2007 Market Survey

Challenges and Priorities for Fortune 1000 Companies

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mValent 2007 Survey Results Summary

1. Survey Methodology

mValent conducted a market survey of Fortune 1000 IT teams in March 2007 with the purpose of gaining deeper insight into the priorities and challenges they face in managing application infrastructure that supports the delivery of mission-critical business applications and services to their internal and external customers.

Within one week, more than 300 senior IT professionals responded, underscoring the top-of-mind nature and importance of these subjects.

2. Key Findings

- **Each hour of application downtime costs Fortune 1000 companies in excess of $300,000**, according to nearly one-third of respondents at companies that track the business cost and impact.

- **Troubleshooting configuration errors with application servers, middleware and databases requires more than one working day, according to more than one-third of respondents**.

- Based on these survey results and current average IT salaries (according to Salary.com) each single troubleshooting incident costs more than $1250 in direct labor costs alone. But the economic impact of the resulting downtime dwarfs these direct costs.

- There is a clear imperative based on this economic impact to eradicate application downtime by whatever means necessary.

- Configuration and change management in corporate America is a team sport: **most Fortune 1000 companies employ more than 11 people to manage configuration changes to application infrastructure assets** (application servers, Web servers, middleware, databases and operating systems).

- The combination of many "cooks in the kitchen" and so many "moving parts" in the application infrastructure result in an unwieldy process that creates application downtime. Again, a clear imperative exists to address this challenge.

- Installation and configuration of core application infrastructure assets – including application servers, Web servers, middleware, databases and operating systems – continues to be a "major time sink" for most IT teams. According to the majority of respondents, installing and

configuring a complete application infrastructure stack requires more than *four* working days.

- Owing to the factors above, the need for automated application configuration, change and release management tools has become crystal clear within Fortune 1000 companies – more than 61% of responding companies report they have invested in or plan to invest in these tools in 2007.

The following summary provides more details on the survey findings and the toll that application configuration, change and release management is taking on enterprise IT.

3. Top Objectives & Key Projects for 2007

85% of respondents indicated that ensuring IT compliance with internal initiatives or external regulatory requirements and demonstrating IT/business and strategy alignment were "top priority" or "important" objectives for their IT organizations in 2007. Improving IT staff productivity was deemed the next most important objective, with 81% of respondents noting that this was a "top priority" or "important" objective for their organizations.

What are the most important objectives for your IT organization in 2007? Please rate each item:

	Top Priority or Important	Lower Priority	Not a 2007 Priority
Ensuring IT compliance with internal initiatives or external regulatory requirements	85%	11%	4%
Improving IT staff productivity	81%	16%	3%
Improving and demonstrating IT/business and strategy alignment	85%	14%	1%
Measuring and communicating IT value	75%	20%	5%
Mitigating risk associated with software/infrastructure migrations	78%	18%	5%
Other	33%	25%	42%

Ensuring high availability for mission-critical applications and business services is by far the most important initiative for Fortune 1000 IT organizations, with an overwhelming 92% of respondents indicating that this is a "top priority" or "priority" for 2007.

The next most important 2007 project initiatives were deemed to be IT audit/compliance (79% ranked as "top priority" or "priority"); instituting management processes to improve IT's ability to service the business (77% ranked as "top priority" or "priority"); and infrastructure/software migration initiatives (75% ranked as "top priority" or "priority")

What are the most important objectives for your IT organization in 2007? Please rate each item:

