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## Gartner Says Worldwide Application Infrastructure and Middleware Market Revenue Increased 13 Percent in 2007

*Analysts Examine the State of the Industry at Gartner Application Architecture, Development & Integration Summit 2008, June 9-11 in Orlando, Florida*

**STAMFORD, Conn., June 9, 2008** — The worldwide application infrastructure and middleware (AIM) software market\* revenue totaled \$14.1 billion in 2007, a 12.9 percent increase from 2006 revenue of \$12.5 billion, according to Gartner, Inc. The market was primarily driven by strong growth in emerging market segments, such as enterprise service buses (ESBs) and business process management suites (BPMS).

The AIM market can be primarily characterized by three overall market forces. The market is demonstrating resilience with several mature segments still evolving and growing. In addition, vendors are shifting their traditional application infrastructure and middleware products mix toward ESBs and BPMS in response to the strong demand for products that support service-oriented architecture (SOA) and process-centric applications. Thirdly, the globalization and internationalization of companies are driving B2B integration requirements and sophistication.

"Furthermore, the AIM segment in 2007 grew above the average growth rate of the overall enterprise software market demonstrating that this technology area had not seen any noticeable signs of slowdown," said Gartner research director, Fabrizio Biscotti.

In 2007, the top five vendors held more than 50 percent of the overall AIM market and are slowly eroding market shares from the smaller vendors primarily through acquisitions and expansion of their middleware suites offerings. IBM maintained its leading position and accounted for 28.9 percent of the total software revenue (see Table 1). "This year is set to be the most challenging for IBM in the middleware segment following the acquisition of BEA by Oracle which consolidated the second and third position in the AIM software market," added Mr. Biscotti. In addition, Software AG exhibited the strongest growth with 107 percent increase from 2006. The company's AIM revenue doubled as a result of the acquisition of webMethods.

**Table 1**  
**Worldwide Vendor Revenue Estimates for Total AIM Software, 2006-2007 (Millions of U.S. Dollars)**

Company	2007 Revenue	2007 Market Share (%)	2006 Revenue	2006 Share (%)	2006-2007 Growth (%)
IBM	4,090.3	28.9	3,554.5	28.3	15.1
BEA Systems	1,323.9	9.3	1,224.7	9.8	8.1
Oracle	1,202.7	8.5	1,004.9	8.0	19.7
Sterling Commerce	442.6	3.1	436.5	3.5	1.4
Microsoft	425.7	3.0	300.6	2.4	41.6
Others	6,677.3	47.2	6,021.9	48.0	10.9
<b>Total</b>	<b>14,162.5</b>	<b>100.0</b>	<b>12,543.2</b>	<b>100.0</b>	<b>12.9</b>

Source: Gartner (June 2008)

Integration Appliances, one of the 11 segments in which Gartner divides the AIM market was the fastest growing segment which saw an increase of 64 percent in 2007, although growing from a small installed base. ESBs held the No.2 position with a solid 39 percent growth continuing to benefit from the increasing demand for SOA.

From a regional perspective, North America and Western Europe remained the largest regions worldwide followed by Japan and Asia Pacific. Asia

Pacific was the fastest-growing region with 25.4 percent growth in 2007. The performance was fostered by the rapid modernization of IT infrastructure and emerging small medium business markets in China and India.

"We expect further consolidation with the dichotomy between megavendors and best of breed vendors accentuated by the Oracle acquisition of BEA," concluded Mr. Biscotti. "Being a generalist in a consolidated AIM market is a dangerous position. We recommend software vendors to innovate and differentiate their business models and go-to-market strategies by addressing narrower horizontal, vertical or geographic requirements in markets that are reaching functional parity and maturity."

\*The AIM market includes 11 segments that comprise general-purpose portal products, BPM-enabling technologies, application integration and platform middleware and B2B/Multienterprise products and new entrants, notably integration as a service (IaaS) and integration appliances to offer a holistic picture of the entire set of components influencing this market.

Additional information is available in the Gartner report "[Market Share: Application Infrastructure and Middleware Software, Worldwide, 2007](#)".

Gartner analysts will provide more detailed analysis on the future of applications at the upcoming **Gartner's Application Architecture, Development and Integration Summit 2008** taking place June 9-11 at the World Center Marriott Resort & Convention Center, Orlando, Florida. The Summit is designed to help organizations prepare for the challenges of the changing nature of software infrastructure and what it means for development, integration, Web services and architecture initiatives. Additional information on the agenda is available at [www.gartner.com/us/aadi](http://www.gartner.com/us/aadi).

Co-located with the AADI Summit is the **Gartner's Enterprise Architecture Summit** taking place June 11-13. The Summit is designed to help organizations prepare for the most-pressing issues that enterprise architects face today, including how to align IT with business priorities, the new and emerging roles in the architected enterprise, measuring and justifying the value of EA and how to use business, information and technology architectures to deliver real capabilities to the business. Additional information on the agenda is available at [www.gartner.com/us/ea](http://www.gartner.com/us/ea).

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