

VENDOR PROFILE

Attivio Inc. Private Vendor Watchlist Profile

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IDC OPINION

Solving the problem of unified access to multiple sources of information in many formats and languages is a problem that is yet to be solved. The current solutions on the market usually try to turn content into data or vice versa. The closest competitor to Attivio is FAST (now MSFT). The solutions are very expensive and take a long time to implement, but they certainly created a breakthrough with a new kind of index architecture. IDC believes that Attivio has outstripped FAST technically because it benefits from its experience with the early FAST efforts, and could solve these problems from the outset. IDC believes Attivio is a company to watch because:

- Attivio's management team has an unusual depth of business and technical prowess.
- Attivio's technology may be compelling to a marketplace that is finally ready for it.
- Having a single architecture that handles both data and content from a single, easy-to-use interface is bound to be a draw for large organizations. Since 2005, IDC surveys have shown that CIOs and CTOs see this as one of the top 3 problems they need to solve.

IN THIS VENDOR PROFILE

This IDC Vendor Profile analyzes Attivio, a company playing in the Search and Business Technologies market and reviews key success factors: market potential, technology/solution, corporate strategy, force multipliers, and customers. Leveraging IDC's expert understanding of the competitive landscape and future outlook, this document highlights company and market information tailored to the investment professional's needs.

SITUATION OVERVIEW

Company Overview

Attivio, based in Newton, Massachusetts, plays in the Search and Business Technologies market. Company details are provided in Table 1.

TABLE 1

Attivio Company Snapshot

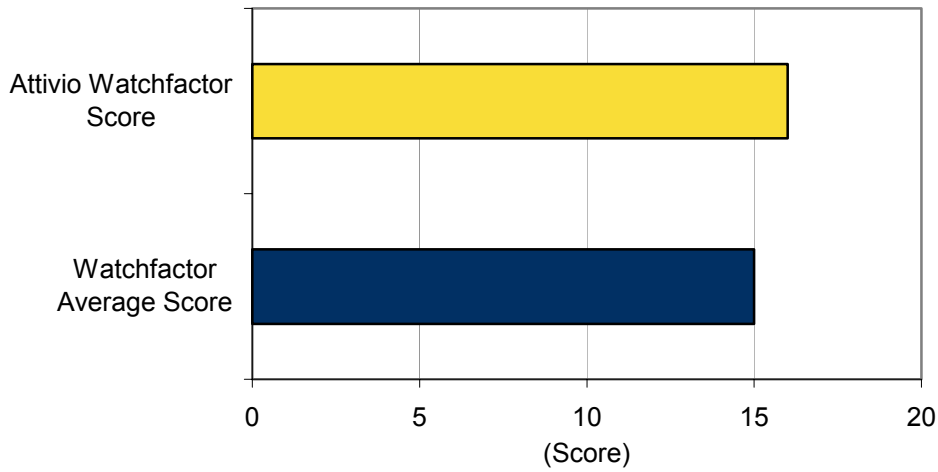
Category	Details
Functional and secondary markets	Search, BI, data warehousing, and complex event processing
Founding year	2007
Number of employees	25
Number of customers	2 current, several in pipeline
Company location	Newton, Massachusetts
Web site	www.attivio.com
Funding initiatives	None
Investors	NA
Sales channels	Direct and OEM
Revenue estimate	Not disclosed

Source: IDC, 2008

Figure 1 shows the cumulative Watch Factor score for Attivio versus the Watch Factor average score for all companies ranked by the Private Vendor Watch Service at the time of publication.

FIGURE 1

Attivio Watchfactor Score vs. Watchfactor Average



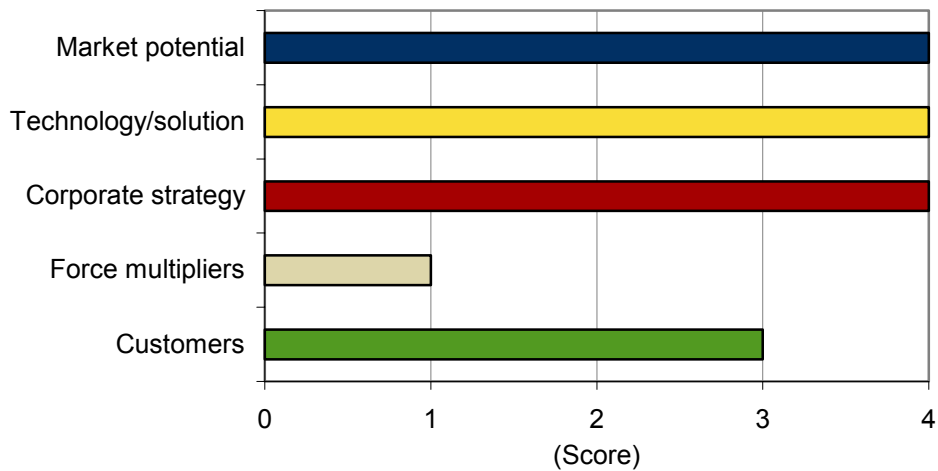
Note: Watchfactor average score reflects average score for all private companies scored by the Private Vendor Watch Service at time of publication

Source: IDC 2008

Figure 2 shows the breakdown scores for Attivio. The sections that follow detail the reasons for those scores.

