

# Magic Quadrant pour la surveillance et l'observabilité des performances des applications

5 juillet 2023 - Pièce d'identité G00774338 - Temps de lecture : 52 min

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Les outils d'APM et d'observabilité sont de puissantes plateformes d'analyse qui ingèrent plusieurs flux de télémétrie et fournissent des informations essentielles sur l'intégrité, les performances et, de plus en plus, la sécurité des applications. Les responsables de l'I&O peuvent utiliser cette recherche pour explorer les nombreuses options diverses et surmonter la paralysie du choix.

## Définition/description du marché

Le point de vue de Gartner est axé sur les technologies ou les approches transformationnelles répondant aux besoins futurs des utilisateurs finaux. Il n'est pas centré sur le marché comme c'est le cas aujourd'hui.

Gartner définit le marché de la surveillance des performances applicatives (APM) et de l'observabilité comme un logiciel qui permet d'observer et d'analyser l'intégrité, les performances et l'expérience utilisateur des applications. Les rôles ciblés sont les opérations informatiques, les ingénieurs en fiabilité des sites, les équipes cloud et plateforme, les développeurs d'applications et les propriétaires de produits. Ces solutions peuvent être proposées pour un déploiement auto-hébergé, en tant qu'environnement hébergé géré par le fournisseur ou via SaaS.

Les fonctionnalités des outils d'APM et d'observabilité sont les suivantes :

- Observation du comportement transactionnel complet d'une application
- Découverte et cartographie automatisées d'une application et de ses composants d'infrastructure (y compris les services cloud)
- Surveillance des applications livrées via un navigateur, une application mobile et une API
- Identification et analyse des problèmes de performance des applications et de leur impact sur les résultats de l'entreprise
- Intégration avec des outils d'automatisation et de gestion des services, ainsi qu'avec des fournisseurs de cloud public (par exemple, Amazon Cloudwatch, Azure Monitoring, Google

Cloud Operations)

- Suivi de l'activité commerciale et analyse des KPIs et des parcours utilisateurs (par exemple, connexion au check-out)
- La possibilité d'effectuer une exploration et une analyse interactives de plusieurs types de données de télémétrie (telles que les traces, les métriques, les journaux) pour détecter les « inconnues inconnues », c'est-à-dire la capacité d'identifier et d'expliquer les causes d'événements inattendus, d'exceptions et d'anomalies
- Fonctionnalités de sécurité des applications, telles que l'identification des vulnérabilités connues dans les applications surveillées et la possibilité de bloquer les tentatives d'exploitation

Les fonctionnalités optionnelles peuvent inclure :

- Surveillance des terminaux pour comprendre l'expérience utilisateur et son impact sur les résultats de l'entreprise
- La possibilité d'ingérer des données de télémétrie collectées à partir d'applications hébergées ou SaaS
- Identification de recommandations pour résoudre les anomalies d'intégrité et de performance à l'aide d'analyses avancées (parfois appelées « fonctionnalités AIOps »)
- Intégration avec les chaînes d'outils DevOps pour faciliter la livraison continue ou progressive des applications
- Tests de performance et intégration avec les outils de test de charge

## Quadrant magique

**Figure 1 : Magic Quadrant pour la surveillance et l'observabilité des performances des applications**





## Points forts et mises en garde des fournisseurs

### Amazon Web Services

Amazon Web Services (AWS) est un challenger dans ce Magic Quadrant. Sa solution d'APM et d'observabilité, qui comprend Amazon CloudWatch, AWS X-Ray, Amazon CodeGuru et Amazon DevOps Guru, permet des cas d'utilisation d'observabilité de bout en bout. Cet ensemble de services est caractérisé par des fonctionnalités APM au sein d'une solution d'observabilité plus large. Ses activités sont géographiquement diversifiées et ses clients ont tendance à être de grandes entreprises. Bien que les informations relatives à la feuille de route d'Amazon CloudWatch et du reste de ses services d'APM et d'observabilité n'aient pas été disponibles, AWS publie et annonce régulièrement des mises à jour de produits.

### Forces

- **Analyses et informations basées sur l'apprentissage automatique** : les services d'analyse de données à usage général disponibles sur AWS sont un facteur de différenciation important et constituent l'une des raisons pour lesquelles de nombreux clients choisissent AWS pour leurs charges de travail. Bon nombre des améliorations ajoutées à la plateforme d'observabilité AWS, telles qu'Amazon CloudWatch Internet Monitor, AWS X-Ray Insights, la protection des données

Amazon CloudWatch Logs et la détection des anomalies Amazon CloudWatch, sont également basées sur la fourniture d'informations de haute qualité à partir de pratiques d'analyse évolutives et de modèles ML.

- **Prise en charge des architectures modernes** : bon nombre des défis actuels en matière de surveillance et d'observabilité sont dus à la complexité multicouche et distribuée des charges de travail cloud natives. Les services d'observabilité d'AWS évoluent en même temps que sa plateforme cloud, ainsi que les commentaires des clients. Les premiers utilisateurs des nouveaux services de la plateforme AWS bénéficieront d'une compatibilité prête à l'emploi avec les outils d'observabilité AWS.
- **Empreinte géographique et distribution** : AWS a élargi son portefeuille de services au-delà des régions et des zones de disponibilité pour inclure les avant-postes, les zones locales, Wavelength et même l'espace. Bien que la télémétrie puisse être distribuée aussi largement que les charges de travail, les avancées récentes, telles que l'observabilité entre comptes, permettent de centraliser la génération d'informations et d'événements.

### **Précautions**

- **Complexité** : selon la façon dont ils sont comptabilisés, il peut y avoir entre huit et 28 services de surveillance et d'observabilité disponibles auprès d'AWS. Bien que cela représente une diversité impressionnante de produits, cela reste également une source de confusion pour les clients. La dénomination souvent créative des services ne contribue guère à les désambiguïser.
- **Stratégie produit** : AWS est connu pour son orientation client infatigable, ce qui est certainement un net positif pour ses clients. Ce qui en fait une mise en garde, ce sont les angles morts potentiels de leurs produits APM et d'observabilité qui peuvent résulter d'une moindre connaissance des innovations proposées par leurs concurrents.
- **Gestion des coûts** : il est difficile d'estimer les coûts réels associés à l'utilisation continue d'AWS APM et des outils d'observabilité, en particulier dans les situations d'analyse concurrentielle. Chaque service dispose de ses propres leviers de tarification et éléments de coûts sous-jacents, tels que les coûts de transfert de données, qui doivent également être pris en compte.

### **Broadcom**

Broadcom is a Niche Player in this Magic Quadrant. Broadcom's DX Application Performance Management offering forms part of its software portfolio, which includes mainframe, automation and security products. Its DX APM solution is mainly focused on IT operations use cases in its installed base. Its operations are geographically diversified, and its clients tend to be large enterprises. Broadcom's APM roadmap includes security integrations and an "observability advisor," providing feedback for visibility gaps.

### **Strengths**

- **Broad enterprise offering**: Broadcom's portfolio of products includes mainframe software, security, and automation. Broadcom can expand its APM footprint in its existing customer base via these capabilities, combined with favorable pricing and bundling.

