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TECHNOLOGY BRIEFINGS
BUSINESS INTELLIGENCE

Shifting Sands of the Business Intelligence Landscape

Strategies for Keeping Your BI Plans Moving Forward

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OVERVIEW

Common Sense About Business Intelligence and the Wave of Consolidation

BY STAN GIBSON

A sea change roiled the business intelligence marketplace in 2007, when three of the world's largest software vendors acquired established BI players.

Why did these acquisitions occur, and what do they mean to enterprise BI customers?

One reason for any company to be acquired is that it's in a growing, vibrant market segment. The incentive for the acquiring company is the opportunity to sell into an expanding market, without incurring the significant research and development costs of creating its own product line. And there's no question that the BI market is growing, according to Dan Vesset, program vice president for business analytics at IDC. "In 2006, business intelligence tools represented a $6.3 billion worldwide software market, which is expected to have grown to about $7 billion in 2007. Combined with related services, the market is expected to have grown to $14 billion in 2007," Vesset says.

It's well and good that vendors should seek growth opportunities. Their shareholders, after all, demand increased revenues and profits. But vendor growth doesn't always translate to customer benefit, as one industry expert observes, commenting on the spate of BI acquisitions. "In the ritual of capitalism, fear and greed proved more attractive than focus and independence. But that is how most markets evolve. What remains to be seen is whether these new partnerships add value to their acquiring companies, and more importantly, to BI consumers," wrote Wayne Eckerson, director of research at The Data Warehouse Institute, in a recent market analysis.

Indeed, the merging process itself can be a tremendous distraction. "Everything hits a lull during consolidation, including R&D," notes David O'Connell, senior analyst at Nucleus Research. Another analyst seconds that view. "It does create some internal challenges on the part of acquirers. Assimilating acquisitions can divert resources from existing products, while creating some near-term customer anxiety in terms of product roadmaps," says Paul Hamerman, vice president and principal analyst at Forrester Research.

Many IT customers are well aware of the uncertainties inherent in a vendor community beset by mergers. Vendor independence and stability were two major reasons that Ted Bross, associate director of Administrative Information Services at Princeton University in Princeton, N.J., selected that university's BI vendor. "We were looking for a stable vendor that wasn't in flux. Now the ERP vendors are buying them," says Bross.

BI: Still Youthful

Acquisitions in the software industry historically have been a sign that a market segment has reached maturity—that the software is widely deployed and major technology breakthroughs are unlikely. Software vendors in these markets have typically been acquired for their installed bases and the ability of those installed bases to produce a maintenance revenue stream for the acquiring company.

But BI technology is still far from such an end-of-life plateau, according to experts. "BI is not yet mature. It is not yet commoditized," says Cindi Howson, founder of BIScorecard.com, a Web site for in-depth BI product reviews. Howson further asserts that there is plenty of room for BI to grow in the enterprise, since at present it is often deployed department by department, rather than strategically across an enterprise. "Companies need to recognize that BI is strategic," Howson adds.

Another expert concurs that there are plenty of new instances that call for BI deployment, and plenty of corporate workers who can benefit from timely business intelligence. "As BI goes from a small group of power users at the top of an organization, to trickle down to sales managers and salespeople, BI has room to broaden out in an organization. So I don't think it's mature," says O'Connell.

With such an upside of market growth and technology enhancement in the offing, it would seem to be clearly important that vendors continue to spend on R&D. But after having spent billions to acquire the company itself, will the acquiring vendor spend still more on enhancements to the BI tools? Or will the acquired product line assume its place as an add-on to an ERP suite?

O'Connell is skeptical of the benefits of software industry acquisitions in general, and of acquisitions in the BI space in particular. "Big software vendors are saying they can take care of all software needs with one phone call. So they have been buying up all these non-ERP apps. It makes sense from an investor relations point of view. But I am dubious about what the benefit is to the user community [beyond the one-stop shopping]," O'Connell says.

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DAVID O'CONNELL, SR. ANALYST
NUCLEUS RESEARCH

He notes that efforts at integrating disparate products have frequently fallen short. "There haven't been many acquisitions where people move from one app to another easily. I'm even more skeptical about acquired apps where there are productivity improvements for the end user. I think there will be more innovation on the part of end users and consultants who innovate with the apps on their own," O'Connell adds.

