Driving Business Performance Through Application Performance Management

A GigaOm Research Brief

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TOPIC: APM

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1 Summary

Today’s organizations are increasingly aware that future success lies in delivering software applications that directly engage with, and respond to, the needs of customers. However, for many enterprises, a strategic vision often clashes with the realities of legacy thinking and systems. In a recent GigaOm study we asked several context-setting questions, to look at the evolving role of application performance management (APM) and monitoring tools with respect to business and customer value delivery. In particular, how do more proactive organizations leverage APM tools to deliver on their innovation and broader business goals?

Key Findings:

• Proactive organizations, who put the business first and are mature in terms of IT best practices, are driving transformation. They see application performance monitoring as significantly more important than their peers.

• In general, respondents prioritize diagnosing and fixing problems over delivering the best possible customer experience; these priorities reverse for more proactive organizations.

• Business- and user experience-related metrics are seen as more important than technical metrics when it comes to monitoring the performance of applications—a factor that increases for public cloud-first organizations.

• Looking at more advanced performance monitoring features, measuring user experience is most important, which fits with the strategic goal of improving customer experience delivery.

• More proactive organizations are far more likely to see more advanced performance management features as important.

More business-focused and operationally mature organizations are reaping the rewards of application performance management, through the use of more advanced monitoring features such as real-time user experience monitoring and providing a composite view of log and performance data. While such tools and capabilities do not represent success in themselves, more mature processes and tools go hand in hand.

What Do “Proactive” Organizations Think of Application Performance Monitoring?

In this report, we look at the evolving role of application performance management, and particularly whether a more proactive group might treat it differently. So, how might we define such a group? In a recent GigaOm study, to gauge the respondents we asked several context-setting questions, as shown in Figure 1.
So, does there exist a more proactive group, from an IT-business perspective? We might consider these as respondents, who answer positively to the following statements:

- We are undergoing a digital transformation driven by executive leadership.
- Our lines of business are driving technological change.
- Our IT operations are highly mature in terms of best practices.
- Our organization is public-cloud first.

A total of 177 respondents either agree or strongly agree to all of the above, which equates to roughly half of our sample: this provides a good basis for comparison of the two distinct approaches. So, can we see any difference between the more proactive group (Group A) and the second half of the sample (Group B), specifically on the topic of performance monitoring and management?

Figure 2, below, contrasts the ‘proactive’ Group A with Group B in regard to performance monitoring coverage of the DevOps toolchain. As we can see, the ‘proactive’ group A has a much better handle on their application performance monitoring: 65% of this group have fully comprehensive or some coverage, compared to 18% in Group B.
This gives us a good basis to determine what is driving performance management strategy, and what features more proactive respondents see as important.
Strategic Goals for Application Performance Management

The appetite for application performance management is strong. The primary driver, according to 61% of executive decision makers, is to diagnose and fix problems; this is followed by keeping on top of the complex application environment (57%). Both criteria are more about “keeping the lights on” and are seen as a higher priority than delivering the best possible customer experience (52%). Of course, it is important to fix what goes wrong; however, this suggests that priorities are more likely to be set by looking at what can easily be fixed first, versus prioritizing what matters most to customers.

Managing costs and delivering efficient operations are prioritized the least (34%), suggesting that the focus is on coping, rather than any top-down pressure to save money. So, how does this change if we look at the proactive Group A? As we see in Figure 4, 66% of proactive organizations see customer experience criteria as important, compared to only 34% of the other (reactive) Group B. Proactive respondents were nearly twice as likely to value customer experience criteria as important. Less of a difference showed up in other criteria. In other words: all criteria matter, but for the proactive group, customer-related criteria matter the most.
Looking specifically at monitoring the performance of applications and services, what are your strategic goals and drivers?

- Delivering the best possible customer experience
- Diagnosing and fixing problems as quickly as possible
- Keeping on top of the complex application environment
- Managing costs and delivering efficient operations

Group A: Proactive to Customer Needs
Group B: Reactive to Monitoring

Figure 4. Groups A and B: Performance Monitoring Comprehensive Strategy
Which Performance Monitoring Measures Are More Important?

Business- and user experience-related metrics are more important than technical metrics when it comes to monitoring the performance of applications. Respondents tell us that business and customer-focused initiatives are prioritized when it comes to monitoring application performance. Business and retail metrics are the most important, according to 51% of the sample; meanwhile, internal measures such as log and error monitoring are way down the list, with only a quarter of respondents perceiving them as of primary importance.

Figure 5. Ranking Application Performance Monitoring Techniques

So, what, in particular, are the most important performance metrics for the proactive Group A? We can see that all of the advanced metrics are consistently more important, as we would expect; meanwhile, log and error monitoring remain just as important for the proactive group as they are for other respondents.
Figure 6. Groups A and B Strategic Goals and Drivers
4 How Important Are More Advanced Features, Specifically?

