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D&B's Acquisition Of Purisma Signals Market Shift

Trusted Data Source Vendor Commits To Delivering CDI Technology

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EXECUTIVE SUMMARY

On November 5, 2007, Short Hills, NJ-based Dun & Bradstreet (D&B) revealed its $48 million acquisition of Purisma, a Redwood City, Calif., provider of customer hub solutions. Until now, the majority of D&B's expertise had been applied to the company's flagship hosted services and data products, not its on-site Integration Manager. The acquisition will introduce a more robust customer hub solution into D&B's packaged software portfolio that could augment strong business-to-business (B2B) capabilities, improve internationalization, deliver hierarchy management, and support data stewardship processes. Existing D&B customers should benefit from stronger customer hub tools than previously offered. Existing competitors will brood over the impact of a data enrichment provider, and ecosystem partner to many, committing to the customer data integration (CDI) packaged software market.

MERGER ALIGNS COMPLEMENTARY OFFERINGS INTO A UNIFIED CUSTOMER HUB SOLUTION

The acquisition of Purisma represents a significant step for D&B, the trusted B2B data provider, to transform into a customer hub.[1] While it is unlikely that D&B would evolve into a data-domain-agnostic master data management (MDM) solution provider, over time relevant enhancements may include association with customer-dependent data domains such as location.[2] As a premier B2B data management vendor, D&B can now deliver on a hybrid customer hub offering with on-site data management augmented by sophisticated hosted services. D&B also provides business-to-consumer (B2C) data service capabilities through a recent partnership to OEM Acxiom's AbiliTec solution, which can be combined with Purisma's B2C hub capabilities for customers with both business and consumer customers. The acquisition of Purisma is noteworthy because it:

- **Provides D&B customers with advanced customer hub tools.** D&B's on-site customer hub solution, Integration Manager, comes with implementation services and automatic monthly refreshes of D&B data made possible through D&B's DUNSRight Quality Assurance Process. Customers that are light on IT resources benefit by matching their own B2B data against D&B's gold standard. Today, D&B's offering suits information managers that want to enrich their customer data with D&B data rather than create or manage new "best source of truth" master data.[3] However, the acquisition and integration of Purisma's rapid deployment solutions change the game, adding to D&B's portfolio the ability to add vertical industry versions, support data model extensibility, administer data stewardship, and customize corporate hierarchies.

- **Validates Purisma's technology while removing viability concerns.** As a core technology within D&B, a $1.4 billion leading provider of business insight, Purisma now has the visibility and funds to expand on a number of its key innovations. These include team-based data governance, multidimensional data hierarchies, what-if analyses, and simplified D&B data integration from Purisma Data Hub Version 3.0, as well as high availability and enhanced D&B corporate family tree management in Version 3.5. Purisma can also augment its previous deficiencies with D&B's strengths in data cleansing, integration and synchronization, and security and privacy.[4]

- **Opens the door to bringing other interdependent master data into the D&B universe.** Innovations from Purisma may give D&B the ability to associate multi-entity data and perhaps even enter the broader MDM market. Customers and prospects should ask D&B if they can expect future developments to include expansion into other data entities such as products, assets, locations, and financial accounts. If MDM is a goal for D&B, for the firm to gain credibility in noncustomer data, it must consider additional acquisitions of relevant experience and technology within those data domains.

- **Allows D&B to consider Purisma's software appliance strategy.** Purisma's head start in software appliances such as MyData for D&B appliance builds preconfigured software applications that are purpose-specific, configured to order, auto-updating, require no installation, and deliver a managed service through subscription-based pricing. D&B can consider if the appliance approach is one it wants to continue to evolve.

