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EXCERPT

Worldwide Business Intelligence Tools 2009 Vendor Shares

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IN THIS EXCERPT

This IDC Excerpt is taken from the Worldwide Business Intelligence Tools 2009 Vendor Shares, by Dan Vesset, (doc# 223725). All or part of the following sections are included in this Excerpt: IDC Opinion, In This Study, Situation Overview, Future Outlook, Essential Guidance, Tables 1, 2, 3, 4 and Figures 1, 2, 3.

IDC OPINION

In 2009, the business intelligence (BI) tools market reached $8.0 billion in software license and maintenance revenue. The BI market grew 2.5% in 2009 as compared with the -0.9% growth for the overall information and communications technology (ICT) market. The BI tools market was characterized by the following trends:

- The weakness in BI tools purchasing in the first three quarters of the year was reversed in the fourth quarter. For many BI vendors, the positive growth was largely due to strong sales at the end of 2009. The recessionary trends, which began to show a slowdown in purchasing in the middle of 2008, are going to have a negative impact on maintenance and subscription revenue for several quarters.

- Nevertheless, when compared with the broader IT market, the BI tools market remains an attractive opportunity for both large IT vendors and specialty ISVs. The former group has begun to expand its BI tools portfolios with functionality to support collaboration, workflow, content analysis, and business process monitoring. The latter group of smaller, specialty ISVs represents about 27% of the market and continues to provide targeted solutions.

- Reversing a three-year trend, the advanced analytics segment of the BI tools market grew slower than the query, reporting, and analysis (QRA) segment. We expect this trend to continue in the short term and then reverse as the pent-up demand for QRA tools will be satisfied and more organizations will shift focus to advanced analytics.

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: Excerpt

IN THIS STUDY

This IDC study examines the business intelligence tools market from 2007 to 2009. Worldwide market size is provided for 2009, with trends from 2008. Revenue and market share of the leading vendors are provided for 2009, with trends from 2007 and 2008. This study also provides profiles of leading vendors and identifies the characteristics that vendors will need to be successful in the future.

The vendor shares and competitive analysis contained herein update those found in *Worldwide Business Intelligence Tools 2008 Vendor Shares* (IDC #218598, June 2009).

The most recent BI tools market forecast can be found in *Worldwide Business Intelligence Tools 2010–2014 Forecast: Initial Forecast in Line with Lower Expectations* (IDC #222688, April 2010).

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 the IDC Software Market Forecaster database as of May 14, 2010.
- 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, 2010* (IDC #222023, February 2010).

Business Intelligence Tools Market Definition

IDC defines the BI tools market as being made up of two market segments: end-user query, reporting, and analysis (QRA) and advanced analytics:

- **End-user query, reporting, and analysis.** End-user query, reporting, and analysis software includes ad hoc query and multidimensional analysis tools as well as dashboards and production reporting tools. Query and reporting tools are designed specifically to support ad hoc data access and report building by either IT or business users. This category does not include other application development tools that may be used for building reports but are not specifically designed for that purpose. Multidimensional analysis tools include both online analytical processing (OLAP) servers and client-side analysis tools that provide a data management environment used for modeling business problems and analyzing business data. Packaged data marts, which are preconfigured software combining data transformation, management, and access in a single package, usually with business models, are also included in this functional market.

