



Research Brief

BAM: A Composite Market View

Abstract: *BAM is not a market on its own. For vendors, the challenge is in supplying business solutions, not technology.*

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Key Issue

What is the market size and how are the vendors positioned in it?

Recommendations

- To realize the revenue potential of BAM, vendors must offer business solutions and sell to the business level, not just push technologies.
 - Vendors must tune their marketing messages to help companies take advantage of the faster pace of today's business demands, which are causing companies to fine tune their e-business infrastructures and processes for speed and reliable global 24x7 operation.
 - BAM and the process of integrating applications pose many challenging problems, so vendors must have the correct understanding of the business and technical issues that you propose to solve for your customer.
 - Software vendors offering BAM-enabled products must partner with consultancies that can help end users move to best-practice processes.
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An Introduction to BAM

Business activity monitoring (BAM) is a composite market, not a market by itself. A composite market is an overlay or part of several other markets that Gartner Dataquest regularly tracks and forecasts. The BAM composite market includes contributions from business intelligence (BI), network systems management (NSM) and application integration and middleware (AIM).

The BI industry has been moving to real-time decision-support systems for 30 years. The historical precedents for real-time monitoring of large-scale, complex systems include the following:

- Financial trading, including real-time stock analysis and program trading
- Military and business "war rooms"
- Transportation, including airline operations, air tower control systems and Amtrak's railroad control system
- NASA flight centers
- Logistics management and package shipment systems used by Federal Express and UPS

Gartner Dataquest believes that BAM is broadening the adoption of real-time and near real-time business monitoring beyond the niche of the control room.

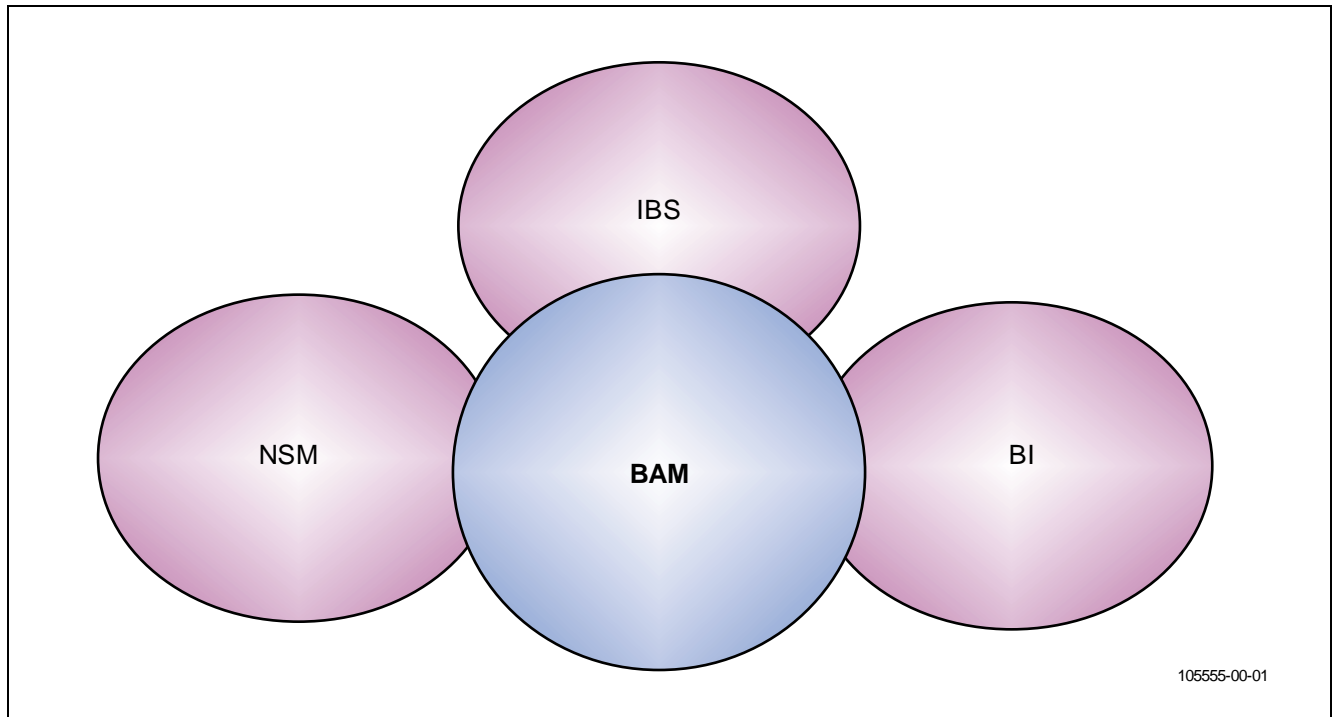
BAM Is and Is Not

BAM is a Gartner Dataquest term, which has been defined as the concept of providing real-time access to critical business performance indicators to improve the speed and effectiveness of business operations. At its broadest level, BAM is the convergence of operational BI and real-time application integration aimed at business goals but enabled through advances in IT. Please see the Gartner Research Note "Business Activity Monitoring: The Promise and Reality" (COM-13-9992).

