

# Magic Quadrant for Integrated Workplace Management Systems

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The integrated workplace management system market continues to rapidly evolve and consolidate. Real estate and facilities executives who deliver the significant ROI of integrated management of the full facilities life cycle will gain positive C-suite and even board-level attention.

## Market Definition/Description

### The Integrated Workplace Management System (IWMS) Challenge

CFOs, CIOs, and corporate real estate and facilities managers are challenged to effectively manage the full life cycle of their facilities — the second largest budget item in the enterprise.

### Target Audience

This research should be of greatest value to stakeholders (for example, executive management in finance, IT, corporate real estate/property or facilities) who are wrestling with managing any part of the facilities life cycle, which, in many enterprise budgets, is the *second largest expense item* (the first is people). Gartner defines that life cycle — the IWMS market — as composing the following five core areas of functionality, which have historically been organizationally and operationally distinct and independent, with only minimal interdisciplinary synergy:

1. **Capital project management:** Activities associated with new facilities development and the remodeling/enhancement of existing facilities, including reconfiguration and expansion. Functions include capital planning, design, funding, bidding, procurement, cost and resource management, workflows, construction, project documentation and drawings, scheduling, and critical path analysis. In this area, we are seeing a growing need to "rewind" even before capital project management to focus on the complex task of *location management*. For example, where should my next facility be located? What are the demographics of a certain region? What are its transportation logistics? Availability of energy? Utility alternatives and costs? Wastewater disposal? Many IWMS vendors are responding to user demand for such geographic information system- (GIS-) based location management functionality with innovative solutions that are rapidly becoming success prerequisites, especially in the retail space.
2. **Real estate/property portfolio management and lease administration:** This function addresses strategic planning (such as site identification, selection and development), capital planning, RFP and lease analysis, real estate portfolio, financial management and analytics, tax management, lease administration (such as accounts receivable and accounts payable), transaction management, and support for the proposed new Financial Accounting Standards Board (FASB)/International Accounting Standards Board (IASB) accounting standard (see the Market Overview section), which eliminates the off-balance-sheet operating lease. We are seeing the concept of "big data" (defined as high-volume, high-velocity, high-variety information assets that demand cost-effective, innovative forms of information processing for enhanced

insight and decision making) playing a growing role in many corporate real estate operations, and many IWMS vendors are actively developing robust big data solutions specifically tailored for the real estate function.

3. **Space and facilities management (FM):** This broad area covers functions related to the operations and optimization of facilities, and includes facilities planning; space management; site and employee services management; office hoteling and room reservations; physical security administration; environmental, health and safety, and moves, adds and changes; "what if" utilization scenarios; and facilities and space management analytics. *Mobile computing* is having a growing impact on the way IWMSs in general, and space and FM systems specifically, are deployed and utilized.
4. **Maintenance management:** This function has elements of computerized maintenance management systems and enterprise asset management, and consists of preventive and unplanned/reactive maintenance management, warranty management (compliance and administration), work order administration, parts and inventory management, vendor management, and building assessment.
5. **Sustainability/facility optimization and compliance:** This is a rapidly growing and evolving function that is focused on the optimization of energy use — a core IWMS function, since buildings consume as much as 40% of the world's electricity, much of which is inefficiently utilized or even wasted. This area addresses energy efficiency management and reporting (active environmental controls), waste management, recycling, carbon credit calculation, certification and compliance — such as Leadership in Energy and Environmental Design (LEED) and Building Research Establishment (BRE) Environmental Assessment Method (BREEAM) — and others, such as renewable groundwater supplies, pollution absorption and nonrenewable mineral conservation.

The IWMS market is maturing rapidly and is well into its third phase of development:

- Phase 1 (the 1990s and earlier) was a slow evolution from largely manual systems to the automation of space planning, facility operations and maintenance. It became the foundation of computer-aided facilities management (CAFM).
- Phase 2 (the 2000s) saw the proliferation of largely stand-alone CAFM systems and expanded into broader, more comprehensive functionality (such as lease administration and project management).
- Phase 3 is currently characterized by not only a growing wave of first-time IWMS users, but also the displacement of first-generation and second-generation CAFM/IWMS solutions with more robust offerings to satisfy much deeper functionality requirements (such as robust sustainability functionality and sophisticated financial analytic disciplines for mature real estate management).

Our ongoing research indicates that there are clear benefits and strong stand-alone ROIs to be harvested from deploying single IWMS functional modules. Indeed, we believe the best practice is to avoid the "big bang" approach to IWMS deployment by developing a disciplined, prioritized triage of functionality — identifying which IWMS functions will have the greatest ROI and deploying them serially, each with its own stand-alone business case.

With that said, we believe the real payback and ultimate value of IWMSs is derived from the "I": *integration*. The effective integration of these disciplines ideally operates from a single database with a common user interface, workflow tools, executive dashboards, and robust predefined and customized reporting capabilities.

A key IWMS prerequisite to ensuring rapid time to value and consequent ROI realization is robust interoperability with other enterprise application systems — such as ERP, supply chain management and human capital management — via increasingly robust Web services technologies.

The primary challenge in deploying most IWMSs is candidly evaluating the strengths and weaknesses of existing internal systems and business processes and, where they fall short, adapting them to

those of the chosen IWMS. Indeed, we believe that a core success prerequisite and best practice for deploying an IWMS is to make the new IWMS the default business process, overriding the current business process in all but the most compelling cases. In fact, with the robust configuration capabilities of most IWMSs, this approach can often deliver a long-term "best of both worlds" — a robust, but standardized, easily upgradable system that can be configured to match most of the business's specific requirements.

