

IT Spending for Customer Data Integration (CDI) Solutions Increased 135 Percent in 2004

Market Leaders DWL, Siebel and Siperian Challenged
by New Generation CDI Products from Initiate Systems, Oracle and SAP

SAN FRANCISCO, Calif. – September 8, 2004 – The CDI Institute(tm), Inc. (an Information Technology research advisory firm specializing in customer data integration) today announced that over fifty North American businesses have placed customer data integration (CDI) on their short list for strategic technology acquisition during 2H2004 with an average planned investment of \$1.2 million. Additionally, the overall CDI software and services market grew 135 percent from 2003 to 2004 from \$85 million to almost \$220 million. This growth demonstrates the increasing importance of customer data integration as a catalyst for realizing return on investment (ROI) for large enterprises' multi-million dollar customer relationship management (CRM) installations such as Siebel Systems. The CDI Institute's Advisory Council members recently discussed their early adopter CDI experiences in a public workshop held in San Francisco as part of Digital Consulting International's CRM Summit during the week of August 30, 2004. As members of the CDI Institute's Advisory Council, IT executives such as chief technology officers and chief customer officers gain access to research materials, and industry-specific consulting to help ensure the success and ROI of their customer information management initiatives.

IT spending on CDI solutions increased more than 135 percent from 2003 to 2004 with systems integrators being the primary beneficiaries of CDI implementation fees increasing from \$66 million in 2003 to \$155 million in 2004. Additionally, mega application vendors (Oracle, SAP, Siebel) saw their CDI software revenues grow 35 percent from \$8 million in 2003 to more than \$11.5 million in 2004. Best-of-breed CDI vendors (DWL, Initiate Systems, Siperian) also increased their CDI software license revenues 175% -- from \$7.5 million to \$20.5 million during 2003-04. (see CDI Institute graph for details)

The CDI market is comprised of process and technology solutions for recognizing a customer at any touch-point — while aggregating accurate, up-to-date knowledge about that customer and delivering it in an actionable form 'just in time' to touch-points. Both IT vendors and executive IT management at Global 2000 enterprises need guidance in this fast paced, high stakes market which is the convergence of multiple overlapping middleware markets – e.g., customer recognition, data quality, real-time analytics, data warehouse, business process management (BPM), and enterprise application integration (EAI), etc.

"CDI is a critical technical infrastructure as well as competitive differentiator for the world's largest software vendors including Oracle, SAP, Siebel. A flurry of start-ups such as DWL and Siperian, as well as systems integrators like Accenture and IBM Global Services and best-of-breed vendors including Acxiom, Experian and ISI are all chasing this market," said Aaron Zornes, chief research officer for The CDI Institute. "Our research shows that well over fifty large North American enterprises plan to spend an average of \$1.2 million for CDI software solutions during 2004 – with early IT adopters in financial services, pharmaceutical, telecommunications, and high-tech manufacturing leading the way."

While most enterprises have infrastructure initiatives based on the technology platforms of strategic IT partners such as Oracle, PeopleSoft, SAP and Siebel, more than 75 percent of the IT professionals surveyed by the CDI Institute are actively considering purchases "outside the family" to facilitate connectivity between customer-facing applications and processes.

"CDI strategies systematize a 360 degree view of the customer by aggregating and analyzing multiple sources of master customer information into a system of record. Such CDI solutions represent the holy grail of CRM products such as Siebel and SAP as they enable a single version of the truth across the enterprise's customer-facing processes," said Zornes. "It is now possible for IT organizations to 'buy' rather than 'build' such infrastructure with more than 95 percent of Global 2000 size financial services and life sciences enterprises actively looking to replace homegrown CDI solutions. Furthermore, many IT professionals are clearly looking to such long-term and large-scale IT initiatives as 'career longevity insurance' given that such enterprise-scale infrastructure is not amenable to offshore outsourcing."

