

Microsoft Is About To Shake Up Low-Code Platforms

Determine Power Apps' Place In Your App Dev Strategy Now

by Rob Koplowitz and John R. Rymer
December 3, 2019

Why Read This Report

The low-code development market is red hot as enterprises seek new ways to build more software more quickly. About 100 vendors are jockeying for dominance, but a new sheriff just came to town. Microsoft's advantages in low-code platforms include adjacent-market power, a strong product, and deep pockets. Read this report to learn how Microsoft will use Power Apps and Power Automate to dominate the most common use cases for low code and digital process automation for wide deployments — and what application development and delivery (AD&D) pros should do about it.

Key Takeaways

The Hot Low-Code Market Is Ripe For Consolidation

Strong adoption of low-code development platforms by AD&D is fueling high growth. But the market is fragmented, big governance challenges remain, and mostly smaller vendors dominate. The conditions for a market consolidation are ripe.

Microsoft Is Poised To Dominate

Microsoft has weaknesses in low code. But it also has strong products, high adoption, the most powerful routes to market, a popular adjacent product in business intelligence, a big commitment to process automation, and permission to lead businesspeople from productivity tools to a managed development platform.

AD&D Leaders: Act Without Delay

Remember how SharePoint came out of nowhere and rose to prominence in 2008? Microsoft's Power Platform will follow the same pattern in 2020. AD&D leaders need governance strategies immediately; the time for analysis is over. Pay special attention to strategies that harness businesspeople who create software on Microsoft's platform.

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Table Of Contents

2 The White-Hot Low-Code Market Is Ripe For A Leader To Emerge . . .

. . . Which Brings Us To Microsoft And Its Runaway Low-Code Train

6 Microsoft Is Well Positioned For Four Reasons . . .

. . . But Microsoft's Position Comes With Caveats

Recommendations

7 Develop A Low-Code Strategy Now

What It Means

8 The Low-Code Market Tips Toward Consolidation

10 Supplemental Material

Related Research Documents

[The Forrester Wave™: Digital Process Automation For Wide Deployments, Q1 2019](#)

[The Forrester Wave™: Low-Code Development Platforms For AD&D Professionals, Q1 2019](#)

[Now Tech: Rapid App Delivery, Q1 2019](#)



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The White-Hot Low-Code Market Is Ripe For A Leader To Emerge . . .

Low-code development platforms combine declarative tooling and pay-as-you-grow business models to accelerate and business-align application development and delivery. About half of AD&D pros have either adopted low-code platforms or soon plan to (see Figure 1). This adoption translates to high growth for most vendors in this market as well as skyrocketing interest among both AD&D pros and business leaders struggling to obtain the software they need. Still, low code is a new and fast-evolving market characterized by:

- › **Big governance and organizational barriers to adoption.** Many AD&D teams take the easy path to adoption: Bring in a low-code platform to replace part or all of central AD&D's coding activities without changing roles and governance processes. But many enterprises want to raise AD&D responsiveness by pushing low-code platforms into business units and enlisting businesspeople to help with software projects. The latter strategy requires new and unfamiliar roles, organizational structures, and governance that slow adoption benefits.
- › **A huge number of vendors, definitions, and pricing models.** We track about 100 vendors of low-code platforms and their cousins in digital process automation (DPA). The level of innovation and quality in this market is remarkable. The biggest vendor by revenue is Salesforce; Mendix, Nintex, OutSystems, Quick Base (acquired with a \$1 billion-plus valuation), and ServiceNow each are around \$100 million-plus per year.¹ Many vendors are smaller, riskier bets.

Definitions and pricing models vary widely. Some vendors say that low code is just declarative development tools, not a business model, too. Others insist that no-code is the goal.² Comparing pricing models requires prospects to apply a lot of interpretation and guesswork.³

