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Magic Quadrant for Business Intelligence Platforms, 2008

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The market for business intelligence platforms is moving away from a position of being dominated by pure-play vendors. This is being driven by a trend for consolidation, with several large application and software infrastructure vendors initiating major BI acquisitions in 2007.

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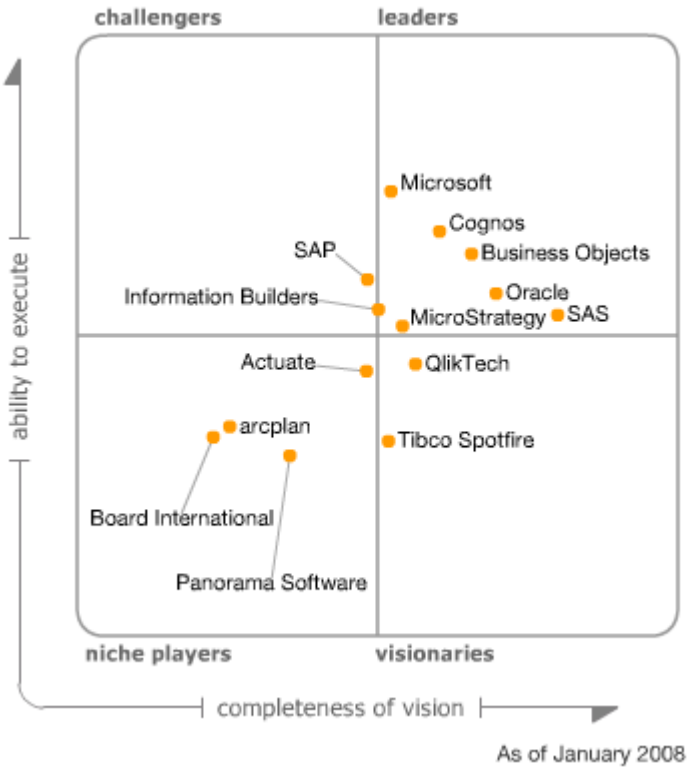
WHAT YOU NEED TO KNOW

The Magic Quadrant for Business Intelligence Platforms (see Figure 1) presents a global view of Gartner's opinion of the main software vendors that should be considered by organizations seeking to develop business intelligence (BI) applications. Buyers should evaluate vendors in all four quadrants — those from the Niche Players and Visionaries quadrants are driving innovation in areas such as interactive visualization, in-memory data analysis, real-time dashboards, wizard-based application development and spreadsheet-based reporting. The scores and commentary in this document are based substantially on three sources: customer perceptions of each vendor's strengths and challenges derived from BI-related inquiries with Gartner, an online survey of vendor customers conducted in late 2007, and a vendor-completed questionnaire about their BI strategy and operations.

MAGIC QUADRANT

Figure 1. Magic Quadrant for Business Intelligence Platforms, 2008



Source: Gartner (January 2008)

Market Overview

One "macro trend" defined the BI platforms arena in 2007 — market consolidation — making it the most turbulent year, so far, in business intelligence.

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As anticipated in last year's Magic Quadrant and other Gartner research (see, for example, "Market for Business Intelligence Platforms: Round Two of Consolidation Begins"), large application and software infrastructure vendors completed or initiated significant strategic acquisitions in the BI platform market in 2007:

- In July, Oracle completed its purchase of Hyperion. An example of straight market consolidation, this move brought two competing BI platforms, Hyperion System 9 and Oracle Business Intelligence Enterprise Edition, both Leaders on the 2007 Magic Quadrant, under Oracle ownership and expanded Oracle's BI resources and staffing. (See "Hyperion Purchase Will Strengthen Oracle in BI Platform and CPM Suites Markets.")
- In October, SAP announced its acquisition of Business Objects, which will expand its presence into the "business user" market, which SAP defines as being made up of business roles involved in analytical and information-intensive activities. This acquisition, which was completed in January 2008, fills a significant gap in SAP's query and reporting tools portfolio, but represents a major strategic shift away from "slot-in" technology buys and organic software development. (See "SAP's Planned Business Objects Buy Signals Strategic Shift.")
- As the year closed, Cognos completed its acquisition of Applix, and its in-memory online analytical processing (OLAP) engine. It also agreed to be bought by IBM. Though not strictly a consolidating move, this acquisition is significant, as it will end IBM's abstinence from the BI platform and applications market. IBM has repeatedly stated that it will focus on the infrastructure and the middleware layer, and that it will only "enable" applications. While a BI platform includes many infrastructure components, the Cognos BI and performance management applications will fill a big void in IBM's stack. (See "IBM Aims for the Business Intelligence Endgame With Cognos.")

Megavendors are beginning to dominate the BI market — in less than one year, Microsoft, Oracle, SAP and IBM will have gone from accounting for a quarter of the market to owning over two-thirds of it. As such, the "Magic Quadrant for Business Intelligence Platforms, 2008" reflects the tipping point at which the market moves away from being led by independent BI vendors like Business Objects and Cognos, to one where the megavendors rule. Future BI investment decisions will be tethered much more closely to strategic sourcing and stack-led factors, and will be more influenced by organizational relationships with application and infrastructure vendors.

During the same period, "flattening" factors — including the maturing of Microsoft's BI portfolio, the adoption of Web 2.0 techniques, the growth of open-source BI and the continued emergence of software as a service (SaaS) offerings — have made BI capabilities more accessible and affordable than they have ever been. As a result, this Magic Quadrant includes commentary on some emerging vendors which, while not yet meeting the inclusion criteria for the Magic Quadrant itself, offer a viable alternative for some BI use-cases.

