

## Magic Quadrant for Integrated Workplace Management Systems, 2006

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The integrated workplace management system market demonstrated accelerated growth during the past year, from 8% to 10%. It experienced intensified competition for Web-based technology, enhanced functionality, and a more-efficient installation and configuration process.

## WHAT YOU NEED TO KNOW

The integrated workplace management system (IWMS) market is evolving into three groups: those that emphasize ease of implementation and configuration; those that offer applications primarily in a hosted environment; and those that are oriented toward the large, complex globalized enterprises that require robust financial functionality, language and currency translation, as well as a network of global service partners. Ensure the financial health, organizational stability, quality of management, and focus on service quality and efficiency when selecting a vendor in this space.

## MAGIC QUADRANT

Figure 1. Magic Quadrant for Integrated Workplace Management Systems, 2006



Source: Gartner (December 2006)

## Market Overview

The IWMS market is primarily user-centric (corporate real estate); it is distinct from real-estate-centric applications aimed at property companies, real estate investment trusts or real estate service companies, such as brokerages and consulting organizations. Market drivers include:

- Continuing pressure on cost efficiencies, whereby enterprises use the IWMS solution to uncover underused facilities and to execute consolidation and portfolio rationalization to reduce occupancy costs.
- Globalization is driving a need for a worldwide portfolio view of enterprise workplace assets, with emphasis on currency and language translation in the application
- Increasing awareness of high-level executives and IT managers to the benefits of adopting an integrated system approach to facilities and real estate management.
- Compliance requirements, particularly in the context of Section 404 of the Sarbanes-Oxley Act of 2002, compel executive management to acquire IWMSs to improve financial transparency and auditable data, particularly related to lease transactions. This trend, in combination with new lease accounting standards, demands tighter integration between real estate data and financial data.
- The advent of process-based management, where enterprises are taking a life cycle approach to facilities and real estate management, and automating many of the processes in the planning, project management, leasing and day-to-day operations of the facilities portfolio.
- There is a distinct trend to embed best practice workflows within the application to minimize customization and shorten the installation process.
- The growth of integrated workplace organizations, which removes the boundaries between functional groups and takes a collaborative approach to facilities management and workplace services. These organizations require an enterprise-level system that ties together real estate, facilities, HR, financial and project data into a single shared database and workflow engine.
- Changing work styles to more-mobile and virtual workplace modes require IWMS features that offer 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 focus on business continuity and disaster recovery require the functionality of an IWMS that can identify backup sites, employee locations and critical infrastructure in the event of a local or regional business interruption. This requirement has increased with such threats as the avian flu virus and regional disasters, such as the Gulf Coast hurricanes of 2005.
- Increased emphasis on performance management requires the business intelligence capabilities of the IWMS by enabling organizations to customize executive reporting via executive dashboards. Key performance indicators reveal portfolio performance, space use, cost differences by location and productivity trends relative to operational processes, such as building maintenance, bringing new employee onboard, and office relocations and rearrangements.

- The growth in multisourcing of facilities and real estate services requires that service providers, partners and other contract staff have easy access to workplace data and processes via the portal interfaces that typify IWMS Web-based architectures.
- Standard-setting initiatives, such as the Open Standards Consortium for Real Estate (OSCRE), which aim to define common processes and data architectures that will enable more-efficient data exchange between real estate companies and clients, and continue to stimulate demand for IWMS solutions. As vendors become OSCRE-compliant, there will be increasing demand for integrated solutions.
- Clear evidence exists that many of the leading vendors in the IWMS space have upgraded to the latest in Web-based technologies, characterized by open standards, the use of Ajax and other tools to enhance the user experience, and enable configurable templates and workflows.

## Market Definition/Description

The IWMS market began to emerge in the late 1990s, with rapid evolution in the past four years. The market is characterized by enterprise-level software solutions that integrate four key components of functionality: project management, real estate portfolio and lease management, space management (moves, adds and changes), and maintenance management. The software operates from a single database and offers workflow tools, executive dashboards, and pre-defined and customized reporting capabilities.

Most suite applications will interoperate with other enterprise applications, such as ERP, supply chain management (SCM) and human capital management (HCM), via Web service technologies. The functionality of the IWMS suite continues to evolve as an asset life cycle management system. The primary functions of the workplace organization can use a single system that can be customized to adapt to enterprise workflow and performance indicators.

