

Integrated Analytics Plus BI Equals Business Edge

A wave of mergers and acquisitions has hit the business intelligence (BI) market, creating new choices and challenges for IT and business executives. Oracle has purchased Hyperion, IBM has acquired Cognos, and SAP has taken over Business Objects. Given the close connection between BI and predictive analytics, this M&A activity raises serious concerns for executives seeking to deliver analytical insights to business professionals across the enterprise. How significant are the limitations of a cobbled-together approach that joins BI with existing ERP and middleware brands, and what is the alternative? For the SAS perspective, writer Tom Farre spoke with Keith Collins, senior vice president and chief technology officer at SAS, a company with a long-standing, cohesive vision of the power of BI integrated with advanced analytics.



Collins

What is the context of the current mergers and acquisitions among BI vendors?

Collins: In the mid- to late-1990s, it became clear that to gain actionable business information, you had to pay more attention to your data. This drove interest in data warehousing, primarily collecting data from ERP and transactional systems. Even then the market didn't quite understand that the power of using analytics to answer questions wasn't just in capturing transactional data, it was in getting data in the right form for analysis. That created the first wave of BI vendors, who focused on data integration and simple querying and reporting. Now those vendors are being acquired by larger software firms looking to generate more revenue, but recognition is growing that querying and reporting aren't

enough. For BI to truly deliver a competitive edge, it must be integrated with advanced analytics.

Why is integration so important?

Collins: There are three pieces to integration: data, analytics and information delivery. Data alone isn't sufficient, although collecting data, cleansing it and preparing it for analysis is still 60 percent to 80 percent of every project. Having good data and using it for simple queries and reports only tells you what's happened in the business—it's a kind of rearview mirror. It doesn't help you understand where the best opportunities are, or how you might forecast better opportunities, or how you might predict customer behavior. That's the job of analytics. When we talk about the need to integrate analytics into data and information delivery, it's because you need all three to be successful.

Why do you believe SAS has an edge in integration?

Collins: We are the only BI provider with the full breadth of tools for analytics, forecasting and optimization. Since the early 1990s, we've worked to understand the optimal connection point, if you will, among the physical representation of the data, the representation of the analytical models, and the visualization of the information or integration of information into operational systems. When these systems are integrated, you can see where the data came from in your analytic model, who last managed the data, whether it is the right data for the report, and which other reports are consuming the same data—all critical to an enterprise-wide analytical capability. And

with our long-standing background in analytics, SAS is engineered to work optimally with a heavy analytic workload, as opposed to trying to plug analytics into an existing platform.

How mature are the megavendors in terms of their analytical capabilities?

Collins: The megavendors are trying to build an integrated platform, to become one-stop shops that provide everything an enterprise needs. In their rush to acquire querying and reporting tools, they banged the drum about business analytics, saying, “We have analytics too.” Now that they recognize what is lacking, they’re seeking partners with real analytics.

If you look at the SAP/Business Objects announcement on data mining, it was a repackaging of SPSS’ Clementine, which is a decade old. There’s no real integration there, only sharing at the results level. If you look at IBM/Cognos having a reselling agreement with SPSS, it’s clear that on their own they don’t have the breadth and depth of analytic tools. Regarding integration, we see IBM pushing its database brand, its hardware brand, its middleware brand, and now they’ve got Cognos, their BI brand, all existing somewhat independently. You don’t get a clear vision of an integrated platform.

For enterprises that use SAP, wouldn’t choosing SAP/Business Objects for analytics be good enough?

Collins: Some people may like that story. In fact, I heard a quote from an executive in charge of manufacturing at a pharmaceutical company that said, “My business users don’t understand forecasting well enough to need SAS. They’ll get good enough com-

puting from SAP.” For organizations with sentiments similar to these, we believe that business users’ needs are being underestimated

Historically, analytics have typically been handled in the “back office” and served the basic need to understand what has happened in the business to get where we are today. Over time, the power of analytical models has grown to where they are much more

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**■ KEITH COLLINS, SR. VP AND
■ CHIEF TECHNOLOGY OFFICER, SAS**

integral to organizational dynamics. Forecasting, predictive models and advanced modeling are emerging as key operational components. Organizations are beginning to embrace the value that analytics can drive in the business to be more efficient and more effective. Now, analytics are pushed out to the “front office,” and they begin to have a direct impact on company performance. Analytics drive new behavior from customers, suppliers and others that will have an impact on revenue and costs of the organization. There are tangible monetary benefits now that get associated with analytics. There’s an inherent need for a business-focused analytics environment that supports a range of techniques and processes for the collection, classification, analysis and interpretation

of data to reveal patterns, anomalies, key variables and relationships—leading ultimately to new insights for guided decision making.

While big vendors are saying, “We’re good enough,” we believe our customers deserve better.

How does SAS make it easy for business users to profit from analytics?

Collins: There was a time when people thought you could “black-box” analytics, but it’s best to implement analytics in your business processes and as close to the decision makers as possible. That’s the reasoning behind our analytical solutions. For years, we’ve been improving not only our BI platform, but also our business solutions that have analytical and domain expertise baked in. SAS offers horizontal applications for IT, marketing, customer intelligence and risk management, and vertical applications that are industry specific. These solve complex problems that require deep understanding, such as how to apply analytics within a particular industry and how to structure the data, but we’ve brought them to market using terms and processes familiar to non-analytical specialists.

With our Retail suite, for instance, we have business users focusing on retail optimization for everyday pricing, markdown pricing and promotion pricing. In our Customer Intelligence suite, we’ve brought together the disciplines of predictive analytics and campaign management to target customers better, as well as marketing optimization to maximize lift. Our underlying data integration ensures the quality of the enterprise data that feeds these business processes. That’s the beauty of an integrated platform for BI and analytics. ▸