- **Integrated AIOps:** Broadcom's DX APM and artificial intelligence for IT operations (AIOps) solution offers functionality across user experience, applications, infrastructure, network and mainframe monitoring.
- **Global presence:** Broadcom has operations in multiple geographies and sells both directly to clients, as well as through partners.

### **Cautions**

- **Pricing:** Broadcom offers portfolio license agreements (PLAs), which are large enterprise contracts for its full suites such as AIOps, as well as individual pricing for products such as DX APM. Although PLAs can simplify pricing for existing customers, others have expressed frustrations, with some clients describing new pricing as "punitive." Portfolio pricing can also make price comparisons with other vendors difficult.
- **Lack of visibility in the market:** Broadcom's strategic direct sales focus is primarily on large, existing customers. In Gartner inquiries, Broadcom solutions rarely make the shortlist for APM and observability solutions when the client is not an existing Broadcom customer.
- **No integrated UI:** It was noted during the product demonstration the solution lacks a common interface, with many products still branded as CA (Computer Associates), despite five years passing since acquisition. Switching between the different interfaces during problem analysis increases cognitive load on the operator and creates inefficiencies increasing the time to problem resolution.

### **Cisco**

Cisco is a Challenger in this Magic Quadrant. Its APM and observability offerings are mainly focused on enterprise organizations that monitor complex applications and infrastructure. In addition to the SaaS or self-hosted AppDynamics, in 2022, Cisco introduced AppDynamics Cloud (now Cloud Native Application Observability or CNAO), a solution focused on modern workloads. Its operations are global across the Americas, EMEA and APAC, and its clients tend to be midsize-to-large enterprises. Cisco's APM and observability roadmap is centered on its full-stack observability (FSO) product suite, made generally available in early 2023, and its FSO platform, which will be generally available in mid-2023. The FSO platform was unreleased at the time this research was conducted, and therefore did not qualify for inclusion.

### **Strengths**

- **Brand reputation and portfolio:** Both Cisco and AppDynamics are well-known brands with meaningful mind share. AppDynamics has an extensive, diverse customer base that have relied on these products to monitor their infrastructure and critical workloads, including mainframe and SAP applications.
- **Network and security credibility:** Cisco Secure Application is one of the first vulnerability management capabilities embedded in APM and observability products. Others have followed, and are ushering in what can be described as a convergence of operations and security monitoring. Cisco's integration of telemetry from their ThousandEyes acquisition into

AppDynamics offers insight about the internet's role in application delivery that few other products can match.

- **Global reach:** AppDynamics is available for customers to host themselves, and SaaS delivery platforms are currently available in North America, EMEA, India, Africa, the Middle East and South America. Cisco also has a mature partner ecosystem, and whether directly or via its channel partners, can deliver AppDynamics to customers nearly anywhere on earth.

### **Cautions**

- **Channel strategy:** In 2021, Cisco moved 100% of AppDynamics sales and distribution to the channel. In inquiry calls with Gartner, some clients have expressed concern that their allocated partners lacked experience in sales and technical knowledge of AppDynamics. New and existing AppDynamics clients should carefully evaluate new partners, requiring references of previous AppDynamics implementations.
- **Portfolio complexity:** AppDynamics and CNAO are separate and distinct products with different capabilities and similar application monitoring use cases. Although Cisco has stated plans for coexistence, organizations seeking to monitor hybrid workloads should ensure that an end-to-end transaction view and business journey support will be possible when a combination of products would be required to monitor them.
- **Agent management:** Managing AppDynamics agents remains a largely manual process. Although some form of fleet management is becoming common in competitive products, Cisco has announced, but had not yet shipped, automated agent management at the time this research was conducted.

### **Datadog**

Datadog is a Leader in this Magic Quadrant. Its SaaS platform offers observability and application security solutions. Its operations are mainly focused in the U.S. and EMEA, with an expanding presence in APAC and Latin America. Its clients range from startups to large enterprises. Most recently, Datadog improved monitoring of vulnerability and threats with the introduction of Application Security Management. Datadog has made several acquisitions since the last Magic Quadrant, including tools such as Seekret, CoScreen, Ozcode, Cloudcraft and Codiga, marking investments in support for eBPF, and architecture and developer use cases, respectively.

### **Strengths**

- **Market execution:** Datadog continues to exhibit strong market execution, increasing their customer base and growing their trailing-12-month revenue at 50% year over year to March 2023. Datadog's product-led growth (PLG) strategy resonates with clients looking to adopt modern observability solutions. Datadog's clients are among the most diverse that Gartner encounters. Clients range from small businesses with limited experience in deploying monitoring, to large global enterprises with mature operations practices.
- **Product portfolio:** Datadog has a broad portfolio of solutions for monitoring, with an integrated look and feel and common UI across components. This common user experience increases operator efficiency, reducing the need to context switch between different products. The

Datadog platform also offers solutions in key areas of IT operations and security functions, with recent additions including Observability Pipelines (telemetry pipelines), Cloud Cost Management, Cloud SIEM, Application Security Management, Application Vulnerability Management and Workflow Automation.

- **Cloud-native monitoring:** While Datadog is used to monitor premises-based and hybrid-cloud environments, many clients undergoing digital transformation focus on the cloud-native aspects of Datadog for monitoring modern architectures, such as containers, Kubernetes and serverless environments. Datadog also has strong integrations with CSPs, such as AWS and Microsoft Azure, extending the functionality of the native toolsets.

### ***Cautions***

- **Pricing:** While Datadog pricing is transparent, some Gartner clients have raised concerns regarding spend spiraling quickly out of control as usage grows. To address this, Datadog has begun offering configurable ingestion controls to help customers manage cost.
- **Business model:** Datadog's portfolio has grown significantly in recent years, and they now have 20 separate product lines on their website. Each module has its own pricing structure, which can make pricing proposals confusing to understand and negotiate.
- **Transparency:** In early March 2023, Datadog experienced a significant service outage lasting more than 24 hours, impacting all customers across all regions. Outages can happen to anyone, but concerns have been raised regarding the timeliness and transparency of communication relating to the incident, with a postmortem only being made publicly available in mid-May 2023.

### **Dynatrace**

Dynatrace is a Leader in this Magic Quadrant. The Dynatrace platform comprises Infrastructure Observability, Application Observability, Security Protection, Security Analytics, Digital Experience, Business Analytics, Automations and Custom Solutions. Its operations are geographically diversified, with particular focus on EMEA, North America and the mature APAC region. Their customers tend to be large global enterprises.

### ***Strengths***

- **New, centralized data platform:** Grail is Dynatrace's new data lakehouse technology, designed to optimize the storage and analysis of logs, metrics and traces. This allows customers to more efficiently gain insights about workload health and performance. Grail is a recent addition to the Dynatrace portfolio, and clients are still in the early stages of implementation. Grail is generally available for SaaS customers.
- **Analytics:** Dynatrace's AI engine, Davis, is designed to analyze dependencies based on the topology discovered by Dynatrace Smartscape. Dynatrace has enhanced Davis with on-demand exploratory analytics that enable IT teams to identify trends and predict performance issues that might impact customer experience.
- **High availability:** Dynatrace is designed for high availability (HA). It provides automatic scaling and load balancing to meet unexpected spikes in demand and traffic. All the components are

load balanced and in active-active deployments. Long-term data storage is performed by data storage instances that provide HA via data redundancy.

