

Magic Quadrant for Product Information Management, 2Q07

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The PIM market continues to grow rapidly and is becoming more complex and challenging, but there remains no clear leader. Use this Magic Quadrant to evaluate maturing PIM solutions that can help you achieve a single view of a product across your enterprise.

WHAT YOU NEED TO KNOW

- The product information management (PIM) market continues to grow quickly and is attracting new entrants.
- Requirements are getting broader and deeper, pushing vendors to develop more-comprehensive solutions.
- A focus on industry specificity is leading to stronger PIM capabilities.
- No vendor dominates the PIM market.
- Select PIM vendors using the criteria defined in this Magic Quadrant. Because of the rapid growth of this market, you should expect gaps in functionality, and issues with scalability for the next couple of years.

STRATEGIC PLANNING ASSUMPTION(S)

Through 2009, the PIM market will see strong growth, achieving software revenue (license and maintenance) of more than \$860 million (0.8 probability).

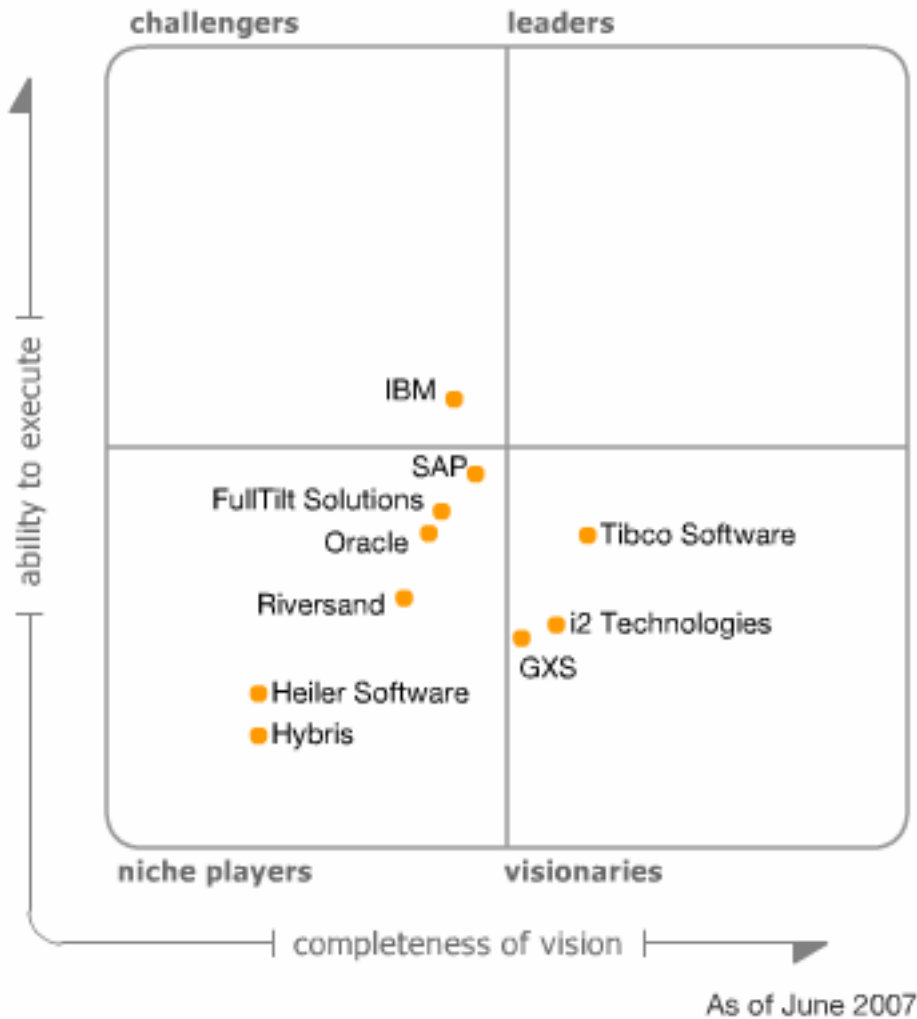
By 2010, the major application infrastructure vendors (IBM, Oracle and SAP) will command more than 50% of PIM software license revenue (0.7 probability).

No leader will emerge in the PIM market before 2009 (0.7 probability).

MAGIC QUADRANT

Gartner's Magic Quadrant for Product Information Management, 2Q07 (see Figure 1) provides insight into the evolving PIM market. Vendors are evaluated based on their ability to execute, as well as their vision for PIM.

Figure 1. Magic Quadrant for Product Information Management, 2Q07



Source: Gartner (June 2007)

Market Overview

Organizations struggle to gain a consistent, complete and accurate single view of the products they manufacture or handle for operational and analytical purposes. This reduces the effectiveness of individual departments that need such data, and the IT organization is less able to provide the business support for agile process orchestration and process-orientated performance management. Product content and data management (PCDM) is a set of related disciplines, technologies and solutions used to create and maintain a consistent interpretation of product data, helping to create and enrich vocabularies so that enterprises can share a common language, even across the firewall, with trading partners. PIM emerged as a key technology to help enterprises support their PCDM efforts (see Note 1).

