"D&B Moves into MDM Mainstream"

Subtitle: **D&B Pounces on MDM Partner Purisma to Accelerate Market Delivery of "Holistic" Master Data**

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- What is Purisma and how did it differ from other MDM solutions?
- What will the "future" D&B product line-up look like?
- What does this mean to evaluators of MDM solutions?
- How does this impact the MDM market?
- Bottom line
- About the CDI-MDM Institute

D&B has stumbled the past several years in diversifying beyond its traditional data service provider (DSP) business model. Its efforts to deliver customer data integration (CDI) and master data management (MDM) met only modest success – primarily in its own customer base. Concurrently, CDI start-up vendor Purisma suffered from lack of capital to expand its sales and marketing reach as well to fund its innovative and fresh approaches to MDM.

This merger is in some ways more significant than the IBM acquisition of DWL by IBM. While that merger legitimized the standalone commercial MDM market for customer data integration and primed the channel via IBM's worldwide sales forces, the D&B/Purisma merger can change the game in some powerful ways. T**his merger has the potential to redefine the CDI-MDM market because every MDM implementation needs and will continue to need an external reference data source that can be trusted**. This "external reference data source" backbone of any CDI initiative is needed to keep customer (B2C or B2B) information fresh and accurate … and complete in the "holistic" sense. All of the IBM and Oracle/Siebel MDM implementations will continue to require such reference data,

In addition to this third party data integration capability, **we expect Purisma to provide data governance capabilities that compliment IBM, Oracle and SAP MDM solutions.** Through 2009-10, CDI-MDM requirements will increasingly mandate the rigor of data governance as a prerequisite to the success of enterprise MDM programs. **Purisma was one of only several vendors making headway in this key area. In addition to shoring up D&B's CDI-MDM product offering family, we expect Purisma's fledgling data governance capabilities to increasingly become a market differentiator in a cluttered and cacophonous market. We expect other major CDI-MDM vendors to acquire or build out significant data governance capabilities during the next 6-12 months.**

STRATEGIC PLANNING ASSUMPTION – MDM Market Momentum

During 2008, MDM solutions such as IBM, Oracle, SAP, & Teradata will monopolize majority market share in the G5000 enterprise; while mid-market solutions will arrive from Microsoft, Nimaya, & Oracle plus Data Quality vendors (Pitney Bowes, SAS/DataFlux, Trillium)

Through 2009-2010, both mega & best-of-breed MDM vendors will aggrandize the traditional master customer DB business of Data Service Providers (e.g., Acxiom, D&B, & Experian) as these vendors struggle to deliver on-premise CDI hub solutions

By 2012, every major application & database vendor will provide either native or OEMed MDM capability – including Amdocs, Microsoft, & salesforce.com

What is Purisma and How Did It Differ from Other MDM Solutions?

The below two recent field reports from the CDI-MDM Institute highlight the pre-M&A field experience and outlook for the two products: D&B Integration Manager, and Purisma Data Hub.

FIELD REPORT: D&B Integration Manager

Strengths

- Operational & Analytical MDM use case support
- Hub-extensible registry style
- Pure CDI solutions – esp. marketing departments
- Best-in-class matching for business ID – e.g. match engine with B2B emphasis
- Reference-based matching
- B2B hierarchy accelerator
- Hosting services available
- ~$100M aggregate revenue within $1.7B data service provider
- References – Cisco, EMC, Microsoft Live, Oracle, Sun Microsystems, …

Weaknesses

- Required active hierarchy management
- Lack of strong SI channel
- Lack of vertical strategy
- 2nd tier MDM vendor alliances evolving
- Under invested in marketing
- Struggles to perform as software vendor
- Performance / scaling, …

FIELD REPORT: Purisma Data Hub

Strengths

- B2B, B2C, & B2B2C hierarchy management
- Global ID capability
- Appliance model
- Data governance accelerator
- Strong partnership with D&B, …

Weaknesses

- Lack of strong SI channel
- Under invested in marketing
- Scarce references, …

What will the "Future" D&B Product Line-Up Look Like?

Clearly, Purisma will form the foundational basis for the next generation of D&B's CDI solutions.

D&B Integration Manager (IM) will provide the power of the D&B DUNS assignment in an onsite solution.

Purisma Data Hub could be optionally deployed with IM for: real-time DUNS assignment, faster turn-around for batch processing, and full control and security.

Benefits for existing IM customers include Purisma's: data governance framework; active/flex hierarchy management; and full hub connectivity.

What Does This Mean to Evaluators of MDM Solutions?

The registry end of the CDI-MDM solutions spectrum will benefit from the bolstered availability of another independent/niche solution – albeit one with deep pockets of its parent. Purisma will remain an independent operating unit and will manage its own product team, sales and marketing team, and services team. Purisma should be expected to work closely with D&B's sales and marketing organizations to gain rapid product adoption across D&B's large customer base and to further expand D&B's market presence.

But there's more to CDI-MDM solutions than the relatively quick-time-to-value registry approach. . Purisma's data hub products will integrate tightly with D&B data products to provide a fresh approach to the shelf-life of master customer data – something that Acxiom and others have proselytized for a while and not yet delivered.

