NEW RESOURCES:

- Receive a scorecard by participating in our latest survey on **corporate data governance and data stewardship**
- Get your complete copy of the **CDI Institute MarketPulse™ summer 2005 survey and scorecards**
- Participate in a CDI **survey dedicated to your industry**
- Tell us what you hope to achieve in **enterprise information integration (EII) and CDI/MDM**, and see how you rank

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Can i2 Technologies Forge an Alloy of Customer:Product:Supplier Master Data?

Subtitle: Not wanting to be "me, too", i2 Technologies is pioneering "multi-entity hubs"
Monday, November 21, 2005

What's New?

Recently, we met with the executive management team of i2 Technologies – acknowledged by industry analysts as one of the pioneering software firms in the field of master data management (MDM). This CDI Alert will discuss strengths of the "i2 MDM" product relative to its suitability for enterprise customer data integration (CDI).

Rather than a "me, too" strategy of separate master data hubs linked by a common services layer (e.g., the current strategies of IBM and Oracle), i2 Technologies is working to amalgamate multiple master data types into a single data hub – a "multi-entity hub". This ambitious strategy to integrate product, supplier and customer Master Data requires traction in two areas where i2 has previously been "me, too" – customer data integration and market awareness.

i2 Technologies is well positioned to leverage the increasing market demand for conjoined Customer:Product:Supplier data hub solutions ("multi-entity hubs"). This positioning would be further reinforced if i2 were to secure tactical product partnerships with multiple DQ/EAI/EII/ETL vendors who need protection from the mega middleware vendors BEA, IBM, ORCL/SEBL, and SAP.

i2 has the potential to become the preferred "neutral" choice for application package vendors not aligned with ORCL/SEBL or SAP enterprise suite platforms (e.g., CRM, DOX, MSFT, SSAG, et al).

BOTTOM LINE: i2 Technologies needs to amplify its CDI/MDM marketing message and strategy to protect its position in its core markets of manufacturing and retail where Customer:Product:Supplier data hubs are increasingly vital – as IBM, Oracle and SAP will not shun these particular markets in the long run.

"Heads up" from the CDI front lines,

Aaron Zornes
Chief Research Officer
The CDI Institute
mailto:editor@tcdii.com

Feel free to pass along a copy of this newsletter to colleagues who may be interested.

Introducing "Multi-Entity Hubs"

As the products in the churning CDI/MDM market mature, true competitive differentiation will focus on the mission critical aspects of managing the diverse range of master data – in addition to the lifecycle approach that this enterprise IT infrastructure will necessitate. By 2007-08, IBM and Oracle will dominate the broad market, with CDI/MDM specialists prospering in industry-specific niches.

During 2005-06, customer and product data interdependencies will quickly broaden CDI requirements – i.e., from "customer" to "product" to "vendor". During 2006-07, niche vendors will provide multi-hub connectivity (Kalido, Purisma, Siperian, Stratature) via hierarchical management extensions. For a more detailed review of this CDI/MDM Road Map Milestone, check out our 1H2006 CDI/MDM Roadmap

By 2007-08, enterprises without an overall, long-term MDM strategy run the ironic risk of building "MDM silos". While i2 and SAP may have pioneered the market for multi-entity hubs, SAP has subsequently withdrawn its SAP MDM product from the market as it addresses architectural and functional issues. Meanwhile, however, SAP is gearing up (and continues) to spend significantly in marketing the awareness of such Customer:Product:Supplier data hubs.

Clearly, **2006-07 will therefore be good years to take advantage of the market awareness that SAP will create via its marketing budget**. Concurrently, both IBM and Oracle will struggle to reconcile their diverse customer and product data hubs – WebSphere Customer Center (formerly DWL Customer) with WebSphere Product Center (formerly Trigo) for IBM, and Customer Data Hub with PIM Data Hub for Oracle. We believe the current strategy for both IBM and Oracle-Siebel is to provide a middleware layer of common services between the two hubs and allow best-of-breed functionality to evolve separately in each of customer and product hubs.

During 2006, a market for "multi-entity hubs" will arise due to customer:product:supplier convergence in the CDI/MDM market. Neither customer-centric nor product-centric, such MDM hubs will require the flexibility of data models such as i2 MDM's to model *both* customer and product (as well as supplier, price master, etc.) within the same logical data model and (often) the same physical hub. Thus this is an opportunity for i2 to take advantage of this scenario via its field-proven i2 MDM product.

