

Embarcadero unlocks portfolio with “All-Access” pass

Vendor briefing note

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There were always going to be great expectations of Embarcadero when it acquired CodeGear from Borland in May 2008. Could Embarcadero make more of the tools division that had been languishing at Borland since the latter decided on a path that made its award-winning development tools disposable?

With the acquisition of CodeGear, Embarcadero set forth on a strategy to address companies' growing productivity and resource challenges as a result of database and platform heterogeneity. The industry at large and customers alike have been waiting in anticipation for early results.

The company certainly has not been slow in leveraging its combined tools portfolio. Since the close of the acquisition in June 2008, Embarcadero has steadily released a number of key product upgrades from both sides of the portfolio – database and code development – and launched a new database optimisation tool that supports both developers and database administrators.

However, it is the launch of Embarcadero's latest initiative, All-Access, that begins to reflect the potential of the combined portfolio and the company's new strategy.

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Summary

Embarcadero continues to demonstrate that it is a good home for CodeGear and potentially others

Showing strong financial growth since going private and acquiring CodeGear, along with steady delivery against stated goals, Embarcadero has shown that it is succeeding with CodeGear where Borland (CodeGear’s previous owner) had all but written it off.

All-Access demonstrates a commitment to addressing the challenges facing the database and development tools markets

Embarcadero’s new “All-Access” offering is a combination of three tightly linked elements. The first is a licensing “pass”, giving access to a range of pre-integrated development and database tools with a discounted pricing structure. The second is a support and ongoing maintenance program. The third is an “instant-on” click-and-run deployment technology that provides immediate access to the bundled tools without any installation or configuration required.

Although not entirely unique in concept, All-Access tackles the licensing cost and installation challenges facing organisations wanting to access a wide range of tools during the course of an application delivery project or over the course of the application lifecycle.

Benefits and opportunities for existing clients of both product groups and potential for new customers

For anyone working with databases – developers, database administrators (DBA) or designers – All-Access provides a tools bundle that targets you specifically, rather than treating you as a bit player in the delivery team.

The All-Access pricing model, especially the concurrent licensing, is extremely attractive if you need to provide random access to tools for a range of developers across the course of a project or application lifecycle.

Although All-Access is a work in progress, it is just eight months since the completion of the CodeGear acquisition and demonstrates that this was not about taking out competition but about enhancing the tools offering from both product portfolios. We don’t expect Embarcadero to lose focus on its database or development tools, but customers will need to continue to press for product innovation, particularly in addressing disruptive technologies such as the dynamic scripting languages used in generating rich web applications.

All-Access offers a value proposition that gives Embarcadero competitive edge in the database and development tools market.

Embarcadero faces strong competitors in the database and development tool markets. However, the three cornerstone features of its All-Access pass (outlined above)

equip the company with a distribution program and licensing model that offers compelling value propositions to development managers. Embarcadero’s new offering raises the competitive stakes by giving the company an edge over some of the larger players in the market and a clear head start when it comes to helping IT managers select, install and pay for database and development tools.



A balanced scorecard

Embarcadero acquired CodeGear in May 2008 with a clear set of goals:

- To develop a portfolio of products to address the colliding worlds of application and database development.
- Bridge the gap between database administration and development, and application development.
- To meet head-on the resource and productivity challenges facing organisations as a result of complex application and database environments.

In the eight months since the CodeGear acquisition closed back in June 2008, Embarcadero has been busy proving the soundness of its purchase and its ability to execute against its goals.

The first step in its strategy was to focus on clarifying its value propositions for the different roles in database and application development. The second step – in direct relationship to the first – has then been to deliver a portfolio of tools that meets each of their separate needs whilst addressing the grey zones between the two. Naturally, Embarcadero sees part of this as translating to better packaging of the portfolio so that individual tools align more effectively with the workflows and functions of the different roles. The third step was to help organisations tackle the challenges they face in accessing and using the wide range of tools on offer.