BAM provides near real-time access to critical business-performance indicators to improve the speed and effectiveness of business operations. It is not IT monitoring.

BAM solutions focus on cross-business processes rather than divisional-, departmental- or technology-specific processes. The scope of integration in BAM solutions expands far beyond the four walls of a plant or a division, and real time is not necessarily nanoseconds but rather is determined by the requirements of the business process. It brings the near real-time world of the BI operational data store together with network and systems management (NSM) monitoring and business process monitoring (BPM) through integration brokers and the shared message bus (see Figure 1).

Figure 1
BAM Composite Markets



Source: Gartner Dataquest (February 2002)

BAM Is a Composite Market, not a Market by Itself

BAM is a composite market that is an overlay or part of several existing markets that Gartner Dataquest regularly tracks and forecasts. It is not a market by itself. A composite market is one that Gartner Dataquest does not officially track and measure on an ongoing basis, but one that offers an alternative view or cut of our official market data. The final point about a composite market is that any of the existing markets such as integration broker suite (IBS) or BI may very well swallow up the BAM composite market. This would cause the composite market to decompose.

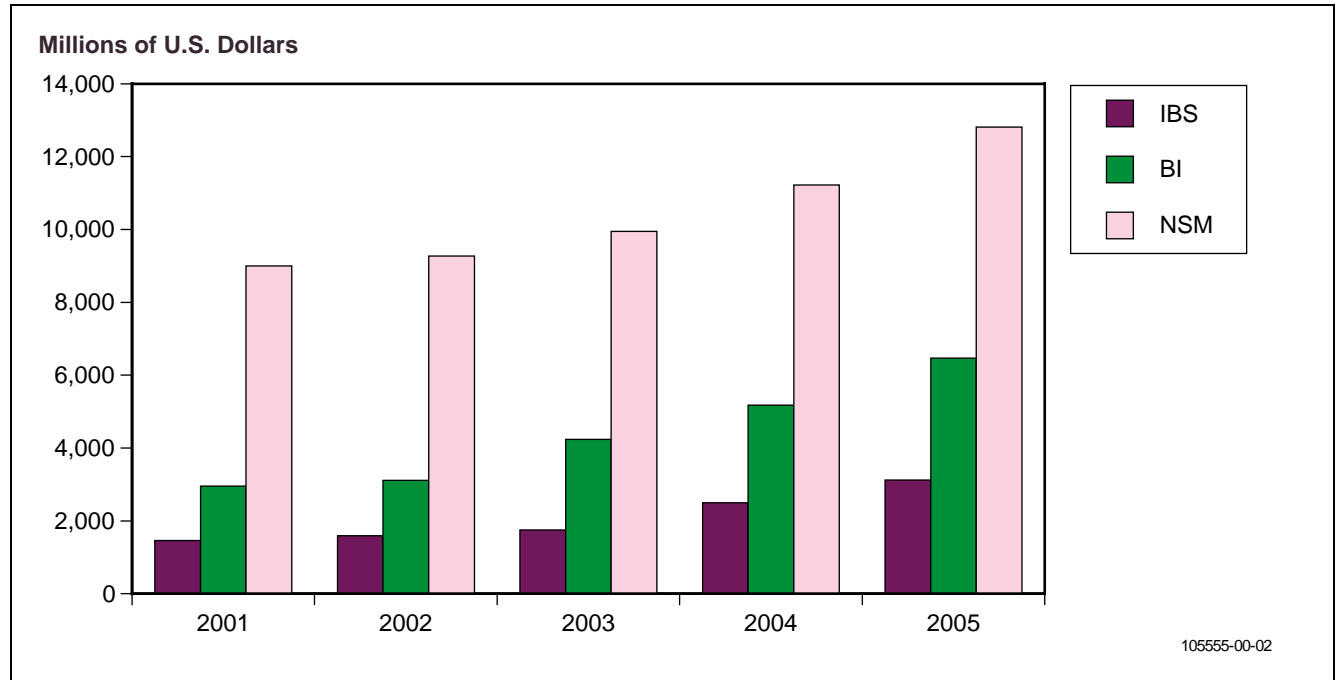
Figure 2 shows the total combined size of projected new licenses for the markets comprising BAM in this model (IBS, BI and NSM). These three segments comprise the majority of infrastructure and platform segments that are addressing the BAM problem. These markets are estimated to be \$13.4 billion in 2001 and to grow to more than \$22.4 billion by 2005.

In putting together the BAM model, we used existing Gartner Dataquest software segments. Gartner Dataquest is not primarily forecasting the emergence of a new software market or additional net new license revenue but rather the percentage of new revenue in existing markets associated with BAM.

