

EXCERPT

Worldwide Data Warehouse Platform Tools 2006 Vendor Shares

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IN THIS EXCERPT

This document is taken from the IDC study, *Worldwide Data Warehouse Platform Tools 2006 Vendor Shares*, by Dan Vesset and Brian McDonough (Doc # 207851), which examines the data warehouse platform tools market for the period from 2004 to 2006. Worldwide market size is provided for 2006, with trends from 2004. Geographic region splits for the overall market and its subsegments are provided in addition to a vendor competitive analysis, with revenue and market share for the leading vendors for 2006. This study also identifies the characteristics that vendors will need to be successful in the future.

IDC OPINION

The future of the data warehouse (DW) platform tools market remains bright. The need to integrate and analyze structured and increasingly unstructured information from multiple sources to ensure a successful business analytics project remains a key driver for purchasing data warehouse platform tools. In 2006, data warehouse platform tools market highlights included:

- The market showed growth of 12.5% in 2006 for a total market size of \$5.7 billion in worldwide software revenue.
- The leading database vendors expanded their data warehouse offering through new product releases and acquisitions in related software areas for business intelligence (BI), access to unstructured content, and real-time data integration.
- The specialty vendors continued to innovate, with each focusing on its strengths to counteract the push of database vendors into market segments beyond the core data warehouse management tools.

Data Warehouse Platform Software Market Definition

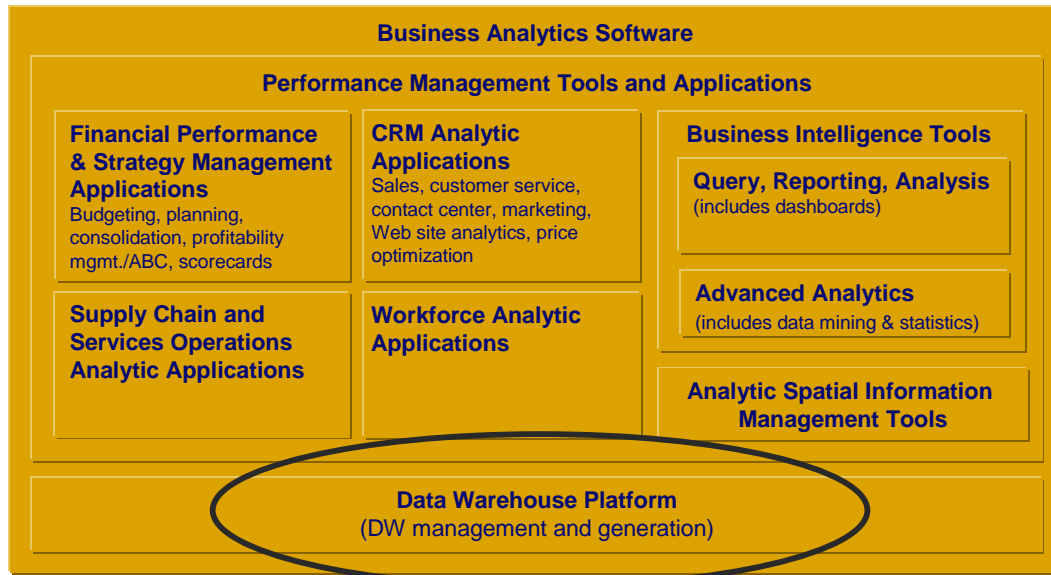
IDC defines the DW platform tools market as being composed of two market segments: data warehouse generation (DWG) and data warehouse management (DWM).

- ☒ **Data warehouse generation.** These tools are software used in the design, cleansing, transformation, loading, and administration of the data warehouse.
- ☒ **Data warehouse management.** These tools are database management software (DBMS) used to manage data in the data warehouse.

In IDC's software taxonomy, these DW platform tools are part of the broader market called business analytics, which is depicted in Figure 1.

FIGURE 1

IDC Business Analytics Taxonomy, 2007



Source: IDC, 2007

SITUATION OVERVIEW

The Data Warehouse Platform Tools Market in 2006

As shown in Table 1, in 2006, the DW platform tools market grew 12.5% to reach \$5.7 billion in worldwide license and maintenance revenue. This growth was in the expected range of IDC's forecast as published last year. In 2006, the market was characterized by a number of small and midsize acquisitions between software vendors of various types. These vendors offered products that included technologies for managing data quality, performing real-time data integration, managing master data, and extracting unstructured content.

