IT Observability Buyers Guide

Software Provider and Product Assessment

ISG Research

IT Observability

Chief Information Officers (CIOs) and IT leaders face the dual challenge of optimizing IT operations while simultaneously driving innovation in an increasingly complex marketplace. The intricacies involved in managing a diverse array of technology environments require enterprises to harness a multitude of tools and platforms to address unique operational demands spanning various departments and functionalities. Technological advancements often outpace traditional strategies, so it is essential for IT leaders to have a comprehensive understanding of the software solutions at their disposal.

IT Management software plays a pivotal role in aligning technology initiatives with business objectives. As enterprises strive to enhance efficiency, reduce costs and maintain a competitive edge, these approaches become critical enablers of streamlined operations and effective resource allocation. Furthermore, as enterprises transition to more agile and cloud-centric architectures, the integration of comprehensive IT Management software platforms facilitates enhanced visibility, control and adaptability across the entire IT stack. This is particularly important as CIOs look to future-proof enterprise architecture and ensure that technology strategies are not only reactive but also proactive in addressing emerging challenges and opportunities.

Observability empowers enterprises to gain deeper insights into system performance, enabling them to proactively address challenges.

ISG defines IT observability as a discipline for understanding the internal state of IT systems based on their outputs. This practice transcends traditional monitoring methods, encompassing data collection, analysis and visualization across various IT components. Observability empowers enterprises to gain deeper insights into system performance, enabling them to proactively address challenges such as performance degradation, system anomalies and incidents that might disrupt business operations.

At its core, observability data consists of the specific data points gathered by observability tools—often logs, traces and metrics—which provide an enhanced view of IT services. With the ability to monitor application performance and infrastructure health in real time, enterprises can improve incident response times and operational efficiency. This increased visibility allows IT teams to identify latent issues and mitigate them before they escalate into more significant problems, thereby minimizing downtime and ensuring the reliability of critical services.

One of the most significant benefits of adopting observability practices is the ability to create a unified and collaborative approach to IT Management. By consolidating data from multiple sources and systems, enterprises can develop an integrated view of IT health and

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performance. This holistic understanding fosters collaboration among IT and business teams, enabling them to work together effectively in identifying root causes and implementing timely solutions. Consequently, habits of data-driven decision-making are formed, enhancing trust in the information that informs operational strategies.

Additionally, as observability data evolves in response to the enterprise's changing needs, it enables continuous improvement in IT service delivery. The insights gained from this data can inform key operational decisions and strategic investments. For CIOs and IT leaders, this means they are better equipped to align technology initiatives with business objectives.

The necessity for robust observability software approaches cannot be overstated. Infrastructure and applications must perform as expected. ISG asserts that through 2026, only 1 in 10 enterprises will have achieved end-to-end observability due to data silos, application complexity and volume of data, limiting the potential for resilience and growth. A mature observability strategy not only supports operational excellence but also drives strategic growth and resilience within the enterprise. By transforming awareness of system performance into actionable insights, businesses can enhance their ability to capitalize on emerging opportunities while mitigating risks.

The commitment to observability can yield substantial dividends, as it empowers IT leaders to optimize operations, enhance service delivery and create a resilient IT ecosystem that supports both current needs and future ambitions. For CIOs looking to foster innovation while managing complexity, investing in observability is not just a choice—it is a necessity for achieving long-term success.

Enterprises depend on real-time data for decision-making, and the need for effective observability solutions is more critical than ever. The near-term opportunity is for enterprises to reevaluate their observability strategies and partnerships to improve system performance and reliability. Here are four observability considerations when reassessing the IT strategy:

- Complexity of modern IT environments: The adoption of microservices, cloud technologies and hybrid infrastructures has led to heightened complexity in monitoring and managing IT systems. A thorough review of current observability tools can help enterprises identify gaps in visibility that may hinder their ability to understand system performance. Now is the time to ensure that observability software approaches are equipped to handle the dynamic nature of modern infrastructures.
- Proactive performance monitoring: In an environment where downtime can significantly impact revenue and customer satisfaction, proactive performance

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monitoring is crucial. Effective observability tools can automate the detection of anomalies and provide actionable insights before problems escalate. Enterprises should evaluate their observability partnerships to ensure they offer advanced capabilities, such as real-time analytics and automated troubleshooting, to enhance incident response efforts.

