

FEBRUARY 2007



Dear Readers,

It's almost March, and SAS Global Forum (the conference formerly known as SUGI...) is just around the corner. You don't want to miss the expanded industry focus sessions, hands-on workshops and demos. Read on for information on registration.

Also in this issue: the Magic Quadrant for Business Intelligence Platforms, 1Q07, is out (see below); we have vital information for you on factors that may be preventing performance management success; and SAS and NCSU are teaming up to offer the world's first advanced degree in analytics.

Happy reading!

A handwritten signature in black ink that reads 'Anne-Lindsay Beall'.

Anne-Lindsay Beall
Editor, *SAS Business Report*

SAS in Leaders Quadrant for Business Intelligence Platforms Magic Quadrant

CARY, NC (Jan. 30, 2007) – SAS, the leader in business intelligence, has been positioned in the Leaders Quadrant for the “[Magic Quadrant for Business Intelligence Platforms, 1Q07](#)”¹ report. According to Gartner, “Leaders are vendors that are reasonably strong in the breadth and depth of their BI platform capabilities, and can deliver on enterprisewide implementations that support a broad BI strategy. Leaders articulate a business proposition that resonates with buyers, supported by the viability and operational capability to deliver on a global basis.”

“[SAS Business Intelligence](#) is fast, simple and complete, driven by getting the right information to the right people at the right time for better decision making and competitive advantage,” said Jim Davis, senior vice president and chief marketing officer at SAS. “SAS Business Intelligence supplies our customers with a single, comprehensive solution that uses powerful, forward-looking analytics to help them see what's coming and what they need to do next.”

SAS offers the most comprehensive [business intelligence \(BI\) platform](#) in the industry by optimally integrating individual technology components within an existing IT infrastructure into a single, unified system. The result is an information flow that transcends organizational silos, diverse computing platforms and niche tools to deliver new insights that drive value for the organization.

SAS' comprehensive suite of [analytics software](#) helps enterprises reduce uncertainty, predict with precision and optimize performance. SAS' full breadth of analytics offerings include statistics, data & text mining, model management & deployment, forecasting, econometrics, quality improvement and operations research.

SAS is deeply committed to the success of its customers, annually investing at least 24 percent of revenues into research and development. With a proven, 30-year track record of delivering quality solutions, SAS today has customers at more than 40,000 business, government and university sites in 112 countries.

Business intelligence customers today demand solutions with very specific, easy-to-use capabilities that address issues unique to their industries. SAS has responded with a [wide variety of vertical solutions](#), including anti-money laundering, credit risk management and fraud detection software for the financial services industry; price, promotion and markdown optimization software for retailers; and applications that streamline the clinical trials process for customers in the life sciences.

¹ Gartner Research. “Magic Quadrant for Business Intelligence Platforms, 1Q07,” by K. Schlegel, B. Hostmann and A. Bitterer. Jan. 26, 2007.

About the Magic Quadrant

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Laying the Foundation

The truth about performance improvement (second in a five-part series).

Your company's just getting started with a new, far-reaching performance improvement initiative, and everyone's excited about the fancy new dashboard that displays scorecards, traffic lights and warning indicators. But what's behind all those clever gauges and alerts? If you don't know, you could be making decisions based on incomplete data. For the best results, focus on advanced analytics, data integration and information architecture first – and then bring in the dashboard.

According to some estimates, spending on performance management initiatives reached close to \$23 billion in 2006. Despite the large amounts of money spent on dashboards, scorecards, business intelligence and analytic applications, many companies are not reaping the full benefits of their initiatives.

What factors are preventing their success? Results from a recent survey of 1,100 business professionals designed to assess the current state of performance management initiatives suggest a combination of cultural and technological issues are to blame.

The first article in this series, published in the fourth quarter 2006 issue of *sascom*, touched on both sets of issues and introduced the main themes of the research, including alignment and collaboration. This article will focus on the ways in which technology can affect performance management success.

The survey results reveal three important lessons with regard to technology and performance management:

- The foundation of an effective performance management initiative is an appropriate infrastructure.
- The use of analytics dramatically improves the success of performance management initiatives.
- Maturity in the use of information drives the performance management effort.