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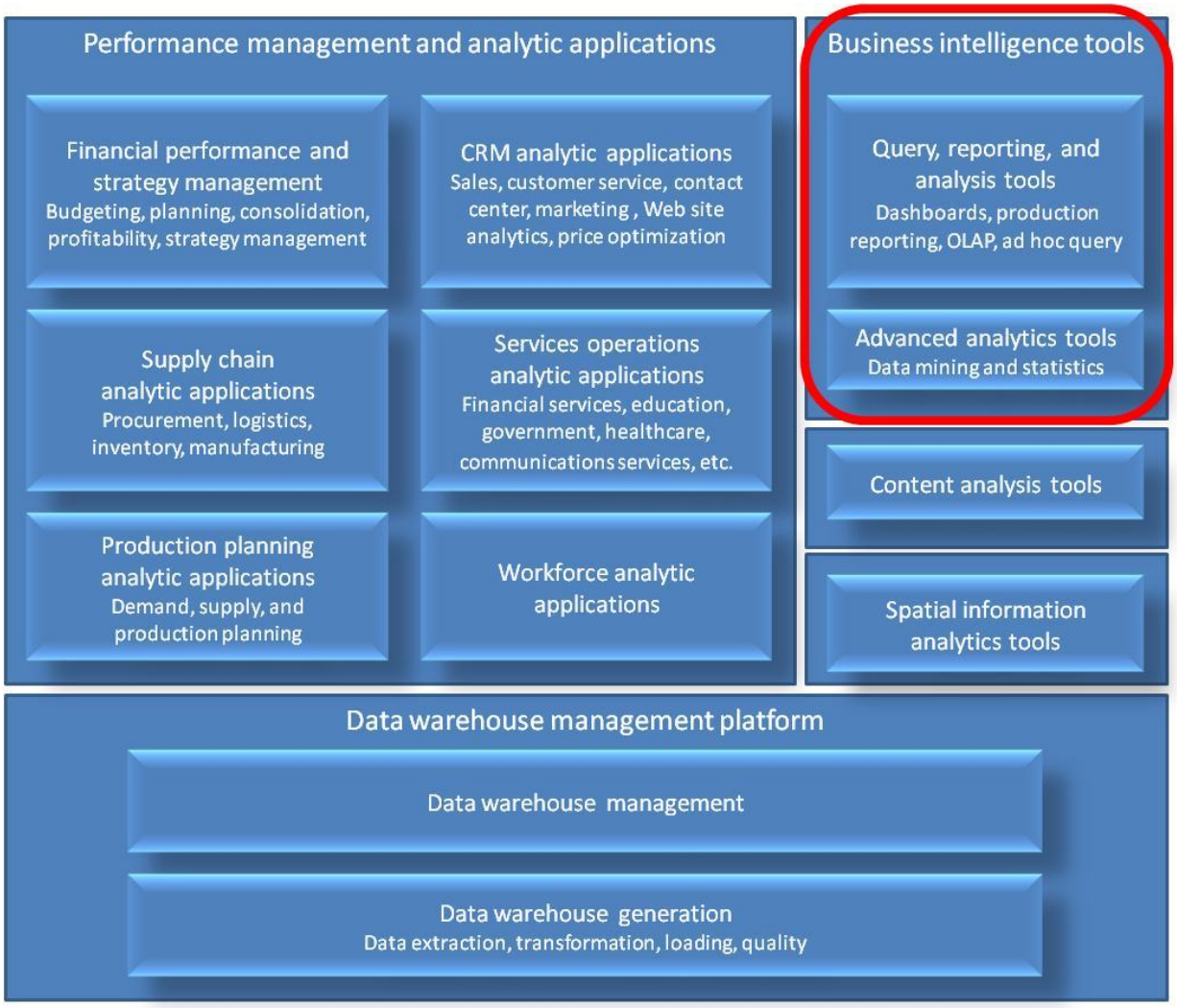
- **Advanced analytics software.** Advanced analytics software includes data mining and statistical software (previously called technical data analysis). It uses technologies such as neural networks, rule induction, and clustering, among others, to discover relationships in data and make predictions that are hidden, not apparent, or too complex to be extracted using query, reporting, and multidimensional analysis software. This market also includes technical, econometric, and other mathematics-specific software that provide libraries of statistical algorithms and tests for analyzing data. Although statistics products vary in sophistication, most provide base-level functions such as frequencies, cross-tabulation, and chi square. This market also includes a specialized form of statistical software focused on functional areas such as the industrial design of experiments, clinical trial testing, exploratory data analysis, and high-volume and real-time statistical analysis.

The BI tools market includes both standalone packaged software and embedded BI tools provided by some database management software vendors. An example of the latter is Microsoft SQL Server Analysis Services that comes embedded in the SQL Server database.