In this context of rapidly evolving IWMS functionality, the following key features have emerged as high-demand capabilities (the first three promise the most innovation and high demand within IWMSs):

- *Mobility:* The rapid evolution to an increasingly agile, mobile workforce, along with the increasing ubiquity of mobile devices (such as smartphones and tablets), is driving users to demand (and vendors to supply) mobile-enabled versions of much of the IWMS product portfolio. Organizations and vendors are quickly seeing the enormous productivity potential of combining the convenience and power of handheld devices with the robust capabilities of IWMSs.
- *Robust analytics and big data:* A growing number of large organizations are realizing the enormous value that has heretofore been hidden in the vast amounts of real estate data generated by most sophisticated IWMSs. When effectively managed and analyzed, the high *volume*, high *velocity* and high *variety* of the Counselors of Real Estate's (CRE's) big data can drive material competitive advantage and yield significant cost savings in most CRE operations.
- *GIS-based location management:* Driven by rapid advances in GIS, organizations now understand the profound impact that GIS-based location management systems can have on the entire life cycle of a facility — from site selection (for example, site data on demographics, transportation and energy availability, waste disposal and so on), design and construction, to operations, maintenance and enhancement, to ultimate disposition. Indeed, many organizations are demanding — and IWMS vendors are delivering — robust, GIS-based functionality that is embedded in many IWMS modules.
- *Reduced time to value:* IWMS deployments as recently as three to four years ago had unacceptably long integration and deployment timelines (as many as 12 to 18 months for complex deployments), which were too often unanticipated in terms of time, cost and dedicated resources. While this delay has been largely resolved with many vendors' well-designed rapid deployment templates, reduced implementation times and quicker ROIs remain hallmark requirements in most IWMS RFPs.
- *Role-based Web portal:* Simple Web access is no longer adequate, and most users are demanding the ability for different roles in the workplace organization to access the system via a portal that is tailored to an individual's role in the organization.
- *Facility monitoring and assessment:* A growing requirement within many organizations is the need for comprehensive, accurate, up-to-date data and analysis of building conditions and trends. Such an intimate and accurate quantification of facility status is a key prerequisite for predictive analytics and effective capital budgeting of building construction, adaptation, maintenance, and major system replacements or enhancements.
- *Tighter and more effective integration between project management output and real estate, lease, and FM data:* Historically, project data would have to be input manually to the property database; however, in a properly architected and deployed IWMS solution, this data can flow automatically from construction to real estate property to FM.
- *Effective interoperability between IWMSs and other enterprise systems:* Because most organizations run their businesses using major enterprise systems, it has become a fundamental requirement for IWMSs to be compatible with the major enterprise financial and HR systems, as well as to operate in multiple database environments (such as Oracle, SQL and DB2). It should be noted that, while such integration with existing enterprise systems is a core requirement, integration with many "homegrown" (or at least heavily modified and/or poorly documented) systems typically ends up posing the greatest challenge to IWMS deployments.

- *Baseline functionality:* Once considered to be competitive differentiators, many IWMS features are now regarded as foundational functions with strong customer demand. These include multiple currency and language translation, worldwide 24/7 help desk support, strong reporting and business intelligence capabilities, and robust analytics and "what if" scenario functionality (for example, lease and financing options, building consolidation variables, and use assumptions related to office hoteling or desk sharing).
- *Strategic portfolio analysis:* Several leading vendors have, in their product road maps, identified the need to provide robust strategic portfolio planning capabilities to include what-if analysis, scenario building, and sophisticated investment and cash-flow analysis — including risk analysis. As mentioned earlier, we believe big data will play an increasingly important supporting role in delivering precise, high-quality IWMS data to enable the most well-informed strategic decisions possible.

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## Magic Quadrant

**Figure 1.** Magic Quadrant for Integrated Workplace Management Systems



Source: Gartner (June 2013)

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## Vendor Strengths and Cautions

### Accruent

Accruent was founded in 1995 and was acquired by Vista Equity Partners in 2010. It is currently headquartered in Austin, Texas, and has revenue in the \$60 million to \$70 million range (Gartner estimate) that is highly concentrated in North American customers with revenue of less than \$1 billion. Accruent has become a solidly profitable, high-growth company (it doubled revenue in 2012), largely through rapid-fire acquisitions over the past two years. Its relatively unique strategy among IWMS vendors focuses on serving specific vertical markets, with distinct, purpose-built IWMS product suites targeted at specific industries: corporate, retail, higher education and wireless (the first two account for almost 60% of its revenue). Accruent's customer base is trending away from on-premises deployments, and a significant majority of the vendor's revenue is derived from multitenant software as a service (SaaS).

Gartner believes that Accruent and its Vista Equity Partners parent will continue the vendor's above-average growth with more targeted acquisitions (for example, international) through at least 2014.

### Strengths

- Customer feedback indicates that Accruent's IWMS suites generally have good functional matches in the vertical industries in which they play, which can reduce implementation costs and optimize business value.
- Since its January 2010 acquisition by Vista Equity Partners, Accruent has grown rapidly in gross revenue and profitability. Its strategy of organic and acquisitive growth has yielded good financial stability and improved long-term viability.
- Since the Vista acquisition, Accruent users indicate that consistency and quality of support have improved.

### Cautions

- While Accruent's four-suite (going to three with the Famis-360Facility migration; target completion: YE13), industry-specific IWMS approach promises implementation and functional benefits, it also comes with the potential risk of higher development, enhancement and support costs, and a longer time to market than more unified product suites that may need more industry-specific tailoring.
- Although Accruent is making inroads internationally, it still derives more than 90% of its revenue from North America. Feedback from its multinational customers indicates that they would like to see greater international focus and functionality.
- Accruent's current migration of its Famis platform to 360Facility's SaaS-based architecture (target completion: YE13) poses some potential risk for current and prospective Famis users.

