



Competitive Intelligence Report

GXS Launches Trading Grid 2007 with Enhanced Failover, Performance and Integration Capabilities

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Current Perspective:

Very Positive

Summary

Vendor Importance:

Very High

Event Summary

Market Impact:

Very High

February 28, 2007 - GXS announced the launch of GXS Trading Grid 2007. Core to this launch is GXS' new high availability architecture, Trading Grid Ultra, which provides improved service level commitments as well as greater speed, reliability and security. Trading Grid 2007 also brings to market a new, multi-lingual, Web-based portal; additional Web forms capabilities; and a new messaging gateway enabling multi-protocol and enterprise resource planning (ERP)-system integration.

Analytical Summary

- **Current Perspective:** Very positive on GXS' launch of Trading Grid 2007 (TG07) as the move solidifies the company's leadership position within the B2B integration marketplace by introducing a virtualized, service-oriented network capable of 99.9 percent availability, cross-continent fail-over and improved supply chain visibility and partner tools.
- **Vendor Importance:** Very high to GXS as this TG07 represents a 100 million dollar infrastructure investment designed to move the vendor beyond its history as an asynchronous value-added network (VAN) provider and into the realm of a hosted and managed B2B integration services provider able to support synchronous yet loosely coupled B2B integration transactions.
- **Market Impact:** Very high on the hosted B2B market as this investment moves GXS substantially ahead of its competition (primarily Inovis and Sterling Commerce) in terms of network performance, scalability and availability. The company's expanding use of a hosted SOA solution also sets the tone within a market seeking continued relevancy in an age of Internet-driven commerce.

Current Analysis
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Target Markets

B2B Communities, Dot.Coms, Global 2000, IT Implementers, Large Enterprises, Resellers/ Channels, Systems Integrators, Third Party Implementers, Web Portals

Perspective

Current Perspective:

Very Positive

Vendor Importance:

Very High

Market Impact:

Very High

Current Perspective: Very Positive

We are taking a positive stance on GXS' formal launch of the GXS Trading Grid 2007 (TG07), as the move solidifies the company's leadership position within the B2B integration marketplace. GXS' updated hosted integration network, features a new and virtualized, service-oriented network called Trading Grid Ultra (TGU), which is capable of 99.9 percent availability, cross-continent fail-over.

TG07 and TGU together confirm a number of trends discussed elsewhere (see Integration and Web Services market assessment under the Application Infrastructure module). First, SOA Integration is replacing traditional integration approaches. This is more than just a rebranding, and it involves more of an evolution of integration platforms than a revolution as users move to SOAs in their IT environments. Second, B2B integration players, including hosted (former EDI) players, are increasingly moving beyond connection and transformation services into more specific B2B applications, often based on process technology. Third, VAN providers are reinventing themselves as hosted and managed B2B integration services providers able to support synchronous yet loosely coupled B2B integration transactions that cross both their closed networks and the open Internet.

This announcement affords potential and existing GXS customers a number benefits that are not available from GXS' main competitors. First, the TGU network creates a virtualized integration service that sports two-minute recovery times and has no single point of failure both within a given datacenter (through redundant hardware and software) and across datacenters. Even if an entire facility goes down, operations, which are already mirrored globally, can be reinstated quickly within another datacenter (called dual-continent fail-over). GXS has also exposed more of its embedded webMethods Enterprise Service Bus (ESB) functionality, with which customers can direct connectors between front end and line of business applications from Oracle, SAP and others. This will make GXS a very viable solution for organizations wishing to consolidate integration functions and remove redundant edge applications. And in an effort to both serve larger trading networks and facilitate participation among smaller trading network partners, GXS has introduced an updated management console, which lets customers view business activity monitoring (BAM) information across the entire supply chain, down to the transaction level (e.g., invoice and shipment times and payment histories).

