



Netezza Acquisitions Focus on Bringing Analytics to the Data Warehouse

Contributed by Brian Prince
2008-08-21

Netezza purchased technology from Intelligent Integration Systems earlier this month and acquired NuTech Solutions in May in a bid to deepen analytics in the data warehouse. Netezza faces competition though from Oracle, Teradata, IBM and others, but Netezza feels the new technology will help them better compete.

Data warehousing vendor Netezza has been very busy of late, first acquiring NuTech Solutions in May and then purchasing technology from Intelligent Integration Systems (IISi) just two weeks ago.

Both moves are aimed at building out Netezza's technology as the company clashes with competitors such as Oracle and Teradata in the data warehousing market. At their core, the moves reflect the company's belief in deepening analytics in the data warehouse.

"In both cases, these acquisitions are really targeted at what we're seeing as the natural evolutionary course of what's happening in data warehousing and analytics," said Jim Baum, president and chief operating officer of Netezza. "All of the data warehouses that we've deployed are used in application environments where people are running business intelligence and ... more sophisticated analytics that they were unable to run in their prior environment either because of the complexity of having to tune those legacy databases or specific types of queries or because of other performance constraints."

Enter NuTech, a small vendor that focused on advanced predictive analysis and data mining. In the deal with IISi, the company got geospatial analytic capabilities and an extended SQL tool kit that adds new SQL functionality to the company's platform.

The purchase of the IISi technology can be interpreted as a move against Oracle—one of Netezza's main rivals—because Oracle has geospatial capabilities in its database engine. However, Baum said the purchase was mostly about enabling Netezza to compete in new markets by offering geospatial analytics to

companies such as insurance companies.

Location intelligence is one of the hottest application areas in the data warehousing, business intelligence and database markets right now, noted Forrester Research analyst James Kobielus.

"Consider the fact that Microsoft is touting enhancements in geospatial data handling as one of the most important themes in its recently released SQL Server 2008—all of which is available to the Microsoft, partner and customer DW/BI [data warehouse/business intelligence] applications and tools that run on or integrate with that spanking-new DBMS," the analyst said. "More data warehouses are managing location data as another, sometimes co-equal data 'domain' or 'entity'. Hence, Netezza, as a data warehousing solution provider, recognizes that it needs to strengthen its capabilities in this area lest it lose business to Oracle, Microsoft, IBM and others that have strong location intelligence technologies built into their BI/DW/DBMS stacks."

The IISi technology will become available as an option on the data warehouse appliance within the next couple of months, Baum said.

Whether or not the combination of technology from IISi and NuTech—which played in a space dominated by companies such as SAS, IBM and Oracle—will be enough to differentiate Netezza is an open question. Microsoft has also made moves in the data warehousing space of late with its recently-announced plans to purchase DATAlegro in a bid to expand the data warehousing penetration of SQL Server. Still, Baum said purchases expand the utility of data warehouse appliances.

"Both these acquisitions are targeted at driving an analytics agenda," Baum said. "In the case of what we've acquired with NuTech, we're really looking to exploit an opportunity in the market around advanced analytics, integrating the ideas around data warehouse and analytics ... with NuTech's very advanced technology in the areas of data mining, predictive analytics and optimization."