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### Archibus

Headquartered in Boston, Archibus was founded by its current CEO, Bruce Kenneth Forbes, in 1982, and is a large, global provider of real estate, infrastructure and FM solutions. It has developed a unique business model that is heavily dependent on its extensive network of Archibus Solution

Centers (ASCs), and on its authorized and certified third-party, value-added software and service partners and consultants — its Federated Eco-System — for sales, implementation, product support and development, and other services.

The core of the Archibus Federated Eco-System is its growing network of more than 1,600 business partners and ASCs, which provide local, regional, national, and global support and services for Archibus solutions.

While Archibus states that this Federated Eco-System generates more than \$2.2 billion in revenue, it is important to understand that this figure should not be considered an Archibus revenue figure in the traditional, audited accounting sense of a public company, but rather a gross representation of Archibus' extensive ASC and third-party partner Federated Eco-System.

## Strengths

- Archibus has a strong international presence (its revenue is about equally divided among the three major geographies: the Americas, EMEA and Asia/Pacific), and through its Federated Eco-System of partners and ASCs, Archibus' products and services are available in more than 190 countries and in 30 languages.
- Archibus offers a full range of integrated IWMS functionality, and is particularly strong in real estate, facility and building operations management, asset management, Building Information Modeling (BIM) 4.0, and environmental sustainability and risk management.
- Archibus' integrated commercial off-the-shelf structure allows for rapid time-to-value deployments (for example, actionable results within 90 days, depending on implementation complexity), and is relatively scalable for small, midsize and large organizations.

## Cautions

- Archibus' unique delivery model of heavy reliance on its extensive Federated Eco-System of ASCs and authorized/certified Archibus partners makes customers largely dependent on the quality and capabilities of their ASCs and partners. Archibus indicates that it works directly with the IT and deployment teams at many accounts throughout the world that have requested its involvement.
- Some customers indicate that the documentation is overly technical and not targeted at the end user, and that there's room for improvement on Archibus' reporting and printing capabilities.
- Customer feedback indicates that Archibus and its partners could better communicate the content and ramifications of its upgrades.

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## Business Integration Group (BIG)

Headquartered in Tempe, Arizona, BIG was founded in 1998 and is majority-owned by the large, global, commercial real estate service firm, Cushman & Wakefield. BIG offers a full suite of SaaS-based IWMS functionality and capabilities that covers five key functional "centers": Facility (FM), Portfolio (real estate management), Occupancy (space management), Project and Green (sustainability management).

While the majority of BIG's customers are larger organizations (with revenue of more than \$5 billion), the vendor has good representation (25%) in midsize organizations (with revenue of \$1 billion to \$5 billion) and smaller companies. The great majority (more than 90%) of its deployments are via SaaS, and about two-thirds of its business is derived from the financial and technology/information service sectors. While BIG's products and services are utilized by clients globally, it has derived a steady 70% of its revenue from North America, with EMEA and Asia/Pacific contributing roughly 20% and 10%, respectively.

Cushman & Wakefield's majority ownership gives BIG a strong financial and operational foundation that removes any real question of its long-term viability. While many of BIG's sales are sourced from this channel, BIG operates independently, and also provides its products and services to other real estate service providers. Customer feedback confirms the basic independence of the two companies, and that there is typically no pressure on BIG customers to employ Cushman & Wakefield's services downstream.

## Strengths

- BIG prides itself on the ease with which any of its five core IWMS modules can be deployed — many users testify to implementations of less than six months, depending on complexity and scale.
- BIG's close relationship with its majority owner, Cushman & Wakefield, ensures financial stability and facilitates new product enhancements that are focused on users' practical requirements.
- Positive customer feedback indicates that BIG almost exclusively uses its own qualified, responsive and knowledgeable people for implementation and support.

## Cautions

- We have heard of some concern from a few BIG customers that its relatively rapid growth may be coming at the expense of consistently strong support from existing customers with a deep and experienced talent pool.
- Some customer feedback indicates that BIG could be more proactive in communicating its product road map and the timing of upgrades/enhancements.
- Customers have indicated that, when customization is required, it can take longer than anticipated.

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## FM:Systems

Raleigh, North Carolina-based FM:Systems, which was founded in 1984, is coming up on its 30th anniversary. Over that time, it has developed offerings across the IWMS functionality spectrum. Its core strength lies in more operational capabilities, such as FM, space planning and project management. About 80% of FM:Systems' revenue (less than \$10 million, by Gartner's estimate) is from North America, and mostly (about two-thirds) from organizations with less than \$5 billion in revenue. Almost all (more than 90%) of FM:Systems' IWMS deployments are on-premises.

Based on Microsoft's .NET platform, FM:Systems' IWMS modules have all been internally developed by its own product team, yielding a truly "integrated" system that can drive faster, less complex implementations and operations. The FM:Interact platform and related modules can also be linked to BIM models and data to support a wide range of workflows.

## Strengths

- FM:Systems has the most consistently positive customer reference feedback of the 11 vendors in this Magic Quadrant.
- Unlike many IWMS vendors whose product portfolios have grown through disparate acquisitions, FM:Systems has developed all its FM:Interact modules in-house for a more "integrated" (the "I" in IWMS) solution across all the IWMS functional areas.
- Customers indicate that FM:Systems has highly visible and predictable total costs (for example, all service contracts are fixed price, based on an initial detailed needs analysis and an easily configurable, well-integrated product set).

## Cautions

- A significant majority of FM:Systems' customers are enterprises with less than \$5 billion in revenue, and it has a relatively small (less than 20%) presence outside North America. With that said, 2012 saw a number of large, new Global 2000 customers, and FM:Systems is developing a rapidly growing network of international partners/resellers that can provide direct sales and first-tier support throughout EMEA and Asia/Pacific.
- While FM:Systems' installed base is still overwhelmingly deployed on-premises, it states that its preferred and fastest-growing deployment method is SaaS.
- Customer feedback indicates that documentation could be improved (for example, too often, new release documentation has not been completely and thoroughly revised).