New CDI product introductions during 2004 include Initiate Systems' Identity Hub (March 2004), and Oracle Corporations' Customer Data Hub (January 2004) through which these vendors seek to overtake market leaders DWL, Siebel Systems, and Siperian. In August 2004, SAP also acquired significant CDI technologies via its purchase of the Israeli firm A2i to bolster its own SAP Master Data Management solution for global data synchronization.

About the CDI Institute

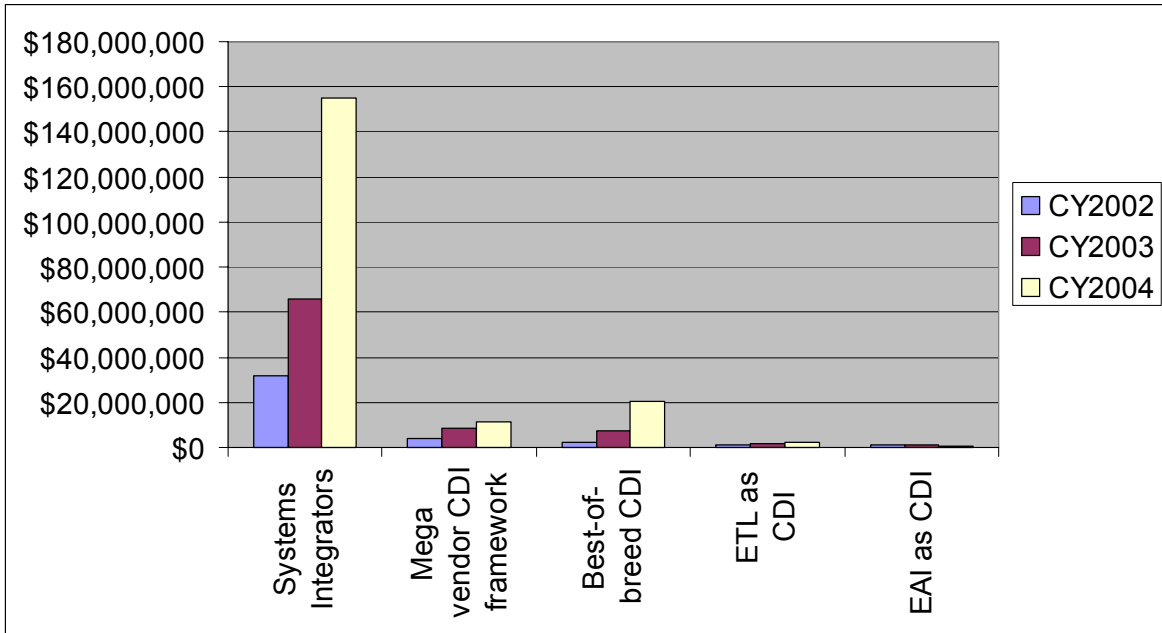
The CDI Institute helps IT organizations be more efficient, effective, and timely in their use of customer data integration (CDI) technologies to achieve their customer-centric business goals. Its analysts monitor key dimensions of the CDI market via a series of ongoing industry-specific surveys targeted at IT budget decision makers. Additionally, the CDI Institute provides forward-looking insight for CDI vendors into the key drivers of market demand, product definition, vendor differentiation, and the factors that impact successful implementation. Founded in 2004, the CDI Institute has headquarters in Burlingame, California, close to the many software pioneers and early CDI adopters in Silicon Valley. For more information, contact the CDI Institute at 650-743-2278 or info@tcdii.com, or visit the company website at www.the-CDI-Institute.com.

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Source: The CDI Institute's 3Q2004 survey of fifty large-scale customer data integration initiatives

Mega vendor CDI (Oracle Customer Data Hub, SAP Master Data Management, Siebel Universal Customer Master)

Best-of-breed CDI (DWL Customer, Initiate Systems Identity Hub, Siperian Reference Manager)

ETL (extract-transform-load vendors Ascential, Informatica, Information Builders, SAS)

EAI (enterprise application integration vendors BEA, IBM, Tibco)