The PIM market has been growing rapidly for the past couple of years. In 2005, total software revenue (license and maintenance) was approximately \$214 million; in 2006, the market was

more than \$300 million — an increase of nearly 50%. The majority of this growth took place in North America, but Europe is quickly developing along similar lines. The forecast for 2007 is a 40% or more growth to approximately \$460 million in total software revenue. Product-centric industries are adopting PIM at different rates; so far, the most active have been consumer goods, retail, industrial and life science (for a more complete review of the market, see "Rapid PIM Market Growth Attracts Complementary Vendors and Technologies").

Market Definition/Description

Markets are sets of potential buyers that view the product as solving a common, identified need, and then reference each other. Market segments are portions of that generic market that are qualified by more-exact criteria; thus grouping potential buyers more tightly. Segmentation may take two forms:

- A generic market may be divided into recognizable submarkets, where the same rules prevail for defining a market.
- An individual vendor may segment the market to target its products more precisely and differentiate itself from (or avoid competing with) other players that address the same overall market. However, the targeted buyers may not know they are part of the same market segment. Such segmentation will not be reflected explicitly in the Magic Quadrant, although it may be reflected implicitly (for example, via placement of a vendor in the Niche Players quadrant).

The PIM market is characterized by two groups of customers, with a large set of common requirements that exist for product data management in the enterprise. One group has a large, centralized source system (probably called ERP), where the bulk of product data traditionally resides with several other consuming applications; the other group has multiple repositories (including ERP) and consuming systems. Both examples are heterogeneous because there will be multiple sources and recipient applications of product data, but the degree of heterogeneity is greater in the second group.

In 2006, the differences in requirements across industries also changed. Overall, there is a growing recognition that product data and its quality are common root causes for many business problems across many industries; however, in each, there is a growing set of specific requirements that service specific needs associated with that industry. For example, some industries (such as retail, consumer goods or automotive) are e-commerce-centric or multichannel-centric in how they sell to their customers, whereas other industries (such as aerospace and defense or industrial manufacturing) are more directed and have fewer channels, but perhaps with more-complex or engineered products.

There is also a growing use of hosted product data quality services and hosted PIM to support a range of project needs (such as cleaning product data for use behind firewall implementations or to complement e-commerce selling channel integration). Hosted PIM and product data quality services are not included in the formal PIM market definition because these systems are not used to manage the enterprise system of record for products. They are, however, valuable in their own right and are complementary to PIM technology.

PIM solutions are software products that:

- Support the global identification, linking and synchronization of product information across heterogeneous data sources through the semantic reconciliation of product master data.
- Create and manage a central database system of record.

- Enable the delivery of a single product view (for all stakeholders).
- Support data quality and compliance through monitoring and corrective-action techniques.

A PIM application forms part of an organization's PCDM strategy (see "How to Manage Product Data in a Multienterprise World"), which then forms part of an organization's master data management (MDM) strategy (see "Mastering Master Data Management"). An MDM strategy encompasses the management of product, customer, asset, person/party, supplier and financial master data across the enterprise.

Inclusion and Exclusion Criteria

Inclusion Criteria

Because the PIM market has increased in size and complexity, we have increased our inclusion criteria to ensure a representative coverage of vendors in the market. We have increased the minimum revenue threshold as well as the number of live, referenceable customers. We include specialist vendors, as well as large enterprise software vendors, with a product in the market that supports a product-centric data model, along with additional vendors that we perceive as having a unique vision or position in the market worthy of inclusion, even if they do not meet the inclusion criteria.

Regarding market traction and momentum, a vendor should have:

- At least eight (up from five) live customer references for PIM product functionality, connected to more than two non-native applications (that is, outside the implemented ERP or item master).
- At least five (up from four) new customers for PIM products in the past four quarters, connected to more than two non-native applications.
- At least \$7 million (up from \$5 million) in total revenue related to PIM product solutions in the past four quarters.

Regarding near-term viability, a vendor should have:

- Sufficient professional services to fulfill customer demand during the next six months.
- Enough cash to fund a year of operations at the current burn rate — that is, companies spend their cash reserves if the year of operations is cash-flow-negative.

Exclusion Criteria

This Magic Quadrant excludes:

- **Vendors focused on a single vertical market.** We have excluded Extol because it only focuses on the use of PIM for global data synchronization — specific to consumer goods — because this is viewed as more complementary to an effective PIM strategy behind the firewall, not as a substitute for it.
- **Third-party service providers or data providers that provide an external PIM reference database service, but don't provide a PIM hub product that can be implemented in an organization's firewall.** We have excluded Liaison and SAS Institute's DataFlux, while recognizing that their external PIM reference databases and

cleansing services are potentially valuable complementary services to the PIM products rated here.

