Opinions In Depth

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THE PORTAL MARKET: 2 MORE YEARS, AND THEN … WERE PORTALS A FAD?

By Craig Roth

The Enterprise Portal market experienced a strong run-up from 2000-2003, but now the volume of the pitch has decreased noticeably. Does that validate critics that called portals a fad? Should organizations with incomplete portal efforts cut their losses and move on? How should enterprises and vendors approach a market that may be on the decline?

Behind the Analysis

A view into the historical and market precedents that guide this analysis:

Hype Cycle: Most new technologies follow a hype cycle where the next "big thing" lures early adopters with high expectations, but then leads to disillusionment as reality sets in and expectations are reset to a lower level

Big Guys (Usually) Win: Most markets begin with dozens of small boutique vendors, but once the big vendors come in off the sidelines and get past early stumbling, they take the whole market and the little guys disappear

The Rule of Three: Most markets start with many players, but compress to around three

The Golden Days of Portals

Covering enterprise portals for the META Group from 2001-2005 was exciting and challenging. The space was getting a lot of attention and the inquiries flowed as freely as Old Style at a Chicago Cubs game. But from the beginning of the portal runup, there were always the doomsayers. They usually took the form of hard-core infrastructure folks - vendors, corporate infrastructure guys, and analysts who thought of "infrastructure" as databases, storage, and diagrams of physical server configurations with wire protocols on them. They snickered at the attention portals were getting and told me this was a fad they could safely skate past. Surely they would count themselves lucky in a few years for not falling for the hype. And by 2005, the facts were turning in their favor. My inquiry load of questions about portals dropped from 4 per day in 2002 to 4 per week in 2005. Prices had dropped from $600/seat to $50-75/seat. The number of vendors dropped from 21 to 12. And even the Great Commoditizer – standards – appeared ready to turn what was left of the portal market into open source. Had the Portal Doomsday finally arrived?

The short answer is … no. When I looked at the type of inquiries I was getting I realized that the nature of the inquiries changed over time. Early inquiries were often of the "Portals 101" variety, in which the client (often an executive being asked to fund a portal or a manager who was just instructed to implement one) would ask basic questions such as the definition of a portal (see sidebar), what a portal could do for them, how others are using portals, and how much they cost. Inquiries about vendors were also very common, since the main players (CoreChange, Epicentric, Plumtree, etc.) were not well-known names and there were many to choose from. Questions about vendors revolved around who offered the best product for their situation, who had the most traction or momentum, and who was likely to survive.

Also, a significant portion of the portal market questions were coming from the vendors themselves, who wanted to know which way the market was trending.

The Market Matures

By 2005, there were fewer questions and their focus had shifted. They generally revolved around governance (people, process, and policies related to the portal). There was also a small resurgence of more generic "knowledge management" inquiries such as intranet navigation best practices, taxonomy issues, and how to create a business case for revamping a non-transactional web site. "Blue sky" evaluations of vendors ("Who are all the players and who should our top three be?") were unheard of. I was generally asked to pick between a few incumbent vendors and maybe one independent. Inquiries from the portal vendors had settled into quarterly updates on new releases, sales figures, and progress.

Why the change? This is a typical pattern for a maturing market. For new technologies, industry analysts tend to be the most useful in the planning stages of projects and on more chaotic markets. During implementation, analysts are rarely called on unless something goes horribly wrong.

What is a Portal?

The word "portal" has been abused to the point of becoming meaningless without a modifier before or after it such as "enterprise portal", "portal project", or "portal interface". Throughout this Opinion, I will use the word "portal" as a shortcut for "enterprise portal framework". A portal "framework" is a software package that provides pre-integration (of either 3rd party components or built-in components) of the infrastructure needed to build portal web sites (including collaboration, content management, etc.), that relates them all to the user's context. You can think of this as a "portal builder" rather than just a portal interface. An "enterprise portal" is one that is meant for generic, horizontal enterprise use. This means it is not just the interface to one package or a "public portal" like Yahoo. These distinctions may seem picky, but become important when trying to make general predictions about a class of things. While I can generalize about pricing, vendors, implementation times, organizational roles, and futures for the "enterprise portal framework" market, these statements may not be applicable to software outside this class such as public portals or portal interfaces.

