Magic Quadrant for Integrated Workplace Management Systems

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The integrated workplace management system market underwent major consolidation in 2011, emerging as more mature and with greater chief officer- and board-level visibility. Organizations are starting to harvest significant ROI from its holistic, integrated management of the full facility life cycle.

Market Definition/Description

IT Asset Management Challenge

IT asset managers and IT financial managers are struggling to identify an accurate account of all IT asset costs through their life cycle, in order to provide an economic justification for IT sourcing decisions and to optimize cost and risk in the context of value.

This research should be of greatest value to any stakeholders (for example, executive management in finance, IT, corporate real estate/property, or facilities) who are wrestling with managing any part of the facilities life cycle. Gartner defines that life cycle — the integrated workplace management system (IWMS) market — as comprising the following five core areas of functionality that have historically been organizationally and operationally distinct and independent, with only minimal interdiscipline synergy:

1. **Project management.** Activities associated with new facilities development and the remodeling/enhancement of existing facilities, including data center reconfiguration and expansion. Functions include capital planning, design, funding, bidding, procurement, cost and resource management, workflows, construction, project documentation and drawings, scheduling and critical path analysis.

2. **Real estate/property portfolio management and lease administration.** This function addresses strategic planning (such as site identification, selection and development), capital planning, RFP and lease analysis, real estate portfolio, financial management and analytics, tax management, lease administration (such as accounts receivable and payable), transaction management, and support for the new Financial Accounting Standards Board (FASB)/ International Accounting Standards Board (IASB) accounting standard (see Market Overview).

3. **Space and facilities management (FM).** This broad area covers functions related to the operations and optimization of facilities, and includes facilities planning, space management, site and employee services management, office hoteling and room reservations, physical security administration, environmental, health and safety, and moves, adds and changes, "what if" utilization scenarios, facilities and space management analytics.

4. **Maintenance management.** This function has elements of computerized maintenance management systems and enterprise asset management, and consists of preventative and unscheduled maintenance management, warranty management (compliance and administration), work order administration, parts and inventory management, vendor management and building assessment.

5. **Sustainability/facility optimization and compliance.** This is a relatively new but rapidly growing function that is focused on the optimization of energy use. It addresses energy efficiency management and reporting (active environmental controls), waste management, recycling, carbon credit calculation, certification and compliance — such as Leadership in Energy and Environmental Design (LEED), Building Research Establishment (BRE) Environmental Assessment Method (BREEAM) and others, renewable ground water supplies, pollution absorption, and non-renewable minerals conservation (see "Sustainable Business Systems").

The IWMS market is maturing rapidly and is, arguably, entering Phase 3 of its development:

- Phase 1 (the 1990s and before). Was a slow evolution from largely manual systems to the automation of space planning, facility operations and maintenance — it became the foundation of computer-aided facilities management (CAFM).

- Phase 2 (the 2000s). Saw the proliferation of largely stand-alone CAFM systems, and expanded into broader, more comprehensive functionality (such as lease administration and project management).

- Phase 3. Is currently characterized not only by a growing wave of first-time IWMS users, but also the displacement of first and second generation CAFM/IWMS solutions with more robust offerings to satisfy much deeper functionality requirements (such as sophisticated financial analytic disciplines for mature real estate management).

While our research indicates that there are clear benefits and strong "stand-alone" ROIs to be harvested from deploying single IWMS functional modules, the real payback is derived from *integration*. The effective integration of these disciplines ideally operates from a single database with common user interface (UI), workflow tools, executive dashboards, and robust predefined and customized reporting capabilities.

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

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

adapting them to those of the chosen IWMS. Indeed, IWMS functionality will continue to evolve and test the organization's limits as a true asset life cycle management system.

In this context of rapidly evolving IWMS functionality, the following key features have emerged as high-demand capabilities:

- The rapid evolution to an increasingly agile, mobile workforce and the concomitant increasing ubiquity of mobile devices (such as smartphones and tablets) is driving users to demand (and vendors to supply) mobile-enabled versions of much of the IWMS product portfolio. Organizations and vendors are quickly seeing the enormous productivity potential of combining the convenience and power of handheld devices with the robust capabilities of IWMSs.

- *Geographic information systems (GIS)-based location management.* Driven by rapid advances in GIS, organizations now understand the profound impact GIS-based location management systems can have on the entire life cycle of a facility: from site selection, design and construction, to operations, maintenance and enhancement, to ultimate disposition. Indeed, many organizations are demanding — and IWMS vendors are delivering — robust GIS-based functionality that is embedded in many IWMS modules.

