Fivetran announced it completed its acquisition of HVR, which augments Fivetran’s portfolio with support for data replication. Data and analytics leaders that are customers of Fivetran or HVR (“Magic Quadrant for Data Integration Tools”) must review the impact of this transaction.

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This content is part of a larger body of research on this topic.

Key Background
Fivetran completed the acquisition of HVR on 1 October 2021 (see Fivetran’s press release). The transaction creates opportunities for HVR to modernize its portfolio and cater to cloud database and SaaS sources and targets (through managed data ingestion pipelines and connectors provided by Fivetran). This acquisition is sure to accelerate HVR’s cloud roadmap. The transaction also creates great opportunities for Fivetran, as the company is set to inherit HVR’s customer base, business relationships and technologies in log-based change data capture (CDC). Fivetran will also benefit from HVR’s installed base, which uses HVR’s data replication tool to stream data from traditional and complex data stores like SAP and Db2. With the acquisition of HVR, Fivetran will continue to expand its position in the data integration tools market. Both Fivetran and HVR participate in the data integration tools market and, in 2021, both vendors were positioned in the Niche Player quadrant of Gartner’s Magic Quadrant for Data Integration Tools.
Considerations for Technology and Service Selection

This research is intended to provide relevant contextual information to help you consider and prepare for potential future risk or advantage. It is not a reevaluation of providers, but rather an update based on publicly available information at a certain point in time. Because the results of corporate reorganizations typically change and evolve over time, Gartner analysts will continue to monitor these changes. The next annual update of the Magic Quadrant will reflect the potential impact(s) that we determine the corporate reorganization may have on provider positions.

We encourage you to use this perspective in conjunction with the existing Magic Quadrant as you consider initial resources for provider evaluations and decision-making. As you assess your unique business and technical requirements, always supplement this research with scheduled analyst inquiries to help you and begin to gain insight on further developments, before making any decision.

Provider- and Market-Agnostic Analysis

In view of the substantial synergies between Fivetran and HVR’s product lines, HVR customers should undertake standard measures to mitigate disruption in their operations.

Potential impacts:

- Maintenance and support issues, which are a common effect of ownership changes. HVR’s customers must evaluate and secure not only existing maintenance contracts but also ask for a clear understanding of how their support SLAs might change in the future.

- Reduction or slowdown in new product development in favor of technology alignment and integration.

- Migration toward a common technology stack in certain areas.

- Changes in partner landscape of the integration platforms.

- Changes in the architecture of the existing solution, which could impact customers’ implementation.
Steps to take:

- Changes to the software licensing strategy, which can be expected. This is important as Fivetran and HVR catered to inherently different licensing models and deployment options in the past. Fivetran offered a serverless metered pricing model where customers had to buy credits and elapse them based on usage (consumption-based pricing). HVR catered mostly to customers looking to replicate data between on-premises DBMS environments or on-premises to cloud DBMS targets. HVR provided core-based, node-based or instance-based license options. It is now important for customers to investigate future license plans set by Fivetran for HVR's existing as well as upcoming customers.

- Keep close tabs on the vendor product and pricing/licensing roadmap, and track that the vendor is meeting its communicated release dates with committed product features.

- Ask Fivetran to share an update on its corporate strategy for HVR and product plans, and evaluate to what extent these still align with their data integration needs.

- Assess the availability of alternative vendors and solutions as well as the costs (direct and indirect) if a need to switch to an alternative arises.

- Identify the services, solutions and suppliers that should require contingency plans based on their business criticality and potential disruption.

- Ensure that key staff is retained in areas such as leadership, support, development and account management to avoid unnecessary disruption.

Market-Level Analysis

The data integration tool market is highly competitive and relatively mature. The top vendors in this market are losing market share to smaller players. The collective market share of the top five providers (IBM, SAP, Informatica, Oracle and SAS) declined from 65% in 2018 to 56% in 2020 (see Market Share Analysis: Data Integration Software, Worldwide, 2020). It is important to note that Fivetran is one of the fastest-growing vendors in the data integration market (having grown by 86% in 2020). Now, with the consolidated capabilities of HVR, Fivetran can continue its growth and impact the market share of top vendors.
Smaller, fast-growing vendors in the data integration market offer specialized software for modern data integration styles, such as data virtualization, CDC-based data replication and stream data integration, and cloud data integration. These vendors also look to leverage complementing data integration capabilities and expand their use case, industrial and geographic reach (see Modern Data and Analytics Requirements Demand a Convergence of Data Management Capabilities).

The acquisition of HVR reflects this trend. HVR is a vendor with a sharp focus on the data replication market segment. We expect Fivetran to use HVR's strength in data extraction and replication from traditional, on-premises databases to complement its own data ingestion capabilities to cloud database targets. HVR customers will benefit as they will get access to Fivetran's technology that specializes in data ingestion to modern cloud data warehouses, data lakes and object stores. This will also give them easy access and connectivity options through managed services to most popular SaaS applications, which will allow them to modernize their stack.

Provider-Level Analysis

Customers of HVR are more likely to be impacted than Fivetran customers in the short term. The level of customer support, future enhancements for HVR products and accessibility of Fivetran's resources could be concerns for HVR customers.

The data replication capability acquired from HVR would be strategically important in complementing Fivetran's current capabilities. We expect that Fivetran will integrate HVR's capabilities into its existing product portfolio for supporting complex data transformations on top of CDC-based data replication and support for the unidirectional and bidirectional movement of data.

Fivetran needs to determine and disclose its plan to integrate the HVR offering, along with the capabilities of Teleport Data, to HVR customers. The company also needs to decide which HVR features to integrate and continue enhancement and R&D efforts for, versus those that it will relegate to maintenance mode with few enhancements. Post integration, the converged company could build a market perception of being a more complete data integration tools provider with a balanced mix of native connectivity options, managed services for data pipelines automation, data replication (for near-real-time database synchronization), and integration between traditional ERP and on-premises databases to modern cloud environments.
Prospective customers should not drop HVR from their CDC/data replication tool evaluation. However, they must build the justification for an HVR purchase based on the functionality that the offerings deliver today and are expected to release over the next six to 12 months, as longer-term plans may be subject to change. They must seek guidance from Fivetran and HVR’s product roadmap, maintenance and support SLA changes, possible changes to pricing agreements and pricing models and their impact on existing HVR license contracts to customers, and on any possible changes to the HVR vision and leadership.

Any acquisition raises a potential risk of staff attrition, especially if the impact of culture, leadership and established practices is underestimated. HVR customers will need to seek clarity on potential changes or realignment of the current HVR’s sales force focus. Fivetran and HVR have communicated plans to their respective customers and have outlined the plan (see The Future of Fivetran and HVR).

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Magic Quadrant for Data Integration Tools

Critical Capabilities for Data Integration Tools

Market Share Analysis: Data Integration Software, Worldwide, 2020