Magic Quadrant for Software Asset Management Managed Services

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SAM managed services transform and augment existing practice to deliver cost optimization and governance discipline across software and cloud services. This research will help sourcing, procurement and vendor management leaders identify, evaluate and select potential SAM managed service providers.

Strategic Planning Assumptions

Through 2022, the SAM managed service market will continue to grow at 20% compound annual growth rate (CAGR) due to client challenges managing multiple environments and employing expertise.

Through 2022, in any given month, over 30% of the growing expenditure on software and cloud services will be unused.

Market Definition/Description

Software asset management (SAM) managed services employ the provider's proprietary SAM skills and methodologies to transform a client's existing processes and augment their resources. SAM managed services are delivered directly to end-user customers, on either a continuous or a scheduled basis, employing required discipline to meet software and cloud service cost optimization and governance objectives.

SAM managed services combine a series of life cycle change management and optimization activities, transforming existing practices to deliver transparency and optimization as an ongoing discipline. Services are delivered by skilled resources, leveraging expertise, intellectual property and best practices, addressing the gap in available SAM skills to enhance SAM maturity.

SAM managed services establish and build on a platform of trustworthy data, incorporating management of usage rights and optimized utilization transparency by augmenting SAM tool functions. The services provide valuable, trustworthy data for governance requirements, manage out waste, avoid unnecessary costs, and optimize the software portfolio as core benefits.

Services address complex use cases or ambiguous use rights regularly encountered when managing software entitlements across the enterprise. Use rights complexities are an ever-present characteristic of cloud adoption and software use across multiple or hybrid environments, and increasingly require a highly capable SAM function. Consistent and ongoing delivery will enable greater value realization from software investments, benefits of cloud elasticity, ongoing optimization and enhanced governance.

Within a SAM managed service, providers are expected to deliver a *complete* and *continuous* set of SAM managed services across a *broad range* of software publishers.

"Complete" is defined as within a SAM managed service. The following core components are delivered as on ongoing service:

- **Policy and process assessment, design, transformation, improvement and operation.** Providers will drive SAM best practices within software life cycle management activities across the organization. Services will include assessment, design, transformation, continuous improvement and operation as a core mechanism for efficiency and sustained best practice.
- **Trustworthy estate representation.** Provider services develop and continuously maintain a view of the complete environment. Through the completion of verification and analysis, providers deliver an accurate representation of inventories and usage, addressing retired and newly provisioned workloads or equipment, across multiple platforms.
- **Entitlement custodianship, management and use rights analysis.** Provider services take custody of all license entitlement management and use rights analysis, building a trustworthy view. They continuously manage and analyze all procurement, contractual and usage rights documentation for the purpose of providing a single source of license entitlement and use rights across a broad range of publishers.
- **Custodianship of trustworthy software installed, used and accessed data.** Providers take custody of the management of trustworthy inventory data, eliminating duplications, false positives, anomalies and discrepancies. Providers will deliver additional analysis, augmenting SAM tool data as necessary to represent an accurate, continuous and complete view of all software installed, used and accessed.
- **Cloud service metering and license management.** Providers meter all SaaS and platform as a service (PaaS)/infrastructure as a service (IaaS) instances, their usage and the complete set of software assets in the cloud. The service provider will deliver value through continuous optimization and governance of all such software and instances.
- **Development, maintenance and optimization of license position, usage and governance reporting.** Providers deliver expertise to build and continuously evaluate usage to manage license positions and deliver governance reporting. The service provider delivers value by continually identifying risks, establishing mitigation strategies and optimization opportunities.
- **Integrated requirements, request, harvest and recommendation services.** Providers deliver services that manage day-to-day requirements, request, harvest, procurement advice and optimization activities integrated with customer operations and resources. The service provider will deliver value through continual customer engagement.

“Continuous” is defined as delivery of services with minimum cadence and includes:

- **Daily** operation and measurement of SAM process adherence
- **Monthly** or more frequent ratification that the full software estate is represented
- **Weekly** or more frequent collection and update of license entitlement and use rights
- **Weekly** or more frequent collection and update of software installed, used and accessed data
- **Monthly** or more frequent metering and optimization of software and cloud service usage
- **Monthly** or more frequent maintenance and optimization of license positions, usage and governance reporting
- **Daily** management of request, harvest, procurement, renewal and disposal recommendations

SAM services delivered on a repeatable basis, not meeting the definition of continuous, are treated within this Magic Quadrant as scheduled services.

Broad range of software publishers is defined as SAM managed services delivered across a minimum of 20 named publishers as *core* within their service delivery, with capabilities to deliver extensively across at least 200 publishers.

SAM tools and SAM tool revenue are not assessed in this Magic Quadrant (see Note 1). To review the SAM tool market, see “Magic Quadrant for Software Asset Management Tools.”

Magic Quadrant

Figure 1. Magic Quadrant for Software Asset Management Managed Services

Source: Gartner (August 2020)

Vendor Strengths and Cautions

Anglepoint

Anglepoint is a Leader in this Magic Quadrant. It is a U.S.-headquartered specialist provider of SAM managed services to enterprise clients, independently run but majority-owned by Crayon. Anglepoint delivers continuous SAM managed services as its primary offering, representing approximately 70% of ongoing SAM services clients, with scheduled services representing approximately 30%. Resources are primarily in North America, at approximately 61%, with a sales presence in the U.S., Canada, Germany, the U.K., Ireland and India. Regional breakdown of Anglepoint's SAM managed service revenue is estimated as North America, 79%; EMEA, 20%; and Asia/Pacific, 1%. Anglepoint's SAM managed service revenue grew by an estimated 40% year over year (YoY).

Strengths

- **Domain expertise:** Anglepoint case studies demonstrated benefit delivery beyond its peers assessed in this Magic Quadrant. Reference clients consistently reported expertise, reliability, knowledge and credibility when addressing complexity and engaging with senior stakeholders. Client experience and outcomes reflect recruitment and development within the Anglepoint Academy, alongside market-standard quality assurance processes. Anglepoint is the only provider with no bottom-three scores across the 15 assessed criteria.

- **Investments in SAM managed services:** Delivery is enabled by ELEVATE, Anglepoint IP facilitating service and service-level agreement (SLA) management, augmentation of data, and reporting. This formalization supports heterogeneous data and custom scenarios and presentation of processes and actions. Client references consistently pointed to Anglepoint's flexibility to meet unique requirements.