- *Reduced time-to-value.* IWMS deployments as recently as three to four years ago had unacceptably long integration and deployment timelines (up to 12 to 18 months for complex deployments) which were too often unanticipated in terms of time, cost and dedicated resource. While this delay has been largely resolved with many vendors' well-designed rapid deployment templates, reduced implementation times and quicker ROIs remain hallmark requirements in most IWMS RFPs.

- *Role-based Web portal.* Simple Web access is no longer adequate, and most users are demanding the ability for different roles in the workplace organization to access the system via a portal tailored to that individual's role in the organization.

- *Facility monitoring and assessment.* A growing requirement within many organizations is the need for comprehensive, accurate, up-to-date data and analysis of building conditions and trends. Such an intimate and accurate quantification of facility status is a key prerequisite for predictive analytics and effective capital budgeting of building construction and adaptation, and major system replacements or enhancements.

- *Tighter integration between project management output and real estate, lease, and facilities management data.* Historically, project data would have to be input manually to the property database; in a properly architected and deployed IWMS solution, this data can automatically flow from construction to real estate property to FM.

- *Effective interoperability between IWMSs and other enterprise systems.* As most organizations run their businesses using major enterprise systems, it has become a fundamental requirement for IWMSs to be compatible with the major enterprise financial and HR systems, as well as to operate in multiple database environments (such as Oracle, SQL and DB2).

- *Baseline functionality.* Once considered competitive differentiators, many IWMS features are now regarded as foundational functions with strong customer demand. These include multiple

currency and language translation, worldwide 24/7 help desk support, wireless capabilities, strong reporting and business intelligence capabilities, and robust analytics and "what-if" scenario capabilities (for example, lease and financing options, building consolidation variables, use assumptions related to office "hoteling" or desk sharing).

- *Strategic portfolio analysis.* Several leading vendors have, in their product road map, identified the need to provide robust, strategic portfolio planning capabilities to include what-if analysis, scenario building, and sophisticated investment and cash flow analysis — including risk analysis.

Magic Quadrant

Figure 1. Magic Quadrant for Integrated Workplace Management Systems
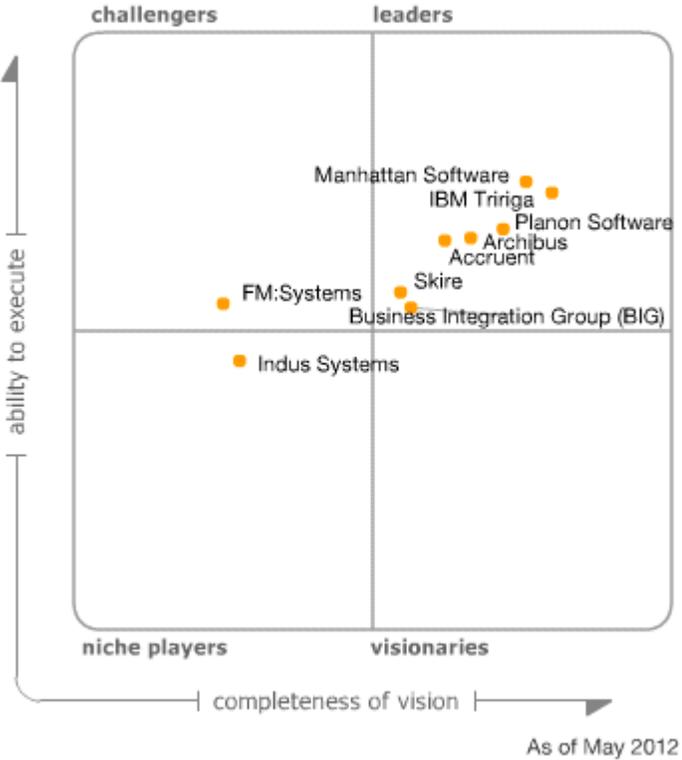
Source: Gartner (May 2012)

Vendor Strengths and Cautions

Accruent

Founded in 1995 and acquired by Vista Equity Partners in 2010, Accruent is headquartered in Austin, Texas and has revenue in the $25 million to $30 million range (Gartner estimate) that is

almost exclusively concentrated in North America. It has a relatively unique strategy among IWMS vendors, in serving different vertical markets with distinct IWMS product suites that are purpose-built for specific industries. Much of its recent growth has come through targeted acquisition, which has resulted in an expanding portfolio of industry-specific, independent product suites:

- Accruent — Retail and corporate solutions

- Famis (acquired in 2008) — Higher education, public sector

- Siterra (acquired in February 2011) — Wireless, retail and hybrid

- 360Facility (acquired in December 2011) — Corporate and commercial property management

In February 2012, Accruent announced its intention to develop the next version of Famis using the software as a service (SaaS)-based architecture it acquired with 360Facility. The target date for functional parity with its current Famis Xi, is 2014. It intends to maintain Xi support for at least five years.