- Focus on user experience: As enterprises strive to deliver exceptional user experiences, observability tools must span beyond technical metrics to include user behavior and performance monitoring. This holistic view empowers IT teams to make data-driven decisions that prioritize user satisfaction. By reassessing observability strategies, enterprises can align their monitoring efforts with the broader goal of enhancing customer experiences.
- Enable data-driven decision making: In the age of data, enterprises must harness insights gleaned from observability tools to inform strategic decisions. Effective observability not only aids in troubleshooting but also provides valuable insights into usage patterns, trends and potential areas for investment. As such, it is essential for enterprises to ensure their observability software approaches support data analysis and reporting capabilities.

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By focusing on complexity management, proactive monitoring, user experience and data-driven decision making, IT leaders can build a compelling case for necessary enhancements. A robust observability strategy will empower enterprises to maintain system reliability, enhance operational efficiency and deliver superior experiences in an increasingly digital landscape.

Generative AI (GenAI) plays a pivotal role in enhancing IT Management software by automating complex processes, improving decision-making and driving efficiencies across various IT functions. By leveraging GenAI, enterprises can streamline service delivery, optimize resource allocation and proactively identify and resolve issues, ultimately leading to improved operational performance. Additionally, GenAI enables IT teams to generate insights from vast amounts of data, facilitating more informed strategic planning and enhancing collaboration among teams. As enterprises embrace digital transformation, IT Management software integrated with GenAI capabilities becomes essential for staying competitive.

Within observability, GenAI has become a significant tool for enterprises aiming to gain deeper insights into their IT system performance. One practical use case is the automation of performance reports based on data collected from various monitoring tools. This enables IT

teams to quickly understand trends, identify anomalies and assess the overall health of their systems without manually sifting through extensive datasets.

GenAI is also instrumental in enhancing incident detection and response. By analyzing real-time system outputs, it can pinpoint anomalies and correlate events from diverse sources, creating a comprehensive view of system behavior. This predictive capability allows teams to address issues proactively, thereby reducing incident response times significantly.

Furthermore, GenAI can be leveraged to generate troubleshooting guides and knowledge articles based on previously documented issues and their resolutions. This facilitates faster issue resolution by providing technicians with contextually relevant documentation directly within their workflows, improving efficiency and supporting a culture of knowledge sharing.

Additionally, GenAI can assist in synthesizing insights across various observability tools, delivering comprehensive health checks of IT environments at a glance. By merging data from multiple systems, stakeholders can obtain a holistic view of their infrastructure's performance, making it easier to identify systemic weaknesses and take corrective actions.

Agentic AI, although not yet available, has the potential to enhance how enterprises monitor and manage system performance. One envisioned application is autonomous monitoring systems that continuously analyze data to detect anomalies and provide insights without human intervention. Its predictive capabilities may enable early identification of issues, recommending proactive measures based on historical performance data. Additionally, agentic AI could automate troubleshooting processes, improving incident response times and allowing IT teams to focus on strategic initiatives. Future capabilities may also include detailed performance reports and dashboards, facilitating informed decision-making regarding IT environments and enhancing overall service levels.

CIOs and IT leaders should approach IT Management software incorporating GenAI, LLMs and future agentic AI capabilities with enthusiasm and caution.

CIOs and IT leaders should approach IT Management software incorporating GenAI, large language models (LLMs) and future agentic AI capabilities with enthusiasm and caution. While these technologies offer significant benefits, they also come with unique challenges and prerequisites. A holistic evaluation must include technical aspects as well as business, ethical and strategic considerations. Other areas of focus include risk awareness, critical infrastructure, organizational readiness, governance and compliance along with a long-term perspective on sustainability and scalability of AI approaches.

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ISG believes a methodical approach is essential to maximize competitiveness. It is critical to select the right software provider and product to improve the performance of your enterprise's people, process, information and technology components.

The ISG Buyers Guide for Observability is designed to provide a 360-degree view of a software provider's ability to optimize the delivery, performance and governance of IT services within an enterprise. Separate Buyers Guide research reports are available for ITSM, FinOps, AIOps and IT Operations Management software.