FIGURE 2

Attivio Watch Factor Score Breakdown



Note: Scores are based on a scale of 1–4, where 1 = weak and 4 = strong.

Source: IDC, 2008

IDC Watch Factor Scores

IDC Watch Factor scores measure private companies based on a set of defined success factors:

- ☒ **Market potential:** Strength of the market, and the potential for the company to grow within the market
- ☒ **Technology/solution:** Strength and differentiators of product/solution
- ☒ **Corporate strategy:** Potential exit strategy and company leadership, vision, and funding
- ☒ **Force multipliers:** Number of valuable partnerships and opportunities, as well as channel strategy
- ☒ **Customers:** Existing and potential customers and vertical audiences

Market Potential

Market

The market was \$1.75 billion in 2007, and growing to \$3.1 billion by 2012. This doesn't reflect the uses of this technology in CRM, ERP, or ad matching applications already as it's just pure software licenses.

It's too soon to tell how the company will perform in the market. The fact that it has major names in its pipeline shows it has a chance against the incumbents. These applications typically sell for \$500,000 to \$1 million. Attivio plans to offer capital expenditure and operational expenditure pricing models, and to implement faster and more efficiently (less use of hardware). That could give it a nice competitive edge. IDC expects 100% growth for Attivio as it ramps up.

Search engines have been around for a long time, but they have only recently come to the center of the stage, and they often lack the ability to handle data sources. BI has its limitations, and vendors today are struggling to add access to text, because being limited to data excludes too much information that is vital for decision making.

Creating an architecture that combines the best of both is a real challenge. If Attivio can attract enough attention and gain the reference customers that it is approaching, it has a good chance of success. The fact that it has a smaller footprint than its rivals FAST and Endeca is appealing. Attivio is quick to implement, and appears to return results quickly.

Having a single architecture that handles both data and content from a single, easy-to-use interface is bound to be a draw for large organizations. Since 2005, IDC surveys have shown that CIOs and CTOs see this as one of the top 3 problems they need to solve.

Competitive Landscape

- ☒ Autonomy is growing at 30% and is the largest competitor.
- ☒ FAST was bought by MSFT (closed in April 2008) for \$1.2 billion.
- ☒ Endeca is roughly at \$120 million in revenue.
- ☒ Google has a search appliance that brings in about \$110 million.
- ☒ IBM and Oracle have applications that are sold mostly to their installed bases.
- ☒ There are a multitude of small, usually specialized vendors in the market as well. Coveo is a notable example of a nicely run company with a fine product. It might compete, but is only at about \$30 million in revenue.

From a competitive standpoint, the major threat to Attivio is from the FAST/Microsoft juggernaut-to-be. If MSFT pushes search as part of Sharepoint, that could be a problem. Autonomy appears to be heading toward being a diversified vendor of applications that have a search component based on its IDOL platform. That platform is not as versatile as Attivio's at handling data.

Technology / Solution

Active Intelligence Engine—Platform for Unified Information Access

This product integrates structured data and unstructured content into a single universal index for the precision of SQL and the fuzziness of search — automatically updating, managing, and enriching business systems. There are currently three patents being filed on the IP.

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Active Intelligence Engine for a Variety of Functional Applications, Including eDiscovery, Information Portals, CRM, and ERP

Each of these tunes active intelligence engine (AIE) to a particular set of source data that have certain peculiarities. They provide an interface that makes sense for this particular task. So, ediscovery is tuned for email, instant messages, archived files, application data, and warehouse data, while CRM might be tuned for customer databases, sales communication, market data, and newsfeeds.

When you tune an information access application for a particular format or type of source, you adjust the algorithms to take advantage of the information that is typically available in that data type. For instance, email gives you the sender, the receiver, and

the subject lines as parameters that can be searched. Customer databases give IDs that need to be extracted to improve searching, for instance.

There are other applications on the market for each of these areas, but the market is young and confused. Early adopters have turned to a variety of incomplete solutions in order to solve a larger problem. There is plenty of opportunity for a new arrival in this area.

Embedded AIE

This version is specifically designed to be embedded within other applications. The small footprint of the core engine (less than 10MB), linear scalability, and simple integration make this a good solution for other software companies that rely on search as an integral component of their applications.

