Informatica World 2016: Observations on its strategic course

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The company continues to march on the data management and integration markets with improvements across its product portfolio, but a few market dynamics may influence some new strategic thinking.

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At its recent Informatica World 2016, the data management vendor announced that its vision for its Intelligent Data Platform is being realized, with improvements that include cloud-enabling its flagship PowerCenter ETL, a marketing version of its Intelligent Data Lake, expanded integration platform-as-a-service (iPaaS) capabilities for Informatica Cloud and a next-generation Data Integration Hub. Its new CMO will have an impact that should help Informatica bring vertical industry offerings to market and position Informatica to participate in the use and management of APIs.

THE 451 TAKE

The announcements touted at the Informatica World 2016 conference position the vendor as a leader in a new and emerging hybrid integration market – where multipurpose hybrid iPaaS platforms become the preferred approach to all things integration by enterprises. However, Informatica may have to add a few navigation waypoints to its strategic course in the next year or two. As big-data and IoT initiatives accelerate, the value derived from them is not going to be in data preparation, but in data analytics. Moreover, when you look at historical market values, Tableau's market cap reached that of Informatica's in half the time. One has to wonder what Informatica's new private investors will think. Informatica is doing all the hard work at data preparation, and firms like Tableau extract much of the value. We believe the navigation waypoints that are likely to be added to Informatica's strategic course will need to lead to it entering the data analytics market as a new rival – likely via acquisition. Should all data management vendors become data analytics vendors? No. But given Informatica's stated messaging and product roadmap, it's already on course to such a destination.

CONTEXT

Since being taken private by investors Permira Funds, Canada Pension Plan Investment Board, Microsoft and Salesforce in a $5.3bn deal that closed in August 2015, Informatica's product strategy has addressed the new types of interactions within and among enterprises enabled by cloud, mobile, social and IoT computing. The data management firm believes that traditional business computing was focused on productivity improvements. The goal of the so-called 'age of productivity,' as Informatica earlier referred to it, was to automate transactions and integrate silos of data that were distributed across fragmented systems. It reckons that in the new 'age of engagement,' productivity will still be important, but enterprises are now compelled to make intelligent use of data and interact through all things (e.g., social media, clouds, mobile apps, devices) so that they can collaborate on a higher plane. Data represents assets that must be secured as intellectual property and summoned on demand to fuel personalized experiences.

STRATEGY AND PRODUCTS

Informatica World 2016 addressed how 'data powers business' – where all employees of an enterprise that want to use data for strategic advantage can do so. Informatica calls this phenomena 'Data 3.0.' For perspective, Informatica's Data 1.0 defined the ETL (extract, transform, load) and data integration categories, and Data 2.0 added data quality, master data management (MDM), data masking, data archiving and cloud integration. Data 3.0 enables a broader range of non-technical users to study and interpret data to expose opportunity and test hunches that can potentially transform businesses and drive new business models.

Expected announcements included how Informatica is accelerating the migration of its products to run in and across clouds. For example, the on-premises PowerCenter ETL technology is certified to run on AWS and Azure. PowerCenter will continue to be modified throughout 2016 to be cloud native – an effort that will optimize how mapping and transform functions execute in elastic cloud architectures. Indeed, the latest Informatica Cloud Summer 2016 release adds the Informatica MDM Cloud Edition (running on AWS), the Informatica Cloud Data Integration Hub (which publishes data once, making it consumable by many subscribing applications) and Informatica Cloud B2B Gateway (which includes EDI mappings and extends integration to B2B partner communities).

Notable announcements included Intelligent Structure Discovery, which automates the integration of IoT data by detecting unique data structures and transforming them as needed by IoT applications. Informatica's Marketing Data Lake (built on the Informatica Intelligent Data Lake) gives marketers self-service access to marketing data. Informatica's Customer 360, Supplier 360 and Product 360 data management offerings look a lot like data project management offerings. By this we mean that their user experience and data management automation techniques perform much like a project management system, as opposed to typical ETL and MDM systems. The design of these offerings greatly simplifies all the tasks required of a thorough data management methodology and practice.