Synergies between BI and ERP

Just how do ERP systems and BI tools work together? What are the supposed synergies that ERP vendors such as Oracle and SAP (which recently acquired BI vendors Hyperion and Business Objects, respectively) are looking for in BI software?

First, it is important for ERP applications to output data for BI tools; and conversely, it's increasingly important for ERP software to accept data from the BI side. In the past, many BI vendors have designed their products to accept data from a wide variety of sources, from databases to spreadsheets to data warehouses. The ability to cast so wide a net for strategically vital information has been a hallmark of many BI products, as one BI user notes. "I have always seen BI tools as source-system agnostic. That's why you buy BI. Otherwise we should go back 20 years to when each operational system had its own reports," says Jonathan Rothman, director of data management for Emergency Medical Associates, in Livingston, N.J.

Since IBM, for example, will own Cognos, it would be logical for IBM to craft its DB2 database to interoperate in a highly streamlined fashion with Cognos products. However, could IBM be counted on to similarly optimize interoperability between DB2 and other vendors' BI tools? And even though IBM's services unit, IBM Global Services, deals with products not only from IBM but from many other vendors, would it make sense for IBM to urge the purchase of BI products that compete with Cognos?

"There will be some fallout in terms of the partnering agreements," says Forrester's Hamerman. "SAP was relatively agnostic with respect to third-party BI solutions until it acquired Business Objects. Going forward, SAP will tend to emphasize its own products at the expense of certain BI vendors it has partnered with in the past," Hamerman adds.

Such ecosystem disruption has already hit home for Princeton's Bross, who uses database software and ERP applications from Oracle. "All of our applications use Oracle. Our ERP is now Oracle. Our warehouse uses Oracle as the database. But our BI tool is Cognos. They [Oracle] try to get us to move to Hyperion," he says. Bross suspects that Oracle will tightly couple its ERP suite with Hyperion's BI software, so a customer would not have to exit ERP applications to get reports. While this scenario would offer an attractive form of streamlining, he notes, it would ultimately cause every ERP vendor to need its own BI tools.

Other customers are wary of such a trend. "I don't think it would be in the best interest of anyone for Business Objects to work only with SAP or Cognos only with IBM. I don't think vendors would be so shortsighted as to see that their software works only with one vendor. If that happens, it would be bad for the industry," says Rothman.

Still a Compelling Choice: Best of Breed

For several reasons, it makes sense to select, or stay with, an independent BI vendor, particularly one with a focus on the enterprise. Customers can be assured of an uninterrupted R&D investment stream in a family of enterprise intelligence products; and they needn't worry about which database, middleware suite or ERP system might or might not work best with their enterprise intelligence software.

Forrester's Hamerman notes that SAS preserves this kind of independence: "A vendor like SAS doesn't have to rationalize product roadmaps and go through this turmoil. This is a burden that SAS won't have." In addition, Hamerman urges acquiring vendors not to tie themselves exclusively to their new BI tools. "They need to understand customers need to integrate. They can't afford to be exclusive. They have to integrate with other vendors, like SAS."

Above all, working with an independent BI vendor preserves a precious strategic asset on the part of the buyer: flexibility, which, as Rothman of Emergency Medical Associates points out, gives the customer the critical power to think long-term. His advice: "Don't just focus on what you need today, but make decisions on the probability that things will change in the future—new systems, new technology, changes in cost structure," he says.

"If you have a BI system that only works with your environment, there's a risk in that," says Rothman, adding, "I personally would feel uncomfortable making that decision." ◗

Q&A

Consolidation in the BI World: Caution Signs Abound

Mergers and acquisitions are part of business life, but until recently, they were rare in the realm of business intelligence. No more. A recent spate of M & A activity has changed the business intelligence (BI) landscape dramatically, as IBM has acquired Cognos, SAP has taken over Business Objects, and Oracle has purchased Hyperion. These moves raise the question as to whether everyone may be losing sight of what is really valuable about BI: promptly delivering relevant, actionable information to business professionals across an enterprise.

Gaurav Verma, Director of Information Management Strategies for SAS, discussed this question with Computerworld Custom Media's Stan Gibson, explaining why an integrated BI platform is the optimal way to deliver information of strategic value.