### **Cautions**

- **Pricing model change:** Dynatrace has recently introduced an hourly pricing model, called the Dynatrace Platform Subscription (DPS). This differs substantially from their unit-based pricing model. Existing clients, including procurement teams, will need to understand the impact that this will have on contract renewals, and new clients will need to carefully assess their level of committed annual spend.
- **Rapid evolution:** Dynatrace has recently announced and partially delivered substantial changes to its core products. In addition to Grail, mentioned above, changes include a revamped user interface, new extensibility capabilities and augmented security monitoring. Existing customers may require some additional training to understand and make use of these additional features.
- **Suitability for SMBs:** Dynatrace's offering is most frequently found in larger enterprises, and this is reflected in their sales strategy. Medium and smaller enterprises may find that Dynatrace pricing and technology are not a good fit for less complex environments.

### **Elastic**

Elastic is a Visionary in this Magic Quadrant. Its APM and observability product is available as a SaaS version (Elastic Observability) or a self-hosted version. The company is headquartered in North America, and its customers come from a broad range of industries, but they tend to be in software and technology, financial services, the public sector and retail. The majority of Elastic's customers are split between the Americas and EMEA. Elastic's sales motion includes building a product-led journey from log monitoring to observability, including APM.

### **Strengths**

- **Fleet management:** Elastic introduced Fleet, a management product that can work independently or with other automation tools to automate deployment/configuration management of multiple agents concurrently. Fleet also provides full central management for Elastic Agents. Configuration, policy, version updates, and integrations can be deployed centrally at runtime with Fleet.
- **Open and flexible:** Elastic data platform ingests high-cardinality telemetry at scale to provide context. It can transform, analyze, visualize and gain insights from increasingly complex, heterogeneous datasets while owning data. Elastic's open architecture also enables customers to adapt the solution's observability capabilities to provide deeper business insights.
- **Deployment models:** Elastic offers on-premises and cloud-based versions of its observability products, with broad feature parity between the two. Elastic Cloud is available on AWS, Azure and Google Cloud Platform (GCP) in more than 50 hyperscaler cloud regions.

### **Cautions**



- **Pricing estimate:** In contrast to other vendors in this market, Elastic bases its pricing model on compute resources. Although Elastic offers a pricing calculator, comparison during procurement or review, and during forecasting of costs and budgets, can be challenging.
- **Adoption:** Elastic is based on open-source software that has a reputation for a steep learning curve. The SaaS-based Elastic Cloud simplifies adoption, but organizations planning to self-host Elastic should ensure that sufficient skills are available.
- **Visualizations:** There are three different visualization options in the product – Kibana Lens, Canvas and Kibana. Determining which one to use for a given purpose can present some confusion to the user. Kibana offers the most power to visualization in Elastic, but requires the use of query language, which can be a challenge for inexperienced teams.

## **Grafana Labs**

Grafana Labs is a Visionary in this Magic Quadrant. Grafana Labs was founded around the popular open-source project Grafana. The company has contributed to or launched other open-source projects, such as Prometheus, Loki, Tempo and Mimir. In the APM and observability realm, Grafana Labs offers enterprise and SaaS versions of Mimir (metrics), Loki (logs) and Tempo (traces), as well as Grafana Enterprise for visualization. Its customers are global, but centered in the Americas and EMEA. Recent activities include the acquisition of continuous profiling vendor Pyroscope, the release of a Kubernetes monitoring solution, and a unified incident response management suite.

## **Strengths**

- **Visible ubiquity:** Use of the Grafana visualization tool has exploded, as it represents a relatively simple and powerful way to visually integrate telemetry from multiple sources into a single pane. Grafana Labs has established delivery partnerships with most major cloud providers that enables use of its enterprise visualization product as part of the cloud bill. Grafana's prevalence and utility have fostered an ecosystem of data source plugins and dashboard templates that continues to grow.
- **Customer experience:** Grafana Labs has built mature services, support and onboarding functions for a company of their size. In addition, community forums and other interaction opportunities are there for more informal requests and Q&A. The company also offers a variety of conferences, both in-person and virtual. This level of engagement is uncommon even with larger, more established vendors.
- **Support for cloud-native standards:** Although Grafana Labs is not responsible for Prometheus, many Prometheus maintainers work for Grafana Labs. Grafana Mimir and its predecessor, Cortex, are generally considered more suitable for use at enterprise scale than upstream Prometheus. The company has similar involvement in the OpenTelemetry project, as well as the Cloud Native Computing Foundation (CNCF) at large. Organizations that desire support for and compatibility with open source may wish to consider Grafana Labs as part of their observability stack.

## ***Cautions***

- **Limited analytics:** Grafana is predominantly a data visualization and dashboarding tool and excels at that. The alerting capabilities are improving as well. Organizations looking for deeper, data analysis or AI/ML will not likely be satisfied with the out-of-the-box capabilities of Grafana Cloud. There are open interfaces and extensibility points in Grafana that may support pluggable analysis mechanisms.
- **Lots of “co-opetition”:** Grafana grew to prominence as an open, neutral, telemetry visualization tool that could be used by anybody for anything. This has encouraged a number of commercial monitoring vendors – many of whom are also included in this research – to create or support the creation of Grafana data source plugins. Now, with Grafana Cloud and Grafana Enterprise, the company is competing with those vendors more directly, which may affect the support life cycle for these interfaces.
- **Use-case diversity:** Open source Grafana has many non-IT use cases, and is commonly used to visualize anything that can be represented as time-series data. This includes electricity consumption, weather and temperature, and IoT. At the same time, Grafana Cloud and Grafana Enterprise are being positioned as observability solutions focused on IT use cases. Grafana Labs has not made clear what effect, if any, discrepancies between these use cases will have on product life cycle.

## **Honeycomb**

Honeycomb is a Leader in this Magic Quadrant. Honeycomb’s service comprises a data store and query engine optimized for exploratory identification and investigation of patterns and anomalies in application and infrastructure telemetry. Honeycomb is an observability platform that supports APM use cases and is delivered as a SaaS product. Its clients are global, but are concentrated in North America and EMEA. Recent updates have included Service Map, which visualizes dependencies between services, and enhanced OpenTelemetry log support. Honeycomb’s roadmap includes enhanced support for front-end visibility and the use of eBPF to aid autoinstrumentation.

## ***Strengths***

- **Insight from telemetry:** The BubbleUp capability remains at the center of Honeycomb analytics, and its role within the product has expanded. The recently introduced Service Map ensures that engineers and operators are centered on the right data, and enhanced CI/CD integration helps tie workload behavior back to deployment events.
- **Customer responsiveness:** Honeycomb meets customers where they are by providing a variety of ways to provide feedback and get questions answered. Slack, live office hours, direct outreach and social media are available to ensure that users remain happy and productive.
- **Community building:** Honeycomb has continued its outreach and to publicize the benefits of observability, as well as other site reliability engineering (SRE) practices. As OpenTelemetry has become front and center to this market, so has Honeycomb’s in-product support for it and contributions to the project itself.

