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How Blue Coat Systems Is Helping the SAP Ecosystem Optimize Application Network Delivery

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Blue Coat Systems Inc., headquartered in Sunnyvale, California, offers an application delivery network (ADN) infrastructure that optimizes and secures the flow of information to any user on any network, anywhere. Blue Coat began its involvement with the SAP ecosystem in 2007, when the company engaged with the SAP Co-Innovation Lab and participated in joint testing using an SAP landscape and Blue Coat's WAN optimization equipment to test certain theories. From this foundation, Blue Coat has extended its focus to develop engagements within the SAP ecosystem on many fronts.

The following questions were posed by SAP to Steve White, program director for the Software Solutions Alliance Leadership Council, which is part of IDC's Software Business Strategies group. Steve had the opportunity to interview Business Development Director Benjamin Rice and SAP Business Development Manager Chris Wood of Blue Coat Systems about their company's partnership with SAP.

Q. Who is Blue Coat, and what does the company offer?

A. Founded in 1996, Blue Coat Systems Inc. offers an ADN infrastructure that optimizes and secures the flow of information to any user on any network, anywhere. Blue Coat provides ADN infrastructure to more than 15,000 customers worldwide, including 81% of the Fortune Global 500.

The Blue Coat solutions consist of appliances, products, partners, service, and support that essentially provide three capabilities:

- **Visibility** — to classify and identify everything that is traversing the network, such as Web surfing, online video, downloadable music, business applications, and more (The Blue Coat solutions allow businesses to prioritize their network traffic in real time.)
- **Acceleration** — to optimize network traffic and speed of delivery of applications, whether they be internal, external, or other real-time applications that can be distributed across the enterprise
- **Security** — primarily to secure a Web gateway that protects the network from malicious applications, people, and intent

As Blue Coat developed its solutions and positioning, the company saw an opportunity to align and work with SAP, one of the leading application software vendors, to deliver improved performance for their joint customers.

Q. What is the market/industry context that made partnering with SAP a solid strategic choice?

A. Blue Coat's position as a network optimization solution provider working with many large enterprises has provided an interesting view on the application delivery element of customers' infrastructures. The company has heard and seen that many mission-critical applications that are delivered over a wide area network do not perform up to user expectations.

However, many times the implementation of the applications take the blame when the real cause is recreational traffic on the network or lack of prioritization for mission-critical applications. With the growth of newer applications like videoconferencing and online collaboration, which tend to use even more bandwidth, the potential to further degrade performance and response times for more mission-critical business applications increases.

Blue Coat saw this as an opportunity to work with SAP and its customers, as Blue Coat's solutions could solve these issues and provide improved performance for those customers. Also, as a smaller company, Blue Coat saw that working with SAP would extend its reach and credibility within the SAP ecosystem.

Blue Coat started working with SAP in 2007. As the partnership developed, Blue Coat found that many of SAP's customers wanted their applications secured and accelerated. Working with a leader like SAP made customers feel more comfortable that Blue Coat's solutions, certified by SAP, would be a good choice.

Q. What was the strategic reason that Blue Coat decided to partner with SAP, and what was the specific "trigger" that made it decide to invest in a partnership with SAP?

A. Blue Coat had been delivering secure Web gateway solutions since the early part of the decade. Through its work with major clients, Blue Coat found that those clients wanted to extend the conversation to talk about how WAN optimization might help to increase the performance of their business applications.

As network usage increased over time with more data-hungry applications in play, Blue Coat saw it as an opportunity to engage with SAP to discuss customer issues that both companies were facing and provide solutions for those issues.

In addition, Blue Coat noticed that none of its competitors in the WAN optimization market were working with SAP, so the company saw a timely opportunity in that there was clearly demand for its services optimized to work with SAP.

Q. How has the company engaged with the SAP ecosystem?

A. Blue Coat's involvement with the SAP ecosystem began when it engaged with the SAP Co-Innovation Lab and participated in joint testing using an SAP landscape and Blue Coat's WAN optimization equipment to test certain theories. This engagement was extremely valuable for both SAP and Blue Coat, and it resulted in a white paper detailing best practices on how to implement application optimization solutions along with SAP implementations. The white paper has been an invaluable business and marketing tool that Blue Coat has used moving forward.

Building on its participation with the SAP Co-Innovation Lab, Blue Coat then used this engagement to work on and obtain SAP certifications of its solutions. At the time, Blue Coat was the only networking vendor to achieve all three SAP network certifications.

From this foundation of joint innovation and certification, Blue Coat has extended its focus to develop engagements within the SAP ecosystem on many fronts. Leveraging the white paper and certifications, the company engaged with the SAP Enterprise Services Community, and its credentials were well received within that environment.