Forecast

Even allowing for the inevitable disruption to buying patterns caused by acquisition activity, Gartner maintains the forecast growth rates it previously published. The BI market will show a five-year compound annual growth rate (CAGR), in revenue terms, of 8.6% from 2006 through 2011 (see "Forecast: Business Intelligence Platforms, Worldwide, 2006-2011, Update").

Several demand-side factors indicate that BI platform revenue will continue to grow:

- CIOs are coming under increasing pressure to invest in technologies that drive business transformation and strategic change. BI can deliver on this promise if deployed

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successfully, because it could improve decision making and operational efficiency, which in turn drive the top line and the bottom line.

- Information generated from enterprise applications is at an all-time high and will continue to increase. BI platforms can turn that information into an asset on which better decisions are made.
- The adoption of BI platforms' expanded capabilities beyond traditional query, reporting and OLAP functionality to leverage dashboards, scorecards and visualization. We continue to see innovation and growth arising from technologies that make it easier to build and consume BI applications (such as search, in-memory analytics, SaaS and service-oriented architecture).
- Organizations are continuing to progress along the BI continuum, from analyst/user-driven BI applications, to strategy-driven ones, to process-driven applications.
- Smaller and midsize organizations are becoming an important target market for BI vendors, with a large proportion representing new opportunities. Several vendors have been modifying or extending their product, pricing and partner strategies to reach this key group. Hosted BI through SaaS is now offered by a number of vendors.
- Standardization of tools continues to be a driver of growth, but it also slows down the sales cycle as organizations rationalize their portfolio of tools.
- The continued growth of performance management initiatives, particularly finance-led corporate performance management, and the rising prevalence of analytic applications for non-financial applications, like CRM or supply-chain analytics, are also driving the market.

"Consumerization" of information means users are becoming increasingly savvy in using and manipulating information to their advantage. This will enable a spread of BI across organizations. Technology trends, such as improving visualization, might help further.

Market Definition/Description

BI platforms enable users to build applications that help organizations learn and understand their business. Gartner defines a BI platform as a software platform that delivers the 12 capabilities listed below. These capabilities are organized into three categories of functionality: integration, information delivery and analysis. Information delivery is the core focus of most BI projects today, but we see an increasing need to focus more on analysis to discover new insights, and on integration to implement those insights.

Integration

BI infrastructure — All tools in the platform should use the same security, metadata, administration, portal integration, object model and query engine, and should share the same look and feel.

Metadata management — This is arguably the most important of the 12 capabilities. Not only should all tools leverage the same metadata, but the offering should provide a robust way to search, capture, store, reuse and publish metadata objects such as dimensions, hierarchies, measures, performance metrics and report layout objects.

Development — The BI platform should provide a set of programmatic development tools — coupled with a software developer's kit for creating BI applications — that can be integrated into a business process, and/or embedded in another application. The BI platform should also enable

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developers to build BI applications without coding by using wizard-like components for a graphical assembly process. The development environment should also support Web services in performing common tasks such as scheduling, delivering, administering and managing.

Workflow and collaboration — This capability enables BI users to share and discuss information via public folders and discussion threads. In addition, the BI application can assign and track events or tasks allotted to specific users, based on pre-defined business rules. Often, this capability is delivered by integrating with a separate portal or workflow tool.

Information Delivery

Reporting — Reporting provides the ability to create formatted and interactive reports with highly scalable distribution and scheduling capabilities. In addition, BI platform vendors should handle a wide array of reporting styles (for example, financial, operational and performance dashboards).

Dashboards — This subset of reporting includes the ability to publish formal, Web-based reports with intuitive displays of information, including dials, gauges and traffic lights. These displays indicate the state of the performance metric, compared with a goal or target value. Increasingly, dashboards are used to disseminate real-time data from operational applications.

Ad hoc query — This capability, also known as self-service reporting, enables users to ask their own questions of the data, without relying on IT to create a report. In particular, the tools must have a robust semantic layer to allow users to navigate available data sources. In addition, these tools should offer query governance and auditing capabilities to ensure that queries perform well.

Microsoft Office integration — In some cases, BI platforms are used as a middle tier to manage, secure and execute BI tasks, but Microsoft Office (particularly Excel) acts as the BI client. In these cases, it is vital that the BI vendor provides integration with Microsoft Office, including support for document formats, formulas, data "refresh" and pivot tables. Advanced integration includes cell locking and write-back.

Analysis

OLAP — This enables end users to analyze data with extremely fast query and calculation performance, enabling a style of analysis known as "slicing and dicing." This capability could span a variety of storage architectures such as relational, multidimensional and in-memory.

Advanced visualization — This provides the ability to display numerous aspects of the data more efficiently by using interactive pictures and charts, instead of rows and columns. Over time, advanced visualization will go beyond just slicing and dicing data to include more process-driven BI projects, allowing all stakeholders to better understand the workflow through a visual representation.

Predictive modeling and data mining — This capability enables organizations to classify categorical variables and estimate continuous variables using advanced mathematical techniques.

Scorecards — These take the metrics displayed in a dashboard a step further by applying them to a strategy map that aligns key performance indicators to a strategic objective. Scorecard metrics should be linked to related reports and information in order to do further analysis. A scorecard implies the use of a performance management methodology such as Six Sigma or a balanced scorecard framework.

