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EXCERPT

Worldwide Business Intelligence Tools 2007 Vendor Shares: Query, Reporting, Analysis and Advanced Analytics Markets Stable in the Face of Economic Turmoil (Excerpt from IDC #212921)

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IN THIS EXCERPT

The content for this excerpt was taken directly from the IDC Competitive Analysis Report, *Worldwide Business Intelligence Tools 2007 Vendor Shares: Query, Reporting, and Analysis, and Advanced Analytics Markets Stable in the Face of Economic Turmoil,* by Dan Vesset and Brian McDonough (Doc # 212921). All or part of the following sections are included in this excerpt: IDC Opinion, In This Study, Methodology, Situation Overview, Future Outlook, and Essential Guidance. Also included are Tables 1-4 and Figure 1-5.

IDC OPINION

In 2007, the business intelligence (BI) tools market remained an attractive investment for software vendors and one of the top investment priorities for end-user organizations. Driven by the need to support all decision makers, provide faster access to a wider set of information, and optimize business processes, the market will continue to experience healthy investment levels. In 2007, the BI tools market was characterized by the following trends:

- The market grew 12.1% to reach $7.05 billion in worldwide software revenue.
- The advanced analytics segment of the BI tools market grew faster than the query, reporting, and analysis (QRA) segment.
- Three large, and several smaller, acquisitions were announced or completed in 2007 that significantly impacted the composition of the largest suppliers of BI tools. Following a spike in merger and acquisition activity over the past two years, IDC expects that an influx of new, innovative start-ups focused on various niches of the BI market will occur over the next 2–5 years.
- The definition of what constitutes BI software has begun to evolve. While IDC is not expecting to change the taxonomy of the specific software tools included in the BI software market, certain content analysis tools are beginning to be viewed as part of the overall BI architecture.
- Business decision makers showed a growing awareness about the potential benefits of BI technology. This trend is signaling the beginning of a broader shift in decision-making power for BI technology purchases from IT to business.

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IN THIS STUDY

This IDC study examines the BI tools market for the period from 2005 to 2007. Worldwide market size is provided for 2007, with trends from 2005. Revenue and market share of the leading vendors is provided for 2007. This study also provides profiles of leading vendors and identifies the characteristics that vendors will need to be successful in the BI market, and the considerations that end users should evaluate to assure successful BI projects.

The vendor shares and competitive analysis contained herein update those found in *Worldwide Business Intelligence Tools 2006 Vendor Shares* (IDC #207422, June 2007).

Methodology

See the Learn More section for a description of the data collection and analysis methodology employed in this study.

In addition, please note the following:

- The information contained in this study was derived from IDC's Software Market Forecaster database as of June 10, 2008.
- All numbers in this document may not be exact due to rounding.
- For more information on IDC's software definitions and methodology, see *IDC's Software Taxonomy, 2008* (IDC #210828, February 2008).

Business Intelligence Tools Market Definition

IDC defines the BI tools market as being made up of two market segments: end-user query, reporting, and analysis (QRA) and advanced analytics:

- **End-user query, reporting, and analysis.** End-user QRA software includes ad-hoc query and multidimensional analysis tools as well as dashboards and production reporting tools. Query and reporting tools are designed specifically to support ad hoc data access and report building by either IT or business users. This category does not include other application development tools that may be used for building reports but are not specifically designed for that purpose. Multi-dimensional analysis tools include both online analytical processing (OLAP) servers and client-side analysis tools that provide a data management environment used for modeling business problems and analyzing business data. Packaged data marts, which are pre-configured software combining data transformation, management, and access in a single package, usually with business models, are also included in this functional market.
- **Advanced analytics.** Advanced analytics software includes data mining and statistical software. It uses technologies such as neural networks, rule induction,