Since most organizations knew what portals were and had already decided on what they were going to do with them (if not already implemented them), there wasn't as much need for analyst involvement. The change in the nature of the inquiries supports this, since questions of governance were often coming up due to power squabbles surfacing during implementation.

The reason inquiries about vendors declined was that as the large players such as IBM, Oracle, Microsoft, and SAP entered the market, they introduced a "safe" decision that trumped competitive evaluations. Organizations that consider themselves a "Big Blue" (IBM) shop are very inclined to purchase IBM WebSphere Portal Server as long as it meets a middling bar of acceptability. It is IBM's business to lose – they don't need to win it. The same is true for SAP, Microsoft, Oracle, and sometimes other incumbent players such as BEA. Battles between incumbents (for example, an SAP shop that uses Oracle databases) are resolved through means that are 80% political and 20% technological, so again analysts are not of much help.

Evolution of the Portal Market

The concepts around enterprise portals will continue to be relevant for the long term. Information overload will never retreat (except via better targeting), so there will continue to be a need for personalized, contextual web interfaces.

Other concepts that portals introduced that will continue to be important are:

- Web interfaces with screen real estate based on tiles
- A pluggable tile standard ("portlets")
- Personalization (through role-based targeting, filtering, and end user customization)
- Contextual interfaces - the idea that information should be filtered and presented based upon a user's context, such as their title, customer status, or department)

Perhaps the most important takeaway from the portal market's surge was the idea that knowledge management can actually be applied to real life situations. Knowledge management (the idea that knowledge is an asset of organizations and should be managed accordingly like any other asset, such as locating it, tracking it, assigning people to manage it, finding better ways to leverage it, and keeping it from walking out the door when employees do) had gotten a black eye for presenting well, but devolving into vague, expensive, fruitless projects. Portals helped provide an actual product – a shrinkwrapped box you could buy – that could help implement some KM concepts. As the fulcrum for focusing other related KM technologies, they also helped raise the tide for collaboration, business process management, business intelligence, search, and content management.

Ten years from now the word "portal" will not be thrown around as often as it is today. But if a new web page is designed without any attempt to understand the user and thereby trim the amount of information presented, the site owner will likely ask why the web site is so complicated and why it doesn't look more like their favorite site (which does have a portal interface). So the word "portal" will not be used, but the concept of a contextual interface will still be expected and frameworks will still be needed to implement these interfaces.

Looking Ahead

The portal market has already contracted from 21 enterprise portal framework players in 2002 to 12 in 2005. While the typical endstate of a market has only 2 or 3 large players, the portal market will not compress beyond 7-10 vendors. EPFs have become a critical portion of the e-business infrastructure "stack" and are therefore required to play in this market. For this reason, all vendors that sell a stack, such as IBM, BEA, SAP, Microsoft, Oracle, and more, will continue to build EPF functionality into them. There will be just enough buyers that want to keep EPFs separate from their stacks (for portfolio diversification or heterogeneous stack issues) to keep at least one or two independents alive, if not thriving. No independent portal player will be able to thrive going forward (double in size) on meeting the needs of those few companies that are willing to pay for independent portal infrasturcture. Instead the successful ones will evolve along with the portal market into new but related software categories, namely business process management and composite application development.

SUMMARY: Beyond 2010, the word "portal" will not be thrown around very often and few products will call themselves a portal. The features usually associated with portals will be blended into other products, mostly composite application and business process management environments. However, the underlying principles of portals will still be alive and sites that ignore them will have a higher chance of failure and will not meet user expectations.

ENTERPRISE TAKEAWAY: Making sure you have a "portal" as part of your e-business infrastructure is less important than making sure that you have a repeatable, pre-integrated set of infrastructure that can be used by any group that needs to set up a contextual interface. Today, that will be found in things called "portal" products, but going forward that word may be downplayed or disappear even though the concept remains important. Also, take advantage of any resurgence of "knowledge management" principles that the portal, content management, search, or collaboration booms may have surfaced to motivate content owners and creators to better share and leverage the knowledge that exists in organizations.

VENDOR TAKEAWAY: The standalone portal market is dying, but any e-business infrastructure stack requires portal framework functionality as table stakes. Begin preparing to de-emphasize the term portal while strengthening portal functionality and connecting it to an area of differentiated strength in a knowledge management or development discipline. Business Process Management and Composite Applications Frameworks are the most likely targets.

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