ACQUISITION CREATES A GAME CHANGER FOR THE CDI WORLD

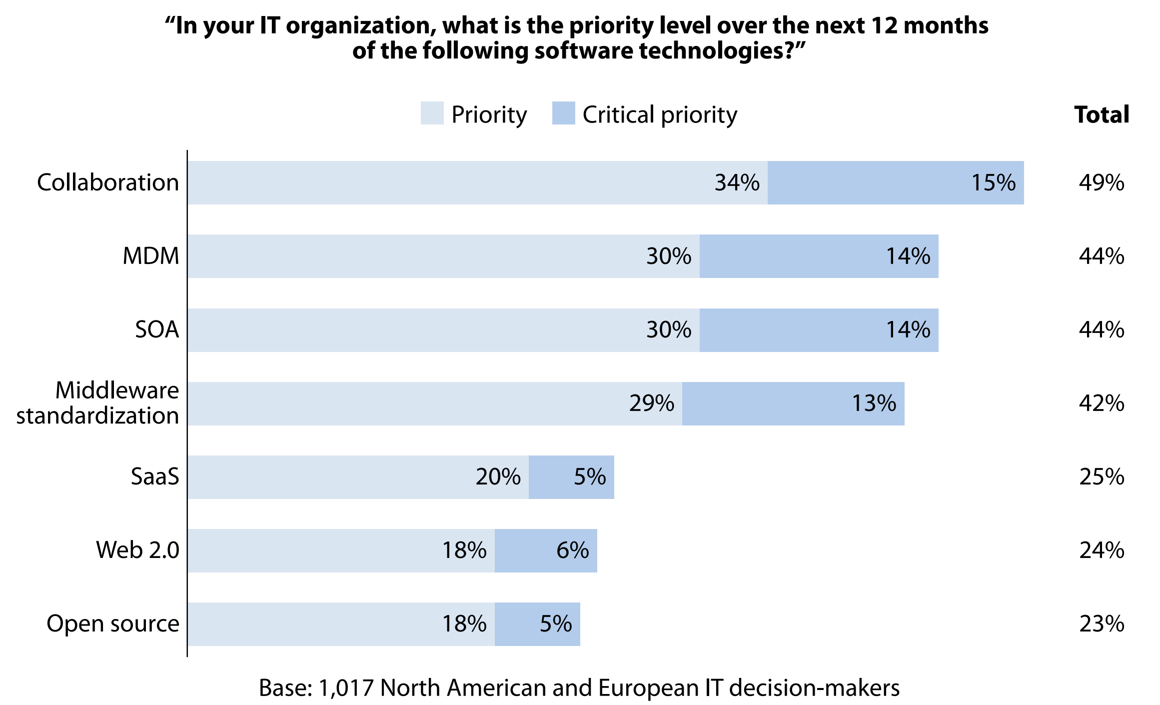
In a recent Forrester survey, 44% of survey respondents prioritize MDM as a key technology initiative for 2008 (see Figure 1). Customer hub, or CDI, technologies represent a key subset of MDM. As MDM technologies continue consolidation into middleware stacks or complementary solutions, customers can expect:

- **Trusted data source providers to partner or acquire MDM capabilities.** D&B has made a serious commitment in MDM that its competitors have not executed on. Anticipate Experian, Harte-Hanks, infoUSA, and other trusted data source vendors to seek partnerships with market-leading operational MDM vendors IBM, Oracle, and SAP or consider acquisitions of pure play customer hub vendors such as Initiate Systems, Siperian, and VisionWare. Expect a rush to explore those partnership opportunities that may lead to M&A discussions.

- **Large vendors to hasten consolidation among MDM components.** While trusted data source vendors will remain nervous, other well-funded players will certainly enter the market. With a $6.6 billion MDM market opportunity by 2010, consolidation now occurs between the corners of competitors building master data management solutions (see Figure 2).[5] These include the trusted data sources, BI/action frameworks, enterprise apps, and data management players (see Figure 3).[6] From an information supply chain perspective, vendors will want to know where to partner, acquire, or build for the end game.[7]

- **D&B to remain the primary supplier of B2B trusted data.** Don't anticipate any material impact on the market right away, but it's reasonable to expect D&B to target the relatively small installed base for Purisma solutions over time. Despite this, expect partnerships with D&B to continue among the main CDI players: IBM, Initiate Systems, Oracle, SAP, Siperian, and VisionWare. Can vendors afford not to partner with D&B and go with a company like Austin-Tetra? Probably not. Coopetition remains a dominant assumption in today's ecosystems.

