

EXCERPT

Worldwide Business Analytics Software 2008-2012 Forecast and 2007 Vendor Shares

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IN THIS EXCERPT

The content in this paper is excerpted from the IDC Market Analysis, *Worldwide Business Analytics Software 2008 Forecast and 2007 Vendor Shares*, by Dan Vesset, Program Vice President, Analytics and Brian McDonough, Research Manager, Analytics and Data Warehousing Software. All or part of the following sections are included: In this Study, Situation Overview, Future Outlook, Essential Guidance, Learn More as well as Figures 1, 2, 3, 4 and Tables 1, 2, 3, 4.

IN THIS STUDY

This study examines the business analytics software market for the period from 2005 to 2012, with vendor revenue trends and market growth forecasts. Worldwide market sizing is provided for 2007, with trends from 2005. A five-year growth forecast for this market is shown for 2008–2012. Revenue and market share of the leading vendors is provided for 2007.

This document updates the forecast published in *Worldwide Business Analytics Software 2007–2011 Forecast Update and 2006 Vendor Shares: Business Intelligence, Data Warehousing, and Analytics Applications Forecasts Point to Continued Strength* (IDC #208699, September 2007).

Methodology

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

In addition, please note the following:

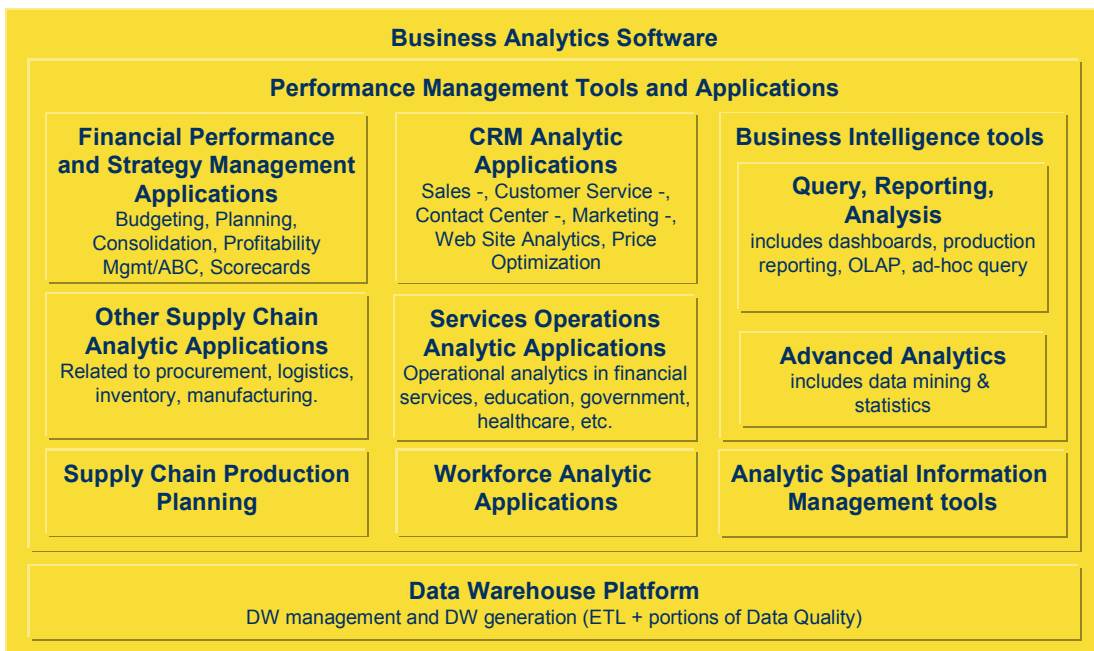
- The information contained in this study was derived from IDC's Software Market Forecaster database as of September 25, 2008.
- All numbers in this document may not be exact due to rounding.
- For more information on IDC's software definitions and methodology, see *IDC's Software Taxonomy, 2008* (IDC #210828, February 2008).

Business Analytics Market Definition

As shown in Figure 1, the business analytics software market is divided into two categories: PM tools and applications and DW platforms. There are 11 market segments: DW generation, DW management, query/reporting/analysis, advanced analytics, spatial information management analytics, financial performance and strategy management applications, CRM analytics, workforce analytics, supply chain production planning, services operations analytics, and other supply chain analytics.