First things first

There is no perfect formula for performance management success, but you can't make good decisions based on incomplete or inaccurate information. Yet eight in 10 companies surveyed are measuring performance against goals before summarizing and consolidating information. Likewise, two-thirds of respondents are identifying and prioritizing improvement opportunities – many before performing foundational activities like integrating data from ERP systems, and cleaning and rationalizing data.

Is the pressure to show value and report progress compelling these companies to measure performance before addressing more important issues, such as data integration and data quality? To answer that question, consider these findings: More than one in four companies surveyed cite data inaccuracy as a major obstacle to performance improvement. Yet, among those, only 47 percent perform data cleansing and rationalization. Only half are integrating data from across the company. More than a third struggle with access to information. How reliable can the results of measurement activities be when the data inputs to the process are inaccurate and incomplete?

Over time, many organizations have established large infrastructures, and many have adopted multiple systems from various vendors to solve individual departmental issues. These systems cannot talk to one another, and data is held hostage in multiple areas of the company. The inability to integrate across these systems can bring performance management efforts to a screeching halt. Without a full view of company information, efforts to manage performance are meaningless.

To be successful in their efforts, companies must address these infrastructure issues first so the information populating the performance management systems is both accurate and complete.

Invest in analytics

Across industries, research consistently confirms the value of analytics to enhance the use of company information. Survey respondents who have implemented analytics technologies such as data mining and forecasting report achieving greater success with their performance management initiatives than those who have not, specifically in the areas of innovation, competitive advantage and agility. In fact, success in these areas nearly doubles when respondents have employed predictive analytics.

The good news is that more and more companies are taking the critical step to wean themselves from simplistic spreadsheet analysis to tackle the tough issues using advanced analytics. As opposed to other methods that provide historical, rear-view mirror results, analytical approaches inform organizations about the future. For example, businesses can understand what will happen next, how changes in business drivers will affect results, why customers behave a certain way, and so on.

Bottom line: Adopting predictive technologies as a component of performance management can help speed the time to achieving desired results. See the chart on the previous page for proof. In every category, companies that use analytics are getting more from their performance management initiatives than those that are not.

The complete foundation

The study also supports the notion that a company's use of information has a direct impact on its success in achieving results.

Overall, the survey responses indicate that companies more mature in information use understand the importance of data integration and quality, and the value of sharing and collaboration, and they have established an infrastructure to support their goals. In addition, these companies are typically early adopters of technology and have evolved beyond just operating their businesses to innovating new business ideas.

The more mature a company is in its use of information, the more effective it will be in its performance management initiatives. But how can a company accelerate its maturity in this area? Follow the three-phase methodical approach to performance management introduced in the first article of this series.

According to the survey, companies that follow this sequential approach – first building a foundation for reporting, then measuring and managing information, and finally working to improve performance – are more likely to see positive results from their performance management efforts.

Not surprisingly, the foundational tasks associated with the first step all contain a strong technology component:

- Summarized reporting of information.
- Consolidating of financials.
- Integrating data from ERP general ledger systems and similar systems.
- Data cleansing and rationalization.

The message is clear: First, establish your infrastructure and then begin measuring, managing and improving.

If you're ready to tackle steps two and three, watch for the third article in this series, coming in the second quarter 2007 issue of **sascom** magazine. In it, we'll describe a clear measurement process for performance management and lay out the dos and don'ts of performance management success.

Get complete survey results at: <http://www.sas.com/sascom-pmsurveypaper>

Advancing Analytics

SAS and North Carolina State University are teaming up to offer the world's first advanced degree in analytics.

Anticipating a real shortfall in workforce skills and a gap in the educational demands of the 21st-century work force, the Institute for Advanced Analytics at North Carolina State University, in collaboration with SAS, has designed an intensive 10-month professional graduate degree program that focuses exclusively on the tools, methods and applications of analytics. When the Master of Science in Analytics (MSA) degree welcomes its first class of students in July 2007, it will open the door to a new educational path for those who seek to master the art and craft of data analytics.

Prestigious program, invaluable degree

The institute's Director, Dr. Michael Rappa, aims to grow NC State's MSA degree into the largest of its kind and make the institute the destination of choice for students around the world. "We seek to become a magnet for men and women who want to fashion themselves as 'data virtuosos' – individuals who thoroughly understand data, who have mastered state-of-the-art analytical tools and techniques, and who are deeply passionate about yielding accurate insight into the major challenges that face organizations today," Rappa says.

