

Dataquest Insight: Archiving Software Will Continue Strong Growth Through 2012

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Gartner reports on the hierarchical storage management (HSM) and archiving subsegment of the storage software market in its regularly scheduled publications. Looking deeper into the various types of archiving software that make up this market offers an opportunity to understand where further vendor investment is needed to meet the strong demand for archiving solutions.

Key Findings

- Database archiving is forecast to be the fastest-growing subsegment of the archiving segment of the storage software market, with a five-year compound annual growth rate (CAGR) of 34.6%. It currently is the smallest subsegment revenue-wise.
- E-mail archiving is forecast to be the second-fastest-growing subsegment, with a CAGR of 30.5%, but this growth is on the largest revenue stream in the segment.
- File archiving on distributed platforms is seeing renewed interest and evolving requirements, and it could exceed its forecast CAGR of 19.2% if vendors increase their investment in this space.

Recommendations

- More vendor investment is needed to deliver the robust archiving solutions that enterprises are demanding, mainly in database and e-mail archiving. Vendors that deliver those solutions will be rewarded even during this challenging economic climate.
- Vendors should look to deliver archiving platforms that will support multiple types of data. Sell what you have now, but show prospects the road map for expanding content types, and deliver on that road map.
- Vendors should ensure that they position their solutions properly, selling where appropriate. Failed implementations are often the result of mispositioned solutions, and these can be very damaging to a vendor's reputation. Especially in the file archiving market, there are many different kinds of user requirements.
- Market effectively, being especially focused on search engine hits and the quality of Web site content. Organizations are looking for solutions but are finding information difficult to obtain.
- Archiving to removable media will be a requirement for a long time, and vendors need to address this need.

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ANALYSIS

As organizations look to address new regulations concerning data retention and the increased demand to produce data for legal discovery, the need to better manage historical data is driving growth and new technologies in archiving markets. There are many kinds of archiving products. Some are highly specialized applications to handle content such as document imaging, print reports and digital assets. These applications manage both active and historical content and are covered by Gartner as part of the content management market. The archiving market as defined by Gartner covers traditional file archiving, commonly referred to as hierarchical storage management, or HSM, as well as newer file archiving technologies that include indexing and categorization, e-mail archiving, and database archiving. SAP archiving is currently not covered as a separate category because some implementations move SAP attachments into content management systems and would thus be included under content management coverage, while archiving of the SAP transactions is increasingly covered by database archiving vendors.

In December 2008, Gartner updated its forecast on the various components of the software product market to reflect adjustments that needed to be made in light of the change in worldwide economic markets (see "Forecast: Enterprise Software Markets, Worldwide, 2007-2012, 4Q08 Update"). The overall storage software market CAGR for the five-year forecast period was adjusted downward from 8.0% to 7.4%, with the archiving segment adjusted from 28.2% to 24.2%, which still represents very strong growth compared with other components of the storage market. Database archiving is the fastest-growing subsegment, but with the smallest revenue base. The largest subsegment, e-mail archiving, has the next-highest CAGR, forecast at 30.5%, as shown in Table 1. Table 2 provides a vendor taxonomy of the archiving software market.

Table 1. Total Archiving Software Revenue by Subsegment, 2007-2012 (Millions of Dollars)

	2007	2008	2009	2010	2011	2012	CAGR (%) 2007- 2012
E-Mail Archiving	376.2	531.3	675.0	877.0	1,123.0	1,425.0	30.5
Growth (%)	33.3	41.2	27.0	29.9	28.1	26.9	-
Mainframe File Archiving	202.1	223.2	233.8	244.1	253.6	262.6	5.4
Growth (%)	14.8	10.5	4.7	4.4	3.9	3.6	-
Distributed File Archiving	126.7	144.8	169.4	202.4	244.8	304.9	19.2
Growth (%)	18.4	14.3	16.9	19.5	21.0	24.5	-
Database Archiving, Mainframe/Distributed	63.0	95.0	132.0	175.0	225.0	278.0	34.6
Growth (%)	39.1	50.8	38.9	32.6	28.6	23.6	-
Total HSM and Archiving	768.0	994.4	1,210.1	1,498.5	1,846.4	2,270.6	24.2
Growth (%)	25.8	29.5	21.7	23.8	23.2	23.0	-

Note: Total software revenue includes license and service revenue.