- **Service depth:** Anglepoint's highest score was for its offering and strategy, which was evaluated highly for its market understanding. SAM processes are aligned with ISO 19770 and core to Anglepoint SAM managed services. SAM process services go beyond assessment to include life cycle change management and operationalization. Reference clients point to Anglepoint as instrumental in developing vision, progressing SAM maturity and driving continuous improvement.

Cautions

- **Limited scale:** Although Anglepoint focuses on large enterprises, as a specialist provider of SAM managed services, it may appear to be a smaller operation. Employing just below the average number of SAM delivery resources among peers in this Magic Quadrant, large enterprises may harbor concerns regarding limited scale and potential to sustain resource growth.

- **Local resources and presence:** While Anglepoint supports a global base of clients, resources are present in only six of 31 markets assessed in the Magic Quadrant, most of which are based in North America.

- **Not the best match for the small and midsize business (SMB) market:** Anglepoint states that it is focused on large enterprises, demonstrated by being the only provider assessed in this Magic Quadrant delivering 100% of SAM managed services to organizations with greater than 10,000 managed devices.

Aspera

Aspera is a Niche Player in this Magic Quadrant. It is a SAM tool vendor, and a wholly owned subsidiary of USU Software, headquartered in Germany. Aspera delivers SAM managed services to midsize and enterprise clients, principally connected to its own SAM tool technology, SmartTrack. Continuous SAM managed services represent approximately 45% of ongoing SAM services clients, and noncontinuous scheduled services represent approximately 55%. Resources are primarily located in Europe at approximately 80%, with a sales presence in Germany, the U.S.

and the U.K. The breakdown of Aspera's SAM managed service revenue regionally is estimated as EMEA, 75% and North America, 25%. Aspera's SAM managed service revenue grew by an estimated 10% YoY.

Strengths

- **Single source of SAM technology and services:** Aspera's SAM managed services may appeal to organizations with requirements for function through SAM tooling and resources through services. Continuity and ownership of support or functional issues through contracting a single provider of SAM technology and services may be advantageous. Reference clients also pointed to Aspera's pricing flexibility as a strength.

- **Publisher service breadth:** Aspera services demonstrate preparedness to support client requirements across a range of publishers, reporting the second-highest proportion of contracts exceeding 20 vendors managed in scope compared to its peers assessed in this Magic Quadrant.

- **Europe presence:** Aspera has built a resource base and commensurate client base in Europe. Aspera resources are most present in Germany and France. Reference clients pointed to Aspera being among the most evaluated service providers when choosing providers in Europe.

Cautions

- **Ownership of transformation:** Aspera is not as transformation-led as Leaders in this Magic Quadrant. Reference clients reported lower satisfaction rates for managing and meeting milestones in transformation. They also noted capability challenges and limited backup resources, affecting engagement and service standards. Reference clients stated that reaching mutual understanding took time, and difficulties were encountered maturing SAM processes.

- **Clients expect more innovation and proactiveness:** Some of Aspera's lowest client scores were in the areas of innovation, thought leadership and vision, plus vision for enhancing service to further business value and benefit. Some reference clients reported that Aspera lacked both analytical proactivity and cloud service management innovation.

- **Slower services growth:** While Aspera's combined tools and services offering represents a commitment to the SAM market, Aspera reported the lowest two-year cumulative aggregate revenue growth and 2019 resource growth among its peers in this Magic Quadrant. Aspera risks falling behind and being considered a provider of services supplementary to its SAM tool technology rather than an overall provider of SAM managed services.

Bytes

Bytes is a Challenger in this Magic Quadrant. It is headquartered in the U.K. and is a software reseller arm of the South-Africa-based Altron Group, expected to be listed separately on the London Stock Exchange in the coming year. Bytes delivers SAM managed services to predominantly small and midsize clients. Continuous SAM managed services represent approximately 55% of ongoing SAM services clients, and noncontinuous scheduled services represent approximately 45%. Resources are primarily oriented to Europe at approximately 60%, with a sales presence in the U.K. The breakdown of Bytes' SAM managed service revenue regionally is estimated as EMEA, 80%; North America, 18%; and APAC, 2%. Bytes' SAM managed service revenue grew by an estimated 35% YoY.

Strengths

- **Mature service delivery:** SAM managed services are an entrenched Bytes offering, and its governance, controls, methodology and key performance indicator (KPI) management are all matured. Service management mechanisms include a series of registers, reports and logs managing progress, data, tasks, actions and impacts.

- **Pivot to cloud:** Bytes' highest scores were for market responsiveness. Representative of this is modernizing the SAM managed service offering to include cloud investment management services, powered by a series of partner tools and Bytes IP, Quantum, data analysts and cloud specialists, enabling management and optimization of SaaS/IaaS/PaaS consumption.

- **Small and midsize European enterprises:** Bytes' services are primarily delivered to European organizations, with 90% of Bytes' clients having fewer than 10,000 devices under management. Given its resources, experience and client base, Bytes is a good fit for midsize European organizations seeking a reseller to also address their SAM discipline.

Cautions

- **Limited scale and global presence:** Bytes has a resource base below the average of its peers assessed in this Magic Quadrant. Bytes has demonstrated a recent capability to develop business in North America; however, Bytes' client base and its client-facing resources are primarily based in the U.K. Client references offered by Bytes were limited in quantity and from U.K.-headquartered organizations only.

- **Limited publisher scope and volume orientation:** The number of publishers managed within Bytes' SAM managed service contracts rarely exceeds 20. Bytes' reported average contract value was also the lowest among providers assessed. Combined, this represents a focus on contract volume in preference to publisher breadth.

- **Not the best fit for large enterprises:** Bytes' SAM managed service clients are rarely large enterprises. Among the providers in this research, it services one of the lowest numbers of clients with more than 50,000 devices. Bytes also represented the lowest resource-to-client ratio among providers assessed in this Magic Quadrant, reflecting risk of limited engagement for more extensive requirements.

Crayon

Crayon is a Leader in this Magic Quadrant. It is headquartered in Norway and is a publicly listed software and cloud service reseller with a global presence. Crayon delivers SAM managed services to predominantly small and midsize clients. Continuous SAM managed services represent approximately 65% of ongoing SAM services clients, with scheduled services representing approximately 35%. Resources are primarily European at approximately 60% with a sales presence in EMEA, Asia/Pacific and the U.S. The breakdown of Crayon's SAM managed service revenue regionally is estimated as EMEA, 80%; North America, 12%; and Asia/Pacific, 8%. Crayon's SAM managed service revenue grew by an estimated 30% YoY.

Strengths

- **Innovation and IP**: Crayon scored above its peers assessed in this Magic Quadrant for innovation and is also praised by reference clients for service methodology and execution. It is adapting services to incorporate cloud economics and developing IP, including Service-iQ. It is introducing capability from Crayon's AI practice to enable entitlement and use rights management through contract analysis, which will support Crayon service efficiency.