Strengths

- Accruent's IWMS suites generally have good functional matches in the industry verticals in which it plays, which can reduce implementation costs and optimize business value.

- As a direct result of its January 2010 acquisition by Vista Equity Partners, Accruent has good financial stability and long-term viability, and a broad customer base that is likely to grow — largely through further acquisitions.

- Since the Vista acquisition, customer feedback indicates that consistency and quality of support has improved.

Cautions

- While Accruent's four-stack (going to three with the two or more years' Famis 360Facility migration) industry-specific IWMS approach promises implementation and functional benefits, it also comes with the risk of higher development, enhancement and support costs and a longer time-to-market than more unified product suites that may need more industry-specific tailoring.

- Though Accruent has no plans to "sunset" its current Famis release, its planned migration to 360Facility's SaaS-based architecture over two or more years — while likely the fastest and surest way to provide Famis customers with a more robust product and more secure future — does pose some inevitable risk for current and prospective Famis users.

- Customers indicate that documentation can be challenging, with latency being an issue (in that, as a product evolves the documentation tends to lag).

Archibus

Headquartered in Boston, Massachusetts, Archibus was founded by its current CEO, Bruce Kenneth Forbes, in 1982. Archibus is a large, global provider of real estate, infrastructure and FM

solutions that uses a unique business model. This model depends heavily on the company's extensive network of authorized and certified third-party, value-added software and services partners and consultants — its Federated Eco-System — for sales, implementation, product support and development, and other services (such as workplace audits, business transformations, process design and deployment).

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

Archibus states that its global real estate, infrastructure and FM solutions drive annual expenditures for "Archibus-related" products and services exceeding $2 billion. As Archibus is a privately held company, this "expenditure" figure cannot be verified. It is also important to understand that this figure should not be considered an Archibus revenue figure in the traditional, audited accounting sense of a public company, but rather a gross representation of Archibus's extensive third-party partner Federated Eco-System.

Strengths

- Archibus has a strong international presence (its revenue is about equally divided between the three major geographies), and through its Federated Eco-System of partners and ASCs, Archibus's products and services are available in over 190 countries and 30 languages.

- Archibus offers a full range of integrated IWMS functionality and is particularly strong in real estate, facility and building operations management, asset management, building information modeling (BIM) 4.0, and environmental sustainability and risk management.

- Archibus's integrated commercial off-the-shelf structure allows for rapid time-to-value deployment (for example, actionable results within 90 days, depending on implementation complexity), and is relatively scalable for small, medium and large organizations.

Cautions

- Archibus's unique distribution model of heavy reliance on its extensive Federated Eco-System of authorized and certified Archibus partners makes customers largely dependent on the quality and capabilities of their partner. Archibus indicates that it works directly with many accounts throughout the world that have requested its involvement.

- A few customers appear frustrated at the relative lack of direct communication with Archibus and its development team (for example, enhancement requests are often filtered through the Archibus partner, and users can have little/no visibility on their status within Archibus). Archibus indicates that all customers can communicate directly with it, and can participate in over 50 local, regional, national and international users' groups as well as in many other Archibus-sponsored conferences and forums that can help mitigate any quality or capability issues.

Business Integration Group (BIG)

Headquartered in Tempe, Arizona, BIG was founded in 1998. It offers a full suite of SaaS-based IWMS functionality and capabilities that covers five key functional "centers:"

- Facility (FM)

- Portfolio (real estate management)

- Occupancy (space management)

- Project

- Green (sustainability management)

While the majority of BIG's customers are larger organizations (revenue of over $5 billion), they have good representation (25%) in midsize (revenue of $1 billion to $5 billion) and smaller companies. The great majority (over 90%) of its deployments are via hosted SaaS. While BIG's products and services are utilized by clients in over 100 countries, about 70% of its revenue comes from North America. A key BIG initiative is to grow its international presence in both EMEA (currently about 20%) and Asia/Pacific (currently around 10%).

BIG is majority owned by Cushman & Wakefield, the global commercial real estate services firm, and as such has a strong financial and operational foundation that should give customers a good comfort level as to its long-term viability. While many of BIG's sales are sourced from this channel, BIG operates independently, and also provides its products and services to other real estate service providers. Customer feedback confirms the basic independence of the two companies, and that there is typically no pressure on BIG customers to employ Cushman & Wakefield services downstream.

Strengths

- BIG's five core IWMS modules form a product suite that is relatively easy to deploy and can typically be implemented within two to four months, depending on complexity and scale.