The ISG Buyers Guide for Observability evaluates products on capabilities including anomaly detection and proactive alerts, collaboration and insight sharing, data collection and integration, GenAI and machine learning (ML), open-source framework support, real-time monitoring and visualization, root cause analysis and troubleshooting tools, and scalability and integration with existing tools. To be included in this Buyers Guide, software providers must meet or exceed the inclusion criteria and have commercially available observability software products.

The insights gained from understanding current IT Management software providers are invaluable for IT leaders who aim to align their technology investments with organizational goals, optimize workflows and foster a culture of innovation. By investing in the right tools, CIOs can unlock new avenues for growth and transformation, paving the way for enterprises to thrive.

This Buyers Guide report evaluates the following software providers that offer products addressing key elements for observability: BMC, Broadcom, Chronosphere, Coralogix, Datadog, Dynatrace, EasyVista, Elastic, Google Cloud, Grafana Labs, IBM, LogicMonitor, Logz.io, Microsoft, New Relic, OpsRamp, ServiceNow, SolarWinds, Splunk, Sumo Logic, Zenoss and Zoho.

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Buyers Guide Overview

For over two decades, ISG Research has conducted market research in a spectrum of areas across business applications, tools and technologies. We have designed the Buyers Guide to provide a balanced perspective of software providers and products that is rooted in an understanding of the business requirements in any enterprise. Utilization of our research methodology and decades of experience enables our Buyers Guide to be an effective method to assess and select software providers and products. The findings of this research undertaking contribute to our comprehensive approach to rating software providers in a manner that is based on the assessments completed by an enterprise.

> **ISG Research has designed the Buyers Guide to provide a balanced perspective of software providers and products that is rooted in an understanding of business requirements in any enterprise.**

The ISG Buyers Guide™ for IT Observability is the distillation of over a year of market and product research efforts. It is an assessment of how well software providers' offerings address enterprises' requirements for IT observability software. The index is structured to support a request for information (RFI) that could be used in the request for proposal (RFP) process by incorporating all criteria needed to evaluate, select, utilize and maintain relationships with software providers. An effective product and customer experience with a provider can ensure the best long-term relationship and value achieved from a resource and financial investment.

In this Buyers Guide, ISG Research evaluates the software in seven key categories that are weighted to reflect buyers' needs based on our expertise and research. Five are product-experience related: Adaptability, Capability, Manageability, Reliability, and Usability. In addition, we consider two customer-experience categories: Validation, and Total Cost of Ownership/Return on Investment (TCO/ROI). To assess functionality, one of the components of Capability, we applied the ISG Research Value Index methodology and blueprint, which links the personas and processes for IT observability to an enterprise's requirements.

The structure of the research reflects our understanding that the effective evaluation of software providers and products involves far more than just examining product features, potential revenue or customers generated from a provider's marketing and sales efforts. We believe it is important to take a comprehensive, research-based approach, since making the wrong choice of IT observability technology can raise the total cost of ownership, lower the return on investment and hamper an enterprise's ability to reach its full performance potential. In addition, this approach can reduce the project's development and deployment

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time and eliminate the risk of relying on a short list of software providers that does not represent a best fit for your enterprise.

ISG Research believes that an objective review of software providers and products is a critical business strategy for the adoption and implementation of IT observability software and applications. An enterprise's review should include a thorough analysis of both what is possible and what is relevant. We urge enterprises to do a thorough job of evaluating IT observability systems and tools and offer this Buyers Guide as both the results of our in-depth analysis of these providers and as an evaluation methodology.

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How To Use This Buyers Guide

Evaluating Software Providers: The Process

We recommend using the Buyers Guide to assess and evaluate new or existing software providers for your enterprise. The market research can be used as an evaluation framework to establish a formal request for information from providers on products and customer experience and will shorten the cycle time when creating an RFI. The steps listed below provide a process that can facilitate best possible outcomes.

