

INSIGHT

Citrix and Mobility: Toward "Any-ness"

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IDC OPINION

For several years, Citrix has been working to bridge the gap between its business units to bring a cohesive vision to market. Last year, the company took a major step in that direction by announcing a solutions-oriented approach. The messaging at this year's Analyst Conference was quite consistent with that of 2012, indicating that the company has found solid ground to stand on. In the mobile cloud context, the company will look to provide any app to any device over any network, but it also underlines a commitment to work with a broad range of partners to deliver on this promise, which is sometimes easier said than done.

- ☒ From the standpoint of enterprise mobility, the Citrix product lines add up to a comprehensive offering. Its enterprise mobility management (EMM) product, XenMobile, is a relative newcomer, but the EMM market is both fast-growing and in a state of flux, making it a good time to enter the market and fight for share, especially in Europe, where a lot of the EMM land is still up for grabs. Other Citrix products also address enterprises' need for mobility in the wider sense, a breadth of portfolio that provides important differentiation. Success for Citrix will depend crucially on its ability to create integration between the elements, as in the case of XenMobile and ShareFile. The SaaS business will also play an important role in differentiating the company's mobile offering. By decoupling app functionality from the core platform that apps run on, the company has the opportunity to build a whole ecosystem around app APIs – not only security and management from XenMobile, but also application services such as data sharing, collaboration, remote desktop, and others inherent in the GoTo line of products.
- ☒ The comprehensiveness of its approach makes Citrix an attractive proposition for enterprises that are taking a holistic, strategic approach to implementing mobility. But such enterprises, though growing in number, are still relatively thin on the ground in Europe. In IDC's most recent *European Enterprise Mobility Survey*, over half of the responding CIOs (53%) said that they had not implemented mobility management, and had no plans to do so within the next 12-18 months. Addressing mobility is still predominantly a question of managing telecom costs and managing devices. So as well as addressing the needs of organizations at the leading edge of mobility implementation, it is also important for Citrix to ensure that its offerings are intelligible and attractive to the majority of enterprises that are still treating mobility more tactically, with implementations limited to specific areas of the enterprise IT setup.
- ☒ Citrix also needs to raise its profile in the market for mobility solutions. Still best known for its desktop/app virtualization business, it has work to do before it is perceived equally strongly as a mobility provider. While the vision has been clearly defined, the difficult work of executing that vision is a work in progress. The challenge faced by Citrix is to maintain the agility and flexibility needed to innovate in the rapidly moving enterprise mobility market.

IN THIS INSIGHT

In September 2013, Citrix staged its annual Analyst Meeting, in which senior Citrix executives provided in-depth briefings on each of its main product lines and on the business as a whole. In this IDC Insight, we summarize and comment on the proceedings.

SITUATION OVERVIEW

Citrix came to prominence in the late 1990s with its first successful product, delivering applications and desktop environments from a server to multiple end-user devices. Remote desktops and apps still form a core part of the company's portfolio, its Windows virtualization suite of products comprising XenApp, XenDesktop, and XenClient. However, during the 2000s and into the current decade, Citrix has developed and acquired a number of additional product lines, including:

- ☒ Conferencing and collaboration services
- ☒ Data storage and sharing
- ☒ Traffic optimization for enterprise WANs and for mobile networks
- ☒ Cloud orchestration and management for datacenters
- ☒ Mobile device and application management.

At first sight, the current portfolio seems highly diverse and rather bewildering. However, as Citrix took pains to make clear throughout its Analyst Meeting, a clear theme underlies and coheres its wide range of products. President and CEO Mark Templeton expressed this theme in his keynote address as "delivering any-ness": enabling workers to access any of their content, through any of their applications, on any of their devices, via any of their networks. Each of the product lines makes a contribution to this overarching goal.

Mobility is a key aspect of the "any-ness" proposition. In addition to mobile device management (MDM), XenMobile also encompasses mobile application sandboxing and security, while XenApp enables the development of applications for mobile devices. Other Citrix products also address mobility, in a wider sense than mobile devices and the applications that they run. ShareFile and XenDesktop enable secure access to content, desktops and applications so that they can be accessed from any location. GoToMeeting and Podio enable conferencing and collaboration between multiple workers at multiple locations. NetScaler enables the management of networks and resources so that experience of mobile workers can be optimized.

FUTURE OUTLOOK

In this section we summarize the key points from the conference sessions.

Keynote and Overview

Templeton began by setting out the Citrix point of view: "We believe that people can experience work and life in harmony." The key to achieving this goal is to create continuity between work and life via simpler paths, shorter paths, and new paths. This can involve, for example, seamless switching between different devices, different networks, and different locations, between planned and unplanned events.