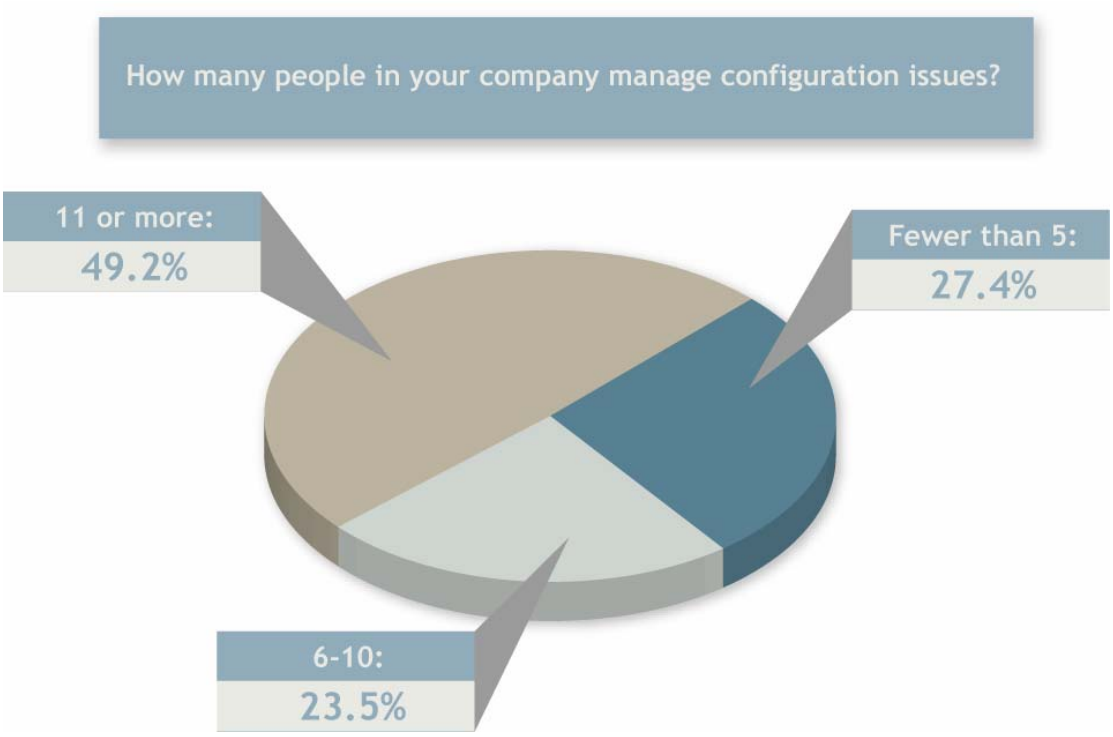
	Top Priority or Important	Lower Priority	Not a 2007 Priority
Ensuring high availability for applications/business services	92%	6%	1%
IT audit/compliance	79%	19%	2%
Infrastructure/software migration initiatives	75%	23%	2%
Accelerating time-to-value for new applications	58%	32%	9%
Instituting management processes to improve IT's ability to service the business	77%	20%	4%
Implementing SOA to improve IT's flexibility and responsive-ness to the business	49%	34%	16%
Other	27%	24%	50%

4. The Risk & Cost of Configuration Complexity

The growth of composite applications has dramatically increased an already complex computing environment and made it more difficult for IT to manage their environments. Additionally, the average Global 2000 enterprise has more than 1000 applications[1], change is continuous and IT teams are being asked to support an ever-growing volume of applications.

On top of this increased complexity and application volume, IT organizations are struggling with the fact that the rate of IT infrastructure change has gone way up – a significant complexity multiplier. In fact, Gartner estimates that through 2010, 60% of IT resources will be consumed by IT change-related activity[2].

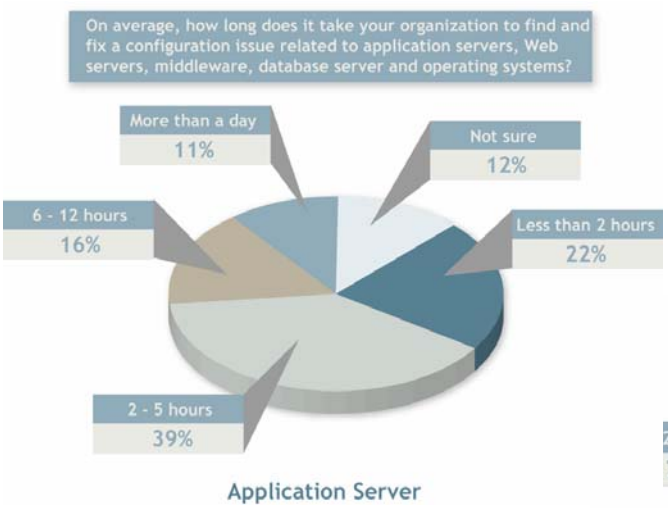
Nearly half of survey respondents report that more than 11 people within their company's IT group are tasked with managing configuration changes, making the management process even more unwieldy and contributing to application downtime.