1. Define the business case and goals.
   Define the mission and business case for investment and the expected outcomes from your organizational and technological efforts.
2. Specify the business needs.
   Defining the business requirements helps identify what specific capabilities are required with respect to people, processes, information and technology.
3. Assess the required roles and responsibilities.
   Identify the individuals required for success at every level of the enterprise from executives to frontline workers and determine the needs of each.
4. Outline the project's critical path.
   What needs to be done, in what order and who will do it? This outline should make clear the prior dependencies at each step of the project plan.
5. Ascertain the technology approach.
   Determine the business and technology approach that most closely aligns to your enterprise's requirements.
6. Establish software provider evaluation criteria.
   Utilize the product experience: Adaptability, Capability, Manageability, Reliability and Usability, and the customer experience in TCO/ROI and Validation.
7. Evaluate and select the technology properly.
   Weight the categories in the technology evaluation criteria to reflect your enterprise's priorities to determine the short list of software providers and products.
8. Establish the business initiative team to start the project.
   Identify who will lead the project and the members of the team needed to plan and execute it with timelines, priorities and resources.

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The Findings

All of the products we evaluated are feature-rich, but not all the capabilities offered by a software provider are equally valuable to types of workers or support everything needed to manage products on a continuous basis. Moreover, the existence of too many capabilities may be a negative factor for an enterprise if it introduces unnecessary complexity. Nonetheless, you may decide that a larger number of features in the product is a plus, especially if some of them match your enterprise's established practices or support an initiative that is driving the purchase of new software.

Factors beyond features and functions or software provider assessments may become a deciding factor. For example, an enterprise may face budget constraints such that the TCO evaluation can tip the balance to one provider or another. This is where the Value Index methodology and the appropriate category weighting can be applied to determine the best fit of software providers and products to your specific needs.

Overall Scoring of Software Providers Across Categories

The research finds ServiceNow atop the list, followed by Splunk and Microsoft. Companies that place in the top three of a category earn the designation of Leader. ServiceNow has done so in seven categories; Splunk in six; Datadog in three; BMC in two; and Dynatrace, Microsoft and New Relic in one category.

The overall representation of the research below places the rating of the Product Experience and Customer Experience on the *x* and *y* axes, respectively, to provide a visual representation and classification of the software providers. Those providers whose Product Experience have a higher weighted performance to the axis in aggregate of the five product categories place farther to the right, while the performance and weighting for the two Customer Experience categories determines placement on the vertical axis. In short, software providers that place closer to the upper-right on this chart performed better than those closer to the lower-left.

The research places software providers into one of four overall categories: Assurance, Exemplary, Merit or Innovative. This representation classifies providers' overall weighted performance.

IT Observability

Overall

Providers	Grade	Performance
ServiceNow	A-	Leader 83.0%
Splunk	A-	Leader 82.2%
Microsoft	B++	Leader 77.4%
BMC	B++	77.2%
Dynatrace	B++	76.9%
IBM	B++	75.5%
Broadcom	B++	75.4%
New Relic	B+	74.7%
Grafana Labs	B+	73.9%
Coralogix	B+	73.8%
Datadog	B+	73.4%
LogicMonitor	B+	72.6%
Elastic	B+	72.1%
Zoho	B+	72.0%
Sumo Logic	B+	70.2%
SolarWinds	B+	69.5%
Google Cloud	B	68.2%
Logz.io	B	65.2%
Zenoss	B	63.2%
Chronosphere	B	62.6%
OpsRamp	B-	62.0%
EasyVista	C+	47.3%