FIGURE 1

IDC's Business Analytics Software Taxonomy, 2008



Source: IDC, 2008

SITUATION OVERVIEW

The Business Analytics Software Market in 2007

In 2007, the worldwide business analytics software market grew at a rate of 12.7% to reach \$22.1 billion. This was 1.5% above the forecast growth rate. The PM tools and applications category reached \$15.4 billion, and the DW platform category reached \$6.7 billion.

Performance of Leading Vendors in 2007

Market shares of leading vendors in the overall business analytics software market are shown in Table 1. This data excludes all mergers and acquisitions (M&A) completed in calendar year 2008, and includes, among others, SAP's acquisition of Business Objects, IBM's acquisition of Cognos, and TIBCO's acquisition of Insightful.

TABLE 1

Worldwide Business Analytics Software Revenue by Leading Vendor, 2005–2007 (\$M)

Vendor	Revenue (\$M)			Share (%)			Growth (%)	
	2005	2006	2007	2005	2006	2007	2005 - 2006	2006 - 2007
Oracle	3025	3429	3894	17.3	17.5	17.6	13.3	13.6
SAS	1400	1594	1815	8.0	8.1	8.2	13.9	13.9
SAP	1256	1438	1715	7.2	7.3	7.8	14.5	19.3
Microsoft	1042	1299	1508	5.9	6.6	6.8	24.6	16.1
IBM	1167	1301	1470	6.7	6.6	6.7	11.5	13.0
Business Objects	1032	1124	1233	5.9	5.7	5.6	8.9	9.8
Cognos	739	817	919	4.2	4.2	4.2	10.6	12.4
Teradata	567	586	662	3.2	3.0	3.0	3.3	12.9
Fair Isaac	397	416	405	2.3	2.1	1.8	4.7	-2.6
Infor	247	266	290	1.4	1.4	1.3	7.5	9.1
Subtotal	10872	12269	13911	62.0	62.6	62.9	12.9	13.4
Other	6656	7334	8190	38.0	37.4	37.1	10.2	11.7
Total	17528	19603	22101	100.0	100.0	100.0	11.8	12.7

Notes:

This table does not take into account any mergers and acquisitions that closed after December 31, 2007.

This table shows the top 10 vendors based on 2007 business analytics software revenue.