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## IBM-Tririga

It has been two years since IBM acquired Tririga, and while the near term still has its challenges, we believe that, over the next two to three years, IBM-Tririga — along with its sister product suite, IBM Maximo (also part of IBM's Cloud & Smarter Infrastructure software group) — will continue to evolve into a strong, integrated and global IWMS competitor.

IBM-Tririga currently delivers a robust suite of IWMS applications on a single technology platform and data repository. Its current customer base remains mostly large organizations (about 85% have more than \$5 billion in revenue), located in North America (more than 85%), that have deployed IBM-Tririga's systems on-premises/behind the firewall (more than 90%).

IBM continues to make investments in marketing, sales, services (IBM Global Business Services) and development (for example, 16-language support) to expand the geographic reach of its IBM-Tririga-based IWMS market — especially in EMEA, Asia/Pacific and Latin America, which brought in about 25% of its new 2012 customers.

We believe IBM's long-term objective is to consolidate and enhance the facilities, real estate, energy and environmental sustainability functionality of its Maximo and Tririga product suites into a single solution. With that said, it is well aware of its customers' reticence to major, disruptive product migrations, so it will likely evolve the two products over time (three to five years) into a consolidated system via integrators and common development tools (for example, leveraging its 2012 acquisition of Worklight for mobile application development on its Maximo and Tririga solutions).

## Strengths

- IBM has made significant progress in attacking Tririga's historical challenges — that is, the lack of a global presence and a robust SaaS offering. Indeed, IBM's global financial and human capital resources are among IBM-Tririga's core long-term strengths.
- The Tririga acquisition has strengthened IBM's Smarter Buildings initiative by adding solid real estate, facility and energy management functionality.
- Customer feedback indicates that IBM has brought rigor and a more structured approach to IBM-Tririga's upgrades and enhancements.

## Cautions

- As IBM continues to invest heavily to meet its aggressive global IWMS (IBM-Tririga's) expansion plans, our near-term concern remains IBM's ability to deliver globally consistent, quality implementations and experienced support services over the next 12 to 18 months.
- Existing customer feedback indicates that pricing and support quality can be issues. After speaking with several current customers, our sense is that IBM's "Bluewash" transition process has raised IBM-Tririga's pricing and introduced pockets of support challenges.<sup>1</sup>
- Organizations looking for a cloud solution are cautioned that the overwhelming majority of IBM-Tririga deployments remain on-premises.



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## Indus Systems

Massachusetts-based Indus Systems was founded in 1987 and currently has more than 100 employees. In addition, Indus' more than 100 customers are all based in North America, and almost all have less than \$1 billion in revenue. Indus' industry sweet spot is the government sector, from which it derives about 60% of its revenue. Although it is a relatively small, U.S.-based IWMS vendor, Indus' iDrawings platform offers a robust, drawing-centric, Web-based approach to facilities information systems, application development and CAFM services.

Indus' core iDrawings platform is a seamlessly integrated drawings and data architecture that supports all functional modules of its flagship iDrawings product. iDrawings is an all-SQL, organically developed (that is, internally rather than via acquisition), Web-based facility drawings and information management and sharing system that allows users to store, share and view facility drawings and related information using only an Internet browser. Of its total iDrawings installations, about 80% are deployed via a SaaS model.

### Strengths

- A central strength of Indus' iDrawings product portfolio is its support of the "I" (integrated) in IWMS. iDrawings has been entirely "homegrown" (developed internally), and, as such, it can deliver a more integrated view and a more seamless customer experience across all iDrawings' functional modules.
- Several customers confirm that iDrawings' relative ease of implementation and use, and its good price/performance, are among its strongest assets.
- Customer feedback indicates that Indus is leveraging its relatively small size to deliver responsive, "high touch" service from implementation to operations.

### Cautions

- With the December 2012 release of its core iDrawings 5.0, Indus introduced the initial version of its Real Property Management Module. Although it appears to be a solid entry in the real estate management and lease administration area within IWMS, it is still too early to judge its effectiveness and customer acceptance.
- Indus is limited to North America and is mostly focused on small or midsize businesses — those with less than \$1 billion in revenue.

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## Lucernex

Founded in 2000, Plano, Texas-based Lucernex is a relatively small (revenue less than \$10 million, by Gartner's estimate), but fast-growing, IWMS vendor that is exclusively focused on the retail industry. Its more than 30 customers are all U.S.-based and deployed in a true cloud-delivered SaaS environment hosted by Rackspace's cloud services.

Despite its limited resources, Lucernex has had good success across the size spectrum of U.S. retailers, with about half of its customers in the \$1 billion to \$5 billion revenue range, and the remainder evenly split above and below that range.

### Strengths

- We view Lucernex's disciplined and exclusive focus on the retail vertical industry as a strength and a caution. Lucernex has a consistent track record of walking away from any

nonretail opportunities, hewing very closely to its core expertise in retail. In this context, Lucernex has a robust IWMS offering that is highly specialized for the retail industry.

- Customer feedback indicates that Lucernex's strengths are its deep knowledge of the retail sector, its true cloud-delivered SaaS solution (not just "cloud washed"), its experienced support staff, its highly configurable user interface, its good price/performance and its rapid time to value.

### Cautions

- Lucernex's lack of any real international presence makes it problematic for many large multinational corporations, at least in the near term. With that said, it has aggressive plans to expand in North America (Canada and Mexico) in 2013 and Europe and Latin America in 2014.
- As a small, high-growth company, Lucernex's core challenge will be to maintain its current reputation for high-quality experienced personnel, delivering solid support during deployments and ongoing operations.
- Lucernex does not offer behind-the-firewall, on-premises deployment.

