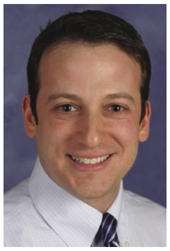

October 19, 2006

Oracle Makes Serious Move In Data Heterogeneity By Acquiring Sunopsis

by Rob Karel
with John R. Rymer and Jamie Barnett

EXECUTIVE SUMMARY

Oracle has announced plans to buy Sunopsis, and in doing so is poised to compete in data integration and data management environments that extend beyond an Oracle stack. While Oracle's openness strategy isn't completely new — it's been evangelizing its Fusion Middleware's "hot-pluggability" — openness in data integration middleware is new. Sunopsis' ability to connect a wide variety of data sources and targets will allow Oracle to address the heterogeneous data management environments its enterprise architect customers must contend with. This acquisition could be a big win for the Siebel, PeopleSoft, and JD Edwards customers who, following the acquisitions by Oracle, find themselves smack in the middle of a perhaps unwanted Oracle-dominated ecosystem.

TARGET AUDIENCE

Enterprise architecture professional, information management professional

ORACLE'S MOVE IS IN-LINE WITH ITS CUSTOMERS' REALITY

The Sunopsis acquisition demonstrates Oracle's intentions to respect and accommodate the heterogeneous environments of its newest customers. Sunopsis' Data Conductor product supports a wide variety of data sources and targets, and it will help Oracle's customers connect heterogeneous data management systems across their complex environments. This is a shift for Oracle. In data integration, Oracle has long held a reputation of being focused solely on solutions that use an Oracle-only technology stack (Oracle sources and Oracle database targets).

- **The most recent release of Oracle Warehouse Builder (OWB).** Oracle's current ETL (extract, transform, and load) offering, Oracle Warehouse Builder 10*g* Release 2 (OWB10*g*R2), was a major step forward in terms of functionality and ease of use, and it also offers significantly improved information quality capabilities.[1] But OWB is still optimized for use in a homogeneous Oracle environment. OWB10*g*R2 added some improved connectivity to non-Oracle sources but primarily exists to populate an Oracle RDBMS target.

- **New OWB pricing and packaging.** The homogeneous perception was further drilled home with the new pricing and packaging of OWB10*g*R2 that bundled at no charge the core ETL features with the purchase of an Oracle Standard Edition One (SEO), Standard Edition (SE), or Enterprise Edition (EE) database.[2] Translation: You cannot purchase OWB10*g*R2 without an Oracle DB.

Oracle's former position was untenable as its customer base expanded. With the relatively recent acquisitions of PeopleSoft, JD Edwards, and Siebel Systems, Oracle has acquired a large customer base that operates on more diverse database environments.[3] Many of these acquired customers intentionally chose these formerly competing enterprise applications as an alternative to Oracle.

Are Two Data Integration Products Better Than One?

OWB will remain part of the Oracle Database group and will continue to be bundled free with an Oracle database purchase. Sunopsis' Data Conductor technology, on the other hand, will reside within the Oracle Fusion Middleware product family with the goal of integrating with Oracle's Service-Oriented Architecture (SOA), Business Intelligence (BI), and Master Data Management (MDM) solutions.[4] It is not yet clear how and when Oracle is planning to reconcile these complementary but overlapping data integration offerings. It is clear, however, that:

- **Oracle has a vision for a unified data integration suite.** But this suite won't be delivered until some point in the future, and that seems like a lower priority than integration with its middleware offerings. For the time being, expect OWB to remain focused on building out Oracle data warehouses while the Sunopsis technology will significantly expand Oracle's middleware offerings.

- **Oracle will need to prove that it can successfully leverage Sunopsis' strengths.** Priorities should include maintaining and expanding Sunopsis' connectivity and technology partnerships with firms like NCR Teradata and Netezza and ensuring that existing Sunopsis customers maintain high service and support experiences to encourage new upsell and cross-sell opportunities.

- **There will be some internal data integration wars.** Until the OWB and Sunopsis technologies are united into a combined offering, Forrester anticipates that Oracle will face internal competition for resources and development focus across the two data integration solutions. Forrester believes OWB will be on the losing end of that battle until Sunopsis is integrated into the Fusion Middleware offerings.

JUMPING ON THE DATA INTEGRATION SUITE BANDWAGON

In buying Sunopsis, Oracle is joining the trend toward data integration suites. Vendors supporting only traditional ETL capabilities have added integration techniques like EII and change data capture (CDC) within commonly branded product suites. This is a market in which:

- **Data integration suites have already entered.** IBM and Microsoft (from a platform background), SAS and Business Objects (from the BI world), and Informatica (a pure-play data integration vendor) each offer multiple data integration techniques within their combined offerings. These suites employ varying degrees of product and tools integration.

