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### Informatica gets new identity, reports steady Q1 growth

Informatica has agreed to buy Identity Systems, a subsidiary of Nokia, for around \$85m in cash. Identity's software will extend Informatica's existing data quality to provide companies and individuals with capabilities to search for, match and resolve the identities of people, products and companies, in over 60 different languages. Details of the deal, which is expected to close by the end of May, were not disclosed. Separately, Informatica announced Q1 results in line with analyst expectations, with profits and revenues both up 23% and 19% respectively. License revenue, a key indicator of organic growth, rose 18% to \$44.2m.

Comment: Informatica's Q1 numbers continued a solid growth curve. The company said its "geographic diversification strategy" helped with growing contributions from international markets. It's also starting to see some traction in customer loyalty - with nearly 180 repeat business deals signed in the quarter - while at the same time adding 40 new companies to its roster.

As for the acquisition, Identity came into Nokia's hands not by choice but through its 2006 acquisition of Intellisync, a wireless email provider. The company was never a core part of Nokia's business and quietly hummed along as a small but successful division within its Services & Software unit.

Informatica believes Identity will be a core part of its business - i.e. data quality - and expects it to add substantially to its growth and bottom line. After its long-time data quality partner was snapped up by Business Objects, Informatica decided to take, arguably an overdue, plunge into the technology by forking out \$48m to buy Similarity Systems in 2006. With data quality and profiling now part of its flagship PowerCenter platform, Informatica is looking to load up on complementary software that will enrich and add interesting new dimensions to it. Whereas data quality and profiling is about looking at anomalies and consistencies in data, identity resolutions is all about finding connections between data entities (like customers and products) by analysing similar attributes to determine if they are the same entity or perhaps are related. Clearly both technologies are different. But there is a complementary coupling.

**Informatica believes that Identity's software will give it a "differentiated" cross-language identity matching capabilities. That said, Infoglide and IBM (from its SRD acquisition) also have identity resolution engines. Arguably these two products are more complete in that they use rules engine and workflow processes to automate decision making.**

Overall, CEO Sohaib Abbasi has done a sterling job of refocusing the company on what it does best - i.e. data integration. With Informatica sitting on over \$300m in cash, further small acquisitions, similar to Identity, should not be discounted to shore up the company's ever-broadening vision of what a data integration platform should include. The notion of Informatica as a siloed data warehousing-centric (ETL) tools provider is a distant memory. Its suite now extends to operational data integration areas like replication, migration and synchronization, and of course data quality. What's missing is a solid MDM foundation, a purchase that could be up Informatica's sleeve soon.