## ***Cautions***

- **Single platform location:** Honeycomb's service continues to be delivered solely from the AWS us-east-1 (Northern Virginia) region. Although this does not appear to have been a significant limitation to date, it may become so at any time, and has almost certainly steered some potential customers elsewhere.
- **Lack of integrated DEM:** Honeycomb leaves the collection of digital experience monitoring telemetry entirely up to its customers. The front-end visibility roadmap item may increase support for real-user monitoring, but prospective customers that rely on synthetic transaction monitoring will still be required to manage it themselves with additional or alternative solutions.
- **Underutilization of partnerships:** For a smaller organization, and certainly relative to many of their competitors, Honeycomb has chosen to continue to conduct business on a direct-to-customer basis, rather than leverage sales or delivery channel partners. This can limit its growth opportunities in some parts of the world.

## **IBM**

IBM is a Challenger in this Magic Quadrant. IBM acquired Instana in 2020, and its Instana APM product is offered as a SaaS product and as a self-hosted option, using a single-agent architecture. Its operations are mostly focused in North America and Western Europe, with a smaller number of clients in other regions. Its client base is midsize-to-large enterprises. IBM's monitoring portfolio includes mainframe as well as modern cloud architectures. IBM's roadmap includes an upcoming synthetics monitoring component, as well as advances to its AI-assisted remediation capacity.

## ***Strengths***

- **DevOps integration:** IBM Instana's Pipeline Feedback integration provides developers an easy way to "shift left" observability to integrate with their CI/CD environment, providing early warning of issues with new releases and a way to roll back to limit performance degradation.
- **Coverage for mainframe and modern architectures:** IBM has added capability to the Instana suite to allow for monitoring of mainframe zSystems, as well as a solution capable of handling modern containerized and hybrid environments. Clients looking for a solution which includes these systems should consider IBM Instana.
- **Pricing model:** IBM Instana continues to offer an easy-to-understand pricing model, based on a per-host metric, and is competitively priced in the market. Pricing varies for the SaaS version, compared with the on-premises model, and list prices are available on the Instana website.

## ***Cautions***

- **OpenTelemetry integration:** IBM Instana emphasizes the use of its own proprietary tooling for distributed tracing. While Instana has recently added official support for OpenTelemetry tracing and metrics, it is not yet treated with parity. Clients that prioritize OpenTelemetry should carefully evaluate whether Instana meets their requirements.

- **Integration with IBM tools:** More than two years since its acquisition, Instana still remains primarily a stand-alone tool, with limited integration with other parts of the portfolio, such as Turbonomic and Watson AIOps.
- **Lack of integrated security:** IBM Instana does not have any integrated functions around security use cases. It relies on other areas of the IBM or Red Hat portfolio, such as Red Hat Advanced Cluster Security for Kubernetes. These products do not share a common UI or data model with Instana, increasing inefficiencies for operators.

## **Logz.io**

Logz.io is a Visionary in this Magic Quadrant. Its Open 360 observability platform includes distributed tracing, infrastructure monitoring and log management. Logz.io leverages M3DB for metrics and OpenSearch for logs and traces. Collection of OpenTelemetry-based trace data is supported and is visualized in Jaeger. A cloud security information and event management (SIEM) capability is available as well. All are delivered as SaaS, hosted in multiple cloud providers. Its operations are geographically diversified, and its clients tend to be open-source-friendly enterprises of any size. Recent updates add further support for OpenTelemetry, additional features to assist with telemetry cost, improved security context for Kubernetes, and early adoption of OpenAI/ChatGPT integration.

### ***Strengths***

- **Open source:** Logz.io heavily leverages OSS throughout its product set. It demonstrates how organizations interested in adopting an open-source observability strategy can evaluate and better understand the capabilities of these components. Organizations that have found self-managing these tools to be onerous and costly may wish to migrate to Logz.io to reduce their overhead.
- **Security:** Logz.io has continued to make improvements that cater to security use cases, with the recent addition of a Kubernetes security context via integration to the open-source vulnerability scanning solution Aqua Trivy.
- **Cost-effective data management:** Logz.io's new Data Optimization Hub builds on existing data management capabilities to optimize and filter log and metric data, reducing costs associated with ingestion and indexing.

### ***Cautions***

- **UI consistency:** Improvements have been made in the Kubernetes 360 interface, creating a unified view for monitoring Kubernetes environments. However, the fact that Logz.io is a collection of OSS is evident in the lack of uniformity across the UI, which can be confusing for some users.
- **Open-source approach:** Logz.io provides clients the opportunity to leverage the benefits of OSS with the reassurance of a support agreement when needed. However, enterprises reliant on the partner-driven professional services associated with traditional commercial software will need to embrace an OSS approach to learning through community participation and engagement.

- **Agent sprawl:** Separate client-side agents may be required to transmit different types of telemetry to the Logz.io platform. This may include Prometheus or Telegraf for time series, Fluentd or Fluent Bit for log data, and Logz.io's own OpenTelemetry collector. This potentially increases complexity and adds to administrative burden.

## **ManageEngine**

ManageEngine is a Niche Player in this Magic Quadrant. The company is the IT management division of privately held Zoho Corporation, and its Applications Manager and Site24x7 products focus on on-premises and SaaS deployments, respectively. The company's operations are geographically diversified, and its clients tend to be small or midsize businesses (SMBs). ManageEngine's roadmap includes a focus on increasing its support for continuing investment in its AI solution Zia, as well as further integration with event correlation and security.

### ***Strengths***

- **New AI:** Zoho Corporation has developed an AI engine that ManageEngine uses across its portfolio. ManageEngine APM helps teams with anomaly detection, predictive analytics and data visualization through reports/dashboards to obtain in-depth insights on performance issues.
- **Pricing for SMBs and MSPs:** ManageEngine's products are competitively priced and straightforward to implement for smaller enterprises with limited budgets and staff. They are also suitable for organizations offering services to other businesses in an MSP model.
- **Broad portfolio:** ManageEngine's portfolio of products extends the company's capabilities beyond APM to include IT operations functions, such as network monitoring, infrastructure and ITSM help desk.

### ***Cautions***

- **Large enterprises:** ManageEngine solutions are rarely seen in large organizations. Gartner clients have mentioned issues with scaling the solution for complex and/or large environments.
- **Limited integration for DevOps/SRE:** Clients looking for an APM and observability solution that integrates with modern DevOps and SRE practices, such as SLO management and feature flags, will struggle to integrate ManageEngine into their workflows.
- **Variable integration capability:** ManageEngine has a long list of integrations, but many are limited in scope, making integrations with other areas of IT, such as DevOps toolchains, lengthy and more complex.

## **Microsoft**

Microsoft is a Challenger in this Magic Quadrant. Its Azure Monitor includes Application Insights for APM and Log Analytics for observability. Delivery is via SaaS. As the Microsoft-Azure-native monitoring solution, there is substantial geographic diversity, and clients tend to be midsize-to-large enterprises. Microsoft's APM and observability roadmap includes a focus on native

OpenTelemetry capabilities, integrated security use cases and AI-driven actionable recommendations and automation.

### **Strengths**

- **Data management:** The Basic log data plan allows organizations to reduce ingestion and retention costs for high-volume logs used primarily for troubleshooting. Data collection transformations enable customers to filter, sanitize and enrich log data at ingest time.
- **Autoinstrumentation:** Azure Monitor Application Insights supports codeless/agentless autoinstrumentation for applications developed in languages such as Java and Microsoft.net and running on a variety of Azure services, including Azure App Service, Azure Functions, Azure Kubernetes Service and virtual machines. This can simplify the adoption of Application Insights.
- **Advanced alerting:** The Azure Monitor alerting capabilities have been substantially revised and offer an extremely flexible mechanism to identify and be notified of anomalies in collected telemetry. This includes smart detection, which can call attention to health and performance anomalies that customers are not otherwise monitoring for.