The company has in this timeframe released six product upgrades from its newly combined portfolio and launched one new product directed at database administrators and developers alike. Admittedly most of the product released would have been in the pipeline prior to the acquisition, but their quick release suggests an integration path that hasn't unduly impacted the business of delivering new and updated tools. The packaging of Embarcadero's flagship database modelling and design tool with the Architect editions of the CodeGear rapid application development platform shows a determination to quickly leverage the database tools side of the portfolio.

Whilst the product releases and packaging were to be expected, it is Embarcadero's All-Access offering that sees the company begin the path towards addressing its third strategy step and enable easier access to the tools on offer.

The technology and licensing mix that creates a tools selection and management headache for IT managers

The complex and heterogeneous IT infrastructure environment that exists in many businesses today – and is set to continue for the foreseeable future – makes it a challenge for IT organisations to deliver the types of applications that their business teams want and need. Developers do not always have access to tools that provide the depth of insight into the complex and often intricate data models across their systems, denying them the freedom and flexibility to develop new solutions or make changes in confidence. Understanding what they want to do and then finding the right tools out of the toolsets that they may already have can be a wasteful trial-and-error process. In this environment, IT managers are prone to acquiring new tools (commercial and open source) that specifically address needs or requirements as they come along. This approach, heightened by the lack of collaboration between teams and departments, not only enlarges the tooling arsenal and licensing complexity (thereby perpetuating the problem); it raises the potential for configuration, integration and interoperability difficulties with existing tools and leaves organisations open to licensing violations and monetary penalties.

In reality, the challenge of managing the tools available to users and quickly and easily configuring and integrating different toolsets is a significant barrier to reducing IT waste and raising productivity deep inside the development process.



Vendors also struggle with complex tool portfolios

The challenge of tool selection faced by IT organisations is reversed in the software vendor community. Software development tools vendors often find themselves faced by a dilemma in how to market their products. Choosing the right path can drive market share; but the wrong path, no matter how good the tools, can leave the vendor as a bit player.

One of the key approaches in the last few years has been to try and emulate other parts of the software industry and bundle tools into “suites”. These can then be tiered and sold at different price points (such as “standard”, “professional” or “enterprise”). The more expensive the suite, the more important some of the tools will be to the developer. The problem is that developers, like anyone else, know that they rarely use more than 50% of any package and are increasingly loath to pay for more than they need.

Another option for tools vendors is to keep selling their tools as stand-alone offerings. The problem here is how to help customers distinguish between the tools on offer. Too broad a product range makes vendors look like they’re constantly asking customers to buy new products. Worse still, if the products do not share information you have customers purchasing new software and having to start all over again.

Since the acquisition of CodeGear, Embarcadero has found itself with a mix of both options. The company’s challenge has been to improve its positioning in the developer tools market and get some of its key enterprise database tools into the hands of former CodeGear customers.

One route to doing this would be to launch a campaign for distributing trial product licenses to tempt customers to explore the other products on offer. But this has two notable pitfalls. The first is the significant overhead in the creation and distribution of DVDs containing software and limited-time licences with no record of who uses them and how. The second is turning those trials into sales. Few software companies (if any) have yet to show irrefutable proof of sales related to free trials given away on DVDs.

Against this backdrop, Embarcadero’s All-Access offering plays a major strategic role for the company.

All-Access pass defined

Embarcadero’s All-Access pass is a combination of three tightly linked core elements:

- A licensing “pass” that provides access to a range of pre-integrated development and database tools with a discounted pricing structure.
- A support and ongoing maintenance program.
- An “instant-on” click-and-run deployment technology that provides immediate access to fully-featured tools with no installation or configuration requirement.

All-Access is a way to make access to tools easy (there’s no time-consuming pre-installment or setup required) and affordable (there’s a cost-effective pricing plan). It is designed to appeal to managers looking to optimise how they pay for all the different tools that their database and application delivery team might need over the course of a software delivery project or application lifecycle.

All-Access opened up

There are four levels to All-Access, as depicted in Figure 1 below.

