NUCLEUS RESEARCH

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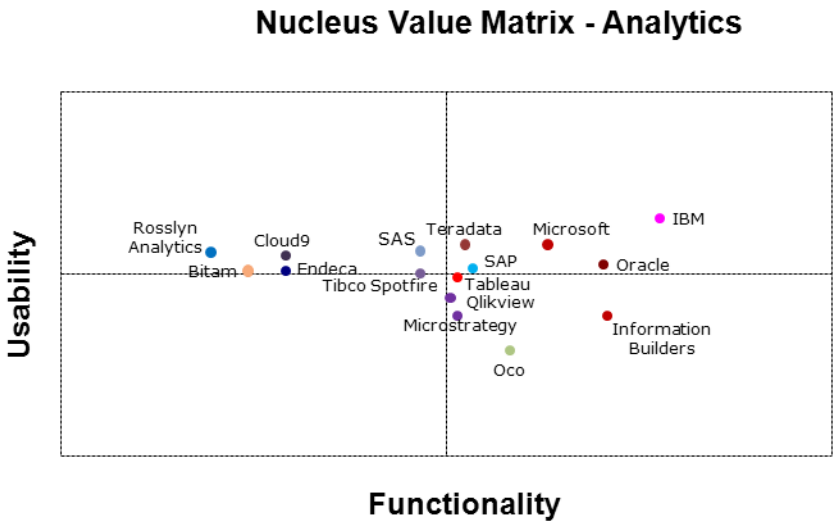
RESEARCH NOTE
TECHNOLOGY VALUE MATRIX: ANALYTICS

THE BOTTOM LINE

Organizations continue to invest in analytics in order to both improve productivity and enable better decision making. The Technology Value Matrix evaluates vendors that have a global presence and provide functionality in the three core analytics areas: business intelligence (BI), performance management (PM), and predictive analytics.

MARKET OVERVIEW

Analytics continues to be a hotly contested market and recent Nucleus ROI case studies have shown that a number of vendors deliver significant value. Nucleus expects continued investments in analytics for two reasons. First, many midmarket organizations, and some large enterprises, are yet to adopt analytics. Since analytics technologies have been proven to improve productivity and decision making, these companies are likely to adopt analytics in order to reduce costs and become more competitive. Second, many organizations already using analytics are expected to replace existing deployments or extend them to new data sources and end users in order to achieve new gains in productivity and decision making.



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TOPICS

Business Intelligence & Analytics

LEADERS

Nucleus anticipates continued industry consolidation as smaller vendors find it harder to compete against leading vendors that have both extensive product offerings and the ability to help organizations deploy analytics enterprisewide. Nucleus finds four vendors qualify as leaders in the Value Matrix: IBM, Microsoft, Oracle, and SAP.

IBM

Breadth of offering, application usability, and the ability to help organizations expand deployment scopes all make IBM Business Analytics a leader. Nucleus views IBM Business Analytics as having high functionality for a number of reasons. Largely as a result of acquisitions, IBM offers a breadth of core analytics functionality including BI, PM, and predictive analytics. IBM also broadens deployments with non-core functionality that can extend functionality and returns. One example is Clarity FSR, which makes it easier to create financial statements compliant with the requirements of public regulators such as the United States SEC.

IBM Business Analytics applications also have capabilities that make it easier for project teams to migrate data and integrate data sources:

- Streamlined metadata management means deployment teams can improve the functionality of a deployment by integrating it with more data sources.
- IBM users are also more likely to get the analytics functionality they require because of vertical specific and department-specific blueprints that make it easier for deployment teams to complete new analytics projects or extend existing deployments.
- Applications such as IBM Cognos Business Intelligence v10 makes it easier for end users to perform analytics tasks by providing role-based BI, planning, PM, and statistical reporting tools that have rich interactivity, such as the ability to drill down into data points exposed within an asset in order to complete ad-hoc analyses. IBM Cognos Business Intelligence v10 also enables users to independently complete dashboarding, reporting, and querying tasks without assistance from IT.
- Nucleus has found that analytics-related IBM applications such as Cast Iron and Clarity are also readily used with minimal training and IT support.

Microsoft

Familiar and configurable interfaces, as well as ready integration with data sources such as SQL Server and Microsoft Office applications, make Microsoft a leading analytics vendor. Microsoft's usability scores are high for two reasons:

- First, in addition to having a stand-alone BI product, Microsoft embeds BI and PM tools into many of its enterprise applications. When Dynamics application users can access reporting or dashboarding tools without toggling to a separate application, productivity improves, as does the likelihood that they will turn to BI to make better decisions.
- Second, the user interfaces in Microsoft's BI and PM tools have the same look and feel as Microsoft Office applications, accelerating adoption and reducing training costs.

- The prevalence of other Microsoft applications in the typical enterprise is also a driver of high functionality scores. Deployments tend to be shorter and less expensive since project teams find it relatively easy to integrate Microsoft analytics functionality with Microsoft data sources such as SQL Server.

By simplifying deployments and reducing data-related costs, Microsoft enables deployment teams to extend analytics to more data sources and fulfill more business requirements. The embedding of BI and PM into enterprise applications is another factor enabling deployment teams to deliver analytics to more users.