Will D&B wind down its support for solutions from other MDM vendors? D&B states it will continue to provide D&B reference data as a critical component of MDM solutions from all vendors. Many companies may still select major MDM solutions such as Oracle, SAP, and IBM as MDM transactional hubs where D&B data services will continue to be critical for the success of those projects. Over time. however, it is only natural that as the Purisma Data Hub gains increasing parity with the more fully functional MDM transactional hubs, it is highly likely that the Purisma Data Hub will gain "insider status" and leverage to a better degree integration with the D&B data products to create a new class of MDM hubs – a class of hub focused on addressing the volatility of consumer and business master data. To give it an interim name while the D&B marketing minds test their slogos, let's call this "Just in Time" master data. Additionally, the "external reference data source" aspect needed to keep customer (B2C or B2B) information fresh and accurate suggests use of "holistic" as another marketing position.

How Does This Impact the MDM Market?

This merger has the potential to redefine the CDI-MDM market. Every MDM implementation needs and will continue to need an external reference data source that can be trusted. This backbone of any CDI initiative is needed to keep customer (B2C or B2B) fresh and accurate. All of the IBM and Oracle/Siebel MDM implementations will continue to require such reference data, In addition to this third party data integration capability, we expect Purisma to provide data governance capabilities that compliment IBM, Oracle and SAP MDM solutions.

Initially, we don't expect any change in the D&B relationships with IBM, Oracle and SAP where they are enable to access and leverage D&B data within their applications.

Niche or best of breed or vendors such as Initiate Systems and Siperian will be forced to "up the ante" in terms of functional equivalence as D&B pours R&D resources into the Purisma Data Hub family. Additionally, the ante will increase as Purisma's data governance capabilities receive increasing visibility through the D&B sales and marketing channels.

Mega vendors such as IBM, Oracle, and SAP will not feel threatened by the Purisma product given the thousands of man years already invested by these vendors in building out substantially more functionality than the lesser capitalized vendors.

We expect D&B to use Purisma to continue to target the broad MDM market with no particular specialization -- note that this differs from the reality of the other MDM vendors' marketing efforts/successes, i.e., Oracle/Siebel (telco and retail banks), IBM (retail banks, insurance), Initiate Systems (healthcare payer/provider, government), and Siperian (pharmaceutical).

Additionally, we can expect D&B to take full advantage of the smaller footprint and faster time-to-initial-value proposition that Purisma (as well as Initiate Systems and Siperian) used to out compete IBM, Oracle and SAP at a number of large companies.

The combination of D&B Integration Manager with Purisma Data Hub provides the possibility of positioning the newly combined products as an alternative to today's "closed loop" CDI implementations – i.e., "just in time" integration with rich B2B and (future) B2C data from outside the corporate four walls.

The current Purisma data hub is focused on customer entity type, however, given the market trend towards multi-entity support it is very probable that near term D&B will also use Purisma to focus on supplier data as D&B has a huge business therein already.

BOTTOM LINE

This merger has the potential to redefine the CDI-MDM market because every MDM implementation needs and will continue to need an external reference data source that can be trusted as part of a "holistic" view of master data. In addition to this third party data integration capability, **we expect Purisma to provide data governance capabilities that compliment IBM, Oracle and SAP MDM solutions.** Through 2009-10, CDI-MDM requirements will increasingly mandate the rigor of data governance as a prerequisite to the success of enterprise MDM programs. **Purisma was one of only several vendors making headway in this key area. In addition to shoring up D&B's CDI-MDM product offering family, we expect Purisma's fledgling data governance capabilities to increasingly become a market differentiator in a cluttered and cacophonous market. We expect other major CDI-MDM vendors to acquire or build out significant data governance capabilities during the next 6-12 months.**

About the CDI-MDM Institute

To provide feedback on our client's CDI-MDM initiatives we have two levels of sponsorship for IT organizations: (1) free membership (by invitation) in our CDI-MDM Institute Advisory Council providing unlimited CDI-MDM consultation by phone, and (2) free membership in our CDI-MDM Institute Business Council (survey base) which provides bi-weekly updates on key CDI-MDM trends and issues via an email newsletter.

- **CDI-MDM Advisory Council™** of fifty organizations who receive unlimited CDI-MDM advice to key individuals, e.g. CTOs, CIOs, and CDI-MDM project leads
- **CDI-MDM Business Council™** of 4,500+ Global 5000 IT executives who receive a limited distribution, bi-weekly newsletter with CDI-MDM industry updates
- **CDI-MDM Alert™** bi-weekly newsletter provides IT organizations, CDI-MDM vendors, and investors hard-hitting insights into best practices as well as market observations derived from interactions with the CDI-MDM Advisory Council™ and the CDI-MDM Business Council™. Initially free to qualified individuals, the CDI-MDM Alert™ is expected to become a fee-based product 1H2006. The intended audience includes: enterprise architects, CDI-MDM project managers, CIOs, CISOs, CTOs, chief customer officers, chief privacy officers, data quality managers, data stewards, and project teams responsible for CDI-MDM solutions and infrastructure.
- **CDI-MDM MarketPulse™** monthly survey results, e.g. budgets, success/failure rates, mindshare based on ongoing surveys of the CDI-MDM Advisory Council and the CDI-MDM Business Council
- **CDI-MDM Fast Track™** quarterly 1-day workshop – fee-based and rotating through the major North American, European and Asia-Pacific metropolitan areas
- **CDI-MDM SUMMIT™** quarterly 3-day conference and exposition – rotating through east and west coast North America, Frankfurt, London, Madrid, and Sydney.