

Impact Report

ETI marches into Asia-Pacific with latest code-generation integration platform

Analyst: [Krishna Roy](#)

Sector: [Enterprise Software](#)

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ETI Solution Version 6, which is sold by **Nippon RAD**, the firm's reseller in Japan, is meant to extend its customer base beyond Europe and the US and into the Asia-Pacific region. A veteran of the data-integration space that uses code-generation techniques rather than an extract, transform and load (ETL) engine, ETI now has 315 customers, although only 175 of them are active accounts; the remainder are on maintenance. That said, management reports that it has been adding two new customers on average since December.

The firm struck an OEM deal with **SQData** in January to give it a change data capture (CDC) tool to offer customers, following OEM agreements with **Datactics** and **Business Data Quality Ltd** to enable it to offer a data quality and data-profiling tool last year. Partnerships with **Microsoft**, **IBM** and **Teradata** – in the throes of being spun out of **NCR** – are also reportedly being expanded. Head count remains stable at 60 employees, and the average deal size remains about \$100,000.

Impact assessment

The message

After a year of development work, ETI has delivered on its promise to deliver a multibyte release of its core integration platform with full Japanese language translation to aid geographic expansion into the Asia-Pacific region. It has also inked an OEM deal with SQData to license its CDC software.

Competitive landscape

IBM – although now a partner – is also a competitor. Informatica, Oracle (with its acquired Sunopsis integration software), Pervasive Software and Business Objects' Data Integrator XI ETL are the other products ETI comes across in competition. Talend is one of the latest market entrants, with its open source ETL tool.

The 451 Assessment

Reengineering its core integration platform for the Japanese market is a sound move that we believe will generate more business from the Asia-Pacific region from the core platform. ETI also has a built-to-order custom integration business that appears to be generating meaningful sales and the ability to now offer customer a CDC tool as well as tools for data quality and profiling. It therefore has a far broader product lineup than this time last year and more partnership opportunities with IBM, Microsoft and Teradata – particularly in the area of legacy and mainframe data integration. However, ETI is operating in a consolidating market and has already had several acquisition offers. We wonder, therefore, whether it will at some point get acquired.

Context

ETI is continuing its turnaround since it bought out original investors in 2005 and received \$6.5m in an A-1 funding round led by **Appian Ventures** with participation from **Access Venture Partners** and **Osprey Ventures** last March. The firm is continuing to convert customers on maintenance releases to active licenses, such that it now has 175 active customers, up from 150 in December, with 315 customers in total. The three focus areas for sales to existing customers are data migration, data consolidation and synchronization and data services for service-oriented architecture. Management reports that it has also added two new customers a month on average since December. Average deal sizes remain at about \$100,000.

ETI is now reportedly expanding partnership activity with Teradata, Microsoft and IBM. The partnership with Microsoft has so far been around SQL Server, with ETI providing loading of mainframe and legacy source data into SQL Server 2005 Integration Services, the integration layer inside this database. But executives now report that they are working with Microsoft's services group to target vertical markets. ETI has also reinitiated partner activity with IBM and is now part of its System z channel, where its integration platform is sold as a complementary to Big Blue's own WebSphere DataStage ETL tool for mainframe data source integration. ETI has so far provided high-performance connectors for Teradata, but management reports that it is now expanding this partnership as well.

Having struck OEM deals with Datactics for data quality and Business Data Quality Ltd for data profiling last year, ETI now has an OEM agreement with SQData to license its CDC software. All three offerings are sold either stand-alone or through Integration Center, the online portal for access, creation and delivery of built-to-order connectors it introduced last year. Executives report that Integration Center is generating a fair amount of repeat business with customers that have already bought built-to-order connectors. ETI is also selling these connectors to existing customers using its code-generation integration platform. The price point for the connectors is under \$50,000.

The advent of a fully translated version of its code-generation platform – ETI Solution Version 6 – into Japanese is designed to fuel geographic expansion into the Asia-Pacific region. This release is being sold by Nippon RAD, which is its exclusive reseller for Japan. Head count remains stable at 60 employees.

Products

ETI Solution Version 6 is the latest offering of its core platform to ship. One of its principal features is the ability to generate programs that can perform ETL operations on multibyte data and multiple sources in different Japanese character encodings. It's designed to access and process database information that is stored in a given encoding and move or transform that data to a target system that may have different encoding. The software also handles the retrieval and manipulation of data definitions that contain multibyte encoded data and automates the collection of multibyte metadata.

Where text and spreadsheets were used by developers to record integration project specifications in previous releases, ETI has now added a client in version 6 to automatically handle this task and enable developers to define ETL processes through a visual design interface dubbed iSpec.

Management believes iSpec will not only help it gain traction with ISVs but also aid the creation of built-to-order connectors in its Integration Center offering, which provides one-off, point-to-point customized integrations. Customers enter their high-level specifications through the Web portal in Integration Center, then ETI engineers create the connectors and ensure that they work. ETI promises to deliver the mappings, logic and business transformations for a fixed-price quotation in two to four weeks.

Competition

Although IBM is now a partner, executives report that they have won deals against WebSphere DataStage, which is part of IBM's Information Server integration platform. IBM and ETI will also arguably compete in the area of CDC software. While ETI is licensing this type of software, IBM announced plans to buy **DataMirror** for \$161m earlier in July specifically to gain heterogeneous CDC software for Information Server.

Oracle's acquired **Sunopsis** integration software also uses code-generation techniques – rather than an ETL engine – as does **Talend's** open source-based ETL tool. ETI comes across Sunopsis occasionally in competition but hasn't seen Talend so far. We believe that's because ETI is heavily focused on complex integrations involving legacy and mainframe data sources, which is not Talend's core focus.

ETI has also reportedly won deals against **Informatica**, although unlike Oracle/Sunopsis, IBM and Informatica, ETI is still a minnow compared to these three dominant players in the integration sector.

Business Objects' Data Integrator XI ETL tool tends to appear in competition only in a business intelligence-related project where ETI has come into the deal with Microsoft, according to executives, which makes sense since BI is a core focus for Business Objects.

Pervasive is the new player ETI has seen as a result of the introduction of Integration Center. This is what we'd expect since Pervasive targets the midmarket and ETI moved into the midmarket when it launched Integration Center last year – although this offering is also pitched at enterprise accounts.

SWOT analysis

Strengths	Weaknesses
ETI's code-generation approach is particularly good for mainframe and legacy data integration where it's not always possible to use an ETL engine.	ETI doesn't have the same high profile or scale as the main vendors it competes against.
Opportunities	Threats
Geographic expansion into the Asia-Pacific region should be greatly aided by the advent of ETI Solution Version 6.	The integration sector continues to consolidate, and ETI has had acquisition offers, leading us to suspect that it may be acquired at some point.

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