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Q&A: Appliance boosts data warehouse performance, Netezza exec says

By Heather Havenstein

Jim Baum says users are replacing relational databases with bundled package
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The market for data warehouse appliances is heating up, and research firm IDC Corp. in Framingham, Mass. expects sales to hit \$500 million in five years, up from \$50 million to \$75 million this year. Six-year-old Netezza Corp., a pioneer in the business, has added 19 new customers in the first half of 2006, twice the number in the same period last year. In an interview with Computerworld before next week's Netezza user conference in Boston, Jim Baum, president and chief operating officer of the Framingham company, discussed why some users opt for an appliance rather than a traditional data warehouse.

What are the main drivers for using a data warehouse appliance rather than a relational database? Is it related to the growing need for real-time access to business intelligence (BI) data? We started out selling a concept of an appliance where we take the idea of an appliance very literally. It is an integrated system of software and hardware that is very simple to set up and operate and is very functional in addressing the data access and query requirements of customers. The initial driver [for appliances] is performance. The elimination of information latency is the big driver.

Perhaps a more subtle element of performance ... is that the appliance is structured to provide very high performance on the entire data set in the appliance [so that users] can structure queries and requests for information that are more ad hoc. People are able to ask questions they weren't able to ask before because of the performance. People are now starting to expand the use of an appliance further into an enterprise...as a solution for a broad base of users.

What are some examples of this expansion to additional sets of users? People are trying to distribute analytical information across a wider community. The access of all the data used to make all the decisions is available on a broader basis. Our customers in most cases are using our appliance as the database ... that feeds into one of the BI solutions. They want to use that to drive their daily reporting requirements, [from] the repetitive tasks ... all the way through to their most sophisticated high-end requirements.

How do you respond to users who say they still are reluctant to run mission-critical applications on the appliances because they consider them an emerging technology?

The initial early adopters in the appliance market said they had some tough problems they couldn't solve with their legacy solutions. That is where they started. Now, you are starting to see the application of that extended more broadly in the enterprise.

A high percentage of our business is repeat business, and that means companies are ... betting more mission-critical applications on the appliance. A good example would be Amazon.com. They use [[Netezza's appliance](#)] to analyze changes to their Web site. That is their primary path to the market. It is mission critical to them to understand the effects of a change to a Web site and to use that to further tune the site.