- **Extensive contract base:** Crayon's SAM managed service client volume, contract maturity and proportion of continuous SAM service delivery are each among the highest compared to its peers in this Magic Quadrant. Crayon leverages a sales presence across 40 markets and the volume of clients in its reseller base to create demand for its services, enabling investment in resources above the peer average.

- **Fit with midsize European enterprise:** Crayon's client base most typically has between 1,000 and 10,000 devices under management, proportionately among the highest of providers assessed. Crayon is a good fit for the midsize European organization seeking a reseller to also address its SAM discipline.

Cautions

- **EMEA-centric resources:** While Crayon has SAM managed service resources present in the 17 markets Gartner measured, these are predominantly within EMEA and concentrated in the Nordics. Crayon's North American clients report a reliance on resources from Anglepoint; elsewhere outside the Nordics, clients report challenges with capability and access to required skills.

- **Outcome-based feedback and service enhancement:** Despite a preparedness to offer outcome-based financials, as an alternative to pure fixed-fee SAM managed services, Crayon's two lowest reference client scores were ability to deliver against business-outcome-based objectives and metrics and enhancing service business value and benefit.

- **Not the best fit for large enterprises:** Although Crayon can deliver to large enterprises, only 1% of SAM managed service clients are reported to have over 50,000 devices, while average contract value is among the lowest of its peers assessed in this Magic Quadrant. Crayon also operates with a resource-to-client ratio below the average of its peers, reflecting risk of limited engagement for large enterprise requirements.

Deloitte

Deloitte is a Leader in this Magic Quadrant. It is headquartered in the U.S. and is a privately held audit and professional services firm. Deloitte delivers SAM managed services predominantly to large enterprise clients. Continuous SAM managed services represent approximately 20% of ongoing SAM services clients, while noncontinuous scheduled services represent approximately 80%. Resources are most prominent in Europe at approximately 60%, with a sales presence in EMEA, Asia/Pacific and North America. Regionally, Deloitte's SAM managed service revenue is estimated as North America, 55%; EMEA, 40%; APAC, less than 5%; and Latin America, less than 1%. Deloitte's SAM managed service revenue grew by an estimated 20% YoY.

Strengths

- **Scale and presence:** Deloitte is among the largest of its peers assessed in this Magic Quadrant for SAM managed service revenue. Deloitte has resources in 20 of 31 markets assessed for this Magic Quadrant, making it a good fit for organizations requiring local resources, and demonstrated growth above the peer average.
- **Broad technology scope:** Deloitte's SAM practice is aligned with its cybersecurity practice and positioned to address management of open source and the Internet of Things (IoT), reflecting capacity to respond to emerging requirements.
- **Relevance across organization size:** While Deloitte's business is predominantly with large enterprises, it delivers services across varying scales of organization size, albeit with least penetration of services in organizations of fewer than 1,000 devices. Deloitte demonstrated the broadest range and distribution of client sizes and verticals served compared to its peers assessed in this Magic Quadrant.

Cautions

- **Limited continuous services value:** Deloitte contracts are predominantly scheduled services, providing the lowest proportion of continuous services among its peers assessed, so it may not suit organizations seeking a provider delivering sustained SAM discipline. This is most apparent in APAC and North America, where only 10% and 20% of respective services are reportedly delivered on a continuous basis. Despite limited continuous service delivery, average contract value was second highest among the providers assessed.
- **Resource inconsistency:** Few Deloitte clients have resources permanently engaged. Although Deloitte reference clients are overall very satisfied, feedback includes reports of scheduling and continuity challenges, and identifies room for both continuous improvement and further service automation. Reference clients also identify inconsistency of expertise beyond Tier 1 software publishers.
- **Limited service maturity:** On average, Deloitte client contracts have reportedly been in place for a shorter period than those of its peers in this Magic Quadrant. Its lowest scores were for commercial flexibility associated with business changes and publisher scope. Reference clients reported challenges coordinating activities, requiring extensive client-side project management.

Elée

Elée is a Niche Player in this Magic Quadrant. It is headquartered in France and is a privately held specialist provider of SAM managed services. Elée delivers SAM managed services predominantly to midsize and large enterprise clients. Continuous SAM managed services represent approximately 40% of ongoing SAM services clients, with noncontinuous scheduled services representing approximately 60%. Both Elée's resources and sales presence are exclusively located in France, and it operates a 100% remote delivery model internationally. Regional breakdown of Elée's SAM managed service revenue is estimated as EMEA, 70%; North America, 12%; APAC, 12%; and Latin America, 6%. Elée's SAM managed service revenue grew by an estimated 55% YoY.

Strengths

- **Investments in automation:** Elée has developed, leveraged and continues to invest in its own packaged IP and automation platform SamBox.io to ingest, process and translate data, driving efficiency in enterprise service delivery, despite limited scale of the Elée organization.

- **Positive client feedback:** Reference clients evaluated Elée highly for customer experience. Reference clients scored Elée above the median in 20 of the 22 capabilities evaluated, demonstrating its loyal client base. Client feedback scores were strong in the market understanding, offering and innovation criteria, with some clients praising Elée's innovation and efficiency.

- **Suited to large European enterprises:** Elée resources are concentrated in France, with a targeted client base of CAC 40 representatives and their international offices. While Elée is small by comparison with providers assessed in this Magic Quadrant on revenue and resource terms, Elée is experienced addressing large enterprise requirements with 75% of clients having 10,000 or more devices under management.

Cautions

- **Local resources and presence:** While Elée reported clients and revenue across all four global regions, local resources are available in France only; thus, it is reliant on remote international delivery for all other locations. Elée scores lowest of providers analyzed for geographic strategy as the only provider with a single location model. Client references offered by Elée were all headquartered in France.

- **Ability to scale resources:** Elée is the smallest provider included in this Magic Quadrant in terms of revenue and resources. This small size plus a low employee-to-customer ratio increase Elée's reliance on automation to deliver its services, and thus may not suit organizations requiring transformative or life cycle change services, with associated resource demands.

- **Developing service scope:** Publisher breadth in Elée contracts is among the lowest of providers assessed, and its cloud services also appear concentrated to Amazon Web Services (AWS) and

Microsoft Azure. Organizations seeking a provider with a larger scope of service engagement should carefully assess Elée's capabilities.

