

# Addressing the IT Requirements of The Fortune 100,000

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A Case for Systems Management Appliances

A White Paper Prepared for KACE  
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# Addressing the IT Requirements of The Fortune 100,000

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### Executive Summary

The use of nomenclature initially established by Fortune Magazine to identify top ranking public corporations as measured by gross revenue has become a mainstay in the business vernacular. Fortune 100, 500, and 1000 rankings have defined specific niches in corporate marketing to meet specific business requirements. From an IT standpoint, these large businesses have garnished a significant portion of attention from IT vendors who develop products to meet their needs with the assumption that targeting high revenue customers translates into maximized profits – but does it really? The U.S. census bureau has identified more than 100,000 domestic firms between the largest revenue makers and those with less than 100 employees. Given this, even the Fortune 1000 community only constitutes a small portion of the total U.S. business market. With such a large employee base and equally large amount of revenue, the remainder – this Fortune 100,000 community – logically must collectively embody a very large portion of total IT spending, and yet their particular needs are often overlooked in the IT development and marketing communities.

Fortune 100,000 IT managers are busy – really, really busy. Trying to keep up with the demands of today's complex IT infrastructures does not allow them the time and flexibility to control, let alone improve, the supportability of the environment. Firefighting system failures and addressing the immediate business needs from IT consumes the majority of available time, eliminating the time necessary for environment improvements and proactive problem prevention. Worse, IT managers and administrators' personal lives are routinely intruded upon to provide evening, weekend and out-of-hour's support, severely impacting morale and unnecessarily "burning out" critical staff. Perceptions need to change within the Fortune 100,000 IT community to allow them to help themselves – both in their ability to effectively support their environments and in their means to improve their own work conditions.

Through an analysis of industry data and various interviews with IT professionals, Enterprise Management Associates (EMA) has determined that better recognition and understanding of the Fortune 100,000 market's IT needs will lead to a broader customer base, increased vendor profitability, and a more functional IT infrastructure for the vast majority of the business community.

### Anatomy of the Fortune 100,000

So exactly who are these Fortune 100,000 businesses? In brief, these include all businesses that are below the top 1000 revenue makers but that have greater than 100 employees. These businesses include toy manufacturers, restaurant chains, hospitals, amusement parks, retail outlets and many, many other enterprises that collectively represent nearly all products and services that can be found in a yellow page directory. This is the sector that commonly finds both start-up businesses eager for expansion as well as well-established firms looking to maintain profitability.

The sheer size of the Fortune 100,000 has provided an important customer base for business products and services. In fact, it is the largest employer in the United States. With more than 46 million workers, the Fortune 100,000 employs more people than all small businesses combined and 58% more workers – or almost 20 million people – than the Fortune 1000. More employees translates into a need for more hardware, more applications, more data, and a significantly larger variety of business requirements.

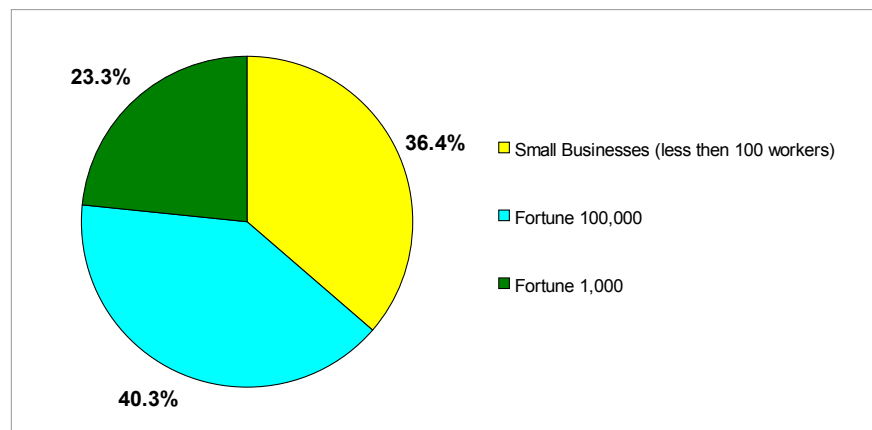


Figure 1: Total U.S. Employees broken into each market group according to information from the U.S. census bureau

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With this large infrastructure, the Fortune 100,000 is able to produce nearly as much as the Fortune 1000 in annual revenue. With \$8.6 trillion in total revenue, the Fortune 100,000 generates roughly 92% the revenue of the Fortune 1000 (\$9.2 trillion). That provides a significant cash flow for purchasing resources and services.

