

Deal Analysis

EII vendor Pantero makes Progress

Analyst: Rachel Chalmers
Sector: Enterprise Software
Date: 7 Jul 2006

ACQUIRER

Progress Software

TARGET

Pantero

SUBSECTOR

Semantic data integration software

DEAL VALUE

Undisclosed; less than \$30m

DATE ANNOUNCED

June 22, 2006

CLOSING DATE

Undisclosed

ADVISERS

Revolution Partners (for Pantero)

Progress Software ([Nasdaq: PRGS](#)) has completed the acquisition of **Pantero** for an undisclosed sum. Although terms weren't disclosed, we're certain Progress paid less than \$30m for Pantero, a company with an estimated \$5m in revenue. Pantero sold software for semantic data integration in service-oriented architecture (SOA). Progress says it will continue to offer Pantero's software independently as well as integrating it with other Progress technologies. Part of the appeal was Pantero's focus on telecommunications. Progress hopes to ride piggyback into the carrier market.

Acquirer background

Progress is based in Bedford, Massachusetts. Its market capitalization is hovering around \$910-940m, and it saw revenue of \$411m in the 12 months to February 28, when it held a little more than \$207m in cash. Over the past two years, Progress has spent about \$150m on five acquisitions. Our understanding is the Pantero transaction came in below the average size (\$30m) of Progress' recent deals. Its flagship product is its OpenEdge business application platform, a suite that includes the company's RDBMS, data servers, application server and management server.

Progress also acts as an umbrella for a group of acquired companies that still operate as effectively independent entities. These are **Sonic Software**, an enterprise service bus vendor that includes the Web services management platform of **Actional** (acquired in January for \$32m); the Real Time division, built around **Apama** (bought in April 2005 for \$25m), **Persistence Software** (\$16m in September 2004) and **eXcelon** (\$24m, October 2002); **DataDirect Technologies**, including **Neon Systems** ([Nasdaq: NEON](#)) (\$68m, December 2005), for mainframe data connectivity; and **EasyAsk** (\$8.4m, May 2005) for search and retrieval.

Target background

Pantero CEO Pano Anthos founded the supply chain management vendor **Syntra**, which changed its name to **ClearCross**. ClearCross raised more than \$90m and eventually merged with **Atrion International**, at which point Anthos moved over to New Jersey-based modeling specialist **EcoNovo Software** as a consultant. Anthos decided EcoNovo had too much debt and not enough traction, so he closed it down, bought its assets and founded Pantero in its place. The company moved to Waltham, Massachusetts, and in April 2003 raised \$8.5m in series A funding from **Draper Fisher Jurvetson**, **Draper Fisher Jurvetson Gotham Ventures** and **Partech International**.

Technology

Pantero's software aims to model every exchange of data to ensure that the data remains valid, consistent and useful. Pantero's Exchange Models gather schemas from applications and put them together with the business rules that govern their use. Imported data models may be defined in UML, XML schema or WSDL. Pantero's graphical tools define mappings between the common model, data source and data service model. Visual test tools add a runtime environment for debugging. Changes made to schemas, rules and maps are implemented in the metadata repository, and the affected service may be dynamically redeployed.

The technology ships as two products. Pantero Designer includes a project viewer, schema viewer, expression builder, map editor, impact analysis reporter and exchange model tester. Pantero Engine adds a metadata manager, audit and logic engine and the metadata repository. The products require Eclipse and work with WebLogic, WebSphere and JBoss.

Competitive landscape

While Pantero's Exchange Models perform a very specific function, the technology sits at the intersection of composite application development, enterprise information integration and service-oriented architecture, with a bewildering array of rival vendors. The sector has never really paid off: of the seven acquisitions over the past 18 months, not one was big enough to force the acquirer to reveal the purchase price. The remaining independents include **Above All Software**, **Cerebra**, **Composite Software**, **Contivo**, **Cordys**, **Digital Harbor**, **Ipedo**, **MetaMatrix**, **Metatomix**, **Semagix**, **Silver Creek Systems** and **Siperian**.