- BIG's close relationship with its majority owner, Cushman & Wakefield, ensures financial stability and facilitates new product enhancements that are focused on users' practical requirements.

- Positive customer feedback indicates that BIG almost exclusively uses its own qualified, responsive and knowledgeable people for implementation and support.

Cautions

- Customer feedback indicates that BIG could improve its graphical user interface (GUI) and reporting tools, making them more user friendly and easy-to-use; for example, the dashboards could use some more graphical displays. BIG has indicated that these elements have been enhanced with recent releases.

- Some users indicate that BIG's Space & Occupancy modules lack some standard functionality and need further refinement (such as space drawing manipulation).

- Customers have indicated that BIG could better communicate its product road map and timing.

FM:Systems

Founded in 1984 and headquartered in Raleigh, North Carolina, FM:Systems has offerings across the IWMS functionality spectrum. Its sweet spot lies in more operational capabilities, such as FM, space planning, and project management. FM:Systems has revenue of under $10 million (Gartner estimate), the significant majority of which (roughly 80%) is from North America and mostly (almost 75%) from organizations with less than $5 billion in revenue. Although a significant majority of FM:Systems' IWMS deployments are on-premises, SaaS deployments with new customers are growing — with SaaS environments currently representing 20% of new deployments.

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

Strengths

- Unlike many IWMS vendors, whose product portfolios have grown through disparate acquisitions, FM:Systems has developed all of its FM:Interact modules using the same internal product team — for a more integrated solution across all the IWMS functional areas.

- Customers indicate that FM:Systems has highly visible and predictable total costs (for example, all service contracts are fixed price, based on an initial detailed needs analysis and an easily configurable, well-integrated product set).

- Customer feedback indicates that FM:Systems' core modules are relatively easy to deploy, integrate and use, and can be customized with minimal internal IT resource.

Cautions

- While FM:Systems' current installed base is overwhelmingly deployed on-premises, it has made significant investments in developing its product, processes and resources to support SaaS deployments — which currently represent one in five of new deployments.

- FM:Systems is more focused on the mid-market (that is, those businesses with under $5 billion in revenue), and has a relatively small (less than 20%) presence outside North America.

- Customers indicate that FM:Systems needs to develop better, more frequent communication with its customer base (that is, more often than its annual conference).

IBM Tririga

The year 2011 was a momentous one for Tririga, because it was acquired in April by IBM and is now part of IBM's Tivoli Software group — together with IBM's 2006 acquisition, MRO Software and its Maximo product suite. IBM Tririga delivers a robust suite of IWMS applications on a single technology platform and data repository. Its current customer base is mostly large organizations (85% have more than $5 billion in revenue) that are located in North America (87%) and that have deployed IBM's Tririga systems on-premises (95%).

During the year that IBM has owned Tririga, it has invested heavily in the geographic expansion of its IWMS market — especially in Europe, Asia, South America, and Australia — through the reassignment and hiring of dedicated resources in marketing, sales, IBM Global Business Services (GBS), training and support, and development, as well as cross-training of Maximo and Tivoli "portfolio" resources. IBM has also expanded the number of languages supported for IBM Tririga to 16.

IBM's long-term objective is to consolidate and enhance the facilities, real estate, energy and environmental sustainability functionality of its IBM Maximo and now IBM Tririga product suites into a single, consolidated solution — with targeted availability in 2014 to 2015. It is IBM's stated intent to also continue support for both the IBM Maximo and IBM Tririga product suites through to at least 2020.

Strengths

- The global financial and human capital resources of IBM make its acquisition of Tririga one of IBM Tririga's core long-term strengths. This is best evidenced by IBM's attacking Tririga's historic challenges — the lack of both a global presence and a robust SaaS offering.

- IBM has been among the earliest to focus on and develop functionality for the impending FASB/IASB accounting change that will probably eliminate the operating lease and have a material impact on the real estate function within most large organizations.

- Customers who have migrated to IBM Tririga's current release 10.2 indicate that one of its key benefits is its flexible ease of configuration (as opposed to code customization) to specific business requirements.

Cautions

- As IBM ramps up its global resources to meet its aggressive IWMS expansion plans, our concern is its ability to deliver consistent quality implementations and support over the next 18 to 24 months.

- IBM has not yet finalized the product road map that will address the requirements of both its IBM Tririga and IBM Maximo customers and prospects.

- Initial customer feedback indicates more complexity and less flexibility in negotiating, and less effective customer support with IBM Tririga than had been the case with Tririga prior to the acquisition.