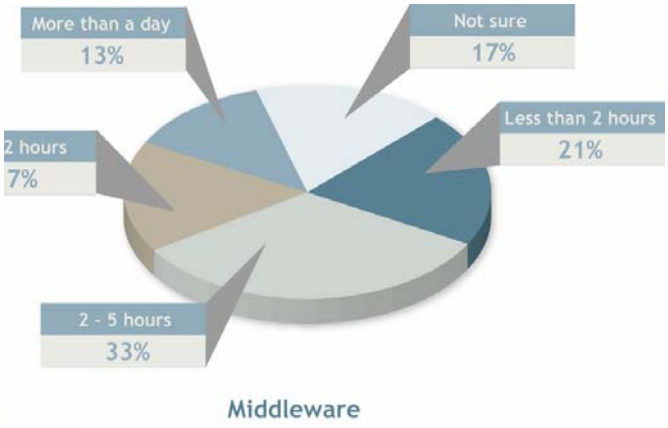


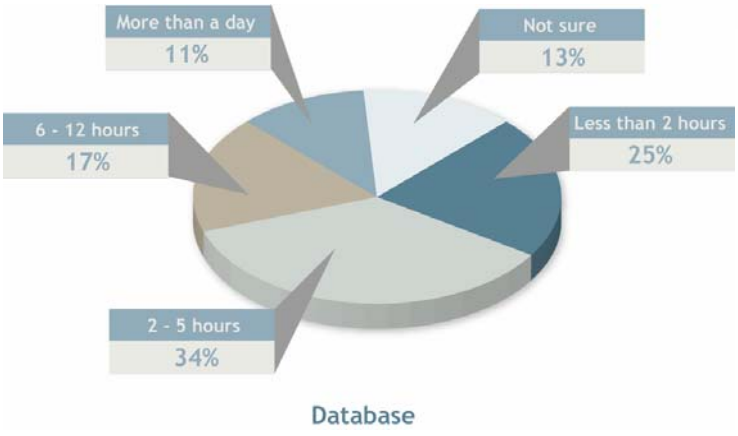
When it comes to applications, even the smallest system or application configuration changes can wreak havoc on the smooth operation of critical application services. **This is a major business issue given that 92% of survey respondents**

said that improving application/business service availability is a "top priority" or "priority" for 2007 – and nearly one-third of respondents at companies that track the cost and impact of application downtime report that each hour of application downtime costs their companies *in excess of $300,000***.**

On top of this, more than one-third of respondents report that troubleshooting configuration errors with application servers, middleware and databases requires *more than one working day in each case.*







Also of note is the fact that installation and configuration of core application infrastructure assets – including application servers, Web servers, middleware, databases and operating systems – continues to be a "major time sink" for most IT

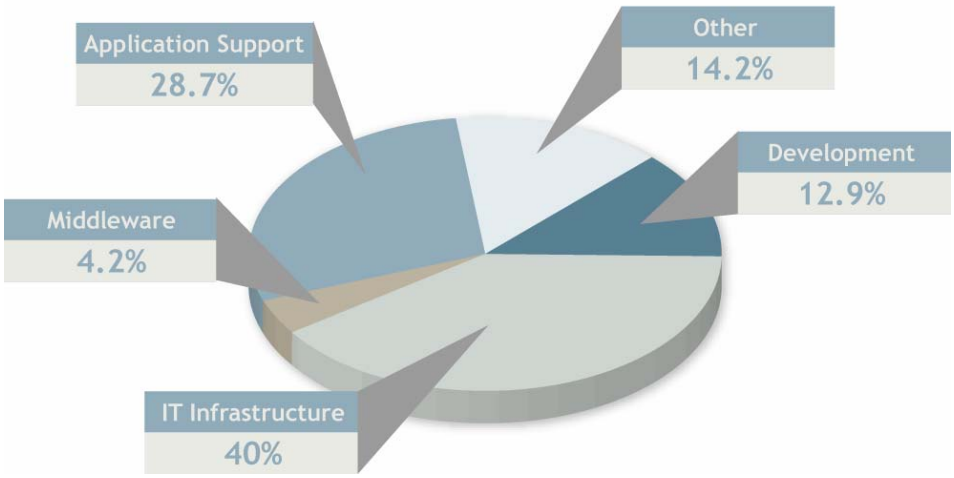
teams. The majority of respondents report that it takes their IT teams *more than four working days* to install and configure a complete application infrastructure stack.

Approximately how long does it take your IT department to install and configure a new application server, Web server, middleware, database server or operating system?

