Data Virtualization Meets the Network

Abstract

In July 2013 Cisco (NASDAQ:CSCO) completed its acquisition of Composite Software, a leading solution provider for data virtualization software and services. This ENTERPRISE MANAGEMENT ASSOCIATES® (EMA™) Impact Brief covers the details of the acquisition, insights into data virtualization technology, the synergies of the acquisition, and go to market strategy post-acquisition. EMA identifies Cisco and Composite as leaders in their respective industry segments and believes this acquisition will result in innovative changes in the data virtualization market leveraging capabilities centric to network management and utilization.

Cisco Completes Acquisition of Composite Software

On July 30th, 2013, Cisco completed the $180 million acquisition of San Mateo, CA based Composite Software, a leading data virtualization software and services company. Composite Software was a privately held firm led by Chairman and CEO Jim Green, a former CTO of WebMethods. The company was founded in 2002 and has focused primarily on data virtualization technology in support of Business Intelligence (BI) and analytics. Their solutions help customers extend beyond traditional data integration strategies such as Extract, Transform and Load (ETL) to allow a more agile approach to accessing enterprise data. Data virtualization utilizes an array of technologies to supply a centrally managed data access layer designed to service a wide variety of workloads from desperate application and data sources.

Data Complexity Driving Data Virtualization

In recent years as complexity has grown around data management ecosystems a need has surfaced for a more sophisticated approach to accessing, integrating and leveraging data. Recent EMA research shows that over half the companies surveyed are utilizing two to three different types of data management platforms to execute the necessary analytic and operational workloads within their company. Sophisticated users and applications, along with less expensive hardware and software, better and faster technology, and new valuable data sources are causing a shift away from single platforms solutions such as enterprise data warehouses towards a more diverse or hybrid ecosystem focused on matching data type, workload and platform capabilities to execute these workload. Hybrid strategies allow for deeper business insights and more sophisticated workloads but often demand more than traditional data integration tools can deliver. As more platforms are utilized and data is more diverse and geographically separated, data virtualization becomes a solution that's critical for many companies to utilize.

> Hybrid strategies allow for deeper business insights and more sophisticated workloads

As data virtualization has matured to meet these new demands, the networks sitting at either end of the data virtualization technology, have become the bottlenecks to speed and scale. Data virtualization technologies access data where it resides versus physically moving it to other platforms. This model allows for a more agile environment saving time and money when managing data in complex environments. Data virtualization platforms must rely upon query optimization along relatively fixed network paths to enable the transmission of this data. Composite Software has invested in their optimizer technology keeping pace with speed and scale opportunities presented by both data sources and the network.

EMA Perspective

The acquisition of Composite Software is a wise move for Cisco as it combines the functionality of data virtualization and Cisco's ability to understand the network as well as enact change within it to allow data virtualization to be executed at an even higher level than previous technologies allowed. Composite Software has invested in utilizing the network to its highest level, but Cisco will bring a new level of insight and function to the technology.

This acquisition creates an interesting challenge for other data virtualization vendors who will need to add similar network function to their products. The path to this combination of technologies isn't easy to copy. As the leader in the enterprise network space Cisco can extend the functionality of Composite Software to more network endpoints than any other company. Data virtualization competitors will need to bolster their network partnerships but will be challenged to meet the level of network integration expected to result from the Cisco/Composite products. Said another way, whereas the traditional approach to solving network congestion for data virtualization was to add more pipe, Composite Software would have a competitive advantage to leverage a smarter pipe.

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New data challenges coming from Big Data sources and workloads along with cloud-based information are stressing the traditional data access and integration solutions within most companies. Composite has made significant strides to engage Big Data and cloud sources to enable clients to better source and leverage this information. Data integration is a top challenge for EMA clients when dealing with these platforms; another example of why data virtualization is gaining traction with many companies.

Cisco has already made public their intention to maintain the Composite Software line of business. The company has been placed within the Integration Brokerage Technology Group (IBTG) under the direction of Mike Flannagan, Senior Director and General Manager. IBTG is focused on solving customer challenges centric to complexity of data and the need to connect applications and data driven systems. It's a good home for Composite Software and will position the company strategically within a group aimed at leveraging and growing its business. Further evidence of Cisco intent to keep Composite as a fully operation entity is that the entire executive team, including Jim Green, CEO, the R&D group, and the entire sales and services organization is continuing, indicating that Cisco fully intends to grow the revenue stream of its acquisition. Composite will physically move into the Cisco campus in October 2013 and Composite Software's product and services offerings should be included in the Cisco pricelist along with integration into Cisco's first line support by January 2014.

EMA believes that keeping the Composite Software team and technology intact will help to drive innovation and collaboration between Cisco's network expertise and Composite Software's capabilities surrounding data virtualization. Cisco has demonstrated success using this formula over the past several years as it has built out new businesses in Web conferencing (WebEx acquisition), video conferencing (Tandberg acquisition) and in the IP telephony space. EMA expects to see innovation and investment within the Composite Software technology stack that could create a significant competitive advantage over competitors in the data virtualization space.