In the past year, Blue Coat has also invested time in understanding the SAP PartnerEdge program and has achieved the requirements necessary to become a partner, utilizing its jointly referenceable customers. Blue Coat's experience with SAP PartnerEdge has been that there are a huge number of partner resources and programs to engage with, and the company is focused on utilizing these resources now.

Blue Coat has also attended SAP TechEd over the past three years, participating in sessions and also becoming a Silver Sponsor of the event. The company sees this forum as a way to extend its reach into the SAP ecosystem and looks to maximize investments through speaking opportunities, onsite marketing, and meetings with customers attending the event.

Q. What has been the impact for Blue Coat?

A. As Blue Coat puts it, there has been success "pretty much across the board" on the back of its increasing engagement with the SAP ecosystem over the past three years.

Specifically, the company has seen an increase in the number of customers utilizing Blue Coat's solutions to optimize SAP application delivery. Blue Coat now knows of more than 25 very large enterprise customers using its solutions. The company also believes that among the Fortune 100, most now use Blue Coat application network delivery solutions in some form.

Blue Coat has also seen gains in the awareness of application delivery network solutions, both from a customer perspective and, from its engagement within the SAP ecosystem, from an opportunity perspective. This awareness has led to more engagement opportunities in the company's pipeline and has been enhanced by Blue Coat's attendance at the SAP TechEd events and its onsite marketing at those events.

Blue Coat has also found that as its technical engagement has deepened through interactions with the SAP Co-Innovation Lab, its own engineering and product management departments have been able to make further SAP application-specific optimizations, which has enabled even more performance benefits for SAP customers.

Q. What have been the key lessons learned for Blue Coat, and what advice does it offer for other firms?

A. As Blue Coat has engaged more deeply with SAP and the SAP ecosystem, its experience has been that although SAP is a massive company, when SAP sees your commitment, it returns that commitment. However, potential partners need to be aware that they won't simply receive "a ticket to the ball." Blue Coat has invested significant resources into clarifying its own value within the SAP ecosystem and systematically engaging with the right resources to further its own business footprint.

As with any business development activity, the more you work, the bigger the wave of success you can drive. However, clarity of position and continued investment are key. A concerted approach has led Blue Coat to new opportunities every week, and the company feels it is still learning from deeper engagements with different elements of the SAP ecosystem.

Blue Coat also highlighted that it engages so deeply with the SAP Co-Innovation Lab partly because by working with SAP on joint projects, it can experience and understand what is important to SAP and its customers. This investment really is a foundational element of the relationship and allows Blue Coat to guide its own development and engineering to focus on the right kinds of things that help SAP and its customers.

Q. What, in your opinion, is the ecosystem's "best kept secret" that Blue Coat found valuable?

- A. For Blue Coat, the "secret" has been its work with the SAP Co-Innovation Lab. When the company first engaged with the lab, even though it wasn't an SAP-certified partner at the time, working on a joint project and developing the white paper were hugely valuable. For a smaller company like Blue Coat, the ability to test in an SAP landscape was and continues to be invaluable. In addition, publishing a white paper with the SAP stamp of approval really proved to be a springboard for the relationship.

Blue Coat also highlighted that the ability to engage in further work on co-innovations with SAP has allowed it to understand which parts of implementation need the most acceleration. In this case, the company was able to focus on the policy and the network setup for its products in order to maximize performance. This also allowed Blue Coat to take the information back to its own engineering department to show how the implementation worked and enabled a deeper understanding of how to make it work better.

Q. How does Blue Coat plan to leverage the SAP ecosystem in the future?

- A. Blue Coat plans to build on its successful partnership with SAP in a number of ways. In terms of the SAP PartnerEdge program, the company is continuing to leverage as many of the resources as possible, with a particular focus on the marketing side. Blue Coat is currently building out its presence on the SAP EcoHub, for example, to highlight its solutions. Underlying this buildout are the company's efforts to keep its certifications up to date, as they are pivotal to its credibility within the SAP ecosystem.

Blue Coat also plans to continue working with the folks at the SAP Co-Innovation Lab, looking for ways to further improve solution performance and also exploring ways to provide application delivery network data to architects to enable better system planning ahead of implementations.

Blue Coat is still seeing further opportunities as it engages more deeply with the SAP ecosystem. As business expands, Blue Coat is also looking at ways to expand activity outside the United States as well as engage more deeply with SAP user groups, which the company sees as another way to drive business activity.

ABOUT THIS ANALYST

Steve White is program director for the Software Solutions Alliance Leadership Council (SSALC), which is part of IDC's Software Business Strategies group. Steve works with the SSALC members to define and research the key topics that affect strategic alliance investments and provides analysis into alliance trends, best practices, and benchmarking. In the past two years, this has included in-depth council discussions on SaaS, key performance indicators, and alliance organizational best practices.

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