Figure 3 shows new license revenue purchased primarily for the purpose of implementing BAM in each of the three segments in this BAM model.

In 2005, we forecast that 30 percent of total IBS revenue will be associated with BAM, 15 percent of total BI revenue and 2.3 percent of total NSM revenue, respectively, will be associated with BAM implementation. The combined size of the BAM composite market, including other software, was about \$115 million in 2001 and is expected to grow to \$2,607 million in 2005. By 2005, IBS BAM will have a 36 percent share, BI BAM a 35 percent share and NSM BAM an 11 percent share, while the other BAM segment will have increased to an 18 percent share of the BAM composite market

Figure 2
Existing Markets



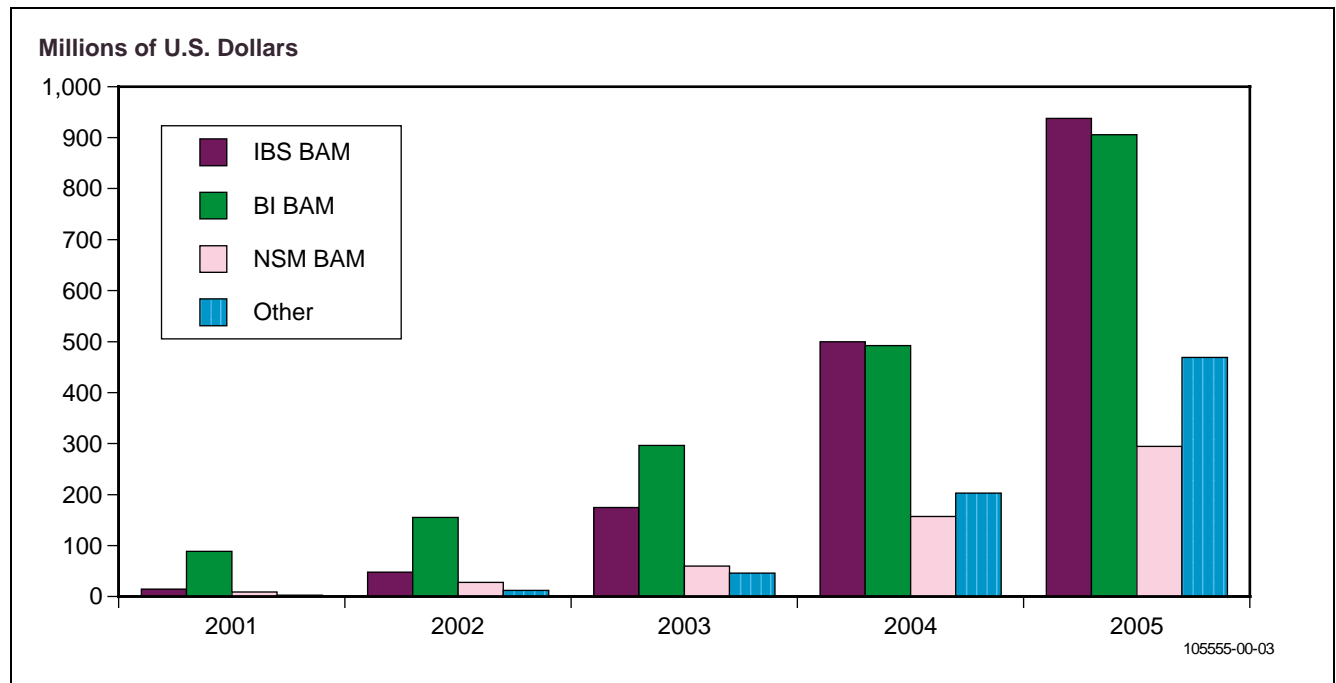
Source: Gartner Dataquest (February 2002)

The Future for BAM

The real potential for BAM is at the business level, enabling new business strategies, reducing operating costs, and improving process performance and other tangible areas of management attention. Early BAM ventures in transportation (for example, airline operations) and logistics (for example, package shipment) are showing the benefits of reduced latency on decision making.

The generally increasing pace of business, escalating demands for better customer service, and requirements for more efficiency and better return on investment (ROI) are forcing companies to fine tune their technologies to meet the faster pace of business demands. These drivers are helping to increase the need for technologies such as BAM.

Figure 3
BAM-Driven New Licenses, 2000-2003



Source: Gartner Dataquest (February 2002)

However, BAM and integration-of-application process are not one problem, but many. BAM is difficult, complex and not well understood, and because it is so complex, ROI or cost justification is difficult to determine. The explicit definition of business processes and the management of processes are lacking in most companies. The amount of resources required to understand what and how to document, manage and evolve, and to monitor business processes and activities to conform to the requirements of the technology will create challenges in realizing the vendor revenue opportunity.

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