### **Cautions**

- **Limited adoption of monitoring outside of Azure:** Microsoft has positioned Azure Monitor as a solution for monitoring workloads hosted outside Azure and those hosted in other cloud providers. Adoption of Azure Monitor for use outside of Azure has been limited, and potential clients should carefully evaluate whether Azure Monitor can provide the same benefits as a dedicated solution.
- **Delayed OTel collector support:** Azure Monitor can ingest OpenTelemetry data via an exporter, but support for ingestion of OpenTelemetry Protocol (OTLP) directly via a collector interface is not yet available. There are open-source workarounds available, and Microsoft's commitment to OpenTelemetry is clear, but is lagging competitors in this respect.
- **Cost predictability:** Azure Monitor is priced based on consumption, as is common with public-cloud-based services. The number of consumable services and the complexity of the levers involved makes comparison with other vendors difficult.

### **New Relic**

New Relic is a Leader in this Magic Quadrant. The New Relic platform covers many areas of observability, including infrastructure, APM and DEM. Its operations are geographically diversified, and its customers tend to be midsize-to-large enterprise organizations. New Relic's roadmap includes agent fleet management and support for better monitoring of gaming frameworks. Generative AI is also part of New Relic's roadmap, with support for monitoring generative AI workloads available now and an upcoming in-product assistant in preview.

### **Strengths**

- **Business model and pricing:** New Relic's consumption-based pricing allows customers to purchase New Relic based on two elements – volume of data ingested and number of New Relic users. For organizations discouraged by host-based licensing, New Relic offers an alternative that can translate to reduced TCO.
- **Customer experience:** From their onboarding framework, to training and professional services, to the Explorers Hub forum, New Relic offers a variety of ways for customers to learn, grow and get their questions answered. The annual FutureStack users conference has facilitated the exchange of ideas on much broader topics than application monitoring. Time to value is a common concern of organizations evaluating APM and observability solutions, and the resources New Relic makes available can help optimize this.
- **Consolidated data platform:** New Relic's telemetry data platform (TDP) is a storage and analytics engine optimized for telemetry management and built on its New Relic database (NRDB) technology. Other vendors in the APM and observability space are discovering the benefits of this architecture now, while New Relic has had NRDB in place for years.

### ***Cautions***

- **Limited geographic footprint:** New Relic is a SaaS-only provider of APM and observability software and its service delivery platforms are located in the U.S. and EMEA (Germany). The SaaS platforms are largely hosted in AWS, and an Azure-based option – also in the U.S. – was introduced in 2022. Organizations outside North America and EMEA, particularly those in APAC, may have concerns about latency or data sovereignty when these are the only options available.
- **Creeping commercial complexity:** When New Relic transitioned to their consumption pricing, its simplicity was an important aspect of the change. Since then, complexity has started to inch its way back in. As part of the Codestream IDE integration, the company added a third type of user license, and in 2022, an additional tier of data ingest was added as well. Although this is still well short of the capability-based SKUs that were in place before, organizations assessing the product are faced with the challenge of navigating the additional options.
- **Security monitoring:** New Relic has been slow to incorporate native security monitoring and attack mitigation capabilities in its product. Vulnerability management and IAST scanning are available and integration with third-party security products and services via the Instant Observability program can also bridge the gap; however, this requires customers to purchase additional products to do so.

### **Oracle**

Oracle is a Niche Player in this Magic Quadrant. Its Oracle Cloud Observability and Management (O&M) platform is a SaaS solution that supports database, infrastructure and APM generally, within the Oracle Cloud Infrastructure (OCI) and enterprise applications customer base. Its operations are geographically diversified, and its clients tend to be midsize-to-large organizations, including government agencies. The roadmap for O&M APM includes enhanced Kubernetes monitoring with eBPF, better support for Oracle Database workloads running in Microsoft Azure, and integration with OCI Threat Intelligence.

## **Strengths**

- **Multicloud support:** Among the cloud service providers represented in this research, Oracle has consistently had the most consistent support for multicloud workloads. This may be partially due to their need to support Oracle E-Business-Suite (EBS) applications running anywhere, but their vision and capabilities already go beyond what would be necessary for that.
- **Sales strategy:** Unlike some CSPs, Oracle has an explicit sales strategy and objectives for its OCI observability and monitoring products. Oracle customers, even those not using OCI, may obtain operational benefits from OCI O&M.
- **Geographic coverage:** In addition to Oracle's worldwide, direct presence, the distributed cloud (Cloud@Customer) and edge (Roving Edge Infrastructure) services give Oracle's O&M offerings extremely broad availability, even in areas without a full OCI region.

## **Cautions**

- **Product longevity:** Oracle's O&M is built on a comparatively recent codebase and may be less mature in some areas than in more established products. Capabilities also favor Oracle-specific tools and platforms. Although support for open source, such as OpenTelemetry, is very good, use of the product outside of the Oracle ecosystem is spotty.
- **Sampling granularity:** Oracle APM's trace-sampling capability is extremely detailed and powerful, but does not include a tail-sampling capability at this time. Organizations that require tail sampling will need to manage sampling on their own, such as with an OpenTelemetry collector.
- **Oracle-centric pricing model:** As with other portfolio vendors with vast product offerings, Oracle's pricing model of universal credits is optimized for its customer base, limiting the appeal for non-Oracle customers and prospects looking for stand-alone APM and observability solutions.

## **Riverbed**

Riverbed is a Niche Player in this Magic Quadrant. Riverbed's Alluvio Aternity Digital Experience Management platform is focused on endpoint visibility, as well as back-end instrumentation. Its operations focus mainly on North America, with additional presence in Europe and Australia/New Zealand. Its clients tend to be midsize-to-large organizations. Riverbed's roadmap for APM is focused on tightening Aternity's integration with its recently introduced Alluvio Unified Observability platform and revamping agent management. In May 2023, Riverbed announced that the company would be acquired by private-equity firm Vector Capital.

## **Strengths**

- **Digital Experience Monitoring:** Aternity provides DEM capabilities in the form of real-user monitoring, synthetic monitoring and endpoint monitoring. In addition, Aternity can compare KPIs with industry benchmarks, which enables operators to focus on providing differentiated service in key areas.



- **Endpoint agent:** Aternity's device performance monitoring agent enables the collection of detailed health, performance and user experience telemetry from workstations and other client devices. Organizations that need to monitor applications used internally may benefit from this additional insight.
- **Cross-domain visibility:** As Riverbed continues to integrate Aternity with the Alluvio platform, customers will gain access to an increasingly unified experience. Organizations that require NPM to be integrated with DEM and APM should assess the Riverbed options.

### **Cautions**

- **Usability:** Customers have expressed in Gartner client interactions that Aternity is hard to use and operationalize. Clients have also commented that support from the vendor needs to improve.
- **Low APM market awareness:** Aternity has a significant focus on the DEM aspect of APM, with less market awareness of its core APM capabilities.
- **Pending ownership change:** In recent years, Aternity has been part of Riverbed, then a separate entity Aternity, before returning to Riverbed and being rebranded as Alluvio. With the impending acquisition by Vector Capital, clients will need certainty around future product development.