- **Vendors that are still too small or too new to the market.** We have excluded a number of vendors because they are still too small, or have reselling or OEM arrangements with PIM vendors.
- **MDM vendors that solely focus on analytical (downstream) requirements.** Although we will increasingly see interest in solutions that tackle the analytical environment aspects of PIM and MDM, this Magic Quadrant excludes products that solely focus on MDM issues for analytical requirements. This includes Hyperion MDM (now owned by Oracle), Kalido 8M and Stratature + EDM.

For a high-level overview of these vendors and service providers, see "Rapid PIM Market Growth Attracts Complementary Vendors and Technologies."

Added

Heiler Software

Hybris

Dropped

Comergent — Acquired by Sterling Commerce in 2006. With the acquisition, the focus of Comergent resources has moved away from PIM and refocused on e-commerce solutions.

Extol — Does not service the PIM market directly, but supports a specific use case for PIM related to consumer goods/retail and global data synchronization. Extol still plays an important role in the overall market and is more complementary to an enterprise PIM strategy.

Liaison — With this Magic Quadrant update, the inclusion criteria were revised and, due to the way in which product master data is authored and validated (see "Vendors Have Different Approaches to Implementing Master Data Management"), hosted service providers were excluded from the detailed analysis. However, Liaison still plays an important role in the supply chain's use of product master data (see Table 1, Table 2, Table 3 and Table 4).

Evaluation Criteria

Ability to Execute

Table 1. Ability to Execute Criteria Explained

Product/Service	<p>Vendors will be measured on the ability of their current product release to support the following PIM functionality:</p> <ul style="list-style-type: none"> • Data model. The applicability of the data model to your organization is the most important criterion. It must: <ul style="list-style-type: none"> • Model the complex relationships among the internal application sources inside the organization, its business and consumer customers, as well as intermediaries and other parties. • Map to the master product information requirements of the entire organization across item masters, buy-side and sell-side catalogs, e-
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	<p>commerce, syndication and synchronization requirements.</p> <ul style="list-style-type: none"> • Be customizable, configurable, extensible and upgradeable. • Support industry-specific requirements (such as GS1 Global Data Dictionary and UNSPSC), as well as multiple hierarchical and aggregated views associated with product and catalog structures related to channels, customers, partners, suppliers and other consumer systems. • Provide a base for the required workload mix and level of performance. • Support complex parametric search capabilities servicing external Web service requests (such as from trading partners or e-commerce applications). <ul style="list-style-type: none"> • Information quality. A good data model is of little value unless it contains accurate, up-to-date data for a product. The PIM product should: <ul style="list-style-type: none"> • Have strong facilities in batch and interactive modes for cleansing, matching, linking and identifying master information in different data sources to create and maintain the "golden record." PIM vendors plus specialist data-quality partners will usually provide these facilities. • Set rules to determine where to source data and under what circumstances, including the ability to give preference to the most dependable source. • Support a "data steward" role as part of a governance framework. The data steward will configure rules for matching and linking the data, manage the merging or unmerging of product records, uphold privacy access rights and configure the views for different roles. • Report periodic and day-to-day analytics and key performance indicators that support the need to understand the status of data quality across the enterprise, with tools to help data stewards and line-of-business users understand where and how master data quality errors happen, and provide a set of diagnostic tools to monitor, analyze, resolve and manage data quality across a heterogeneous environment. • Integration and synchronization. PIM products will likely depend on integration middleware to provide a communication backbone for the bidirectional flow of product information between the central database and the other "spoke" systems, or between an organization's PIM system and trading partners. The PIM product should be able to: <ul style="list-style-type: none"> • Leverage a range of middleware products to data sources, including legacy data sources, and expose industry-standard interfaces. • Support integration with different latency characteristics and styles (for example, real time
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	<p>and batch).</p> <ul style="list-style-type: none"> • Business services. Many leading organizations will use the new product master database as the basis of new business applications and processes. In the new service-oriented architecture (SOA) world of enterprise architecture, service-oriented business applications will call granular application services through Web service standard interfaces. PIM that protects and complements the data layer with a layer of granular business services built for an SOA environment, and that exposes Web service interfaces, fits this new architectural vision. • Performance, scalability and availability. If PIM supports operations and is tightly integrated with established systems and new applications, then there are likely to be serious demands on its performance, scalability and availability. PIM should include: <ul style="list-style-type: none"> • Proof points of different aspects of performance and scalability that match your current and future requirements. • Appropriate availability characteristics regarding planned and unplanned downtime.
Overall Viability (Business Unit, Financial, Strategy, Organization)	Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood of the individual business unit to continue investing in the product, offering the product and advancing the state of the art in the organization's portfolio of products.
Sales Execution/Pricing	Technology providers' capabilities in all pre-sales activities and the structure that supports them across industries and domains, targeted with the right level of resources. This includes deal management, pricing and negotiation, pre-sales support and the overall effectiveness of the sales channel and organization.
Market Responsiveness and Track Record	Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the provider's history of responsiveness.
Marketing Execution	The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotions, thought leadership, word of mouth and sales activities.