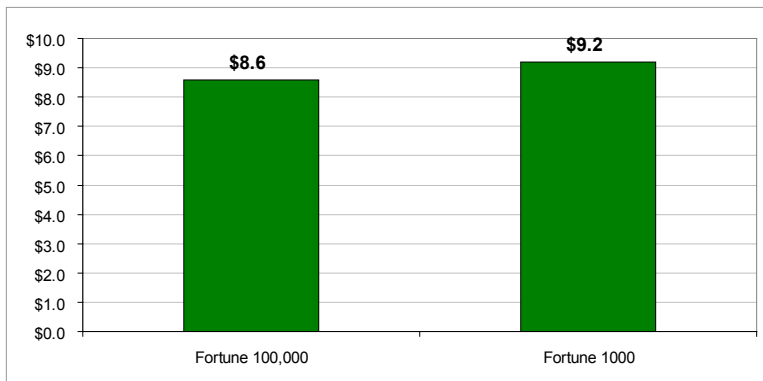


Figure 2: Total Revenue (Trillion USD)

Although there is some cross-over, it is important not to confuse the Fortune 100,000 with what is commonly now referred to as the SMB (Small and Medium Business) market. Consistent with the other “Fortune” lists, the Fortune 100,000 is based on gross revenue, but it excludes small businesses. This means some very large businesses that cannot be considered part of the SMB market are included in the Fortune 100,000 because individual revenues do not justify inclusion in the Fortune 1000. Fortune 100,000 businesses often face a unique set of challenges inherent in balancing their size with their available resources that is not always addressed by SMB focused vendors.

Critical among the needs of today’s Fortune 100,000 community is the availability of reliable, cost effective solutions to IT challenges. The business infrastructure of most of these enterprises is dependent on IT technology for development, deployment, production and marketing of their products and services. Unfortunately, not many of today’s existing solutions are directly focused on resolving issues specific to the Fortune 100,000.

## IT Management Challenges of Fortune 100,000 Businesses

Indicative of the difficulties Fortune 100,000 businesses face because of the lack of attention on its particular market space is the availability of support for desktop management. In recent research, Enterprise Management Associates (EMA) determined the top priority for improving desktop management to be “reducing time spent for problem resolution” with “decreasing downtime and lost revenue” reported as a close second. Both these issues directly revolve around the ability to quickly identify problems, determine a path to resolution, and implement remediation. This is of particular concern to Fortune 100,000 IT managers and administrators who become frustrated when they lack the time and resources to promptly and properly address IT failures.

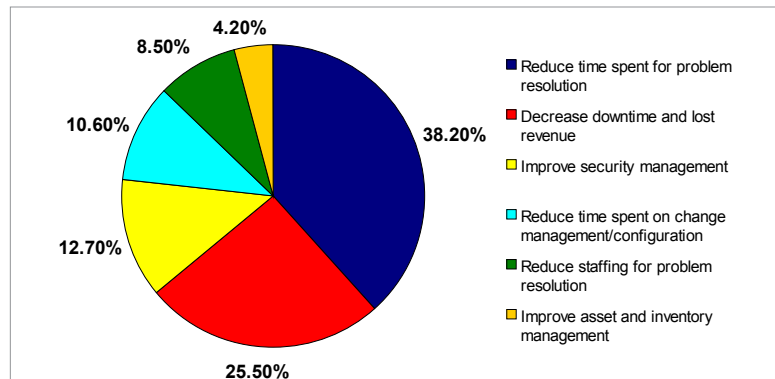


Figure 3: EMA Survey indicating top priority of IT professionals on improving desktop management

The reasons for this are easy to quantify – Fortune 100,000 businesses face the same IT challenges as the larger Fortune 1000, but often lack the resources to achieve the same level of IT stability. Whereas large, successful businesses often employ multiple teams specifically focused on supporting particular IT disciplines (for example operating systems, networking, security, databases, messaging, etc.), Fortune 100,000 businesses often combined IT support functionality with only a few – and sometimes only one – support center(s). This means IT administrators are required to be proficient in

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multiple disciplines and “wear many hats” to support the IT infrastructure.