TABLE 1

Worldwide Data Warehouse Platform Tools Revenue by Segment, 2004–2006

	Revenue (\$M)			Share (%)			2004–2005 Growth (%)	2005–2006 Growth (%)
	2004	2005	2006	2004	2005	2006		
Data warehouse generation	1,036.8	1,180.1	1,329.7	22.7	23.3	23.3	13.8	12.7
Data warehouse management	3,536.9	3,891.6	4,373.7	77.3	76.7	76.7	10.0	12.4
Total	4,573.7	5,071.7	5,703.4	100.0	100.0	100.0	10.9	12.5

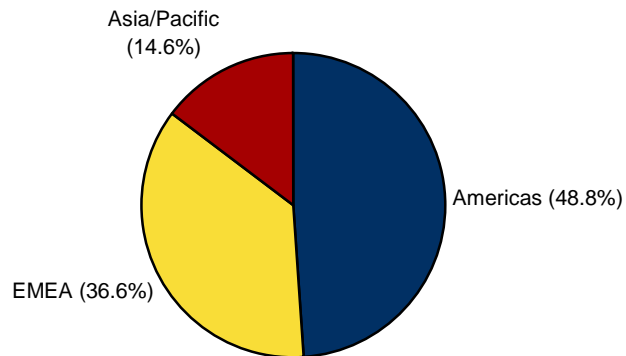
Source: IDC, July 2007

Performance by Geographic Region in 2006

Figure 2 shows the geographic breakdown of the DW platform software market. The Americas region continues to be the largest segment of the market, followed by Europe, the Middle East, and Africa (EMEA) and Asia/Pacific. Further details and analysis of specific regional and country-level trends and market shares are available from IDC.

FIGURE 2

Worldwide Data Warehouse Platform Tools Revenue Share by Region, 2006

**Total = \$5.70B**

Source: IDC, July 2007

Performance of Leading Vendors in 2006

Table 2 displays 2004–2006 worldwide revenue and 2006 growth and market share for DW platform tools vendors.

TABLE 2

Worldwide Data Warehouse Platform Tools Revenue by Vendor, 2004–2006

	Revenue (\$M)			Share (%)			2004–2005 Growth (%)	2005–2006 Growth (%)
	2004	2005	2006	2004	2005	2006		
Oracle	1,514.3	1,653.2	1,869.9	33.1	32.6	32.8	9.2	13.1
IBM	1,026.4	1,112.2	1,245.1	22.4	21.9	21.8	8.4	12.0
Microsoft	513.4	630.1	775.1	11.2	12.4	13.6	22.7	23.0
SAS	420.3	457.3	498.7	9.2	9.0	8.7	8.8	9.0
NCR Teradata	373.7	400.6	418.8	8.2	7.9	7.3	7.2	4.6
Other	725.6	818.4	895.7	15.9	16.1	15.7	12.8	9.4
Total	4,573.7	5,071.7	5,703.4	100.0	100.0	100.0	10.9	12.5

Source: IDC, July 2007

VENDOR PROFILE

Oracle

Oracle slightly extended its lead in the data warehouse platform tools market. The company's data warehouse software revenue grew 13% in 2006 to reach \$1.87 billion. Given its relatively strong performance in 2006, Oracle's market share is now 33%. Oracle provides tools for both data warehouse management (Oracle RDBMS) and generation (Oracle Warehouse Builder). Other related product components include Oracle Partitioning and Oracle OLAP and Data Mining. However, the latter two optional add-ons to the database, along with other Oracle BI software, are accounted for in *Worldwide Business Intelligence Tools 2006 Vendor Shares* (IDC #207422, June 2007).

Tables 3 and 4 display vendor shares for the two individual market segments that compose DW platform tools.

TABLE 3

Worldwide Data Warehouse Generation Tools Revenue by Vendor, 2004–2006

	Revenue (\$M)			Share (%)			2004–2005 Growth (%)	2005–2006 Growth (%)
	2004	2005	2006	2004	2005	2006		
SAS	198.8	224.0	255.6	19.2	19.0	19.2	12.7	14.1
Informatica	175.7	222.8	248.0	16.9	18.9	18.6	26.8	11.3
IBM	191.8	213.0	247.7	18.5	18.1	18.6	11.0	16.3
Microsoft	80.6	96.8	117.0	7.8	8.2	8.8	20.0	20.9
Oracle	64.8	72.0	82.7	6.3	6.1	6.2	11.0	14.9
Other	325	351.4	378.7	31.3	29.8	28.5	8.1	7.8
Total	1,036.8	1,180.1	1,329.7	100.0	100.0	100.0	13.8	12.7

Source: IDC, July 2007

TABLE 4

Worldwide Data Warehouse Management Tools Revenue by Vendor, 2004–2006

	Revenue (\$M)			Share (%)			2004–2005 Growth (%)	2005–2006 Growth (%)
	2004	2005	2006	2004	2005	2006		
Oracle	1,449.5	1,581.1	1,787.2	41.0	40.6	40.9	9.1	13.0
IBM	834.6	899.1	997.4	23.6	23.1	22.8	7.7	10.9
Microsoft	432.8	533.3	658.1	12.2	13.7	15.0	23.2	23.4
NCR Teradata	373.7	400.6	418.8	10.6	10.3	9.6	7.2	4.6
SAS	221.5	233.3	243.1	6.3	6.0	5.6	5.3	4.2
Other	224.8	244.2	269	6.4	6.3	6.2	8.6	10.2
Total	3,536.9	3,891.6	4,373.7	100.0	100.0	100.0	10.0	12.4

Source: IDC, July 2007

FUTURE OUTLOOK

The future of the data warehouse platform tools market remains bright. The need to integrate and analyze structured and increasingly unstructured information from multiple sources to ensure a successful business analytics project remains a key driver for purchasing data warehouse platform tools. Real-time data monitoring solutions have their specific functions and are likely to see gains in adoption. However, these solutions are complementary to traditional data warehousing and even dependent on data warehousing. Only through analysis of historical trends can organizations establish, maintain, and adjust the requirements for their real-time monitoring needs.