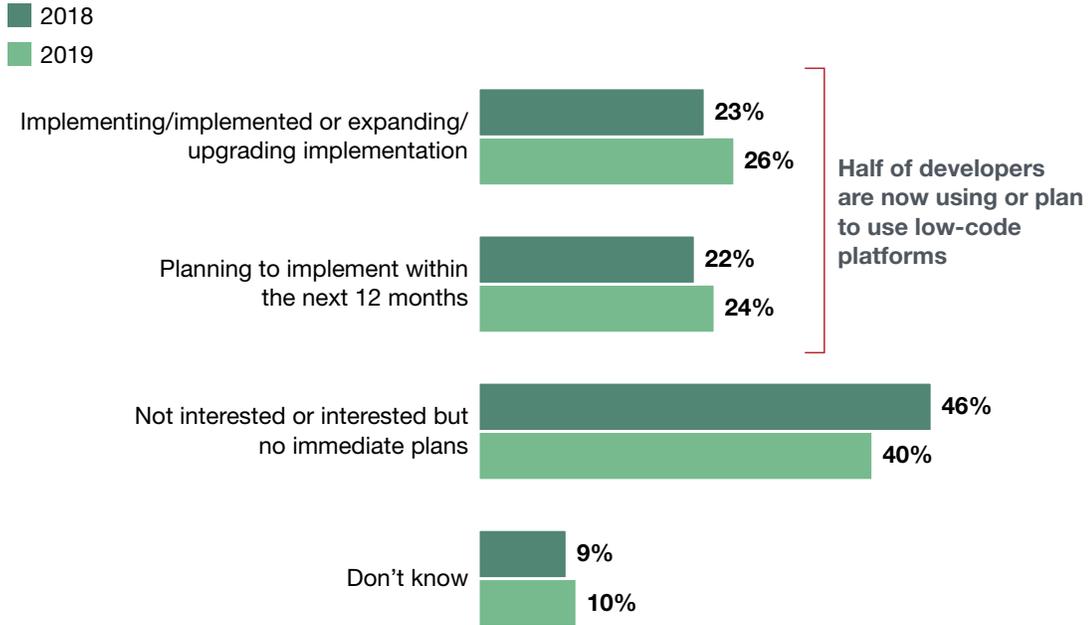
- › **Limited offerings from most big enterprise vendors.** Aside from Salesforce and Microsoft, the other big enterprise software vendors have weaker positions in low-code platforms. SAP resells Mendix; IBM nominally also partners with that vendor. Google and Oracle offer emerging low-code platforms. And Amazon Web Services (AWS), VMware, and Alibaba? We've seen nothing from them yet.

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FIGURE 1 About Half Of AD&D Pros Have Adopted Low-Code Platforms — Or Soon Will

“What are your team’s plans to adopt low-code development platforms?”



Base: 3,228 (2018) and 3,295 (2019) global developers

Source: Forrester Analytics Global Business Technographics® Developer Surveys, 2018 and 2019

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... Which Brings Us To Microsoft And Its Runaway Low-Code Train

Microsoft's low-code development platform is actually two products: Power Apps for application development and Power Automate (once called Flow) for process automation. These are part of its broader Power Platform suite that also includes Power BI, a widely used reporting and analytics offering. Microsoft has attained a strong position in low-code platforms by (see Figure 2):