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## Manhattan Software

Manhattan Software has its global headquarters in London and its U.S. headquarters near Boston. Its \$50 million to \$60 million in revenue (Gartner estimate) is split about equally between North America and Europe (with approximately 10% from Asia/Pacific); and its roughly 350 customers are split about equally between large (more than \$5 billion in revenue) and midsize (\$1 billion to \$5 billion in revenue) enterprises (and about 10% comes from organizations with less than \$1 billion in revenue — a market of increasing focus for Manhattan). Its delivery model is also evenly split between on-premises and SaaS models, although the trend is clearly moving away from on-premises. Manhattan has been consistently profitable and self-funded throughout its 30 years.

### Strengths

- Manhattan's product suite covers the full range of IWMS functionality. It is especially strong in real estate, facilities, space and maintenance management, and includes good capabilities for user-friendly navigation, integration, mobile computing, security and reporting.
- For multinational corporations looking for an IWMS vendor with a solid North American and European footprint, Manhattan has a balanced presence in both of these major geographies (and has good multilanguage capabilities).
- Manhattan has a robust, centralized financial analytics function that is integrated across its entire IWMS product suite, and includes real estate subledgers (accounts payable and accounts receivable), general ledger, predictive modeling and pattern analysis.

### Cautions

- While Manhattan generally gets solid customer reviews on the quality and experience level of its support services (implementation and ongoing operations), we also are hearing customer concerns about inadequate availability and too frequent rotation of quality support personnel.
- Organizations with IWMS requirements in Asia/Pacific are cautioned that Manhattan currently derives just under 10% of its revenue from that geography. With that said, Manhattan indicates that Asia/Pacific is its fastest-growing area.
- Customer feedback indicates that Manhattan's documentation needs work because it is often inadequately clear or detailed; however, customers are willing to grant that this is largely due to the system's flexibility and configurability.

## Oracle

In September 2012, Oracle acquired substantially all the assets of Skire, an IWMS software provider that was largely targeted at the engineering and construction (E&C) space. Skire was unique among major IWMS players because it recently expanded into the real estate and FM side of IWMS from a strong foundation in construction project and portfolio management (PPM). Oracle's core motivation for the Skire acquisition was its significant synergy with and expansion of the Oracle Primavera Global Business Unit's E&C-focused construction PPM capabilities. Oracle says it also wants to leverage Unifier's relatively new capabilities in real estate and FM to expand its Primavera brand into the IWMS's purview of the end-to-end management of the complete building life cycle.

While Oracle does not break out its IWMS Unifier-based revenue, Skire's 2011 revenue was in the \$35 million range (Gartner estimate). Gartner also estimates that about half of Oracle's current IWMS Unifier customer base is composed of midsize organizations (with revenue in the \$1 billion to \$5 billion range), with the rest split between large (more than \$5 billion in revenue) and smaller companies (less than \$1 billion in revenue) at roughly 30% and 20%, respectively. Our research indicates that Oracle's IWMS Unifier customer base is concentrated in the Americas (70%), with only about 15% located in each of the other two major global geographies — EMEA and Asia/Pacific.

Among Skire's attractions for Oracle was its extensive use of the SaaS delivery model, which has rapidly become the delivery vehicle of choice for a significant majority of IWMS deployments (about 80% of Oracle's current Unifier installed base is deployed via SaaS). Indeed, Oracle believes that one of Unifier's key differentiators is its rapid service delivery model, whereby its extensive upfront discovery process provides a strong foundation for efficient implementation.

### Strengths

- Oracle brings obvious and enormous benefits of scale and resource availability to its (Skire's) Unifier product suite. This acquisition promises to solidify the already dominant positions of these two strong players — Primavera and Skire — in the construction PPM space.
- Oracle Unifier has strong project financial management capabilities (such as budgeting, forecasting, bidding, cash flow, earned value and currency conversion) and can handle any number of currencies simultaneously.
- Oracle Unifier, based on a true SaaS/cloud architecture, was developed entirely in-house, which ensures a greater degree of natural integration, configurability and ease of use than product suites that have been assembled through acquisition.

### Cautions

- While Oracle has stated its intention to aggressively enhance Unifier's non-PPM IWMS functionality (for example, real estate and FM), our concern — which is shared by some existing Unifier customers — is that these non-PPM Unifier modules will not keep pace with Unifier's core heritage and strength (and its primary area of synergy with Primavera): its PPM capabilities.
- While it is a relatively small sample, we heard disconcerting feedback from Oracle-supplied references concerning the contrast between the close, collaborative working relationship they had grown accustomed to with Skire and the challenges of navigating Oracle (pricing and contract inflexibility were also mentioned).
- Our research indicates that Oracle's core Unifier customer base is highly North America-centric (its gross revenue ratio for North America versus the rest of the world remains roughly 70%-to-30%). With that said, given Oracle's extensive global presence, we believe this represents a significant long-term market opportunity over the next three to five years.

## Planon Software

Founded in 1984 and headquartered in the Netherlands, Planon is among the largest global IWMS software providers, with more than 400 direct, full-time employees. While it derives about 60% of its almost \$70 million in global revenue (Gartner estimate) from Europe, its current North American business has become a significant revenue segment at about 20% of IWMS revenue. Planon's customer base of more than 1,900 organizations tends toward the high end, with about two-thirds having more than \$1 billion in revenue.

Planon's IWMS product suite includes facility and space management, operations and maintenance management, project management, and real estate portfolio management. Planon's Accelerator is an innovative approach to accelerating time to value with out-of-the-box solutions and preconfigured processes that are aimed at lower-end users without major system integration/implementation resources.