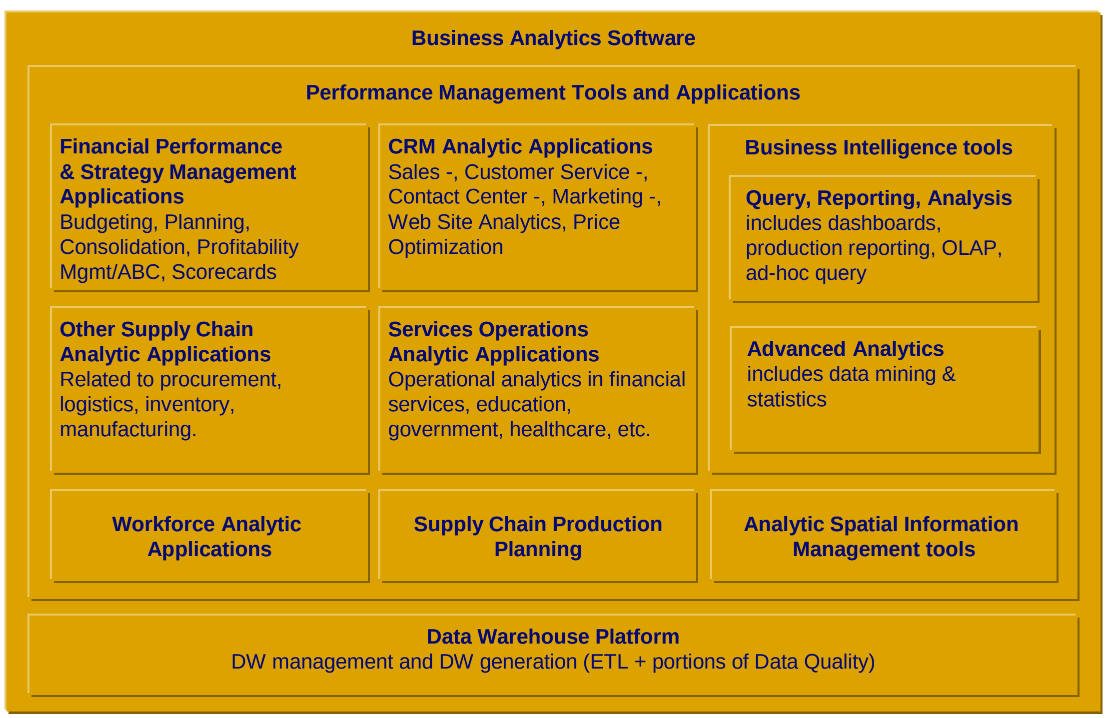
and clustering, among others, to discover relationships in data and make predictions that are hidden, not apparent, or too complex to be extracted using query, reporting, and multi-dimensional analysis software. This market also includes technical, econometric, and other mathematics-specific software that provide libraries of statistical algorithms and tests for analyzing data. This market also includes a specialized form of statistical software focused on functional areas, such as the industrial design of experiments, clinical trial testing, exploratory data analysis, and high-volume and real-time statistical analysis.

The BI tools market includes both stand-alone packaged software and embedded BI tools provided by database management software vendors. An example of the latter is Microsoft SQL Server Analysis Services that comes embedded in the SQL Server database, or AlphaBlox Builder and Cubing Services of IBM's Information Warehouse.

In IDC's software taxonomy, these BI tools are part of the broader market called business analytics, which is depicted in Figure 1.

FIGURE 1

IDC's Business Analytics Software Taxonomy, 2008



Source: IDC, 2008

SITUATION OVERVIEW

The Business Intelligence Market in 2007

As shown in Table 1, in 2007, the BI tools market grew 12.1% to reach $7.05 billion in worldwide license and maintenance revenue. This growth was in the expected range of IDC's forecast as published in *Worldwide Business Analytics Software 2007–2011 Forecast Update and 2006 Vendor Shares: Business Intelligence, Data Warehousing, and Analytics Applications Forecasts Point to Continued Strength* (IDC #208699, September 2007), and in the updated forecast in *Worldwide Business Intelligence Tools 2008–2012 Forecast: Limited Impact of Short-Term Economic Uncertainty* (IDC #211327, March 2008).

Table 1 also shows the different sizes and growth rates of the two primary segments of the BI tools market: QRA and advanced analytics. The latter market segment had an especially strong year in 2007.

2007 was marked by the completion or announcement of three major acquisitions in the BI tools market. However, these corporate events did not seem to slow down the overall market. In an IDC and InfoWorld survey conducted in 2008, only 18% of organizations indicated that Oracle's purchase of Hyperion, SAP's purchase of Business Objects, and IBM's purchase of Cognos would have a delaying effect on their BI software purchases.

Despite the number of acquisitions, in the beginning of 2008, IDC identified over 200 BI tools and data warehousing platform vendors worldwide. We expect continued robust competition among these software vendors to accelerate software development cycles and present end users with more price negotiation power when evaluating BI technology options.