Recognizing that many companies will want to implement only part of the Citrix product range, Templeton stressed the importance of partnership. While the company will aim to create end-to-end offerings, it will also be open to partnerships where it makes sense for the customer.

Four themes will feature prominently in the company's future strategy:

- ☒ The transition to integrated solutions, including tight focus on APIs
- ☒ Design, with special focus on a holistic customer experience
- ☒ SaaS, choices in consumption model and speed in value delivery
- ☒ Boosting recognition of the Citrix brand and of its any-ness value proposition

Templeton stated that 1H13 revenues were up by 16% year on year, and he expects total 2013 revenues to be \$3 billion. Revenues break down by product line as follows: mobile and desktop 55%, collaboration and data 21%, network and cloud 24%. The mobile and desktop line of business (LoB) is up 7% year on year, and Templeton remarked that "This is our pivot year for mobile." Citrix sees separation of the physical from the logical (i.e., virtual computing) as a fundamental requirement for mobility, enabling workflow transformation, workplace reinvention, and workforce engagement – especially for the millennial generation.

Mobility

As outlined in Templeton's keynote, the concept of "mobility" in its wide sense underpins most of the Citrix product lines. When it comes specifically to EMM, the company's offering is centered on XenMobile, developed from its acquisition of Zenprise in 2012. Amit Pandey, vice president and general manager of Mobile Platforms, joined Citrix with the Zenprise acquisition, and described XenMobile as being bigger than just MDM: "It is a holistic enterprise mobility platform." Growth in sales of XenMobile is partly linked to targeting 70,000 XenApp/XenDesktop customers that Citrix believes need a mobility platform, the whole solution providing consistent, secure user experiences across mobile and desktop. Bring your own device (BYOD) is driving heterogeneity, which means that ensuring consistency will be increasingly important – and increasingly difficult.

In the breakout session on mobility, Ahmed Dato, vice president of Product Marketing, observed that a year ago, "mobility" at Citrix largely involved delivering Windows applications to smartphones and tablets. Although Citrix had started moving more toward a broader application management strategy with its former Cloud Gateway offering, the company determined that it need a deeper involvement in enterprise mobility, hence the acquisition of Zenprise, which now enables Citrix to cover devices, apps, and data via integration with ShareFile. Enabling ShareFile through XenMobile means users can create a secure container whereby apps are only able to interact with each other inside that container. The XenMobile Enterprise edition also enables the capability for IT administrators to deploy file system containers for business files stored on employees' personal mobile devices.

Windows as a service is, and will remain, part of the mobility strategy. Why? Because most applications (94%, according to a Citrix survey) in use today are not mobile. Citrix believes that its ability to cater for devices and applications that were not built for the mobile world, as well those that are, differentiates it from most EMM competitors. In many cases, Citrix says it has found that the mobility buyer within the enterprise is the same person as the desktop buyer.

"Strategic features" of XenMobile include:

- Management of the whole device life cycle, including enroll, secure, provision, publish, support, remove
- Unified corporate app stores, delivering not just mobile applications, but "the other 94% too"
- Single sign on for Windows, web, datacenter, and apps
- WorxApps, including sandboxed email (WorxMail), browser (WorxWeb), and document sharing (ShareFile)
- Worx Gallery, including mobile app management, such as sandboxing, app wrapping, and others.

Collaboration

Chris Hylan, senior vice president and general manager of the SaaS Division, is a new addition to the Citrix leadership team having come from Intuit in the Payment Solutions group. He laid out the Citrix collaboration portfolio, comprising GoToMeeting ("the flagship"), GoToWebinar, GoToTraining, GoToMyPC, GoToAssist, Podio, and ShareFile.

Collaboration is another area for which the development theme is mobile first, because "most of the world will get their first device as an untethered device." In the enterprise, the mobile collaboration environments are proliferating in two main scenarios:

- By making the mobile device a "window" into existing enterprise apps
- By adding mobile-specific capabilities to the enterprise application portfolio.

At a higher level, both scenarios encompass the burgeoning mobile collaboration workflow, meaning that an enterprise collaboration and communications environment needs to be enabled across multiple enterprise platforms. Advances in mobile device technology, operating systems, and networks also continue to increase the value of collaboration technologies, particularly aligned to the convergence in collaboration modalities. Enabling this mobile experience to transcend an organization's existing communication/collaboration and application environment will allow the emergent enterprise workspace to tackle the new challenges of enabling measuring, managing and employee productivity.

It is also important for business collaboration applications to work as well and as easily as consumer applications, because it's getting easier for people to choose to use the consumer applications if they're more satisfied with them. "You're one click away from not being part of a customer's life anymore."