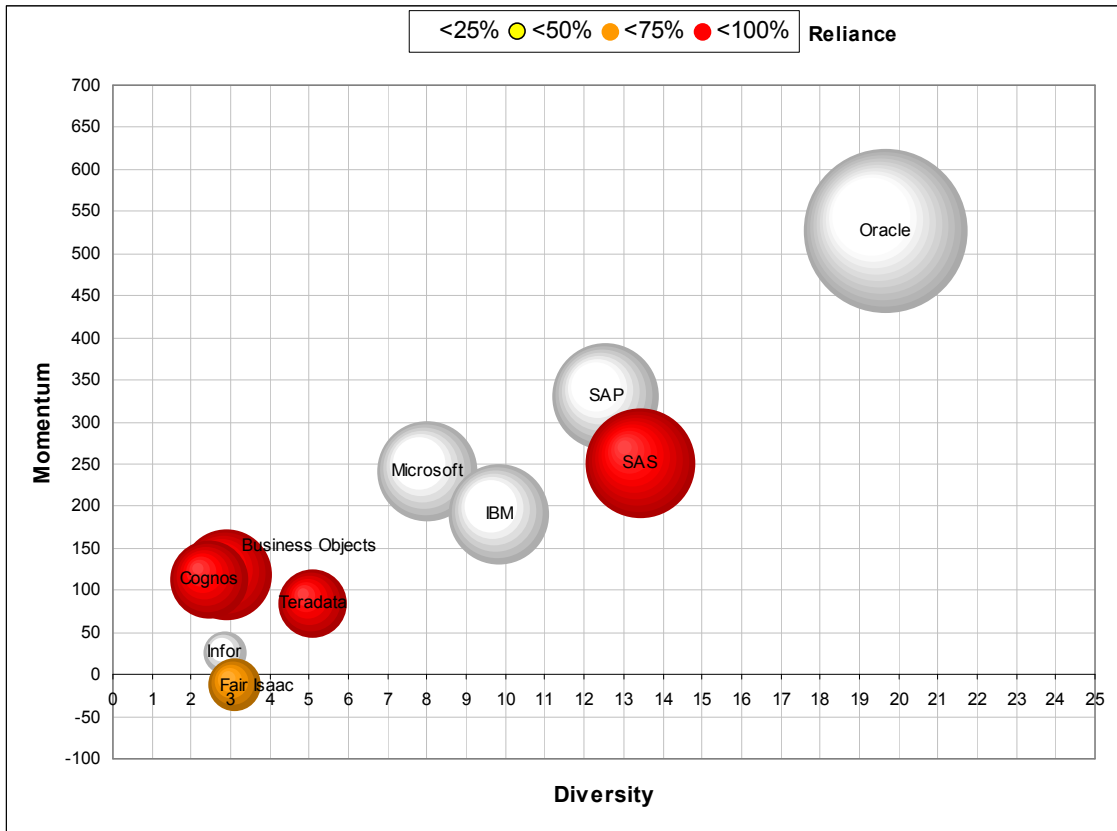
Source: IDC, October 2008

Business Analytics Competitive Market Map

To evaluate the competitive market dynamics among the leading vendors in an increasingly complex market, IDC presents the 2007 business analytics Competitive Market Map (CMM) in Figure 2.

FIGURE 2

Business Analytics Software Competitive Market Map, 2007



Notes:

Size is the measure of a vendor's software revenue in the selected market.

Momentum is the size-adjusted annual software growth rate for the selected market.

Reliance is a vendor's dependence on selected software revenue.

Diversity is the measure of the breadth and depth of product offerings within the selected software market.

Source: IDC, 2008

Definition and Methodology of the Competitive Market Map

The goal of the CMM is to present a quantitative software vendor comparison tool based on IDC's rigorous software taxonomy and the depth and breadth of software market data collected and analyzed by IDC. The CMM depicts the competitive positioning of the leading software vendors based on the four dimensions discussed in the following sections.

Size

Company size is shown by the size of the bubble, which is based on current year's software revenue in U.S. dollars. Total software revenue is a combination of license and maintenance revenue and excludes any other company revenue such as services or hardware.

Momentum

Momentum, shown on the vertical axis, represents the growth rate of each vendor weighted by vendor's size. Momentum is a function of a vendor's annual software revenue growth rate and the company's size (i.e., revenue) in the software market. It is calculated as a one-year growth rate of software revenue multiplied by the company size.

Growth is an important measure of software vendors that is available from the vendor share tables in IDC's competitive analysis studies, Software Market Forecaster databases, and trackers. However, momentum offers an alternative metric that considers both growth and company size in the same context.

Reliance

Reliance refers to the extent that a vendor's total software revenue is dependent on the selected software market segment's revenue. Shown through color coding, reliance represents each vendor's focus on the selected software segments being evaluated. On the other hand, it indicates dependence on the selected software market segments.

Diversity

Diversity, shown on the horizontal axis, represents the breadth and depth of product offerings of each vendor across the selected software market segments. Diversity is weighted by the total size of each individual market segment among all segments along the selected dimension. Diversity is calculated as follows:

$$\text{Diversity}_k = \sum_{\text{market segments } j} W_j * (1 - (1/10^{\text{share}(k,j)})), \text{ for all vendors, } k$$

Where:

- ☒ Diversity(k,j) is the share of vendor k in market segment j
- ☒ W_j is the share of market segment j among all segments along the selected dimension

Comments on Leading Vendors

- ☒ SAS maintains its focus on business analytics software, and through portfolio expansion, has been able to maintain its number 2 position in the market and strong momentum.

Performance Management Tools and Applications Competitive Market Map

The main categories of the business analytics software market include performance management tools and applications and data warehouse platform software. The latter segment is discussed in greater detail in *Worldwide Data Warehouse Platform Software 2007 Vendor Shares* (IDC #213671, August 2008).