Customer Experience	<p>Successfully supported (and referenced) customers are very important in a new market; therefore, this (coupled with support, maintenance and upgrades) also features prominently.</p> <p>Professional services — Provide internal professional service resources or partner with system integrators with vertical-industry expertise, PIM domain knowledge, global and localized country coverage, and a broad skill set (for example, project management or system configuration) to support a complete project life cycle.</p> <p>Customer support — Provide prompt, satisfactory service to customers worldwide.</p>
Operations	<p>The organization's ability to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.</p>

Source: Gartner (June 2007)

Table 2. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product/Service	high
Overall Viability (Business Unit, Financial, Strategy, Organization)	high
Sales Execution/Pricing	standard
Market Responsiveness and Track Record	standard
Marketing Execution	high
Customer Experience	high
Operations	no rating

Source: Gartner

Completeness of Vision

Table 3. Completeness of Vision Criteria Explained

Market Understanding	<p>Vendor demonstrates a strategic understanding of PIM opportunities (for example, new application functionality or customer segments) and ongoing vendor market dynamics (for example, consolidation trends). Additionally, an understanding of the wider implications and position of product content and data management in an enterprises MDM program across other domains, as well as buy-side PIM and sell-side PIM. The impact on the relationship between enterprise information management and the business process platform strategy is valuable to customers taking the strategic view.</p>	
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Marketing Strategy	A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the Web site, advertising, customer programs and positioning statements. Particular intersection with industry, master data domains and which PIM problems vendors are addressing are important.	
Sales Strategy	The strategy for selling products that use the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.	
Offering (Product) Strategy	A vendor's published "statement of direction," or Gartner's understanding of the vendor's statement of direction, for the next two product releases to keep pace with or surpass Gartner's vision of the PIM market. Gartner's main product-oriented criteria focus is on the data model; information quality; integration and synchronization; business services and workflow support; and performance, scalability and availability. In this new iteration, the evolution of PIM to a more rounded MDM for buy-side and sell-side PIM and other domains is important, as is the support for each MDM implementation style. Additionally, technologies and architectures figure strongly here. Vendors must understand major technology/architecture shifts in the market and communicate their plans to leverage them, including migration issues that may affect customers on current releases. Specifically, how well has the vendor articulated its vision to support mainstream technology, as opposed to a proprietary stack, and a service-oriented business architecture?	
Business Model	Vendor has a well-articulated strategy for revenue growth and sustained profitability. Key elements of strategy include the sales, distribution and channel plan; internal investment priority and timing; and partner alliances.	
Vertical/Industry Strategy	Vendor's ability to articulate its understanding and how it will service industry-specific needs from a "whole product" viewpoint — from the delivered products and services required to gain value from the solution. Included are reviews of the vendor's strategy for delivering product requirements (for example, retail, consumer goods and automotive aftermarket).	
Innovation	Vendor must be able to lead this market (understanding) and, in so doing, provide customers with an innovative solution and approach to service customer needs in a complex, heterogeneous environment. "Innovation" implies a rounded and well-thought-out road map for solving PCDM issues today and in the future. An understanding of and support for the most complex and broadest set of MDM environments is sought.	
Geographic Strategy	The technology provider's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, directly or through partners, channels and subsidiaries, as appropriate for that geography and market.	

Source: Gartner (June 2007)

Table 4. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	high
Marketing Strategy	high
Sales Strategy	standard
Offering (Product) Strategy	high
Business Model	standard
Vertical/Industry Strategy	high
Innovation	high
Geographic Strategy	standard

Source: Gartner

Leaders

Leaders in the PIM market excel in performance. They deliver breadth and depth of integrated PIM functionality and have proven ability to deliver on large, complex, heterogeneous, enterprisewide and global implementations that extend PIM across the organization, outside the primary industry domain, and across all geographies and numerous vertical industries. Leaders are successfully articulating a business proposition that resonates with buyers across the business and the IT organization.

Challengers

Challengers demonstrate a clear understanding of today's PIM market, but they have not demonstrated a clear understanding of the market's direction, or are not well-positioned to capitalize on emerging trends. They often have a strong market presence in other application areas.

Visionaries

Visionaries display healthy innovation and a strong potential to influence the direction of the PIM market, but they are limited in execution or demonstrated track record. Typically, their products and market presence are not yet complete or established enough to reach leadership status.