Computerworld: Why are companies consolidating in the BI space?
Verma: There are two motivations. First, ERP and operational platforms have reached a plateau in their capabilities to impact cost efficiencies. At some point, they need to offer products that can deliver top-line revenue generation. So you're seeing the mega-vendors going after BI. That's one motivation.


Verma

Until recently, much of the acquisition activity in the software industry had been motivated by aggregation of complementary technologies into bundles of products and services that could be marketed as "end-to-end" solutions. Most of these new solution stacks addressed real or anticipated demands from a growing base of customers. The decision by software vendors to acquire existing technologies instead of developing them organically was rationalized by straightforward financial analysis. The motivations and rationales behind the current set of acquisitions are not entirely the same. To an increasing degree, much of today's consolidation seems to be driven less by technological considerations and more by the desire to satisfy Wall Street's apparently insatiable appetite for sustained quarterly growth.

The bottom line is, the mega-vendors are trying to build an integrated platform. They are trying to become all-in-one shops and be the platform of choice so that you buy everything from them.

Computerworld: What makes for an integrated BI platform?
Verma: Beyond robust business intelligence and data integration, analytics is the key ingredient. Not many vendors, including the mega-vendors, have crossed that frontier. Also key is consistent and reusable metadata across these components.

In a typical business ecosystem, there are executive users, line-of-business managers, power users, business analysts, quantitative modelers, statisticians, partners, customers and so forth, each with varying skill sets and requirements. Everyone has the desire and the need for business intelligence, but each has a different skill set for looking at and manipulating the information—as well as for how they collaborate.

How does a quantitative modeler or business analyst or data modeler do what they do? How do they come up with insight and mainstream it so that it is easily consumable by the business folks within an organization? To enable that, an integrated BI platform is very, very critical.

Computerworld: How might IBM integrate Cognos?

Verma: IBM is coupling Cognos with DB2 and its information-on-demand strategy. IBM has made lots of different acquisitions, including Ascential and FileNet, in pursuing that strategy. But IBM has recognized it has a void in reporting. That's where Cognos comes in.

Computerworld: What about the other combinations–Oracle and Hyperion, and SAP and Business Objects?

Verma: For Oracle, bringing Hyperion into the fold was about creating an entry point into the office of finance and the CFO. Oracle already has BI from acquiring Siebel. Oracle has lots of moving parts. We're still waiting to see how they work together.

SAP has a different motivation. Acquiring Business Objects is an acknowledgement that SAP hasn't done business intelligence well before. However, SAP and Business Objects face tremendous integration challenges because of each company's previous acquisitions: Business Objects acquired SRC Software and Cartesis, and SAP acquired OutlookSoft for planning and financial consolidation/reporting. Because of the overlap, their roadmap will get a lot of scrutiny: What stays? What goes? And what happens to a customer's service and maintenance?

Computerworld: Let's look at the alternative presented by SAS. How is the SAS BI platform already integrated?

Verma: SAS has built from the ground up a core enterprise intelligence platform that encompasses data integration, business intelligence, advanced analytics and storage. It also has a common open metadata structure that functions as the glue across this stack. We organically developed it as the foundation for enterprise intelligence.

It is also the foundation on which we build our solutions, whether horizontal or vertical—horizontal for IT, marketing, customer intelligence, human resources and risk management; vertical for industry- or function-specific solutions.

Computerworld: Does "best-of-breed" still matter in business intelligence?

Verma: Because organizations have disparate ecosystems of applications, BI is going to have to stay agnostic to continue providing the value of fact-based decisioning.

There is a concern among CIOs that BI products they have not chosen may get dragged into their enterprise ecosystems when they buy a software stack from a particular mega-vendor. The other side of the equation is the inability to rationalize across investments made in a pure-play BI product pre-acquisition and what will now be bundled with a platform or stack.

More importantly, business intelligence is no longer just about query and reporting. It's not just about giving you a historical perspective—about looking in the rear-view mirror. To stay competitive, organizations have to start integrating analytics into the DNA of their enterprise decisioning processes and provide forward-looking or predictive analytics to make strategic decisions about the future.

