

# AppDynamics enhances 'big data' capabilities in latest release

**Analyst:** Dennis Callaghan

24 Sep, 2014

Triple-digit percentage growth every quarter, more than \$200m raised and a product set that continues to expand make AppDynamics a force to be reckoned with in the application performance management (APM) space. The company's new 'big data' technology intensifies its rivalry with fellow post-Wily APM startup New Relic, while it continues to fend off intellectual property (IP) lawsuits from CA Technologies.

## The 451 Take

AppDynamics may be on the IPO track, but how much long-term potential does an APM pure play really have? That's a good lens to look at the AppDynamics Summer '14 release through. Its big-data platform lays the groundwork for the company to be so much more than an APM vendor. Instead, it would be more of a hub of IT performance and business data that can be analyzed for previously undiscovered insights into its customers' operations. New Relic is positioning itself for the same opportunity and the competition between the two players remains intense. Both are also contending with IP lawsuits from CA.

## Context

AppDynamics continues to be one of the top success stories in the APM space. For its fiscal second quarter, ended July 31, AppDynamics reported trailing 12-month revenue growth of more than 150% over the same period the previous year. That growth rate for the six-year-old company led to it secure a \$120m venture and debt financing round in July, bringing the total raised by AppDynamics to more than \$206m. With such a level of funding raised, it is clearly on the IPO track.

The company closed the quarter with more than 450 employees based in over 12 countries, and 1,300 customers. Founder and former Wily Technology executive Jyoti Bansal remains AppDynamics' CEO.

## **Products**

In August, AppDynamics announced its Summer '14 release, designed with improved big-data management capabilities to monitor and manage large-scale application deployments. The latest release is built on a Hadoop-based big-data platform that is designed to handle large numbers of events, metrics and metadata. New capabilities include drill-down data visualization and a self-learning business transaction engine that sorts business-critical transactions, smart dashboards and advanced analytics. Customers also get deeper and broader data visibility and collection capabilities.

AppDynamics has added APM support for Java 8; distributed transaction monitoring for Node.js applications that allows monitoring of transactions spanning Node.js, Java, .Net and PHP application tiers; beta support for the C++ SDK for code-level instrumentation of C++ applications; and the ability to monitor asynchronous transactions in .Net applications. These are applications that don't use a request-response transactional mechanism, such as a loan or credit app.

The result is an APM tool that can not only track transactions across each infrastructure tier but also drill down into each tier, giving administrators a single-pane-of-glass view of the entire technology stack that supports the application. Previously, AppDynamics only conducted this deep-dive analysis at the application server and database layers. Now it can look at network, server, storage, logs, presentation layer, etc. The big-data support helps the company manage all of the data generated by that deep-dive analysis across tiers, with data visualization that can scale to handle the increased workload.

The Summer '14 release should lay the foundation for more analytics-heavy releases from AppDynamics in the future.

## **Customers**

AppDynamics continues to win new enterprise deals among its 1,300+ customers. Its newest customers include AutoTrader.com, bwin, CarMax, Cisco, Egnyte, InterContinental Hotels Group, JPMorgan Chase, Paddy Power, RAC Insurance, Regis, Sony Mobile Communications, Surescripts and Kiewit.

New and existing customers are using AppDynamics to manage application environments at massive scales. Online travel company Orbitz employs AppDynamics to manage 140 apps on 2,700 servers, responding to 20 million page requests per day. ExactTarget – salesforce.com's marketing cloud – uses a single-instance AppDynamics to manage 10,000 .Net servers. E-commerce site Priceline.com manages 2,500 builds a month with AppDynamics. Cisco employs AppDynamics to manage 15,000 Java VMs across two datacenters against one SaaS controller.

## **Partners**

IBM has emerged as a key AppDynamics partner. AppDynamics' Application Intelligence Platform SaaS offering is now available as part of the IBM Cloud Marketplace at no additional charge. AppDynamics has also added support for IBM DataPower, Big Blue's purpose-built messaging appliance. This support provides visibility of applications that use DataPower for integration and security. Metrics are gathered from DataPower into AppDynamics, baselined to find the normal performance level, and then alerts can be set up on AppDynamics to notify administrators when metrics hit thresholds below that baseline. AppDynamics can then be set up for automated remediation of any detected problems.

## **Competition**

AppDynamics' main competitor remains fellow high-flying APM startup New Relic, which was also started by former Wily executives. The two companies have taken different paths to their current APM success, with AppDynamics initially pursuing the enterprise Java and .Net opportunity and New Relic making its bones mostly in apps built with dynamic languages, especially Ruby on Rails. However, as the vendors have matured, their markets have converged more. New Relic announced its own big-data platform earlier this year, based on a proprietary Hadoop-like data engine, rather than AppDynamics' new Apache Hadoop-based offering.

A key part of AppDynamics' early traction was competitive replacements of CA's Wily, now CA APM. CA has responded by suing AppDynamics, first for patent infringement and then, after that suit was dismissed, it filed suit again in July, alleging that Bansal and AppDynamics CTO Bhaskar Sunkara wrote much of AppDynamics' code while they were still CA employees. AppDynamics has filed its own suit to determine that its IP is its own and that it owes nothing to CA. The rest of the Big Four IT management framework providers – BMC Software, HP and IBM – are likely fading as serious competitors. IBM is now embracing AppDynamics as a key APM partner.

Compuware has become a more formidable rival since acquiring dynaTrace. Ditto for AppNeta after

it bought Tracelytics. As AppDynamics seeks a bigger piece of the performance management pie beyond APM, we suspect that it could compete more, at least on a mindshare level, with network-focused vendors such as ExtraHop, Boundary Inc, ThousandEyes and Datadog, though to this point it has been more complementary with those players.

## **SWOT Analysis**

### **Strengths**

With more than 1,300 customers, many of them large enterprise accounts, continued rapid growth and over \$200m in funding, AppDynamics remains a startup success story with plenty of potential yet. The company has a seasoned executive team that knows APM.

### **Opportunities**

Big-data applications could bring AppDynamics plenty of opportunities beyond APM, such as in business analytics. Mobile APM remains an early-stage area for the company, with more growth potential.

### **Weaknesses**

Like any high-velocity startup, AppDynamics is under a lot of pressure to continue to innovate and expand beyond core APM. That could cause the company to lose focus.

### **Threats**

Unlike most startups, AppDynamics has its own alter-ego in New Relic, which is the same age, has executives from the same company and is chasing a similar opportunity. Legal issues with CA continue to dog the company, but so far remain more of a nuisance than a true obstacle.

Reproduced by permission of The 451 Group; © 2014. This report was originally published within 451 Research's Market Insight Service. For additional information on 451 Research or to apply for trial access, go to: [www.451research.com](http://www.451research.com)