TABLE 1

Worldwide Business Intelligence Tools Revenue by Segment, 2005–2007

	Revenue ($M)			Share (%)				
	2005	2006	2007	2005	2006	2007	2005–2006 Growth (%)	2006–2007 Growth (%)
Query, reporting, and analysis	4,538.9	5,071.7	5,675.4	80.6	80.6	80.5	11.7	11.9
Advanced analytics	1,093.4	1,218.0	1,378.1	19.4	19.4	19.5	11.4	13.1
Total	5,632.2	6,289.6	7,053.5	100.0	100.0	100.0	11.7	12.1

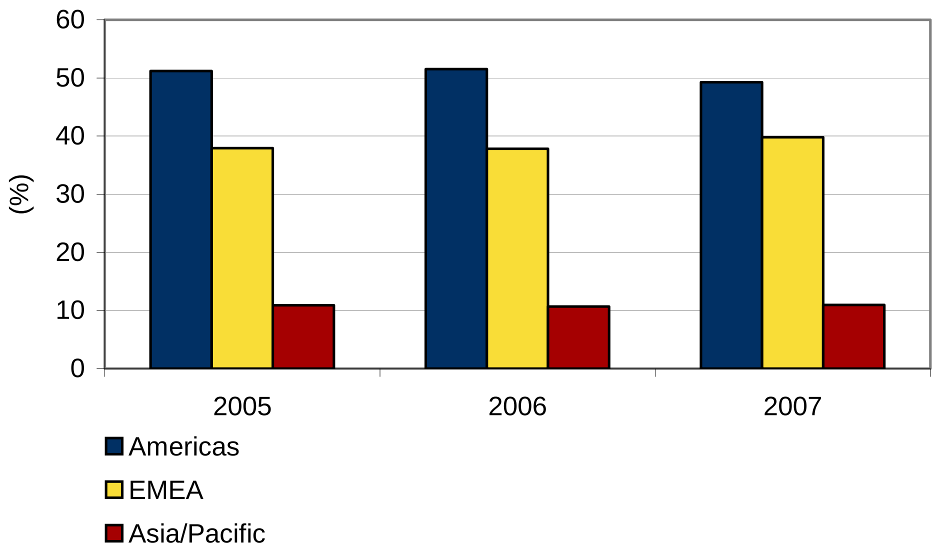
Source: IDC, June 2008

Performance by Geographic Region in 2007

Figure 2 shows the geographic breakdown of the BI tools market. The Americas region continues to be the largest market, followed by Europe, the Middle East, and Africa (EMEA), and Asia/Pacific (AP). However, the Americas region lost share in 2007 partly due to a weak U.S. economy and the weak U.S. dollar. Further details and analysis of specific regional and country-level trends and market shares are available from IDC.

FIGURE 2

Worldwide Business Intelligence Tools Revenue Share by Region, 2005–2007



Source: IDC, June 2008

Performance of Leading Vendors in 2007

Table 2 displays 2005–2007 worldwide revenue, growth, and market share of the top 15 BI tools vendors.

Table 3 displays 2005–2007 worldwide revenue, growth, and market share of the leading vendors competing in the QRA segment of the BI tools market.

Table 4 displays 2005–2007 worldwide revenue, growth, and market share of the leading vendors competing in the advanced analytics segment of the BI tools market.

As in other steadily maturing markets, the share of the top 10 BI tools vendors continues to increase, as shown in Figure 3.

TABLE 2

Worldwide Business Intelligence Tools Revenue by Vendor, 2005–2007

	Revenue ($M)			Share (%)				
	2005	2006	2007	2005	2006	2007	2005–2006 Growth (%)	2006–2007 Growth (%)
Business Objects	854.2	918.6	1,001.0	15.2	14.6	14.2	7.5	9.0
SAS	582.4	678.9	791.4	10.3	10.8	11.2	16.6	16.6
Cognos	583.2	645.2	714.9	10.4	10.3	10.1	10.6	10.8
Oracle	460.2	510.5	564.6	8.2	8.1	8.0	10.9	10.6
Microsoft	374.5	480.0	554.8	6.7	7.6	7.9	28.1	15.6
Subtotal	2,854.5	3,233.2	3,626.7	50.8	51.4	51.4	13.3	12.2
Other	2,777.7	3,056.4	3,426.8	49.2	48.6	48.6	10.0	12.1
Total	5,632.2	6,289.6	7,053.5	100.0	100.0	100.0	11.7	12.1

