

## REPORT REPRINT

# New Relic One puts data exploration front and center

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### Introduction

New Relic has introduced New Relic One, which it describes as an extension of its existing offering that unifies all of the operations data that customers collect across their environments. Built on top of a reworked data model, New Relic One is search-centric, allowing customers to freely dig into the operations data they collect to pinpoint the cause of performance problems in complex applications.

### 451 TAKE

We see New Relic One as responding to the needs of businesses that are using modern technologies and architectures like microservices and Kubernetes. These organizations require a fast and flexible way to explore the performance data they collect about their systems, and New Relic One should respond to this emerging demand. The approach is an improvement over tools, of which New Relic was one, that center on predefined dashboards that may not offer the insights users require. We think some customers initially may view New Relic One as primarily an updated UI, but over time, as the vendor builds out more capabilities on its reworked data model, and as it continues to educate customers about the new approach, users should begin to realize the benefits.

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### Context

New Relic was founded in 2008 by Lew Cirne, who previously started APM provider Wily, which CA Technologies later acquired. While the company began as an early supplier of SaaS-delivered APM, it has since added synthetics, infrastructure monitoring and real-user monitoring, and is developing a log management offering. It has been focusing on trying to attract more enterprise customers and reports 858 clients paying \$100,000 or more, up from 703 a year ago. For the year ending in March, New Relic posted revenue of \$479.2m, up 35% from the previous year.

### Products

Many customers will at first glance consider New Relic One a new UI, and one that puts search front and center. From the latest home page, users immediately see a search box where they can begin digging into data about their systems. A new chart-builder tool invites users to query employing natural language, without needing to learn the New Relic Query Language. Customers also gain new search flexibility via the extension of tagging capabilities. While New Relic APM and Infrastructure already allowed customers to deploy tags, now anything can be tagged, allowing users to filter by tags.

We think this conceptual shift, where users are invited to explore their data, takes a cue from New Relic Insights, a product that was designed to make it easy for customers to search their operations data and flexibly set up customized dashboards. We heard from customers that were enthusiastic users of Insights but who reported that it felt like an afterthought at the company. The data exploration concept that Insights users love is now at the heart of New Relic One.

On the back end, New Relic One builds on a new data model. Customers aren't limited to searching only for predefined metrics. Instead, they can search for anything in their system that reports data. New Relic broadly defines these as entities, which could be an application, instance, host, container, VM, Kubernetes cluster, database or any other 'thing.' Users can opt to begin troubleshooting or exploring their data via a view that lists the entities that are reporting data.

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New Relic faces a bit of a hurdle in terms of educating customers and potential clients about the concept of an entity and what being 'entity-centric' means. We think the word entity implies a standard application or infrastructure component like a server or instance, and not necessarily a collection of items such as a service or Kubernetes cluster. That said, we are hard-pressed to come up with a commonly used term that encompasses the variety of things that can be tracked in New Relic One. Over time, and as customers deploy the new interface, we think they'll better understand the meaning and benefits.

New Relic One also enables a better understanding of context. In New Relic One, service maps span artificial boundaries such as those that define teams. In organizations that develop applications based on microservices and otherwise rely on shared resources, this broad view of interconnected components allows individuals to detect when a service outside of their responsibility may be causing a performance problem. The context that this broader service map delivers is key for customers trying to discover the root cause of problems in complex applications.

With the announcement, the vendor is just beginning to open up its product so that customers can build applications that meet their needs. The first step is allowing the New Relic professional services team to use the software development kit (SDK) that its engineers employ to build custom UIs for customers. One example is a major food services provider that currently is deploying New Relic to monitor point-of-sale devices. New Relic developed a custom page for the customer that shows on a map the performance of those devices combined with its information about payments coming in per store. In the future, New Relic plans to open up access to the SDK to anyone so businesses can build their own custom views that combine business data with performance data. We like that the company supports customers that want to build such views without having to import data from a BI tool or other established repository of business data into New Relic.

The vendor is making New Relic One available adjacent to its existing UI so that customers can begin deploying the new UI at their own pace. There are downsides to offering both approaches at the same time, namely that it's jarring for customers that may end up switching between the two and also because users may not see an incentive to try out the new UI. However, the flip side is that running a parallel view allowed New Relic to start from a clean slate, rather than spend a potentially long period of time transitioning the old UI to the new.

### Roadmap

New Relic is working on a log management product that will put it in line with some competitors that similarly are combining logs and metrics. It also expects to roll out additional AI- and machine-learning-driven capabilities based on technology acquired along with SignifAI in February.

### Competition

New Relic's most notable rivals remain AppDynamics and Dynatrace, which each have SaaS APM offerings that they have continued to invest in to meet the needs of customers adopting modern technologies. We think New Relic One's data exploration-centric approach is reminiscent of a new breed of vendors like Honeycomb and Wavefront that similarly encourage users to query the operations data they collect. As New Relic expands horizontally, especially into logging, it may find itself vying more often with Datadog, which now offers infrastructure monitoring, distributed tracing, logging and synthetics. According to our analysis, the market prefers firms that offer several well-integrated capabilities. Its SignifAI buy will put New Relic in competition with event management and analytics providers like Moogsoft and BigPanda.

### SWOT Analysis

#### **STRENGTHS**

With New Relic One, the company seems to be finally capitalizing on some of the capabilities and approaches that users of New Relic Insights have so loved.

#### **WEAKNESSES**

The vendor has its work cut out for itself in figuring out how best to describe the value in what the new offering can deliver.

#### **OPPORTUNITIES**

Once New Relic combines the machine learning capabilities and broader data consumption model from SignifAI with the New Relic One updates, it will be able to serve a significant portion of customers' monitoring and incident-response needs.

#### **THREATS**

The company hasn't been as articulate as some of its rivals about its machine learning investments and strategy, giving competitors an advantage with potential customers that value these emerging analytics capabilities.