

► Competitive Intelligence Report

GXS Transforms Itself with New Version of AI

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Report Date:
July 19, 2005

Module:
**Application
Infrastructure
- U.S.**

► **Summary**

Event Summary

July 18, 2005 — GXS, a provider of business-to-business (B2B) e-commerce solutions, announced the launch of an enhanced version of GXS Application Integrator (AI), the company's robust data transformation solution. GXS AI 5.0 is the only translator on the market that features both native electronic data interchange (EDI) and native XML in one solution through a single user interface and management console, differentiating itself from competing offerings by eliminating the need for multiple translation engines.

Current Perspective

Positive

Vendor Importance

Moderate

Market Impact

Low/Moderate

Analytical Summary

- Current Perspective: Positive on GXS' new version of its Application Integrator, as the move to XML and Eclipse will help retain current customers and possibly attract new OEMs and end users to the technology.
- Vendor Importance: Moderate to GXS, because this software product forms the basis of its EAI and B2B solution and the company needed to bring it up to date with XML support.
- Market Impact: Low to moderate, because most competitors do support XML in their transformation products, although GXS' expertise in EDI transformation remains a challenge to competitors in that market.

► **Perspective**

Current Perspective: **Positive**

We are taking a positive stance on GXS' release of a new version of its "Application Integrator" transformation/integration product. The company has added more XML/XSL support in a differentiated way as well as an Eclipse interface. While this is no longer a huge growth market, the firm could find new OEM customers, especially in the application space.

Although transformation has become a fairly well understood technology with standardization around XML, XSLT, and XQuery, it has not become totally commoditized. This is because there are still competing standards around transformation, and because many users have complained about the poor performance of one of the main standards, XSLT. The transformation process is also just inherently problematic since there are so many different formats, including legacy formats and new vertical formats that arise out of vertical B2B process initiatives. Vendors such as TIBCO and Sonic continue to differentiate and charge a premium for transformation suites. IBM recently decided to keep the old Mercator/Ascential transformation technology since it fits certain niches quite well. In this context, GXS is preserving and enhancing its Application Integrator, the transformation technology at the heart of its Enterprise Systems EAI/B2B product.

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Application Integrator has had success as a standalone and OEMed product for the past several years. The company is modernizing this with XML and Eclipse support in version 5.0. Specifically, GXS has added support for XML transformation, primarily through XSL style sheets and an XSLT transformation engine. The solution is differentiated by the ability to put business rule logic directly into the map, which could minimize the amount of custom coding and allow for more flexible applications. The company has taken steps to increase performance and supports XPath documents as a means to reduce the size of the documents for performance reasons. The firm has a new graphical mapping interface based on the Java Eclipse standard. The new workbench includes XML and EDI mapping as well as accommodating other formats. The company has included an open sourced versioning system that tracks different version of documents. This is particularly important for SOX and other compliance applications since orders, trades, and other times can be tracked as they move through a business process. The company continues to retain an advantage in processing EDI transactions. In addition to supporting the large library of thousands of EDI transactions, the product has tools to infer the structure of an incoming EDI document to help both the map process and reduce the size of the documents during runtime to increase performance. The company plays a key role in defining various EDI documents and keeps track of changes in updates for customers.

While these changes are welcome, XML/XSL support is not exactly new to the industry. The company is following others by at least 12-36 months. As noted, this product overlaps with webMethods' transformation technology, which sets up a conflict as the firm merges webMethods and its own technology in the coming months. Even with Eclipse support, dropping this product in (or out) of the new joint Enterprise Gateway suite could be a hassle, especially since transformations are linked application adapters from both the GXS and webMethods product. The firm should continue to make this as painless as possible for users on both ends (webM and GXS) who want to migrate with backward compatibility with formats, maps, and application adapters. Also, GXS has not documented any performance or "error prevention" improvements with its product and should attempt to do so to gain a differentiator. GXS should also ramp up an effort to OEM this to application players who are delving into integration.

Competitors will want to respond to a few minor new features, notably the document versioning, in order to compete in compliance applications. More importantly, competitors will need to continue to improve EDI support to compete with this suite. Users, who will be increasingly burdened with tracking and managing XML documents should consider some type of XML document management and repository.

Market Impact: **Low/Moderate**

- GXS' moves to support version control will likely be imitated by competitors that lack a versioning system for their integration document/transactions, as this is a requirement for compliance applications.
- GXS' strong support for EDI formats and transformations will continue to challenge competitors (both old and new) in the integration market. Many will have to partner to provide full support for the thousands of EDI transactions available.

Vendor Importance: **Moderate**

- GXS needed to update its Application Integrator transformation/integration product with support for XML and XSL in order to appeal to new customers who are relying on XML for document/transaction exchange.

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- GXS needed to put an Eclipse Java interface on Application Integrator in order to attract new customers who have standardized on Eclipse.

- GXS needed to include value-added features such as version control and embedded business logic support in order to differentiate its solution against competitors.

