

SAS Press Lunch 17 February 2006

Beyond Business Intelligence

1. Results in 2005

SAS worldwide

On the eve of its 30th anniversary, SAS announced that its intelligence strategy, evidenced by increased demand for the SAS[®] Enterprise Intelligence Platform and industry-specific solutions, led to record sales in 2005. **Total revenue grew 10%**, from \$1.53 billion to \$1.68 billion, marking 29 consecutive years of revenue growth and profitability.

Revenue breakdown

From an industry perspective, solutions for banking continued to lead, growing 10% and generating 28% of industry-specific revenue. Retail was up 20%, education 16%, insurance 12% and government 11%.

As for horizontal cross-industry business solutions, global sales jumped 24% over 2004 due to gains in the areas of business performance management, HR, IT, marketing automation and risk.

SAS' revenue showed global balance: 46% came from Americas, 44% from Europe/Middle East/Africa (EMEA) and 10% from Asia Pacific.

You will find more details in the enclosed press release "SAS hits record revenues of \$1.68 billion³".

SAS' market position in Business Intelligence

Several 2005 reports by influential industry analysts recognized SAS' leadership. Specifically, Gartner Inc. positioned SAS in its Leaders Quadrant in "Magic Quadrant for Business Intelligence Platforms, 1Q06." Leaders, as defined by Gartner, demonstrate breadth and depth of BI platform capabilities and deliver on enterprisewide implementations that support broad BI strategies.¹ SAS was also in the Leaders Quadrant in Gartner's "Magic Quadrant for Basel II Risk Management Application Software."²

SAS was ranked the BI leader in *CIO Insight's* 2005 Vendor Value Survey, in which 884 IT executives identified top vendors for delivering value and reliability. (Read more about awards and rankings on www.sas.com/awards)

SAS Belgium & Luxembourg

Total revenue in 2005 reached more than 26,4 million Euro, an increase of 6% compared to last year.

Breakdown by solution

- The most important contributor remains the **SAS Enterprise Intelligence Platform**, with mainly Business Intelligence, Analytical Intelligence and Data Integration solutions.
- The second solution is **Risk Intelligence**, with the general risk solutions (credit risk, market and operational risk), solutions to comply with Basel II regulations, and Anti-Money Laundering.
- These two are followed by solutions for **IT Intelligence** (Service Level Management, Resource Management), and **Performance Management**.

Breakdown by industry

The **financial sector** remains the leading source of revenue by industry (46% of industry-specific revenue for SAS Belux).

The main customers in this sector in 2005 were Record Bank, ING Luxembourg, Dexia, KBC, Winterthur, Secura, Fortis Bank, Landbouwkrediet-Crédit Agricole, Krefima...

The **public sector** follows closely with 27%. The most important customers here were NMBS-SNCB, RSZ, Cliniques Universitaires Saint-Luc, The Post...

Retail did well in 2005 with new customers like Database Management and Colruyt, followed by Pharma, Utilities and manufacturing.

Growth thanks to ...

SAS again grew revenue and was profitable -- which the company has done every year since its founding in 1976. Revenue grew 10 percent, to \$1.68 billion, from \$1.53 billion.

This growth is thanks to strong customer demand for our software built on a **Business Intelligence platform** of powerful data integration, advanced predictive analytics and insightful reporting available to users throughout the organization.

The SAS9 Enterprise Intelligence Platform, which SAS delivered in 2004, continued to grow profits and improve customer satisfaction in 2005.

2. “Business Intelligence for the masses” & The Enterprise Intelligence Platform versus silo’s

Not only is the world becoming more interdependent, we’re seeing a similar trend within organizations, as decision-support is being pushed out to all departments and staff levels.

“Business Intelligence is much more than query and reporting” is what SAS has been defending and proving in 2005. “BI for the masses” requires a strong platform to support intelligence-based solutions.

As the number of customers demanding access to information has grown, it is not uncommon to see many different tools deployed across the enterprise on a wide range of heterogeneous platforms. Typically, a number of data stores exist, some holding substantial amounts of detailed historical data while others contain summary data that has been integrated and optimised for specific multi-dimensional analyses and simply to support one tool used somewhere in the organization.

The problem with this approach is that, over time companies have created ‘silos’ and have accumulated a **complex set of heterogeneous tools and infrastructure technologies that are not very well integrated**. In some cases there is also a duplication of technologies (e.g. ETL tools) used by IT developers in different divisions of the same company resulting in development and maintenance skills being thinly spread across all these different products. Hence the **total cost of ownership (TCO) for managing this kind of complex environment is often much higher than it should be**.

Perhaps a bigger problem is that while this ‘piecemeal’ approach has resulted in rapid deployment with good return on investment in single business areas, the **lack of co-ordination across projects has resulted in unintentional data inconsistencies** in an environment that was set up to resolve this very problem. For example, inconsistent data naming and data definitions exist for the same data used in multiple tools.

