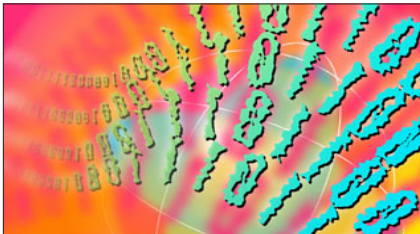


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Embarcadero 2.0

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Embarcadero has made its first major announcement with respect to how it is going to pull together its own, historic range of data management products with the development tools it gained when it acquired CodeGear last year.



Think of a hardware store. You can go in there and buy hammers, nails, screwdrivers and saws, all of which you might classify as carpentry or building tools. You can also buy wire strippers, fuses, light bulbs and a range of other products that you would categorise as electrical. This is analogous to Embarcadero: it sells two ranges of products that are allied but different, just like a hardware store.

What else can you buy in a hardware store? Well, you can buy toolkits and toolkits typically contain a range of tools that span a variety of requirements. For example, you will commonly find toolkits that contain both screwdrivers and wire strippers. In other words, the toolkit covers both carpentry and electrical requirements.

This is the approach that Embarcadero has taken with respect to merging its data management product line with the development tooling it has gained through its acquisition of what was previously Borland's CodeGear division. Or, rather, how it is going to take these to market: we are not yet seeing many specific synergies (ER/Studio and Rapid

SQL are exceptions) between individual products in the two product sets, though no doubt more of these will come.

The key issue is that Embarcadero believes that its users are currently having to choose between which tools to licence from a variety of vendors, because of budget constraints associated with both the hard and soft costs associated with buying and managing software. Given the current economic conditions this seems reasonable. Moreover, it is often the case that there might be a tool that you would need to use but only occasionally, meaning that you cannot justify licensing it for part-time use. By adopting a toolkit-based approach Embarcadero is hoping to overcome both of these problems, with toolkit prices being between two and three times the price of an individual tool, depending on the tool.

In addition, Embarcadero is introducing new licensing and deployment options that, in the case of the latter in particular, should help to reduce deployment costs. This is facilitated by using a 'zero-install' capability called InstantOn, which provides on-demand access to the tools within your toolkit. I won't go into this in detail but just think about the concept of a zero install: no DLL or registry worries, the ability to support multiple versions of the same application, and so on.

Of course there will be some cannibalisation of its user base in the sense that customers already having three or more tools will save money but the vast majority of Embarcadero's users have licenses for only one or two tools at present and the company hopes, not unreasonably, that the numbers of customers upgrading to a toolkit will

significantly outweigh the numbers who downgrade to a toolkit. The company also expects to expand its reach into customer organisations with higher-value and more flexible licenses.

In so far as the toolkits themselves are concerned, just as in a hardware store, there are a number of different choices ranging from basic through to luxury; in fact titled bronze, silver, gold and platinum, where bronze and silver toolkits are more development (including database development) oriented whereas gold and platinum are more targeted at data management. That said, there are tools for both communities in each kit, in order to encourage cross-fertilisation between the two groups.

The big question is whether this will all work. The company has reported significant interest from within its user community. I can understand that. I can also see that there may be significant take-up of the toolkit offer. But the more interesting issue is whether its users of application development tools will start using its data management tools and vice versa. That is the real test: is this one business or two? Time will tell.

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