### Strengths

- Planon's standard IWMS modules have all been developed internally, yielding a more integrated solution that is generally less complex, and easier to configure, upgrade, learn and use.
- Planon's IWMS product suite was developed from the beginning with a strong international orientation, and has good product localization in terms of languages, currencies, dates, times and so on.
- Planon indicates that it has a relatively rapid time to value (averaging three to six months, depending on complexity). Supporting this claim are its high percentage of fixed-price implementation engagements (85%) and a low implementation-to-license cost ratio — which Planon indicates (and has been confirmed by several customers) is less than 1-to-1 (that is, it costs less to implement its solutions than the license and maintenance cost).

### Cautions

- Feedback from U.S.-based Planon customers indicates a dissatisfaction with the quantity (but not necessarily the quality) and rapid turnover of implementation and ongoing support services.
- About 60% of Planon's installed base is deployed on-premises behind customer firewalls. While this runs contrary to the current, strong trends toward SaaS IWMS deployments (especially in the U.S. and the U.K.), Planon has a strong SaaS offering and is experiencing more rapid growth in SaaS than in on-premises deployments.
- Customer feedback indicates that Planon's native reporting functionality could use material enhancement — for example, better standard out-of-the-box reports and a simpler, less cumbersome process for creating nonstandard reports.

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## SAP

While SAP has no IWMS-specific suite of integrated applications per se, its IWMS offerings are centered around its core ERP Central Component (SAP ECC), which includes SAP ERP Financials (a prerequisite for any of the other SAP ECC applications, such as investment management, project system, materials management, plant maintenance, business partner, SAP Real Estate Management, and SAP Treasury and Risk Management).

SAP's full IWMS offerings include an additional 12 applications (such as SAP Portfolio and Project Management, SAP NetWeaver Business Warehouse, SAP BusinessObjects Dashboards, SAP Crystal Reports, SAP Invoice Management by OpenText, SAP for Engineering and Construction and Sybase Unwired Platform). Each of these applications can be deployed independently.

A significant majority of SAP's customer base that utilizes its IWMS functionality (for example, SAP Real Estate Management) is composed of large, Europe-based organizations, with the U.S. representing less than 10% of SAP's overall core IWMS business.

## Strengths

- SAP's vast resources (\$21 billion in revenue) and global presence make it a de facto contender in the IWMS space.
- Existing SAP ERP users should evaluate the business case for deploying SAP's IWMS offerings (for example, its core Real Estate Management application) as further leverage of their often material investment in SAP.
- Customer feedback indicates that, in some large accounts into which SAP deems it strategic to deploy IWMSs, the vendor can be quite aggressive on initial pricing.

## Cautions

- Our research indicates that SAP's IWMS deployments (for example, its core Real Estate Management application) are highly concentrated at the high end of its customer base (that is, organizations with more than \$5 billion in revenue), and in its home base of Europe.
- Customer feedback indicates that extensive customization may be required to deliver the desired, specific integrated IWMS functionality. With that said, SAP indicates that all essential business processes can be supported without the modification of its core standard coding (for example, extended configuration tables and user exits enable customer-specific coding to be implemented where needed).
- Organizations that do not already use SAP as their back-end ERP system are unlikely to deploy SAP exclusively for its IWMS solutions (for example, its core Real Estate Management application). In fact, we know of no organization that has deployed SAP's IWMS solutions without first being an SAP ERP user.

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## Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

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### Added

- Lucernex
- SAP

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### Dropped

- Skire: In September 2012, Oracle acquired substantially all the assets of Skire.

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## Inclusion and Exclusion Criteria

Gartner's Magic Quadrant research process involves primary industry research with direct client references — from Gartner client inquiries and those supplied by IWMS vendors<sup>2</sup> — as well as each vendor's representation of its organization. The analysis involves weighting both sources of information, with a heavy emphasis on feedback from user organizations that have actually deployed and are using the vendors' products and services. As a result, many of the individual categories have "user reference" criteria factored into the scoring. Gartner considers user feedback to be one of the most critical measures of a vendor's success. In addition to the many ad hoc, vendor-specific discussions that happen during the normal course of our client inquiries, a minimum of three detailed customer reference questionnaires and corresponding one-on-one interviews per vendor were conducted as an integral part of the research for this Magic Quadrant.

Gartner evaluates IWMS vendors on their Ability to Execute and Completeness of Vision. When the two sets of criteria are evaluated together, the resulting analysis gives a view of how well a provider performs a spectrum of IWMS services compared with its peers, and how well it is positioned for the future. This evaluation is a snapshot in time. The competitive and dynamic nature of the IWMS vendor market over time affects the relative positions of the evaluated companies.

Organizations are encouraged to treat the IWMS Magic Quadrant not as the end, but rather the *beginning* of their due diligence in evaluating this complex marketplace and its major vendors. In addition to understanding vendor positions in this IWMS Magic Quadrant, organizations must conduct their own due diligence and check the provider's references. Gartner recommends they also ensure that their business culture is synergistic or — at a minimum — compatible with the IWMS vendor's culture. Among the most critical success prerequisites for a long-term partnership with an IWMS vendor are the provider's ability to work within an organization's specific business culture, and its ability to work with the organization's people to effect the process change essential to a successful IWMS program.