This business-centric point is further corroborated when we look at more advanced application performance monitoring features—specifically, the following:

- **Measuring user experience in real time**, that enables responsive changes to applications and services.
- **Providing a composite view of log and performance data**, such that it presents insights to speed up diagnosis and action.
- **The ability to simulate or synthesize user experience**, so UX impacts can be tested and dealt with prior to going live.
- **Having a ‘live tail’ feed of logs and other data sources**, further enabling the ability to respond and take action in real time.

From the perspective of the respondents, measuring user experience in real time came out on top, being seen as very important by 44% of the sample, above (for example) providing a composite view of log and performance data (35%). Again, log monitoring is at the bottom of the list (at 32%).

**Figure 7. Delivering on Application Performance, Service Management, and Delivery Strategy**

There was also a strong correlation with more proactive organizations, who consistently value more
advanced features as more important. Once again, at the top of the list is the ability to measure user experience in real time. This is seen as very important by 54% of the proactive Group A, compared to under 30% in the Group B remainder of the sample.

**Figure. 8 Groups A and B Important APM Features**
5 Conclusion: Caring About Performance Indicates Organizational Maturity

The use of advanced application performance monitoring tools is driving business value. While tools do not represent success in and of themselves, GigaOm research suggests that more mature performance management processes and more advanced tools go hand in hand. Proactive performance management means responding to the needs of the proactive business, using proactive features that start with the user.

This finding also illustrates a very important point: that you cannot just buy a proactive performance management program. Rather, proactivity has to be learned and earned. In response, our advice to enterprises would be to increase their levels of performance management maturity, by way of the following:

1. **Above all, focus on the customer.** While most organizations would say customers are important, it is crucial to translate this into action, for example in terms of how faults and updates are prioritized.

2. **Set a measure on how well performance management is being driven ‘from the top’**. While the deployment of APM practices may take place as a controlled initiative, at some point strategic buy-in will be required.

3. **Look for performance management tools that deliver more than the basics.** Log management and service monitoring are important, but user experience and business-facing metrics reflect a more mature culture, leading customer-driven innovation.

4. **Stick with the plan when it comes to operational IT best practice.** Skills in terms of specific toolsets and practices may have changed, but the principles of visibility and proactivity have not.

Finally, while tools do not represent success in themselves, more mature processes and more advanced tools go hand in hand. Both practices and tools will also mature; organizations that develop their competencies, supported by the right environment and focused on driving value for both customers and the business, should expect to see this as an area of competitive advantage in the future.
The study involved 358 interviews with strategic IT decision makers in enterprise organizations across North America and Europe. The research took place over February-March 2019.

Figure 9. Respondents Organization Size: Enterprise and Midmarket
**IN WHAT INDUSTRY SEGMENT DOES YOUR ORGANIZATION OPERATE?**

31.71%  - Technology Hardware, Software and Services
17.99%  - Aerospace & Defense, Manufacturing and Automotive
17.68%  - Banking, Financial and Insurance
10.37%  - Health Care / Medical / Pharmaceuticals
  6.71%  - Retail and Hospitality
  4.88%  - Education / Training
  4.57%  - Business, Legal and Consulting Services
  3.66%  - Energy & Utilities / Oil & Gas
  2.44%  - Transportation Services / Logistics
  0.00%  - Arts, Entertainment & Recreation

*Figure 10. Respondents Industry Vertical Market*

**WHAT IS YOUR BUSINESS TITLE/ROLE?**

0.62%  - CDO
  7.41%  - CEO
  1.85%  - CFO
  21.60% - CIO / CTO
  0.93%  - COO
  44.44% - Director / Department Head
  2.78%  - EVP
  4.32%  - General Manager
  1.54%  - Partner / Chairman / Board
  2.16%  - President
  2.78%  - SVP
  9.57%  - VP / Assistant VP

*Figure 11. Respondents Role in Their Organization*
7 About Jon Collins

Jon Collins has advised the world’s largest technology companies in product and go to market strategy, acted as agile software consultant to a variety of Enterprise organisations, advised government departments on IT security and network management, led the development of a mobile healthcare app and successfully managed a rapidly expanding Enterprise IT environment. Jon is frequently called upon to offer direct and practical advice to support IT and digital transformation strategy, has served on the editorial board for the BearingPoint Institute thought leadership programme and is currently a columnist for IDG Connect.

Jon wrote the British Computer Society’s handbook for security architects and co-authored The Technology Garden, a book offering CIOs clear advice on the six principles of sustainable IT delivery. He has written innumerable papers and guides about getting the most out of technology, and is an accomplished speaker, facilitator and presenter.
About GigaOm

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