Source: IDC, June 2008

TABLE 3

Worldwide Query, Reporting, and Analysis Tools Revenue by Vendor, 2005–2007

	Revenue ($M)			Share (%)				
	2005	2006	2007	2005	2006	2007	2005–2006 Growth (%)	2006–2007 Growth (%)
Business Objects	854.2	918.6	1,001.0	18.8	18.1	17.6	7.5	9.0
Cognos	582.9	644.9	714.6	12.8	12.7	12.6	10.6	10.8
Oracle	451.7	501.5	555.6	10.0	9.9	9.8	11.0	10.8
Microsoft	361.4	461.6	532.8	8.0	9.1	9.4	27.7	15.4
SAS	241.6	297.2	351.6	5.3	5.9	6.2	23.0	18.3
Subtotal	2,491.8	2,823.8	3,155.6	54.9	55.7	55.6	13.3	11.8
Other	2,047.1	2,247.9	2,519.8	45.1	44.3	44.4	9.8	12.1
Total	4,538.9	5,071.7	5,675.4	100.0	100.0	100.0	11.7	11.9

Source: IDC, June 2008

TABLE 4

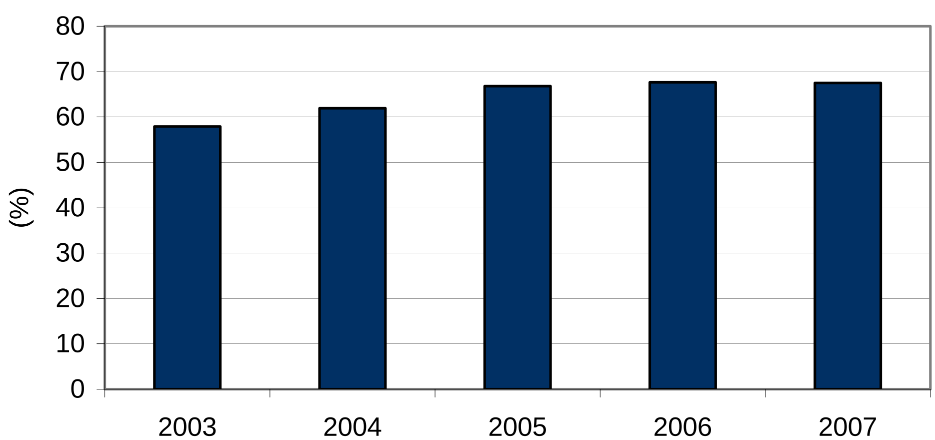
Worldwide Advanced Analytics Tools Revenue by Vendor, 2005–2007

	Revenue ($M)			Share (%)				
	2005	2006	2007	2005	2006	2007	2005–2006 Growth (%)	2006–2007 Growth (%)
SAS	340.8	381.7	439.8	31.2	31.3	31.9	12.0	15.2
SPSS	151.5	174.0	204.9	13.9	14.3	14.9	14.8	17.8
Visual Numerics Inc.	38.7	41.7	45.5	3.5	3.4	3.3	7.5	9.3
Microsoft	13.1	18.3	22.0	1.2	1.5	1.6	40.0	20.0
Teradata	18.4	19.7	20.3	1.7	1.6	1.5	7.0	3.0
Subtotal	562.5	635.4	732.5	51.5	52.1	53.2	13.0	15.3
Other	530.9	582.6	645.6	48.5	47.9	46.8	9.7	10.8
Total	1,093.4	1,218.0	1,378.1	100.0	100.0	100.0	11.4	13.1

Source: IDC, June 2008

FIGURE 3

Worldwide Business Intelligence Tools Combined Revenue
Share of Top 10 Largest Vendors, 2003–2007



Source: IDC, June 2008

Vendor Profiles

This Excerpt includes the following paragraphs highlighting the performance of the top BI tools vendors.

Business Objects, an SAP Company

Business Objects continued as the leader in the BI tools market in 2007. Although the company's share dropped a bit, it held a share advantage of 3% points over its closest competitor. Also notable was the fact that 2007 marked the first year that a vendor reached the $1 billion revenue mark in BI tools.

During the year, Business Objects saw continued adoption of the Business Objects XI release 2 platform and extended its product portfolio through three acquisitions, including Cartesis for financial performance management, Inxight for content analysis, and Fuzzy Informatik for data quality management. Note that Business Objects BI tools revenue excludes revenue from these related software markets. As a result of acquisitions in 2007 and 2006, Business Objects has been in the process of transforming itself from a pure BI tools vendor to one that provides tools and applications in the broader business analytics software market.