### **ServiceNow**

ServiceNow is a Visionary in this Magic Quadrant. ServiceNow's offering is Cloud Observability (formerly Lightstep, an acquisition completed in 2021). ServiceNow's operations are global, primarily in North America and EMEA, with a growing presence in APAC. ServiceNow has clients in all verticals, including financial services, government, healthcare and manufacturing. To date, Cloud Observability has been maintained as a separate SaaS offering and is outside the core ServiceNow Now Platform. ServiceNow's roadmap for Cloud Observability includes expanding use cases around DEX and remediation, and a focus on tighter integration with the core ServiceNow Now Platform.

### **Strengths**

- **A bridge for modern operations:** ServiceNow's core is in serving traditional IT operations teams, with its ITSM and ITOM solutions the de facto standard in many large organizations. With the advent of Cloud Observability, ServiceNow customers that are building and operating cloud-native workloads have access to a modern observability solution from a trusted vendor.
- **Strong vision and credibility:** ServiceNow Cloud Observability — as Lightstep — has been a pioneer of distributed tracing, and has continued to lead the industry as observability standards and practices for modern applications are established. It is safe to say that OpenTelemetry, at least, would not be what it is today without the work that was done by Lightstep's founders.
- **Acquisition of Era Software:** Although to date, Cloud Observability's capabilities have centered on ingesting time series and trace telemetry, in late 2022, ServiceNow announced the acquisition of Era Software, a former Gartner Cool Vendor. Integrating Era into Cloud Observability allows for the ingestion of high volumes of log file data in a cost-efficient manner.

With the combined functionality, ServiceNow has the key components necessary to deliver a modern observability platform.

### ***Cautions***

- **Integration with ServiceNow:** Previous ServiceNow acquisitions have been rearchitected to form part of the ServiceNow Now platform, providing a simple framework for implementation. To date, Cloud Observability has remained a separate solution. With ServiceNow having made some recent integration enhancements around OpenTelemetry and logging, clients should carefully evaluate how the ServiceNow roadmap and product announcements will affect their Cloud Observability implementations.
- **Limited awareness:** Gartner inquiries with ServiceNow clients indicate very low awareness of the Cloud Observability solution, with many clients evaluating other vendors in this report without consideration of ServiceNow's offering.
- **Geographical limitations:** Currently, Cloud Observability's only point of presence is in North America, creating data sovereignty and performance-based issues for deployment in other geographical areas.

### **SolarWinds**

SolarWinds is a Niche Player in this Magic Quadrant. Its APM and observability product set is focused on providing services via SaaS and on-premises monitoring. Its operations are geographically diverse, and its clients include small organizations, large global enterprises and governmental organizations. SolarWinds' roadmap includes increased enhancements to its Observability suite, further AIOps enhancements, and a module for cloud cost analysts.

### ***Strengths***

- **Broad portfolio:** SolarWinds frequently appears in conversations with clients, and they have a wide suite of products, covering much of the typical IT operations workload. Solutions beyond APM include database monitoring, network monitoring and security tools.
- **Pricing for SMBs:** SolarWinds pricing is generally seen as attractive for clients in the SMB space who have little previous experience in implementing APM tools. The new pricing for Hybrid Cloud Observability should make it easier for clients to understand and control their spend for observability solutions. In particular, it is likely to be an attractive option for companies looking to implement APM with a limited budget.
- **SaaS solution:** With the new SolarWinds Observability suite, SolarWinds is offering a SaaS deployment framework for its observability solution. This will mean shorter implementation times, providing a quicker time to value for new deployments.

### ***Cautions***

- **Confusing portfolio:** SolarWinds' portfolio for observability includes multiple products: SolarWinds Observability, Hybrid Cloud Observability, AppOptics and others. It is not easy for

clients to discern which product is suitable for a particular use case, nor simple to identify those that have a significant roadmap of investment.

- **Upgrade path:** Many clients have extensive legacy implementations of SolarWinds tools monitoring their networks, servers and databases. Upgrades to Hybrid Cloud Observability are available today, but as the company builds out the new SaaS tools, it is unclear when migration paths for on-premises clients will be available.
- **Concerns around 2020 supply chain attack:** Some Gartner clients, particularly those in non-IT roles, such as procurement, legal and vendor risk management team members, still raise concerns related to the 2020 supply chain attack. IT operations teams who have evaluated SolarWinds and are looking to implement it in their environment should be prepared to deal with these concerns and questions, which may otherwise delay or cancel implementation.

## **Splunk**

Splunk is a Leader in this Magic Quadrant. The Splunk Observability Cloud covers many areas of observability, including infrastructure, APM, DEM, AIOps and incident intelligence. Its operations are geographically diversified, and its customers tend to be large enterprises. Splunk's roadmap includes AI-directed end-to-end full-stack observability for hybrid environments, integration across observability and security, and visibility and control into metrics platform usage and costs.

### ***Strengths***

- **OpenTelemetry support:** Splunk Observability Cloud is OpenTelemetry-native. It does not require any proprietary agents to enable ingestion and analysis of OTel. This makes the Splunk APM effective for cloud-native, service-based, and mesh app and service architecture (MASA) applications. Splunk has been a top contributor to the OTel project.
- **Expanding coverage:** Splunk is a dominant vendor in large enterprises for log monitoring and SIEM. Existing Splunk customers looking to address observability gaps may benefit from adopting Splunk's observability solutions, which may also assist procurement and vendor risk management teams in reducing the number of external vendors under contract.
- **Scalability:** Splunk is built on a highly elastic multitenant architecture that scales up automatically. Customers can burst up to 3x subscription rate to support elasticity. Rate limits per customer are adjustable and can be throttled.

### ***Cautions***

- **Pricing:** Splunk Observability Cloud is licensed by entity (host) or by usage (metric time series and traces analyzed per minute), while Splunk Enterprise is licensed by volume of data ingested or by workload (Splunk Virtual Compute). Pricing comprehension and predictability may be a challenge for customers and prospects, as well as understanding which pricing models are optimal and how that may change over time.
- **Security Threat Detection:** Splunk Observability Cloud does not provide or produce threat or vulnerability data. However, customers can add both threat intelligence and vulnerability data from events in Splunk security tools or third-party sources.

- **Missing log support:** Splunk Observability Cloud lacks in-product support for ingestion and analysis of log data. Customers that desire integrated log support must separately license Splunk Enterprise or Splunk Cloud and enable the Log Observer Connect bridge.

## **Sumo Logic**

Sumo Logic is a Niche Player in this Magic Quadrant. Its Observability platform is focused on providing availability, performance and security analysis via SaaS monitoring. Its operations are geographically diverse, and its clients include enterprise and midmarket segments. Sumo Logic's roadmap includes enhanced analytics use cases, an evolution of Kubernetes observability, RASP and increased contribution to OpenTelemetry.