EY

EY is a Niche Player in this Magic Quadrant. It is headquartered in the U.K. and is a privately held audit and professional services firm. EY delivers SAM managed services to predominantly midsize to large enterprise clients. Continuous SAM managed services represent approximately 25% of ongoing SAM services clients, with noncontinuous scheduled services representing approximately 75%. Resources are primarily oriented to APAC at approximately 60%, with a sales presence in EMEA, Asia/Pacific and North America. The breakdown of EY's SAM managed services revenue regionally is estimated as North America, 50%; EMEA, 45%; and APAC, 5%. EY's SAM managed service revenue grew by an estimated 35% YoY.

Strengths

- **Resources and automation facilitate growth:** EY has a significant pool of resources at its disposal, utilizing an offshore resource model shared across publisher compliance activities to support service growth. EY's highest scores were in reported two-year cumulative aggregate revenue growth and new business proportion. EY has also invested in developing its proprietary Atom tool to facilitate service delivery.
- **Broad global reach and presence:** EY has developed local capabilities in 11 of 31 geographies tracked in this Magic Quadrant, representing a presence above the peer average. Its most significant presence is in India, the U.S., the U.K., Germany, Italy and Australia.
- **Relevance across midsize to large enterprises:** EY services are at its deepest penetration in enterprises with 1,000 to 50,000 devices under management, notably in retail and financial services verticals. To date, EY has made limited progress securing clients with over 50,000 devices.

Cautions

- **Limited continuous services value:** The significant majority of EY contracts are scheduled services, with continuous service proportion being among the lowest of providers assessed. EY also demonstrated the least publisher breadth in its contracts, so it may not suit organizations seeking a provider delivering broad and sustained SAM discipline. Despite limited continuous service delivery and publisher breadth, average contract value was the highest among its peers in this Magic Quadrant.
- **Developing client base:** Despite recent SAM managed service revenue growth and access to a shared resource pool, EY has the smallest SAM managed service client base of providers assessed in this Magic Quadrant. While demonstrating growth, more than half of EY's contracts have been in place for less than a year; thus, EY has yet to develop a track record and has demonstrated limited reference depth and ROI.

- **Automation plus offshore operating model:** Reference clients reported challenges with capability and resourcing, onboarding delays, and issues making Atom operational. Reference clients also pointed to the use of lower-cost offshore resources, including working hours scheduling challenges, that required extensive client-side project management that could be averted with investment in local resources.

KPMG

KPMG is a Niche Player in this Magic Quadrant. It is headquartered in the Netherlands and is a privately held audit and professional services firm. KPMG delivers SAM managed services to predominantly large enterprise clients. Continuous SAM managed services represent approximately 25% of ongoing SAM services clients, with noncontinuous scheduled services representing approximately 75%. Resources are spread across regions. APAC represents the largest resource pool at approximately 40%, with a sales presence in EMEA, Asia/Pacific and North America. The breakdown of KPMG's SAM managed service revenue regionally is estimated as North America, 55%; EMEA, 20%; APAC, 20%; and Latin America, less than 5%. KPMG's SAM managed service revenue grew by an estimated 65% YoY.

Strengths

- **Publisher service breadth:** KPMG services demonstrate preparedness to support client requirements across a range of publishers, reporting the highest proportion of contracts exceeding 20 vendors managed in scope compared to providers assessed in this Magic Quadrant. KPMG reported average contract value that was notably more moderate than its audit and professional services firm peers.

- **Resources facilitate growth:** KPMG reported the second largest 2019 resource growth rate, facilitating an above-peer-average two-year aggregate revenue growth rate. KPMG has developed local capabilities in 17 of 31 geographies tracked in this Magic Quadrant, including significant local presence in India, the U.S., Australia, Germany and the U.K. KPMG reported the highest proportion of clients in APAC compared with providers assessed.

- **Relevance across large enterprises:** KPMG services are at their deepest penetration in enterprises with 10,000 to 50,000 devices under management, the highest proportion of service in this band among providers assessed. KPMG also reported an above-peer-average proportion of services delivered to very large organizations.

Cautions

- **Limited continuous services value:** KPMG contracts are typically scheduled services, with one of the lowest proportions of continuous services, so it may not suit organizations seeking benefits of a provider delivering sustained SAM discipline. Client references pointed to challenges adapting KPMG managed services to meet their needs, identifying requirements to enhance the service.

- **Regional service model and offerings:** KPMG's model of operating a network of firms leads to some regional inconsistencies in service offerings and client outcomes. KPMG EMEA and APAC have lower proportions of continuous services than does KPMG North America; accordingly, in-region client reference vetting is encouraged for KPMG services.

- **Inconsistent client feedback:** Although reference clients were generally positive, a number cited transformation and life cycle change management issues, including challenges meeting milestones. Additionally, some client references identified concerns with KPMG resources addressing complex environments and use rights.

Livingstone Group

Livingstone Group (Livingstone) is a Challenger in this Magic Quadrant. It is headquartered in the U.K. and is a specialist provider of SAM managed services owned by the Carlyle Group. Livingstone delivers SAM managed services to predominantly midsize and enterprise clients. Continuous SAM managed services represent approximately 60% of ongoing SAM services clients, with noncontinuous scheduled services representing approximately 40%. Resources are primarily located in Europe, at approximately 81%, with a sales presence in the U.K. and the U.S. Regionally, Livingstone's SAM managed service revenue is estimated as EMEA, 62%; North America, 37%; and APAC, less than 2%. Livingstone's SAM managed service revenue grew by an estimated 80% YoY, in part through acquisition.

Strengths

- **Continuous services value:** Gartner inspection of Livingstone contracts identified robust commitment to service deliverables, minimizing limitations and exclusions. Livingstone SAM managed service contracts are typically continuous services, proportionately among the highest of peers assessed. Livingstone also scored highly for contracted publisher breadth, commensurately demonstrating one of the highest average contract values.

- **Strategic North American investment:** Livingstone's cumulative two-year aggregate growth rate and resource growth are among the highest of providers assessed. Growth was facilitated in part through the acquisition of Siwel Consulting, making a material contribution to Livingstone's North American expansion and presence.

- **Relevance across midsize to large organizations:** Livingstone services are at their deepest penetration in enterprises with 1,000 to 50,000 devices under management, particularly in European organizations. Livingstone's smaller North American operations have a greater proportion of business contracted for organizations larger than 50,000 devices.

Cautions

- **Location and in-country support:** Despite Livingstone's growth through acquisition, lowest scores included geographic strategy, impacted by resources located in only three of 31 geographies assessed in this Magic Quadrant, with 80% of its client base concentrated in

EMEA. This limited geographic presence may be a limitation for organizations requiring presence in other locations.

