

## REPORT REPRINT

# Action acts on market trends, invests in data management and integration offerings

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The company's market experience has taught it that its data management and integration assets have greater value than it once thought, and Action is making the strategic investments needed to drive further into the cloud and B2B integration markets.

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Since 2014, Actian has focused on the big-data analytics market. It learned a lot since then and concluded that the primary challenge for enterprises, and thus the greater opportunity for Actian, was to solve the pressing data management and integration challenges not just of big data, but of those posed by cloud and B2B integration. Actian recognized that its integration technology has broad value across multiple industries and use cases, and that its DataConnect, DataCloud and Business Xchange offerings are core assets with great market value. Actian's Data Management and Integration (DMI) business unit is being strengthened to capitalize on evolving cloud and B2B integration opportunities.

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## THE 451 TAKE

The demand for a broad range of data management and integration technologies has greatly accelerated in recent quarters driven by various 'cloud first' and 'mobile first' IT strategies. These and other related initiatives such as 'API first' and 'everything as a service' strive to make best use of the unique capabilities and improved price/performance characteristics enabled by the tsunami of new technologies now available to enterprises. Assimilating such technologies into existing IT infrastructure needs to be swift and reliable, with minimal effort to onboard and integrate with customers and suppliers. Many enterprises seek integration technology and support services that are proven, mature and applied across many diverse use cases - all requirements that should enable Actian to realize its strategy for growth.

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## CONTEXT

Palo Alto, California-based Actian was originally founded in 1980 as Relational Technology, Inc. (RTI) and was re-named in 1989 as Ingres Corp. ASK Computer Systems acquired Ingres in 1990, and Computer Associates (now CA Technologies) acquired ASK in 1994. Ingres was then spun off as a private company in 1995 with Garnett & Helfrich Capital, a private equity firm specializing in venture buyouts, as its largest investor. In 2011, its management sought to reposition the firm with a new corporate identity and changed the name to Actian with the launch of its Action Apps program – offerings that enabled applications to respond (act) to changes in data. During the execution of this strategy, the firm acquired Versant (an object database) in November 2012, and later Pervasive (integration technology) and ParAccel (an analytics platform) in April 2013. Actian also operates in New York; Austin, Texas; and Greenville, South Carolina, as well as globally with offices in the UK, France, Germany, Australia, Brazil and the Netherlands.

Actian positions itself as a high-performance data management and integration firm. Its Data Management and Integration unit was formed in early 2015 and brings to market a portfolio acquired from the 2013 Pervasive buy that includes DataConnect, DataCloud (on-premises and cloud-based integration offerings, respectively) and Business Xchange (B2B trading partner onboarding and integration). Its data management platforms include Ingres, a relational database; Versant, an object database; PSQL, an embeddable database; and OpenROAD, a 4GL application development tool.

With its current focus on DMI, the company is abandoning its previous Actian Analytics Platform strategy. The associated products – Actian DataFlow and Actian DataFlow for Hadoop, Actian Matrix, Actian Vector and Actian Vector in Hadoop – have been discontinued, and support services will not be available after April 30, 2017. While these products previously had a significant role to play in the company's attempt to break into big-data analytics, they were not significant revenue generators.

The result of the DMI focus seems positive. Actian reports that in the last 18 months, it signed on 123 new clients, and its Actian Cloud Services processes roughly \$30bn in client transactions annually (does not include transaction values of on-premises platforms). It expects transaction volume to grow 20-25% in the coming quarter. Its DMI unit now generates roughly \$115m annually; of this, 57% is from indirect channels and more than 80% is repeatable subscriptions. Prior, the combined DMI and Actian Analytics Platform portfolio were roughly \$150m. Actian now employs 300 (down from 450 in early 2014), says it is profitable and is not seeking incremental capital, and plans to grow both organically and via acquisition. No potential targets were reported.