Field Report: i2 Master Data Management

We did the research, you read the results. CDI Institute Field Reports are your best up-to-date sources for independent, authoritative and relevant insight into the leading CDI/MDM products:

- i2 Master Data Management
- IBM WebSphere Customer Center (formerly DWL Customer)
- Initiate Systems Identity Hub
- Oracle Customer Data Hub
- SAP Master Data Management
- Siebel Universal Customer Master
- Siperian Master Reference Manager

In summary, the findings of the CDI Institute Advisory Council™ (and its sister organization the CDI Institute Business Council™) regarding I2 MDM are:

STRENGTHS

- **Full lifecycle** – i2 supports the full "reference master data" lifecycle via a series of both approval and role-based workflows. These in turn offer different hierarchical views of customer, permissibility, segregation, and stewardship.
- **Integrated customer, product and vendor master data** – A good deal of the technology base (item and vendor master) came from its acquisition of Aspect. Moreover, i2 has several very large (and unnamed due to NDA) users that have implemented both customer and product master data in the same hub. At least one of these users tried and failed with the SAP MDM product.
- **Full Service-Oriented Architecture** – Not only does the i2 MDM product support the same Business Services approach of IBM, Oracle and Siebel CDI products; in addition, their SOA approach provides a critical full visual debugger for web services "step through" debugging.
- **Retail and high technology manufacturing expertise**
- **Data model flexibility** – i2 MDM is "data model agnostic". Although there are enterprise data models provided as a starting point, i2 MDM's **Data Model Management** function provides flexible updates against these data models.
- **Focus on master data management** – i2's MDM strategy has been executing for 10 years as a product line, albeit most people only know it as of its 2002 re-architecture.

WEAKNESSES

- **Lack of strong SI channel** – Currently no major systems integrators are partners.
- **Under invested in marketing** – While the i2 customer base is keenly aware of the i2 MDM product, there is a lack of general marketing to other constituencies.
- **Lack of CDI references** – i2 is generally unable to provide CDI-specific references as the bulk of i2 MDM references are in other areas (product and vendor).
- **EII-style aggregation of detail/transaction data** – The i2 MDM product lacks view generation of customer-related transactional info which other CDI/MDM vendors have invested in (IBM with DB2 Information Integrator, SAP with Callixa, and Siperian with an unannounced enterprise information integration vendor partner).

Action Items for i2 Executive Management

1. **Systematize tactical middleware vendor partnerships**. i2 should aggressively establish software partnerships to enable the "at risk" middleware vendors to match the much larger R&D budgets of BEA, IBM, Oracle-Siebel, and SAP. Essentially, i2 should leverage its product's strengths by cross-licensing i2 MDM to other software vendors needing entrée into the CDI/MDM market. This would include both mid-market application package vendors and DQ/EII/EAI/ETL vendors needing to defend against the juggernaught of IBM, Microsoft (expected CDI/MDM product during 2007), Oracle/Siebel, and SAP.

2. **Bolster strategic systems integrator channel partnerships**. i2 must secure strategic channel partnerships by licensing its "CDI/MDM readiness assessment methodology" to multiple "tier 2" systems integrators who need entrée into the high-margin CDI/MDM game. i2 should aggressively establish channel partnerships or otherwise outmaneuver other CDI/MDM vendors who have similar channels. This is vital as the overwhelming majority of the large enterprise CDI/MDM procurements are via tier 1"systems integrators such as Accenture, IBM BCS, and Siebel Global Services. Essentially, i2 should leverage its "Enterprise Data Strategy" program by licensing this intellectual property to tier 2 systems integrators as a "fast track" entrance into the CDI/MDM markets to neutralize the early mover advantages of other SIs (e.g., Accenture, BearingPoint, IBM BCS, Siebel Global Services).

3. **Assert "i2 MDM" as the OEM hub-of-choice for "Tier 2" application package vendors**. i2 must mobilize to become the preferred "neutral" OEMed or co-marketed CDI/MDM choice for application package vendors not aligned with ORCL/SEBL or SAP enterprise platforms (e.g., CRM, DOX, MSFT, SSAG, et al). i2 has the potential to become the "neutral/preferred" choice for application package vendors not aligned with ORCL/SEBL or SAP enterprise suite platforms. These primarily midmarket ERP, CRM and SCM vendors do not have the resources to develop their own hub capability and will exceed the functionality delivered by other midmarket expected products such as SAS/DataFlux and Microsoft (unannounced data hub platform).