- **Pivot to cloud and automation:** Livingstone scored below the peer average for SAM managed services incorporating PaaS/IaaS cost management; however, integrating acquired capabilities may address this service component. Livingstone's packaged IP, LUCE, is central to its innovation and marketing; however, multiple clients commented on Livingstone's limited automation.

- **Limited references, mixed feedback:** Livingstone only provided client references from the U.K. Those references and other client analysis by Gartner provided mixed feedback, which pointed to inconsistent knowledge and slow return on investment. While Livingstone's value proposition is centered on data quality powered by LUCE, resource development may require further investment.

Softline Solutions

Softline Solutions (Softline) is a Niche Player in this Magic Quadrant. It is headquartered in Germany and is a publicly owned specialist provider of SAM managed services. Softline delivers SAM managed services to predominantly small and midsize clients. Continuous SAM managed services represent approximately 45% of ongoing SAM services clients, with noncontinuous scheduled services representing approximately 55%. Resources are primarily oriented to Europe, at approximately 90%, with a sales presence in Germany, Netherlands, Belgium, France and the U.K. Regionally, Softline's SAM managed service revenue is estimated as EMEA, 80%; APAC, 10%; Latin America, 5%; and North America, 5%. Softline's SAM managed services revenue grew by an estimated 45% YoY.

Strengths

- **Publisher service breadth:** Softline services demonstrate support of client requirements across a range of publishers. It reports an above-average proportion of contracts exceeding 20 vendors managed in scope compared to its peers, with several reference clients having 200 or more publishers under management. Softline reported average contract value in line with the average of its peers assessed.

- **Maturity and flexibility:** The highest scores Softline received from its reference clients were for understanding key issues, tailoring of proposals, resource skill and experience, and effective delivery models. Several reference clients identified flexibility adjusting services to changing requirements as a key positive characteristic. Consistent with this, Softline also reported above-average contract maturity.

- **Small and midsize European enterprise:** Softline services are primarily delivered to European organizations. While also serving larger multinationals, more than 85% of Softline SAM clients have fewer than 10,000 managed devices, a level that is proportionately high among the providers assessed serving this size category.

Cautions

- **Local resources and presence:** While Softline reported clients and revenue across all four global regions, full-time equivalent resources are only located in Europe, with a presence in only six of the 31 geographies assessed for this Magic Quadrant. Softline also demonstrated revenue distribution across regions that was below the peer average.

- **Limited scale and growth:** Softline's evaluation included lower scores for its resources, revenue and two-year cumulative aggregate revenue growth rate. Due to relatively small operations and slow growth, Softline risks falling behind competitors more readily able to invest and sustain growth.

- **Inconsistent client feedback:** Reference clients scored Softline below the peer average for all 22 capabilities evaluated. Its lowest scores were in managing change in public cloud environments and its approach to managing emerging technologies. Respondents reported challenges with capacity, continuity of resources and limited backup resources, also noting room for improvement in taking ownership of SAM tools enabling provision of trustworthy data.

SoftwareONE

SoftwareONE is a Leader in this Magic Quadrant. It is headquartered in Switzerland and now publicly listed following a recent IPO. The majority of SoftwareONE's revenue is delivered through its software and cloud service reselling business. SAM managed services are provided predominantly to small and midsize clients. Continuous SAM managed services represent approximately 25% of ongoing SAM service clients, with noncontinuous scheduled services representing approximately 75%. Resources are largely concentrated in Europe at approximately 50%, with a sales presence spread across approximately 90 countries globally. Regionally, SoftwareONE's SAM managed service revenue is estimated as EMEA, 55%; North America, 25%; Latin America, 15%; and APAC, 5%. SoftwareONE's SAM managed service revenue grew by an estimated 20% YoY.

Strengths

- **Scale:** SoftwareONE demonstrated the highest total SAM managed service revenue and client volume, and it is an established provider to many organizations. Delivery of services is supported locally and remotely through regional delivery centers in India, Germany and Mexico, facilitating economies of scale and consistent delivery.

- **International presence:** SoftwareONE's extensive network of offices and resources across 27 of 31 geographies assessed in this Magic Quadrant is significantly high compared to its peers in this research, enabling services in a broad range of locations. Organizations in Asia/Pacific, the Middle East, Africa and South America may find SoftwareONE's convenient local resources key when choosing their best-fit provider.

- **Uptake within small and midsize organizations:** Utilizing standardized mechanisms and delivery models, SoftwareONE delivers services to an extensive client base across regions.

Consistent with its scaled client base, over 30% of SoftwareONE clients have fewer than 1,000 managed devices, and 70% have under 10,000.

Cautions

- **Limited scope and volume orientation:** SoftwareONE services typically incorporate a subset of deliverables characteristic of complete SAM managed services, leading to potentially limited custodianship of SAM discipline. Services are primarily delivered on a scheduled basis; accordingly, alternatives may better fit organizations seeking continuous services.

- **Deeper analytics and innovation required:** Although SoftwareONE developed and offers its PyraCloud IP, it was scored lowest by reference clients for service approach to managing emerging technologies, and executing continuous improvement. Client feedback includes reports of limited innovation, reliance on SAM tool features and limited analytics to support optimization.

- **Need for stronger service governance:** Despite its large scale, SoftwareONE reference clients scored SoftwareONE's operations below the average of its peers in this Magic Quadrant. Reference clients noted they encountered inconsistent quality, found the service reactive and pointed to gaps in delivery that could be resolved with stronger service governance.

Inclusion and Exclusion Criteria

To be included in this Magic Quadrant for SAM managed services, each service provider must meet the following *essential criteria* representing required attributes of domain expertise, plus at least seven of the eight subsequent *required criteria* demonstrating delivery of those attributes in context of a SAM managed service.

Essential Criteria

SAM service providers must deliver each of the seven defined SAM managed service core components:

- Policy and process assessment, design, transformation, continuous improvement and operation

- Continuous and complete estate representation

- Continuous entitlement custodianship, management and use rights analysis

- Continuous custodianship of trustworthy software installed, used and accessed data

- Continuous cloud service metering and license management

- Development, continuous maintenance and optimization of license position, usage and governance reporting

- Continuous integrated requirements, request, harvest and recommendation services

Required Criteria — SAM Managed Services Only

SAM managed service providers must:

- Deliver SAM managed services across a scope of 20 or more software publishers.
- Deliver SAM managed services that both manage software run on Amazon Web Services, Microsoft Azure and Google Cloud Platform, plus measure usage of workloads and instances running within Amazon Web Services, Microsoft Azure and Google Cloud Platform.
- Deliver SAM managed services to five or more referenceable clients representing contracts in at least two of the following regions: North America, EMEA, Asia/Pacific and Latin America. See Note 2 for further details of the component geographic markets measured in this Magic Quadrant.