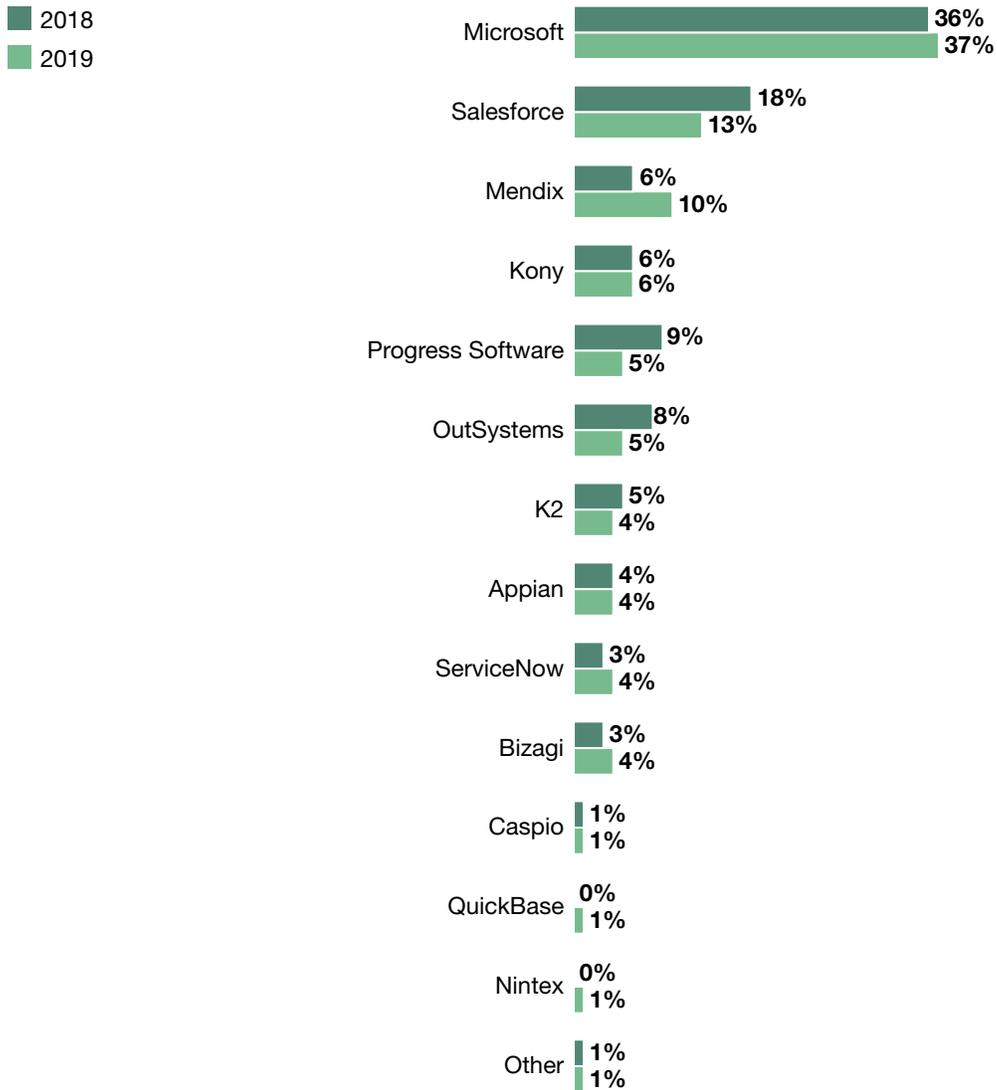
- › **Building a leading alternative.** Power Apps and Power Automate are fairly young products, but the combination is already a Leader in our recent evaluation of the major players, "[The Forrester Wave™: Low-Code Development Platforms For AD&D Professionals, Q1 2019](#)," along with Kony, Mendix, OutSystems, and Salesforce.
- › **Unifying the technology strategy for its developer platforms, including low code.** Microsoft has only one technology stack for all of its developer toolsets and platforms. Power Apps and Power Automate run on Azure, Microsoft's cloud platform, and Logic Apps, one of its platform services. In the recent past, Microsoft had separate stacks — and warring product tribes — for .NET, the Office tools, and tools to customize its Dynamics enterprise apps.
- › **Committing to aggressive investment.** Microsoft was able to drive market-leading adoption of Power Apps and Power Automate with minimal marketing. Next, the vendor will exploit its technology and market positions to push low-code development into the enterprise mainstream. How? By democratizing low-code development in the same way the vendor democratized business analytics with Power BI: Make it cheaper, simpler, deeply integrated with critical Microsoft offerings, and open to integration in a heterogenous IT environment.

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FIGURE 2 Microsoft's Low-Code Platform Has The Highest AD&D Adoption Among Vendors

“Which is your primary vendor for low code?”



Note: Percentages may not total 100 because of rounding.

Base: 1,458 (2018) and 1,645 (2019) global developers who have plans to adopt low-code development platforms

Source: Forrester Analytics Global Business Technographics® Developer Surveys, 2018 and 2019

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Determine Power Apps' Place In Your App Dev Strategy Now

Microsoft Is Well Positioned For Four Reasons . . .

Whenever Microsoft focuses on a market, AD&D pros can bet that 1) that market is legitimate and ready for explosive growth and 2) the vendor will use its inherent strengths to build a dominant position in that market. The low-code development platform market is no exception; Microsoft will take a dominant position because:

- › **It has the most powerful routes to market.** Power Apps is the bundled customization platform for Office 365 and Dynamics. To that end, Microsoft has bundled basic capabilities of Power Apps and Power Automate into those offerings. This classic Microsoft seeding strategy puts the products into the hands of more than 100 million monthly users of those products, setting up a situation where professional developers will embrace the platform for customization. At the same time, business users will be exposed to the platform through deep integration with the Office tools they live in everyday, setting up viral adoption within the business.
- › **The third member of the Power Platform is the wildly successful Power BI.** Microsoft has already democratized business intelligence and reporting through Power BI and will now exploit the intersection of that tool with Power Apps and Power Automate. Its strategy connects insights from Power BI to action and execution through two development tools.
- › **It is investing heavily in process automation.** Along with the rebranding of Flow to Power Automate, Microsoft is making a major investment in the technology. The two main goals are to move Power Automate from a basic workflow product aimed at individual productivity to a true DPA platform suited for wide deployments. While it will not yet be ready to address the sophistication of use cases that other DPA-wide vendors like AgilePoint, K2, or Nintex do, it will be a significant upgrade from current capabilities. In addition, Microsoft has announced that it will add robotic process automation capabilities to the offering in 2020, creating a more complete intelligent automation solution.
- › **It can and will lead businesspeople from productivity tools to a managed platform.** Information workers depend on Microsoft tools every day, and Microsoft has served those workers well for a very long time. Expect that to continue as Microsoft begins to expose more businesspeople to software development through the integration of low-code tools and office productivity. Microsoft has focused on creating familiar experiences that leverage existing Office skills to help bring a new class of developers along quickly. The real upshot will be migrating work that's currently done in Microsoft Office productivity tools to a managed platform where it can integrate with broader business processes to drive the long tail of automation that digital transformation demands.