For CIOs, the key is providing an infrastructure to effectively manage the growing appetite for intelligence, derive more value from existing technology and information assets, and support sustainable growth of the business through the innovative use of technology and information. They are going to go with the provider that will help them transform their business with applications and solutions that are built to solve their specific problems. ▸

CASE STUDIES

Unleashing the Full Value of Data

BI solutions provide a 360-degree view of business operations

Many organizations have more data than they know what to do with. Data repositories may be scalable and efficient, but they can be frustrating for business units and individual users who are clamoring for more access and better reporting and analysis of existing data.

Government agencies and health management organizations, among others, are turning to business intelligence (BI) solutions to help unlock data by integrating information from across the enterprise and providing business users with enhanced self-service reporting and analysis capabilities. They have found that when they do so, IT spends less time responding to requests, and business users spend less time looking for information, so more time is spent on making better, more informed decisions.

Most organizations capture data from a wide variety of sources and in a range of formats, including enterprise resource planning (ERP), legacy systems, relational database management systems (RDBMSs), flat files, Web logs, and so on. This diversity creates challenges for locating, identifying and selecting the right data. Many organizations have embraced BI to provide a view of the data that is consistent and accessible for everyone in the organization.

BI for the World's 5th Largest Economy

The California Employment Development Department (EDD) is the largest tax-assessing and collection entity for a state that represents the fifth-largest economy in the world. Each year, the EDD collects $40 billion in state employment taxes from 1.2 million employers and disburses, on average, $4.8 billion in unemployment insurance benefits to 2.2 million claimants.

The agency collects a wealth of data that can be used to improve operations. "There are increased internal customer demands for more data, more data views, and more data mining and data analysis capabilities," says Dale Jablonsky, Deputy Director of the Information Technology Branch at EDD.

Increasing BI access throughout the agency will boost revenue by reducing tax fraud, identifying more collectible cases and improving unemployment insurance fund solvency. The agency also expects to see an overall increase in program integrity through the identification of trends and emerging issues.

The agency is using SAS Business Intelligence to combat benefit and tax fraud, and it plans to expand its BI environment significantly in 2008. The expansion will give more agents hands-on access to BI.

Jablonsky says he hopes EDD's BI environment will become a model for other state departments and agencies in decision making and anti-fraud measures. "It is very rare that state government has all the necessary data to make good strategic decisions about governmental programs. It's also very rare for government to combine its unique data stores to combat the underground economy or provide seamless services to our constituents."

Cigna HealthCare Improves Medical Management

CIGNA HealthCare, based in Bloomfield, CT, is one of the largest health-service businesses in the United States. It offers diverse medical benefit plans, behavioral health coverage, pharmacy benefits, stand-alone case and disease management, and other products and services that form the core of its health advocacy strategy.

In the face of increasing demands for member-level transparency and better medical management reporting, CIGNA HealthCare turned to SAS for help in moving operations forward with greater speed and detail—and with more accurate analytics. This emerging environment calls for operational transparency, data consistency and the ability to customize business intelligence applications to suit the various needs of each department and the various business segments.

Choosing SAS for business intelligence, CIGNA's informatics organization addressed requirements for flexibility, versatility and scalability in its analytics software and reporting engine. Tamim Ahmed, PhD, CIGNA HealthCare's Vice President of Informatics, says the organization realized an immediate 30 percent improvement in efficiency gains, and he estimates the powerful informatics engine has a potential for return on investment of up to 200 percent.

Ahmed's unit is responsible for clients' financial and quality reporting and is also involved in implementing various medical management, acute oncology and disease management programs. "Today, healthcare informatics is much more than simply managing claims data—it is a catalyst for improving member health and their costs," he says.

Complex Challenges

To improve customer service and enhance member health outcomes, CIGNA HealthCare is focused on providing timely, accurate, and insightful analyses to satisfy customer requests and other internal information needs while educating members about healthcare options. This capability is critical in making it easier to analyze how successful existing health-benefit plans and services are at supporting improved outcomes, educating members and analyzing the impact of proposed changes to benefit plans.

"With the growing popularity of consumer-directed health plans, the dynamics of financial and health decisions have changed," Ahmed explains. "Now our clients also require precise reporting as to the effectiveness of their medical management programs and the resultant return on investment."