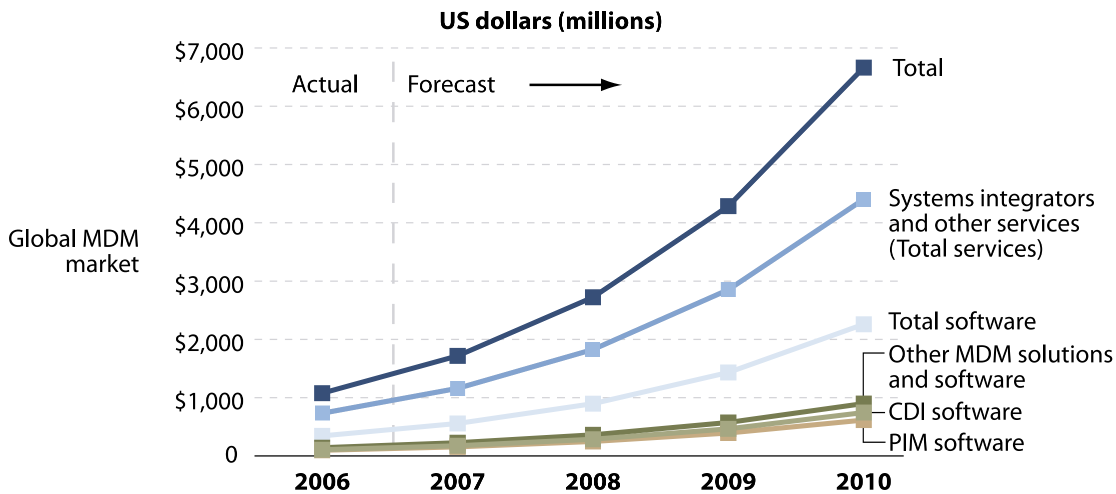
Figure 1 MDM Represents A Top Technology Initiative For 2008



Source: Enterprise And SMB Software Survey, North America And Europe, Q3 2007

44185 Source: Forrester Research, Inc.

Figure 2 MDM Represents A $6.6 Billion Market Opportunity By 2010



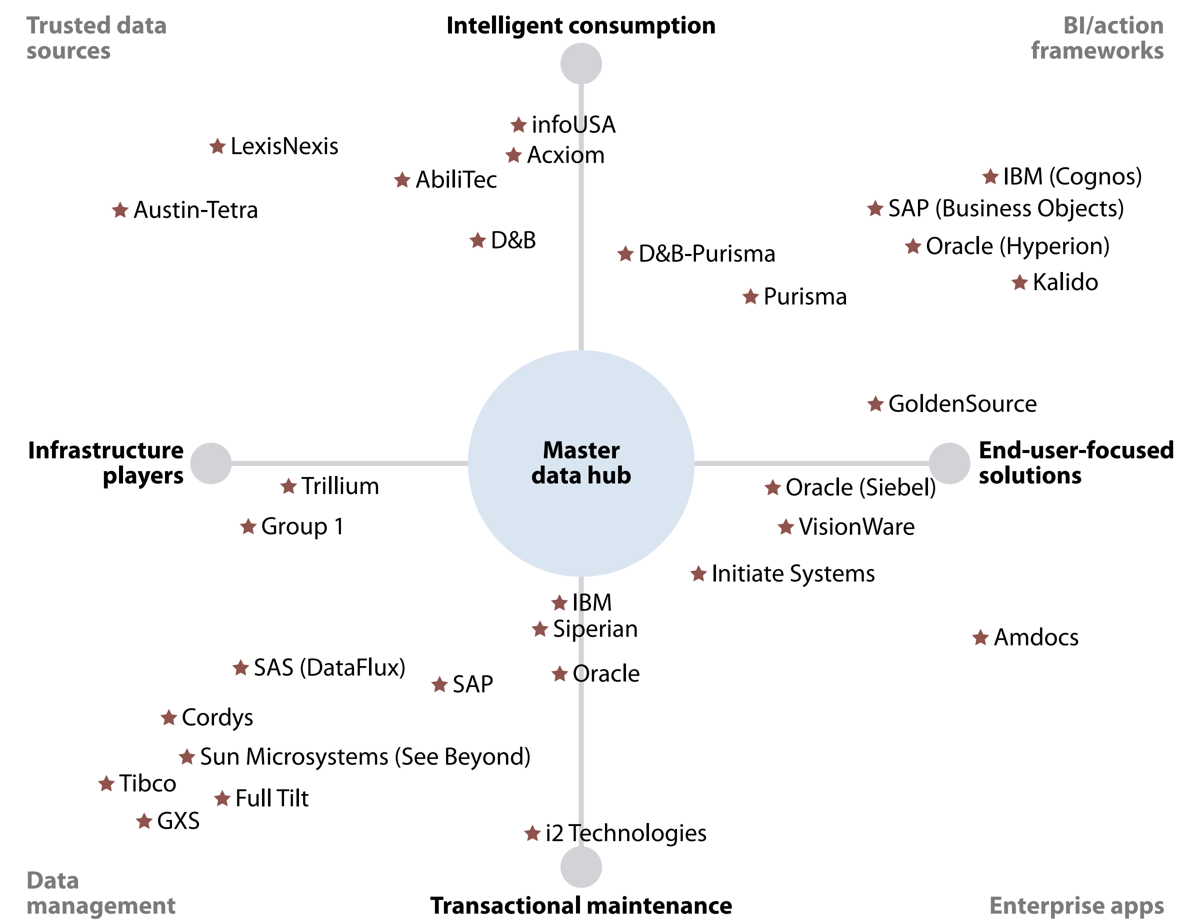
	2006	2007	2008	2009	2010
Total (US$ millions)	$1,077.18	$1,717.22	$2,723.60	$4,285.41	$6,662.87
CDI software	$106.14	$174.85	$286.42	$465.03	$744.97
PIM software	$96.77	$155.38	$248.17	$393.21	$615.66
Other MDM solutions and software	$141.33	$226.91	$362.43	$574.24	$899.07
Systems integrators and other services	$732.95	$1,160.04	$1,826.58	$2,852.92	$4,403.20
Total software	$344.23	$557.14	$897.02	$1,432.48	$2,259.67
Total services	$732.95	$1,160.04	$1,826.58	$2,852.92	$4,403.20
Services/software ratio	2.13	2.08	2.04	1.99	1.95