Naturally, the time and resources available for troubleshooting and providing proactive problem prevention are proportionally diminished when the operations staff is stretched thin supporting a broad array of specialized problems. Indeed, an EMA survey indicated that Fortune 100,000 businesses employ an average of only two or three IT administrators to support an entire enterprise consisting of, on average, 175 servers. As the senior engineer for a Fortune 100,000 engineering company notes, this leaves overworked administrators needing “a lot more time to do the work I have to do” because they end up “using my expensive time to [work] manually on 300 computers.”

In contrast, the Fortune 1000 community appears to be better able to utilize available resources to significantly increase the efficiency of IT support. Although the Fortune 1000 have, on average, a much larger worker base (26,850 workers/firm) than the Fortune 100,000 (377 workers/firm), they are able to manage proportionally a much smaller IT operations team. According to an EMA survey, the Fortune 1000 averages 512 worker/IT admin versus only 175 workers/IT admin in the Fortune 100,000. Considering this along with the much greater use of software that automates common IT tasks, such as system management tools, suggests the increased efficiency of the Fortune 1000 is a direct result of the heightened adoption of such software. Less administrators supporting more workers translates into significant improvements in cost effectiveness.

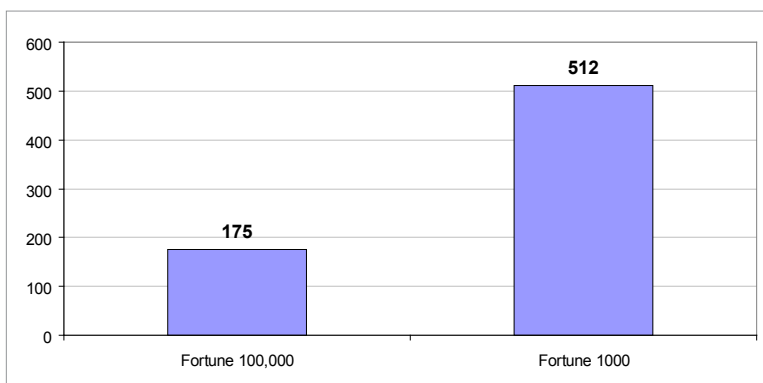


Figure 4: Workers per Administrator

It should also be noted that the complexity of today’s IT requirements is not reduced because an organization might be smaller in size. Fortune 100,000 IT managers still need to deal with the reality of heterogeneous systems, complex network topologies, changing security requirements and achieving regulatory compliance, but a smaller administrative staff with broader responsibility means they are less likely to have the detailed expertise in all these areas to completely satisfy IT requirements. In fact, a recent survey performed by King Research determined that the majority of mid-market organizations consider learning to use different application interfaces to be their greatest challenge.

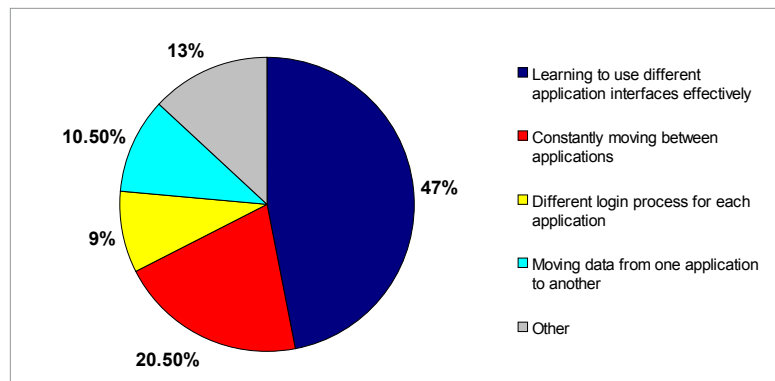


Figure 5. Greatest Challenge of Working with Disparate Toolsets

By decreasing the time and knowledgebase available for proactively improving IT performance, performing root cause analysis, and reducing risk, both malicious and unintentional, Fortune 100,000 IT managers typically must dedicate their staff full-time to “firefighting” issues of immediate concern, and hope new, more pressing problems do not occur in the meantime. This “wait and pray” approach can grant a false sense of security as it does not underscore how truly vulnerable the environment is until a disastrous, business impacting incident occurs. Administrators end up getting used to doing it the hard way, until, as an administrator in one Fortune 100,000 business found, they find themselves at a “crunch point ... where we needed to prioritize competing critical work. We could not choose between priorities, but did not have time to get them all done.”