With nearly a decade of experience as a professor at MIT before joining NC State, Rappa is familiar with the design and delivery of a preeminent graduate program. "The best programs are the ones that are grounded in teaching a targeted set of high-demand skills," Rappa says. The MSA degree is intended to be an immersive educational experience. Students will complete in 10 months what usually takes two years in conventional graduate degree programs. "We want to move each student as far along the learning curve as quickly as possible with a mixture of skill-building modules and – whenever possible – practical application of techniques to real problems."

To understand the program's structure and curriculum, review the FAQs below, or visit the NCSU Initiative for Advanced Analytics [online](#).

What makes this degree program unique?

Its emphasis is on real-world, business-focused analytics. Typical MBA degrees include limited instruction in statistics, and even advanced degrees in data mining don't address critical, contextual issues such as data quality and integration, privacy, security and enterprisewide decision making, to name a few.

"Competing on analytics in corporations, government agencies and educational institutions is becoming a must," SAS CEO Jim Goodnight says. "And our customers are making it clear: They need more talent capable of leveraging world-class business intelligence systems. This program will help meet this need with high-quality, domain-specific analytics education."

What makes NC State the best institution for a program like this?

Located in one of the fastest-growing regions in the world for advanced research and development, NC State University is consistently ranked among the top universities in the nation for its inventiveness and applied orientation.

NC State also has a 30-year history with SAS, which has become a leading vendor of analytics and business intelligence. The company was created by Dr. Jim Goodnight and colleagues while he was a professor at the university in 1976. Goodnight has remained involved in the university community and was eager to partner with NC State to launch the analytics degree program.

Rappa says: "For a curriculum like this, you really need to work closely with business to ensure you're on the right track. SAS is a leader in analytics and a large employer of analytics-trained professionals, so it was a good fit for us. It's already becoming obvious to me that we are definitely meeting a need."

I've gotten several calls from employment recruiters who want an exclusive partnership with us to place our graduates with employers, and I'm receiving calls from people around the world who want to know more about the program."

What topics does the curriculum address?

The MSA degree provides students with an understanding of the concepts, methods, tools and applications of advanced analytics.

The objectives of the program are to:

- Provide students with an understanding of basic concepts and methodologies in the analysis of massive data sets.
- Show how these methods are applied to a variety of complex problems facing organizations, using real-world problems.
- Give students a sense of the broader context, such as security, privacy and ethical issues in the use of personal and confidential data.
- Provide direct hands-on experience using industry-standard software tools during a four-week "boot camp" module.

Specific topics addressed in the curriculum include:

- Human-computer interaction and decision making.
- Marketing analytics.
- IT architectures.
- Data visualization.
- Data ethics.

"The degree is designed to enable students with a unique and well-rounded understanding of not only the statistical methods, but of the practices, methodologies and organizational considerations that all play a role in the world of analytics," says Rappa.

Who is eligible, and what is the format of the program?

The degree targets students with a strong foundation in quantitative and analytical skills. This may include:

- Students with technical undergraduate degrees, such as mathematics, statistics, engineering, science, computer science or operations research.
- Students with business or economics undergraduate degrees with a strong quantitative orientation.
- Students who are comfortable using computers and computer applications and, ideally, have some programming experience.

The MSA degree is being designed from the ground up with a fully defined 30-credit curriculum of new and dedicated courses. The degree is an intensive, full-time 10-month program that runs from July through April each year.

How can I apply?

NC State is accepting applications from anywhere in the world for this degree program until May 1. You can [apply online](#). Up to 40 students will be admitted for the first graduating class, with classes starting July 2 and lasting until May 1, 2008. Prospective students also are encouraged to complete an online survey, available at <http://analytics.ncsu.edu/>, to communicate their interests and requests for the program as it develops.

Survey Ranks SAS Highly for Performance Management

In a BPM Partners survey, SAS rated higher in performance management than Hyperion, Cognos and Business Objects.

SAS ranked higher in overall customer satisfaction than any other core vendor in performance management, beating out Hyperion, Cognos, Business Objects, OutlookSoft and Cartesis, according to a BPM Partners' Pulse Survey, which included more than 500 responses across industries and geographies. BPM Partners is the leading independent authority on business [performance management](#).