To accommodate changes in CIGNA HealthCare's business needs, informatics required speed, high data quality and seamless integration. A decentralized reporting process simplified the dissemination of information among subsidiaries using SAS. Noting that retention is a big issue for health management, Ahmed observes that "if you can't report, you can't retain, because clients are increasingly sensitive to the cost of medical management initiatives."

With SAS, not only does CIGNA HealthCare gain decentralized reporting—which allows information to spread faster internally—but it also gains a member-specific view. That view allows CIGNA HealthCare to be more effective in its approaches. As a result, analytics are more accurate, detailed and robust.

Ahmed also says the organization benefits from more organized reporting, due to SAS integration with outside applications. "SAS' integration with Microsoft Office applications makes the process easy," Ahmed says. "Time savings are considerable. You can decentralize reporting. Anybody can generate reports for their clients, whether they're analysts, salespeople, account executives or management." That, he adds, helps the organization to build new programs and customize services for target groups.

In addition, SAS helps CIGNA HealthCare maintain confidentiality and security. "SAS Enterprise BI Server allows us to control and manage levels of access to various pieces of information and reporting as required by HIPAA and other regulatory requirements," Ahmed says.

Better decision making is at the heart of what executives want from business intelligence. By putting powerful, easy reporting and analysis into the hands of more people across their organizations, CIGNA HealthCare and California's Employment Development Department are creating a newly empowered and informed culture.

MARKET

The Experts Agree: Consolidation in BI Space May Be Slippery Slope

BY HEATHER HAVENSTEIN

Oracle's Hyperion Deal Puts Users on Guard

The following article was first published in the March 5, 2007 edition of Computerworld.

Oracle Corp.'s purchase of business intelligence vendor Hyperion Solutions Corp. will likely benefit Oracle, but Hyperion customers could experience a decline in service and end up with less negotiating leverage, some users and analysts said.

Oracle last week agreed to buy the BI tool maker for $3.3 billion in cash.

Bart Klein, vice president and manager of application development at UMB Financial Corp. in Kansas City, Mo., said Hyperion is the latest of the bank's best-of-breed vendors to be snapped up by Oracle.

The bank, he said, also uses Siebel Systems Inc.'s CRM software, Stellent Inc.'s content management tools and Versatility Inc.'s call center products, all of which have been acquired by Oracle in recent years.

"What is next?" Klein said. "While [it's] not our intention to put all of our technology investments in the hands of a single vendor, the consolidation of the industry has led to precisely that. I am very concerned that businesses will lose leverage as a result of this continued consolidation of major technology solutions."

David Dowling, Hyperion Financial Management administrator at Flint Group, an Ann Arbor, Mich.-based supplier of printing inks, plates and pigments, said he also has concerns about the deal. "As Hyperion has grown as a company, their customer service and support has declined," he said. "I think this will be a step in the same direction."

In addition, Flint Group now runs Hyperion's financial management software on Microsoft Corp.'s SQL Server, and Dowling said he is concerned that Oracle will force his company to move to its database.

On the other hand, Diane Maluzhinsky, a financial specialist at General Dynamics Land Systems Inc. in Sterling Heights, Mich., applauded the move. Her company, which designs and builds land and amphibious combat systems for the military, has been using Hyperion's Essbase product for eight years, she said.

But because the organization is also a heavy user of Oracle's ERP applications, Maluzhinsky said, she has continually had to justify the use of Hyperion's online analytical processing tool over Oracle's.

"Oracle has its own OLAP product, but it didn't stand a chance against Hyperion," she said. "It didn't have the strength Hyperion had."

In addition, although General Dynamics uses Oracle's financial software to close its books, the Oracle software doesn't have a mechanism to consolidate those financial reports at a corporate level, she noted. Therefore the company has to dump all the data from Oracle into Essbase to be consolidated before sending it to the corporate office each month, she said.

"The combination of the two will make them very powerful," Maluzhinsky said.

Questions Abound

Wayne Eckerson, director of research at the Data Warehousing Institute, questioned whether Hyperion's product development plans will continue apace under a new owner. "Hyperion was doing well and has some innovative products in the pipeline," he said. "Will Oracle leave Hyperion alone? I doubt it. Will Hyperion continue to innovate? I'm not sure."