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### The Need for Fortune 100,000 Focused Solutions

Systems management tools that can be used to eliminate many of the tedious day to day tasks would appear to resolve many of the problems inherent in managing complex environments with limited resources, but that philosophy does not seem to have been adopted by the majority of the Fortune 100,000 community. EMA research has found that only 10% of Fortune 100,000 businesses currently utilize packaged management solutions with the other 90% leaning towards or relying on manual processes as their primary resources for maintaining their IT environments. Conversely, 75% of Fortune 1000 businesses noted in the survey reported currently having and relying on IT management solutions in house. Why the disparity?

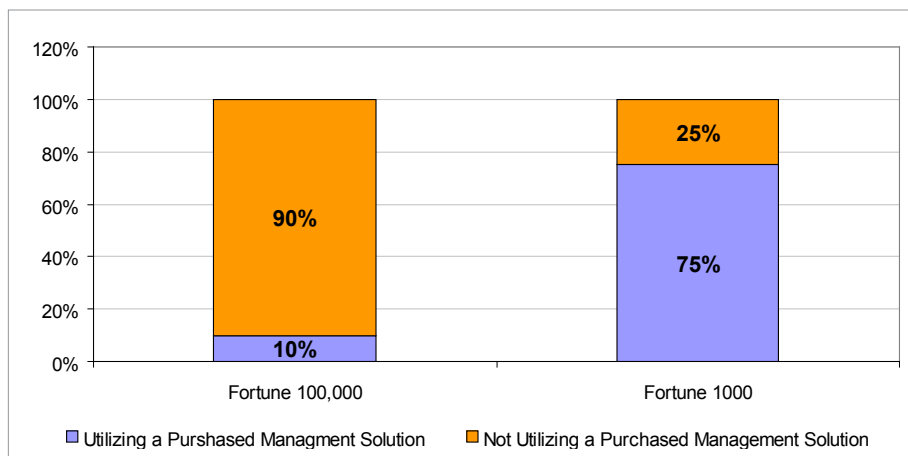


Figure 6: EMA Survey indicating business utilization of purchased management solutions

In part, the fault lies with much of the system management vendor community that has focused their development efforts on the Fortune 1000. These solutions may be comprehensive in scope, but are often too complex or too specialized to implement with the diminished operations resources of the Fortune 100,000. Cost is certainly another concern, as management struggles to work within budget constraints and must justify the expense of acquiring a solution that appears to be intended to support an organization of greater size. As the technology manager for a Fortune 100,000 business – an international equipment manufacturer – put it, “We needed a tool to do the job at the right price – other solutions were overkill.”

There is also a cultural aspect at work here. Traditional methods of administration involved the manual deployment of systems, patches and applications, the manual creation of scripts, and the “tweaking” of configuration settings. These solutions worked well back in the days of simple client/server network configurations, and administrators who came from these environments maintain a false sense of confidence in continuing these antiquated methods. The world has changed, however. Networks, systems and applications have become extremely complex both in their operation and their interoperability. Today, it is simply not practical to maintain control of an IT infrastructure through purely manual processes. Even scripts don’t solve the problem. As one Fortune 100,000 administrator notes, “most people don’t have time to build scripts just to run IT.” Even after the scripts are written, another administrator (for a Fortune 100,000 hosted service company) points out that scripts themselves need a lot of maintenance, saying, “a lot of coding goes into creating a variant of standard scripts each time.” To manage IT complexity, best practices have been identified and compliance models established to ensure the quality and reliability of an IT infrastructure, and only automated methods can promptly and accurately meet those predefined requirements.

### Filling the Gap in Fortune 100,000 Systems Management Needs

For the Fortune 100,000 to successfully achieve the same level of IT reliability readily available to the Fortune 1000 community, they need access to tools and solutions specifically customized to their needs. In particular, they need centralized, automated solutions that are simple to use, comprehensive in scope and affordable.

With IT administrators needing to manage multiple disciplines, simplicity in a solution is essential to ensuring each support arena is covered. By enabling administrators to quickly review the status of each area of responsibility, they can more promptly address issues. A

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simple interface also eases training practices and allows for the creation of uncomplicated support procedures. With the simplified implementation of a systems management solution, businesses will also see a quick return on investment.