Unfortunately this announcement TG07 leaves room for improvement. For example, while TG07 does provide a number of useful BAM/BPM process monitoring and alerting capabilities. However, the product does not yet fully support dynamic (self service) BPM workflow routines, requiring customers to commission development work on an as needed basis, which limits TG07's flexibility. Also, the company's Intelligent Web Forms (IWF) tool does not yet support paper capture routines (as with SEEBURGER's Paper-to-ERP solution) to support paper-only supply chains. And customers cannot leverage internal SOA portal

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solutions to create composite applications that combine services with GXS' solution without commissioning GXS professional services.

These drawbacks aside, GXS' TG07 featuring TGU gives the company a significant advantage within the hosted B2B integration market, particularly in terms of business continuity through distributed, mirrored and redundant hardware and software.

Positives and Concerns

Current Perspective:

Very Positive

Vendor Importance:

Very High

Market Impact:

Very High

Competitive Positives

- At the heart of GXS' Trading Grid 2007 (TG07) is a blade-server architecture based system, supported by a high-speed switching fabric which spans GXS' global data centers. Trading Grid Ultra (TGU) creates a virtualized integration service that sports two-minute recovery times and has no single point of failure both within a given datacenter (through redundant hardware and software) and across datacenters. Even if an entire facility goes down, operations, which are already mirrored globally, can be reinstated quickly within another datacenter (called dual-continent fail-over).

- With TG07 and TGU, GXS has greatly improved its baseline service level guarantees. Previously the company was capable of providing 98 and above percent uptime. But with TGU, GXS can now guarantee a standard 99.9 percent availability, which is an improvement of 43 minutes each month. Customers requiring more nines can arrange for higher availability percentages as well.

- Within its Shared Messaging Gateway, GXS now offers a number of new connectivity protocols including AS3. More importantly, GXS has exposed more of its embedded webMethods Enterprise Service Bus (ESB) functionality, with which customers can direct connectors between front end and line of business applications from Oracle, SAP and others. This will make GXS a very viable solution for organizations wishing to consolidate integration functions and remove redundant edge applications. Of course, this integration runs across Trading Grid Ultra.

- In support of their commitment to both serve larger trading networks and facilitate participation among smaller trading network partners, GXS has introduced an updated management console, which lets customers view Business Activity Monitoring (BAM) information across the entire supply chain, down to the transaction level (e.g., invoice and shipment times and payment histories). This multi-lingual portal also lets customers quickly provision new, personalized partner interfaces via a simple request form.

- Building on the company's already available Intelligent Web Forms (IWF) product, TG07 now provides improved trading partner eForms support with in-page validation and reconciliation services and multi-language support. GXS provides a series of pre-built cross-industry forms for solutions such as invoice delivery, purchase to pay, logistics, etc. Also new to IWF is the ability to upload file attachments (i.e., scanned receipts) as a part of workflow transaction and customer branded login screens for hubs that want their IWF trading partners to see the Hub's logo and Hub-specific text.

- GXS has already realized some return on its substantial investment in TG07. Although only now announcing TG07, the company has quietly migrated over 1,000 existing customers to the new hardware and software infrastructure.



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Competitive Concerns

- The TG07 provides a number of useful BAM/BPM process monitoring and alerting capabilities, but does not yet fully support dynamic (self service) BPM workflow routines. Consequently, customers must commission development work on an as needed basis, which limits their ability to adapt TG07 to changing business concerns.
- While GXS is now able to promote support for AS3 within its Shared Messaging Gateway, unfortunately, many of its competitors (such as Inovis and Sterling Commerce) already support this asynchronous protocol in support of FTP connections.
- The ability to attach and upload a binary file (such as TIFF containing an invoice) within the IWF product will help GXS reach paper-based trading grids as it allows partners to completely do away with paper-based systems. However, IWF does not yet support paper capture routines (as with SEEBURGER's Paper-to-ERP solution) capable of translating paper line items to electronic form fields via OCR technologies.
- GXS' portal solutions allow developers to integrate SOA portlets in order to extend partner application functionality using industry standards, but customers cannot leverage their own premises-based SOA portal solutions to create composite applications that combine services with GXS' solution without commissioning GXS professional services.
- Even though GXS has announced its IWF product as a new solution, the company has been shipping this forms solution for approximately a year. The company has added a number of instrumental features critical to accelerate the flow of accurate information exchange between trading partners worldwide (in-form validation and multilingual support), but in all, the product is not new.