On October 7, 2007, SAP announced its intent to acquire Business Objects. The deal was completed in January 2008; IDC therefore lists the two companies separately for the calendar year 2007. For more information on SAP acquisition of Business Objects, see *SAP to Acquire Business Objects: Impact on Business Analytics Solutions Buyers and Providers* (IDC #209205, October 2007).

SAS

SAS was again the second-largest BI tools vendor in 2007. The company continued its above market growth rate of 17% to increase its share of the BI tools market to 11.2%. SAS' $791 million revenue in BI tools includes both advanced analytics and QRA tools. Although best known for its advanced analytics tools — a market where it holds the leadership position — the QRA tools now represent 44% of the SAS' BI tools revenue. However, IDC believes that there are substantial untapped opportunities for SAS to expand its footprint within exiting customer organizations that often underutilize SAS software. Note that SAS analytic applications, data integration, and data management software revenue is not listed in the current study.

In 2007, SAS made a significant partnership announcement with Teradata. The joint initiative is expected to increase the efficiency of data management and SAS analytic models execution within Teradata data warehouses. SAS continues on an evolutionary path of its BI product development. One area where the company could show more rapid improvement is in the user interface of its QRA tools.

Cognos, an IBM Company

Cognos again held the third place in the BI tools market. With $715 million in revenue, the company had 10% market share. Like other mature BI vendors, Cognos has a broad portfolio of QRA tools to address the needs of multiple user groups within client organizations. In October 2007, Cognos completed the acquisition of Applix. The

Applix technology will contribute to both Cognos' performance management applications and BI tools. Applix's in-memory OLAP engine, TM1, has especially strong potential as an enabling technology for improved ad hoc query and analysis functionality.

In November 2007, IBM announced its intent to acquire Cognos. The deal was completed on January 31, 2008; IDC therefore lists the two companies separately for the calendar year 2007. For more information on the IBM acquisition of Cognos, see *IBM to Acquire Cognos: Impact on Business Analytics Solutions Buyers and Providers* (IDC #209685, December 2007).

Following the acquisition, IBM has the opportunity to expand the Cognos BI platform with content analysis technology. Joint IBM and Cognos customers are also likely to benefit from tighter integration between the Cognos BI platform and the data integration and data warehousing software offered by IBM.

Oracle

2007 was the first full calendar year that Oracle was marketing and supporting Hyperion's BI products. The company's BI tools revenue growth rate in 2007 was below that of the market average. This performance was in line with IDC expectations because 2007 was predicted to be a transition year with the Hyperion acquisition and the introduction of Oracle Business Intelligence Enterprise Edition (Oracle BI EE) as short-term disruptive events. The integration and rationalization of Hyperion technology is well on its way and Oracle is well-positioned for increased growth in 2008 and beyond. IDC would not be surprised if Oracle made another BI-related acquisition to further improve its BI tools user interface with better data visualization and interactivity. Hyperion's product served the needs of financial analysts looking for OLAP technology and production reporting needs (through former Brio products), but there remains room for improvement for highly interactive and visual ad hoc query and analysis functionality.

Microsoft

Microsoft was the fifth-largest BI tools vendor in 2007, with $555 million in software revenue. Microsoft's BI tools revenue growth rate was again above that of the total market, but there was a reduction in the growth rate from 2006. We believe this is due primarily to the overall economy slowing and Microsoft's larger size (over $500 million) in the BI market, which usually signals a slowdown in growth to average market levels.

In the BI tools market, IDC allocates revenue to Microsoft based on the performance of SQL Server Analysis and Reporting Services, which are embedded components of the SQL Server database product. Also, 2007 was the first full calendar year since Microsoft's acquisition of ProClarity. Note that IDC does not include revenue from Microsoft PerformancePoint Server or MS Office in the company's BI tools revenue. However, the fact that MS Excel remains the most widely used tool for BI tasks is reinforced annually by IDC's end-user surveys.

FUTURE OUTLOOK

End-user surveys conducted by IDC in 2008 continue to show few signs of a short-term decrease in budgets for BI tools. Although an early 2008 survey showed a decrease in the rating of BI as a short-term (12-month) priority compared with the same results in early 2007, BI remains a high long-term (3–5 year) priority. For more details on recent IDC survey results, see *Business Intelligence and Analytics Survey, 2008: What Do Buyers Want?* (IDC #211323, March 2008).