Oracle

Breadth of functionality and the ability to integrate with a single ERP data warehouse are the primary factors that put Oracle in the upper-right hand corner of the matrix. Oracle scores high in usability for two reasons:

- First, like Microsoft, Oracle analytics functionality is embedded in enterprise applications such as E-Business Suite and its other ERP applications, which improves productivity, accelerates adoption, and broadens deployment scopes.
- Second, User Productivity Kits include help tools such as interactive simulations and support within the applications that enable end users to independently improve productivity and find new ways to use analytics.

Functionality is high for two reasons. First, Oracle provides BI, PM, and predictive analytics as a result of organic products such as Oracle Business Intelligence Enterprise Edition and acquisitions such as Siebel Analytics and Hyperion. A second factor is Oracle's roots in databases and ERP. Having a single vendor and common code for both data sources and data analytics means deployment teams can spend less time and money on integration.

SAP

Readers may be surprised by SAP's ranking in the matrix. The combination of SAP ERP, Business Information Warehouse, and Business Objects BI makes for a strong offering. However, Nucleus analysts often hear that analytics-related projects can become bogged down with deployment and data complexity as well as the need for costly and specialized ABAP programmers. While these obstacles can be overcome by a strong organization, they can also distract deployment teams, consume project resources, and result in narrower project scopes. Given customers continued positive reaction to Business Objects from a usability perspective, SAP still deserves some credit in the marketplace. Nucleus will be watching closely as SAP and its partners work to make all its analytics offerings more seamless and usable.

UPSTARTS

Also appearing on the matrix are vendors with non-traditional approaches that enable faster and less expensive adoption of analytics. These approaches have two qualities:

- The ability to deploy analytics without a data cube, long a mainstay of traditional analytics. For example, Tibco Spotfire, Tableau, and QlikView are all examples of vendors that support cubeless deployments. This approach enables rapid integration of analytical assets with individual data sources on an as-needed basis. As a result, deployment teams can spend less time building data storage assets and more time thinking about end-user requirements,

application usability, and ensuring that the right data sources are on the deployment footprint. Additionally, once deployed, the absence of a data cube, which is typically difficult to modify, means that these applications can be rapidly reconfigured to accommodate users' changing analytical requirements. However, a drawback to a cubeless deployment can be functionality: although deployments can be faster without a cube, it also means that users may have access to fewer data sources when using analytics.

- The delivery of analytics over the cloud, which reduces costs and improves application performance. Oco also ranks as an upstart due to its cloud-based delivery, as well as vertical specific and department-specific templates that accelerate deployments. Cloud9 Analytics, as its name implies, also leverages the cloud for rapid deployment, remote access, and flexibility. Tableau combines cubeless analytics with cloud delivery, providing even greater incremental usability benefit.

SPECIALISTS

Nucleus doesn't expect the leaders and upstarts to rule the analytics market. In fact, Nucleus finds the analytics market to be ripe for players providing specialized analytical capabilities. One example is Teradata, whose technology enables large organizations in verticals such as finance and retail sift through massive data sets. Although Teradata's specialized functionality results in high usability, the narrowness of this application results in lower functionality. Although not positioned as leaders, the role of specialists such as Teradata is critical, because vendors such as IBM and Microsoft often partner with Teradata when data sets get huge. Another specialist is Bitam, which helps organizations keep managers focused on the right objectives with KPI-driven dashboards and reporting. Other players which address specialized needs include Rosslyn Analytics (with spend analytics) and Cloud9 (with sales performance analytics).

There are a number of other offerings on the matrix. Some of these have strong functionality or usability in specific application areas, so should not be ignored in an evaluation process. Although they provide BI or PM, they currently lack important qualities that can put them in the top half of the matrix. First, customers don't perceive them to have a compelling difference relative to leaders, nor do they offer value as specialists. They also lack the ability of the upstarts to achieve rapid, low cost, in-memory, cubeless deployments. These vendors also have more limited capabilities for assisting customers in making deployments broader and less costly.

UPSTARTS VERSUS LEADERS

Nucleus believes that upstarts have an opportunity to move upward and to the right as they improve their ability to deliver broadly functional and highly usable analytics deployments while challenging the competitive positions of the leaders. With the ability to spend less time developing and testing cubes, companies that turn to upstarts for analytics are able to spend more time identifying user requirements, refining end-user interfaces, and ensuring that data doesn't disrupt deployments or project scopes. Another factor on the side of the upstarts is performance. With the traditional cube approach, an end user gets their information only as quickly as the slowest data source in the cube permits. On the other hand, if data sources are in-memory, the speed of report builds and queries is far faster, which contributes significantly to usability. The challenges for upstarts will be to continue to score customer wins and fund research and development to

keep them from being overtaken by the leaders that can afford discounting and special attention to win deals.

METHODOLOGY

The Value Matrix is based on functionality and usability, the two core attributes that Nucleus has found enable a deployment to deliver initial ROI and, ultimately, maximum value over time. Each vendor's location on the Matrix is the result of the usability and functionality scores assigned to that vendor based on interviews that Nucleus analysts have had with end users. Usability composite scores are based on factors that include intuitiveness of the application, availability of role-based interfaces, training requirements, and the impact on end-user productivity. Functionality composite scores are based on the breadth and depth of functionality in the core application, the availability and ease of integration of add-on functionality that delivers additional benefit, and the vendors' investment in innovative non-core functionality.

Nucleus expects the center point of the Matrix, which represents the composite average point in the market, will move up and to the right over time as vendors make more investments in functionality and usability – effectively increasing returns to buyers.