Also metadata is fractured and not integrated such that there is **little exploitation of common metadata across a set of different tools**. If the same data is required in different data stores, that data may have been unintentionally extracted, transformed and integrated differently for different target systems. While these problems were never intended, they nevertheless represent reality in many organisations and contribute towards **poorer quality information and user uncertainty** when using available information and tools to make decisions.

Meanwhile business pressure to leverage *trusted* consistent and commonly understood information has been mounting.

In summary, the silo approach reveals the following difficulties:

- **Inconsistency:**
 - Amongst diverse technologies that require different data and metadata
 - Within one vendors offering that require different data and metadata

→ Which report holds the truth?

- **Complexity**
 - Several tools to manage several disparate environments
 - Several data extractions to prepare data for several different front-end technologies even from one vendor
 - Interim data extractions required to get to a form the tool supports

→ Main cost = integration + support

- **Time**

- Delivery of new versions and releases
- Access to new data sources
- Reports and KPIs taking forever or not being delivered!
- BI not matching expectations of the business
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→ Time to intelligence!

- **Reliability and Flexibility**

- New data sources not easily added to the reporting mix
- No room to grow without complex and timely integration work and increasing the vendor portfolio
- Where is the value?

→ Increasing pressure on IT

3. The SAS Enterprise Intelligence Platform

The SAS Enterprise Intelligence Platform spans the entire process of transforming organizational data assets into usable, actionable results.

This platform, optimally integrates individual technology components within an existing infrastructure into a single, unified system. The result is an information flow that transcends organizational silos, diverse computing platforms and niche tools — and delivers access to the insights that drive value for an organization.

Components of the SAS Enterprise Intelligence Platform

- **SAS Data Integration** provides prebuilt, high-performance capabilities for data connectivity, data quality, ETL (extract, transform and load), data migration, data synchronization and data federation.
- **SAS Scalable Intelligence Server** is a dedicated solution that efficiently stores and disseminates information for business intelligence and analytic requirements, offering relational and OLAP storage options from the same foundational inputs.
- **SAS Analytic Intelligence** is an integrated environment for predictive and descriptive modeling, forecasting, optimization, simulation, experimental design and more. SAS Analytic Intelligence leverages existing data and infrastructure to support effective decision making and integration into business intelligence environments.
- **SAS Business Intelligence** delivers a set of BI capabilities that enable different types of users to surface meaningful intelligence from consistent, companywide data.

Benefits of the SAS Enterprise Intelligence Platform

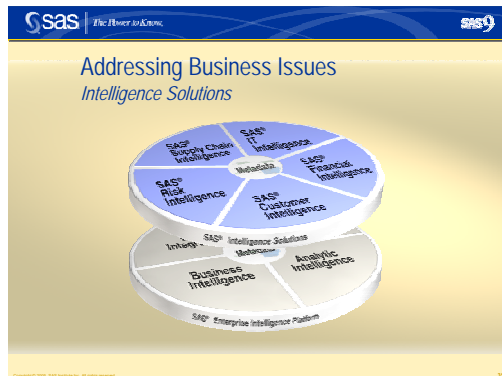
- **Usability**
 - “Fit to Task” interfaces
 - Designed with self-service in mind
 - Integrated analytics
 - Business view
 - Reach the Enterprise
- **Manageability**
 - One “virtual” central point of administration
- **Interoperability**
 - Support web services
 - **End-to-end metadata integration**
 - Industry standards
- **Scalability**
 - Massive performance gains
 - Threaded servers
 - Parallelized access engines
 - Storage alternative

→ Single point of integration for the full spectrum of information access, analysis, and reporting

→ Reduced IT support costs and centralized point of administration – lower cost of ownership

4. Business Solutions Leveraging the Enterprise Intelligence Platform

SAS Intelligence Solutions help companies solve business problems without getting into the details of data integration, data warehousing, and analysis.



For Customer Intelligence:

- Create customer intelligence from the mountains of disconnected customer data the company collects on a daily basis.
- Apply that intelligence to create the ideal marketing mix or channel distribution and execute more targeted, effective inbound and outbound campaigns.
- Measure the value of those campaigns and feed that information back into the planning process.

For IT intelligence:

- Integrated and intuitive products for IT management across the enterprise.
- Sophisticated analytical reporting and data visualization.
- Reliable information on IT usage and costs.