Priorities for the portfolio are:

- ☒ To create mobile-first experiences. Project Zeus, for example, is a beta app supporting ad hoc, informal collaboration in small teams. It uses a presence-enabled contact list and supports various media including text chat, video conversation, and screen sharing. Another example is Talkboard, a collaboration app on the iPad that uses the analogy of the meeting-room whiteboard.
- ☒ To improve first-use experiences. An example is GoToMeeting with one-touch entry and no client-side plug-in download required. An HTML5/RTC client is also being developed.
- ☒ To deliver solutions through platforms. ShareFile will be developed to work with third-party apps and data sources through an SDK, enabling ShareFile to be the interface to all of a user's data. This approach will also enable enterprises to integrate Citrix solutions with other solutions that may be currently deployed.

Citrix is targeting the premium enterprise segment with StorageZones, and StorageZone Connectors:

- ☒ StorageZones. Microsoft Azure becomes a storage option. New enterprise customers will be able to choose between managing storage on premises in their own datacenter, in a Citrix-managed cloud storage environment, or on Azure-based storage. Citrix expects the demand for this to be strong in Europe, where concern about compliance with privacy regulations is inhibiting the adoption of public cloud.
- ☒ StorageZone Connectors. These provide mobile and desktop access to data on existing network drives as well as in Microsoft SharePoint.

Desktop and Cloud

Sudhakar Ramakrishna, senior vice president and general manager of the Desktop and Cloud division, asserted that cost savings can often make a business case for virtualized desktops, citing one customer that previously spent \$25 million per year on moves/adds/changes, and had an equipment depreciation cost of \$17 million. But the most important benefit is access to the things you need to work in a way that combines security with flexibility.

The road map for the Citrix Desktop and Cloud portfolio includes:

- ☒ Cloud and SaaS enablement. FlexCast delivery technology is described as a single architecture and platform for multiple ways to deliver the capabilities, including hybrid solutions that bring the scale and economy benefits of cloud to on-premises implementation. Customers need convincing that virtualization does not threaten lock-in, either to a particular vendor or to a particular implementation (on-premises versus cloud, public versus private cloud, etc.)
- ☒ Rich applications as a service (RAaaS). This is "a market expansion opportunity" that Citrix believes will open up about 120 million desktops in verticals. For example, movie production houses need intensive graphics and computational capability, and frequent, secure movement of very large files. This has made virtualization very difficult, but is enabled by the release of XenDesktop 7, which includes capabilities to virtualize GPUs and share them among multiple users, and greatly enhanced video performance.
- ☒ Application centricity. Software-defined networking (SDN) and network-function virtualization (NFV) are increasingly prevalent themes in the development of service provider networks. This caters to service providers' desires to deliver services with more agility and thus to combat disintermediation by over-the-top players. Citrix believes that current architectures have a significant gap in application delivery and control (layer 4 through layer 7), which Citrix fills with CloudStack, bringing an application-centric view to the SDN/NFV market.
- ☒ Mobile first. The virtualization portfolio will increasingly be designed so that access to Windows desktop environments on mobile devices and various locations is treated as the norm, not as a compromised version of nonmobile device usage.

Networking

Klaus Oestermann, vice president and general manager of Cloud Networking, described NetScaler as the established product for enterprise network traffic management and believes that its new partnership with Cisco gives Citrix an opportunity for market leadership in that category. NetScaler 1000V has Cisco Validated Designs status, integrated into Cisco architecture and available on the Cisco Nexus cloud services platform.

Most of the Citrix offerings are physical products (MPX), but NetScaler is "99% software" running on Intel processors. In 2009, Citrix developed the software product as a virtual appliance (VPX) and a multitenant platform (SDX), both of which are gaining traction. All three manifestations of the product use the same code base. Citrix has a partnership with Amazon Web Services whereby NetScaler VPX is available for purchase directly from AWS Marketplace.

CloudBridge is aimed at enabling enterprises to deploy apps in the cloud but still bridge back to its own datacenters. Version 7 includes video caching features and datacenter-to-datacenter replication.

In addition to enterprises, Citrix is now extending its traffic management proposition to service providers through its acquisition of ByteMobile. The company's strategy is to help communications service providers to address the following challenges:

- ☒ The large and fast-growing volume of video traffic in their networks
- ☒ Their need to differentiate and personalize services
- ☒ Their need to make their networks more flexible through consolidation and virtualization
- ☒ The increasing diversity of their businesses – for example, mobile operators acquiring cable operators and/or getting into cloud-based services

Over 30% of Citrix networking business is in the cloud/telco segment, and there are opportunities to expand this not only directly by growing ByteMobile's customer base, but also by using ByteMobile to leverage service-provider sales of NetScaler. Citrix claims that ByteMobile is already the clear market share leader in mobile web and video optimization, with over 50% of installed base.

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