

IT Market Strategy

Sybase Delivers another Strong Quarter, Rep Server Refresh

Merv Adrian, Principal, IT Market Strategy
www.itmarketstrategy.com

Sybase is celebrating. Let everyone else complain about the bad economy; the perennial "Tier 1A" database, mobility and analytics vendor just had its best quarter ever to kick off 2009 - its 6th consecutive record quarter. With 14% growth in license revenue (31% in database) and a margin of 21%, there is certainly much to be happy about. The company is particularly happy to point to its highest-ever quarterly cash flow from operations - \$97.4 million. The investment in messaging continues to generate substantial results: at \$43.4M, it was nearly 17% of the firm's revenue. Sybase seems at last to have anchored itself solidly in the billion dollar club.

Many parts of the portfolio were refreshed as the year began - a new Sybase IQ release (version 15, with another point release anticipated soon), continued expansion of Sybase's risk analytics business with complex event processing, Mobile Office for the iPhone, and mobile payment services. Sybase's reach as a premier mobility player was enhanced when SAP — with 40 million licensed users — chose the new Sybase Unwired Platform to extend SAP Business Suite to all major mobile device platforms.

A hidden gem in the portfolio has begun to emerge of late, as data movement and the creation of additional data stores for analytics continue to grow in importance and move down market. Sybase Replication Server, with over 2500 customers, has long been one of the industry's most mature and robust products in its space. It has had a recent refresh and substantial new activity. IT Market Strategy visited Sybase's Dublin, California headquarters for a look at Replication Server version 15.2. Rep Server has doubled its revenue in the past 4 years, and continues to have a solid business (15% of its total) in heterogeneous data sources (Oracle and Microsoft SQL Server are major sources, and DB2 less so.)

Several themes govern Sybase's recent releases and plans for the product, starting with performance, which has taken substantial leaps. Sybase claims 400-600% improvement over version 12.6 by adding numerous features including:

- support for its own bulk load interface for Sybase ASE (other vendor bulk load hooks will follow)
- non-blocking COMMIT that is similar to Oracle's functionality
- replication of SQL statements for execution in the target DBMS (instead of row-by-row changes)

Other additions include more support for architects and programmers; Sybase PowerDesigner has model-driven support for script generation. With 40% of its customers using Rep Server for data integration, Sybase is more aggressively adding support for Oracle datatypes (3 product releases in a year to support this) and pushing harder on extending to non-Sybase data. Even though many of its customers have 20 or more instances, Sybase sees substantial upside in the non-Sybase data within its sizable base, and substantial opportunity in its pipeline for new name business as well. One customer we discussed is using Rep Server to migrate from one version of Oracle to another, and there are many such opportunities. There are many other use cases - check out an attractive set of demos at http://www.sybase.com/content/1029516/RS12pt6_demo.html.

The continued success of Sybase IQ for analytics applications also offers substantial upside. 20% of today's Rep Server use cases are real-time reporting. With a planned enhancement to improve Sybase IQ loading, Rep Server will have an additional high-value use case to pursue within its own customer population. Many other new features are planned in a multi-release roadmap for 2009 and 2010, and IT Market Strategy expects to see Sybase using more of its cash to support and promote Replication Server in the future. The results are fairly predictable: Sybase has demonstrated continued effective execution, and 2009 should continue on its current growth path.