Required Criteria — SAM Managed Services and SAM Scheduled Services

For the purpose of the following criteria, revenue, customer quantities and resource quantities from SAM scheduled services are included. SAM scheduled services are classified as delivering the **essential criteria** of a SAM managed service as defined, but less frequently than defined as **continuous**:

- Delivered at least $5 million in annual SAM managed service revenue for fiscal year 2019 billed directly to end user clients
- Delivered SAM managed services to a minimum of 50 active **unique** end user clients in fiscal year 2019
- Delivered SAM managed service annual revenue growth of at least 10% for fiscal year 2019 over fiscal year 2018
- Delivered no more than 90% of SAM managed services from any one of the aforementioned and defined regions: North America, EMEA, APAC and LATAM
- Demonstrate permanent employment of 50 or more SAM service delivery and SAM service delivery management resources

Exclusion Criteria

Gartner excludes providers that:

- Deliver SAM services predominantly through partners or subcontractors

- Deliver SAM services predominantly as a partner or subcontractor to a contracting party (such as an outsourcer) as opposed to directly to end-user clients
- Predominantly deliver packaged or tactical noncontinuous SAM services
- Provide predominantly asset tracking and reporting services that are devoid of data augmentation activities or application of use rights intelligence

Evaluation Criteria

Ability to Execute

Gartner analysts evaluate service providers' quality and efficacy of the processes, systems, methods or procedures that enable IT provider performance to be competitive, efficient and effective, and to positively impact revenue, retention and reputation within Gartner's view of the market. We judge providers on their ability to capitalize on their vision, their success in doing so, and their footholds in terms of resources, coverage and ability to meet clients' requirements. Ability to Execute is judged by seven main criteria. Each criterion is described below, and their respective weightings are shown in Table 1.

Product or Service

We evaluate the provider's services that compete in and/or serve the defined market. This includes current service capabilities, quality, feature sets and skills. These must be offered natively. Within this criterion, we consider the following elements:

- Overall service presence including number of clients
- Demonstrated delivery to enterprise clients across a broad range (20+) software vendors
- Onboarding methodology and execution
- Service methodology and execution

Overall Viability

Viability includes an assessment of the provider's overall financial health, the financial success of the SAM managed service operations and the likelihood of the provider to continue to offer and invest in the service within the current portfolio. Within this criterion, we consider the following elements:

- Total SAM managed service revenue
- Past two years growth of SAM managed service revenue
- Past two years increase in supply of skilled resources

Sales Execution and Pricing

An evaluation of the provider's capabilities in all presales and sales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel. Within this criterion, we consider the following elements:

- Pricing strategy, including approach to agility; for example, requirements to include new platforms and vendors during the contract term
- Use of innovative risk-reward commercial models
- Spread of managed services across value ranges: less than $100,000 per year, $100,000 to $250,000 per year, $250,000 to $500,000 per year, $500,000 to $1 million per year, and more than $1 million per year

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. Within this criterion, we consider the following elements:

- Approach to managing IoT, edge and other emerging technology scenarios
- Solutions in response to emerging client requirements
- Examples of delivery against business-outcome-based objectives and metrics

Marketing Execution

We evaluate the clarity, quality, creativity and efficacy of programs designed to influence the market, promote the brand, increase awareness of the provider's SAM managed services and establish a positive association in the minds of prospective clients across regions. This "mind share" can be driven by a combination of publicity, promotional activity, thought leadership, social media, referrals and sales activities. Consideration is given specifically to demonstrable publicity and thought leadership activity presenting benefit delivery.

Customer Experience

Within this criterion, we consider the following elements of client feedback and experience working with the provider and its SAM managed service capabilities:

- Overall satisfaction with the provider's capabilities and delivery
- How effective the provider is at managing and meeting milestones in the client's SAM discipline transformation
- How effective the provider is at delivering and executing on continuous improvement processes

- Mechanisms to measure client satisfaction with value delivered

Operations

We focus on the ability of the provider to meet goals and commitments while satisfying contractual obligations for service delivery to clients. Factors analyzed include the quality of the organizational structure, skills, experiences, programs, systems and other vehicles that enable the provider to operate effectively and efficiently. Within this criterion, we consider the following elements:

- To what degree the provider supplies operational and business models that are effective at SAM service transformation and delivery
- Demonstrated delivery of service transformation objectives within agreed milestones

Table 1: Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product or Service	High
Overall Viability	Low
Sales Execution/Pricing	Medium
Market Responsiveness/Record	Medium
Marketing Execution	Low
Customer Experience	High
Operations	Medium

Source: Gartner (August 2020)

Completeness of Vision

Gartner analysts evaluate providers on their ability to articulate logical statements about current and future market direction, innovation, customer needs and competitive forces, and how well these map to the Gartner position. Ultimately, providers are rated on their understanding of how market forces can be exploited to create opportunity for the provider.

Market Understanding

We evaluate the provider's ability to understand client needs and translate them into their SAM managed service offering. Providers should demonstrate a clear and well-defined vision, understand client demands, shape or enhance market changes with their added vision, and align services with the key issues organizations face driving SAM maturity. Specific consideration is given to the following elements:

- Knowledge of key issues facing firms endeavoring to drive SAM maturity
- Investments made in resources and IP oriented to key issues facing clients
- Thought leadership and vision aligned with imminent and future SAM challenges

Marketing Strategy

We assess clear, differentiated messaging consistently communicated internally and externalized through social media, advertising, client programs, and positioning statements that promote and grow the SAM managed service offering. Special consideration is given to the following elements:

- Leadership in demonstration of SAM managed service benefits delivered
- Growth strategy and commitment to create market presence

Sales Strategy

We evaluate the provider's sales strategy and its ability to sell continuous SAM managed services as a priority offering, including services tied to management of software in cloud environments and consumption of cloud services. Special consideration is given to the following elements:

- Vision for enhancing service, furthering business value and benefit
- How proposals are tailored to client-specific needs
- Delivery of SAM managed services across varying scale of organizations — number of clients with less than 1,000 devices, 1,000 to 10,000 devices, 10,000 to 50,000 devices, 50,000 to 100,000 devices, and more than 100,000 devices

Offering Strategy

Within this criterion, we assess the provider's approach to service development and delivery that emphasizes market differentiation, methodology, features and value as they map to current and future requirements. Special consideration is given to the following elements:

- Service development mechanisms and investments across platforms and publishers
- Approach to continuous service delivery across deliverables
- Current and future development of service in alignment with growth of "as a service" usage

- Examples of processes and branded IP

Business Model

We evaluate the provider's business model based upon the design, logic and execution of the organization's SAM managed service proposition to achieve continued success. Special consideration is given to the following elements:

- The provider's key mechanisms in SAM managed service operations for measuring results
- Demonstrated evidence that the SAM managed service delivers value to the end user
- The experience and skill level of resources used to provide the service

Vertical/Industry Strategy

Here we assess the provider's strategy to direct resources (e.g., sales, service, development), skills and products to meet the specific needs of individual market segments, including verticals. Special consideration is given to demonstrating penetration in different industry verticals.

