction management capability to BMC's Business Service Management (BSM) line:* MQ Software covers transactions running on mainframe Operating Systems as well as systems running Linux and UNIX. Because it addresses these popular systems, it complements BMC's existing solution set and is ideally positioned to augment the BMC line.
- *Based on customer request:* BMC made this acquisition based on customer request, with the larger companies in particular seeking more comprehensive management capabilities around MQ and WebSphere.
- *Pre-integrated:* BMC and MQSoftware have been jointly working on product integration for over two years. This announcement formalizes the partnership and signals BMC's commitment to continue to strengthen its transaction management capabilities over time.
- *Solutions Roadmap already in place:*
 - This acquisition is positioned within BMC's mainframe business unit and is already integrated with BMC MAINVIEW (which provides predictive analytics and management capabilities for z/OS, z/VM, Linux, and mainframe subsystems)

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- The MQSoftware assets will be the foundation for BMC's enterprise middleware management offerings
- Continued enhancements and integration between Q Nami! and MAINVIEW Transaction Analyzer
- Over time, MQSoftware assets will be integrated with BMC Performance Manager (BPM) for WebSphere business integration. Existing monitoring, functionality and console integration will be retained.
- *Good fit with BMC's BSM vision:* Both vertical (infrastructure, silo-based) and horizontal (transaction-based) views to the technology ecosystem are required to support today's increasingly complex distributed applications. MQSoftware adds insight into transaction execution, an important "next step" in BMC's expanding transaction-focused toolset.

EMA Perspective

BMC continues to enhance its BSM capabilities via partnerships, development and acquisitions. This acquisition builds on the BSM vision and adds to BMC's credibility as a competitor in the application and transaction management spaces. Particularly in combination with Atrium, BMC's federated Configuration Management System (CMS), the MQSoftware assets boost BMC's message in a very positive way.

IBM WebSphere MQ is by far the leading middleware technology, and the ability to manage business transactions running on WebSphere MQ will be a big win. The fact that integration and future development roadmaps are already in place bodes well for BMC customers, as does the fact that BMC plans to keep MQSoftware's management and development staff largely in place.

For customers, there is a lot of upside and very little downside to this announcement. However, for BMC it presents a challenge. BMC has demonstrated very astute judgment in its acquisitions over time, as illustrated by its ProactiveNet investment. However, also illustrated by the ProactiveNet investment, BMC has had trouble formulating and conveying an application and transaction-focused management strategy.

With this acquisition, BMC has the products to build this message. ProactiveNet incorporates strong predictive and correlation capabilities, MQSoftware adds middleware visibility, and the BSM and Atrium solution sets can potentially tie it all together. The problem for BMC now becomes one of seamlessly integrating across the portfolio and conveying its differentiators in the transaction management space to the larger marketplace.

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About EMA

Founded in 1996, Enterprise Management Associates (EMA) is a leading industry analyst firm that specializes in going "beyond the surface" to provide deep insight across the full spectrum of IT management technologies. EMA analysts leverage a unique combination of practical experience, insight into industry best practices, and in-depth knowledge of current and planned vendor solutions to help its clients achieve their goals. Learn more about EMA research, analysis, and consulting services for enterprise IT professionals and IT vendors at www.enterprisemanagement.com or follow EMA on Twitter (http://twitter.com/ema_research).

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