

Saba Buys a Customer Base With THINQ Deal

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E-learning vendor Saba will gain market share, but not technology or people, by buying one of its competitors, THINQ Learning Solutions. THINQ customers should prepare to migrate to Saba products.

NEWS ANALYSIS

Event

On 24 March 2005, Saba announced that it has signed a definitive agreement to acquire the privately held THINQ. The deal is scheduled to close during 2Q05.

Analysis

This acquisition will give Saba a solid installed base of THINQ customers, but little else. THINQ was out of money and out of developers, having outsourced all of its development (but not its engineering design) to third-party engineering houses in India. The company also had significant turnover in its sales ranks, though it continued to win deals in the United States in 2004.

Given the expense of maintaining two competitive product lines, Gartner believes the THINQ product will likely be orphaned. Saba has indicated that it will support the THINQ product for up to three years, but customers using THINQ 4.x need to make plans now to migrate, because support for it will end in May 2006. (Originally, support was scheduled to end in 2005.) Saba has stated that it has already migrated six THINQ learning management system (LMS) customers to Saba's LMS, and that there will be no license fees for migrating the THINQ LMS to the Saba product. Gartner estimates that by the end of 2007, a majority of the THINQ installed base will have migrated to Saba's LMS or a third-party LMS (0.8 probability).

Saba seems to have thought through at least the basic needs of migrating the core THINQ LMS. It will still face the task of persuading THINQ's installed base to migrate from a Windows-based LMS to Saba's system, which is based on the Java 2 Platform, Enterprise Edition (J2EE). A large portion of Saba's installed base has yet to migrate to its 5.x J2EE offering. THINQ customers probably will also be interested in Saba's learning content management system and its talent and performance management applications.

Recommendations

Enterprises that are in the process of deploying a THINQ LMS: Strongly consider stopping all development and evaluate whether you should deploy Saba or another competitive LMS product. The no-cost license transfer from the THINQ LMS to Saba should be an incentive to look at that option first.

Enterprises that already have deployed THINQ: Ask THINQ/Saba for written guarantees of continuing product support, including major bug fixes, as well as for information on what plans, if any, will be developed to allow THINQ customers to migrate to the Saba platform

Analytical Sources: James Lundy and Waldir Arevalo De Azevedo Filho, Gartner Research

Recommended Reading and Related Research

- "Vendor Rating: Saba" — Saba's sales are showing increased momentum, but major software vendors pose a long-term competitive threat. **By James Lundy, Lou Latham and Waldir Arevalo De Azevedo Filho**
- "Magic Quadrant for Learning Management Systems, 1H04" — Enterprises will need e-learning suites, but for now they still view the LMS as the primary e-learning application. **By James Lundy and Waldir Arevalo De Azevedo Filho**

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