Innovation

This criterion assesses the provider's position as thought leader and SAM managed service innovator. We examine the provider's SAM managed service market leadership and investment focus on achieving vision and developing innovative strategies that deliver client value and service excellence. We include an evaluation of the following elements:

- Investments in IP, automation, analytics and prebuilt mechanisms for the purpose of managing data quality at scale
- To what degree the provider has delivered valuable innovations of new service offerings over the past 12 months
- How effectively services deliver on the constant changes in public cloud environments

Geographic Strategy

Within this criterion, we assess the provider's strategy and capabilities to direct resources, skills and offerings to meet the needs of geographies outside the "home" or native geography, expanding SAM managed services across regions with relevant resources, skills and offerings. We include an evaluation of the following elements:

- Investment in global and regional resources
- Provider strategy to expand or consolidate footprint across regions with relevant present resources, skills and offerings

Table 2: Completeness of Vision Evaluation Criteria

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

Source: Gartner (August 2020)

Quadrant Descriptions

Leaders

Leaders are performing well today, gaining traction and mind share in the market. They have a clear vision of market direction and are actively building and improving their competencies to sustain their leadership position in the market. The Leaders quadrant indicates the direction of the SAM managed service market. Leaders have built a considerable SAM managed service track record, demonstrating their experience to successfully deliver these services, and are well positioned to continue delivering services in the future.

Challengers

Challengers execute well today and have a track record of successfully delivering SAM managed services, but they have a less-well-defined view of the market's direction than Leaders do. Consequently, they may be tomorrow's Leaders, or they may not be aggressive and proactive enough in preparing for either the future or beyond their geographic focus.

Visionaries

Visionaries recognize and articulate important SAM managed service market trends and directions. However, they could improve or scale their service offering and delivery. Accordingly, they may not be in a position to fully deliver and consistently execute on their vision at this time.

Niche Players

Niche Players have yet to achieve broad success in the SAM managed service market. Some Niche Players have a recognizable brand or loyal client base. Niche Players focus on a segment of the client base, as defined by characteristics such as client size, geography or capability, or deliver services primarily on a scheduled basis (as opposed to continuous). Their Ability to Execute is limited to those areas of strength and affects a Niche Player's ability to deliver a full scope of requirements. Niche Players need to increase their capabilities across all use cases, geography coverage, number of clients, innovation and resource strength.

Context

This Magic Quadrant offers support for informed contracting of SAM managed services. The Magic Quadrant assesses the Ability to Execute and Completeness of Vision of 11 SAM managed service providers that meet our criteria for inclusion. The positioning of providers in this Magic Quadrant is based on factors determined by Gartner as being relevant to this market worldwide. This Magic Quadrant is a point-in-time analysis, with all provider profiles reflecting the status as of July 2020. Quantitative data collected was for a 12-month period ending March 2020.

SAM managed service providers offer an array of capabilities. Leveraging these capabilities in an optimal fashion requires expertise — more expertise than most organizations possess or are realistically able to recruit directly. Even when an organization can secure the necessary expertise, demand for those internal experts often exceeds what can be fulfilled by the organization's employees. Consequently, SAM managed services are a vital contributor to SAM success for a growing number of organizations.

Evaluate Gartner's Provider Positioning to Find Candidates That Meet Your Specific Requirements

The greatest benefits are derived from SAM managed services when they are used comprehensively, delivering the seven components of a complete service — see the Market Definition, Essential Inclusion Criteria section and "Critical Capabilities for Software Asset Management Managed Services." Gartner's positioning of providers in this Magic Quadrant does not imply that clients considering SAM managed service providers should simply select service providers in the Leaders quadrant when requesting a proposal. A provider may appear in a particular quadrant based on Gartner's extensive analysis across the full-service life cycle in many geographies and other criteria. Consequently, vendors in the Challengers, Visionaries or Niche Players quadrants may prove to be more appropriate for the engagement.

The online features of this Magic Quadrant and its companion Critical Capabilities research enable users to tailor evaluation weights for further analysis based on the aspects that are most important to their organization. This allows sourcing, procurement and vendor management leaders to align the weighting of each criterion — for either the vision or execution axis — to the objectives of their specific sourcing initiative.

Use the Magic Quadrant as a tool to help inform your shortlist and evaluation of providers for your SAM managed services. However, the inclusion criteria in the Magic Quadrant result in the analysis of the largest and most established providers in the SAM managed service market.

Clients should not disqualify any potential competitor simply because it does not appear in this Magic Quadrant. Buyers should consider multiple enterprise-specific factors, such as:

- Each provider will have a different “sweet spot” that reflects the type of service in which it excels.
- Providers differ in scale, and matching the scale of the provider to the scale of the buying organization can be important.
- Providers’ operational cultures differ, and cultural fit to the buying organization is vital.
- Providers vary in their coverage by geography.

Market Overview

SAM managed services delivered on a continuous basis embody the necessity for sustained SAM discipline. Broadening technology environments fueled by digital initiatives, combined with complex use cases and ambiguous use rights, will continue to create management challenges. Cost optimization and governance benefits, achievable through effectively managing this growing investment and associated complexity across the enterprise, regularly underpin the mandate for contracting SAM managed services. Increased recognition of SAM discipline importance and appreciation of addressable benefits have led to rising volumes of SAM managed services delivered by domain specialists.

Taking ownership of SAM discipline, and custodianship of SAM data, capable providers leverage core skills and methodologies, to deliver cost benefits by:

- Informing software acquisition, maintenance renewal and disposal decisions
- Identifying and eliminating obsolete or underutilized software and online services
- Rationalizing and rightsizing contracts or migrating to optimal license models — offsetting loss of leverage typical in SaaS contracts
- Managing sprawl and toxic consumption of IaaS and PaaS contracts
- Effectively governing software use, identifying risks and enabling mitigating actions

Revenue from SAM managed services for the 11 vendors featured here has increased at an average CAGR for the past two years of 27%, with two-year cumulative average client growth at 23%. On average, the 11 providers in this Magic Quadrant grew their SAM managed service delivery resources by 29% on a two-year cumulative basis. The COVID-19 pandemic may impact those growth rates, as organizations reconsider investments. One likely outcome, however, is that increased focus on cost cutting and cost optimization, eradicating shelfware and unproductive software costs, a mechanism facilitated by a capable SAM function, will lead more organizations to embrace SAM managed services, driving greater growth.