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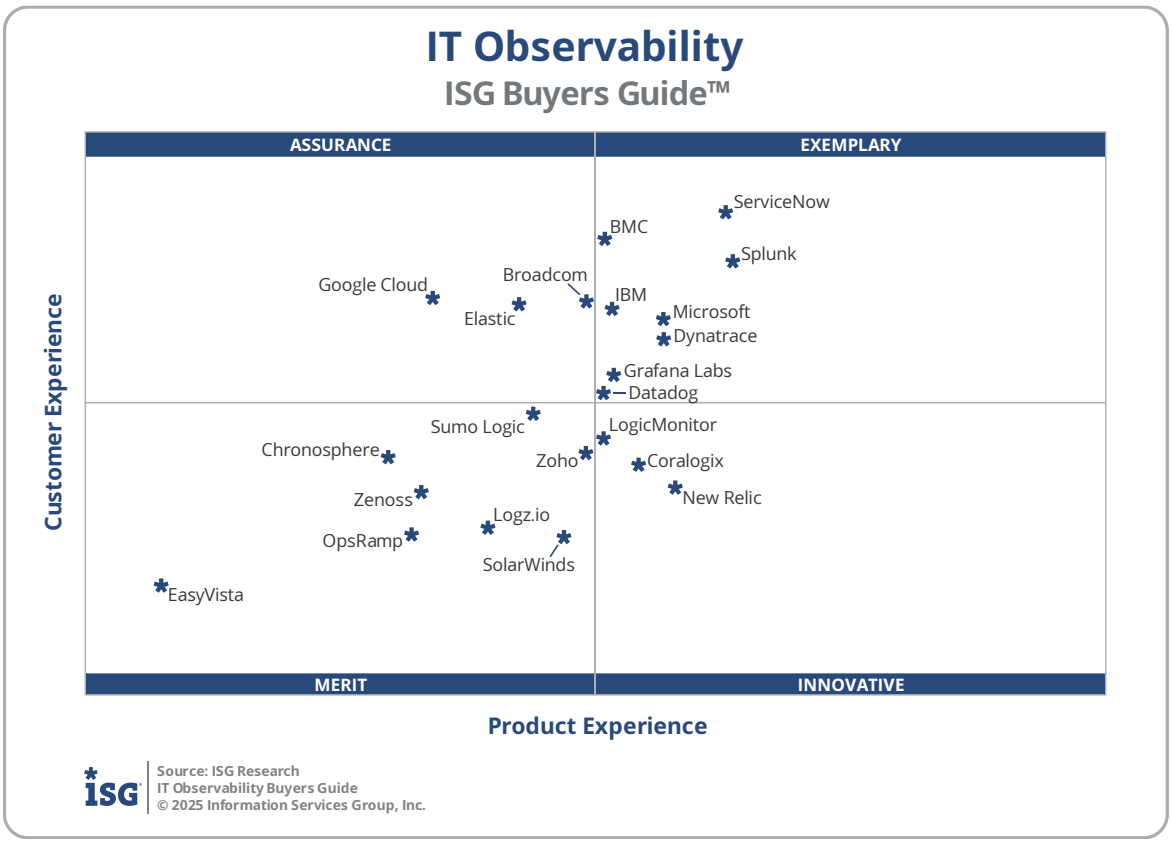

Exemplary: The categorization and placement of software providers in Exemplary (upper right) represent those that performed the best in meeting the overall Product and Customer Experience requirements. The providers rated Exemplary are: BMC, Datadog, Dynatrace, Grafana Labs, IBM, Microsoft, ServiceNow and Splunk.

Innovative: The categorization and placement of software providers in Innovative (lower right) represent those that performed the best in meeting the overall Product Experience requirements but did not achieve the highest levels of requirements in Customer Experience. The providers rated Innovative are: Coralogix, LogicMonitor and New Relic.

Assurance: The categorization and placement of software providers in Assurance (upper left) represent those that achieved the highest levels in the overall Customer Experience requirements but did not achieve the highest levels of Product Experience. The providers rated Assurance are: Broadcom, Elastic and Google Cloud.

Merit: The categorization of software providers in Merit (lower left) represents those that did not exceed the median of performance in Customer or Product Experience or surpass the threshold for the other three categories. The providers rated Merit are: Chronosphere, EasyVista, Logz.io, OpsRamp, SolarWinds, Sumo Logic, Zenoss and Zoho.

We warn that close provider placement proximity should not be taken to imply that the packages evaluated are functionally identical or equally well suited for use by every enterprise or for a specific process. Although there is a high degree of commonality in how enterprises handle IT observability, there are many idiosyncrasies and differences in how they do these functions that can make one software provider's offering a better fit than another's for a particular enterprise's needs.

We advise enterprises to assess and evaluate software providers based on organizational requirements and use this research as a supplement to internal evaluation of a provider and products.

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Product Experience

The process of researching products to address an enterprise's needs should be comprehensive. Our Value Index methodology examines Product Experience and how it aligns with an enterprise's lifecycle of onboarding, configuration, operations, usage and maintenance. Too often, software providers are not evaluated for the entirety of the product; instead, they are evaluated on market execution and vision of the future, which are flawed since they do not represent an enterprise's requirements but how the provider operates. As more software providers orient to a complete product experience, evaluations will be more robust.