The BI tools market has changed substantially in the past six years. With market maturity, a greater portion of the software revenue is coming from maintenance, which helps smooth out the annual fluctuation in total software revenue. As more SaaS solutions emerge, the shift to subscription-based revenue streams for vendors will continue.

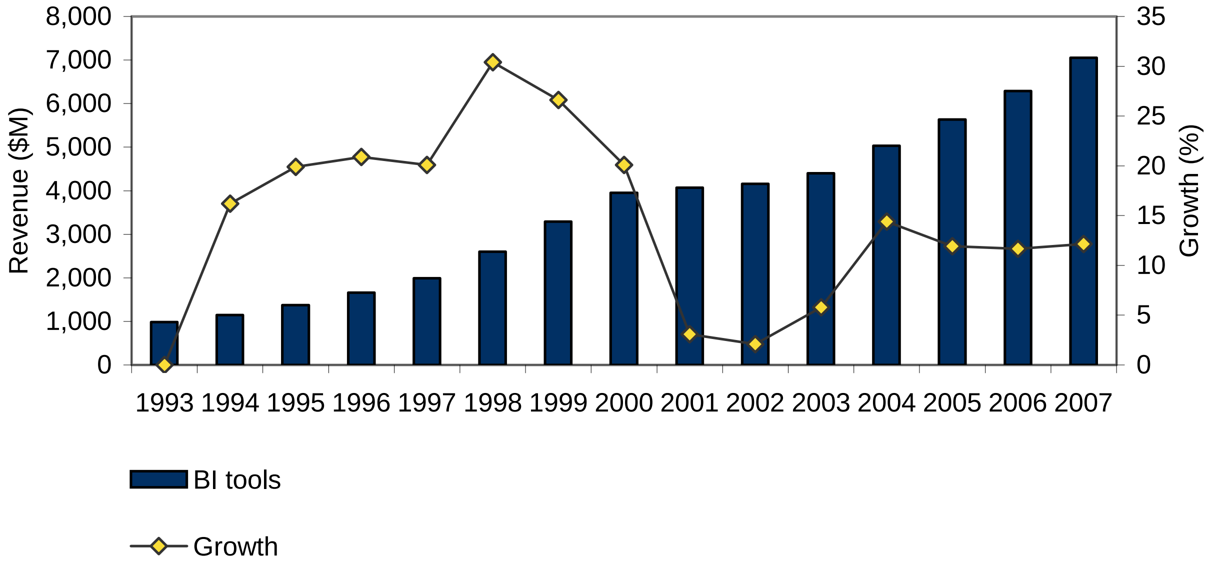
In the long-term context, the BI tools market is still in the early stages of what IDC believes is the third major 15-year cycle for this software market. Barring a prolonged worldwide recession, the demand for BI tools is expected to continue in the 10–12% range. A lot of work remains to be done in improving decision-making processes at most organizations. In addition, the trend toward more automated business process optimization will bode well for BI tools.

Figure 4 shows historical BI tools market size from 1993 to 2007. Although the worldwide economy is experiencing a slowdown affecting overall IT spending, IDC does not expect a slowdown in the BI tools market similar to that of 2001–2003.

The resulting trends point toward growing evidence that BI tools are finally entering a mass market — a prelude to the next market cycle that will lead to what IDC calls pervasive business intelligence.

FIGURE 4

Worldwide Business Intelligence Tools Revenue, 1993–2007



Source: IDC, June 2008

Market Context

Vendor shares were last published for the BI tools market in *Worldwide Business Intelligence Tools 2006 Vendor Shares* (IDC #207422, June 2007). The differences in the vendor shares shown in this study and the earlier study are due to additional market intelligence gained since the release of last year's study.

IDC's most recent forecast of the BI tools market was published in *Worldwide Business Intelligence Tools 2008–2012 Forecast: Limited Impact of Short-Term Economic Uncertainty* (IDC #211327, March 2008). An updated forecast will be shown in *Worldwide Business Analytics Software 2008–2012 Forecast and 2007 Vendor Shares* (forthcoming).