(numbers have been rounded)

Source: March 6, 2007, "Demand For Master Data Management Software Is Timid But Growing Steadily Through 2010"

44185 Source: Forrester Research, Inc.

Figure 3 Expect More Acquisitions Across MDM Categories



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Source: Forrester Research, Inc.

RECOMMENDATIONS

UPON MERGER INTEGRATION, CONSIDER D&B AS A CDI PROVIDER

Customers and prospects stand to benefit from this complementary acquisition once D&B fully integrates the Purisma capabilities. In the meantime:

- **Existing D&B customers should consider the Purisma solution.** Those with heterogeneous data requirements and hierarchy management needs benefit most from Purisma's solution-focused approach. Customers should discuss with D&B post-merger integration plans, product road map milestones, and future partnerships. Explore if and how D&B plans to evolve into an MDM offering.

- **Existing Purisma customers should discuss enterprise contracts with D&B.** Purisma's pricing model differs from D&B's approach. With almost a 70% overlap in customer bases, most Purisma customers have a relationship with D&B and should explore options to continue with Purisma's user-based pricing approach or identify a fair conversion credit to D&B's pricing models.
- **Prospects now have a strong alternative for B2B-orientedCDI . . .** Customers with D&B data now have the option to sole source a CDI solution. Over time, customers committing to the D&B solution should request that other data entities such as product, location, employee, or financial accounts be associated with customer information. However, those looking for immediate solutions should consider other vendors such as IBM, Initiate, Oracle, and Siperian.
- **. . . but prospects requiring B2C-oriented CDI may be left underserved.** Although D&B has an OEM relationship with Acxiom, the level of natively delivered B2C integration and expertise will still need to be proven. Forrester expects D&B to invest in technologies that will support both B2B and B2C business models and have seen some customers in pure B2C implementations. However, both Purisma and D&B face challenges in convincing customers who manage consumer data, or both business and consumer data.

SUPPLEMENTAL MATERIAL

Companies Interviewed For This Document

D&B

Purisma

ENDNOTES

1 Over the past decade, information and knowledge management professionals have explored a variety of approaches to managing customer data across the enterprise. Some suggested that data warehouses would become "real-time" sources, yet enterprises continue to have data access issues. Another theory was that CRM applications themselves would provide companies their "single customer view." Instead, multiple instances, disparate ERP systems, and poor data integration leave enterprises with "yet another view." Others believed that business intelligence (BI) applications would provide the focal point to customer intelligence across multiple data sources. But in this scenario, the integration required to achieve insight remains costly to maintain. Meanwhile, others used trusted data sources to augment and cleanse customer data only to see the accuracy of their freshly scrubbed data quickly fade.