This OEM version of AIE makes the advantages listed in the products mentioned earlier available to other applications, including ediscovery, storage and archiving, enterprise content management (ECM), and business process management (BPM).

Corporate Strategy

Leadership

Ali Riaz, CEO of Attivio, has worked at GCi Inc. (now WhiteFence), Fast Search & Transfer (now Microsoft), Computer Sciences Corp. (CSC), and Novartis Pharmaceuticals.

When president and COO of FAST, he was a good manager, with deep knowledge of the space and also of the problems of info access from his previous positions at CSC and Novartis. He has a vision for Attivio that aligns well with current market trends — access across silos of structured and unstructured data of all kinds.

Exit Strategy

Attivio is focused right now on creating a new architecture for information access. It looks like this architecture leapfrogs over current technologies because it is not burdened with legacy code. It has attracted some of the best minds in information retrieval, many of them formerly at FAST. IDC believes Attivio is more interested in going public than being acquired. Mostly, it believes it can make a splash in the marketplace by providing a better, easier-to-deploy solution to unify access to information silos and encouraging better solutions for accessing the corporate information landscape without punitive pricing.

It's likely that at some point, Attivio could be acquired by Oracle, IBM, or SAP, because it offers the combination of data plus text that the others can only make marketing noise about. With Microsoft's acquisition of FAST, these other large players need a technology that will outcompete what Microsoft has. This would be a great plug-in to Salesforce, which lacks search capability and needs to search across data and text.

Current Investors

As of October 2007, Söderberg & Partners funded Attivio to the tune of \$6.2 million, plus a commitment to fund more if needed.

Force Multipliers

Partners

- Basis Technology
- NextBrick
- Seven additional partners (including one each in Japan, Israel, Dubai, and Germany)

Partnership Opportunities

- Integrators
- Other technology vendors such as MuseGlobal, Connotate, or Basis
- BI vendors
- IBM
- Publishers
- Hardware vendors such as Cisco, HP, Lexmark, and Canon

Channel/Sales Strategy

With its small footprint and quick download, IDC expects that it could OEM to software integrators, particularly for the government. Direct sales will win it reference customers first, but the OEM market would be attractive because it would limit the need for a large sales force. Search is rapidly becoming a necessary component in ecommerce, customer call centers, CRM, ERP, archiving, and social network applications. The small footprint plus advanced features might make a channel strategy very compelling.

Customers

Key Customers

- BOLDFACERS
- Others under NDA

Key Audiences

- Financial services
- Government
- Information portals
- ISVs (search embedded in other applications)

- ☒ Publishing
- ☒ eDiscovery
- ☒ Pharmaceuticals
- ☒ Manufacturing
- ☒ Large companies to solve info silo problem

FUTURE OUTLOOK

Challenges and Opportunities

Challenges

Attivio's greatest challenge is to get into the marketplace before Microsoft begins to own the search market. Attivio must show that it can outperform FAST, and get its name widely known (e.g., by speaking at industry events, publishing, and blogging).

Opportunities

IDC believes strongly that BI and search are converging, and that certain segments of the market are demanding unified access to information. This is a hard problem to solve across database and content repositories. Matters of normalization, differing schemas, format types, and a variety of legacy applications make it difficult. In the past two years, a very few search vendors have developed new architectures that blend the inverted index with the database. These new architectures are a leap forward, but we believe that Attivio's new architecture is another leap beyond them. The potential large impact of these newer architectures is that they may replace many of the uses for data warehouses. Opportunities for this new type of technology are greatest in industries that must combine vast quantities of structured and unstructured information, particularly those that have a large volume of incoming data and content, including email. Examples of verticals that will be interested in adopting this kind of technology include: manufacturing — particularly in customer facing, CRM, and compliance applications; financial services — particularly in online sales (customer facing), stock trading/hedge funds or compliance; publishing — particularly content aggregators and news media.

ESSENTIAL GUIDANCE

Reason to Watch

We believe Attivio is a company to watch because the management team has an unusual depth of business and technical prowess, and the technology itself may be compelling to a marketplace that is finally ready for it.

Differentiators

Differentiators include the following:

- ☒ Small footprint
- ☒ Java code
- ☒ Price
- ☒ Unique architecture
- ☒ Quick to download and implement; fast document ingestion
- ☒ No need to reindex
- ☒ Add hardware on the fly — automatic load balancing
- ☒ Content and data joins
- ☒ Deep linguistic features
- ☒ Probabilistic ranking addressing the data fusion problem

LEARN MORE

Related Research

- ☒ *Worldwide Search and Discovery Software 2008–2012 Forecast: Preliminary Overview* (IDC #211602, April 2008)

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