Quest Software Acquires erwin Inc.

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By: Stewart Bond, Carl W. Olofson

IDC's Quick Take

Quest Software is a leading provider of system management and database tools and utilities, including the Toad product line for database development and tuning, the SharePlex product for database replication, and the monitoring tools Foglight and Spotlight, but has heretofore lacked the set of capabilities required to address the needs of database design, user accessibility, and governance.

erwin Inc. has its roots in modeling (data, process, and enterprise architecture), and more recently, it has invested in software that gathers and manages metadata (the data about data), extracting intelligence about data in the form of dictionaries, lineage, business meaning, relationships, and catalogs to help customers be enabled with data and improve data literacy. Quest's acquisition of erwin is validation of the progress that erwin has made in pivoting to a data intelligence company, and the value of intelligence about data, not only for data analytics problems but also applicable to data management and protection operations.

M&A Announcement Highlights

On January 5, 2021, Quest Software announced it had acquired erwin. erwin adds data intelligence, data literacy, and modeling capabilities to the Quest portfolio to enable better understanding of data in data governance, security, and protection disciplines. The acquisition accelerates access to new geographic markets for erwin and its ability to scale sales and support capabilities. The acquisition benefits Quest Software in the expansion of its data management applications portfolio with little overlap between product sets, and with valuable synergies across the combined product portfolio. Quest purchased erwin from California-based private equity firm Parallax Capital Partners. Financial details of the transaction that closed on December 31, 2020, were not made available. The erwin brand will continue within the Quest Software business.

IDC's Point of View

Quest Software has long been a provider of products enabling database management, monitoring, and replication and developed a highly popular set of database development and management tools (DDMT) under the brand name of Toad. In addition, Quest has added by acquisition a portfolio of products that enable data protection, identity and access management, Microsoft platform management, and unified endpoint management. Adding erwin to its portfolio should result in new innovations across the product portfolio as data management and operations meets data intelligence and governance.

erwin Data Modeler (DM) has been a top choice for CIOs, CDOs, data architects, and other IT professionals for more than 30 years. erwin was divested from Computer Associates (CA) in 2016, purchased by Parallax Capital Partners, wanting to build a company focused on helping organizations be successful with data, subsequently acquiring Corso, an enterprise architecture modeling company; Casewise, a business process modeling company; and more recently AnalytiX DS, a metadata management and data governance company. The integration of these companies and technologies

resulted in the erwin EDGE platform, a unique solution in the data intelligence market centered on data governance in the context of enterprise architecture, data models, and business processes.

Data modeling has enjoyed a resurgence in recent years, and the successful spin-off of erwin by CA is evidence of that. erwin's expansion into data intelligence and governance certainly increased the company's attractiveness.

The data integration and intelligence software market has seen a lot of merger and acquisition (M&A) activity over the past few years, and with the impact erwin has made in the market, combined with its long-standing brand recognition, this acquisition is not a complete surprise. What perhaps is more interesting is how the advanced data intelligence capabilities of erwin can be used in the Quest data operations, security, and protection product portfolio. We have seen more M&A activity related to data intelligence within the big data and analytics markets than we have seen in the data operations, security, and protection markets.

One of the primary use cases for data intelligence is in the organizational discipline of data governance, which is also inclusive of security and protection. Intelligence about data — the metadata that defines data models, the business meaning of data, semantic relationships within data and intelligence about where data came from through lineage — can be leveraged to identify high-value data in the organization. The high-value data is perhaps where data security and protection efforts should be focused, but not without leaving lower-value data open to vulnerabilities. Even with the clear connection between data intelligence and data operations, connections between products are more typically done aftermarket by IT professionals.

As a reflection of the close relationship between data intelligence and database security, as of IDC's 2020 software taxonomy, database security products have been moved into the data integration and intelligence software market from the database development and management tools market. This provides the ability to include at least a subset of data security in the sizing of a data governance segment within one functional market.

While this is a good move for Quest in enriching its portfolio and completing its database user journey story, it also opens up new geographic markets for erwin and can help accelerate scale of that business, enhancing the value of the erwin data intelligence to analytics, data science, and machine learning risks. If Quest can leverage erwin to better serve analytics, machine learning, and data science use cases while creating the connection between data intelligence and data operations, it has an opportunity to be a trailblazer in the market.

Subscriptions Covered:
Data Integration and Integrity Software, Data Management Software