► Positives and Concerns

Competitive Positives

- GXS releases a new version of its “Application Integrator” transformation/integration product that fits into its larger Enterprise System EAI/B2B product and the newer webMethods OMed Enterprise Gateway product. This is a mature and respected product that has at one time or another been OEMed by several EAI firms. It has particular strengths in EDI transformation, with support for the large number of EDI documents/transactions. The company is modernizing this with XML and Eclipse support. While this is not exactly a growth market anymore, GXS’ new version will help retain current customers and attract new OEMs, and will strengthen the firms’ overall integration portfolio.

- With version 5.0 of Application Integrator, GXS has added support for XML transformation, primarily through XSL style sheets and an XSLT transformation engine. The solution is differentiated by the ability to put business rule logic directly into the map, which could minimize the amount of custom coding and allow for more flexible applications. The company has taken steps to increase performance and supports XPatch documents as a means to reduce the size of the documents for performance reasons.

- The firm has a new graphical mapping interface based on the Java Eclipse standard. The new workbench includes XML and EDI mapping as well as accommodating other formats. The new workbench is backward compatible so previous maps (including those part of application adapters) can be accessed through the new interface. The Eclipse support is a checkbox item for many firms and will foster more OEM arrangements since it will be more easily embedded in a third-party product. It also makes it easier to drop Application Integrator into the webMethods product, which GXS is OEMing and selling.

- The company has included an open sourced versioning system that tracks different versions of documents. This is particularly important for SOX and other compliance applications since orders, trades, and other times can be tracked as they move through a business process. The company also is using a data validation technology from Schematron to help ensure correct processing of transformations. These features help differentiate the product.

- The company continues to retain an advantage in processing EDI transactions. In addition to supporting the large library of thousands of EDI transactions, the product has tools to infer the structure of an incoming EDI document to help both the map process and reduce the size of the documents during runtime to increase performance. The company plays a key role in defining various EDI documents and keeps track of changes in updates for customers. The addition of XML support will help customers who are struggling to transition to the world of XML while maintaining support for EDI B2B systems (either EDI-INT or hosted).

Competitive Concerns

- XML/XSL support is not exactly new to the industry. The company is following others by at

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least 12-36 months. GXS is lacking the XML document editing, creation, and repository features found in products from TIBCO and Sonic. This will become increasingly important as more and more applications and databases move to XML.

- GXS is OEMing webMethods' EAI/B2B product, which has its own transformation tool. Even with Eclipse support, dropping this product in (or out) could be a hassle, especially since transformations are linked to application adapters from both the GXS and webMethods product.
- Transformation speed and accuracy are certainly an issue in many environments, especially when it comes to newer XML/XSL technology, which has a reputation for sluggishness. While GXS may have an advantage, it hasn't really published any benchmarks or given proof that this is a differentiator.
- The OEM market for transformation has lessened for a number of reasons. Many firms have come up with their own products, and in general there are simply fewer integration firms due to consolidation. However, more and more application companies are delving into integration.
- While using open source or third-party technology for things like versioning and data validation is a cost-effective move for GXS, the fact is that competitors can use this technology also.

► Recommended Actions

Recommended Vendor Actions

- The company should attempt to document any performance advantages as well as error detection/prevention with Application Integrator, especially when it comes to EDI to XML. This can make a difference in high-end financial, insurance, and telecom verticals.
- The company should make a play for the OEM market, especially for vertical and horizontal application players that are adding integration functionality. The addition of custom maps for these clients could help attract them.
- The firm needs to continue to ensure seamless interoperation of webMethods and its own technologies, including adapters, transformation and other technologies that are likely to be in place.
- A full-fledged XML document management/repository product is probably not required from GXS, but the firm could form a partnership with a player in this space and OEM a product or ensure interoperability. This could help it compete against TIBCO and Sonic.

Recommended Competitor Actions

- Competitors in the integration space should continue to improve EDI support with libraries of possible EDI transactions and tools to help in the transformation process (both development and runtime performance and error detection).
- Competitors should add versioning for integration/transformation documents as well as an easily accessible audit trail with a graphical interface. This could be a differentiator in compliance use cases.
- Competitors should continue to improve the performance and reduce errors associated with XML/XSL transformations.

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Target Markets

- B2B Communities, End Users, Global 2000, Resellers/Channels, Systems Integrators, Third Party Implementers, Web Portals

Current Perspective

Positive

Recommended End User/Customer Actions

- Users and ISVs should consider the new version of Application Integrator due to the improved XML support and Eclipse interface, as well as good EDI support. They should perform some testing to evaluate performance and accuracy.

Vendor Importance

Moderate

- Users who are planning on combining webMethods and GXS technology should ensure that all interfaces work together and that legacy adapters and transformations can easily be brought into the product.

Market Impact

Low/Moderate

- Users who are facing a proliferation of XML documents and formats should consider an XML document management type of product with a repository.