Niche Players

Niche players do well in a small segment of the PIM market. They have limited abilities to be innovative or outperform other vendors in the market. They may be focused on a specific functionality, domain or industry, or have gaps relative to broader PIM functionality requirements. Niche players may also have limited implementation and support services, or they have not yet achieved the necessary scale to solidify their market positions.

Vendor Strengths and Cautions

FullTilt Solutions

Strengths

- In-depth, industry-specific experience (with data models, business workflows and user roles) in e-commerce, data syndication, catalogs and supply chain application environments handling complex product attribute data.
- FullTilt is growing rapidly due to its industry focus across industrial supply, healthcare, food, consumer goods and, more recently, the automotive aftermarket, publishing and retail.
- Its PIM product has demonstrated support for the growing area of scalability (that is, number of end items, attributes or hierarchies maintained and changed).
- Good references emphasizing that this small vendor is very responsive.
- The last official release of FullTilt Perfect Product Suite is 6.2, which shipped in April 2007. The next release, 6.3, is due before the end of September 2007.
- FullTilt had, according to Gartner estimates, close to 20 PIM customers and a total revenue of \$8 million in 2006.

Cautions

- FullTilt is a small vendor, and due to its product strength, is an acquisition candidate. Therefore, although there is financial risk, the product does not face the same risk because this would not likely be a distressed acquisition.
- Prepackaged workflows and business services are limited to core industries; newer industry prospects will have to extend the business services and workflows to meet their specific needs (which FullTilt is willing to do).

GXS

Strengths

- Recognizes the trends in the market with respect to enterprise MDM and is seeking to help its customers with the more complex aspects of PIM, including industry-specific data models, business services, data quality services and semistructured data.
- GXS has a referenceable customer base with, according to Gartner estimates, approximately 60 PIM customers, with about 80% being supplier sell-side PIM and 20% being buy-side/global-data-synchronization-retail-facing.
- Recently, GXS acquired UDEX — a U.K.-based data quality and data pool vendor with content and extraction, transformation and loading (ETL) experiences in grocery and consumer goods segments. This acquisition increases GXS' ability to provide data quality services beyond what most PIM vendors offer by themselves.
- GXS increased its network of partners by selling its PIM offering beyond webMethods (signed in 2005) and JDA Software (signed in 2006). Thus far, neither partnership has signed many new deals for GXS.

- GXS' latest version of PIM, Retailer Edition, as well as Supplier Edition v.8.0 (and Express, a lighter version with limited workflow integration to back-end systems), were made generally available in November 2006.
- GXS should be evaluated for stand-alone PIM, especially in consumer goods industries, to enable e-commerce and global data synchronization, and as a foundation for multichannel retail integration.

Cautions

- GXS was challenged through 2006 to move beyond selling its data integration, management and PIM offerings to global data synchronization data pools worldwide, and instead focus on selling PIM to retailers and suppliers, with some success. It is once again appearing on shortlists, but users are wary due to GXS' lack of visibility.
- GXS is challenged to build a sustainable PIM business, even though it returned to selling PIM behind the firewall in 2006. Customers are keenly interested in the financial growth of this part of GXS, and since PIM is a small part of the GXS business, 2008 will be an important year for GXS to show solid gains in the market. Gartner estimated GXS' PIM revenue (software, maintenance and services) at approximately \$16 million in 2006.
- The vendor has successfully implemented its PIM technology in consumer goods and retail industry segments. Prospects outside these industries should include GXS in their evaluations, but recognize that they will need to help GXS adapt its data model and business services to support their unique requirements.

Heiler Software

Strengths

- Heiler is an addition to this year's Magic Quadrant, and has grown into the part of the PIM market that is focused on e-commerce and catalog-driven businesses.
- Integrates well with multiple ERP systems to act as the enterprise PIM, as well as catalog publishing.
- Supports material master management for buy-side, indirect material definition in most customer implementations.
- Supports its own solutions for cleansing, normalization and deduplication of product and attribute data.
- Sells to industrial manufacturing, distribution, automotive and consumer/household goods industry segments.
- Should be included in multinational or European-led projects with a heavy emphasis on e-commerce and catalog-driven projects.

Cautions

- Heiler is a small vendor (with total revenue, according to Gartner estimates, of around 12 million euros in 2006, with close to 60 customers).
- Less experience (fewer customers) in managing product master data for direct materials or finished goods for resale.

- Historically focused on Europe (80% of resources at end of 2006), but seeing growth in the U.S. more recently.
- Most references are only in Europe so far.