Despite these customer data integration (CDI) initiatives, many enterprises still struggle to assemble accurate customer data. So while Forrester believes that CRM systems, BI, trusted data sources, and data warehouses represent pieces of the story, the continuous customer management (CCM) process represents a much bigger picture around how enterprises collect, distribute, and use data in an organization to create value. Customer hubs represent the intersection of technology solutions and a category of packaged application software that operationalizes the acquisition, distribution, and management of customer information for use in other systems. See the December 22, 2006, "The Forrester Wave™: Customer Hubs, Q4 2006" report.

2 Master data management (MDM) is a business capability enabled through the alignment of multiple information management technologies, business process improvements, and organizational commitments. MDM is much more than a single technology solution; it requires an ecosystem of technologies to allow the creation, management, and distribution of high-quality master data throughout the organization. This master data can be leveraged on both sides of your firewall — wherever and whenever it's needed. Enterprise architects and information management leaders must filter through the vendor hype surrounding MDM and use a checklist that considers the current state of the master data landscape and the technology, resource, and organizational commitment required to successfully implement this business capability across it. See the November 10, 2006, "Introducing Master Data Management" report.

3 Although best-known for its hosted services and leading business data, multibillion-dollar Dun & Bradstreet also provides an on-site customer hub solution. The product comes with implementation services and automatic monthly refreshes of D&B data made possible through D&B's DUNSRight Quality Assurance Process, making it best-suited for companies that are light on IT resources and primarily interested in matching their own B2B data against D&B's gold standard. D&B's lucrative position as a hosted service and data provider means that it is more likely to invest in deeper integration to its own services than best-in-class on-site features. Hence, D&B offers a solid product optimized for its own B2B data. The solution does not offer vertical industry versions or support much extensibility, making it most appropriate for companies that want to compare their data to D&B data rather than create or manage new "best source of truth" information. See the December 22, 2006, "D&B Is A Contender For Customer Hubs" report.

4 New to the customer hub market, Purisma brings a solutions-focused approach to customer hubs. Purisma Data Hub delivers strong B2B, internationalization, and data stewardship capabilities. However, lack of key B2C features, data cleansing improvements, and support for just the Oracle database are among several areas that prevent Purisma from becoming a leader. Purisma debuts as a Strong Performer in this year's Forrester Wave for customer hubs. The product is best-suited for global B2B shops seeking quick impact in a cross-reference-registry-style hub. See the December 22, 2006, "Purisma Emerges As A Strong Performer In Customer Hubs" report.

5 MDM's license and service revenue from software vendors and systems integrators (SIs) will grow from $1.1 billion in 2006 to more than $6.6 billion in 2010. Service revenues will drive early growth; license revenue will pick up once the products transition from today's integration-focused ordeal for information and knowledge management professionals to a slightly more self-supporting model over the next five years. While the overall market size today remains significant enough to validate that MDM is more reality than hype, services still make up 68% of the total. The packaged software part of the equation is still in its infancy. Pure-play customer data integration (CDI) and product information management (PIM) solutions will account for the majority of software growth, with key vendors looking to bridge these disparate products into offerings that cross multiple master data domains, including customer, product, asset, supplier,

employee, and beyond. See the March 6, 2007, "Demand For Master Data Management Software Is Timid But Growing Steadily Through 2010" report.

[6] Different vendors will continue different approaches to achieve MDM. Master data hubs seek balance on the approach between technology and usage. Because vendors approach MDM solutions from many different heritages, expect a variety of players to emerge or rebrand themselves as "MDM" solutions but not always provide complete MDM solutions. Packaged solutions will continue to deliver core data cleansing, data matching, hierarchy, and data management with integrated stewardship and administration. However, infrastructure players and traditional data integration vendors will focus more on end user usage and vice versa for product, customer, and solutions that require more infrastructure. Simultaneously, vendors that emphasize data infrastructure, quality, and transactional processing will shift gears to deliver on intelligent consumption, focusing on how data will be used and vice versa for those that focus on intelligence but lack good transactional maintenance capabilities. See the February 26, 2007, "Trends 2007: Master Data Management" report.

[7] As business technology providers move to expand their solutions-centric ecosystems, strategists must intensely focus on partnerships across the value chain. The sad truth is that few technology partnerships are as successful as their participants wish. Most failures result from poor alignment between parties on key objectives and metrics. Forrester suggests 21 questions to drive that alignment across four core competencies: 1) building technology and product strategy; 2) aligning go-to-market (GTM) activities; 3) investing in a support ecosystem; and 4) executing the action plan. See the August 22, 2007, "Avoiding Failure in Technology Partnerships" report.