However, Eckerson also said Hyperion's planning, budgeting and consolidation software fills a big gap in Oracle's business applications strategy. He said the Hyperion products will give Oracle "a huge presence in the chief financial officer's office," helping it better compete against SAP AG.

Cindi Howson, author of the independent BIScorecard.com report, which evaluates BI tools, noted that Oracle took several years to leverage the Express OLAP engine it gained with the purchase of IRI Software in 1995. "I hate to think Essbase may fall to the same fate," she said.

Howson noted, however, that the move is a smart one for Oracle, considering the convergence of BI and performance management and Microsoft's entry into the market.

Mark Monn, director of performance management and research at Hyperion user Family Services of Metro Orlando, said he expects that the deal will prove positive for his organization.

"For us, it would be a benefit, as we have a good relationship with Oracle and our primary database is [Oracle] 10g," Monn said. "It will hopefully allow us to leverage both products better, as I hope they will integrate the best of Oracle with Hyperion."

Paul Hamerman, an analyst at Forrester Research Inc., said Hyperion users should fare well, because "Oracle wants to keep these customers renewing their maintenance contracts." ◗

SAP-Business Objects Deal Stirs User Anxiety

The following article was first published in the October 15, 2007 edition of Computerworld.

SAP AG's agreement last week to buy Business Objects SA for $6.8 billion left some of the latter company's users fearing a decline in support and a decrease in emphasis on product development.

Analysts noted that officials at SAP must address overlap between the two vendors' product lines.

Jonathan Rothman, director of data management at Emergency Medical Associates in Livingston, N.J., and a user of various Business Objects business intelligence tools, said he hopes that the deal won't force the vendor to change its development plans.

"My hope is Business Objects will not spend years and years only trying to better integrate its product suite with SAP's, but will use this acquisition to gain access to more capital to enhance what it already has," he said. He also called on SAP not to "add layers and layers of corporate decision-makers and make Business Objects slower to adapt to user needs.

"Otherwise, as a core Business Objects user, I would see no advantage to this acquisition," he said.

Erik Brokaw, enterprise architect at Blue Cross and Blue Shield of Kansas City, said he is more optimistic about the combination but still called on SAP "to provide the same level of support for the business intelligence solutions as Business Objects does today."

Blue Cross uses multiple BI tools from Business Objects, he said.

Bernard Liautaud, chairman and founder of Paris-based Business Objects, said the company will remain an "independent business" after the deal closes. He noted that while the BI vendor wasn't looking to be acquired when it was approached by SAP in July [2007], "we were, of course, willing to listen."


Rothman

John Hagerty, an analyst at AMR Research Inc. in Boston, said the acquisition comes in the midst of efforts by both companies to extend performance management product lines.

"It's going to require some backtracking on both fronts to make it look more complementary," he said. ◗

James Niccolai of the IDG News Service contributed to this story.

Users, Analysts Wary of IBM's Plan for Cognos

The following article was first published in the November 19, 2007 edition of Computerworld.

Customers running Cognos Inc.'s tools must keep a close eye on plans for the company when IBM's purchase of the business intelligence firm closes early next year, users and analysts said last week.

IBM last week announced that it had agreed to buy Ottawa-based Cognos for $5 billion in cash.

Ted Bross, associate director of administrative information services at Cognos user Princeton University, said that he hopes that IBM can use its financial muscle to improve support for the BI tools. "[Cognos] is not very strong in training, documentation and customer support," he noted.

However, Bross said that at this point he isn't confident that the IBM deal is a good one for Cognos users in the long term, especially at non-IBM sites. "We are primarily an Oracle shop, and this may eventually conflict with our strategic direction," he said.

"We have tried to build our [Cognos] reporting strategy and data warehouse in such a way that we could switch products if need be," Bross noted. However, he added, "it would be an incredibly arduous process to rewrite all reports using different technology."

Mark Smith, an analyst at Ventana Research Inc. in San Mateo, Calif., said that one early decision by IBM—to incorporate Cognos into its Information Management software unit—doesn't bode well for users.

The Information Management group includes IBM's database management, data warehousing, content management and data integration products.

