A closely guarded IT project, five years in the making, is about to transform business as we know it. It’s been top secret ... until now.
how does a company no one has heard of end up on the cover of a national magazine? This is not a hypothetical question: Our cover story this week tells the tale of Rearden Commerce and its just-launched EBS (Employee Business Services), built entirely on Web services (see “SOA’s Killer App Unveiled,” page 40). Have we gone mad?

Well, it helps that EBS is one of the most elegant SOAs (service-oriented architectures) we’ve seen, solving the same identity-based services problem Microsoft attacked — and ultimately abandoned — with its HailStorm project. And it certainly doesn’t hurt that implementations of Rearden’s platform establish a new category of enterprise purchasing apps that will allow employees to buy travel, shipping, conferencing services, and pretty much anything not covered by standard purchase orders. That’s an enabling technology that companies have long desired.

Still, we’ve all seen beautiful technologies that didn’t succeed. Which is why we needed some big-time convincing before taking Rearden seriously. Lengthy demos, repeated poking and prodding at the product, and open-ended discussions with Rearden’s management team — especially CEO Patrick Grady — helped. Indeed, Executive Editor at Large Eric Knorr, who wrote the article, came away from every meeting he had with Grady more and more convinced that Rearden was on to something big — potentially industry-altering.

But Knorr admits that after a few hours, doubts would creep in. “Grady is a remarkably persuasive, charismatic guy,” he says, “with a hint of the ’Steve Jobs reality distortion field’ around him.” The sheer force of his personality could make a believer out of almost any SOA atheist.

Soon Knorr began wondering whether he was drinking from the Silicon Valley Kool-Aid dispenser. He checked with tech luminaries who had worked on and with the platform. The verdict? From .Net architect Adam Bosworth to big-name partners who already have the platform in production, uniformly ecstatic. For Knorr, the clincher was Rearden’s deal with HP, which will resell EBS and help the service achieve critical mass.

In other words, regardless of how well it fares in the marketplace, Rearden is for real. And we’re delighted to take the wraps off it today, just as the company emerges from stealth mode.

On another note, the InfoWorld family is proud to announce its latest addition: Open Enterprise, an online-only weekly column by Associate Editor Neil McAllister (infoworld.com/2574). “This is not an open source advocacy column per se,” McAllister says. “There are plenty of sources for that. I’ll skip the rah-rah and focus on open source first and foremost as a powerful tool for driving competitive advantage.” Comments or questions? Send ’em to neil_mcallister@infoworld.com and help shape the column from its infancy.

Steve Fox (steve_fox@infoworld.com) is editor in chief at InfoWorld.
SOA’s Killer App Unveiled

The product of Patrick Grady’s singular vision, Rearden Commerce extends enterprise purchasing control to business services and sets a high-water mark for Internet apps with its unique SOA platform.

No one believes Patrick Grady at first. Why should they? He comes out of nowhere, radiating confidence, claiming his company, Rearden Commerce, has pulled off the IT coup of the new century. His triumph: a working b-to-b marketplace, fronted by an ultracustomizable application and based on SOA (service-oriented architecture). Delivered through the browser, Rearden’s EBS (Employee Business Services) is capable of automating the purchase of many everyday services, including shipping, conferencing, meals, entertainment, and even travel.

Yet Rearden’s lineup of corporate customers is enough to make a believer out of anyone. Officially launching today after five years in stealth mode, Rearden has already snagged Cingular, Genesys, JDS Uniphase, Motorola, Warner Music, and Whirlpool, all of which have signed up for enterprisewide deployments of EBS. This SaaS (software as a service) application goes where no enterprise software has gone before: to control spending on non-PO (purchase order) services, all according to identity-based business rules. Moreover, Rearden has partnered with Hewlett-Packard, which will resell EBS worldwide.

By Eric Knorr | Photo by Mel Lindstrom
The Mechanics of On-Demand Business Services

Designed to control services purchasing, Rearden’s SOA-based EBS (Employee Business Services) puts user identity at the center of a b-to-b services marketplace. Customers upload identities and policies to the services console before the system is deployed so that every user experience is customized via on-the-fly Web services orchestration.

The roster of Rearden vice presidents and technical advisers is stunning. During the past year, senior executives from HP, Sabre, Salesforce.com, and Siebel have joined the company. Advisers include Jon Bosak, one of the creators of XML, and Adam Bosworth, vice president of engineering at Google and former chief architect of Microsoft .Net. “I think this is new,” Bosworth tells InfoWorld. “I’m a fan.”

How did Grady get such prestigious friends? After all, he’s not the first to propose a platform for interenterprise Web services connections. What’s special, in Bosworth’s view, is that the company designed EBS from the top down, by creating a new class of a service-purchasing application first, and then building an identity-based Web services platform to support it. Essentially, EBS is a container of application services with no vanilla version. By default, customers use EBS’ application framework to whip together — without coding — browser-based purchasing applications tailored to their company’s business rules, processes, and employee roles.

The result is a services marketplace that wraps itself around the identity and permissions of individual business users, automating, centralizing, and controlling purchases that in most organizations remain slapdash. Carriers’ shipping prices can be compared side by side, air travel rules can be enforced at the user level, audio- and videoconferencers can get the best rates, and so on — all through a unified Web app that runs on anything from a desktop to a smartphone.

Grady claims companies can expect a 20 percent reduction in hard costs and much greater savings in process overhead. And because EBS is a multi-tenant SaaS application, every time a new service provider plugs in to Rearden’s services grid, it becomes instantly available to all Rearden customers. Theoretically, the platform should be extensible to a vast array of services.