Figure 1: All-Access tier levels

	Bronze	Silver	Gold	Platinum
Rapid Application Development	Delphi® Professional	Delphi® Enterprise	Delphi® Architect	Delphi® Architect
	C++ Builder® Professional	C++ Builder® Enterprise	C++ Builder® Architect	C++ Builder® Architect
	Delphi Prism™ Professional	Delphi Prism™ Enterprise	Delphi Prism™ Enterprise	Delphi Prism™ Enterprise
Database Application Development	Rapid SQL® Standard	Rapid SQL® Professional	Rapid SQL® Professional	Rapid SQL® Professional
	Embarcadero® Change Manager™ Standard	Embarcadero® Change Manager™ Professional	Embarcadero® Change Manager™ Professional Unlimited	Embarcadero® Change Manager™ Ultimate
		DBArtisan® Standard	DBArtisan® Professional	DBArtisan® Workbench
Design & Architecture	ER/Studio® Viewer	ER/Studio® Viewer ER/Studio® Standard	ER/Studio® Enterprise	ER/Studio® Enterprise
	ER/Studio® Enterprise Portal 1-Connection	ER/Studio® Enterprise Portal 1-Connection	ER/Studio® Enterprise Portal 1-Connection	ER/Studio® Enterprise Portal 1-Connection
		ER/Studio® MetaWizard Import only	ER/Studio® MetaWizard Import & Export	ER/Studio® MetaWizard Import & Export
				Embarcadero® Schema Examiner™
	Embarcadero® EA/Studio	Embarcadero® EA/Studio	Embarcadero® EA/Studio	Embarcadero® EA/Studio
Performance & Tuning	Embarcadero® DB Optimizer™ Standard	Embarcadero® DB Optimizer™ Professional	Embarcadero® DB Optimizer™ Professional	Embarcadero® DB Optimizer™ Professional
	Embarcadero® J Optimizer™	Embarcadero® J Optimizer™	Embarcadero® J Optimizer™	Embarcadero® J Optimizer™
			Embarcadero® Performance Center™ Client	Embarcadero® Performance Center™ Client
Web Development	3rdRail®	3rdRail®	3rdRail®	3rdRail®
	Delphi® for PHP	Delphi® for PHP	Delphi® for PHP	Delphi® for PHP
Databases	InterBase® SMP Server Edition 5 user connections	InterBase® SMP Server Edition 10 user connections	InterBase® SMP Server Edition 25 user connections	InterBase® SMP Server Edition Unlimited user connections
Java Development	JBuilder® Professional	JBuilder® Enterprise (includes UML Modeling)	JBuilder® Enterprise (includes UML Modeling)	JBuilder® Enterprise (includes UML Modeling)

Source: Embarcadero

Embarcadero has ensured that each level contains tools that appeal to the seven areas in which it engages with its customers. The four tier levels neatly correspond, as you might expect, to the different product editions that the company supports in its product line. So as you move up tiers, as well as getting more products you get access to expanded feature sets.

What is interesting about this is how the tools break down. There are clearly parts of the Platinum offering that are likely to be used infrequently. As a result, we would expect to see organisations purchase relatively few copies of the Platinum offering compared to the Bronze offering, where all the tools appear to be for daily use.

There are a number of delivery models for an All-Access pass. One way is through a USB dongle or DVD that provisions deployed tools to the machine and the developer. Another is through a licensing server with all the relevant assets and configurations installed on the network.

Of course, once you get beyond a single user, the server-based solution with concurrent licensing is possibly the most pragmatic and sensible option to follow.

Whichever licensing option you choose, the “click and run” access and deployment mechanism remains the same. We believe this to be smart technology that provides compelling value propositions and which sets All-Access apart from tooling bundles offered by competitors in the market.



Demystifying the all important pricing structure

An up-to-date copy of the licensing cost matrix and renewals for the different tiers and licensing options can be found in detail at www.embarcadero.com.

The pricing structure is an important feature of the All-Access pass and underpins one of the key benefits that IT managers gain from signing up to it i.e. optimising the allocation of funds for the range of tools that will be used over the course of an IT development project or the application lifecycle.

This can be demonstrated through a simple example:

A single user copy of CodeGear RAD Studio 2009 Professional costs around £1,003 (www.greymatter.com), but if you look at all the other tools in the “Bronze” bundle then assuming that you are purchasing for a single developer, you would be expected to pay £1,695 – a very low premium indeed.