The research results in Product Experience are ranked at 80%, or four-fifths, of the overall rating using the specific underlying weighted category performance. Importance was placed on the categories as follows: Adaptability (10%), Capability (35%), Manageability (10%), Reliability (10%) and Usability (15%). This weighting impacted the resulting overall ratings in this research. Splunk, ServiceNow and New Relic were designated Product Experience Leaders. While not Leaders, Microsoft and Dynatrace were also found to meet a broad range of enterprise product experience requirements.

IT Observability

Product Experience

Providers	Grade	Performance
Splunk	A-	*Leader* 65.7%
ServiceNow	A-	*Leader* 65.4%
New Relic	B++	*Leader* 62.6%
Microsoft	B++	62.2%
Dynatrace	B++	62.2%
Coralogix	B++	61.2%
IBM	B++	60.1%
Grafana Labs	B+	60.0%
BMC	B+	59.8%
LogicMonitor	B+	59.6%
Datadog	B+	59.6%
Broadcom	B+	59.3%
Zoho	B+	59.2%
SolarWinds	B+	58.2%
Sumo Logic	B+	56.5%
Elastic	B+	56.3%
Logz.io	B	53.9%
Google Cloud	B	52.2%
Zenoss	B	51.3%
OpsRamp	B	50.8%
Chronosphere	B-	49.3%
EasyVista	C+	36.7%

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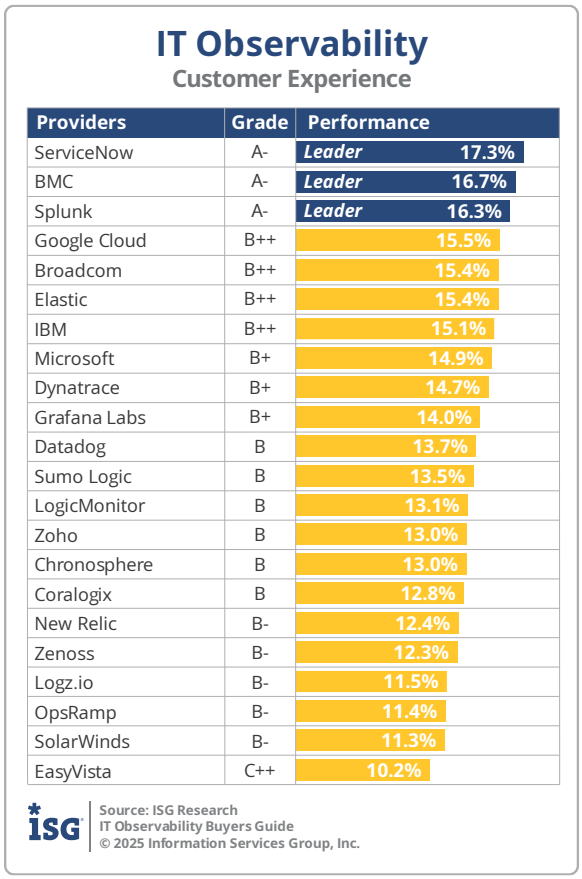
Customer Experience

The importance of a customer relationship with a software provider is essential to the actual success of the products and technology. The advancement of the Customer Experience and the entire lifecycle an enterprise has with its software provider is critical for ensuring satisfaction in working with that provider. Technology providers that have chief customer officers are more likely to have greater investments in the customer relationship and focus more on their success. These leaders also need to take responsibility for ensuring this commitment is made abundantly clear on the website and in the buying process and customer journey.

The research results in Customer Experience are ranked at 20%, or one-fifth, using the specific underlying weighted category performance as it relates to the framework of commitment and value to the software provider-customer relationship. The two evaluation categories are TCO/ROI (10%) and Validation (10%), which are weighted to represent their importance to the overall research.

The software providers that evaluated the highest overall in the aggregated and weighted Customer Experience categories are ServiceNow, BMC and Splunk. These category Leaders best communicate commitment and dedication to customer needs.

Software providers that did not perform well in this category were unable to provide sufficient customer case studies to demonstrate success or articulate their commitment to customer experience and an enterprise's journey. The selection of a software provider means a continuous investment by the enterprise, so a holistic evaluation must include examination of how they support their customer experience.



Appendix: Software Provider Inclusion

For inclusion in the ISG Buyers Guide™ for IT Observability in 2025, a software provider must be in good standing financially and ethically, have at least $40 million in annual or projected revenue verified using independent sources, sell products and provide support on at least two continents, and have at least 100 full-time employees. The principal source of the relevant business unit's revenue must be software-related, and there must have been at least one major software release in the last 12 months.

