

Verity Buy Would Bring Autonomy New Strengths, Challenges

Whit Andrews

The planned acquisition of Verity would eliminate Autonomy's strongest competitor in the enterprise search market. But integration would present major technical and organizational challenges.

NEWS ANALYSIS

Event

On 4 November 2005, Autonomy, a provider of infrastructure software, announced that it plans to acquire Verity, a provider of specialized enterprise search software. Autonomy expects to close the transaction in late 2005 or early 2006.

Analysis

Autonomy clearly hopes the acquisition of Verity — its most significant rival in enterprise search — will enable it to go head-to-head against powerhouse vendors such as Google, IBM and Oracle in this extremely competitive market. The new entity's combined customer relationships, engineering staff and software capabilities would certainly strengthen its position against comparative newcomer Fast Search & Transfer.

Autonomy and Verity are complementary in some respects: They target the same public- and private-sector customers, and Autonomy introduced a mode of operation for its Intelligent Data Operating Layer (IDOL) Server in 2004 that allows customers to emulate Verity's K2 product. This emulation has allowed K2 users to add IDOL and leverage its particular capabilities.

Nonetheless, the two companies' technology approaches are radically different, and Autonomy will face significant challenges in integrating them. Autonomy's pattern-matching-based technology is most effective in analyzing large, richly structured bodies of information. By contrast, Verity is oriented more toward individual words and their explicit meanings. Both providers have extended their capabilities significantly — Autonomy through document and object clustering, and Verity with taxonomy development and support technology based on word/document meaning. Verity has also attempted to extend its reach into enterprise business processes by acquiring the e-forms provider Cardiff and the business process vendor Dralasoftware.

The acquisition will also present challenges in integrating and rationalizing the two companies' organizations and product lines. Autonomy has said it will continue to support K2, but has not said for how long. Gartner believes that Autonomy will cease new development on the kernel of the K2 search product by YE06. We also believe that any major future release of K2 will be founded on IDOL, even if it matches current K2 functions. Verity Enterprise Desktop Search (formerly 80-20 Retriever), which overlaps Autonomy's strong competitive desktop search product, should also be considered at risk.

Other Verity assets will likely remain intact longer: Autonomy lacks explicit business process management capabilities, so Verity's may survive with few initial changes. Verity's low-priced Ultraseek may also have a more extended future, because Autonomy lacks a product in its market. We believe that Autonomy — which states that it is committed to Ultraseek's future — may position it as an open-source "loss leader."

Recommendations

- **Autonomy customers:** Expect no substantial changes in your products through YE06.
- **Verity K2 customers:** Expect IDOL to steadily infiltrate your K2 installation. Demand assurances that Autonomy will defray integration costs as IDOL becomes the platform for K2.
- **Verity Ultraseek users:** Expect Ultraseek to remain available and supported through at least YE07 — though its licensing terms may change.

Analytical Source: Whit Andrews, Gartner Research

Recommended Reading and Related Research

- "Magic Quadrant for Information Access Technology, 2005" — Information access technology includes and expands on what Gartner previously called enterprise search technology. **By Whit Andrews and Rita Knox**
- "IDOL's Suitability Depends on Users' KM Sophistication" — IDOL is targeted at businesses that consider themselves experts in knowledge management. **By Whit Andrews**

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