Renewal rates have been set at just 50% of the original price on a per-developer basis, a much lower rate than many of the other developer support bundles from other vendors.

Outwitting the competition

All-Access: Embarcadero looks to go beyond MSDN (Microsoft Developer Network)

The concepts behind All-Access are not entirely new or unique: many readers will see similarities with Microsoft’s Developer Network (or MSDN) here.

There is little doubt that among the commercial software houses, Microsoft has a greater penetration of tools into customers than anyone else. In addition, its developers tend to use a whole swathe of Microsoft tools rather than just picking the odd tool here and there. MSDN is critical to this: it allows different classes of developers and support staff to buy bundles of Microsoft products for their own use. If the products move from a test or development environment into production, then customers are required to purchase standard commercial licences for products.

Embarcadero’s added extra that differentiates from MSDN

While MSDN offers the clearest conceptual comparison to Embarcadero’s All-Access offerings, there are significant differences.

For a start, subscribing to an All-Access pass gives you the licensing rights to Embarcadero’s tools right from the beginning – so no further license purchases are required once your application is deployed into production.

Furthermore, unlike Microsoft, Embarcadero is not focused on supporting just Windows and Office. Instead, it wants to support a variety of platforms and operating systems.

Embarcadero has also taken the decision not to split up its tools by role but by product depth. There is a good business reason for this. Embarcadero’s tools have historically been aimed at Database Administrators (DBAs). While the number of DBAs who write code has increased, they have done so mainly within the database itself, concentrating on stored procedures and data description languages.

The CodeGear acquisition has brought a whole new class of developers to Embarcadero. These are not just coders but designers and DBAs with experiences across a wide range of technologies and languages.



Taking a calculated revenue gamble

In adopting an All-Access licensing model and on-demand tool's access framework, Embarcadero has had to take a risk. When you create such tool bundles, you stand to lose significant revenue compared to licensing each tool individually. Embarcadero accepts this and has chosen to make the bundles attractive by offering something that a competitor like Microsoft doesn't – concurrent licensing.

Competitive edge over the rest of the pack

The MSDN is a formidable offering that certainly demonstrates the capability and reach of a developer community backed with easy access to tools. But as we mentioned earlier, MSDN is focused on supporting the Microsoft technology and server platforms and office applications suite rather than being the glue to bring everything else together.

Other vendors pose potential competitive challenges to Embarcadero in providing competing solutions to All-Access. Sybase, Oracle, IBM, Sun and the open source community all have capabilities to specifically address the development and database tools markets with potentially similar offerings. Fortunately for Embarcadero, none of those mentioned above are fully leveraging their development and database tooling products with an “All-Access” style offering.

All of this plays into the hands of Embarcadero. The history of its own tools allows it to target all key commercially-available RDBMS products at all levels: from simple one-machine installations to multinational, multi-vendor database projects. The CodeGear acquisition has now opened up a committed developer base and that allows Embarcadero to make a broader tools play.

But should other vendors look to be serious in offering a similar solution to All-Access, Embarcadero is well-placed to hold its own and address their challenge, for a number of reasons, including:

- The longevity of its tools and their broad adoption.
- The company's stated focus on delivering tools purely for application development and database design, management and administration underpinned by the neutrality of its support for the major databases, development languages and application platforms.
- Its early-to-market release of All-Access, which gives it the advantage to offer credible proof points simple market messages.

With All-Access the challenge will be to persuade corporate customers that this does provide enough depth for Embarcadero to become their primary development platform.

To that extent the initial pricing makes a lot of sense and suggests that Embarcadero is serious about taking market share. What remains to be seen is how far this will go and what this will mean to the future development of tools, especially from the CodeGear team. At the moment, the focus is on making the tools deploy using the All-Access installer. But looking forward, Embarcadero also needs to be looking at how to take advantage of other technologies such as Rich Interactive Applications (RIA) and managing code in cloud-based development environments.

A realistic challenge to the dominance of open source?

In its creation of All-Access, Embarcadero is hoping to present a compelling sales proposition to organisations that are currently using open-source development tools. It believes that All-Access provides attractive pricing and packaging from a trusted source, and that this will be of interest to organisations that have turned away from commercial offerings in the past.