The following are key aspects of the market:

- **Continuous access to skills and expertise:** Supply of SAM skills remains overwhelmed by demands of organizations seeking to operate a mature SAM discipline. Additionally, developing skills that address the breadth of requirements, depth of complexity, and the nuanced and niche proficiency of effective SAM, remains difficult within a discrete in-house operation. A managed service delivered end to end across the complete environment for all vendors and life cycle processes may be mandated. Alternatively, and more frequently, a hybrid model that shares responsibility between the managed service provider and internal resources may be chosen. On average, client references have 57 software publishers under management by their SAM managed service providers, with 16% having over 100 publishers managed, and the median is 20 software publishers under management.

- **Scheduled services alternative:** Tactical or project-based activities may only deliver short-term benefits or incremental improvements in the SAM discipline. A compromise between continuous managed service delivery and one-off tactical activities may be delivered through scheduled services that deliver SAM on a regular, part-time basis. While scheduled services may cost approximately 30% of continuous services, they will not inform continuous acquisition and renewal decisions to the same degree. Nor will a scheduled service manage out waste or avoid unnecessary costs to deliver optimization benefit comparable to a continuous SAM managed service.

- **Service characteristic by provider category:** In this Magic Quadrant specialist providers, software resellers, audit and professional services firms and a SAM tool vendor are assessed. No outsourcers met the qualifying criteria. Specialist providers deliver the highest proportions of continuous SAM managed services. Audit and professional services firms deliver fewer continuous services and have had contracts in place for shorter periods than counterparts in other categories, potentially influenced by their engagement for the purpose of software audit activity on behalf of vendors. Despite potential conflict of interest with software sales activities, software resellers deliver the highest volumes of SAM managed services. Risk-reward cost models are limited to use in just 2% of contracts but are most prevalent in software reseller or tool provider categories.

- **SAM managed services versus SAM outsourcing:** SAM managed services are most effective when delivering continuous guidance, integrating with internal functions to enable optimization throughout the cycle of requirements, request, procurement, harvest and retirement. Proficient governance made possible by robust SAM discipline through an effective SAM managed service can, in some cases, satisfy software publishers and obviate the need for audit. As software licensees, the contracting party cannot outsource responsibility for license compliance; however, a penalty clause may be included in SAM managed service contracts to recover some cost of noncompliance, should the provider supply inaccurate advice.

- **Automation supplementing SAM services:** Increasingly, SAM managed services will incorporate the provider's technical capabilities, intellectual property and automation, augmenting the data provided by SAM tools, and facilitating efficient delivery. Example proprietary and third-party automated capabilities include addressing data quality management requirements, identification and management of “noninstance data,” managing workflow, presentation of findings, identifying trends, tracking progress and validating actions. Technology should not, however, be considered a replacement for services that enable action and benefit through client engagement and advice. Indeed, providers with technology at the core of their offering typically received less positive client reference feedback.

- **Increasingly critical role addressing cloud services:** Advanced adoption of SaaS and high growth rates of public cloud consumption are increasingly relevant to SAM managed service provision. Conventionally, this includes management of SaaS applications primarily from a cost perspective and bring your own license (BYOL) use rights compliance. While internal SAM functions, often stretched to deliver on expectations, appear less likely to take on public cloud metering and cost management, SAM managed service providers regularly incorporate this discipline.

- **SAM managed services are now broadly applicable:** Within this Magic Quadrant, we identify providers suitability to organization size. However, overall, SAM managed services are now utilized by organizations across a range of sizes. The most typical size of organization utilizing SAM managed services, either continuous or scheduled, has between 1,000 and 10,000 devices under management. By industry, the most prevalent use of SAM managed services consistently occurs in financial services and manufacturing, and least often is used in academia. Regionally, SAM managed services are used most in EMEA — eclipsing the combined total of North America, LATAM and APAC.

Acronym Key and Glossary Terms

Toxic consumption	Unnecessary use that results from PaaS and IaaS overprovisioning and idle instances, with “meters” continuing to run, thereby incurring unnecessary costs.

Evidence

Evaluation in this Magic Quadrant is informed by:

- Primary research — Gartner inquiries with user organization clients. Services and sourcing analysts collectively took more than 180 inquiries with end-user clients on service providers relating to SAM managed services over 12 months (June 2019 through May 2020).

- Primary research — Feedback from 62 SAM managed service client references worldwide, submitted by the participating providers, using online surveys.

- Primary research — A 90-minute provider briefing from each participating service provider addressing capability proof points of each evaluation criterion in the Magic Quadrant.

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Primary research — A detailed provider survey covering revenue, staffing, geographic capabilities, scale and other relevant information, totaling more than 1,800 data points.

- Secondary research — Press releases and publicly available information, including company websites and financial reports.

- Other Gartner analysts — Views and comments provided as part of the peer review process.

Note 1
SAM Managed Service Exclusions

SAM managed services as measured exclude the following:

- Packaged, project or tactical SAM services delivered in isolation or ad hoc retained services.

- SAM tool sales, SAM tool support and maintenance contracts, and SAM tool hosting.

- Asset tracking or reporting devoid of intelligent data augmentation or application of use rights intelligence.

- Sale of software licensing or cloud service subscriptions.

- Organizations applying IFRS accounting rules when calculating service revenue figures, including license revenue embedded within service contracts, thus reporting excluded SAM tool revenue as service revenue, were directed to remove the excluded income.

Note 2
Region Alignment

This Magic Quadrant addresses presence in regions as follows:

- North America: U.S., Canada

- Europe, the Middle East and Africa (EMEA): Benelux, France, Germany, Italy, Middle East, Nordics, Poland, Romania, South Africa, Spain, U.K., other Western Europe, other Eastern Europe, Rest of Africa

- Asia/Pacific and Japan (APAC): Australia, China, India, Japan, Philippines, Singapore, Vietnam, other APAC

- Latin America (LATAM): Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, other LATAM

Evaluation Criteria Definitions

Ability to Execute

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

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

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

Market Responsiveness/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 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 initiatives, 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 and so on.

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 to 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 products 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 sets 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 vertical markets.

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.