Specifically, early results show SAS scoring 4.0 on a 5-point scale in overall customer satisfaction, citing strength in SAS' product functionality and product quality. BPM Partners is the leading independent authority on business performance management. Final results of the survey will be published in April.

Highest in customer satisfaction

While other vendors in the survey have just acquired activity-based management, data quality and operational analytics vendors to complement their offerings, SAS has had these capabilities for years.

Among the 17 applications and tools vendors, only SAS, Hyperion, Cognos and Business Objects include all of the core and BPM 2.0 ready capabilities listed in the Annual Business Performance Management Software Buyers Guide. Of the four, SAS distinguished itself by rating the highest in customer satisfaction.

A complete solution

In the analyst firm's newly published Buyers Guide, SAS covers all the components BPM Partners considers essential in a performance management offering. In fact, SAS® for Performance Management links SAS [business solutions](#) with [industry-specific solutions](#), supported by prebuilt data models, processes and techniques in [banking](#), insurance, [communications](#), [retail](#), [manufacturing](#) and others.

SAS business solutions span [finance](#), [customer](#) and [IT](#) intelligence, and include solutions for [marketing performance management](#), [profitability management](#) and [human capital management](#). These solutions share a common business intelligence infrastructure. And the entire performance management process can be monitored and managed through SAS' industry-leading [scorecarding](#) capabilities, which give organizations the ability to:

- **Better align resources with strategies.** [Predictive scorecarding](#) capabilities tie traditional scorecard features such as traffic lights and speedometers to powerful predictive analytics.
- **Synchronize financial and operational strategies.** With one integrated solution for [financial consolidation, planning, budgeting, reporting](#) and dashboards, SAS provides financial transparency, allows companies to link budgets with strategic goals, and improves the speed and quality of their reporting and decision making.
- **Respond quickly to business and market changes.** At-a-glance [dashboard](#) visuals ensure efficient access to an organization's current status, and strategy maps set up cause-and-effect relationships based on the company's unique environment.
- **Ensure a single view of enterprise information.** SAS for performance management offerings are all built on the [SAS BI platform](#), which offers unmatched data integration, storage, business intelligence and analytics, so decision makers can be confident that their choices are made using accurate information, thus better delivering expected results.
- **Identify the true value of customers, products and channels.** [Profitability management](#) creates highly accurate profitability metrics from detailed transactional data that drive strategic decision making and instill confidence in performance management programs.

- **Reduce costs without compromising profitability.** SAS provides [activity-based management](#) to deliver a complete operational view of cost and cost drivers.

According to Kathleen Wilhide, Research Director of BPM and Compliance at IDC in Framingham, MA, “Among the best-of-breed vendors, Hyperion Solutions, Cognos Inc. and SAS Institute Inc. are ranked the top three in terms of revenue size.” SAS distinguished itself by rating the highest of these in customer satisfaction.

SAS Achieves Record \$1.9 Billion Revenue

SAS scored its 30th straight year of revenue growth with new license revenue up 20 percent, outpacing industry predictions.

Strong demand for industry-specific and packaged solutions fueled the 30th straight year of revenue growth for SAS. Total revenue in 2006 was US\$1.9 billion, up 12 percent over US\$1.7 billion in 2005. New software license revenue increased 20 percent, nearly twice the growth rate expected in the market this year.

"This year's strong financial results validate the new course we set for the company several years ago when we began investing heavily in business and industry-focused applications built on an enterprise intelligence platform," says SAS CEO Jim Goodnight. "We had a good year. Industry and packaged business solutions were up 49 percent over 2005. One of our core strengths, powerful predictive analytics, continued to represent a significant stream of revenue at 19 percent growth. Sales of business intelligence and data integration/warehousing were each up by nearly 50 percent, demonstrating the importance of an integrated intelligence portfolio."

SAS dominates packaged analytics applications

In its most recent business intelligence report¹, analyst firm IDC wrote that "in the short term, IDC does not see any serious challenge to SAS' dominance of the advanced analytics market and expects the company to continue to experience above-market growth rates for query, reporting, and analysis. However, at the same time there is likely going to be a long-term, continuous shift toward more packaged analytic applications."