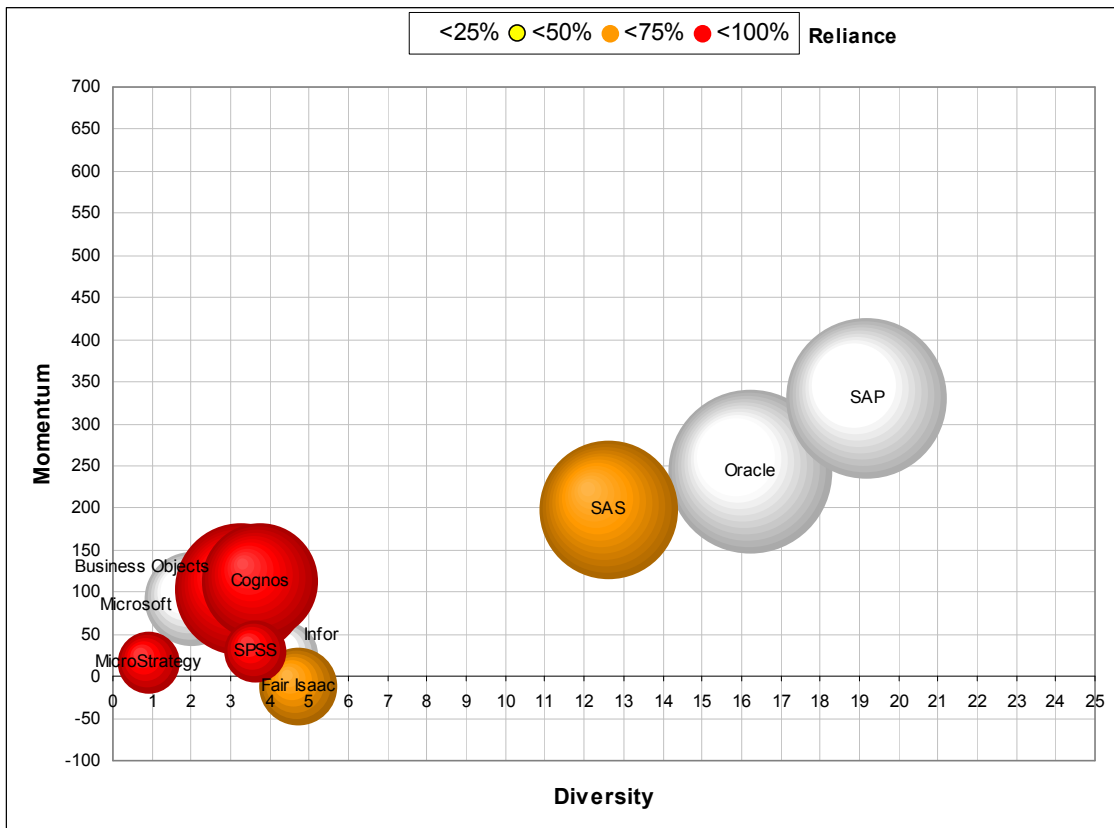
Figure 3 shows the Competitive Market Map for the PM tools and applications market, excluding DW platform software.

The competitive picture changes when DW platform software vendors are excluded and only the PM tools and applications vendors are shown. The strong correlation between size and both diversity and momentum is less clear in this view.

Within the PM tools and applications market, Oracle is still the largest vendor, followed by SAP, SAS, Business Objects, Cognos, and Microsoft (see Table 2). SAP still has the highest diversity measure but Oracle has expanded its reach with the acquisition of Hyperion. It is well distributed across the 11 segments of the PM tools and applications category. Microsoft's diversity decreases substantially when only PM tools and applications are considered. DW vendor shares are shown in Table 3.

FIGURE 3

Performance Management Tools and Applications Competitive Market Map, 2007



Notes:

- Size is the measure of a vendor's software revenue in the selected market.
- Momentum is the size-adjusted annual software growth rate for the selected market.
- Reliance is a vendor's dependence on selected software revenue.
- Diversity is the measure of the breadth and depth of product offerings within the selected software market.

