

## SAP Markets and SAP Portals to Combine

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A joint SAP Markets/SAP Portals is an attractive concept for many SAP customers. However, Gartner questions whether the new entity will be able to convince partners of its impartiality when dealing with mutual customers.

## NEWS ANALYSIS

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### Event

On 23 January 2002, SAP announced that SAP Portals and SAP Markets will merge into an as-yet-unnamed entity that will be an independent subsidiary owned by SAP.

### Analysis

SAP's announcement is good news for many customers as it reduces the complexity of using integration technologies from the independent entities and could possibly produce a more comprehensive solution. However, for customers and partners that subscribed to the former independent entity SAP Portals' vision of user integration across the heterogeneous business applications market, SAP's strategy could present difficulties as it appears to be more organizationally driven than an adjustment to market realities.

The move allows SAP to independently manage all of its fast-moving collaborative commerce integration technologies through a single entity. SAP will realize benefits from the administrative and personnel synergies that result from its combining two independent subsidiaries. SAP will use the subsidiary to change its brand and solution from an enterprise focus to one that is focused on the external enterprise business processes — an important requirement for SAP toward maintaining its enviable position in the business application market over the long term. The new combined company has already begun to position itself as the hub for collaborative solutions, with Enterprise Portal 5.0 as a core piece of the technology stack and new collaborative applications such as supplier relationship management (SRM). The combined company also has the lead role in continuing the development of the Exchange Infrastructure middleware for application-to-application and business-to-business application integration. Enterprise Portal 5.0 and the Exchange Infrastructure are central components of mySAP Technology.

However, the announcement presents a problem for business application partners such as i2 Technologies, Commerce One and Siebel Systems, which will probably view the new entity as a competitor. Just as SAP's recent SRM announcement showed SAP and Commerce One separating their application strategy from their technology infrastructure strategy, future applications released by the new SAP Portals/SAP Markets entity will likely alienate SAP from its once-close Portal and Markets partners. Although the new entity brings with it the shared vision of a collaborative solutions process aggregator, this vision will now be more difficult to sell because of the perception that the once-separate and more "neutral" SAP Portals unit is now closer to SAP. In addition, the new entity's CEO, Shai Agassi, will be challenged to build a market vision that is compelling to both SAP and non-SAP users and to build and manage this larger organization while meeting the high expectations of its parent.

SAP customers should continue business as usual but pay close attention to the future development of this subsidiary because much of their future functionality will be delivered by that unit. Non-SAP customers should view the SAP Portals and SAP Markets combination as a tighter tie to SAP and should therefore continuously evaluate the subsidiary's track record of effectively partnering with and technically connecting to stand-alone solutions.

**Analytical Sources:** Yvonne Genovese, Administrative Applications Strategies, Karen Peterson, Integrated Logistics Strategies, and Derek Prior, Application Infrastructure & Operations — SAP

### Need to Know: Recommended Reading and Reference Materials

- "SAP Shows Thought Leadership on Supplier Relationships" (FT-15-2647) SAP brings a CRM approach to an application suite aimed at cutting the time and costs of supply chain management. **By David Hope-Ross and Karen Peterson**
- "SAP Challenges Integration Middleware Vendors" (FT-14-8799) SAP's new mySAP Technology for open integration clarifies its middleware strategy and threatens some middleware vendors. **By Massimo Pezzini, Jeff Comport and Derek Prior**

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