Inclusion and Exclusion Criteria

Vendors were included in the Magic Quadrant if they met the following requirements:

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- They deliver at least eight of the 12 BI platform capabilities listed above.
- They have a reasonable market presence, which we define as greater than $20 million in annual revenue from BI platform software.
- They demonstrate that their solutions are used and supported across the enterprise, and go beyond departmental deployments.

Added

One new vendor, Board International, has been added due to its focus on BI and corporate performance management, and its growing BI revenue.

Gartner also considered adding firms that deliver BI platform functionality alongside transactional applications, such as Lawson and Infor. However, these vendors' solutions either capitalize on technology from larger BI vendors (in Lawson's case, Business Objects, Oracle and Microsoft) or are too new as complete platforms to have the live references required to meet the inclusion criteria specified. For organizations that rely on these vendors' transactional applications, these BI options are worth considering but, as with SAP's and Oracle's BI platforms, they should not be purchased "sight unseen" without a competitive evaluation. As part of this research, Gartner gathered data from a small number of Lawson BI customers which showed that, where integration with Lawson S3 and M3 application suites and processes is the key driver, its BI platform can be a good fit to requirements.

There are also a number of other new and innovative vendors that are benefiting from the growth of the BI platforms market that do not yet meet the inclusion criteria but are worthy of consideration in BI evaluations.

Information access vendors Endeca and Fast Search & Transfer are leveraging their strengths in enterprise search to push their way into the BI market, driven by the synergy between these two areas and by traditional BI vendors' inclusion of search capabilities in their portfolios, usually via partnership or reseller agreements:

- Endeca's BI approach uses dynamic summarization of arbitrary sets of records to present context to users for both data and content. It should be noted that Endeca does not, as yet, market a complete BI platform solution as defined by Gartner, but rather a set of allied capabilities that complement traditional BI platform vendor capabilities.
- Fast Search & Transfer offers a broad set of capabilities, in what it terms business intelligence built on search (BIBOS), to aggregate, cleanse and analyze structured and unstructured data. Fast is relatively new to BI (its solution was launched in 2007), and few firms are as yet in production with end-to-end implementations. However, the customers that Gartner has contacted that are using elements of Fast BI are satisfied, with a good proportion already considering Fast's BIBOS as a BI standard in their organizations. Note that in January 2008, Microsoft announced its intention to acquire Fast.

Open-source BI has come a long way, but its vendors do not yet generate enough revenue to be included in the Magic Quadrant (see "Open-Source Business Intelligence: State of the Market"). One of the largest of these, JasperSoft, states that it has more than 7,000 commercial customers and more than 70,000 active customer deployments. It supports a range of open source and proprietary environments, with BI platform capabilities for midmarket or departmental requirements and specific integration with Oracle E-Business Suite, salesforce.com and other enterprise applications. Organizations with a leaning toward open source or those considering

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alternatives to commercially available BI platforms should evaluate JasperSoft, Pentaho and Actuate's Business Intelligence and Reporting Tools (BIRT)-based offerings.

There is also increasing interest in SaaS solutions in the BI platforms market. Business Objects is perhaps at the head of this market with its OnDemand offerings, but there are smaller vendors, like Seatab, Oco and LucidEra, delivering BI as a service. Moving BI off-premises may not suit all organizations, especially those dealing with highly sensitive data, but firms that find the SaaS value proposition of more rapid, lower-cost deployments attractive should evaluate these options.

Finally, occasional new entrants to the BI market continue, even given the amount of consolidation that has occurred. LogiXML is one such entrant — a BI Web purist using Ajax and Web 2.0 techniques to offer a broad range of BI capabilities, including integration with search and geographic information systems (GIS). LogiXML customers responding to Gartner for this research are quite satisfied with the product (based on a limited sample). They cite a simple implementation process and an above-average match to their BI needs. While LogiXML does not yet meet the financial inclusion criteria for the Magic Quadrant, it should be evaluated by small and midsize firms looking for competitive pricing or a subscription licensing option.

Dropped

Applix was dropped because it was acquired by Cognos. The Applix products will comprise part of the Cognos corporate performance management (CPM) solution, primarily extending their analytics and financial/management reporting capabilities.

Hyperion was acquired by Oracle, and its BI platform products are now sold alongside those Oracle acquired with Siebel.

Evaluation Criteria

Ability to Execute

Vendors are judged on their ability and success in making their vision a market reality.

Product/Service: How competitive and successful are the goods and services offered by the vendor in this market?

Overall Viability: What is the likelihood of the vendor continuing to invest in products and services for its customers?

Sales Execution/Pricing: Does the vendor provide cost-effective licensing and maintenance options?

Market Responsiveness and Track Record: Can the vendor respond to changes in market direction as customer requirements evolve?

Market Execution: Are customers aware of the vendor's offerings in the market?

Customer Experience: How well does the vendor support its customers?

Operations: What is the ability of the organization to meet its goals and commitments?

Note that for the 2008 Magic Quadrant, the weighting of the **Market Responsiveness and Track Record** criterion was increased from standard to high, in order to reflect the need to adapt in a market undergoing significant change, while the **Overall Viability** criterion was reduced in importance from high to standard.