Source: IDC, 2008

TABLE 2

Worldwide Performance Management Tools & Applications Revenue by Leading Vendor, 2005–2007 (\$M)

Vendor	Revenue (\$M)			Share (%)			Growth (%)	
	2005	2006	2007	2005	2006	2007	2005 - 2006	2006 - 2007
Oracle	1372	1544	1757	11.2	11.3	11.4	12.5	13.8
SAP	1256	1438	1715	10.2	10.5	11.2	14.5	19.3
SAS	942	1095	1266	7.7	8.0	8.2	16.2	15.6
Business Objects	981	1066	1162	8.0	7.8	7.6	8.7	9.0
Cognos	739	817	919	6.0	6.0	6.0	10.6	12.4
Microsoft	412	523	603	3.3	3.8	3.9	27.0	15.3
Fair Isaac	397	416	405	3.2	3.0	2.6	4.7	-2.6
Infor	247	266	290	2.0	1.9	1.9	7.5	9.1
MicroStrategy	216	250	266	1.8	1.8	1.7	15.6	6.6
SPSS	210	234	262	1.7	1.7	1.7	11.6	12.0
Subtotal	6772	7648	8645	55.0	55.8	56.3	12.9	13.0
Other	5531	6068	6711	45.0	44.2	43.7	9.7	10.6
Total	12303	13716	15357	100.0	100.0	100.0	11.5	12.0

This table does not take into account any mergers and acquisitions that closed after December 31, 2007.

This table shows the top 10 vendors based on 2007 business analytics software revenue.

Source: IDC, October 2008

TABLE 3

Worldwide Data Warehouse Platform Software Revenue by Leading Vendor, 2005–2007 (\$M)

Vendor	Revenue (\$M)			Share (%)			Growth (%)	
	2005	2006	2007	2005	2006	2007	2005 - 2006	2006 - 2007
Oracle	1653	1885	2137	31.6	32.0	31.7	14.0	13.3
IBM	1121	1254	1424	21.4	21.3	21.1	11.9	13.5
Microsoft	630	776	905	12.1	13.2	13.4	23.1	16.6
Teradata	524	538	610	10.0	9.1	9.0	2.8	13.3
SAS	457	499	549	8.8	8.5	8.1	9.0	10.1
Informatica	223	248	283	4.3	4.2	4.2	11.3	14.1
Sybase	88	94	138	1.7	1.6	2.0	7.2	45.9
Business Objects	51	58	71	1.0	1.0	1.1	13.2	23.5
Netezza Corporation	22	31	49	0.4	0.5	0.7	41.9	58.3
Pitney Bowes	28	31	34	0.5	0.5	0.5	9.1	9.9
Distribution Solutions								
Subtotal	4797	5414	6199	91.8	92.0	91.9	12.9	14.5
Other	428	473	546	8.2	8.0	8.1	10.5	15.4
Total	5225	5887	6744	100.0	100.0	100.0	12.7	14.6

This table does not take into account any mergers and acquisitions that closed after December 31, 2007.

This table shows the top 10 vendors based on 2007 business analytics software revenue.

Source: IDC, October 2008

Business Objects' diversity is somewhat impacted by removing DW generation revenue — a segment in which the company has made key investments. Cognos and

Hyperion are not impacted by the removal of DW platform revenue, as both companies derive all their revenue from PM tools and applications.

For this analysis, IDC evaluated 150 other business analytics vendors that are not shown in Figures 2 and 3.

FUTURE OUTLOOK

Forecast and Assumptions

The business analytics market continues to be driven by the need for improved performance management and compliance. The fundamental goal of the technology is to empower all stakeholders with the right information, at the right time, using the right technology to enable better decision making across all business functions, including revenue or profit improvement, cost containment, innovation, and risk mitigation. In this context, organizations deploy business analytics technology to find or discover information, describe historical or predict future trends, conduct scenario planning, and disseminate information to relevant stakeholders.

IDC continues to evaluate the market in 15-year market cycles, as shown in Figure 4, with the first cycle occurring from 1975 to 1989, and the second occurring from 1990 to 2004. Most markets experience a typical S-curve pattern, with different levels of growth along the S-curve. We expect such a pattern to continue in the current (or third) 15-year market cycle.