Source: Gartner (January 2009)

Table 2. Archiving Software Vendor Taxonomy

	Description	Representative Vendors
E-Mail Archiving	E-mail archiving solutions provide tools for capturing all, or selected, e-mail messages in a central repository for efficient storage and access.	Autonomy, AXS-One, Barracuda Networks, C2C Systems, CA, CommVault, EMC, HP, IBM, MessageSolution, Messaging Architects, Mimosa Systems, Quest Software, Symantec, ZL Technologies
Mainframe File Archiving	Mainframe file archiving involves the automatic movement of files based on a predefined policy, usually to move infrequently used data to lower-cost storage.	CA, IBM
Distributed File Archiving	Distributed file archiving involves the automatic movement of files based on a predefined policy, usually to move infrequently used data to lower-cost storage.	Autonomy, CaminoSoft, CommVault, Crossroads Systems, EMC, IBM, QStar Technologies, SGI, Sun Microsystems, Symantec
Database Archiving, Mainframe/Distributed	Database archiving software removes data from a database-based application and moves it to a secondary database or file system.	Applimation, HP, IBM, Solix

Source: Gartner (January 2009)

E-Mail Archiving

E-mail archiving continues to see strong growth, with the primary drivers being the need to manage e-mail growth and to respond to legal discovery. Outside of North America, managing mailbox growth continues to be the prime driver, with solutions available in all geographies. Symantec continues to lead this market with its Enterprise Vault product, but there are many products to choose from, and the list continues to grow (see "Dataquest Insight: E-Mail Archiving Software Market, Worldwide, 2008"). The new forecast reflects a downward adjustment to the five-year CAGR, from 35.6% to 30.5%. This reflects not only downward pressure because of economic conditions, but also the increased pressure the product market is seeing from service providers (see "Outsourcing E-Mail Archiving, 1Q08") and low-cost appliance solutions (see "E-Mail Archiving Appliances Target Small and Midsize Organizations With Limited Requirements"). The rise in use of SharePoint and other content management solutions, along with increased use of instant messaging and text messaging, will start to temper e-mail growth.

Mainframe File Archiving

The mainframe file archiving market is predominantly a subscription revenue stream for IBM from its DFSMSHsm product, and IBM has been reporting double-digit growth. Gartner expects that market saturation and application migration will start to erode that growth, leading to mid-single-digit market growth through 2012. Additionally, economic conditions will result in more-aggressive contract negotiations, further putting this revenue stream under pressure from now on.

Distributed System File Archiving

In the distributed system file archiving space, there are two kinds of archiving products: (1) Traditional HSM is used for space management, and historically it has migrated files to tape or

optical disk but more recently has been to target disk systems, especially products such as EMC Centera and the Hitachi Content Archive Platform content addressable storage systems; and (2) a new kind of file archiving has emerged that initially focused on user files, targeting storage management but also adding classification and indexing to provide for better access by users and for discovery searches. These tools also leverage data reduction technologies, such as compression, single-instance store and deduplication, because the kind of data being archived often appears in multiple users' accounts. Many of these tools are coming as added modules from e-mail archiving vendors as they look to move to providing archiving platforms that address the archiving requirements of multiple kinds of data. The files and documents attached to e-mails are usually stored in the same archive data store. As SharePoint archiving is added to the mix, those documents can also be archived to the same data store.