	0 - 1 hour	2 - 3 hours	4 - 5 hours	5 - 8 hours	More than a day
Application Server	5% (15)	22% (67)	16% (48)	19% (59)	38% (114)
Web Server	9% (28)	23% (70)	19% (56)	18% (53)	31% (95)
Middleware	4% (12)	20% (60)	18% (54)	18% (54)	39% (116)
Database	4% (11)	14% (41)	21% (63)	18% (55)	44% (133)
Operating System	13% (38)	27% (80)	18% (54)	14% (41)	29% (88)

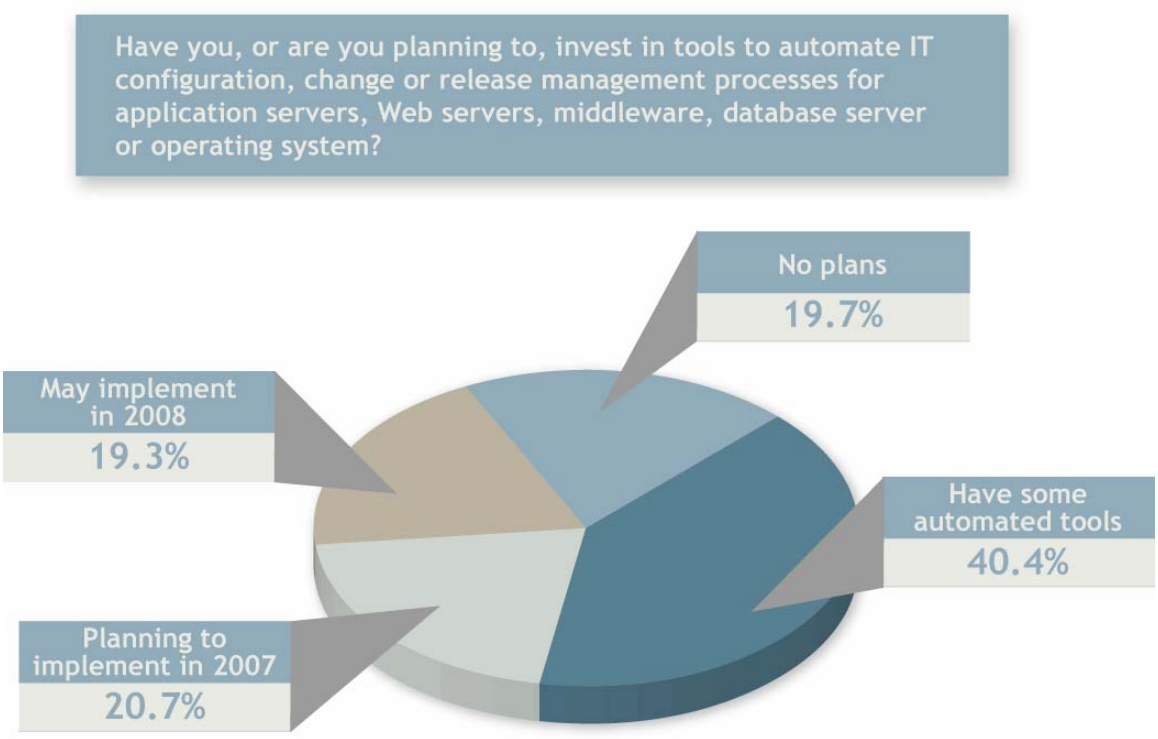
The growth of composite applications, increased environment complexity, ever-growing application volume and rising rate of infrastructure changes have contributed to the emergence of formalized application support teams:

What is the name of the IT group in your organization that manages and controls application configuration issues?