Hybris

Strengths

- Hybris offers PIM in support of e-commerce and catalog-driven enterprises.
- Sells into retail, consumer goods, manufacturing, telecommunications and automotive industry segments.
- Consider this vendor when European-led, e-commerce-driven business drivers need PIM.
- Historically, Hybris targeted the lower end of the small and midsize business market, but it has been moving to midsize and larger businesses during the past couple of years.
- Hybris was included in this Magic Quadrant because of its size. Although it does not qualify due to its international revenue, its growth suggests that it is one of the more active and feature-rich "PIM for e-commerce" vendors.

Cautions

- Small vendor (according to Gartner estimates, total revenue in 2006 was close to \$20 million, with 25 customers).
- Historically focused on Germany, Austria and Switzerland, and more recently on the Nordic countries and the U.K.
- Limited (although still graphical) workflow and support for business services.

i2 Technologies

Strengths

- Acquired strong PIM functionality via Aspect Development, which i2 has since developed further and now sells separately as i2 MDM, as well as support for supply chain management (SCM)-centric SOA capabilities in i2's Agile Business Process Platform.
- In-depth, industry-specific experience (with data models, business processes and user roles) in handling complex product attribute data in support of SCM and multienterprise SCM business processes.
- Offers a PIM solution as well as an SOA framework for SCM business processes.
- Beginning to find new channels for its i2 MDM capabilities (recently sold a copy of the source code to Teradata).
- The last official release of i2 MDM for PIM was 6.2; release 6.2.2 was shipped in 2Q06 and supports global data synchronization workflows for suppliers, not retailers.
- At the end of 2006, i2 had, according to Gartner estimates, approximately 40 PIM customers, with software revenue approaching \$25 million.

- Large, complex organizations of enterprises with complex product/supply chain configurations should include i2 in their PIM evaluations.

Cautions

- Most uses of i2 MDM are for the support of i2 SCM applications; technically, the solution can be used for more end-to-end operational master data (even outside SCM), and i2 has been working to sell its solution to support these broader uses.
- Until 2006, i2 MDM was positioned as part of the ABPP, not separately, which held i2 back. Although i2 MDM is now sold separately, it remains an opportunistic deal for i2 because users do not automatically associate i2 with MDM capabilities (and they should for SCM-centric PIM).

IBM

Strengths

- IBM executed well in 2006, specifically in heterogeneous environments (that is, environments with separate data stores from business application or legacy systems). WebSphere Product Center (WPC) was perceived by many users as a high-priced, but highly capable (if complex) solution capable of coping with the most complex problems and products.
- IBM offers two niche, best-of-breed MDM products: WPC (for PIM) and WebSphere Customer Center (WCC; for CDI hubs).
- IBM has a strong customer base across a wide range of industry deployments, including retail, consumer goods, industrial and automotive. WPC v.5.3.2 is the latest formal release and was made generally available in April 2007. The product supports Oracle and DB2 databases. By the end of 2006, IBM had, according to Gartner estimates, signed up approximately 130 customers for WPC — a 50% increase from 2005.

Cautions

- Through 2006, several senior executives of the onetime MDM business unit that came with the Trigo acquisition left the company. This coincided with the public announcement of a change in architecture strategy for WPC.
- The plan to evolve the two best-of-breed MDM solutions as a single-multiform MDM product offering was announced in October 2006 during Information On Demand, the annual IBM user conference. IBM will extend WCC with WPC functionality, specifically adding workflow capabilities typical of PIM solutions. Users need to be wary of what is demonstrated, as opposed to what will be shipped with the first release of the new multiform MDM product. Users will be concerned with code and application stability and scalability, as well as functional matching to what is available in WPC v.5.3.
- Users that do not want to convert to IBM's new multiform MDM offering will have to negotiate separate maintenance agreements to protect their long-term investments in WPC. Users should work with IBM to ensure that the standard IBM three-year maintenance commitment will continue with the current WPC product, independent of any move to a single MDM platform.

Oracle

Strengths

- In 2006, Oracle largely focused on selling its PIM Data Hub strategy to its own Oracle application installed base. This was a sensible move because that installed base was at risk of seeking non-Oracle solutions to meet its PIM requirements. Gartner estimates that Oracle had approximately 150 PIM Data Hub customers (at the end of 2006) across a wide range of industries, from consumer goods, industrial, high technology and telecommunications.
- For enterprises centered on an Oracle application portfolio across Siebel, PeopleSoft, and JD Edwards, Oracle PIM Data Hub is a logical solution to consider in your evaluations.
- For users that require product life cycle management (PLM) supported by Oracle PLM technology, Oracle offers a single data-model-centric solution (it is an implementation choice, not a technology constraint) that can unify all product master data into one system. For homogeneous environments, this is a good, efficient way to store product master data in one place.
- Oracle (and other references) has confirmed that Oracle PIM Data Hub can support high volumes of product data (upward of several million end-item codes), which is a critical evaluation factor for larger enterprises.
- Oracle Fusion Data Hubs are where the various PIM products get reconciled into one hub-based solution. The first release of this product is slated, according to Gartner estimates, for later in 2008.