Microsoft Is About To Shake Up Low-Code Platforms

Determine Power Apps' Place In Your App Dev Strategy Now

... But Microsoft's Position Comes With Caveats

While Microsoft is well positioned to be a dominant low-code player and its ambition may be world domination, that's no easy feat.⁴ Evaluate Microsoft with the following in mind:

- › **Requirements are complex and unique; this may not be your answer.** Microsoft is remarkably good at marketing, packaging, and creating technology solutions. Don't let the first two get in the way of your technology evaluation. As mentioned above, Power Apps and Power Automate could enter your organization through various routes, creating pressure to adopt. Be careful to evaluate these offerings' current capabilities and product roadmap based on your specific requirements. The field for low-code and process automation vendors is filled with strong choices that may represent better options for your specific needs.
- › **Other options may better complement your development portfolio.** Much of Microsoft's allure in these types of market shifts is that it has always been a safe haven. It aligns well with current investments and standards because Microsoft is often a strategic technology partner. This may well be true of other vendors, particularly Salesforce, which plays an increasingly relevant role as a strategic partner in solutions and platforms.
- › **The single development experience for pros and citizens may not work well.** With Power Apps and Power Automate, Microsoft hopes to achieve a feat that no vendor has yet accomplished: Build a single product that serves both professional developers and businesspeople (citizen developers). Microsoft has citizen developer references for Power Apps, but we believe the product is best positioned as a visual development environment for pro developers. As Microsoft expands the products' features, we believe it will favor those that empower pro developers, making the platform less usable for businesspeople.
- › **Microsoft may botch the partner ecosystem.** Microsoft's most successful platforms are propelled by not only the vendor but also its partners. In reaching for world domination, Microsoft has to find the feature, industry, and/or geographic white spaces it will leave to partners. Leaving large complex process automation to DPA vendors is an obvious white space, but that's not enough to spur a big thriving partner ecosystem. The other white spaces aren't obvious yet.

Recommendations**Develop A Low-Code Strategy Now**

For AD&D pros and leaders who don't take low-code platforms seriously, the time to do so has arrived. Specifically, AD&D leaders must address Power Apps and Power Automate in their strategies by the end of 2019. Power Apps and Power Automate in 2020 will be like SharePoint in 2009 — suddenly present in every enterprise. Govern them to obtain business value that aligns with your strategy. Ignore them and risk introducing into your software strategy a distraction at best and a destructive rogue element at worst.

Microsoft Is About To Shake Up Low-Code Platforms

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In creating a low-code strategy, you'll need to:

- › **Deploy new skills and governance.** Embracing Microsoft's approach will mean low-code development tools become part of your mission-critical software portfolio. That comes with establishment of training for professional developers and possibly citizen developers, depending on your organization's strategy. While the learning curve and skills required are way lower than with traditional tools, they are far from zero. Additionally, governance of application deployment and integration will need to be established and managed.
- › **Govern citizen development.** With the wide availability of Power Apps and Power Automate, citizen developers will have access to development tools to build their own software. And when that Pandora's box opens, you better be prepared for what comes out. Remember the chaos of uncontrolled development of thousands of SharePoint, Access, and Lotus Notes applications? Enterprises need to get it right this time. Approach development activities by your businesspeople as a critical part of your software labor force. What does that mean? Invest in developing a strategy that includes skills training for citizen developers, implementation of technology standards, establishment of software development conventions, management of templates, application portfolio management on a vast scale, and a host of other requirements. It's almost like that time Microsoft drove those pesky PCs into our well-managed mainframe world.