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Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product/Service	high
Overall Viability (Business Unit, Financial, Strategy, Organization)	standard
Sales Execution/Pricing	standard
Market Responsiveness and Track Record	standard
Marketing Execution	low
Customer Experience	high
Operations	standard

Source: Gartner

Completeness of Vision

Vendors are rated on their understanding of how market forces can be exploited to create value for customers and opportunity for themselves.

Market Understanding: Does the vendor have the ability to understand buyers' needs, and to translate those needs into products and services?

Marketing Strategy: Does the vendor have a clear set of messages that communicate its value and differentiation in the market?

Sales Strategy: Does the vendor have the right combination of direct and indirect resources to extend its market reach?

Product Strategy: Does the vendor's approach to product development and delivery emphasize differentiation and functionality as it maps to current and future requirements?

Business Model: How sound and logical is the vendor's underlying business proposition? Note that this criterion has been given no rating because all vendors in the market have a viable business model.

Vertical/Industry Strategy: How well can the vendor meet the needs of various industries such as financial services or retail?

Geographic Strategy: How well can the vendor meet the needs of locations outside its native country, either directly or through partners?

Note that for the 2008 Magic Quadrant, given the maturity of the market, the **Innovation** criterion was not rated separately. Instead, it was factored into the **Market Understanding** and **Offering (Product) Strategy** criteria.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	high
Marketing Strategy	standard
Sales Strategy	standard
Offering (Product) Strategy	high

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Evaluation Criteria	Weighting
Business Model	no rating
Vertical/Industry Strategy	standard
Innovation	no rating
Geographic Strategy	standard

Source: Gartner

Leaders

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.

Challengers

Challengers offer a good breadth of BI platform functionality and are well positioned to succeed in the market. However, they may be limited to specific technical environments or application domains. Their vision may be hampered by a lack of coordinated strategy across the various products in their BI platform portfolio. Or they may lack the sales channel, geographic presence and industry-specific content offered by the vendors in the Leaders quadrant.

Visionaries

Visionaries are vendors that have a strong vision for delivering a BI platform. They are distinguished by the openness and flexibility of their application architectures, and they offer depth of functionality in the areas they address, but they may have gaps relating to broader functionality requirements. A visionary vendor is a market thought-leader and innovator. However, it may have yet to achieve sufficient scale — or there may be concerns about its ability to grow and provide consistent execution.

Niche Players

Niche Players are those that do well in a specific segment of the BI platform market — such as reporting — or that have limited capability to innovate or outperform other vendors in the market. They may focus on a specific domain or aspect of BI, but are likely to lack depth of functionality elsewhere. Or they may have gaps relating to broader BI platform functionality. Alternatively, Niche Players may have a reasonably broad BI platform, but have limited implementation and support capabilities or relatively limited customer bases. Or they may have not yet achieved the necessary scale to solidify their market positions.

Vendor Strengths and Cautions

arcplan

Strengths

- Strong federated query and analysis capabilities across enterprise resource planning (ERP), relational database management system (RDBMS), OLAP, CPM and other BI systems make arcplan attractive in highly heterogeneous environments as a means of integrating BI.

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- Its process orientation (that is, workflow) and federated write-back capabilities support the building of complex analytic applications (for example, for planning) that are beyond the scope of many BI vendors.
- arcplan has successfully adopted a position as a value-adding partner to larger BI vendors, which has enabled it to coexist, and avoid competing, with them. Notably, half of arcplan's reference customers told Gartner they consider it a BI standard alongside these vendors.
- Its packaged analytic application and dashboard suite for finance users, CFO Cockpit, is widely adopted by Hyperion CPM and some SAP customers, and is well regarded.

Cautions

- Its Microsoft Office integration has lagged behind the market, and the arcplan customers that Gartner contacted for this research reported this as its main functional weakness. However, arcplan aims to address this with its Excel Analytics product, launched in December 2007, leveraging the Web Services architecture it introduced in 2007 to open the arcplan Enterprise5 core to Excel.
- The performance of arcplan-delivered applications is highly dependent on the performance of the underlying data stores and applications. Evaluators should factor the performance of source systems into their thinking when considering arcplan.
- arcplan is a small vendor that, by its own admission, has found a niche in the BI market serving a subset of specific, complex BI needs for its 2,500+ customers. However, the adoption of a "co-opetition" stance with respect to larger BI platform vendors may see it squeezed into an ever shrinking niche as they expand their capabilities.
- Dogged by the perception that it is "just another dashboard vendor," arcplan needs to rationalize its marketing messages and offerings to clearly differentiate the core capabilities of its BI platform; for example, in developing custom or packaged analytic applications.

Actuate

Strengths

- Actuate's scalable reporting capabilities have enabled it to carve out a clear niche in the market, especially in financial services and the public sector, where it is known for delivering very large extranet deployments to thousands of users (for example, for interactive statements).
- The Actuate customers Gartner contacted for this research rated its product capabilities as better than the market average, with particular strengths in reporting and dashboarding, and with respect to infrastructure.
- The adoption of open-source concepts in its products and marketing approaches, and its targeting of the open-source developer community with its reporting technologies, have started to fuel new sales and OEM opportunities for Actuate, often outside its core verticals.

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Cautions

- Although Actuate's leading role in the open-source BIRT project is helping its developer community to grow, it is, as yet, contributing relatively little revenue to Actuate and may not protect it from intensifying competition in a consolidated market.
- Less than a third of Actuate's customer references consider it their BI standard and, while Actuate's license revenue is growing, much of that growth comes from its established installed base.
- The company has a smaller global market presence and penetration than its increasingly large competitors. However, the contribution from its international operations is significant, reaching a record 32% in 3Q07.
- Actuate's spreadsheet products will come under increasing competitive and pricing pressure from Microsoft's server-based Excel capabilities.

