

## Assessing Risks in Selecting an Enterprise Portal Vendor

Although “pure play” vendors may appear to offer the greatest risk in an era of market consolidation, enterprises should not ignore the risks associated with other types of vendors.

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### Core Topic

Internet Platforms and Web Services:  
Internet Applications, Portals and  
Technologies

### Key Issue

What are the risks/rewards and value propositions of deploying technology in support of Internet sites, intranets and extranets?

In a software market full of consolidations and outright failures, enterprises that are engaged in choosing a vendor of enterprise portal software have become increasingly concerned with the issue of risk. End-user organizations that are selecting or have already chosen a “pure play” vendor — the kind of vendor that would, at first glance, appear to offer the greatest risks — often ask Gartner: “How can we manage risk appropriately?”

Every vendor choice, regardless of the type of vendor, carries a certain risk. What differs from one choice to another is the *kind* of risk: Not all portal vendors risk going out of business by next year, but even the strongest vendor may present unacceptable risks to its customers in the areas of technological discontinuity and IT infrastructure disruption.

### Why the Choice of Vendor Has Become So Important

As portals grow more integral to the enterprises that use them, selecting a portal vendor has increased in importance and in difficulty because of several factors:

- The expanding complexity and diversity of the IT infrastructure. As the IT infrastructure has become more diverse (including multiple existing portal deployments, multiple modes of access, increased platform heterogeneity as a result of mergers and acquisitions), the problems that must be solved by the portal implementation have become more complex.
- Overpopulation in the portal vendor field. Although some vendors have met a premature demise, and others have been acquired or have shifted their focus to a different market, they have been replaced by new entrants into the market. The vendor field remains overpopulated, and IT

### Gartner

managers have accepted Gartner's prediction that the population will be culled significantly by market forces as this segment matures.

- The high visibility and increasing importance of enterprise portal projects. The political stakes have been raised within the enterprise for those who champion a new portal deployment. The outcome is not simply success vs. failure, because larger enterprises frequently have multiple portal initiatives developing in parallel. A modest success may not be enough to prevail against a competing project in another business unit.

### **Portal Vendor Types and Their Associated Risks**

Portal vendors can be classified according to size and product line, in three categories: large, midsize and pure-play. The conventional wisdom is that the pure-plays are the riskiest category. This is true with regard to one kind of risk: vendor viability. However, other types of risks should not be ignored. Here, we outline the different categories of vendors and discuss the various kinds of risks associated with vendors from each category.

#### **Large IT Vendors**

*Definition:* These are vendors with multibillion-dollar annual revenue, an established presence in multiple markets and diverse product lines, which can include systems, software infrastructure, applications and consulting services. Most have been in existence for 10 years or more. In many cases, their portal packages are fresh off the launching pad or acquisition table.

*Examples:* This category can be further subdivided into system vendors (IBM, Sun Microsystems/iPlanet), software platform vendors (Microsoft) and large, independent software vendors (ISVs; e.g., SAP, PeopleSoft, Oracle, Sybase, Computer Associates).

*Risks:* Although most large vendors will likely remain standing five years from now, because of the simple inertia of a sizeable installed base, the life span of their portal products may be quite short. The driving force behind product discontinuity and technological disruption can come from inside or outside the vendor's organization. Internally, vendors continually reevaluate and rearrange their product portfolio to replace anemic offerings with different packages. The product name may remain the same, but the underlying technologies and application programming interfaces (APIs) may change. Externally, large and small vendors are forced to respond to industrywide sea

changes (such as the client/server, Internet, XML and Web services initiatives). Rather than risk getting left behind, vendors will regularly replace one foundation-level technology with another.

As examples, consider Microsoft customers that have deployed portals based on Site Server or Microsoft Exchange Digital Dashboard. These users may not be feeling insulated from discontinuity as SharePoint Portal Server enters the picture. The same applies to users who relied on the Microsoft Web platform — Active Server Pages (ASP) and VBScript — and now have to migrate to ASP.NET and VB.NET. Future releases of the SharePoint product will be migrated from ASP to the .NET platform, with ramifications that are not yet known. IBM has discontinued its Domino-centric portal product (K-station) and is merging its features into WebSphere Portal Server (WPS). IBM customers that adopted the Enterprise Information Portal (a search engine positioned initially as a portal) will need to migrate to WPS as well. Other examples abound with respect to large vendors such as Oracle, SAP and Computer Associates. Furthermore, all portal vendors — large and small — are chasing the rapidly evolving set of industrywide Web services standards, and their impact on vendors' proprietary APIs has yet to be unveiled.

Additional types of risks include budget risks and time-to-market risks. These risks can be found among vendors of all sizes, but more frequently occur with offerings from the largest vendors. The budget risk is that portal customers will overspend on a portal package and break the project's budget. The time-to-market risk results from implementation cycles tend to lengthen in proportion to vendor size (although slipped schedules can occur with understaffed small vendors as well).

### **Midsize, Diversified Vendors**

*Definition:* These are vendors with established revenue streams from products that predate portals, with revenue in the hundreds of millions of dollars. Most have been in existence for five or more years. In many cases, the portal products from this set of vendors are very recent arrivals to the market.

*Examples:* Middleware vendors (BEA Systems, Iona Technologies, Tibco), CRM/SFA (Siebel Systems), business intelligence (Brio, Cognos), knowledge management/search (Verity, Autonomy), application servers (SilverStream) and others (Bowstreet, Citrix/Sequoia, Netegrity/DataChannel)

*Risks:* This sector will experience more company attrition than the large-vendor sector, but not as much as the pure-plays.