For Financial Intelligence:

- Planning and financial reporting. Automate and decentralize the planning process while building proactive budgets based on integrated, accurate and predictive information. Perform consolidations on demand and build all the reports needed using a Web-based application that supports new reporting standards.
- Cost and profitability analysis (Activity-Based Management). Understand the costs and profitability of products, suppliers, channels, partners and customers. Use this information to create more accurate forecasts, budgets and simulations.
- Regulatory compliance. With documentation of disclosure controls and procedures, along with powerful consolidation technology, SAS helps companies to achieve financial transparency and close their books faster to meet new reporting deadlines.
- Forecasting. Predict budget requirements, understand markets and analyze investment options. SAS gives companies the ability to simulate business processes for strategic planning using powerful "what-if" analysis.

For Performance Management:

- Formulation, execution and measurement of strategy. Create metrics for monitoring and controlling the performance of all business processes. These performance indicators provide better visibility into corporate strategy and initiatives.

For Supply Chain Intelligence:

- Generate insights customers can act on.
- Anticipate customer demand.
- Derive financial insights across the extended supply chain.
- Improve product quality, yield and time to market.
- Optimize supply strategies.
- Leverage existing IT investments.

For Risk Intelligence:

- Data Management – access and consolidate position and market data from around the world
- Risk Analysis – analyze and explore data in order to compute risk measures
- Risk Reporting – effectively communicate risk measures
- Measure credit, market or operational risk, depending on customer-specific needs, to enhance and refine corporate strategy.

5. SAS Industry Solutions

Like the SAS Intelligence Solutions, SAS Industry Solutions focus on solving business problems, and that involves not only software, but domain expertise and data structures (models) tuned to the specific business and information technology processes that a particular industry uses.



SAS Industry solutions exist for banking, insurance, telco, retail, government, manufacturing and more.

6. Key topics in 2006 per industry

Public sector

- Accountability of public sector managers
- Citizen centricity
- Transparent administration
- Budget constraints, new accounting & reporting standards, European norms
- rising social security and healthcare expenses

Following these issues we expect a continued interest in solutions for

- Business intelligence, analytics
- Performance management
- Financial management, activity-based management

Financial Services sector

- Business transparency, efficiency of business processes,
- cost optimization
- renewing payment and transaction processes
- Security
- Outsourcing
- IT services orientation
- Marketing optimization and customer management
- Performance management
- Risk management, corporate governance

These topics are reflected in the interest we still see for our solutions for:

- Risk Management, anti-money laundering, Basel II
- Performance Management
- IT Management
- Customer Intelligence
- Financial Management and Activity-Based Management

Manufacturing & Retail

In the manufacturing and retail sector we see that the main interest points are

- Business intelligence, analytics and data integration
- Demand Planning & Forecasting
- IT Management
- Activity-Based Management (in manufacturing)
- Performance Management and Customer Intelligence (in Retail)

SAS Events calendar

- 07 March** **Anti-Money Laundering event with Business & Decision**
With Landbouwkrediet – Crédit Agricole
For more information: gracy.poelman@sbx.sas.com or tel. 02/766 07 52
- 10 March** **Combating fraud in the public sector.**
With Landsbond der Christelijke Mutualiteiten-Alliance Nationale des Mutualités Chrésiennes & the European Commission, European Anti-Fraud Office (OLAF) and Peter Dorrington.
- Peter Dorrington** is Head of Fraud Solutions at SAS UK and has more than 25 years experience in IT and computing systems. His current role enables him to work with a wide variety of clients and partners, with a particular focus on the technologies for detecting and preventing fraud and money laundering.
- For more information: www.sas.com/belux/events.
For interview requests: gracy.poelman@sbx.sas.com or 02/766 07 52
- 28 March** **Customer Intelligence event**
With ABSA Bank and Database Management.
More information will be available soon.
- 29 March** **Activity-Based Management**
With Gary Cokins, Marketing Strategist SAS. (Tervuren). More information will follow soon.
- 30 March** **Corporate Performance Management - Luxembourg**
With Gary Cokins, Marketing Strategist SAS (Luxembourg). More information will follow soon.
- Gary Cokins** is a strategist for SAS, a market leader in data management, business intelligence and analytical software. He is an internationally recognized expert, speaker and author on advanced cost management and performance improvement systems.
- For interview requests:** gracy.poelman@sbx.sas.com or 02/766 07 52
- 16 – 17 May** **SAS Forum International in Geneva**
www.sas.com/sasforuminternational
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| 16 June | Arrival
17.00 Welcome or briefing
18.00 Opening Keynote
SAS Belux Night |
| 17 June | 10:30 – 17:00 Interviews + |
- 9 Parallel streams with over 100 companies presenting, from multi-channel expansion & customer intelligence, performance management and corporate governance, regulation & compliance and financial intelligence, enterprise intelligence, ROI and strategic use of information, risk & fraud in financial services, business analytics, data management, data quality, intelligent storage and SAS on SAP.
- To register: gracy.poelman@sbx.sas.com or tel. 02/766 07 52.
- 12 October** **SAS Forum Belgium & Luxembourg, Aula Magna, Louvain-la-Neuve**