Of course, a systems management solution is not particularly useful if it is not comprehensive both in breadth and depth of data collection and interpretation. That is, it must support a broad range of IT components, utilities and resources with a deep knowledge of each component's optimal configuration with sufficient detail to determine root cause and enable problem remediation. Quick problem resolution is achieved if IT administrators can determine the exact cause of a problem (i.e., an unplanned configuration change, security/IT policy violation, etc.) from a centralized location and without the need for a manual investigation. Even better, comprehensive knowledge of an IT infrastructure empowers IT operations with the ability to proactively streamline performance and prevent system, network and application failures from occurring.

Systems management solutions also significantly simplify and improve the ability to audit an IT infrastructure to ensure policy compliance. This affects both internally established policies, industry accepted best practices (ITIL, Six Sigma) and governmental regulatory compliance (COBIT, HIPPA). Through automated reporting, proof of compliance is established without overburdening the limited recourses of IT operations.

Clearly, cost is a priority concern with the Fortune 100,000. They want to be certain they are getting the best "bang for the buck" in any infrastructure purchases and not buying more than they need, or, conversely, acquiring incomplete tools that will require the purchasing of additional resources to fill the gaps. Again, this underlines the criticality of developing tools specific to the needs of the Fortune 100,000 without incurring unnecessary expenses.

Fortunately, solutions actually already exist to fill these requirements. As an example, KACE has committed to developing solutions directly for the Fortune 100,000 market. Their KBOX appliance is designed for ease of use with a simple interface and a "JumpStart Program" to easily train new users, so the product can be deployed at any location, typically in one day. The KBOX appli-

ance is pre-integrated with all the platforms most commonly utilized by the Fortune 100,000, and the depth of functionality delivers the tools needed to solve end-to-end IT automation challenges. In a recent lifecycle management product evaluation, EMA has determined KBOX from KACE to be the most affordable product in this space, with pricing as low as 25% of the cost of other solutions.

By directly addressing the needs of this often overlooked market space, systems management solution vendors can enable the Fortune 100,000 with the same IT advantages that have become commonplace with the Fortune 1000. The senior engineer for a Fortune 100,000 financial organization, for example, found that "limiting the manual process means we can react faster ... and the lower we can cut our costs, the more competitive we can be." The development and utilization of such tools for the Fortune 100,000 will level the playing field in terms of IT ability and reliability, which, for the businesses, translates into increased revenue and improved customer support.

### EMA's Perspective

It is extraordinary that a significant portion of the business community, both in terms of size and revenue, has gone relatively unnoticed by the IT industry. The emphasis in development of tools for only the top revenue makers has left the Fortune 100,000 lacking in their ability to reliably and cost effectively manage their IT infrastructures and has given the Fortune 1000 an unfair advantage in supporting their products and services. Fortune 100,000 IT managers and administrators are also not provided the same advantages as the Fortune 1000 and often must provide out-of-hours support to achieve the same level of IT stability available through automated systems management solutions.

For vendors developing systems management tools and solutions, an opportunity is presented here. A market that is relatively untapped needs to be better recognized for its unfulfilled needs and for its significant revenue base. Vendors of existing solutions that are primarily targeted to Fortune 1000 should consider either re-architecting their products or developing an alternate version of their products that better fit the requirements of the Fortune 100,000 IT community.

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As the challenges of meeting IT business requirements continues to increase in complexity and scope, Enterprise Management Associates (EMA) believes the need will also increase for automated, centralized systems management solutions, like KBOX from KACE, that provide simple, comprehensive and inexpensive answers to Fortune 100,000 IT management and administration concerns.

### **About KACE**

KACE is a leading systems management appliance company. The award winning KBOX family of appliances delivers easy-to-use, comprehensive systems management capabilities. KACE customers usually install in one day at one third the cost of software alternatives. KACE is headquartered in Mountain View, California. To learn more about KACE and its product offerings, please visit <http://www.kace.com> or call 1-888-522-3638.

### **About Enterprise Management Associates, Inc.**

Enterprise Management Associates is an advisory and research firm providing market insight to solution providers and technology guidance to Fortune 1000 companies. The EMA team is composed of industry respected analysts who deliver strategic awareness about computing and communications infrastructure. Coupling this team of experts with an ever-expanding knowledge repository gives EMA clients an unparalleled advantage against their competition. The firm has published hundreds of articles and books on technology management topics and is frequently requested to share their observations at management forums worldwide.

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