Board International

Strengths

- Board International is a long established company with an organically developed BI platform that offers a broad set of capabilities covering all but metadata documentation, predictive modeling and data mining.
- Board's distinctive "toolkit" approach to BI application development handles database creation and update, data presentation and analysis, and process modeling in a single graphical environment enabling the construction of analytical applications without programming.
- Feedback from Board's customers is good — it is one of just two small BI firms to rate better than average for both customers' implementation experience and functional match to needs.
- For its size, Board has developed a credible partner OEM business via which it serves vertical industry needs (particularly in pharmaceuticals and foods).

Cautions

- Board is little known outside its core markets in Europe.
- Board technology is Windows only — like other Microsoft-centric BI firms, it will experience increasing competition from Microsoft, which may constrain its growth.
- Board's indirect channel-led sales model needs to be supplemented with a strengthened direct-to-market approach if it is going to grow beyond its niche. The company has relied purely on its channel for sales, which has limited its ability to sell in the increasingly competitive BI suites market. It is introducing a degree of direct sales overlay to address this.
- Gartner views complete support for metadata management as a critical component of a BI platform, and Board's reliance on third-party technology (K-Doc from KT Labs) is an area that needs addressing.

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Business Objects

Strengths

- As the largest of the publicly traded pure-play BI firms, Business Objects offers a broad and complete BI platform with customers rating its core reporting and ad hoc query capabilities particularly highly.
- Business Objects has widespread adoption as a BI standard — around 90% of the customers Gartner contacted as part of this research considered Business Objects a BI standard in their organization.
- Business Objects expanded its BI offerings in 2007 with its acquisition of Inxight for text analytics and the expansion of its OnDemand SaaS BI offerings.
- The rapid growth of its OnDemand BI offerings, for which it now has more than 70,000 customers, makes Business Objects the de facto leader in SaaS BI. This offering is bringing new customers to the company and is also being deployed by existing Business Objects customer alongside on-premises implementations.

Cautions

- Business Objects' vision and execution will change as it shifts from being a pure-play vendor to being a SAP acquisition. These changes may have consequences for its product lines, channels, support and contracts.
- Although Business Objects has been successful at upgrading its customers onto its XI versions, this has proved painful in the main, with customers rating their migration experience as challenging and costly. Several customers with large deployments have been vocal in stating the difficulties they have had with their XI Release configurations, implementations and support.
- Issues with migration, coupled with the fact that Business Objects' customer references rated its support as the least effective of any vendor, led to a reduced score for its Ability to Execute criterion in 2007.
- According to the customers surveyed as part of this research, OLAP is viewed as the functional capability where Business Objects is still least able to match its customers' needs.

Cognos

Strengths

- Cognos has an exceptionally high proportion of enterprise-standard BI platform deployments — more than 90% of the customers Gartner contacted as part of this research consider Cognos a BI standard in their organization.
- Cognos is now benefiting from the broad re-architecture of its BI platform, which began four years ago with ReportNet. With the 8.2 and forthcoming 8.3 release, Cognos 8 BI is outgrowing its early problems with support and stability. Of the companies Gartner contacted for this report, the vast majority were running the last version of Cognos' BI platform, and reported that their migration experience was labor intensive but straightforward.

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- When complete, Cognos' acquisition by IBM will increase its access to the WebSphere and Data Stage installed base. Moreover, it should significantly bolster Cognos' data integration and unstructured/text analysis capabilities, which have lagged behind its main competitors.
- With the assimilation of the Applix TM1 OLAP engine, Cognos has an opportunity to take back control of aspects of its performance which it previously ceded to database vendors by de-emphasizing PowerPlay Enterprise Server.

Cautions

- While the integration of PowerPlay with Cognos 8.3 will help, virtually all the Cognos 8 deployments are reporting-centric. Analysis Studio has not been widely adopted. To advance along the Vision axis, Cognos must increase the number of customers using the Cognos 8 platform for OLAP-style analysis, particularly across large relational databases, but also competitive multidimensional OLAP (MOLAP) offerings such as Analysis Services, Essbase and Infocubes.
- Cognos' predictive analytic and data mining capabilities are much weaker then the other BI platform Leaders.
- There is a gap in functionality between Cognos 8 BI's Report and Query studios. Customers could benefit from more layout and flexible reporting functionality from the Cognos ad hoc query tool, such as the ability to create multiple blocks of information for multiple dimensions, like sales by time and geography.
- Cognos 8 lacks robust caching, resulting in users hitting the database each time the report is refreshed. Based on feedback from some end users, Cognos needs to look at ways to enhance query performance.
- Cognos currently has a clear set of use cases for TM1 and PowerCubes, but has yet to clearly state how these two distinct technologies will combine as part of its integrated BI platform.

Information Builders

Strengths

- Information Builders continues to demonstrate its ability to execute, particularly in very large extranet applications, with a high number of 10,000-plus seat deployments.
- WebFOCUS's use of its own iWay Software integration platform makes Information Builders' BI platform one of the best connected in the market, and much better suited to supporting operational reporting than most other vendors.
- The customers Gartner contacted for this research rate Information Builders' support service among the best in the industry.
- Information Builders' partnership with IBM, which is the OEM of WebFOCUS's System i technology (under the name DB2 Web Query), has bolstered its indirect channel and gained it many new customers.
- So far, despite the increasing power of the megavendors in BI, Information Builders has proven its worth with enterprise deployments, such that the majority of the customer references contacted as part of this research consider it a BI standard.