Informatica Cloud's self-service data management capabilities for analytics use integration wizards, data cleansing and preparation tools, and prebuilt mapping templates. It integrates with several major cloud services, data warehouses and self-service analytics offerings, including Amazon Redshift, NetSuite, Microsoft Azure, Microsoft PowerBI, Salesforce Wave and Workday, among others.

Informatica also strengthened its partnership with Tableau Software with improved means of accessing, integrating and preparing data from disparate sources that can be analyzed within Tableau (Informatica PowerExchange for Tableau, Informatica Cloud for Tableau, Informatica Data Prep 4Tableau, MetaData Manager for Tableau and Intelligent Data Lake optimized for Tableau). Tableau is used as the visualization front end, providing real-time dashboard views of data integrated from across customer touch points.

Perhaps the announcement of most strategic importance is the role its new CMO will play in helping Informatica extend its offering to appeal to the unique integration needs of various vertical markets. Jim Davis came from analytics vendor SAS Institute, where a vertical market approach proved successful. Informatica's Intelligent Data Management platform (and all the self-service tooling enabled within it) means that Informatica Cloud will play a far more strategic role for the vendor going forward. The direction that Informatica is heading is consistent with what we believe the next-generation hybrid integration market will look like. We believe that new multipurpose hybrid iPaaS offerings will emerge as the preferred model for integration technology, services and strategy.

Vendors in this new hybrid integration market will differentiate by how well they structure a uniform cloud platform that combines enterprise application integration (EAI); enterprise service bus (ESB); extract, transform, load (ETL); message-oriented middleware (MOM); cloud-to-ground (links with on-premises infrastructure); cloud-to-cloud; and API management capabilities, as well as how they enable data quality management (DQM), master data management (MDM) and big-data integration. Going forward, the market will be influenced by how various IoT, machine-leaning, and big-data analytics requirements will drive hybrid iPaaS vendors to enable business process orchestration, stream real-time integrations, integrate containers and microservices, and support data ingestion to in-memory computing architectures.

COMPETITION

Direct rivals to Informatica's portfolio of data management offerings overall include IBM, SAP, Microsoft and Oracle. Although IBM lacks an iPaaS offering, we expect it to roll one out later in 2016. IBM's API Connect, however, may sway buyers seeking greater means to integrate via APIs. Oracle now has a comprehensive set of capabilities when compared with Informatica. Its new iPaaS and API offerings are getting market traction. SAP is investing in its HANA Cloud Integration technology, and we suspect its investment plans will accelerate as enterprises turn to multi-purpose hybrid iPaaS as a preferred integration platform.

Dell Boomi complements the in-place integration strategy and ESB investments of its customers and prospects, claiming to be able to modernize legacy integration technology with its portfolio. MuleSoft's Anypoint Platform includes its on-premises SOA offering anchored by Mule ESB; its CloudHub iPaaS offering; and its API Portal, which, along with its recently announced RESTful API design tool, enables the design, testing and publishing of APIs.

SnapLogic's Elastic Integration Platform capabilities enable applications, processes and data integration. It also offers a Groundplex version for on-premises integration execution, as well as Hadooplex and Sparkplex for big-data integration using Hadoop and Spark. Talend has launched its own iPaaS, the Talend Cloud, to rival Informatica Cloud, and will use it to venture into API management to rival Informatica's tentative and muted entry into that market.

SWOT ANALYSIS

STRENGTHS
Informatica has built a formidable platform to simplify the means by which enterprise users discover, prepare and improve data for use by applications and analytics engines. Its user experience and automation techniques can extend data management to many non-technical users.

WEAKNESSES
Informatica is still vulnerable in circumstances where APIs are the preferred method of data acquisition/exchange, internal application integration and external strategic partner integration.

OPPORTUNITIES
As enterprises seek unified platforms for all things integration, they will turn to multi-purpose hybrid iPaaS offerings like Informatica Cloud that should continue to experience healthy growth.

THREATS
While we do not believe that all data management vendors need to enter the data analytics market, we do believe that Informatica's rivals will attempt to change customer buying criteria to include analytics as a core differentiator. While there is great value in high-quality, well-managed data, there is far greater value in the discovery and wisdom derived from it.