Cautions

- Gartner estimates that Oracle has approximately 20 (of the 150) PIM customers that are not using an Oracle item master (ERP of some kind). This is important because it shows that the majority of Oracle's experiences and focus have been on Oracle application-centric installations (mainly across acquired Oracle applications), not broad-based heterogeneous environments.
- Not all Oracle business applications that store or use product data integrate "out of the box" or support asynchronous integration with the Oracle PIM Data Hub yet. When considering an Oracle decision as your application backbone, be very clear about which Oracle applications are enabled to publish and subscribe to the Oracle PIM Data Hub.
- With the acquisition of Siebel, Oracle has faced some difficulties (as have some of its customers). Siebel was selling a product related to PIM called Universal Product Master. This product was (and still is) industry-specific (to telecommunications), and at the time of the acquisition, had fewer than 10 customers. Oracle is now forced into a dual-development strategy with its Applications Unlimited policy, which means that products acquired are never forcibly retired. However, Oracle's PIM Data Hub license includes a copy of the Siebel product; therefore, telecom customers get both products — and through implementation design, figure out what to use and how. Price, for example, could reside in either (or neither) repository, depending on customer requirements. Siebel Universal Product Master is complementary to Oracle PIM Data Hub because it provides bundle/sale catalog management for telecoms, which complements PIM Data Hub's MDM functionalities.

- Business services (that is, services that describe product configuration rules) are positioned as standard features of the Oracle PIM Data Hub via an additional solution from the Siebel acquisition — Oracle Policy Management. For Oracle PIM Data Hub, this offering is included, although it is not a single application in the PIM Data Hub.
- Despite the strong position Oracle holds with respect to business applications for the retail industry, it does not yet have a fully working and established PIM or MDM for retail offerings. The first version of this will, according to Gartner estimates, ship in the next 12 months. Oracle will be challenged to bring a competitive offering out in its first major release for this industry.

Riversand

Strengths

- Small PIM vendor (according to Gartner estimates, approximately \$5 million in revenue in 2006, with close to 15 PIM customers) that has extended beyond the traditional PIM space (while still supporting PIM for complex products) into a more upstream PIM market related to construction and asset definition (typical of oil and gas, utilities and telecommunications). As such, Riversand is rated on this Magic Quadrant for its unique focus and strategy.
- Its only PIM product on the market is focused on the .NET architecture — a positive influence for customers who prefer .NET or the lower total cost of ownership — and there is still no sign of a PIM product from Microsoft itself.
- Riversand's partnering strategy is focused on industry-based advantages (currently in oil and gas). Additional integration between PIM and project management (for construction) is a strong differentiator.
- The last product release for Riversand is Product Center v.5.0, which is expected to ship in June 2007.
- Companies in complex, heterogeneous environments, and those with complex products, should include Riversand in their evaluations.

Cautions

- Riversand has not focused on one industry, but has suffered the penalty of being flexible across many; therefore, it has good references in multiple industries (such as retail, food, healthcare, distribution, oil and gas, and consumer electronics), but not enough in one to create any significant momentum. This is a challenge for sales, but a good point for prospects.
- Riversand has struggled to build visibility and credibility in the open market, due to its opportunistic sales strategy.
- Its workflow and business service functionality are notably weaker than most other PIM vendors.
- Due to its size, Riversand is an ideal acquisition target, although competitors will, no doubt, want to wait until Riversand is more proven. Any acquisition is not likely to be due to any distressed conditions.

SAP

Strengths

- During 2006, SAP largely focused on selling its SAP MDM product to its own SAP application installed base. This was a sensible move since that installed base was at risk of looking at non-SAP solutions to meet its PIM requirements. Gartner estimates that SAP had approximately 150 SAP MDM for PIM projects under way by the end of 2006.
- For enterprises centered on an SAP application portfolio, SAP MDM (for PIM) is a logical solution to consider in your evaluation.
- SAP has a broad MDM vision that has led it to embed SAP MDM in the latest release of SAP SRM, and to reconcile the product data with PLM in a unified system. This leads to a simplified MDM landscape, although there are few live implementations of PIM with complex, material MDM and PLM.
- SAP's ESA strategy leverages its SAP MDM (for PIM) product such that industry-specific data and process models (what SAP calls its Industry Value Network partnering program) are supported and extended through the use of SAP MDM for PIM. SAP users that plan to leverage SAP Industry Value Network should be able to manage product master data more easily with an all-SAP solution.
- SAP's MDM strategy is to use a single MDM product to manage all master data domains. This has been a challenge for SAP since user requirements across all domains and industries are so different that no single product has become competitive across all domains and industries. To date, SAP has been more effective in the PIM space, with more live customers than for any other domain.
- The most recent release of SAP MDM is 5.5, Service Pack 5, which was made generally available in April 2007. SAP customers on the SAP MDM advisory board confirm that SAP delivers promised requirements on time with service packs.