## STRATEGY AND PRODUCTS

In an earlier report on Actian's integration strategy, we discussed how it made efforts to simplify data-integration processes using its DataConnect and DataCloud. At that time, Actian believed the market needed what it refers to as a 'frictionless' approach to connecting to data regardless of the source or scale of effort. It set out to make data integration, in a sense 'invisible,' where the complexities associated with data-integration processes are abstracted away via componentry and automation. To do so, it launched its Invisible Connect Framework. Its go-to-market plan then almost exclusively focused on selling to SaaS providers that lacked resources to develop their own integration technology.

Today, Actian sees greater opportunity in the data and applications integration markets, and is adapting its go-to-market plans by scaling down its pursuit of the analytics market and accelerating its efforts in an emerging and dynamic market that we refer to as the hybrid multi-purpose integration PaaS (iPaaS) market. Actian's DMI business unit, formed in early 2015, is being strengthened to capture a greater share of it. Obvious targets for its integration offerings can be found among its several-thousand-strong Ingres customer stable that represents ample cross-sell and upsell opportunities.

Actian will still position its 'invisible integration' capabilities to SaaS vendors, but is committing development, marketing and sales resources to assist enterprises that want to sell or deliver software, or expose their data and services to others. Its value proposition is to do all the heavy lifting required to onboard, integrate and manage the 'last mile' of data exchange with customers and suppliers within electronic trading networks.

Actian intends to position its DataConnect, DataCloud and Business Xchange as an iPaaS that offers 'integration as a managed service' in a move to differentiate from the current enterprise service bus (ESB), ETL and iPaaS vendor landscape. Its primary go-to-market channel will be through OEM relationships. While its offerings can be applied in any industry, Actian will target the digital media, financial services, government, healthcare, retail, and oil and gas markets in which it has a strong presence.

## COMPETITION

Actian's DataConnect offering competes with the on-premises version of ESB vendors such as MuleSoft, Talend and TIBCO. Its current version can also be deployed within a cloud service. Its DataCloud competes in the iPaaS market where Dell Boomi, Informatica Cloud, SnapLogic and MuleSoft are worthy rivals with comprehensive platforms and growing customer bases. The IT leviathans have also recently amped up their iPaaS offerings. Oracle has a well-integrated suite of integration offerings, SAP has its HANA Cloud Integration (HCI) platform, and IBM is likely to extend its Connect offerings with the launch of a new iPaaS in the coming quarters.

When selling to SaaS providers, Actian will have a rival in Scribe. It sells to independent software vendors and channel partners that use Scribe's Insight as their integration engine – mostly for Microsoft Dynamics integrations. Indeed, other integration vendors have white-label programs where they sell their technology as embedded OEM software. Dell Boomi, MuleSoft and SnapLogic are among them. However, in most of these cases, it's a secondary strategy. Their primary strategy is to sell iPaaS subscriptions.

Rivals to Actian's Business Xchange include the more traditional electronic data interchange (EDI) managed service providers such as IBM's Sterling, SAP's Ariba, OpenText's GXS and Infor's GT Nexus. Smaller but still substantial EDI vendors include SPS Commerce, Liaison and E2Open. Perhaps the most interesting of Actian's rivals will be Adeptia, which offers a self-service B2B integration iPaaS.

## SWOT ANALYSIS

### STRENGTHS

Action's integration technology is mature, stable and widely deployed in many industries across diverse use cases. It has a broad stable of customers into which it can cross-sell and upsell new offerings.

### WEAKNESSES

Action lost some momentum during the pursuit of an analytics product strategy, but kept its integration technology current, enabling it to reposition and compete with a new 'integration-as-a-managed-service' approach.

### OPPORTUNITIES

While there are several iPaaS vendors already well established in the market, new needs for different types of integration technology and services are being driven by accelerating B2B partnerships. Enterprises will seek vendors that relieve them of as much integration effort as is possible - a need that bodes well for Action's strategy.

### THREATS

Action is positioning itself in the middle of several dynamic and converging markets that include iPaaS, B2B managed services and newcomers that will affect the shape of market rivalry in coming years (e.g., API lifecycle management vendors). APIs may force decision-makers responsible for B2B integration to rethink their approach and make greater use of the flexibility afforded by APIs.