

illuminate shifts to indirect sales for warehouse wares, seeks more funding

Analyst: Krishna Roy

Sector: Enterprise Software

Event summary

- Illuminate's move to an indirect sales model is all about creating the buying experience associated with enterprise software for its database engine/warehouse without hiring salespeople. Headcount has remained steady at roughly 38 staff this year.
- The startup has a very specific profile for the IT and performance management consulting partners it wants to attract in Latin America, Europe and North America. It hasn't been actively selling in the US but has more than 50 customers now.
- Management is seeking more funding and has reportedly received many enquires of late. Illuminate has raised \$6m of venture capital since its founding in early 2005 and has Adara Venture Partners as an investor, as well as some private investors.

The 451 take

We think an indirect sales route is the right way to go for illuminate since it should enable the startup to make headway in the all-important US market and bring a number of other attendant benefits without increasing its internal cost base. Management is clearly being strict (see below) about the partners it wants on board. We applaud that and some of the loftier values required, which aren't often focused on in business. Another infusion of capital will clearly enable it to execute business and product development in data warehousing, which is a crowded market. Illuminate's database currently has an edge in certain areas related to ad hoc queries and database pre-design, which provides differentiation for the time being.

Details

Illuminate Solutions considers its core competencies in technology, development, marketing and alliance operations – not sales or professional services – the reason it has spent the last six months seeking partners to fulfill these roles. Recruitment is ongoing and is focused on quality, not quantity. Management plans to have a dozen partners on board by year-end and 38 by the end of 2009.

Stringent criteria including shared values such as vision, loyalty, integrity, commitment and cooperation need to be met before illuminate will sign up a partner. The smaller consultancies in IT or corporate performance management (CPM) either already in its so-called 1:1:1 Alliance Program or that it is looking to attract also need to have been in business for three years, with aggressive

growth plans and good reputations. A potential partner should have one or two sales offices and 15-75 billable consultants if it's an IT consultancy, or two to five principals if it's a CPM consultancy. Equally important, the IT consultancy must generate more than 65% of sales from warehousing/business intelligence (BI) services, while the CPM consultancy has to focus on improving business results using BI.

Illuminate's customers are in banking, insurance, telecom, retail and the public sector and it has reportedly seen 150% annual revenue growth since 2005. Expect a new version of its database in February 2009.

Competitive landscape

We're told incumbent warehouses on **Oracle**, **IBM DB2** and **Microsoft SQL Server** databases continue to provide most of the competition for illuminate. It's not trying to replace them but to augment them.

That said, we think the competition may change once illuminate's indirect sales strategy bears more fruit. The sales force, though clearly outsourced, is required to work like a direct sales team with quotas and territories, for example. We think once it is fully up and running it will enable illuminate to start getting actively involved in US deals, where many fellow emerging data-warehouse vendors principally play, including **Paracel**, **Dataupia**, **Vertica Systems**, **Kickfire**, **Aster Data Systems** and **Infobright**. It could also encounter some of the more mature vendors such as **Netezza** and **Greenplum**.

Although illuminate wants to offer the same breadth of services as an enterprise software vendor, we don't think it will come across **Teradata** or **Hewlett-Packard NeoView**, which often play higher up the food chain. We believe that's also why illuminate is not trying to pitch itself as a replacement to Oracle or IBM-DB2 based warehouses.

In terms of data-warehousing technology, we are unaware of any other vendor with a correlation database and value-based storage model, which provides illuminate with competitive differentiation – for now, at least.

About The 451 Group

The 451 Group is a technology industry analyst company focused on the business of enterprise IT innovation. The company's analysts provide critical and timely emerging-technology insight to clients at vendor, investor, services and end-user organizations – insight that aids both strategic and tactical decision making for competitive advantage.

The 451 Group is headquartered in New York, with offices in key locations, including San Francisco, London and Boston. The company also operates Tier 1 Research – an independent division of The 451 Group – which analyzes the financial and industry implications of developments impacting public and private companies within the IT, communications and Internet sectors.

For additional information on the company or to apply for trial access to its services, go to: www.the451group.com