

Microsoft Eyes Fast to Thwart Google in Enterprise Search

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In buying Fast Search and Transfer, Microsoft will gain access to sophisticated enterprise search software that addresses the market in a fashion Google does not, and which positions it effectively against IBM and Oracle.

NEWS ANALYSIS

Event

On 8 January 2008, Microsoft announced it would acquire Fast Search and Transfer, a Norway-based enterprise search software firm, for \$1.2 billion. Microsoft said it expected the deal to close in 2Q08.

Analysis

Workers' hunger for a search box interface across multiple applications and content stores has made enterprise search an increasingly critical capability. The "megavendors" — including search brand leader and Microsoft rival Google — have responded to this demand via development, acquisition and increasingly active marketing programs. Microsoft's decision to acquire Fast reflects its ambition to address finding or analyzing unstructured and structured data together, as Microsoft seeks to continue an improved enterprise search strategy that is replacing a history of failing to address enterprise search effectively until its SharePoint 2007 product generation.

Enterprises should not assume that buying Fast will unify Microsoft's search strategy. Microsoft's Web search, enterprise search and desktop search remain separate. Fast includes a search platform, a broadly targeted business intelligence application and vertical applications (including ad serving) aimed at Fast's collection of target verticals, including media and financial services. Microsoft indicated that the Live Search and desktop search products are unlikely to convert to Fast technology soon. Consequently, like its large rivals, Microsoft has a broad selection of search products to support. Enterprises would benefit more from a single, linearly scalable product, applicable across all cases — which, however, no vendor currently offers. Federating search is a more reasonable strategy and will remain dominant for the foreseeable future.

The current round of consolidation represents the closing of a 10-year era of volatility in enterprise search. Autonomy, Coveo Solutions, Endeca Technologies and Vivisimo are likely acquisition targets, due to their histories of generalist product development. We believe that most of the significant information access platform vendors will be purchased or change their strategies by YE10.

RECOMMENDATIONS

- **Fast customers:** Retain the software. Fast's customer base is diverse and loyal; it is unlikely that Microsoft will discard the technology or eliminate the product through at least YE10.
- **Fast prospects:** Closely evaluate Microsoft's plans as the vendor announces them. Set aggressive service-level agreements for consulting elements in contracts, confirming maintenance promises and establishing clear knowledge-transfer goals.
- **Vendors who use OEM Fast technology:** Exercise caution, although Microsoft is unlikely to unsettle existing agreements.
- **Investors:** Expect consolidation to continue, possibly at richer multiples than would have been likely before the Microsoft offer for Fast.

RECOMMENDED READING

- "Your Information Access Platform Is a Valuable Tool in EIM" — Selecting an information access platform will help you realize an enterprise information management strategy. **By Whit Andrews**
- "Critical Directions in Information Access for 2007" — When selecting a platform, focus on the breadth of functions your enterprise will need in the future. **By Whit Andrews and Rita E. Knox**

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