Several key features have emerged as high-demand functionality:

- Role-based portals. Different roles in the workplace organization can access the system via a portal tailored to the individual's role in the organization.
- Building assessment. This functionality provides detailed analysis of building conditions and information necessary for capital budgeting for building upgrades, major system replacements or enhancements.
- Tighter integration between project management output and building and lease data. Historically, project data would have to be input manually to the property database; in the IWMS solution, this data can be automatically transferred to the property files.
- Service-oriented architecture technology that enhances interoperability between the IWMS and other enterprise systems. It's a fundamental requirement that IWMSs interoperate with the enterprise's financial and HR systems, and operate in multiple database environments, including Oracle, SQL and DB2.
- Continued interest in earlier stage functionality. Other trends in functionality that we identified last year continue to experience strong customer demand. These include multiple currency and language translation, wireless capabilities, strong reporting and business intelligence capabilities, and the ability to use the system to execute what-if scenarios, such as leasing options, building consolidation or use assumptions related to office "hoteling" or desk sharing.

- Facilities and service management. This is a priority in the European market, whereas real estate transaction support, portfolio management and lease management tend to be higher priorities in the North American market. Breadth and depth of functionality will be an imperative for IWMS vendors that aspire to operate on a global basis.
- Strategic portfolio analysis: Several leading vendors have identified the need in their product road map to provide robust, strategic portfolio planning capabilities to include "what if" analysis, scenario building, and sophisticated investment and cash flow analysis, including risk analysis.

## Inclusion and Exclusion Criteria

Vendors that qualify for the IWMS Magic Quadrant must offer at least three of the four components of functionality (project management, real estate portfolio/lease management, space management and maintenance management), must have earned at least \$5 million in revenue during 2005 and must have secured at least 12 new customers during 2005. We also added a new criteria this year: The IWMS offering must be available as an unbundled offering from other vendor system offerings. This precludes offerings from SAP, Oracle and other enterprise solutions where the IWMS functionality is only available via the enterprise solution suite. This change was made to be consistent with other Gartner Magic Quadrants, most notably the enterprise application management Magic Quadrant.

### Added

AMTdirect was added because of its extended functionality into project management and maintenance management.

Fraser Williams was added in light of its merger with Estates Computer Group and its renewed focus on the North American market.

Skire was added because of its extended functionality in real estate and maintenance management.

### Dropped

CenterStone was acquired by Manhattan Software.

Oracle was eliminated because of our new "unbundled" criteria noted above.

## Evaluation Criteria

### Ability to Execute

Rating criteria focused on the vendor's operational viability, financial health, breadth and depth of product functionality, customer base globally, and 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)	standard
Sales Execution/Pricing	low

<b>Evaluation Criteria</b>	<b>Weighting</b>
Market Responsiveness and Track Record	standard
Marketing Execution	low
Customer Experience	high
Operations	standard

Source: Gartner

## Completeness of Vision

Rating 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.

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

<b>Evaluation Criteria</b>	<b>Weighting</b>
Market Understanding	standard
Marketing Strategy	high
Sales Strategy	low
Offering (Product) Strategy	high
Business Model	standard
Vertical/Industry Strategy	standard
Innovation	high
Geographic Strategy	standard

Source: Gartner

## Leaders

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

## Challengers

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

## Visionaries

Visionaries have a solid vision for product functionality, service quality and 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 strategy.

## Niche Players

Niche players may have adequate product functionality, but they have yet to articulate a clear market or product positioning strategy. Niche vendors also are limited to one geographic region and may reflect gaps in their product offering that keep them as niche players.

## Vendor Comments

### Accruent

Accruent returns to the Leaders Quadrant because of its broadened market focus, significant new business momentum and its visionary development work with Microsoft, which is expected to emerge as a revolutionary new product offering in 2007. Accruent offers two product families: its Real Estate Performance suite, which includes the full breadth of IWMS functionality, and its Store Life Cycle Management suite, which is specifically aimed at the retail segment. Its business momentum in 2005 and 2006 resulted in significant revenue growth, staffing increases and average sales prices exceeding \$1 million. Accruent's strong lease management functionality, with associated lease abstracting and management services, is a clear differentiator in the IWMS market. It's co-development with Microsoft — built on the new Vista operating system capabilities, with game-like visual interface and strong analytics — is expected to be available in 2007.

### AMTdirect

AMTdirect is an application service provider (ASP) that offers a strong real estate and lease management suite of functionality. It provides a measure of project and maintenance management, but has not extended into space management — although this functionality is on the vendor's road map. AMTdirect operates principally in the U.S. market and specializes in lease administration and abstraction services. Built on a Microsoft .NET platform with an SQL back end, AMTdirect does not release new versions of its applications, but continuously updates and enhances its product in the ASP configuration. The vendor does not price on a seat basis, but as a function of the modules used and the size of the portfolio. AMTdirect does not operate globally, but has plans to extend its offering into global markets in the future.

