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Gartner Says Project and Portfolio Management Software Market Grew 11 Per Cent in 2012

Analysts to Discuss Latest PPM Trends at the Gartner PPM and IT Governance Summits 2013, 20-22 May in National Harbor, MD and 3-4 June in London

STAMFORD, Conn., May 13, 2013 — Worldwide project and portfolio management (PPM) software revenue totalled $1.65 billion in 2012, up 11 per cent from $1.48 billion in 2011, according to final results from Gartner, Inc.

"In 2012, the PPM software market had strong growth for the third consecutive year despite, or perhaps because of, slow economic growth, tight IT budgets, and merger and acquisition activity," said Laurie Wurster, research director at Gartner. "Turbulent or uncertain IT requirements perpetuated by a stagnant economy are driving changes in IT solutions and delivery models. Key vendors continue to expand product portfolios, buy companies where appropriate, and expand their reach into emerging markets. 2012 represented continued resiliency, where the total PPM market expanded in terms of both revenue dollars and worldwide markets."

Vendor movement has been characterised by partnering and acquisition, some new sales emphasis beyond North America, and improved packaging and delivery options (most notably, software as a service [SaaS]), as well as by new product releases. Through 2011, PPM product development was generally focused more on integration. However, in 2012, it showed signs of resiliency and innovation as some vendors transformed themselves to support changing user requirements and expanded their reach into additional PPM domains (such as PPM for professional services), or into domains outside PPM (such as greater reach with SaaS offerings and into technologies such as application life cycle management [ALM]).

The top five PPM vendors accounted for nearly 50 per cent of PPM software revenue in 2012, and there was no change in their ranking (see Table 1). Oracle maintained its No. 1 position, with revenue of $381 million, as the company moved to broaden its PPM "sweet spot" into the midmarket with the November 2012 acquisition of cloud-based Instantis. Second-placed Microsoft also grew revenue by 10 per cent to reach $252 million, while, in third place, CA Technologies grew revenue by 7 per cent to reach $157 billion.

Table 1
PPM Software Spending by Vendor, Total Software Revenue Worldwide, 2012 (Millions of Dollars)

Company	2012 Revenue	2012 Market Share (%)	2011 Revenue	2011-2012 Growth (%)
Oracle	381.2	23.0	345.6	10.0
Microsoft	252.3	15.0	229.6	10.0
CA Technologies	157.5	10.0	147.7	7.0
Planview	90.4	6.0	84.9	7.0
HP	73.4	4.0	64.4	14.0
Others	696.2	42.0	613.7	13.4
Total	**1,651.0**	**100.0**	**1,485.9**	**11.0**

Source: Gartner (May 2013)

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"Without major acquisitions, the top three vendors will not easily change positions. With roughly between $100 million and $150 million spread among the top three, it would take six to 10 years to organically grow that much revenue," said Ms Wurster. "The vendors to watch in terms of dynamics will be those with revenue ranging from $30 million to $60 million. Strategies on business models, as well as partnering programmes to obtain reach into regions outside North America and Western Europe, will be key to growth."

The market for PPM software at the regional level remains, as in previous years, with North America and Western Europe the prime consumers. Nearly 90 per cent of this revenue is concentrated in developed markets, suggesting that, on the IT adoption curve, PPM is a relatively late technology to adopt and is targeted by relatively mature companies.

Nonetheless, not all regions experienced the high-double-digit growth of Eastern Europe, Greater China, emerging Asia/Pacific, Latin America, and the Middle East and North Africa. The areas with slowest growth were Western Europe and North America, with 6.3 per cent and 10 per cent growth, respectively, but with a significantly larger revenue base; the amount of gain in revenue was substantially higher than in the faster-growing regions.

Many organisations, in both emerging and mature regions, still lack the appropriate tools and/or the skills to manage and optimise project resources. There are more first-time buyers of PPM software in emerging regions than there are in more mature economies. In mature economies, users are either updating or changing software. Because the economy remained weak, especially in Western Europe, organisations operating with tighter budgets required better capabilities for using resources. In general, for the same reasons, economic recovery (if, when and where this occurs) will continue to drive new spending in this software market.

More detailed analysis is available in the report "Market Share Analysis: Project and Portfolio Management Software, Worldwide, 2012." The report is available on Gartner's web site at http://www.gartner.com/resId=2458316**.**

Gartner analysts will share additional information on PPM trends at the Gartner PPM and IT Governance Summit 2013 on 20-22 May in National Harbor, MD. Additional information is available at www.gartner.com/us/ppm. Members of the media can register by contacting Janessa Rivera at janessa.rivera@gartner.com.

PPM trends will also be discussed at the Gartner PPM and IT Governance Summit 2013 on 3-4 June in London. For more information on this Summit, please visit www.europe.gartner.com/ppm. Members of the press can register for the Summit by contacting Robert van der Meulen at rob.vandermeulen@gartner.com.

Information from the Summits will be shared on Twitter at http://twitter.com/Gartner_inc using #GartnerPPM.

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