This analysis suggests that we are at the beginning of a new wave of business analytics deployments that will materialize over the next decade and will be focused on addressing two primary demands:

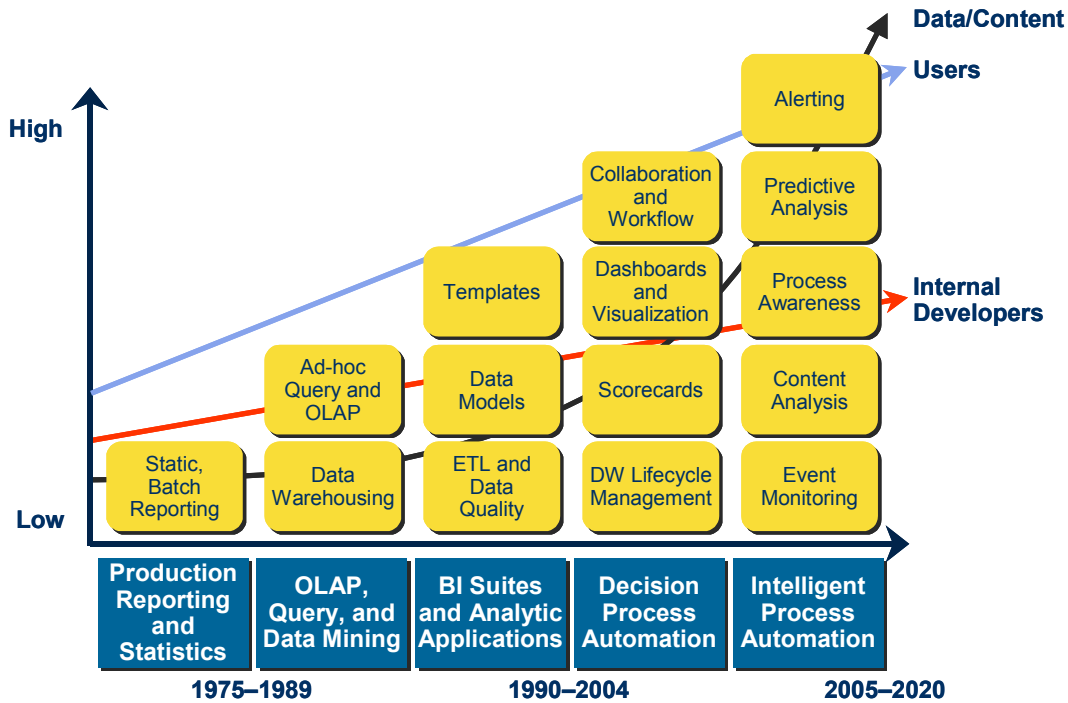
- ☒ **More data.** The black arrow in Figure 4 represents the rapid growth of information available for decision support projects. As the awareness of the potential of business analytics solutions to influence performance increases, the need to combine structured transactional data with various other forms of unstructured, semistructured, and rich media content becomes more acute.
- ☒ **More users.** The blue arrow in Figure 4 represents the continued growth in the number of decision makers with access to some type of decision support technology. Traditionally, the business intelligence tools market has addressed the needs of business and quantitative analysts, with less attention paid to managers and supervisors, line-of-business (LOB) staff, and stakeholders external to an organization. To achieve pervasive business intelligence, end-user organizations and technology vendors will have to rethink their approaches to technology deployment by taking into account expectations that users have for information access and interactivity on the Web and by embedding business analytics functionality into operational applications.

At the same time, the number of internal IT developers and analytics experts (represented by the red arrow) doesn't seem to be keeping pace with the increased demand from end users. The widening gap between supply and demand shown in

Figure 4 will need to be filled with automation, external services firms, hosted/software-as-a-service (SaaS) solutions, or outsourced business analytics solutions.

FIGURE 4

Business Analytics Market Trends



Source: IDC, 2008

TABLE 4

Worldwide Business Analytics Software Revenue by Segment, 2005-2012 (\$M)

Market	2005	2006	2007	2008	2009	2010	2011	2012	2007-2012 CAGR (%)
Performance Management Tools & Applications									
Advanced Analytics Software	1,093	1,218	1,378	1,515	1,632	1,793	1,982	2,196	9.8%
End-User	4,539	5,072	5,675	6,206	6,678	7,364	8,151	9,025	9.7%
Query/Reporting/Anal.									
Spatial Info Mgmt Analytics	549	617	705	787	854	946	1,050	1,167	10.6%
CRM Analytics	1,206	1,391	1,617	1,813	1,990	2,234	2,507	2,815	11.7%
Financial Performance and Strategy Management Applications	1,580	1,775	1,969	2,166	2,344	2,617	2,902	3,215	10.3%
Other Supply Chain Analytics	1,244	1,351	1,497	1,598	1,692	1,815	1,947	2,090	6.9%

