

## eG Innovations stakes out position in virtualization management

**Analyst: Dennis Callaghan**

With performance monitoring and deep root cause analysis that spans both the virtual datacenter and the virtual desktop, **eG Innovations** has a compelling story to tell for private cloud management, although its marketing efforts have been pedestrian to this point. Still, there's a technology pedigree from **HP Labs** behind the company, low overhead (from having development and the majority of its employees offshore) and impressive customer traction so far. As the cloud grows in adoption – and virtualization is at the core of the cloud – eG Innovations will be a company to watch. It just needs to become a little less obscure.

### The 451 Take

We're impressed with the technology background of eG Innovations, the unique positioning around both virtual server and desktop management, and the traction the company has made so far. What eG Innovations needs to do is become a little less obscure, tell its story better and see the big picture of where its technology fits in managing the growing private cloud environments at enterprises and service providers. An embrace-and-extend approach to the Big Four should pay off for eG Innovations, especially if it is looking for a favorable acquisition payday at some point.

### Context

Founded in 2001 in Singapore, eG Innovations set out to develop performance monitoring software that featured both real-time response time measurement and root cause diagnosis of performance issues. The company announced its original product – a dual product line for enterprises and managed service providers – late in 2002 and announced its first customer win, system integrator **Ciber**, at the beginning of 2003. By the end of that year, it had consolidated its product lines into a single product for both enterprises and service providers, the current eG Enterprise. The company is backed by **SilkRoute Indchem** of India and **Vertex Venture Holdings** of Singapore. It has not disclosed how much venture capital it has raised.

Srinivas Ramanathan, a former senior research scientist at Hewlett-Packard Laboratories, founded eG Innovations, and is its president and CEO today. Ramanathan was the chief architect of **HP's** Firehunter performance monitoring technology, which later became the product basis for **Indicative Software**, since acquired by **Nimsoft**, which was in turn acquired by **CA Inc.** Tim Clark, cofounder of root cause analysis software vendor **Tavve**

**Software**, is eG Innovations' VP of sales. The company doesn't have a top marketing executive.

eG Innovations has about 90 employees altogether. Fifty of those, including R&D and second-level support, are based in India. There are also 15 employees in Singapore and 15 in the US. The rest are scattered among sales offices in the UK, France and Hong Kong. The company's US headquarters is in Iselin, New Jersey.

## **Products**

The company's flagship product, eG Enterprise, encompasses the whole of the company's technology. The software uses both agent and agentless data collection to monitor user response times across multiple tiers of IT infrastructure and applies root cause analysis to pinpoint the cause of a failure rather than the effects. While the company doesn't see its data collection as being particularly unique, it does see the depth of its performance metrics as a competitive differentiator.

Another differentiator for eG Innovations is that the company has set out to have extensive support for monitoring virtualized environments at both the server and desktop. Included in eG Enterprise are the eG Virtualization Monitors for **VMware**, VDI and **Citrix** (XenServer, XenApp and XenDesktop).

The company also monitors at the application, application server, database, Web server, server hardware and browser levels. The company offers a simplified single-license model, with one license per IP address monitored. A single license can manage multiple applications and operating systems on the same server.

## **Customers**

Banking, finance and insurance are eG Innovations' chief verticals, and it claims about 180 customers in 23 countries. The company continues to sell to service providers and telcos, and has significant traction in government and healthcare.

Deal sizes range from \$20,000-25,000 for entry deals that then expand outward to \$150,000 for enterprise-wide deployments. The company targets organizations with extensive investments in virtualization, particularly those that have standardized on Citrix Terminal Services for thin clients and VMware in the datacenter, although it has expanded its virtualization-monitoring support as listed above.

Reference customers include **Citigroup**, **JPMorgan Chase**, **Federal Reserve Bank of New York**, **Genworth Financial**, **Prudential** Asset Management, **Qwest**, **T-Mobile**, **Honeywell**, **Halliburton** and **General Dynamics**.

## Partners

With its focus on managing virtualized environments, it's no surprise that VMware and Citrix are two of eG Innovations' key technology partners. Beyond that, the company has not been that active on the partner front. **ThinIdentity** is an OEM partner, with eG Innovations taking advantage of its 'virtual location awareness' technology to help manage virtual desktop environments. EG Innovations also uses **Tevron's** CitraTest client-emulation technology in its own Client Emulation capability for monitoring customer experiences of Internet services. The company has won **Red Hat** Ready status for its interoperability with Red Hat Enterprise Linux AS 2.1 environments.

## Competition

Like most IT performance management startups, eG Innovations is targeting the Big Four system management vendors (HP, CA, **IBM** and **BMC Software**); at the same time, it is hoping to coexist with those products by managing virtual environments. It recognizes **Quest Software's** Foglight and **Uptime Software** as competitors in virtual server management, and **LiquidWare Labs**, Citrix Insight and – in **Microsoft** virtualized environments – Microsoft System Center as its main competitors in virtual desktop management.

Other competitors we see for eG Innovations in virtual server environments include **BlueStripe Software**, which similarly can monitor multiple tiers of infrastructure; the business transaction monitoring contingent of **OpTier**; **dynaTrace software**; and **CorrelSense**, all of which have support for virtual servers. None of these has the virtual desktop or thin-client monitoring capabilities of eG Innovations, however. **Veeam Software** develops a broad line of virtualization management software products, but its monitoring capabilities are limited to VMware server environments. Nimsoft's Unified Monitoring offering has support for Citrix XenServer, Microsoft Hyper-V, IBM Power-V, VMware and **Sun Solaris Zones** virtual server environments. **ScienceLogic's** EM7 G3 appliance is making some headway in private cloud monitoring, especially among service providers, although with its chargeback, automation and integration capabilities, it could also be complementary to eG Enterprise.

**Akorri** and **Virtual Instruments** provide performance monitoring and management across virtual servers and storage, and could encounter eG Innovations competitively or be complementary. **Netuitive** and **Integriem** stand out as competitors in root cause analysis.

## SWOT analysis

Strengths	Weaknesses
eG Innovations has an impressive technology pedigree, lower overhead from having most of its employees in India and Singapore, and an impressive customer roster that spans large and not-so-large organizations and multiple geographies.	There is no top marketing executive at eG Innovations, and it shows. The company's Website looks dated and is in need of a redesign. In general, the company needs to raise its profile in the US. A west coast presence would help.
Opportunities	Threats
Three words: private cloud management. We haven't heard eG Innovations talk about it much, but it's well-positioned for that opportunity with its capabilities to monitor both server and desktop clouds.	A lot of companies are chasing the virtualization management space and could overshadow eG Innovations. VMware and Citrix could provide their own monitoring tools – possibly through acquisition – that squeeze eG. Ditto for the Big Four, which eG Innovations isn't yet partnering with.

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