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Teradata "Fast Tracks" into MDM Solutions Market

Subtitle: I2's MDM software to turbo charge delivery of Teradata CDI & MDM applications

Thursday, August 3, 2006

What's new?

This week, Teradata entered the Master Data Management (MDM) market by announcing the availability of the Teradata MDM Platform and Teradata Product Information Management (PIM) software applications as well as the formation of an MDM Center of Expertise. An important but not publicly announced detail is that Teradata licensed the commercial rights to the MDM software from i2 and has also hired certain key staff to form the core team for this business. Teradata competes with IBM and other high-end players in the enterprise data warehouse market (i.e., Teradata's Active Data Warehouse) and positions itself as a broader purveyor of "data management solutions".

How does this impact the CDI-MDM market?

A review of the CDI-MDM strategies underway at the various database vendors is in order to put all in perspective:

- **IBM –** With its DB2 database family, Information Integration Solutions middleware and data quality software (DataStage, ProfileStage, QualityStage), and WebSphere Customer Center (formerly DWL Customer) and WebSphere Product Center (formerly Trigo), IBM is on track to provide and end-to-end and integrated CDI-MDM family of products. Look for low-level integration also to leverage the Enterprise Analytics Solutions algorithms (formerly SRD Non-Obvious Relationship Awareness) identity management and matching algorithms.
- **Microsoft –** While Microsoft has yet to publicly signal its intentions in this area (leaving do-it-yourself and pre-packaged CDI-MDM capabilities to partners such as AMB-Dataminers and Visionware), one should expect that there is more to its strategy of BizTalk and SSIS (formerly Data Transformation Services or DTS)
- **Oracle –** Oracle is determined to leverage the Siebel and PeopleSoft software assts to bulk up its Fusion strategy (integration of applications at the data model and process flow levels). Oracle has stated for 2+ years that Oracle Customer Data Hub will leverage Oracle RDBMS and vice versa. While we are still waiting for evidence of this, we believe that the Siebel UCM being a much higher end CDI-MDM solution than Oracle CDH will drive Oracle to synergize Siebel UCM as quickly as possible with the Oracle RDBMS in order to give performance relief to the 50+ Siebel UCM users who tend to be higher end applications.
- **Sybase –** Data models and enterprise information integration (EII) middleware is the extent of the Sybase strategy to date. Watch for Sybase to partner to acquire a start-up CDI-MDM vendor to gain a foothold in the CDI-MDM market and to project its core database business.

This transaction likely has a positive impact on many of Teradata's customer and prospect base. When combined with Teradata's existing enterprise data warehouse platform, industry logical data models and consulting business, the MDM and PIM solutions form a solid foundation for Teradata's MDM offerings. Missing yet are the formal CDI and reference repository for risk management offerings which we believe will ship 4Q2006.

How does this impact the CDI-MDM markets? How do users benefit?

The combination of Teradata's sales channels (both industry-specific direct sales and systems integrator partners), database technologies, and data model assets with the core MDM product capabilities will reinvigorate healthy competition to the pricing of high-end CDI-MDM solutions. Specifically, **Teradata will now have the ability to hold its high-end database presence market share intact relative to IBM and Oracle**; this being due to CDI solutions in particular requiring high-end database capabilities. We also believe that **Teradata will make it economically compelling for high-end banks, retailers, and telcos looking for CDI-MDM solutions to have competitively priced solutions relative to Oracle-Siebel UCM, IBM WebSphere Customer Center, and SAP MDM** (when SAP MDM v5.5 sp4 provides full support for the MySAP multi-party "customer" data cache entity) – each of which now tends to hold to "value-based pricing" in excess of US$1 million as the minimum ante.

Moreover, the MDM technology base (e.g., multi-entity support for customer:product:supplier, and "reference master data" lifecycle) represents fresh innovation in the CDI-MDM market, so IT organizations would do well to include the new Teradata MDM solution in future CDI-MDM RFPs.

How serious a player is Teradata in the CDI-MDM markets?

Teradata is well-positioned to take a leading role as the de rigueur "data hub consolidator" (for IBM WebSphere Customer Center, Oracle-Siebel UCM, and Oracle CDH) **in the same manner as its current lead position as "data mart consolidator"**. This is due to Teradata's proven enterprise data warehouse scalability and reliability. This will be further reinforced if and when Teradata acquires technology for mapping across complex hierarchies (e.g., Purisma or Straature capability).

