



Nimsoft: Small Acquisition, Big IT Management Aspirations

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How do you attract managed service providers *and* disrupt a traditional software market dominated by CA, BMC, Hewlett-Packard and IBM-Tivoli? For Nimsoft, the answer to that riddle involves organic growth coupled with acquisitions.

Indeed, Nimsoft today has acquired Indicative Software in a bid to accelerate its momentum as an alternative to "Big 4" IT performance and availability solutions. The deal is the latest in a growing list of business combinations followed by MSPmentor's M&A Tracker.

Nimsoft's buyout of Indicative has several potential implications for MSPs and the systems management market, according to Gary Read, CEO of Nimsoft.

Nimsoft already specializes in network, server, database and application monitoring, as well as service level management. The Indicative deal extends Nimsoft's solution to include business service management (BSM) and end-user response time management.

In his personal blog, Read on March 31 hinted that Nimsoft was gearing up to make a substantial announcement. With Indicative, Nimsoft gains roughly 20 staff members, lifting Nimsoft's employee ranks to about 160 people serving roughly 620 customers in 29 countries, according to Read.

Taking On the Titans

Nimsoft and a lengthy list of start-ups are striving to disrupt the traditional systems management market, which is led by entrenched companies like CA, BMC, HP and IBM. Some critics say those legacy solutions are often too complex or too expensive to deploy in a cost-effective manner.

As a result, some customers and service providers have defected to emerging options from Groundwork Open Source, Nimsoft and others. In fact, Nimsoft's revenue grew 77 percent in 2007 to \$29.4 million. Combined with Indicative, the combined company revenues for 2007 were \$35 million, according to a Nimsoft release.

While Nimsoft continues to attract MSPs into its customer and partner ranks, the company is hedging its revenue bets. Roughly 40 percent of Nimsoft's revenue comes from MSPs, with mid-market end-user companies representing 40 percent, and end-user enterprises the remaining 20 percent. "We don't want to be 100 percent reliant on any one source of revenue," says Read.

Nimsoft is privately held, but if the company continues to meet its growth targets and financial goals, Read says Nimsoft could be ready for a potential initial public offering in 2009 or so.

<http://www.mspmentor.net/2008/04/08/nimsoft-small-acquisition-big-it-management-aspirations/>