Certainly, with the exception of the “it must only be Open Source” brigade, few, if any corporate development teams have been able to build a coherent, integrated development suite covering their enterprise software solutions. The Eclipse project was supposed to foster tool integration and interoperability – but so far, it has fallen short. Integration in the context of the wider Eclipse tools plug-in landscape – specifically the ability to pick and mix from the vast tool set available and be confident that all will integrate, interoperate and work seamlessly – continues to highlight weaknesses in the Eclipse platform.

However for many, open source tools offer a good point solution for a specific problem at a point in time. Many organisations that use such tools to resolve specific problems are happy to accept the risks and the limitations of making this decision. So even though All-Access does indeed lower the overall costs of tool support and is backed with support and maintenance value add from a commercial player like Embarcadero, it cannot hope to fully supplant the attraction and benefits gained from the use of open source point solutions.

Directions for development tools managers

Embarcadero’s plans for All-Access now that it has launched will evolve to reflect the results from the company’s continued investigation into alternative usage and access scenarios and which could potentially pave the way for even greater choice in licensing models. All-Access is a good start to Embarcadero’s promise in May 2008 to galvanise the database and development tools markets through greater productivity and by bridging the gap between the two communities. For Embarcadero customers this tools bundling recognises the fact that Database developers and administrators are increasingly expected to code and script.

It is a framework that we would recommend customers and potential clients to actively explore for some very good reasons:

- **Instant, on-demand access.** One of the most time-consuming tasks for a developer is the installation and configuration of development tools. With All-Access, Embarcadero is doing something akin to Application Virtualisation. Users get instant access to preconfigured and integrated toolsets that need not be installed to run fully-featured for those looking to quickly evaluate a tool product within an All-Access pass. In the event that the chosen tool meets the needs, then installation and use is as simple an exercise as ‘cut and paste’ or ‘drag’, ‘drop’ and pressing click to start. In short, you simply pull the application off the USB Dongle/DVD/server and drop it onto your machine. You don’t need to worry about problems with registry configuration.
- **Parallel execution and automated configuration of multiple tool versions.** A compelling benefit of All-Access is the ability to run multiple versions of the same tool side-by-side with each other. Developers needing to run different versions of a tool on the same machine (for whatever reason) have historically been faced with the issue of common file names shared by multiple versions of the same tool. Resolving this issue in order to have parallel execution has previously meant running multiple virtual environments to execute the different tool versions – but this required high-powered machines with plenty of disk and memory resources. All-Access’ support for application virtualisation and the sandboxing of different versions of a tool means that porting code between tool version should become a lot less stressful and less costly than in the past.
- **Cost-effective tool purchase and license management.** IT teams that use Embarcadero’s high-end tools can obtain immediate savings on licensing costs. Development managers are better equipped to manage the tools available to users and to ease the logistics of purchasing, installation and configuration which continues to be a significant challenge for many.
- **The potential for supporting corporate tool standards.** All-Access offers an environment that could allow for a corporate standard for tool usage (providing the standard is for Embarcadero) to be adopted more easily without the barriers or excuses of not being able to get access to the tools or experiencing difficulties with installation.



What next for Embarcadero?

Embarcadero has had a successful eight months since the close of the CodeGear acquisition, both financially and from the perspective of product development and releases. When the company acquired CodeGear it anticipated growing its revenue to over \$100 million. Embarcadero is now a privately-held company, but it recently disclosed that its revenue (\$55 to \$60 million when public) has almost doubled since going private and acquiring CodeGear. Many will be relieved to see Embarcadero succeeding with CodeGear where Borland had all but written it off.

Going forward, Embarcadero makes no bones about highlighting that its financial strength and strong support from its private equity parent, Thoma Cressey Bravo, has given it a ferocious appetite for acquisitions. Given the nature of the economy and the state of the market – where good assets of all classes are becoming available at a fraction of their intrinsic value – no one should be surprised when the company finally pounces.