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Cautions

- Information Builders has been more successful at giving customers the ability to build analytic applications than it has at delivering end-user analysis tools.
- Despite growing its BI platform capabilities considerably since 2006, including its recently added Active Reports and Active Dashboards, Magnify Search and Microsoft Excel integration, Information Builders still needs to go beyond its "sweet spot" of operational reporting and information delivery, and build a large number of successful deployments where WebFOCUS is used for analysis and self-service reporting.
- Information Builders' operations are heavily biased toward North America — for every four direct sales representatives in the U.S., it has just one internationally. However, it is growing its international resources.
- Like SAS, Information Builders now faces a market rapidly evolving away from the one in which it matured, where the megavendors hold the dominant share and price pressure is a fact of life. As such, its strategies must develop quickly to ensure it retains its existing customers and acquires new ones at a much faster rate.

Microsoft

Strengths

- Microsoft's pricing and integration with its Office (including its major CPM-led innovation of 2007, PerfomancePoint Server) and SQL Server products are especially attractive to organizations that have standardized on the Microsoft information infrastructure. The bundling and pricing of its BI products makes them an economically attractive offering that will be considered by many organizations.
- Microsoft's BI products appeal to the large community of Microsoft application developers. Microsoft's BI platform provides developers with infrastructure, development tools, workflow and collaboration capabilities that are held in higher regard than those of many of its competitors.
- Microsoft is benefiting from developing its indirect sales and services channel and market awareness of its SQL Server, Office and SharePoint Portal installed base. As a result, Microsoft estimates that it now has around 2,000 OEM/ISV partners for its BI products. Many departmental and business unit end users who hear the Office and SharePoint integration marketing messages for BI will likely ask for the products and associated support from their IT departments.
- According to the customers we contacted as part of his research, Microsoft offers the best BI software quality of all the megavendors, with over half of them reporting no problems with software. This reflects Microsoft's focus on BI, the strength of its product line management team and the fact that much of its BI technology has been internally developed rather than acquired.

Cautions

- Microsoft was late to join the BI platforms market and it is still playing catch up. According to customers, its still lags behind pure-play vendors in terms of metadata management, reporting, and dashboard and ad hoc query capabilities. However, Microsoft is in it for the long haul and Gartner expects that it will continue to grow its BI investments in order to become a stronger competitor.

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- Organizations that have heterogeneous applications, information infrastructure and development environments will find Microsoft's BI-related marketing and announcements to be interesting but potentially distracting, since they may not easily integrate with their existing investments in infrastructure and applications.
- Despite its price advantage, Microsoft will face increasing competitive pressure as BI becomes a market where strategic sourcing, of more than just BI capabilities, takes precedence over features and functions, and as the other megavendors' acquisitions coalesce into their product stacks.

MicroStrategy

Strengths

- Rather than adopt an acquisitive strategy, MicroStrategy has built its BI platform organically, from the ground up. This is evident in its tight platform integration, very scalable relational OLAP architecture and complete object-oriented metadata model.
- MicroStrategy performed very well in the customer reference survey conducted for this analysis, showing consistently strong ratings across Gartner's 12 BI platform capabilities. It is noteworthy that MicroStrategy is strong across all three capability categories: integration, information delivery and analysis. Taking all 12 capabilities into account, its customers rated it highest overall in terms of functional match to their needs and in terms of their implementation experience.
- The company's BI Factory messaging, which promotes its ability to build large numbers of BI applications from a central location with fewer resources, due to its strong enterprise metadata model and governance capabilities, has become a very appealing marketing message; particularly at the high end of the market.
- Customer feedback from the reference survey indicates positive scores regarding ease of migration and reliability of the software, especially compared to other leading BI platform vendors.

Cautions

- MicroStrategy may be vulnerable to the increasing parity within the BI platform market, particularly the flattening effect of in-memory analysis, as it enables better performance against large data sets — one of the areas that lies at the core of the company's differentiation.
- MicroStrategy has a reputation that its software is expensive and the vendor can be difficult to negotiate with. However, Gartner noticed a steep reduction in complaints about MicroStrategy's licensing and pricing practices in 2007. Historically, MicroStrategy has refused to alter contractual terms and conditions, has charged "a la carte" for functionality such as Office integration, has conducted usage audits, and has re-priced maintenance from previously signed contracts. This somewhat negative customer experience is the primary factor that kept MicroStrategy out of the Leaders quadrant until now.
- MicroStrategy focuses exclusively on the BI platform market and pays little attention to related markets such as CPM and data integration. By doing this, it removes itself automatically from the shortlist of those organizations that want an integrated approach to these disciplines, particularly planning and reporting. This issue will become more

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prevalent given the stack-centric direction that the market has taken following the megavendor acquisitions in the BI space.

- MicroStrategy has a direct but small sales and service presence in the Asia/Pacific region. Its relatively small Asia/Pacific footprint has been raised by global companies concerned about MicroStrategy's ability to support deployments worldwide.
- MicroStrategy's position on the completeness of vision axis moved to the left since last year's Magic Quadrant. This is because of the limitations in its sales channel, geographic presence and vertically-specific analytic applications compared to other leading BI platforms. Nevertheless, its technology vision is sound, particularly for interactive visualization (delivered in 2007) and in-memory analytics (expected in 2H08).