### Archibus

Archibus continues to expand its global presence through acquisition and organic growth, with more than 200 offices in over 130 countries, and more than 1,000 new customers, including Citigroup and the State of Missouri. Archibus' strengths include a vast partner network of more than 3,000 full-time equivalent professionals and over 1,800 service partners providing local and regional support worldwide. The vendor targets an installation time to 90 days — attributed primarily to its open, Web 16.1 technology and rapid deployment techniques. Archibus has a broad level of functionality with particular strengths in real estate, facility management, asset management and building operations management. It offers many product offerings from a low-cost solution to a full enterprise suite with full workflow, role-based portal interfaces and a robust reporting capability.

### Bricsnet

Bricsnet demonstrated substantial progress during the past 12 months, which solidifies its position in the Leaders Quadrant. Notable improvements relate to the extension and enhancement of its Building Center 4.1 technology, which includes a robust Web 2.0 architecture and toolset. Bricsnet focuses on three points of value: a robust set of executive-level key performance indicators via its Business Intelligence Reporting Technology; "time to value," which stresses the use of best practice processes, rather than customization to minimize install time;

and established partnerships with a group of specialized consulting firms that can address specific customer needs at economical service costs. With a doubling of its sales force, it has significantly increased its new prospect pipeline, average sales price and revenue performance. New customers include companies from the financial services, government and government service sectors, among others.

## **Famis Software**

Famis Software has launched a new system architecture and platform — Famis Xi — which embraces Web 2.0 technology, including Business Process Execution Language standard protocols and Ajax technology. The vendor reports a phased plan to migrate its functional modules to the Xi platform during the next year and a half. This is a major enhancement from Famis's prior use of Oracle's 10g technology stack, which limited its use in non-Oracle compatible environments.

Like several vendors in this Magic Quadrant, Famis is stressing time to value by deploying a library of best practice processes that can be easily tailored or configured during the customer install process. Famis uses a proprietary installation process called AIM or adaptive implementation methodology. Using only Famis service staff, the vendor strives to maintain a 1:1 license to service revenue pricing targets. Famis is still primarily a North American vendor and does not actively market in Europe or the Asia/Pacific region; it does not offer multiple language translation. The company supports its global clients from its offices in the U.S. Famis Software remains dominant in the higher education and public sectors, and experienced strong revenue growth last year with its Famis On Demand hosting service, which is the fastest-growing segment of its business. Some of Famis Software's major corporate customers include Corning, Ford Motor Company, Nortel and BAE Systems.

## **Fraser Williams**

Fraser Williams was added to the Magic Quadrant this year by virtue of its full suite of IWMS functionality, Web-based technology platform and increased marketing focus on the U.S. market. Based in the U.K., Fraser Williams has been developing real estate applications since 1979, and has been active in the global corporate real estate market since 1990.

In 2005, Fraser Williams was acquired by the Estates Computers Group, which offers specialist software in the commercial and residential real estate markets. Fraser Williams' main product, Horizon, is particularly strong in real estate and transaction management functionality. Built on the Oracle 10g application platform, the Fraser Williams suite offers full Web-based flexibility and configurability. The vendor's road map includes improvements to its workflow, executive dashboard and collaborative functionality. It also needs to enhance its space management functionality and its support for alternative virtual workplace services.

## **Intuit**

Intuit continues to evolve its IWMS suite of offerings for the corporate user market. The vendor reports a robust pipeline of new accounts, although its traction in the market seems to be somewhat limited during the past 12 months. Intuit reports an expansion of its partnership program, including relationships with Smart Consulting and Deloitte. The vendor has taken several initiatives to improve its marketing effort; these include a reorganization of the real estate systems sales force to encourage more cross selling, and emphasizing expansion of software functionality in existing accounts.

With a major new release each year, Intuit is expected to release a number of product enhancements during the next two years. These include a portfolio management tool in mid-2007, budgeting tools in 2008 and a complete overhaul to the IWMS technology platform during

the first quarter of 2008. Intuit demonstrates strong vision in its technology and market plans; however, it continues to lag other vendors in this space relative to new business growth in the corporate user market segment.

## **Manhattan CenterStone**

Manhattan Software completed the acquisition of CenterStone Software during the fourth quarter of 2006, which increases the vendor's presence in North America while enhancing product functionality, particularly in the area of space management. The vendor reported significant revenue growth during the past year and acquired several new marquis customers, including Cendant, Compuware and Lloyds of London.