4. **Champion highly-visible CDI/MDM strategy and protect i2 core markets**. i2 must execute a highly visible and competitive CDI/MDM strategy to: (a) bolster its position as a standalone best-of-breed data hub in the emerging "multi-entity hub" market for large enterprises; and, (b) protect its position in its core markets of manufacturing and retail where Customer:Product:Supplier data hubs are increasingly vital – as IBM, Oracle and SAP will not shun these particular markets in the long run. While the CDI Institute's impression is that the i2 MDM product has considerable merit and genuine market momentum, it suffers tremendously from a lack of market awareness. i2 executive leadership must reaffirm that marketing is just as important as engineering in the North American software market, and that success in the North American market is critical to long term viability of any major software vendor in any other geographic major market.

BOTTOM LINE

i2 Technologies is well positioned to leverage the increasing market demand for conjoined Customer:Product:Supplier data hub solutions ("multi-entity hubs").

This positioning would be further reinforced if i2 were to secure tactical product partnerships with multiple DQ/EAI/EII/ETL vendors who need protection from the mega middleware vendors BEA, IBM, Oracle-Siebel, and SAP.

i2 has the potential to become the preferred "neutral" choice for application package vendors not aligned with ORCL/SEBL or SAP enterprise suite platforms (e.g., CRM, DOX, MSFT, SSAG, et al).

i2 needs to amplify its CDI/MDM marketing message and strategy to protect its position in its core markets of manufacturing and retail where Customer:Product:Supplier data hubs are increasingly vital – as IBM, Oracle and SAP will not shun these particular markets in the long run.

Take a Survey, Get a Scorecard

The CDI Institute conducts ongoing surveys of its Global 5000 constituency. To receive a free scorecard on how your enterprise's CDI strategies map to your industry, spend 15 minutes online and take the CDI Institute's latest topical web survey.

To further capture both the "best practices" and "state of the nation," the CDI Institute has made "data governance" the focus of its monthly CDI MarketPulse™ survey. For a survey and scorecard focused specifically on "corporate data governance," follow this link. Survey respondents will receive an industry-specific scorecard that highlights the major trends in data governance within their industry at the end of the 6 week survey run (given there are at least 30 responses for their industry to make it statistically relevant).

References/Trade press links

- **Corporate Data Governance - From De Rigueur to De Facto to De Jure – DM Review special report - November 2005**
- **CDI: Top Five Commonsensical Justifications – DM Review Magazine, November 2005 Issue**
- **CDI As Foundation for Unified Customer Views: Key Industry Scorecards for 2005-06 – CDI Institute MarketPulse™ Report (requires registration via Siperian web site)**
- **Dispelling Master Data Management Myths – DM Direct Special Report, – October 2005**
- **ROI Strategies for Mergers & Acquisitions in the Communications Industry (register for IBM BCS webcast replay to receive the white paper)**
- **Avoiding the CDI Money Pit – DM Review special report - September 2005**
- **Customer Data Integration: Where is the Next Generation of Master Data Management Headed? – DM Review August 2005**
- **CDI Institute MarketPulse™ In-Depth Report – CDI: Market Review & Forecast for 2005-2006**
- *"The Forrester Wave™: Customer Data Integration, Q2 2005"* – Forrester Research, June 13, 2005
- *"Magic Quadrant™ for Customer Data Integration Hubs"* – Gartner Group, April 20, 2005
- "*CDI Spending Increased 36% in 2004-05: Market for CDI Software and Services to Reach $1 Billion by 2008*" – MarketPulse™ report by The CDI Institute, March 31, 2005

About The CDI Institute

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

- **CDI Advisory Council™** of fifty organizations who receive unlimited CDI advice to key individuals, e.g. CTOs, CIOs, and CDI project leads

- **CDI Business Council™** of 1,800+ Global 5000 IT organizations who receive a limited distribution, bi-weekly newsletter with CDI industry updates
- **CDI Alert™** bi-weekly newsletter provides IT organizations, CDI vendors, and investors hard-hitting insights into best practices as well as market observations derived from interactions with the CDI Advisory Council™ and the CDI Business Council™. Initially free to qualified individuals, the CDI Alert™ is expected to become a fee-based product 1H2006. The intended audience includes: CDI project managers, CIOs, CTOs, chief customer officers, chief privacy officers, data quality managers, data stewards, market analysts, metadata managers, and project teams responsible for CDI solutions and infrastructure, data quality, data warehousing, customer relationship management (CRM), enterprise resource planning (ERP), product data management (PDM), supply chain management (SCM), partner relationship management (PRM), and business intelligence.
- **CDI MarketPulse™** monthly survey results, e.g. budgets, success/failure rates, mindshare based on ongoing surveys of the CDI Advisory Council and the CDI Business Council
- **CDI Fast Track™** quarterly 1-day workshop -- fee-based and rotating through the major North American, European and Australian metropolitan areas

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