Indus Systems

Founded in 1987, Indus's corporate headquarters is located in Concord, Massachusetts and currently has just over 100 employees. Indus's base of about 100 customers is entirely North American, with average revenue under $1 billion. Indus is especially strong in the government sector, from where it derives about 60% of its revenue. While relatively small and not a full-service IWMS vendor, Indus offers a drawing-centric, Web-based approach to facilities information systems, application development and CAFM services.

Indus's iDrawings platform is a seamlessly integrated drawings and data architecture that supports all functional modules of its iDrawings flagship product. iDrawings is an all SQL, organically developed (that is internally rather than via acquisition), Web-based facility drawings and information management and sharing system that allows users to store, share and view facility drawings and related information using only an Internet browser. Of its total iDrawings installations, 85% are deployed via a hosted SaaS model.

Strengths

- iDrawings uses accurate facility drawings as its IWMS core, a common drawing repository that is integrally linked to all application modules.

- A central strength of the Indus portfolio of product modules is that they are all "homegrown" internal development, and as such can deliver a more integrated view and a more seamless customer experience.

- The real value in any CAFM system is in maintaining accurate, up-to-date data/drawings. Customer feedback indicates that Indus's in-house staff provides consistently reliable, high-quality support to help update and maintain customer portfolios of computer-aided design drawings.

Cautions

- Indus is not, strictly speaking, a full-service IWMS vendor — lacking strong real estate administration and management, GIS location management, and other services.

- Indus is limited to North America and is mostly focused on small or midsize businesses (SMBs) — those under $1 billion.

- Some customers indicate that Indus could better communicate its road map and schedule of enhancements.

Manhattan Software

Manhattan Software is a privately held corporation with its global headquarters in London, U.K., and its U.S. headquarters near Boston, Massachusetts. It is among the most well-rounded of all the IWMS vendors: its $40 million to $50 million in revenue (Gartner estimate) is split about equally between North America and Europe (with approximately 10% from Asia/Pacific); and its more than 300 customers are split about equally between large (over $5 billion in revenue) and medium ($1 billion to $5 billion in revenue) enterprises (about 10% comes from organizations with under $1

billion in revenue). Its delivery model is also evenly split between on-premises and SaaS models, though the trend is clearly toward SaaS.

Manhattan's product suite covers the full range of IWMS functionality (for example, space, facilities and maintenance, sustainability, project, and portfolio, real estate/property lease and financial), and includes good capabilities for user-friendly navigation, integration, analytics, security and reporting.

Strengths

- Robust offerings across the IWMS functional spectrum, with strong, well-integrated financial management and analytical capabilities which will be especially important when the FASB/IASB accounting change eliminates the off-balance-sheet operating lease (in approximately 2015 to 2016).

- For multinational corporations (MNCs) looking for an international footprint, Manhattan has a strong, balanced presence in North America and Europe (with good multilanguage capabilities).

- Strong GIS location management offerings in partnership with Esri's GIS software.

Cautions

- While Manhattan generally gets high marks for the *quality* of its implementation and support personnel, customer feedback indicates that its *quantity* could be enhanced — to improve availability and reduce turnover.

- Existing customers of Manhattan's CenterStone Operations and Maintenance module have reported different UIs when expanding their usage to other Manhattan modules (such as Lease Administration, Accounts Payable/Receivable), which has led to increased end-user training and confusion. Manhattan indicates that the January 2013 release of its Manhattan IWMS product will deliver a consistent UI for all users.

- Customers indicate that Manhattan could and should improve one of its reporting tools, Crystal Reports, because several have found it neither easy nor intuitive to generate customized reports.

Planon Software

Founded in 1984 and headquartered in the Netherlands, Planon is one of the largest global IWMS software providers, with about 400 direct, full-time employees. It has seven owned and operated locations in Europe, and two each in North America and Asia/Pacific. While it derives about 60% of its more than $60 million revenue (Gartner estimate) from Europe, its current North American business has finally become a significant revenue segment at about 20% of IWMS revenue. Planon's customer base of about 1,800 organizations tends toward the high end, with about 45% in each of the $5 billion, and $1 billion to $5 billion, revenue categories.

Until its 2010 acquisition of Montréal-based Site Alpha, Planon's IWMS product suite had been entirely developed by its own internal team. Site Alpha's SamFM is a SaaS-based maintenance and

facilities product aimed predominately at the IWMS market's low end (organizations with under $1 billion in revenue).

Planon's IWMS product suite includes facility and space management, operations and maintenance management, project management and real estate portfolio management. In May 2011 Planon introduced Accelerator, an innovative approach to accelerating time-to-value with out-of-the-box solutions and preconfigured processes aimed at lower-end users without major system integration/ implementation resources.