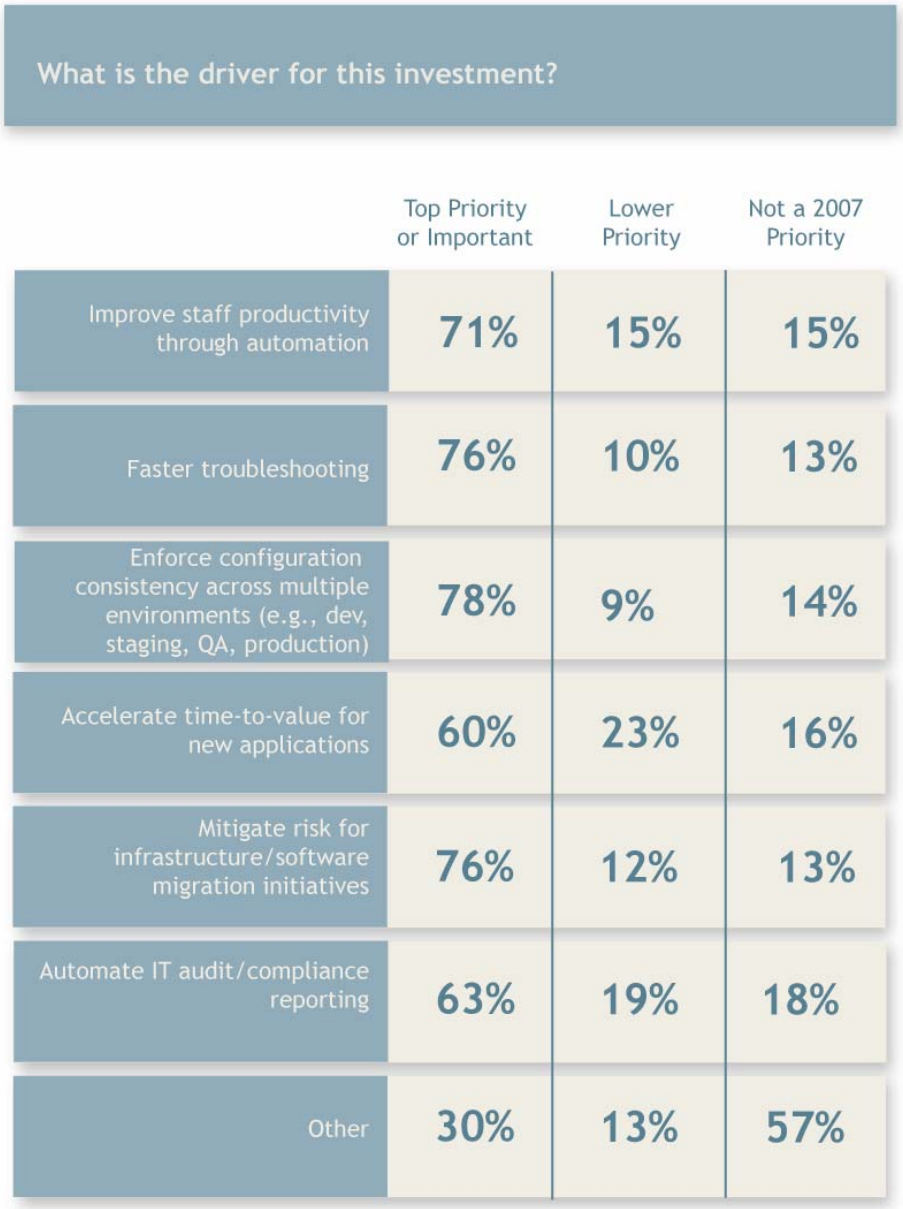


5. Process Automation Regarded as Key to Conquering Complexity

Effective configuration, change and release management processes are key to ensuring high availability and consistent delivery of business services. Companies have clearly recognized the need for automated tools to manage these processes, with **more than 61% of respondents** reporting that their companies have already invested, or plan to invest, in tools to automate configuration, change and release management processes for application infrastructure assets in 2007.



Seventy-eight percent of respondents indicated the need to enforce configuration consistency across multiple environments as the "top priority" or "important" driver behind these investments. Mitigating risk for infrastructure software/migration initiatives and faster troubleshooting tied for second place, with 76% of respondents indicating that these were "top priority" or "important" investment drivers.



Historically the largest single area of application-related investment is in infrastructure, which includes application support and maintenance[3]. This cuts into the amount of time and effort that can be spent on improving existing applications, let alone developing new applications of potentially strategic importance, and application backlog can become significant. By automating core areas of application infrastructure maintenance/support such as configuration, change and release management, IT organizations can gain significantly more time and effort to focus on the development and deployment of applications designed to drive competitive advantage.

6. Other Findings Of Note

- Approximately two-thirds of respondents indicate their IT teams currently use scripts or manual efforts to deploy new applications, representing an untapped opportunity for further significant cost savings.

- Nearly one-third of respondents who specified which vendor their companies would select for implementing a configuration management database (CMDB) named HP Software as the vendor of choice.

7. The Bottom Line

The data collected in this survey underscores the importance of reigning in application downtime based on its high cost to the business as well as the eye-opening time and costs associated with managing configuration changes and troubleshooting configuration errors for key application infrastructure assets. The need for automated tools to manage configuration, change and release management processes for the application infrastructure stack is clear and adoption rates show that there is light at the end of the tunnel for IT.

About mValent

mValent tackles IT complexity and compliance with automation software that eliminates configuration management chaos in application infrastructure. The company's flagship product, mValent Integrity, automates application configuration management and is used by leading organizations to manage the build and maintenance of complex application configurations throughout their entire lifecycle – from development to production. mValent Integrity customers include leading companies such as State Street Bank, National Grid and Alltel. For more information, visit http://www.mvalent.com.

[1] *mValent Analyst Series, Focus On: Configuration Management, mValent, Inc., 2006*
[2] *"Conquering Complexity with Configuration Management" Webinar, Gartner, 2006*
[3] *"Conquering Complexity with Configuration Management" Webinar, Gartner, 2006*