Is This Kool-Aid for Real?
To jaded IT types, the Rearden story sounds too good to be true. Toby Redshaw’s first take was typical. As vice president of IT strategy at Motorola and an SOA evangelist, he thought, “If this existed I’d know about it, but on the off chance it does exist, there’s no way they got the architecture right.” So he sent a trusted colleague, whom he calls the “Mikey” of his group, to investigate. Mikey liked it. Today, Redshaw is both a customer and booster.

“They’ve built an architecture which is maybe the purest SOA Web services platform I’ve ever seen,” Redshaw says, extolling the platform’s inherent extensibility. “Think of any service that I can procure today through [EBS] ... and just change the noun. There are conference services, consulting services, real estate, fix-and-repair services, warranty services — all of that stuff. We spend several billion dollars a year on services.”

Deb Stanton, general manager of global procurement at Whirlpool, had reservations about going with an unknown company. “You have to think about it hard,” she says. But she wanted to bring off-PO spending under control and felt the business case was very strong. The clincher was what she calls Grady’s “passion and vision.” Stanton is rolling out EBS across her organization.

The most important deal, however, is the one Rearden has with HP, which will resell EBS worldwide. The deal goes a step further to support HP’s BPO (business process outsourcing) initiative, where HP shoulders nonstrategic business processes for its customers. “HP plans to extend the Rearden Commerce platform to create some uniquely focused BPO-based solutions,” says Bob Schultz, HP’s vice president of BPO.
“They’ve built an architecture which is maybe the purest SOA Web services platform I’ve ever seen.”

— Toby Redshaw, Motorola

**Vision Things**

To better understand what Rearden has wrought, consider that the original Web services concept descended from two very different schools of thought. To some, Web services were primarily an Internet extension of the component development model; to others, they enhanced XML’s promise to link businesses dynamically, allowing them to swap XML messages over the Internet instead of using dedicated EDI links.

Rearden’s platform and its EBS application blend both lines of thinking. On the one hand, EBS’ application framework is entirely component-based, so nontechnical customers can drag and drop services together to create end-user Web apps. On the other hand, Web services provide the basis of Rearden’s services grid, which is essentially the supply side of a b-to-b marketplace.

To top it off, Rearden takes a page from another early Web services scheme: Microsoft’s ill-fated HailStorm initiative. That was the code name for Microsoft’s extension of Passport, intended to hold profiles, preferences, credit card numbers, and more. HailStorm may have met a grisly fate, but the generic notion of a secure identity whose home is the Internet — one independent of device, that would be a hub for opening a widely distributed array of Web services unique to the user’s identity and to the transaction — was a neat idea.

Rearden has rolled the .Net-dependent HailStorm idea to a Java platform and has adapted it for business users, whose roles and identities are uploaded from customer LDAP directories, along with any policy information. When all that has been uploaded to the system, an individual’s identity determines the scope of business functions he or she is authorized to carry out.

To pull this off, Rearden Chief Architect Satnam Alag created an XML schema for services to provide a common denominator for service providers as well as the service components inside the application framework. To coordinate those components, Alag also created SBL (Services Business Language) — a homegrown version of BPEL (Business Process Execution Language) — to support event-driven composite applications. All that tough development work was necessary for Rearden to create EBS’ console, which is one of the first graphical, nontechnical development tools for building useful composite enterprise applications.

Add it all up and you have a new type of user-centric application for delivering services, big corporate customers ponying up user identities, an SOA application framework tuned for services delivery, and dozens of service providers — from Airborne to Zagat — already plugged in to the grid.

Still, any new application category is risky business. Grady could fail to meet his stated goal of achieving the network effect this year — where EBS has so many users it becomes irresistible to service vendors — or there could be a backlash among business users who balk at having their expenses so closely monitored and controlled. But if successful, Rearden’s platform and EBS application will deliver tremendous value to the enterprise and maybe just provide a blueprint for the future of Web services and SOA.

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**Grady’s Calculated Debut**

**HOW DID PATRICK GRady MANAGE TO BUILD HIS SERVICE WHEN OTHERS HAVE FAILED?**

How did he draw in big-name customers? In addition to his forceful personality, 10 years in high-tech venture capital gave him extraordinary access. In the early development phase, for example, senior technologists from Ariba, BEA, BellSouth, CommerceOne, Genesys Labs, Palm, and Sun got together once a week to advise him on architecture. That lends some credibility to Grady’s claim that his platform will become “the global de facto standard for how you describe and discover and deliver and transact for services.”

**IW:** Why are you coming out of stealth now?

**PG:** The only way I would come public with this in detail is when I could establish proof across three areas. One, that I could build the entire stack: the integration layer for suppliers, the orchestration layer, the application layer, a real platform that could scale — which we’ve done. Two, the initial application alone would yield very large subscription dollars in the enterprise and midmarket and would allow me to build a very large business on its own — which we’ve done. Three, this ecosystem that I’ve been positioning from the onset would actually begin to take root. Now, I’m a pretty calculating guy; if I’m launching now, it’s probably not much of a leap that there will be other partnerships in the not-too-distant future.

**IW:** I can see that the cost-control potential of your service would make it attractive to the business side. What’s the pitch to IT?

**PG:** Take a company like Cingular. It had 15 disparate applications before we walked in. They just bought AT&T Wireless. Talk about a heterogeneous hair ball of applications! All of those can be sunsetted now and migrated to one on-demand application. They don’t buy it, they don’t maintain it, they don’t support it, and because it’s all Web-services-based, they have forward migration.