Strengths

- Planon's standard IWMS modules have been developed internally, yielding a more integrated solution that is less complex and generally easier to learn and use (as previously noted, Planon's 2011 Site Alpha SamFM acquisition retains its own database, security model and user interface).

- For MNCs for whom a strong global presence is important, Planon's international focus is a clear plus (with robust product localization in terms of languages, currency, dates, time, and so on).

- Planon indicates it has a relatively rapid time-to-value (averaging three to six months depending on complexity). Supporting this claim, are both its high percentage of fixed-price implementation engagements (85%) and a low implementation-to-license cost ratio — which Planon indicates (confirmed by several customers) is less than 1-to-1 (that is, it costs less to implement its solutions than the cost of the license and maintenance).

Cautions

- About two-thirds of Planon's installed base is deployed on-premises behind customer firewalls. While this runs counter to current trends (we believe that approximately 80% or more of current IWMS deployments are via a SaaS environment), Planon has a strong SaaS offering and is experiencing significantly more rapid growth in SaaS than in on-premises deployments.

- Customer feedback indicates Planon could use greater flexibility in its menus and drop-downs (for example, some verbiage is hard-coded). Also, reporting can be a bit complex and some customers have said that Planon needs to publish its documentation concurrently with its product enhancements (some have had to wait too long).

- While customers indicate the *quality* of Planon's U.S. support staff is good, some suggest the need for more staff, especially on project implementation teams.

Skire

Founded in 2000 in Menlo Park, California by its current CEO, Massy Mehdipour, Skire is unique among major IWMS players in having grown into real estate and FM from a strong foundation in construction project management (unlike most IWMS vendors whose core heritage is in real estate and/or FM).

About half of Skire's almost $35 million in revenue (Gartner estimate) is derived from midsize organizations (revenue in the $1 billion to $5 billion range), with the rest from large (over $5 billion revenue) and smaller companies (under $1 billion revenue) at 30% and 20% respectively. Its customer base of about 250 organizations is North-American-centric (70%), with only about 15% located in each of the other two global geographies — Europe and Asia/Pacific. Skire is employee-owned with no outside investors, and has been consistently profitable for more than five years.

Skire was one of the early proponents of the SaaS/cloud delivery model, which has rapidly become the delivery vehicle of choice for the vast majority of IWMS deployments (about 80% of its current customer installed base is SaaS). Indeed, Skire believes one of its key differentiators is its rapid service delivery model, whereby its extensive upfront discovery process provides a strong foundation for efficient implementation.

Strengths

- Skire's company heritage is in capital construction management, and it has developed strength in FM and real estate administration and management. From managing large construction projects across the globe, it has also developed financial management capabilities (for example, Skire's Unifier has strong budgeting, forecasting, bidding, cash flow, earned value, and currency conversion capabilities, and can handle any number of currencies simultaneously).

- Skire offers a true SaaS/cloud architecture, and its flagship product suite, Unifier, has been developed entirely in-house, which ensures a greater degree of natural integration, configurability and ease-of-use than product suites that have been assembled through acquisition.

- Customer feedback indicates Skire's contract structure and pricing is relatively flexible and that Skire works well with the customer to achieve mutually beneficial results.

Cautions

- Though it has managed several global deployments, Skire's core customer base is highly North-America-centric (its gross revenue ratio for North America versus the rest of the world is roughly 70%-to-30%).

- Some customer feedback indicates that Skire's Space Management module still has some functional gaps in comparison with its competitors.

- Customer feedback indicates that there can be a disconcerting time lag between new functionality and the documentation to support it, and that Skire's GUI could be improved to make it more intuitive and easier to use.

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.

Dropped

- At the end of May 2012, Bricsnet notified its customers that it was ceasing business, effective 30 June 2012. Bricsnet has indicated that current customers can retain both the source code and an executable copy of all licensed software.

- In March 2011, Siterra was acquired by Accruent, an IWMS vendor in the Leaders' Quadrant.

Inclusion and Exclusion Criteria

To qualify for the IWMS Magic Quadrant, vendors must have robust product offerings in at least three of the five IWMS functional areas (project management, real estate/property management and lease administration, facilities and space management, maintenance management, and sustainability), must have earned at least $5 million in revenue during 2011. The IWMS offerings must be available as stand-alone systems, unbundled from other vendor system offerings. This stipulation precludes offerings from enterprise vendors such as SAP, Oracle and other enterprise solutions where the IWMS functionality is only available with the prerequisite enterprise solution suite.