Embarcadero has a tools portfolio that, if it continues to be steered correctly, is capable of addressing the development and administration pain points associated with complex database and application environments. But it should do so within the wider context of aiming towards operational excellence and alignment with business goals and outcomes; addressing the colliding worlds of application and database development needs something more than just the integrated bundling and automatic provisioning of toolsets, no matter how sophisticated and innovative the process.

We welcome the investments currently being made by Embarcadero towards building a common metadata language across all its tools to allow users to move their work between different versions of products, seamlessly. Any database developer, designer or architect who has tried moving code between versions of the company’s design and architecture tools (EA/Studio and ER/Studio) will know the challenges that this caused. Embarcadero has historically provided access to multiple different repositories and source code solutions on a product by product basis causing differences in approach across the product families.

Rectifying this weakness will be important to extending the value proposition of All-Access. It will mean that Embarcadero can offer a single underlying repository for development teams. With a common metadata language, instead of having connectors to multiple repositories for every tool, there will be just a single connector across all the products. This will make it easy to add new products to the repository, share data between different versions of the tools and allow Embarcadero to improve developer teamwork and co-ordination.

Long term, we expect the company to explore its capacity to support and improve the testing process within the realm of its tools, but also to provide greater analytics and intelligence – in line with the in-depth monitoring and analysis facilities being employed by other tools looking to improve the application delivery process.

Below, we highlight some areas for development where Embarcadero will need to focus in order to build on its initial work with All-Access.

Too many SKUs spoil the costs

Embarcadero is still working on the complete range of usage scenarios and license flexibility. One of the dangers we highlight in trying to make the licensing as flexible as possible is the potential of ending up with more product SKUs than can be reasonably managed. This can have a detrimental effect by causing confusion with pricing costs. The company will need to be cognisant of this pitfall and will need to be careful in providing clarity and consistency regarding its pricing and licensing structure.



Improving the database benefits of the high-end tiers

Embarcadero has recognised that IT teams often support multiple RDBMS from different vendors, so rather than expect clients to purchase a copy per RDBMS, they can simply add an RDBMS for what appears to be a reasonable sum of £565.

For Bronze and Silver tiers of All-Access this makes sense. However, we would have expected the higher Gold and Platinum tiers to support multiple RDBMS (possibly two and three respectively) as part of the basic package. Embarcadero justifies its current position on this with the view that since many of its customers have large, single vendor database installations it would be unwise to penalise them for having standardised on a single RDBMS. But we would argue against a view that suggests the uplift between tier levels is simply about the tooling. It is more likely the case that DBAs and developers subscribing to the higher All-Access tiers will be addressing multiple RDBMS technologies. Meeting them halfway on the pricing would make good business sense (i.e. offering bundling options when adding RDBMS packs where the more you add, the lower the uplift).

The last mile

Although All-Access has now been launched, not all the features work across the entire Embarcadero portfolio. The database tools that historically formed the Embarcadero toolset are “All-Access ready” with the launch, but the deployment mechanism for the CodeGear tools will initially ship in a beta form while Embarcadero finalises the “instant-on” access approach. Looking forward a year, when the next versions of Delphi, JBuilder and C++ Builder ship, developers need to be able to load new and old versions of the software and work on both simultaneously without impacting each other.

Building a community

Re-bundling tools in different ways does not necessarily mean that developers will use more of them. It is a fallacy that if you give developers access to a lot of tools, they will find a reason to use them all. What developers and administrators need is a reason to use the tools and to understand how the tools come together.

This is something that CodeGear has been extremely good at for well over a decade now. CodeGear’s community forums are always busy and the group contributes a lot of code, samples, white papers and documentation free of charge.

Embarcadero has no real history of doing this on as large a scale. To make all of this work the company needs to build a new community that will help bring DBAs and developers closer together. This will provide an opportunity for online training, exposure to new tools and features and from there, grow the use and penetration of products into the development team.

No-one can argue that this hasn't worked for Microsoft. Embarcadero is going to have to work hard to reach out from the existing CodeGear community to the database developers and beyond and be savvy in its approach; but to this end, it has recently launched a community website, following the approach that proved successful for CodeGear – and this should help it in executing its strategy.