Furthermore, Teradata has the potential to become the "neutral" MDM hub choice for application package vendors not aligned with Oracle or Siebel enterprise suite platforms (e.g., Amdocs, i2, Infor/SSA, et al). Teradata should also aggressively pursue the market as the OEM CDI-MDM of choice for those application package vendors who cannot afford the R&D investments undertaken by Oracle-Siebel and SAP. Although Teradata does have application package strategies for both database marketing and enterprise CRM, Teradata can further leverage the fact that its new MDM hub can be the "neutral" choice for application package vendors not aligned with IBM or Oracle database platform.

And critical to its long term viability as a database vendor, Teradata is now executing a public CDI-MDM strategy which will bolster its position as a standalone enterprise data warehouse platform/database (to counter IBM and Oracle's CDI acquisitions and plans) and protect its lead in the enterprise data warehouse market.

Lastly, Teradata has now launched a master data management (MDM) strategy to protect its market leadership in retail and telco where "product" data hubs are increasingly vital. Again this is due the acquisition of the PIM capabilities from i2 as part of this deal.

Furthermore, Teradata can now play to its unique strengths in

- **Retail and telco industry content**, as those markets should naturally be emphasized to leverage the rich content of Teradata's seven industry data models

- **Enterprise data warehouse data model** which should be marketed as the baseline for enterprise "data hub consolidation" data models
- **Transaction DB optimization** which again supports its strength as the enterprise consolidator for all other hubs (especially given Oracle and Siebel's lack of proven high-end scalability in their data hubs)

Clearly, a top priority for Teradata should be to further bolster the image of high-end "data hub consolidator" or "enterprise data hub consolidator", Teradata should partner with EMC or Veritas to get further reinforce its brand image as a high-end enterprise CDI-MDM solution – i.e., use their marketing budgets to associate their brand names with Teradata and "enterprise-strength data hubs".

MARKET CONSOLIDATION (2006-07 CDI-MDM Road Map Milestone)

During 2006-07, CDI-MDM software solutions such as I2, IBM/DWL, ORCL/SEBL, & SAP will monopolize the majority market share; concurrently, a niche market will arise for hosted CDI-MDM solutions led by early to market vendors Alliance Consulting & Unisys.

Through 2007-8, both mega & niche CDI-MDM vendors will aggrandize the traditional master customer DB business of data service providers such as Acxiom, Dun & Bradstreet, & GUS/Experian.

By 2008-09, every major application & database vendor will provide either native or OEMed CDI-MDM capability – including Amdocs, Microsoft, salesforce.com, & NCR/Teradata.

Research analysts at the CDI Institute annually produce a set of twelve milestones for their "CDI-MDM Road Map" to help Global 5000 enterprises focus efforts for their own large-scale, mission-critical CDI-MDM projects. For planning purposes, we thus identify 10-12 "milestones" for our CDI/MDM Roadmap and then explore and publish them via our CDI Alert research newsletter. This set of strategic planning assumptions presents an enlightening view of the key trends and issues facing IT organizations during 2006-07 and beyond. For a full discussion of these strategic planning assumptions, see our CDI Alert of January 9, 2006 titled Milestones on the Master Data Management "Road Map".

For analysis of i2's MDM technology, reference our November 2005 CDI Alert *"Can i2 Technologies Forge an Alloy of Customer:Product:Supplier Master Data?*.

BOTTOM LINE:

Through YE2006, high-end CDI and MDM requirements will increasingly require: multi-entity object support, SOA architectures, embedded formal data governance methodology and process support, and synergy with industry-specific data models (e.g., financial services, retail, telco). As stated previously. we expect more partnering and M&A activity as the software industry consolidates to provide better integrated platforms for CDI-MDM. As with IBM's WebSphere product family (WebSphere Customer Center, WebSphere Product Center), users now also have Teradata as a single vendor to bring these data integration capabilities together, a single support organization and increasingly deeper and wider technology."

"Heads up" from the CDI-MDM front lines … and **see you at the industry's premier CDI-MDM networking event – October 15-17, 2006 | CDI-MDM Summit - Fall 2006 | New York Marriott Marquis**.

Also coming up is our North American CDI-MDM boot camp set for San Francisco on Monday, August 14. Other case studies and speakers in our track on CDI-MDM at this SharedInsights' conference include: Genetech, Intuit, Network Appliance, and Schwab.

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