A broad range of providers offer subsets of IWMS services. This Magic Quadrant cannot and does not include all vendors within the IWMS sector. Many IWMS vendors only focus on parts of the end-to-end IWMS process described in the Market Definition/Description section. Companies considered for evaluation in this Magic Quadrant also act as advisors, and provide implementation services that encompass most or all levels of an IWMS solution, as outlined above in the Market Definition/Description section. Furthermore, providers were evaluated in more detail using a combination of quantitative and qualitative criteria:

- **Quantitative Criteria for the 2013 IWMS Magic Quadrant:**
  - Robust product offerings in at least three of the five IWMS functional areas (project management, real estate/property management and lease administration, facilities and space management, maintenance management, and sustainability).
  - Annual direct IWMS product and service revenue of at least \$5 million.
- **Qualitative Criteria for the 2013 IWMS Magic Quadrant:**
  - Gartner analysts' interactions with enterprises,<sup>2</sup> which reveal interest in or experience with specific IWMS vendors; or an IWMS vendor's current and potential market impact, as measured by the frequency of its appearance on shortlists.
  - The IWMS vendor demonstrates depth and breadth of IWMS service capabilities.

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## Evaluation Criteria

### Ability to Execute

Ratings criteria focused on the vendor's operational viability, financial health, breadth and depth of product functionality, and customer base globally. They also focused on customer satisfaction with the product, and with service quality and responsiveness.

**Table 1. Ability to Execute Evaluation Criteria**

Evaluation Criteria	Weighting
Product/Service	High
Overall Viability (Business Unit, Financial, Strategy, Organization)	High
Sales Execution/Pricing	Standard
Market Responsiveness and Track Record	Standard
Marketing Execution	Low
Customer Experience	High
Operations	High

Source: Gartner (June 2013)

## Completeness of Vision

Ratings criteria focused on the vendor's specific vision, relative to integrated workplace management product functionality, the positioning of the offering across a number of industry segments, global reach, and the degree and pace of innovation and product development. We raised the weighting of "Offering (Product) Strategy" from Standard to High because we believe that the vendor's approach to product development and delivery is an increasingly important factor to consider when differentiating and ultimately choosing an IWMS service provider.

**Table 2. Completeness of Vision Evaluation Criteria**

Evaluation Criteria	Weighting
Market Understanding	Standard
Marketing Strategy	Low
Sales Strategy	Standard
Offering (Product) Strategy	High
Business Model	High
Vertical/Industry Strategy	Low
Innovation	Standard
Geographic Strategy	High

Source: Gartner (June 2013)

## Quadrant Descriptions

### Leaders

Leaders have strength in applications and platform technology; they demonstrate a high level of quality in product reliability and service; they have strong operational and organizational capabilities, financial stability, and global reach; and they offer a strong vision of customer needs, as reflected in a robust development road map.

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## Challengers

Challengers demonstrate strength in operational capabilities and adequate product and service offerings, but they exhibit a narrower vision relative to market positioning — that is, they focus on a single vertical market, or position their offerings as a set of discrete applications with minimal effort to package them as an IWMS offering. Challengers may also have weaknesses or gaps in their product or service offerings that keep them at Challenger status.

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## Visionaries

Visionaries have a solid vision for product functionality and service quality, and they have a clear development plan. However, they are still not fully market tested with a significant base of IWMS customers. Visionaries are still sorting out market positioning and their go-to-market strategies.

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## Niche Players

Niche Players may have adequate product functionality, but they have yet to articulate a clear market or product positioning strategy. They also are limited to one geographic region, and may reflect gaps in their product offerings that keep them at Niche Players status.

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## Context

In 2012, there was continued consolidation in the competitive landscape of the IWMS market, which has driven opportunities and risks for users and vendors. In July, another big global technology player joined IBM in the IWMS arena: Oracle and its Primavera Global Business Unit jumped into the IWMS space in general, and the construction PPM sector specifically, with its acquisition of substantially all the assets of Skire, a strong IWMS player whose core heritage in PPM was especially attractive to Oracle Primavera.

We believe Oracle's significant IWMS play reinforces IBM's 2011 acquisition of Tririga and SAP's growing focus on its many IWMS offerings, and makes a strong statement to C-level management of organizations large and small that IWMS is a core competency that all organizations must address.

Accruent and its parent, Vista Equity Partners, continued their successful strategy of growth through acquisition by acquiring Evoco (a Canadian SaaS-based project management company) in December 2012 and Expesite (project and store life cycle management) in January 2013. We see no reason to believe that Vista-Accruent will slow this aggressive strategy as the IWMS market continues to consolidate and mature.

We are already seeing a distinct shift occurring from the traditional stand-alone functional management areas of project, real estate, facilities, maintenance and sustainability to a more integrated approach (the "I" in IWMS).<sup>2</sup> The ROI multiplier effect on the second largest budget item in the enterprise (facilities life cycle costs), from effectively integrating multiple workplace management disciplines, is becoming increasingly evident and compelling. Indeed, as the IWMS market continues to mature, we see a growing focus on sustainability and robust GIS-based location management functionality, as well as markedly greater C-level and board-level visibility.



IWMS deployments are typically complex, multifaceted projects that carry with them significant, costly and often highly visible risks. It is one thing to have an idea of your organization's requirements, see a vendor's product demo and decide to acquire the demonstrated functionality; but it is quite another thing to actually deploy that product within your own organization, integrating your own data and application systems, and, above all, applying your existing business processes. Indeed, we have seen instances of poorly planned IWMS deployments that have cost more than five times the base license and maintenance costs, and have wreaked havoc with project budgets as well as the underlying business case and ROI.

Gartner has found that hosting and cloud solutions are growing rapidly as the deployment methods of choice for many new IWMS projects.

As large multinational organizations are managed on an increasingly global scale, they are demanding a more consistent and holistic view of their global facility portfolios. As a direct consequence, the global capabilities of IWMS vendors are rising in priority as these multinational organizations realize the significant ROI that can be harvested by deploying truly *integrated* workplace management systems to break down the traditional construction, real estate and FM silos.