TABLE 4**Worldwide Business Analytics Software Revenue by Segment, 2005–2012 (\$M)**

Market	2005	2006	2007	2008	2009	2010	2011	2012	2007– 2012 CAGR (%)
Supply Chain Production Planning	890	967	1,099	1,161	1,223	1,297	1,380	1,467	6.0%
Services Operation Analytics	1,109	1,218	1,285	1,386	1,475	1,594	1,724	1,865	7.7%
Workforce Analytics	94	108	130	141	150	163	177	192	8.1%
Subtotal	12,303	13,716	15,357	16,774	18,038	19,825	21,822	24,033	9.4%
Data Warehouse Platform									
Data Warehouse Generation	1,197	1,358	1,548	1,721	1,868	2,084	2,315	2,581	10.8%
Data Warehouse Management	4,028	4,529	5,196	5,757	6,227	6,885	7,643	8,506	10.4%
Subtotal	5,225	5,887	6,744	7,478	8,095	8,970	9,958	11,088	10.5%
Total Business Analytics Software	17,528	19,603	22,101	24,253	26,133	28,794	31,780	35,121	9.7%

Growth (%)

Notes

The other supply chain analytics market includes inventory, logistics, procurement, and manufacturing analytics. The difference in market size and forecast figures is due to recent news signaling an economic downturn,

Source: IDC, October 2008

ESSENTIAL GUIDANCE**Advice for Technology Buyers and End-User Decision Makers**

There is increasing evidence that the use of business analytics solutions can improve competitiveness. IDC has been conducting research to this effect for several years, including a 2003 study titled *Financial Impact of Business Analytics* that examined the return on investment (ROI) from various business analytics projects from private and public sector organizations in North American and Western Europe.

More recently, emphasis on competing on analytics was further highlighted by Thomas Davenport in his *Harvard Business Review* article, "Competing on Analytics." Of course, the idea of using information to gain competitive advantage is not new to business leaders. Aristotle Onassis said: "The secret of business is to know something that nobody else knows." What is new, however, is the focus on automating decision processes.

End-user needs can be divided into two broad categories:

- Ad hoc query/analysis and advanced analytics by those for whom analysis of information is part of their job
- Prescriptive analytics provided at decision time in operational settings to the rest of the employees, especially those on the front lines

When dealing with the ad hoc query and analysis needs of analysts, the only viable method for successful deployment of such solutions is for IT to create a self-service environment in which end-user access to quality data is controlled centrally, while the analytic techniques, methods, and user interface are controlled by analysts/end users themselves.

The same strategy would not work for projects in which the primary goal is to follow the intelligent process automation strategy of embedding business analytics in operational applications for line-of-business employees. In this case, IT needs to take full control of the solution because end users' use-case scenarios will include little if any ad hoc querying. Instead, organizations will be looking to deliver prescriptive decision support to users at operational decision time. In too many cases, wasteful data manipulation is still being done under the auspices of "analysis" where automated systems can and should be used to optimize decision-making processes.

The traditional excuses for not using more of such systems have included both business and technology issues:

- ☒ On the business side, there has been a lack of executive vision and sponsorship for business analytics projects, undefined business processes, a lack of well-defined key performance indicators and other metrics to manage these processes based on analytics, and turf wars by business units unwilling to share information.
- ☒ On the IT side, there has been pushback from IT groups that fear being disintermediated by the technology. IT groups must overcome this perception given their existing and future high and potentially unsustainable workload requirements. The outcome of further intelligent process automation is not that IT staff will be eliminated due to automation. Instead, IT groups will be freed to perform the higher-value-added tasks of developing new applications and enhancing existing applications to support innovation and internal process efficiencies. Greater automation must be viewed by IT as a means to show its true value to the organization. To be fair, some internal IT staff is likely to be adversely affected by further automation. However, it is just as likely that they will find a new role within outsourcing, systems integration, and consulting companies — all of whom continue to search for new business analytics staff.