Current Perspective:

Very Positive

Vendor Importance:

Very High

Market Impact:

Very High

Recommended Actions

Recommended Vendor Actions

- Looking forward, GXS should aggressively expand its Microsoft BizTalk partnership with Microsoft to encompass human workflow processes initiated within Microsoft Office 2007. This could turn into a killer application for GXS within the mid-market.
- Although TG07 enables direct integration with the two largest line of business application vendors (Oracle and SAP via SAP LE), GXS should a broader range of messaging and application connectors such as BizTalk, SAP XI, TIBCO EMS etc.
- GXS should move quickly to expose the entire gamut of BAM/BPM capabilities within its hosted webMethods Fabric software. This will certainly place the company in a strong position compared with Inovis in terms of providing a hosted SOA integration solution. The next step here will be to offer real-time compliance and governance capabilities.
- In order to capitalize on its global footprint and strong vertical presence within paper-dominated vertical industries like automotive, GXS should invest in a paper capture solution, possibly partnering with EMC, which has a very strong solution within this space with its Captiva product line.
- GXS should provide its customers with more self-driven SOA services such as portlet development and integration. This will help the company blend seamlessly within existing

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service-oriented companies that wish to tie internal and line of business applications to their supply chains.

Recommended Competitor Actions

Current Perspective:

Very Positive

• Inovis and Sterling should invest in high availability (HA) capabilities within their hosted networks to keep pace with GXS's TGU solution. As customers move further and further away from the asynchronous nature of VANs to embrace short lived and synchronous transactions required to support loosely coupled service-oriented solutions, hosted services must afford high nines availability, flexible transaction queuing and 24 hour disaster recovery (DR), all of which are available with TGU.

Vendor Importance:

Very High

• SEEBURGER should point out that the GXS solution cannot provide paper capture tools or full BPM capabilities. The company should also emphasize its ability to directly assist supply chain partners as they create forms and establish communications through self-guided, solution-specific portal tools.

Market Impact:

Very High

• All B2B competitors should consider shifting from volume based pricing (a VAN holdover) to a more Software as a Service (SaaS) oriented, flat rate, predictable pricing model where customers pay a flat rate per trading partner. This is a model GXS has begun espousing with TG07.

• To keep pace with GXS, competitors with the ability to tie supply chain processes to line of business applications (particularly ERP solutions) should actively market demand-side B2B commerce such as e-invoicing, where the supplier invoices the buyer directly via the trading grid.

• Inovis should immediately explore SaaS solutions and roll out support for complex event processing at the business process level. These could serve as important differentiators going forward.

Recommended End User / Customer Actions

• Existing GXS Trading Grid customers should feel confident about upgrading to the new TG07 infrastructure as the company already has solid experience bringing over 1,000 companies into the new network. According to GXS, the company is able to migrate customers with zero downtime and full redundancy in case of migration issues.

• Potential customers with low a tolerance for latency and a high need for redundancy should investigate TG07's 99.9+ capabilities within TGU, noting however, that the company has not set specific pricing guidelines for additional nines, preferring to negotiate on a customer-by-customer basis.

• Potential customers with a strong SOA infrastructure should consider GXS as a means for offloading all B2B integration services. However, customers should press GXS to more fully expose its hosted ESB capabilities and to allow customers to tie their services to those hosted by GXS without professional services contracts.

• Existing customers maintaining on-premise (edge) line of business integration services should strongly consider adopting TG07's hosted integration support for Oracle and SAP solutions. But customers should beware that the company is just beginning to build out its library of supported messaging and application connectors.