### ***Strengths***

- **Pricing model:** Sumo Logic's pricing model is based on capacity, credit and data tiering. This makes it easy for clients to analyze and manage costs as their data grows. Sumo Logic contracts are essentially drawdown contracts, in which clients purchase credits that may be used for any product in the portfolio.
- **Telemetry deployment flexibility:** Sumo Logic supports multiple agents for collecting data, based on the source and data type. Sumo Logic collects telemetry from applications, OSs, databases and end users through its full support for OpenTelemetry and its proprietary agent, based on customer preference.
- **Cloud integration:** Sumo Logic has strong native integrations with cloud service providers (CSPs). It can ingest and analyze data from multiple clouds, including AWS, Azure, GCP and private clouds.

### ***Cautions***

- **Product awareness:** Gartner rarely sees Sumo Logic as a shortlisted vendor during client interactions. Awareness around their offering is very low, with little apparent promotion of the solution from the vendor.
- **Organizational stability:** Sumo Logic's acquisition by a private equity firm was completed in May 2023. Existing customers are advised to enter into an early dialogue with their account team to discuss their plans, ensure that they can lock in pricing, bring forward negotiations, and if needed, explore alternatives.
- **AI and analytics:** Sumo Logic is lagging competitors in use cases leveraging AI and advanced analytics capabilities, raising concerns regarding lack of committed investment in this area.

## **Vendors Added and Dropped**

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

## Added

The following vendors met the inclusion criteria and have been added to the Magic Quadrant:

- Grafana Labs
- ServiceNow

## Dropped

- Alibaba
- VMware (TO)

## Inclusion and Exclusion Criteria

For Gartner clients, Magic Quadrant research identifies and then analyzes the most relevant providers and their products in a market. Gartner uses, by default, an upper limit of 20 providers to support the identification of the most relevant providers in a market. On some specific occasions, the upper limit may be extended where the intended research value to our clients might otherwise be diminished.

The inclusion criteria represent the specific attributes that analysts believe are necessary for inclusion in this research.

To qualify for inclusion, providers must demonstrate the capability to observe an application's complete transaction behavior, either through proprietary agent technology and/or distributed tracing. The vendor must demonstrate the capability to automatically collect data from at least three modern application frameworks:

- Java Virtual Machines (JVMs)
- .NET CLR
- PHP
- Ruby
- Node.js
- AngularJS
- Python
- Go
- Rust
- Web Assembly (WASM)

The vendor must show at least four of the following seven technical capabilities:

- Automated discovery and mapping of an application and its infrastructure components (including cloud services)
- Monitoring of applications delivered via browser, mobile app and API
- Identification and analysis of application performance problems and their impact on business outcomes
- Native integration capabilities with automation and service management tools, as well as native integration with public-cloud providers (e.g., Amazon CloudWatch, Azure Monitor, Google Cloud Operations)
- Business activity monitoring and analysis of KPIs and user journeys (for example, login to check-out)
- The ability to perform interactive exploration and analysis of multiple telemetry types (such as traces, metrics, logs) to detect “unknown unknowns” – that is, the ability to identify and explain the causes of unexpected events, exceptions and anomalies
- Application security functionality, such as the identification of known vulnerabilities in monitored applications and the ability to block attempts to exploit them

Vendors must also satisfy the following business (nonfunctional) criteria:

- Rank among the top 20 organizations in the customer interest indicator, formerly market momentum index, defined by Gartner for this Magic Quadrant. Data inputs used to calculate APM MQ platform customer interest include a balanced set of measures:
  - Gartner customer search and inquiry volume, and trend data.
  - Volume of job listings specifying the Magic Quadrant platform on TalentNeuron and on a range of employment websites.
  - Frequency of mentions as a competitor to other APM platform vendors in reviews on Gartner’s Peer Insights forum during the Gartner research year ending 31 January 2023.
- The APM offering must have generated at least \$75 million in annual generally accepted accounting principles (GAAP) revenue derived solely from its software-based APM product(s) in the 12 calendar months prior to its receipt of Gartner’s Magic Quadrant welcome packet. Alternatively, the APM offering must have generated a minimum of \$10 million in annual revenue, combined with a growth rate of at least 25% in the 12 calendar months prior to the receipt of this letter, compared to its previously completed 12-month period.
- The APM offering must have at least 50 paying, production (non-beta-test) customers in each of two or more geographic regions (Asia/Pacific, EMEA, Latin America or North America) and a minimum of 100 customers), excluding sales to managed service providers (MSPs).

## Honorable Mentions

Gartner is tracking more than 40 vendors in the APM and observability market. This research focuses on 20 vendors that met our inclusion criteria. However, the exclusion of a particular vendor does not necessarily mean that it should not be considered, or that it does not have viability and capabilities that may be a fit for a customer’s unique requirements.

**Chronosphere:** Clearly a vendor to watch, Chronosphere is a provider of cloud-native observability services that provide both a migration path from open-source tools like Prometheus and an escape route from some of the more costly commercial solutions. Chronosphere’s platform ingests and analyzes metrics and traces at scale, and delivers the insights and alerts that allow observability teams to meet service-level objectives. This year, Chronosphere did not meet the nonfunctional criteria for inclusion in this research.

**VMware Aria Operations for Applications:** VMware participated in this research in 2022 as VMware Tanzu Observability by Wavefront and was classified as a Visionary. VMware has continued to enhance the product, and this research team notes the vision and execution exhibited in the updates that the Aria Operations product team continues to deliver. As mentioned above, Aria Operations for Applications met all functional criteria for inclusion this year as well. However, due to the dynamic nature of the application performance monitoring and observability market, VMware fell below the threshold of the top 20 vendors based on client interest. Note: In May 2022, Broadcom announced its intent to acquire VMware, targeting the deal to close during Broadcom’s 2023 fiscal year, which ends 29 October 2023.

## Evaluation Criteria

### Ability to Execute

The Ability to Execute criteria used in this Magic Quadrant are listed in Table 1. For details on each criterion, see the Evidence section. Providers were not rated on operations as the diversity of participants prevents the creation of an objective scoring rubric.

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

<b>Evaluation Criteria</b> ↓	<b>Weighting</b> ↓
Product or Service	High
Overall Viability	Low
Sales Execution/Pricing	Medium

<b>Evaluation Criteria</b> ↓	<b>Weighting</b> ↓
Market Responsiveness/Record	High
Marketing Execution	Medium
Customer Experience	High
Operations	NotRated

Source: Gartner (June 2023)

## Completeness of Vision

The Completeness of Vision criteria used in this Magic Quadrant are listed in Table 1. For details on each criterion, see the Evidence section. Vertical/industry strategy is not evaluated in this Magic Quadrant, because APM and observability tools typically cover the multiple verticals in a similar manner.

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

<b>Evaluation Criteria</b> ↓	<b>Weighting</b> ↓
Market Understanding	High
Marketing Strategy	Medium
Sales Strategy	Medium
Offering (Product) Strategy	High
Business Model	High



<b>Evaluation Criteria</b> ↓	<b>Weighting</b> ↓
Vertical/Industry Strategy	NotRated
Innovation	High
Geographic Strategy	Medium

Source: Gartner (June 2023)

## Quadrant Descriptions

### Leaders

The APM and Observability Leaders quadrant comprises vendors that provide products that are a strong functional match to general market requirements and have been among the most successful in building and expanding their customer base. They have comprehensive portfolios that offer superior application visibility and have broad integration with other IT operations management (ITOM) technologies. Leaders demonstrate evidence of superior vision and execution for emerging and anticipated market requirements, as well as a consistent track record of innovation and customer experience.