Manhattan is one of the true global IWMS vendors, with 18 offices supporting customers in 140 countries on five continents. Manhattan's new release, Manhattan 7.0, is a standards-based implementation of Web 2.0 using Ajax. It supports multiple server environments, including IBM WebSphere, Apache Tomcat and IIS Web servers running on Microsoft Windows and Linux/Unix servers. Manhattan Software's strong financial functionality, global reach, product innovation and strong service methodology maintains its position in the Leaders Quadrant.

## **Planon**

Planon completed its anticipated launch in the U.S. during the first quarter of 2006. The company has demonstrated strong market momentum in the U.S. market, with significant new accounts in the healthcare, manufacturing, pharmaceutical and financial sectors. Planon's product suite includes all the functionality we look for in an IWMS suite, with particularly strong support of workplace-related services. Since its expansion into the U.S., Planon has been strengthening its real estate and lease management functionality, which we identified as a product weakness in last year's review. A key differentiator in Planon's technology platform is its multiple client architecture employing Web 2.0 technology and offering wireless, Web and rich-client interfaces. Planon is an SAP-certified partner and operates effectively in SAP's NetWeaver environment. With its strong product offering, global presence, U.S. momentum and strong customer endorsement, Planon enters the Leaders Quadrant.

## **Siterra**

Siterra describes its product and service focus as managing the life cycle of high value sites. Siterra's legacy market has been remote sites, including cellular towers, oil rigs and other high-value sites. With its acquisition of the IQ Portfolio assets from Workplace IQ during 2004, it has extended into the broader corporate real estate and facilities management market. Siterra operates principally as an ASP and prices on a subscription basis relative to portfolio size. It incorporates a full Web 2.0 technology architecture and platform, but its functionality is limited primarily to real estate management and project management. It has no space management and limited maintenance management functionality. It offers a robust lease administration and abstracting service, and reports major new customers during the past year, including Omnicom, CB Richard Ellis, Basha's and Giant Foods.

## **Skire**

Skire is a provider of facilities life cycle management functionality primarily as an ASP, but also with on-premise installations. Its suite of functionality covers real estate, project management and maintenance management. Space management, including moves, adds and changes, hoteling support and CAD to data interoperability, is included in the road map for future development. Skire's product strength is focused on its highly configurable workflow, which uses out-of-the-box templates for a variety of project management, procurement and maintenance tasks. The additional product strengths are in its project controls and cost management capabilities. Like

several vendors in the Magic Quadrant this year, Skire offers a library of best practice workflows and forms that are easily configured by customers; thus, minimizing installation time and cost. The vendor operates primarily in the U.S. market with plans to expand into Europe and Asia in 2007. New accounts include Anheuser-Busch, Boyd Gaming, Chicago Transit Authority, Columbia University, Kaiser Permanente and Samsung.

## Tririga

Tririga demonstrated substantial progress during the past year in product enhancements, including several major new releases powered by its new Momentum platform, Tririga 9, coupled with 30% revenue growth and significant enhancements to service quality and methodology. Opening a new major office in Northern California, Tririga has demonstrated significant maturity in senior management by recruiting seasoned software industry veterans in the positions of CEO, product development and product marketing. With significant new clients such as Sodexo, 7-Eleven, Wells Fargo and Sprint, Tririga's strong product offering, powerful operating platform, outstanding service quality, enhanced partnership network (including IBM Global Services) and record-breaking business growth keeps the vendor in the top leadership position in the Magic Quadrant this year.

## RECOMMENDED READING

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"Magic Quadrants and MarketScopes: How Gartner Evaluates Vendors Within a Market"

"Integrated Workplace Management Systems: 2006 Market Update"

"Bolster Your Return on Investment With Integrated Workplace Management Systems"

"Magic Quadrant for Integrated Workplace Management Systems, 2005"

## Acronym Key and Glossary Terms

<b>ASP</b>	application service provider
<b>HCM</b>	human capital management
<b>IWMS</b>	integrated workplace management systems
<b>OSCRE</b>	Open Standards Consortium for Real Estate
<b>PPM</b>	portfolio and project management
<b>REMS</b>	real estate management systems
<b>SCM</b>	supply chain management

## 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.

## Evaluation Criteria Definitions

### Ability to Execute

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

**Overall Viability (Business Unit, Financial, Strategy, Organization):** Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood of the individual business unit to continue investing in the product, to continue offering the product and to advance the state of the art within the organization's portfolio of products.

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

**Market Responsiveness and Track 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 in order 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, 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, etc.

**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 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 Web site, advertising, customer programs and positioning statements.

**Sales Strategy:** The strategy for selling product 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 set 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 verticals.

**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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