> For end users, I am not sure what the benefit is. For IBM and Cognos, it means they can get into each other's customer bases.
>
> **DAVID O'CONNELL, ANALYST, NUCLEUS RESEARCH INC.**

Smith contended that the move shows that IBM considers BI tools to be less important than the offerings of its stand-alone WebSphere and Lotus units. "We'll have to see how that plays out," he said. "To put it down at that level is not well connected to how the market perceives the value of BI and performance management."

David O'Connell, an analyst at Nucleus Research Inc. in Wellesley, Mass., noted that the success of the IBM-Cognos deal will depend largely on whether IBM tightly integrates the acquired tools with its own software products.

"I am not sure it will be more than a bolt-on for IBM," he noted. "For end users, I am not sure what the benefit is. For IBM and Cognos, it means they can get into each other's customer bases."

Cognos users, O'Connell added, must be sure to question their IBM sales representatives about the company's product road map before the deal closes.

O'Connell did note that Cognos users are better off than customers of Hyperion Solutions Corp. and Business Objects SA, which have recently been swallowed up by larger vendors Oracle Corp. and SAP AG, respectively. Those companies will likely force customers of the acquired firms to buy their expensive ERP applications, he said.

Oracle completed its $3.3 billion acquisition of Hyperion last spring, and SAP expects to close its agreement to buy Business Objects for $6.8 billion in the first quarter of 2008.

Mark Lack, planning and financial analysis manager at Cognos user Mueller Inc., a Ballinger, Texas-based manufacturer of building materials, said that he expects that the deal will benefit Cognos users. "Being part of IBM will open up Cognos solutions to an even wider audience," Lack said.

At a press briefing, Steve Mills, senior vice president and group executive for IBM's software group, said he expects the combined firm will better respond to user needs than a stand-alone Cognos could.

"Independent companies finally reach a point where it becomes very challenging to execute against a set of complex, high-performance requirements," Mills said. ◗

EPILOGUE

Note to BI buyers: Keep your footing and your focus

BY COLLEEN FRYE

PROS AND CONS

Organizations weighing the pros and cons of buying an independent BI solution vs. one that is part of a vendor's larger offerings should consider the following:

- **Investment in R&D is particularly important in a growing market like business intelligence. Is the acquiring vendor committed to investing in enhancements and innovations to BI tools?**
- **What is the acquired BI product's roadmap? Will the acquiring vendor keep or discard stated milestones?**
- **What is the acquiring vendor's plan for ongoing customer service and maintenance?**
- **Does the acquiring vendor intend to be an all-in-one shop, or will the BI product work with other environments?**

In this period of increasing economic uncertainty, the need for business intelligence and fact-based decision making grows more acute. A rear-view look at your business through query and reporting tools is no longer enough to stay competitive. Now enterprises need to make business intelligence and predictive analytics part of their very DNA, and as a result, choosing the right BI solution—one that is flexible, versatile, scalable and focused at the enterprise level—is more important than ever.

Potentially complicating that decision is the intensive wave of M&A activity in the BI market, discussed and analyzed in the pages of this report, with three of the world's largest software vendors acquiring established, independent BI players. Clearly the intent of the acquiring companies is to capitalize on a growing, vibrant market that is poised to move from largely tactical, departmental deployments to enterprise-wide strategic deployments.

Good questions

But the power of many BI solutions has been their ability to tap into vital information that lives in a wide variety of disparate systems. It begs the question: As these acquired products get absorbed into the vendors' larger product lines, will business intelligence remain source system agnostic, or become just a bolt-on to an ERP system?

Bearing in mind that the track record for acquiring companies successfully integrating disparate products is spotty, it may make more sense for organizations to select, or stay with, an independent BI vendor. With a business intelligence solution that is not tied to a larger product line or platform, organizations can feel confident that the vendor will continue to invest in and innovate around business intelligence and analytics, that supportive services and maintenance will be available over the long term, and that as customers they are not locked into a particular database, middleware platform or ERP system, giving them the flexibility to change as their business needs change.

SAS preserves this kind of independence and provides an enterprise focus as well. Gaurav Verma, Director of Information Management Strategies for SAS, aptly sums it up this way: "Because organizations have disparate ecosystems of applications, BI is going to have to stay agnostic to continue providing the value of fact-based decisioning."

In uncertain times, the only certainty is change. Organizations that choose an independent BI solution that reaches broadly across the enterprise will retain the flexibility to respond to changes that the future is certain to bring.