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## Market Overview

The IWMS market is targeted at the efficient, *coordinated* management of the complete real estate/facilities life cycle, and consists of integrated, Web-based, modular solutions that cover five core areas: construction project management, real estate/property management and lease administration, space and FM, maintenance management, and sustainability.

Current market drivers include:

- Consolidation among IWMS vendors is accelerating, which can be seen as a positive sign of a maturing market. We believe the ongoing consolidation of the IWMS market (typified by the 2012 activity, as summarized in the Context section) will help facilitate IWMSs becoming a cornerstone of enterprise management systems.
- The clear trend away from complex, on-premises deployments and toward SaaS-based implementations of IWMSs is facilitating a more granular, less costly and resource-intensive project. Indeed, we believe the cloud's low upfront commitment in budget and HR (certainly relative to an on-premises deployment) is allowing many organizations that lack a "critical mass" to begin with a relatively small, low-cost and low-risk IWMS module that attacks the greatest pain point (often real estate). With that as a live proof of concept, follow-on IWMS modules become lower risk and easier to justify.
- The continually challenging economic environment is driving many organizations to closely examine the massive total expenditures being made across the enterprise on the entire life cycle of facilities (typically the second largest line item in the enterprise budget).
- The proposed material FASB/IASB accounting changes that would eliminate operating leases, and that are projected to be implemented globally by 2017, will likely profoundly affect worldwide corporate finance in general, and real estate operations in most large organizations specifically. Such intense scrutiny from C-level executives is lighting an unwelcome fire under many large organizations' real estate and lease management operations. A direct consequence of this high-level focus on the financial and operational mechanics of the organization's real estate function is a rapidly growing interest in IWMSs in general, as well as real estate and lease administration and management modules in particular.
- The real estate/facilities "ecosystem" extends from planning to construction and enhancement, to real estate and property administration and management, to facilities and space management, to maintenance management and sustainability and compliance. It is, therefore, no wonder that it is second only to personnel expenses on most organizations'

income statements, and consequently it is getting increasing C-level and board-level visibility.

- Enterprises are realizing that the traditional organizational silos (such as capital construction, real estate and FM) and their often inefficient systems (many, for example, still use Excel) are ripe for streamlining and automation.
- While the tactical drivers of an initial IWMS deployment often originate from an individual functional silo (for example, a specific pain point with real estate and lease administration, or with FM), executive management is beginning to understand that any *tactical* decision must be made as part of a *strategic* IWMS vision that, over time, can leverage the real hard-dollar benefits of cross-functional integration.
- Space management is one of the hottest areas within the functional areas of an IWMS as growing cost pressures drive organizations to uncover underutilized facilities and dramatically reduce occupancy costs by rationalizing and consolidating vast real estate portfolios (that is, "the right space at the right place").
- A core driver of this trend to optimize facility utilization and efficiency is the rapidly evolving trend toward an increasingly mobile workforce, which represents a sea change for many organizations (large and small). Adapting existing work styles — and the facilities, infrastructure and equipment required to support them — to more mobile and virtual workplace modes will require much of the functionality currently offered by many IWMS vendors (for example, hoteling, employee self-service, office reservation scheduling and remote workforce support). The IWMS becomes, in essence, a service delivery platform for the virtual office worker.
- The growing trend toward globalization is also accelerating the need for a worldwide portfolio view of enterprise workplace assets. Indeed, robust global capabilities — such as currency and language translation, and 24/7 multilingual help desk support — are becoming common requirements.
- Constantly evolving regulation and compliance requirements — particularly in the U.S. and Europe — are demanding tighter integration between real estate and financial data. In the U.S., for example, the Sarbanes-Oxley Act requires executive management to acquire IWMSs to improve financial transparency and auditable data — particularly related to lease transactions.
- Risk management and disaster recovery/business continuity executives are also becoming increasingly interested in the comprehensive functionality and the accurate and current data that many well-deployed IWMSs can provide (for example, to identify backup sites, employee locations and critical infrastructure in the event of a local or regional business interruption).
- The rapid growth in the multisourcing of facilities and real estate services increasingly requires that service providers, partners and other contract staff members have ready and easy access "anytime, anywhere" to workplace data and processes via the portal interfaces that typify IWMS Web-based architectures.
- Because buildings are responsible for about half of all energy consumption and greenhouse gas emissions, the establishment, management and maintenance of sustainability objectives are fast becoming core drivers for the deployment of complete IWMSs. Effective sustainability systems must include the comprehensive collection of accurate energy consumption and emissions data, as well as the efficient analysis and evaluation of that data to facilitate informed triage decisions that optimize long-term sustainability.
- IWMSs are focusing even earlier on the facilities life cycle than the traditional design and construction project management phase. We are seeing a growing number of IWMS suites that include increasingly sophisticated strategic planning capabilities to facilitate site identification, selection and development. Indeed, there is a growing demand to proactively identify and optimize the most environmentally sustainable locations for building the next facility; considerations such as local energy availability and cost, utility alternatives, water sources and wastewater disposal options, transportation alternatives and others, are all becoming an integral part of more mature IWMS product suites.

## ACRONYM KEY AND GLOSSARY TERMS

<b>BIG</b>	Business Integration Group
<b>BIM</b>	Building Information Modeling
<b>CAFM</b>	computer-aided facilities management
<b>CRE</b>	Counselors of Real Estate
<b>ERP</b>	enterprise resource planning
<b>FASB</b>	Financial Accounting Standards Board
<b>FM</b>	facilities management
<b>GIS</b>	geographic information system
<b>IASB</b>	International Accounting Standards Board
<b>IWMS</b>	integrated workplace management system
<b>PPM</b>	project and portfolio management
<b>RFP</b>	request for proposal
<b>ROI</b>	return on investment
<b>SaaS</b>	software as a service
<b>SQL</b>	Structured Query Language