The research is designed to be independent of the specifics of software provider packaging and pricing. To represent the real-world environment in which businesses operate, we include providers that offer suites or packages of products that may include relevant individual modules or applications. If a software provider is actively marketing, selling and developing a product for the general market and it is reflected on the provider's website that the product is within the scope of the research, that provider is automatically evaluated for inclusion.

All software providers that offer relevant IT observability products and meet the inclusion requirements were invited to participate in the evaluation process at no cost to them.

Software providers that meet our inclusion criteria but did not completely participate in our Buyers Guide were assessed solely on publicly available information. As this could have a significant impact on classification and ratings, we recommend additional scrutiny when evaluating those providers.

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Products Evaluated

Provider	Product Names	Version	Release Month/Year
BMC	Netreo Ultimate SaaS Edition	v. 25.1.00	January 2025
Broadcom	Tanzu Observability		February 2025
Chronosphere	Chronosphere Observability Platform	v. 2.27.0	February 2025
Coralogix	Coralogix		January 2025
Datadog	Datadog Log Management and Analytics		February 2025
Dynatrace	Dynatrace Platform	v. 1.308	February 2025
EasyVista	EV Observe	v. 2024.3	December 2024
Elastic	Elastic Observability	v. 8.17	December 2024
Google Cloud	Google Cloud Operations Suite		February 2025
Grafana Labs	Grafana Cloud Application Observability	v. 11.5	January 2025
IBM	Instana Observability	v. 290	December 2024
LogicMonitor	LogicMonitor	v. 216	January 2025
Logz.io	Logz.io		February 2025
Microsoft	Azure Monitor		January 2025
New Relic	New Relic One		February 2025
OpsRamp	OpsRamp	v. 2025.02-U1	February 2025
ServiceNow	ServiceNow Now Platform	v. Yokohama	January 2025
SolarWinds	SolarWinds Observability SaaS		January 2025
Splunk	Splunk Observability Cloud Splunk AppDynamics	24.10	February 2025 February 2025

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Sumo Logic	Sumo Logic Platform		February 2025
Zenoss	Zenoss Cloud	v. 5.7.0	December 2024
Zoho	Site24x7	v. 20.9.0	January 2025

Providers of Promise

We did not include software providers that, as a result of our research and analysis, did not satisfy the criteria for inclusion in this Buyers Guide. Providers that do not offer IT observability software in a single, commercial tool are excluded. These are listed below as "Providers of Promise."

Provider	Product	$40M+ Revenue	100+ Full-time Employees	Functionality
AWS	AWS OpenSearch	Yes	Yes	No
CloudFabrix Software	CloudFabrix Unified Network Observability	No	No	Yes
Dash0	Dash0	No	No	Yes
Honeycomb	Honeycomb Observability Platform	No	Yes	Yes
Intergral	FusionReactor Observability & APM	No	No	Yes
Observe, Inc.	Observability Cloud	No	Yes	Yes
Oracle	Oracle Cloud Observability and Management Platform	Yes	Yes	No
Zabbix	Zabbix Cloud	No	Yes	Yes

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About ISG Software Research and Advisory

ISG Software Research and Advisory provides market research and coverage of the technology industry, informing enterprises, software and service providers, and investment firms. The ISG Buyers Guides provide insight on software categories and providers that can be used in the RFI/RFP process to assess, evaluate and select software providers.

About ISG Research

ISG Research provides subscription research, advisory, consulting and executive event services focused on market trends and disruptive technologies. ISG Research delivers guidance that helps businesses accelerate growth and create more value. For further information about ISG Research subscriptions, please visit research.isg-one.com.

About ISG

ISG (Nasdaq: III) is a global AI-centered technology research and advisory firm. A trusted partner to more than 900 clients, including 75 of the world's top 100 enterprises, ISG is a long-time leader in technology and business services sourcing that is now at the forefront of leveraging AI to help organizations achieve operational excellence and faster growth. The firm, founded in 2006, is known for its proprietary market data, in-depth knowledge of provider ecosystems, and the expertise of its 1,600 professionals worldwide working together to help clients maximize the value of their technology investments.

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