Cautions

- Between 60% and 70% of the SAP MDM customer base has selected SAP MDM for its PIM needs, and most of those are in an SAP-dominated application environment.
- SAP has been historically weak in several upfront areas of PIM implementation — most notably governance and data services — to prepare the data for use in a PIM system. In 2006, SAP developed and announced a range of data services to help fill these gaps. Gartner is unsure of the value customers are receiving from these services (there have been no references), but there is also an implied overlap with what system integrators and other niche vendors in related areas (such as ETL and governance) are doing, which could harm partnerships. Client inquiries also suggest that some customers are confused.
- If NetWeaver is not part of your strategy, or if substantial amounts of data reside outside SAP, then cautiously include SAP in your evaluation. We believe that, by year-end 2008, SAP will compete more effectively with best-of-breed vendors in this market.

Tibco Software

Strengths

- Tibco Software has continued to build out its single MDM application — Tibco Collaborative Information Manager (Tibco CIM) — to support multiple industries and master data domains.
- Tibco has an SOA stack that leverages Tibco CIM, which operates as part of an organization's business service repository so that a PIM implementation has a natural, implied, "next step" offering.
- Tibco CIM is sold separately from the rest of the Tibco stack, and users are leveraging Tibco CIM in heterogeneous environments.
- Tibco has a historical focus on and depth of industry experience in consumer goods, retail, and food and beverage, with some of the most complex implementations of peer-to-peer PIM. The company has also been expanding the use of its CIM product in 2006 and 2007 into other industries (such as financial services and oil and gas), even beyond traditional PIM markets (such as assets and securities).
- With the acquisition of Velosel firmly behind it, Tibco CIM — operating as a business unit within Tibco — grew in 2006 (Gartner estimates close to 100% in terms of customers to approximately 40 users of Tibco CIM, of which about 75% use Tibco for their PIM needs).
- References are a strength for Tibco, although its customer base for PIM is smaller compared with much larger competitors. Tibco has a good reputation among its installed base (which includes important and fast-growing markets where reference selling is important) for support and flexibility.
- Treat Tibco CIM (its next major release is Tibco CIM 7.0, due by mid-2007) as a best-of-breed PIM technology for consumer goods and retail industry segments.

Cautions

- Despite its vision, Tibco has not yet implemented across multiple industries with multidomain operational MDM for complex objects. The vendor is successfully selling this multidomain MDM vision, but for the most part, customer implementations are still at only a few master data domains, or those implemented are not the most complex object definitions or most intensive environments.
- Some customers have expressed concern over the degree to which flexibility becomes a burden on the users. The user interface was very flexible — users can adjust user interface views if they can work with XML — however, this can get detailed and is not very user friendly. In version 6.0 (released in May 2006), Tibco introduced an Ajax-based "rich client" that reduced the flexibility (not altogether a bad thing to do). In version 7.0, a new Eclipse user interface is promised, which should help make the extensibility of the user interface more user-friendly.
- The workflow engine in the Tibco CIM product does not look as mature as some other offerings (for example, there is no graphical representation or dialogue with the workflow), but it seems functionally capable.
- Cautiously review the solution for domains and industries where Tibco has not yet implemented any solutions, until it has built up a customer and reference base.

RECOMMENDED READING

"Mastering Master Data Management"

"Key Issues for Applied Technology and Life Cycle Management for Applications and Processes in 2007"

"Vendors Have Different Approaches to Implementing Master Data Management"

"The Important Characteristics of the MDM Implementation Style"

"Market Share and Forecast: PIM Software, Worldwide, 2004-2010"

"Magic Quadrants and MarketScopes: How Gartner Evaluates Vendors Within a Market"

Note 1

Definition of PIM

PIM solutions are applications that are designed to create a single view of a product for an enterprise, across all operational and analytics uses, independent of any other repository of product data. PIM solutions store master data (or metadata) related to products and other attributes of data pertaining to products. PIM systems can operate as a system of record (where product and additional data is initially created and subscribed to by remote consuming systems via messaging infrastructure), as a system of reference (where systems subscribe to remote master data using the PIM solution as a "look-up" to locate and access the data) or as a mixed record/reference deployment.

Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets, skills, etc., whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability (Business Unit, Financial, Strategy, Organization): Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood of the individual business unit to continue investing in the product, to continue offering the product and to advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all pre-sales activities and the structure that supports them. This includes deal management, pricing and negotiation, pre-sales support and the overall effectiveness of the sales channel.

Market Responsiveness and Track Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message in order to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional, thought leadership, word-of-mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements, etc.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the Web site, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling product that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature set as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including verticals.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

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