- **Oracle is catching up with its data integration competition.** Although late to the game, Oracle has recognized that its customers require diverse data integration features without having to integrate and manage products from many vendors. Integrating Sunopsis' heterogeneous extract, load, transform (ELT) and event-driven CDC capabilities within its middleware offerings is a great start.[5] The sooner Oracle can leverage this open connectivity and allow OWB to natively connect to non-Oracle targets — especially non-Oracle data warehouses such as Teradata and IBM — the better it will be for Oracle, and more importantly, its customers.

- **Oracle is following a similar path to its platform rivals.** Oracle's acquisition continues the trend among database platform vendors to purchase data integration technology to expand its offerings. The most recent was Sybase's acquisitions of Solande for ETL and Avaki for EII (enterprise information integration), which helped to jump-start its entry as a new data integration player. And of course, on a much larger scale, when IBM acquired Ascential Software, it captured one of the top ETL players in the business.[6] IBM's challenge ever since has been to balance its desire to integrate the Ascential technology across every aspect of its Information On Demand strategy with convincing Ascential's loyal customers that the independence and heterogeneity that made Ascential popular won't be compromised.

RECOMMENDATIONS

CONSIDER FUSION MIDDLEWARE FOR DATA MANAGEMENT CHALLENGES

Enterprise architects challenged with building a middleware solution that can effectively access and transport critical enterprise data across their heterogeneous environment should now consider Fusion Middleware as a fairly comprehensive solution to support their foundational data management layer. Other affected stakeholders include:

- **Siebel, PeopleSoft, and JD Edwards customers.** You're important to Oracle. Oracle would rather lose its homogeneity than lose your business — now Oracle is offering products to help you leverage your non-Oracle data assets. Take a look at what Oracle has to offer.

- **Customers with a large Oracle footprint.** Consider OWB10*g*R2 if you're already in an Oracle environment and want to build an Oracle data warehouse. It's inexpensive and is a powerful ETL tool for that environment.

- **Non-Oracle customers searching for an ETL solution.** Assuming Oracle continues to sell the Sunopsis technology as a re-branded standalone offering, it is an attractive option to consider for bulk data movement when operating in a heterogeneous environment.

- **Anyone investigating Master Data Management.** Keep an eye on Oracle's evolving MDM strategy — heterogeneous connectivity is an important piece to solving the complex integration challenge that master data management presents. Combining Sunopsis' data integration technology with Oracle's MDM hubs is likely to create a more attractive MDM platform.

ENDNOTES

1 The latest release of Oracle Warehouse Builder includes significantly more information quality capabilities than previous releases. See the September 6, 2006, Quick Take "Oracle Is Off To A Solid Start In Information Quality With Oracle Warehouse Builder."

2 For those that purchase the Enterprise Edition (EE) database, Oracle offers additional licensing options for Enterprise ETL, Data Quality, and connectors to other ERP/CRM sources such as SAP, Oracle EBusiness Suite, and PeopleSoft. See the Oracle Web site at http://www.oracle.com/technology/products/warehouse/htdocs/owb_10gr2_faq.html#26.

3 Oracle acquired PeopleSoft for $10.6 billion in December 2004. See the March 15, 2005, Tech Choices "Oracle-PeopleSoft Part I: Near-Term Focus On Organization And Product Delivery" and see the April 6, 2005, Tech Choices "Oracle-PeopleSoft Part 2: Moving Toward Fusion." JD Edwards had previously been acquired by PeopleSoft. Following the acquisition of PeopleSoft, Oracle has retained the JD Edwards brand and continues to support that customer base. See the August 9, 2005, Quick Take "Rebuilding The JD Edwards Brand." Oracle acquired Siebel Systems for $5.85 billion in September 2005. See the September 12, 2005, Quick Take "Siebel Acquisition Bolsters Oracle's Apps Portfolio."

4 See "Oracle Buys Sunopsis," Oracle press release, October 9, 2006, (http://www.oracle.com/corporate/press/2006_oct/sunopsis.html).

5 Sunopsis branded the ELT (extract, load, transform) concept, which differs from traditional ETL in leveraging the computing power on source or target databases to run transformations rather than requiring a dedicated transformation server.

6 IBM acquired ETL leader Ascential Software for $1.1 billion in March 2005. See the March 17, 2005, Quick Take "IBM Gains Leading-Edge Data Integration By Acquiring Ascential Software." Ascential and Informatica were the neck-and-neck leaders in Forrester's evaluation of leaders in the Enterprise ETL space. See the December 17, 2004, Tech Choices "How To Evaluate Enterprise ETL."