What It Means

The Low-Code Market Tips Toward Consolidation

The implications for the vendor landscape will also be dramatic. Power Apps and Power Automate promise to soak up demand for common and well-understood use cases. For most enterprises, the platform will seem to be free because rights to the technology are bundled into larger agreements and/or products. This means:

- › **Low-code vendors must either out-execute Microsoft or find a niche.** Expect the low-code vendors with the broadest positions to raise investment — both organic and acquisitions — and start competing for market share. Salesforce will push back hard with its Lightning platform to capture its share of the market and protect its business applications business from Microsoft's increasingly competitive Dynamics offering. Expect Mendix, OutSystems, and ServiceNow, among the platforms for AD&D pros, to maintain their broad strategies by pushing into new use cases and mission-critical applications.

All other vendors must find niches that center on specific use cases, industries, geographies, customer sets, and/or technologies.

- › **Like AD&D leaders, enterprise vendors must gear up now.** Vendors that have paid lip service to low code through half-baked offerings or partnerships need to take this seriously. Look for Microsoft's biggest cloud competitors — AWS, Alibaba, and Google — to either accelerate internal

Microsoft Is About To Shake Up Low-Code Platforms

Determine Power Apps' Place In Your App Dev Strategy Now

development efforts in low code or acquire. We expect Microsoft's rise in low code to prompt AWS to reveal its long-rumored "AWS for Everyone" initiative before the end of 2019. Alibaba and Google will probably need to buy their way in.

Among Microsoft's enterprise competitors, only SAP has a mature low-code offering that's working. Oracle is just getting started with its own product; IBM and VMware will probably acquire. Two leading low-code platform vendors Kony and Mendix are off the board, with Tenemos and Siemens, respectively, acquiring them.⁵ That leaves OutSystems still available among the big AD&D players. The field is much more open in low-code platforms for business pros and DPA for wide deployment.

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Supplemental Material

Survey Methodology

The Forrester Analytics Global Business Technographics® Developer Survey, 2019, was fielded in January and February 2019. This online survey included 3,294 respondents in Australia, Canada, China, France, Germany, India, the UK, and the US.

Forrester Analytics' Business Technographics ensures that the final survey population contains only those with significant involvement in the planning, funding, and purchasing of business and technology products and services. Dynata fielded this survey on behalf of Forrester. Survey respondent incentives include points redeemable for gift certificates.

The Forrester Analytics Global Business Technographics Developer Survey, 2018, was fielded in March and April 2018. This online survey included 3,228 respondents in Australia, Canada, China, France, Germany, India, the UK, and the US.

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Please note that the brand questions included in this survey should not be used to measure market share. The purpose of Forrester Analytics' Business Technographics brand questions is to show usage of a brand by a specific target audience at one point in time.

Endnotes

- ¹ Four reports contain our research quantifying the revenues of vendors in low-code and DPA platforms. See the Forrester report "[Now Tech: Rapid App Delivery, Q1 2019](#)," see the Forrester report "[The Forrester Wave™: Low-Code Development Platforms For AD&D Professionals, Q1 2019](#)," see the Forrester report "[The Forrester Wave™: Digital Process Automation For Wide Deployments, Q1 2019](#)," and see the Forrester report "[The Forrester Wave™: Low-Code Platforms For Business Developers, Q2 2019](#)."
- ² In our five-plus years analyzing the low-code market, no-code has always been more aspiration than reality. For more, check our video on the following Forrester Blog. Source: John Rymer, "Never Say Or Write The Phrase 'Low-Code/No-Code' Again — Here's Why," Forrester Blogs, June 28, 2019 (<https://go.forrester.com/blogs/never-say-or-write-the-phrase-low-code-no-code-again-heres-why/>).
- ³ Source: John Rymer and Bill Seguin, "Low-Code Platform Pricing Is Broken," Forrester Blogs, July 15, 2019 (<https://go.forrester.com/blogs/low-code-platform-pricing-is-broken/>).
- ⁴ During our first meeting with Charles Lamanna, GM of the Power Platform, "world domination" was his serious response to our question about Microsoft's goal in low-code platforms.
- ⁵ Industrial giant Siemens acquired Mendix during August 2019. Source: John Rymer, "Siemens Snaps Up Mendix; Low-Code Platforms Enter New Phase," Forrester Blogs, August 2, 2018 (<https://go.forrester.com/blogs/siemens-snaps-up-mendix-low-code-platforms-enter-new-phase/>).

Microsoft Is About To Shake Up Low-Code Platforms

Determine Power Apps' Place In Your App Dev Strategy Now

Banking software vendor Temenos acquired Kony during September 2019. Source: Jost Hoppermann, "Temenos Acquires Kony — Two Leaders Unite," Forrester Blogs, August 29, 2019 (<https://go.forrester.com/blogs/temenos-acquires-kony-two-leaders-unite/>).

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