### Challengers

The APM and Observability Challengers quadrant comprises vendors with broad market reach and large deployments. Vendors in this quadrant typically have strong execution capabilities and a significant sales and brand presence garnered from the company as a whole, if not directly from its APM-related activities. Some vendors previously may have been among the top performers in the market and, thus, offer broad product portfolios. Vendors in this quadrant may be transforming their product offerings and market focus. In some cases, their APM offerings are often positioned as elements of a larger solution that may even extend beyond the boundaries of ITOM.

### Visionaries

The APM and Observability Visionaries quadrant comprises vendors that provide products and have built a compelling plan to competitively address APM suite market requirements, but with a product portfolio that may still be a work in progress. They have a lower ability to execute than the Leaders. This is typically due to a lower ability to respond to market conditions, bring together the necessary product and platform requirements, and effectively gain and expand on market share.

### Niche Players

The Niche Players quadrant comprises primarily, but not exclusively, vendors with solutions catering to specific audiences or with limited use-case support. Because they do not demonstrate equal depth across all core capabilities (see the Market Definition section), they typically do not meet the APM needs of the broader market. Or they may do so within specific verticals or market segments or geographic regions only. In addition, vendors in this quadrant may have a more limited ability to invest in the necessary functional and sales and marketing capabilities to expand beyond their current focus. Inclusion in this quadrant does not reflect negatively on the vendors' value in the markets in which they choose to compete.

## Context

### APM and Observability: Are We Nearing a Crossroads?

Since including “observability” in the title and scope of this research in 2022, the fever pitch of observability has only been amplified. Outside of the hype, this is largely positive. Monitoring has traditionally been carved up to align with the organizational silos that comprised IT operations organizations – APM, NPM, ITIM and so forth. That observability appears to be enabling us to transcend these silos has to be a good thing, right? Certainly it is for some, but it is not yet universal.

The primary distinction between observability and traditional APM characterized in this research specifically is that observability-centric solutions support an exploratory, analytics-driven workflow that may bear more resemblance to business intelligence (BI) than IT operations. Many of the Leaders here provide powerful, AI-augmented insights that identify and predict pathologies quickly enough to resolve them with minimal user impact, alongside access to raw, high-cardinality telemetry and tools to explore and understand it. To be a Leader in this Magic Quadrant does not currently require both, although we have observed that the use of both dimensions together can create a virtuous cycle that may result in happier users, as well as a more proactive posture.

Among the questions on the request for information that participants in this Magic Quadrant research are asked to respond to is the following:

**Do you position your products as application performance monitoring, observability or both? If the answer is “both,” please provide some context as to when each is used.**

This year, nine respondents identified themselves as observability solutions, while 10 claimed “both.” The context provided by the latter group was consistent but enlightening, with many vendors characterizing APM as a subset of observability. It is clear, however, that an attempt to create a Venn diagram of these responses would be wildly unbalanced, with nobody in the nonoverlapping portion of the APM circle.

Although this research has been widely known as the “APM Magic Quadrant,” none of the participants this year claim to provide specifically APM solutions. This suggests that the market has reached an important point in the transition. There is more research forthcoming on that. Stay tuned.

### What of Convergence?

Our assessment of the inclusion of security capabilities and use cases in APM and observability solutions began in 2022 as well. This trend continues, but we are also seeing functional and use-case expansion into product development, business analytics and customer experience, and the organizational roles behind them.

The CNCF-curated OpenTelemetry project — now the second-largest, only behind Kubernetes — is also increasingly a factor. This level of vendor support for an open standard at this stage in its development is largely without precedent.

## Market Overview

The continued growth in mobile, cloud-native applications and workload migrations from traditional data center to cloud architectures continues to fuel the APM and observability market. In addition, Gartner has witnessed growth in the adoption of these tools in the following areas:

- **Expansion within existing clients:** In the past, a fairly small portion of applications, usually those that are client-facing or revenue-generating, were monitored via an APM solution. As APM and observability products have evolved in capability, simplified deployment, accelerated time to value and decreased in price, we witnessed increased utilization of the tools to cover a larger percentage of applications. One client described such a tool “spreading like wildfire” internally, as different teams saw a successful deployment and became aware of the insights gained.
- **Expansion into previously untapped industries:** APM and observability tools most often were found inside large enterprises in industries such as banking, finance and global retail. These industries had a high level of maturity in IT systems and could recognize the benefits of deploying monitoring tools. Recently, as many industries have undergone digital transformations, adoption of these tools has expanded into new areas. Examples include government departments (from national to local level), healthcare and manufacturing.
- **Greater reliance on open source:** The quality of open-source monitoring tools has continuously improved. The intelligent generation of insights from telemetry still largely remains the province of commercial products. However, like many commercial vendors, many organizations are choosing to incorporate open source into their observability portfolio. It is likely that open source, or commercial distributions of upstream open source will dominate telemetry acquisition and ingestion, with organizations looking to commercial solutions for analysis, insight and event management.

The consolidation of monitoring domains and practices continues. This is a natural response to the ongoing shift of operational responsibility to focus on an applications’ ability to deliver its intended outcomes and away from specific supporting technology optimization. This shift is further reflected in continued monitoring tooling spend growth concentrated in those market segments most aligned with this shift, with growing market demand for APM and observability products and adjacent segments, namely DEM and ITIM. Given the above trends, Gartner expects the market for APM and observability products to reach an estimated \$8.4 billion by 2026, with a 8.6% compound annual growth rate (CAGR) between 2020 and 2026 in constant currency (see [Forecast: IT Operations Management Software, Worldwide, 2020-2026](#)).

The APM and observability market will continue to evolve during the next several years, driven by the following key trends:

- Customer demand for more holistic tools to reduce the integration challenges associated with assembling a “best-of-breed,” multivendor solution.
- The need to view and analyze telemetry from multiple sources in context, without having to switch tools.
- With the above increase in the amount and types of data, health and performance monitoring tools will continue to resemble analytics tools. This will continue to reduce reliance on proprietary agents for data collection and toward more open and flexible data ingestion platforms. It is likely that OpenTelemetry will accelerate this transition.
- Demand for greater support of use cases beyond the typical IT operations context, inclusive of external (market-facing) and internal application product owners, product teams, platform engineering/SRE/cloud operations teams, and others taking a DevOps approach. These users and buyers require, at a minimum, a holistic view and understanding of application performance across the entire stack and across multiple IT teams.
- SaaS products and cloud services present new challenges to I&O teams, particularly as more and more business-critical services depend on them. However, monitoring them requires new approaches. APM and observability vendors are investing in capabilities to extend their scope to cover them.

## Evaluation Criteria Definitions

### Ability to Execute

**Product/Service:** Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

**Overall Viability:** Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

**Sales Execution/Pricing:** The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

**Market Responsiveness/Record:** Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

**Marketing Execution:** The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

**Customer Experience:** Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

**Operations:** The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

## Completeness of Vision

**Market Understanding:** Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

**Marketing Strategy:** A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

**Sales Strategy:** The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

**Offering (Product) Strategy:** The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

**Business Model:** The soundness and logic of the vendor's underlying business proposition.

**Vertical/Industry Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

**Innovation:** Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

**Geographic Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

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