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)	High
Sales Execution/Pricing	Standard
Market Responsiveness and Track Record	Standard
Marketing Execution	Low
Customer Experience	High
Operations	High

Source: Gartner (May 2012)

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

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

Source: Gartner (May 2012)

Quadrant Descriptions

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 they exhibit a narrower vision relative to market positioning — that is, they focus on a single vertical market or position their offerings as a set of discrete applications with minimum effort to package as an IWMS offering. Challengers may also have weaknesses or gaps in their product or service offerings, which keep 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 strategies.

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 offerings that keep them as Niche Players.

Context

The year 2011 was marked by significant consolidation in the competitive landscape of the IWMS market, which has driven both opportunities and risks for users and vendors alike. Accruent and its parent since January 2010, Vista Equity Partners, have been a key driver of this market consolidation. In 2011, Accruent acquired Siterra (an IWMS Magic Quadrant vendor) in March, and then 360Facility in December. While these acquisitions add to Accruent's customer base and revenue, they also add to its challenges in maintaining multiple IWMS application stacks (though as detailed, Accruent recently announced plans to migrate its Famis application suite onto the more agile 360Facility SaaS-based architecture). We also project that Accruent will continue its aggressive strategy of growth through acquisition, as the IWMS market continues to consolidate and mature.

The acquisition that created the greatest shock wave within the IWMS market was IBM's buying Tririga in April 2011. It was hoped that this clear and dramatic statement by IBM of the value and importance of IWMS would act as a significant catalyst to further elevate the IWMS debate and

decision into the C-level suite and even the boardroom. While this has not yet been the case to any measurable degree, as IBM builds out its aggressive plans for a global, consolidated IBM Maximo and IBM Tririga solution (refer to IBM Tririga section), we believe true enterprisewide IWMSs will become more accepted and required.

In fact, we are already seeing a distinct shift occurring from the traditional stand-alone functional management areas of project, real estate, facilities, maintenance, and sustainability, to a more integrated approach (the "I" in IWMS).[1] The ROI multiplier effect on the second largest budget item in the enterprise (facility life cycle costs), from effectively integrating multiple workplace management disciplines, is becoming increasingly evident and compelling. Indeed, as the IWMS market continues to mature we see a growing focus on sustainability and robust GIS-based location management functionality, and markedly greater C-level and indeed board-level visibility.

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

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

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

Market Overview

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

Current market drivers include:

- Consolidation among IWMS vendors is accelerating, which can be seen as a positive sign of a maturing market. We believe the ongoing consolidation of the IWMS market (typified by 2011's activity summarized in the Context section) will help facilitate IWMSs becoming a cornerstone of enterprise management systems.

- The clear trend away from complex, on-premises deployment and toward SaaS implementations of IWMSs is facilitating a more granular, less costly and resource intensive project. Indeed, we believe SaaS's low upfront commitment in both budget and HR (certainly relative to an on-premises deployment) is allowing many organizations who lack a "critical mass" to begin with a relatively small, low-cost and low-risk IWMS module that attacks the greatest pain point (often real estate). With that as a live proof of concept, follow-on IWMS modules become lower risk and easier to justify.

- The continued challenging economic environment is driving many organizations to closely examine the massive total expenditures being made across the enterprise on the entire life cycle of facilities.

- The major FASB/IASB accounting changes that eliminate operating leases and that are projected to be implemented globally by 2016, will profoundly affect worldwide corporate finance in general and real estate operations in most large organizations specifically. Such intense scrutiny from C-level executives is lighting an unwelcome fire under many large organizations' real estate and lease management operations. A direct consequence of this high-level focus on the financial and operational mechanics of the organization's real estate function, is a rapidly growing interest in IWMSs in general and real estate and lease administration and management modules in particular.

- The real estate/facilities "ecosystem" extends from planning to construction and enhancement, to real estate and property administration and management, to facilities and space management, to maintenance management and sustainability and compliance. It is, therefore, no wonder that it is second only to personnel expense on most organization's income statements, and is consequently getting increasing C-level and board-level visibility.

- Enterprises are realizing that both the traditional organizational silos (such as capital construction, real estate, FM) and their often inefficient systems (many, for example, still use Excel) are ripe for streamlining and automation.

- While the tactical drivers of an initial IWMS deployment often originate from an individual functional silo (for example, a specific pain point with real estate and lease administration or with FM), executive management is beginning to understand that any *tactical* decision must be made as part of a *strategic* IWMS vision that over time can leverage the real hard-dollar benefits of cross-functional integration.

- Space management is among the hottest areas within the functional areas of an IWMS, as growing cost pressures drive organizations to uncover underutilized facilities, and dramatically reduce occupancy costs by rationalizing and consolidating vast real estate portfolios (that is, "the right space at the right place").