Vendor investment in traditional HSM products has declined, which is a problem for companies that relied on this kind of technology to manage large data volumes in industries such as broadcasting, publishing, entertainment, oil and gas, and other scientific areas that generate large volumes of data, often including very large files. The newer investment is in the area of user file archiving, but most of these products have yet to be tested with very large volumes of files. As those volumes grow, the number of stubs (pointers left in the active file system that point to where the data is archived) is becoming problematic from a backup perspective. New archiving technologies are beginning to emerge to address the stub problem, including products such as F5's ARX, which leverages migration and file virtualization to provide archiving without stubs. In addition, archiving platform vendors are adding the ability to remove stubs, leveraging the browser access methods and plug-in utilities that users have learned to use with e-mail to access historical data that is no longer stubbed. Gartner expects that improvements in the products in the distributed file archiving subsegment, coupled with escalating interest from organizations looking to archive files to reduce costs, will result in a 19.2% CAGR through 2012 for this space. However, the opportunity will be muted by the limited number of enterprise-class products available.

Database Archiving

There are different drivers for archiving historical records from custom or packaged applications than from e-mail or files. Database archiving is most often done to improve application performance, with the resulting savings in storage costs and the improvement in backup and recovery times significant but secondary benefits. There are only four substantial players in this market, with HP and IBM having acquired companies that now allow them to offer solutions, which has helped raise market visibility to the benefits that these solutions provide. The other two vendors are Applimation and Solix (see "Database-Archiving Products Are Gaining Market Traction"). The use of these solutions to enable application retirement is especially interesting in the mainframe space, but it is also seeing growth in the distributed space. Although Gartner is forecasting a five-year CAGR of 34.6% for this subsegment, the market could grow faster if new players enter or if Applimation or Solix are acquired by a major software vendor that can infuse more resources and marketing to the effort.

BACKGROUND AND CONTEXT

The HSM and archiving product market continues to be the fastest-growing subsegment of the storage software market. While the challenging economic climate worldwide will put downward pressure on most IT spending areas, archiving products will still see strong adoption because of their use to reduce storage costs and cut risk by providing a way to better manage and access historical information.

There are three major types of archiving products, based on the kind of information being managed. File archiving products handle the archiving of user or application files. Gartner separates the market for mainframe file archiving, which has a forecast single-digit growth rate, from the faster-growing market for distributed system file archiving products. E-mail archiving has emerged as a separate market and currently represents the largest component of the segment. Archiving data from databases is a very special type of archiving that requires archiving technologies that are different from those used in the file and e-mail space, as well as a vendor that understands database technologies and how supported applications manage data. Fewer vendors are providing tools for the database archiving market, but it is an area that is seeing strong growth on both the mainframe and distributed platforms.

THE IMPACT

As organizations look to modernize their IT infrastructure and reduce costs, archiving will be key to addressing the growth in data that is or must be retained. While deleting old, unneeded files is the best way to cut costs, where agreement to delete cannot be obtained, or when regulations require, retention archiving is the next best alternative. Archiving projects will continue to move forward during these challenging economic times, and server and storage vendors need to have solutions or archiving software partners that will allow their devices to be included. Service organizations need to provide support for information life cycle planning that includes archiving.

CONCLUSION

The archiving software market will continue to be the fastest-growing component of the storage software market and will be among the fastest growing of all IT infrastructure software. Archiving will continue to be implemented as part of IT modernization programs and targeted at reducing costs, improving application performance, and providing access to historical data to meet corporate governance and legal discovery requirements. Organizations will continue to buy existing archiving solutions even as they demand that vendors increase investment in this space to deliver more-robust solutions that can manage the increasingly large amount of historical data.

RECOMMENDED READING

"The Emergence of Integrated Content Archiving Requires an Enterprise Archiving Strategy"

"Hype Cycle for Storage Software Technologies, 2008"

"Database-Archiving Products Are Gaining Market Traction"

"Dataquest Insight: E-Mail Archiving Software Market, Worldwide, 2008"

"Case Study: Database Archiving Improves Performance and Cuts Storage Costs"

"Toolkit Case Study: Actel Solves Storage Cost and Backup Problems with File Archiving"

"Outsourcing E-Mail Archiving, 1Q08"

"Archiving: Technology Overview"

"Forecast: Enterprise Software Markets, Worldwide, 2007-2012, 4Q08 Update"

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