

Informatica Expands Data Quality With Identity Systems Buy

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Informatica will add identity resolution to its portfolio of capabilities. To best leverage this acquisition, Informatica must integrate the new technology with its data quality tools and divest redundant products.

NEWS ANALYSIS

Event

On 17 April 2008, Informatica, the largest independent vendor of data integration capabilities, announced it has agreed to acquire a Nokia subsidiary, Identity Systems, which focuses on identity resolution technology, for approximately \$85 million in cash. Identity Systems will become part of Informatica's data quality unit, though its engineering group will remain in Canberra, Australia. The deal is expected to close by the end of May 2008.

Analysis

Expanding technology offerings is critical to the survival of midsize independent vendors like Informatica. With this acquisition, the company is seeking to:

- Enhance capabilities in real-time multilingual, multicultural matching and identity resolution over large volumes of data
- Achieve greater levels of accuracy in entity matching (such as the semantics of names of individuals and organizations)

Identity Systems' tools can conduct cross-language matching — for example, matching "Robert" in English with the Chinese character equivalent. Matching has long been a part of data quality management, but Informatica will now be able to offer other options beyond traditional matching approaches, which support many marketing, sales support, fraud detection and intelligence applications. This will be of interest to master data management (MDM) and business intelligence program strategists.

Informatica must now integrate the Identity Systems algorithms and knowledge with its current data quality tools. If the integration effort succeeds, it would increase the value of Informatica technology in support of MDM solutions. Identity resolution is a necessary step toward the larger vision of identity and relationship management.

RECOMMENDATIONS

Informatica customers:

- The addition of multilingual identity resolution will enhance Informatica's ability to address "party" data quality issues. Press for additional identity and relationship management capabilities or look to partnerships for a complete solution. Determine if your business needs have additional identity and relationship management requirements beyond the new Informatica offering.

Identity Systems customers:

- Expect Informatica to terminate the IQS suite of data quality capabilities, recently delivered by Identity Systems, because it is redundant with Informatica Data Explorer and Data Quality, and only became generally available in March 2008.
- Expect Oracle, Purisma/D&B and Siperian to continue to serve as OEMs for the Identity Systems technology in the short term, because Informatica does not directly compete in the MDM solutions market. In the long term, however, these partnerships will likely

become strained because data integration and data quality are components of MDM solutions.

RECOMMENDED READING

- "Hype Cycle for Data Management, 2007" — A number of factors are driving the market for data management solutions, including pressure for increased governance of information, the impact of service-oriented architectures, and the evolution of technologies for data persistence and integration. **By Ted Friedman and others**
- "Magic Quadrant for Data Quality Tools, 2007" — The market for data quality tools continues to see growth and innovation as enterprises continue to take action to measure, improve and monitor the state of their data quality. **By Ted Friedman and Andreas Bitterer**

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