Oracle

Strengths

- Even prior to its acquisition of Hyperion in mid-2007, Oracle's BI vision was becoming more compelling — its combination of BI platform and analytic applications (Oracle BI Enterprise Edition [OBIEE] and Oracle Analytic Applications) is one of the better sets of offerings available. With its portfolio of BI products and technology, Oracle has the potential to deliver operational and strategic BI capabilities, either stand-alone or embedded into horizontal or vertical applications.
- Customer feedback on OBIEE is positive overall, based on its proven usage in larger enterprisewide deployments. Users highlight its workflow and collaboration capabilities, and sophisticated visualization in particular, as better than the market as a whole.
- The strength of the Essbase OLAP engine and Hyperion's Microsoft Office integration capability help improve Oracle's BI reach, while OBIEE's semantic layer, when integrated with it, will close a major gap in Hyperion's BI platform.
- Oracle's open stance, what it calls "hot pluggable integration," means that its BI portfolio may be attractive to non-Oracle shops, with BI the business face of its Fusion Middleware product line.

Cautions

- The integration of Oracle's multiple BI products and product line capabilities will be an ongoing process for much of 2008.
- There is strong evidence that Hyperion's BI installed base is taking a wait-and-see approach and not updating to latest versions — in fact, of all customer groups surveyed, Hyperion BI users had the lowest proportion running the latest major release. Oracle must be careful to ensure it does not lose former Brio customers in particular, some of whom are unhappy with Hyperion's plan to charge them an "enablement fee" to move to System9 before the acquisition.
- Oracle needs to provide better BI product support. The Oracle customers surveyed as part of this research reported weaker support than the market in general, including inadequate front-line technical expertise.

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Panorama Software

Strengths

- Panorama Software is one of the few pure-play BI platform vendors to "front end" SAP NetWeaver BI without building an intermediate layer of metadata or moving data out of SAP.
- The ability to deliver a consistent front end that runs natively and simultaneously on SAP NetWeaver BI, Microsoft Analysis Services and eventually Essbase (in 2008) is compelling.
- In 2007, Panorama has showed innovation by adding support for alerting, integrating with some business process management systems (Microsoft Windows Workflow and Pegasystems) and by moving toward a SaaS offering leveraging its expertise in Multidimensional Expressions (MDX).
- Panorama now claims more than 100 customers using its vertically-specific BI applications, which cover manufacturing, financial services, retail operations, media and healthcare.

Cautions

- Organizations using Microsoft's SQL Server Analysis Services will now look first to the acquired ProClarity as an OLAP front end before considering Panorama, shrinking its addressable market. Panorama is seeking to overcome this by expanding its ability to support other platforms, such as SAP NetWeaver BI and others in future.
- Panorama runs natively against data sources over which it has no control. Perhaps as a result, despite its strong caching capabilities and efficient MDX support, almost a third of the reference customers that Panorama put Gartner in contact with said that they had experienced issues with poor performance.
- Although still extant, and according to Panorama continuing, there is a possibility that its most significant OEM partnership — as part of Business Objects' CPM suite — will come to an end if Business Objects chooses to promote its own technology instead.
- While Panorama offers very good BI functionality, its overall growth will be limited as the megavendors improve their own front-end capabilities by applying the BI technology they acquired. As a small vendor, Panorama must continue to move quickly and innovate in order to differentiate.

QlikTech

Strengths

- The perception of QlikTech as the "coolest" vendor in BI right now belies its efficiency as a business. It executed extremely well in 2007, growing faster than any other BI vendor and significantly expanding its customer base to over 7,000 organizations in more than 80 countries.
- QlikView's use of an in-memory data model, automated data integration and a graphical analytical environment have attracted customers looking for both ease of use and highly scalable functionality.

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- Unusually for a relatively small firm, the evidence shows that QlikView is being considered a BI standard by midsize firms, which is a testament to the breadth of its capabilities.
- The QlikTech customers Gartner contacted for this research are happy, with the highest proportion of any BI vendor reporting no technical problems.
- QlikTech remains the only vendor in the Magic Quadrant to provide a money-back guarantee, which takes some of the risk out of the vendor selection process.

Cautions

- The QlikView 8 release improved ability to extend deployments to higher user populations and work within standards-driven corporate IT environments (including a Web services interface, support for third-party authentication, and login tools and performance gains). However, in most cases QlikView is deployed departmentally. QlikTech's challenge (and its stated aim) is to grow these deployments across the enterprise.
- For QlikTech to become a Leader, it needs to show more examples of large enterprisewide BI deployments where customers use one single QlikView instance as the system of record for BI metadata for all BI applications, rather than a number of disconnected QlikView implementations.
- QlikView is adding functional capabilities as part of a strategy to broaden the types of BI applications it can address (the ability to allow data-entry into memory to support what-if analysis, for example). However, QlikView does not yet offer a complete alternative to more established BI platforms. This puts QlikTech in the position of being an additional BI supplier to firms that may already feel they've too many. Given the compelling nature of QlikTech's technology, this isn't an insurmountable barrier, but it may hinder its growth in large firms that are looking to consolidate BI suppliers.