Dan Vesset, Research Director, Business Analytics, IDC, said: "Given SAS' latest financial performance announcement, it is clear that the shift toward packaged analytic applications has benefited the company faster than we expected. Over the recent years, SAS has transformed itself from a company known primarily for its advanced analytics tools to a provider of a broad portfolio of packaged analytic applications that incorporate the company's advanced analytics, query and reporting and data management expertise as well as industry and process-specific content."

Industry, cross-industry solution sales increase

SAS saw strong increases in key vertical markets. The retail-based sector grew 18 percent as retailers continue to recognize the competitive advantage they gain from applications such as forecasting and optimization. Revenue from financial services jumped 17 percent, demonstrating strong growth in risk management and SAS' dominance as a provider of Basel II compliance software.

Life sciences revenue grew 12 percent – a result of organizations increasing investment in advanced analytics to improve business operations. In the public sector, where fraud detection solutions drove increases, revenue rose 10 percent. Cross-industry business solutions saw total gains of 45 percent because of high demand for marketing automation, performance management, and risk and IT management software.

Global sales

As in 2005, SAS' 2006 results remained globally balanced. The Americas accounted for 45 percent of total revenue; Europe, Middle East and Africa (EMEA) 45 percent; and Asia Pacific 10 percent. Revenue from the Americas increased 14 percent. Revenue in EMEA and Asia Pacific each rose 13 percent.

More than 1,300 customers were new to SAS in 2006. Among them are AllianceBank, Ambank, Citi Info, Dick's Sporting Goods Inc., Google Inc., Hanaro Telecom, HSBC Bank Canada, Macys.com, National Stock Exchange of India, Netflix, Nippon Paper, Norwegian Cruise Line Ltd., Texas Instruments France and UTI Bank.

SAS® Enterprise Intelligence Platform: Comprehensive

With the [SAS Enterprise Intelligence Platform](#), SAS takes its customers beyond traditional BI, which provides limited insight and hindsight in the form of historical reports. SAS predictive analytics provide clearer foresight.

Analyst firm Gartner recently positioned SAS in the Leaders quadrant in its "[Magic Quadrant for Business Intelligence Platforms, 1Q07](#)"² report. "SAS customers are using the industry's most comprehensive business intelligence platform," said SAS Senior Vice President Jim Davis. "They're investing in the best. No other vendor comes near SAS for advanced analysis, business intelligence, and data integration."

Via the [SAS Enterprise BI Server](#), SAS offers users at any level immediate access to cleansed, reliable data through targeted user interfaces that match the skill level of the individual user. Adoption of the SAS BI Server, which addresses the needs of [IT management](#) as well as [business users](#), jumped 80 percent in 2006.

Outlook For 2007

"Based on the success of our packaged analytic applications and comprehensive enterprise intelligence platform, we expect to be a \$2 billion company in 2007," Goodnight says. "Additionally, we have set the stage for increased sales by implementing our first-ever partner channel."

Launched in 2006, a burgeoning reseller network will increase SAS' routes to the market. "Combining market-leading technology and industry solutions with our strategic partners' domain knowledge will continue to be top priority this year," Goodnight said. "Global system integrators and members of the SAS Alliance will accelerate our growth."

Stephen Graham, IDC Group Vice President for Global Software Business Strategies, said: "Coming off another year of revenue growth, SAS has taken some important steps to align its resources with partners to extend market reach. Developing a presence within the reseller channel is an important step for SAS to achieve continued revenue growth and increase their market share in 2007."

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1 Worldwide Business Intelligence Tools 2005 Vendor Shares, IDC #202603, July 2006.

2 Gartner Research, "Magic Quadrant for Business Intelligence Platforms, 1Q07," by K. Schlegel, B. Hostmann and A. Bitterer, Jan. 26, 2007.

EVENTS:

[Gartner Business Intelligence Summit 2007](#)

March 12-13, Chicago, IL

SAS Business Intelligence gives you better answers faster. Stop by booth #20 and we'll show you how!

[SAS Global Forum 2007](#)

Register for the 32nd annual SAS Users Group conference before March 12 and save up to \$200!

[F2007 Business Forecasting Conference](#)

June 4-5, Cary, NC

Learn the latest theories, trends, and best practices in business forecasting from the world's top forecasting experts.

[JMP[®] User Conference](#)

June 12 – 13, Cary, NC

Be among the first to reserve your spot at the JMP User Conference, and save \$200 with the early bird discount. Register now!