Specific trends that will affect the data warehouse platform tools market in the near future include:

- ☒ Wider adoption of data warehouse appliances that combine software and hardware in a single package is likely to continue. Vendors such as Netezza and Datallegro and emerging players such as Dataupia and ParAccel, all with attractive price-performance characteristics along with the ability to incrementally expand a data warehouse deployment, are likely to continue find favor with end-user organizations. Look for a separate IDC document on data warehouse appliances in August 2007.
- ☒ Data quality, metadata, and master data management tools will continue to find wider adoption as organizations grappling with the deluge of data will turn to more automated solutions to deal with the perennial business and IT problems around the broader information quality management.
- ☒ In addition to traditional structured data managed by data warehouse platform tools, they will be required to also manage information coming from unstructured sources. One of the options to address this trend is to extract and transform unstructured content into a structured format and load it into the data warehouse. However, it's important to note that this is only one of the methods. There is also the option of maintaining the unstructured content in an index, which in effect becomes a data source for various types of analytics. This approach may be preferable in certain use cases, while the traditional data warehouse may be preferable in others. The most likely outcome in the near term is a combination of the two options where some index-based solution, such as that of FAST Search or Endeca, will extract structured data from an already existing data warehouse, thus creating a layer of unified access to both structured and unstructured information.
- ☒ Spatial information management (SIM) or geographic information management is also continuing to grow in importance within the business analytics market. Both database products that manage SIM and specialty SIM software offerings will continue to find demand for their tools as well as applications that incorporate SIM functionality. IDC's worldwide spatial information management tools study will be published in August 2007.
- ☒ The focus on the small and medium-sized organizations will be stronger. In 2006 and early 2007, the top 3 data warehouse management vendors and some of the specialty data warehouse generation vendors introduced either new or enhanced offerings for the SMB segment of the market. This trend is likely to continue and may, in the long term, provide downward pricing pressure for all data warehouse platform tools.

An updated DW platform tools forecast will be published in IDC's forthcoming Worldwide Business Analytics Software 2007–2011 Forecast and 2006 Vendor Shares.

ESSENTIAL GUIDANCE

End Users

End users should continue to view data warehouse software as the focal point of a broader business analytics architecture. Recently, much of the industry discussion has been about emerging trends of real-time data integration and analysis and operational BI. However, a solid data warehouse or data mart strategy remains at the center of even such relatively new developments. One needs the historical perspective to be able to establish monitoring thresholds and basis for future predictions.

Many end-user organizations will already have either a central enterprise data warehouse or distributed data marts. The key to successful utilization of these IT assets is a rationalized data integration and data quality strategy. Only by providing the right data to the right people at the right time can IT staff charged with executing data warehousing projects fulfill the needs of business end users. Any lack of confidence in the data due to a multitude of potential quality problems can derail even the most experienced IT team. It is therefore important for IT to work with business constituents to jointly establish data quality standards, whether they originate from compliance-related data governance projects, master data management projects, or general performance management projects.

Software Vendors

Data warehouse software vendors continue to be split into two camps. One includes vendors anchored by their database products, such as Oracle, IBM, Microsoft, Teradata, and Sybase. The other includes vendors that provide one or more non-database products, such as SAS, Informatica, Business Objects, and Information Builders.

However, while in the past the delineation between these two groups was clear, it is becoming less so as database vendors have aggressively entered the BI tools and data integration markets. At the same time, BI and data integration vendors have expanded their offerings by including data quality, master data management, and unstructured content access tools. Although technology partnership remain strong, some of the go-to-market partnerships are likely to see continued strain over the next few years as vendors from different camps stake out positions on their partners'/rivals' territories.

Given the larger size of the database vendors, specialists will do well by continuing to innovate and expand their offerings with related functionality for unstructured, semistructured, and rich media content access, analysis, and management. Specialists can also expand into business activity monitoring and other real-time data capture and analysis market segments, which may require the development or acquisition of rules engines.

Services Vendors

Data warehouse generation is a subsegment of the broader data integration market that remains the most time-consuming stage of a typical business analytics project. Extraction, transformation, and loading tools have come a long way in functionality. Nevertheless, this process often requires significant manual intervention that continues to present a fruitful opportunity for IT services vendors that assist their customers in deploying data warehouses.

In general, data quality and data integration remain the biggest challenges faced by end users when deploying business analytics solutions. Some of these challenges are directly tied to technology issues, but many are due to organizational issues with data management policies. Thus services vendors have the opportunity to expand their business analytics projects to include also data quality and master data management initiatives. These project extensions typically include a significant portion of non-IT tasks that fall under the broader business consulting domain.

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