SAP

Strengths

- With over 13,000 deployments, SAP has been remarkably successful in getting its customers to embrace NetWeaver BI. Unsurprisingly, more than three-quarters of the SAP customers Gartner contacted view it as a BI standard in their organization.
- SAP's BI Accelerator, leveraging in-memory analytics and column-based vectoring, has significantly "raised the bar" among the major BI platform providers in terms of data scalability and performance, while at the same time helping to address SAP BI's performance issues.
- With its applications expertise and infrastructure reach, SAP is well positioned to "weave" business intelligence into business applications and processes, at a time when process-driven BI is a rising market driver and key to making BI more pervasive.
- When combined, SAP and Business Objects will be by far the largest BI platform vendor, almost twice the size of the next largest firm. Business Objects' areas of strength (such as formatted reporting and self-service report creation) will help address the areas of weakness in SAP BI.

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Cautions

- In the survey conducted for this Magic Quadrant, SAP's reference customers, the majority of whom reported that they're running the latest version of SAP BI, ranked it as significantly less functional and harder to implement than the references provided by all the other vendors. Taking all 12 capabilities into account, its customers rated it lowest overall in terms of functional match to their needs and in terms of their implementation experience. These issues have lowered SAP's "ability to execute" rating significantly.
- The acquisition of Business Objects also has something of an impact on SAP's ability to execute, because of the inevitable uncertainty this creates for its customers with respect to the future of SAP's internally developed BI products and its ability to deliver any promised integration.
- While most NetWeaver BI implementations import some non-SAP application data, SAP can point to only a couple of dozen large sites using NetWeaver BI without a dominant SAP application and data bias. To become a Leader, SAP needs to demonstrate that it can succeed as a BI platform consistently in non-SAP application-centric environments.

SAS

Strengths

- SAS dominates in advanced analytic solutions. No other vendor in the Magic Quadrant has its range of capabilities or can point to the same number of advanced analytic deployments.
- SAS has a strong packaged analytic application program, with solutions that go well beyond reporting and key performance indicator (KPI)-centric deployments, to include more advanced analytic applications applied to particular business problems such as fraud detection.
- SAS has a strong brand and associated support structure that spans all major geographies.
- Its Stored Services provide an effective way to embed advanced analytical functionality within reports, dashboards and other easy-to-consume applications.
- SAS's integration of JMP with the platform provides an in-memory analytics offering with strong visualization capabilities that could be positioned for a broader class of business analysts than the traditional SAS user, though it would need to simplify JMP's interface.

Cautions

- SAS has a reputation for being very hard to use. In particular, many of the data manipulation and advanced analysis tasks require the SAS programming language; this is an advantage to people with those skills, but a significant barrier to those organizations without them.
- Despite hundreds of deployments of BI Server and Enterprise BI Server, SAS is less well known for traditional reporting and dashboard-centric BI deployments, and has historically struggled to make shortlists for BI selections, even inside stalwart SAS shops.
- SAS BI Server still lacks key features, including Web-authored pixel-perfect reporting, out-of-the-box support for cascading prompts, and incremental cube updates. The 9.2

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release, expected by mid-2008, should close these gaps, with the exception of pixel-perfect reporting in the browser.

- SAS has a reputation for promoting a proprietary architecture. It publishes few application programming interfaces (APIs) and, until recently, discouraged analytical or mixed workloads stored outside SAS. The recent Teradata announcement is a step in the right direction.
- SAS's subscription-based pricing model could be a concern for buyers that require perpetual use rights.

Tibco Spotfire

Strengths

- The 2.0 release of Spotfire DXP filled many of the holes in Tibco Spotfire's BI solution, including the lack of a client server option with a strong Web client.
- The use of Spotfire by Tibco within its event-driven architecture better positions Spotfire for process-driven analytic applications, creating a new use case for Spotfire beyond its traditional role in analyst-driven analytic applications (see "Gartner's Business Intelligence and Performance Management Framework").
- Spotfire has a unique architecture that combines in-memory analytics and interactive visualization for a flexible and easy-to-use environment for building and consuming analytic applications.
- While broadly applicable to any industry, Spotfire has demonstrated very strong adoption in the pharmaceutical, energy, semiconductor, government and financial services industries, with packaged solutions and templates for those verticals.

Cautions

- The secret is out regarding the benefit of combining in-memory analytics and interactive visualization. Other BI platforms will be delivering comparable BI platform architectures during the next 18 to 24 months, affecting Spotfire's ability to differentiate itself.
- Spotfire is usually deployed within multiple business units in an enterprise, but has not yet been widely adopted by central IT. As a result, Spotfire lacks a large number of customers that consider DXP to be the enterprise-standard BI platform.
- Spotfire offers low entry level price points on a per-user basis. However, its three year term pricing model could be a concern for some buyers that require perpetual use rights.
- Spotfire's solution is not widely used for general-purpose reporting. Spotfire should position DXP as an interactive reporting tool to be used by a wider set of users — beyond its current role as a discovery-based analysis tool.

RECOMMENDED READING

"Magic Quadrants and MarketScopes: How Gartner Evaluates Vendors Within a Market"

"Magic Quadrant for CPM Suites, 2007"

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Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets, skills, etc., whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability (Business Unit, Financial, Strategy, Organization): Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood of the individual business unit to continue investing in the product, to continue offering the product and to advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all pre-sales activities and the structure that supports them. This includes deal management, pricing and negotiation, pre-sales support and the overall effectiveness of the sales channel.

Market Responsiveness and Track Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message in order to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional, thought leadership, word-of-mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements, etc.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen

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and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the Web site, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling product that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature set as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including verticals.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

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