ESSENTIAL GUIDANCE

In order to reach pervasive adoption, BI technology must be able to support a spectrum of end-user requirements that fall between the two categories, as shown in Figure 5:

- The upper left corner of Figure 5 represents the needs of, and technology for, business analysts and power users who support other decision makers in an organization. They are experts in data analysis and the data itself, having a strong understanding of business metrics and data definitions. Yet, these software users are neither developers nor statisticians. The QRA technology provided to these users should be highly intuitive, with the right mix of graphical and tabular interfaces; it should be interactive and flexible, enabling a highly visual method for deriving data selections, and enabling aggregations, sorting, filtering, drill down, and automation of information sharing with line-of-business decision makers. The reason most power users like to use MS Excel is its flexibility and intuitive user interface. The reason organizations don't like the use of standalone MS Excel is the lack of data governance and automation of BI solutions based on spreadsheets. Packaged QRA tools must be able to strike a balance between these two conflicting requirements.

- The upper right corner of Figure 5 represents the needs of, and technology for, quantitative analysts. They are experts in statistical modeling and data mining. The advanced analytics technology provided to users must streamline and automate, as much as possible, the most manual and therefore expensive tasks, such as data integration and cleansing and deployment of tested models into production applications. The highest value-add of quantitative analysts comes from model development and testing as well as descriptive and predictive analysis that serves as the basis for decision processes of operational employees.

- The lower right corner of Figure 5 represents the needs of, and technology for, operational employees who can benefit from using the output of statistical models in their ongoing or project-based decision making. These could be marketers, actuaries, quality control engineers, fraud prevention officers, or other operational employees with highly analytics-dependent tasks. They use various applications that can benefit from having embedded advanced analytics functionality to support scenario planning, forecasting, and decision optimization through automated techniques that don't necessarily require deep knowledge of underlying statistical models. A challenge facing many traditional BI tools vendors, when seeking to incorporate more advanced analytics functionality into a BI platform or other applications, is that while some prepackaging of advanced analytics functionality is possible to make it more user friendly for business analysts, too much simplification of such tools will negate the potential benefits that can be derived from applying predictive analytics to various decision-making processes. Statistical analysis requires specialized skills lacking in most business analysts. Nevertheless, there will be some organizations that will be looking for "good enough" advanced analytics tools. They may have the necessary skills and at the same time be unwilling to pay higher prices for alternative software options.

- The lower left corner of Figure 5 represents the needs of, and technology for, operational employees. The use cases here can involve simply finding information on a corporate intranet, searching for previously developed reports or for specific information within a report, producing operational or statutory reports with strictly defined formatting requirements, or monitoring performance through dashboards. The QRA tools needed to address these use cases should be able to support pixel-perfect reporting, search and/or natural language query, alerting, and dashboards. The software should be deployable anywhere, including portals, mobile devices, within operational applications, as gadgets on the desktop screen, and other available points of access.

The examples depicted in the segmentation shown in Figure 5 deal with internal technology users and decision makers. However, a parallel evaluation can be made for various external users, be they suppliers, B2B clients, consumers, or regulatory agencies that require access to the BI assets of an organization.

End-user organizations evaluating their BI requirements should conduct a thorough review of the specific needs of individual user groups. Rather than asking end users what data they require, IT developers and information management staff should be analyzing the decision processes of each user group to assure that the technology will support the varying needs of each population.

Vendors should be highly aware of their position in the market. Instead of blanketing prospects with marketing hype about enterprisewide BI, seamless end-to-end integration, closed-loop applications, and other such ill-defined terms, vendors should emphasize their core competencies. There is nothing wrong with being a specialist in one or two areas of the market. It is these specialist vendors that often drive innovation that is later subsumed into the broader BI solutions of larger vendors. In fact, only a few of the largest vendors have the resources to address all four use case and technology groups. Today, few of these large vendors, if any, can claim a BI technology platform that on the one hand provides the necessary flexibility to address each of the four corners of the market, and at the same time provides a unified architecture that optimizes technology deployment, maintenance, and administration.

FIGURE 5

Business Intelligence Tools Market Development Trends

End-User Requirements	Business Intelligence Tools: Query, Reporting, Analysis	Business Intelligence Tools: Advanced Analytics
Ad hoc/ exploratory query and analysis	• Data visualization • In-memory processing • Content categorization, search, navigation	• Number and type of algorithms • Model life-cycle management • Automation of the data preparation and model testing processes
Operational information access or embedded analytics	• Self-service production reporting and search • Application embedded guided analytics • Contextual information delivery	• In-database model execution/ scoring • Application-embedded deployment through guided analytics • Decision optimization

Source: IDC, 2008