Therefore, organizations should expand their view of business intelligence and analytics beyond traditional query and reporting tools to include advanced analytics, search and discovery, business process automation, collaboration, and workflow management. As the overall solution expands, an iterative development and deployment strategy becomes increasingly important.

Key considerations when evaluating, developing, and deploying business analytics technology include:

- ☒ **Identifying analytic projects with a clear impact on business goals.** Building data warehouses and hundreds of reports for their own sake will assure project failure, a lack of trust in IT's capabilities, and a withholding of funds for future projects. Executive management must set in place a culture that embraces

analytics, and line-of-business management must clearly identify which of their decisions are not being optimized and can benefit from business analytics technology.

- ☒ **Identifying performance metrics.** Not all performance indicators are "key." Select only those that are actionable and impact the business. Albert Einstein said it best: "Not everything that counts can be counted, and not everything that can be counted counts."
- ☒ **Identifying users and their specific analytics needs.** Rethink which members of your organization are the decision makers. You will likely find that line-of-business managers, front-line staff, suppliers, and distributors make many more operational decisions on a daily basis than executives or top managers. Each user group will have their own needs and require access to different metrics — at different intervals and using different technology. An organization's business analytics solution must be ready to address all of these issues.
- ☒ **Identifying frequencies of data capture and delivery.** Very few business processes require true real-time data capture. However, organizations may need to track data in real time but deliver it at different intervals.
- ☒ **Identifying data needs.** The definition of data should be expanded to include not only structured data but also unstructured, semistructured, and rich media content — all of which can be used to arrive at performance metrics used to optimize business processes. Evaluation of data needs should also include the level of granularity required to support the business analytics solution — a decision that will impact data warehouse scalability requirements.
- ☒ **Identifying IT requirements.** Finally, all of the variables mentioned previously will dictate what specific software and hardware technology will be required at any given point in time to support the decision-making needs of end users. These IT components will span all of the segments of the business analytics market and those in other related IT markets.

LEARN MORE

Related Research

- ☒ *Worldwide Spatial Information Management Software 2008–2012 Forecast and 2007 Vendor Shares* (IDC #213930, September 2008)
- ☒ *Worldwide Data Warehouse Platform Software 2007 Vendor Shares* (IDC #213671, August 2008)
- ☒ *Business Analytics Appliances: Novelty to Necessity* (IDC #212720, July 2008)
- ☒ *Overcoming Data Integration and Data Quality Challenges: End-User Survey Results* (IDC #212773, July 2008)

- ☒ *Worldwide Business Intelligence Tools 2007 Vendor Shares: Query, Reporting, and Analysis, and Advanced Analytics Markets Stable in the Face of Economic Turmoil* (IDC #212921, June 2008)
- ☒ *Setting the Stage for More Pervasive Use of Advanced Analytics* (IDC #lcUS21277108, June 2008)
- ☒ *Business Analytics Survey, 2008: It's Time to Turn Midmarket Challenges into Opportunities* (IDC #211641, April 2008)
- ☒ *Worldwide Business Analytics Services 2008–2012 Forecast: Slight Reduction in Expected Growth as Economy Falts* (IDC #211324, March 2008)
- ☒ *Business Intelligence and Analytics Survey, 2008: What Do Buyers Want?* (IDC #211323, March 2008)
- ☒ *IDC's Software Taxonomy, 2008* (IDC #210828, February 2008)
- ☒ *Software Predictions 2008 — Beyond Consolidation: Exploring New Opportunities* (IDC #TB20080207, February 2008)
- ☒ *Information Access and Analysis Predictions for 2008: Consolidation, Specialization, Eureka 2.0 and the Wisdom of Crowds* (IDC #210362, January 2008)
- ☒ *Business Analytics Software as a Service* (IDC #209815, December 2007)
- ☒ *Worldwide Business Analytics Software 2007–2011 Forecast Update and 2006 Vendor Shares: Business Intelligence, Data Warehousing, and Analytics Applications Forecasts Point to Continued Strength* (IDC #208699, September 2007)
- ☒ *Enhancing Open Source Business Intelligence Is a Two-Way Street* (IDC #lcUS20895707, September 2007)

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