- A core driver of this trend to optimize facility utilization and efficiency is the rapidly evolving trend toward an increasingly mobile workforce, which represents a sea change for many organizations — large and small. Accommodating existing work styles — and the facilities, infrastructure, and equipment required to support them — to more mobile and virtual workplace modes, will require much of the functionality currently offered by many IWMS vendors (for example, "hoteling," employee self-service, office reservation scheduling and remote workforce

support). The IWMS becomes, in essence, a service delivery platform for the virtual office worker.

- The growing trend toward globalization is also accelerating the need for a worldwide portfolio view of enterprise workplace assets. Indeed, robust global capabilities such as currency and language translation and 24/7 multilingual help desk support is becoming a common requirement.

- Constantly evolving regulation and compliance requirements — particularly in the U.S. and Europe — are demanding tighter integration between real estate and financial data. In the U.S., for example, the Sarbanes-Oxley Act requires executive management to acquire IWMSs to improve financial transparency and auditable data — particularly related to lease transactions.

- Risk management and disaster recovery/business continuity executives are also becoming increasingly interested in the comprehensive functionality and accurate and current data that many well-deployed IWMSs can provide (for example, to identify backup sites, employee locations and critical infrastructure in the event of a local or regional business interruption).

- The rapid growth in multisourcing of facilities and real estate services increasingly requires that service providers, partners and other contract staff have ready and easy access "anywhere-anytime" to workplace data and processes via the portal interfaces that typify IWMS Web-based architectures.

- With buildings responsible for about half of all energy consumption and greenhouse gas emissions, establishing, managing and maintaining sustainability objectives is fast becoming a core driver for the deployment of complete IWMSs. Effective sustainability systems must include the comprehensive collection of accurate energy consumption and emissions data, and the efficient analysis and evaluation of that data to facilitate informed triage decisions that optimize long-term sustainability.

- IWMSs are focusing even earlier in the facility life cycle than the traditional design and construction project management phase. We are seeing a growing number of IWMS suites that include increasingly sophisticated strategic planning capabilities — to facilitate site identification, selection and development. Indeed, there is a growing demand to proactively identify and optimize the most environmentally sustainable locations for building the next facility; considerations such as local energy availability and cost, utility alternatives, water sources and waste water disposal options, transportation alternatives and others, are all becoming an integral part of the more mature IWMS product suites.

Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

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

"Magic Quadrant for Integrated Workplace Management Systems"

"Tririga Acquisition Builds Out IBM's Smarter Planet Offerings"

"360Facility Deal Expands Accruent's Industry Coverage, Product Portfolio"

"Planned Elimination of Off-Balance Sheet Operating Leases: Potential Major Impact for Corporate Finance, Real Estate and IT"

"Designing New Office Workspaces for the Year 2020"

"Sustainable Business Systems"

Acronym Key and Glossary Terms

BIG	Business Integration Group
BIM	building information modeling
CAFM	computer-aided facilities management
ERP	enterprise resource planning
FASB	Financial Accounting Standards Board
FM	facilities management
GIS	geographic information system
GUI	graphical user interface
HCM	human capital management
IASB	International Accounting Standards Board
IWMS	integrated workplace management system
MNC	multinational corporation
OSCRE	Open Standards Consortium for Real Estate
SaaS	software as a service
SI	system integration
SQL	Structured Query Language

Evidence

[1] Over the past year, we have had more than 100 inquiries from our global user client base on the specific area of IWMSs.

Gartner analysts follow a consistent and rigorous research method when building a Magic Quadrant (for a complete explanation of the process Gartner uses to create Magic Quadrants, see "Magic Quadrants and MarketScopes: How Gartner Evaluates Vendors Within a Market." Specifically for this Magic Quadrant for Integrated Workplace Management Systems, we have evaluated information and evidence from a wide range of sources, including the following:

- Pre-vendor survey questionnaire of all 10 participating vendors to enhance the value of the final vendor questionnaire.

- Detailed questionnaire completed by all 10 vendors evaluated in this IWMS Magic Quadrant.

- Interviews with each of the 10 IWMS vendors.

- 36 detailed customer reference questionnaires.

- Interviews with all 36 customer references.

- Interviews with vendor customers and competitors.

- Gartner client inquiries on IWMS market issues and vendors.

- Basic research on vendor details sourced from Hoovers, Capital IQ and OneSource.

- Research and findings vetted through collaboration and reviews by an extended team of Gartner analysts.

- All vendors are given the opportunity to review a draft of their sections of the Magic Quadrant for Integrated Workplace Management Systems, for technical accuracy.

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, for example, 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, SLAs, for example.

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 website, 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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