

# Aragon Research

**Topics:** Mobile

**Issue:** Who are the mobile providers and how will they evolve?

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## **VMware Acquires AirWatch; Dives into Enterprise Mobile Management**

**Summary:** VMware and AirWatch announced a definitive agreement in which VMware will buy AirWatch for US\$1.54 billion.

**Event:** On January 22<sup>nd</sup> 2014, VMware and AirWatch announced a definitive agreement that VMware would purchase AirWatch for \$1.54 billion. The announcement was made via press release.

### **Analysis**

By purchasing AirWatch, VMware is gaining a leader in the fast-growing enterprise mobile management (EMM) market. This move signals a shift for VMware, to bulk up its End-User Computing group, headed by EVP and GM Sanjay Poonen.

The EMM market has been going through a consolidation phase, and given the feeding frenzy we were seeing, it made sense for VMware to make a move before such tech titans as Cisco, IBM or SAP did.

### **EMM Is In Its Infancy**

Aragon Research estimates that over 60% of enterprises have not deployed at least one of the core EMM modules needed to manage mobile devices, mobile apps or mobile content. This means EMM's growth phase is just starting.

AirWatch helped to pioneer the shift from mobile device management (MDM) to EMM and its key modules: MDM, mobile application management (MAM) and mobile content management (MCM).

One reason for its growth was its ability to meet the needs of organizations in multiple industries.

### **MCM May Be the Killer App**

Much of the focus in the early days of EMM was on MDM. This area has been fraught with price competition. The opportunity we see is the combination of MDM with both MAM and MCM to give enterprises better oversight of their apps, data and content. We also feel enterprises will be willing to pay more for such solutions.

While file sync and sharing capabilities in the content management arena have attracted a lot of VC investment, we feel that MCM may be the biggest opportunity in this market, due in part to the growing need to manage content outside of a repository. AirWatch has been a fast mover here, making it a competitor of Accellion, Box, Dropbox, Huddle and others that offer MCM.

### **VMware End User Computing: From Collaboration to Mobile**

VMware had some strategic shifts in its End-User Computing group; it had focused on collaboration in recent years. When it decided on that focus it made a number of acquisitions that have not panned out (see Note 1). With the exception of SocialCast, the other acquisitions were subsequently sold (See First Cut 2013-8, [Telligent's Acquisition of Zimbra Shows a Transition in the Enterprise Collaboration Market](#)).

### **Challenges and Opportunities**

As with any acquisition, the question often asked is, "Can the pace of innovation and growth at AirWatch be maintained?" On its

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conference call, VMware indicated that it would continue to invest in AirWatch.

Among the catalysts at AirWatch were Founder/Chairman Alan Dabbiere and CEO John Marshall. They are forces at AirWatch and it will be critical to keep them involved for the foreseeable future.

### **Aragon Advisory**

- Enterprises should continue to invest in EMM, particularly organizations that have not done so yet.
- Enterprises should evaluate AirWatch and others to meet their EMM needs (see Research Note 2013-01, [The Aragon Research Globe for Enterprise Mobile Management, 2013](#)).

### **Bottom Line**

With the pending purchase of AirWatch, VMware has sent a strong message that it intends to compete in emerging and growing markets like EMM. The challenge going forward is to keep AirWatch moving at the same growth rate.

### **Related Aragon Research**

- [AirWatch Brings BYOD Support to OS X](#)
- [Telligent's Acquisition Of Zimbra Shows A Transition In The Enterprise Collaboration Market](#)
- [Cisco Acquires Collaborate.com For Stake In Mobile Collaboration](#)
- [Mobile Content Management Can't Be Ignored](#)

### **Note 1: The Collaboration Exit at VMware**

VMware made a number of acquisitions in collaboration, most of which have been sold:

<b>Firm</b>	<b>Date Acquired</b>	<b>Date Sold</b>
Zimbra	1/10/2010	07/15/2013
SocialCast	5/31/2011	N/A
RocketSlide	8/26/2011	03/05/2013