In IDC's software taxonomy, these BI tools are part of the broader market called business analytics, which is depicted in Figure 1.

FIGURE 1

IDC Business Analytics Software Taxonomy, 2010



Note: IDC has expanded the definition of business analytics software market to include content analysis tools.

Source: IDC, 2010

SITUATION OVERVIEW

The Business Intelligence Tools Market in 2009

In 2009, the BI tools market grew 2.5% to reach $8.0 billion in worldwide license and maintenance revenue (including software-as-a-service [SaaS] subscription contracts) (see Table 1). This growth was slightly lower than expected in last year's IDC forecast for the market and in line with the preliminary forecast published earlier in 2010.

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Table 1 also shows the different sizes and growth rates of the two primary segments of the BI tools market: QRA and advanced analytics.

TABLE 1

Worldwide Business Intelligence Tools Revenue by Segment, 2007–2009

	Revenue ($M)			Share (%)				
	2007	2008	2009	2007	2008	2009	2007–2008 Growth (%)	2008–2009 Growth (%)
Query, reporting, and analysis	5,798.2	6,300.7	6,482.9	81.1	80.6	81.0	8.7	2.9
Advanced analytics	1,355.0	1,512.7	1,522.4	18.9	19.4	19.0	11.6	0.6
Total	7,153.2	7,813.4	8,005.3	100.0	100.0	100.0	9.2	2.5

Source: IDC, June 2010

Performance by Geographic Region in 2009

Table 2 shows the geographic breakdown of the BI tools market. Further details and analysis of specific regional and country-level trends and market shares are available from IDC.

TABLE 2

Worldwide Business Intelligence Tools Revenue by Region, 2007–2009

	Revenue ($M)			Share (%)				
	2007	2008	2009	2007	2008	2009	2007–2008 Growth (%)	2008–2009 Growth (%)
Americas	3,548.7	3,704.6	3,937.6	49.6	47.4	49.2	4.4	6.3
EMEA	2,857.4	3,256.5	3,157.8	39.9	41.7	39.4	14.0	-3.0
Asia/Pacific	747.1	852.3	909.9	10.4	10.9	11.4	14.1	6.8
Worldwide	7,153.2	7,813.4	8,005.3	100.0	100.0	100.0	9.2	2.5

Source: IDC, June 2010

Performance of Leading Vendors in 2009

Table 3 displays 2007–2009 worldwide revenue, growth, and market share of vendors with greater than $10 million in worldwide BI tools revenue. For short profiles of the leading BI vendors, see the Vendor Profiles section.

Figure 2 depicts the share of the top 10 largest vendors (by software revenue) in the BI tools market. Due to market consolidation, this share has grown from 57.9% in 2003 to 73.6% in 2009. The rest of the market continues to be occupied by a few hundred smaller vendors worldwide.

Figure 3 depicts the BI tools market size and annual growth rates since 1993. Over this time period, the compound annual growth rate of this market has been 14%.

Table 4 displays 2007–2009 worldwide revenue, growth, and market share of the leading vendors competing in the QRA segment of the BI tools market. The QRA market represented 81% of the total BI tools market and grew at 2.9% in 2009.

Table 5 displays 2007–2009 worldwide revenue, growth, and market share of the leading vendors competing in the advanced analytics segment of the BI tools market. Advanced analytics represented 19% of the overall BI tools market and grew 0.6% in 2009.

TABLE 3

(Top 5) Worldwide Business Intelligence Tools Revenue by Vendor, 2007–2009

	Revenue ($M)			Share (%)				
Company	2007	2008	2009	2007	2008	2009	2007–2008 Growth (%)	2008–2009 Growth (%)
SAP	1,356.7	1,574.6	1,557.1	19.0	20.2	19.5	16.1	-1.1
IBM	1,153.3	1,145.6	1,224.3	16.1	14.7	15.3	-0.7	6.9
SAS	785.4	870.5	909.5	11.0	11.1	11.4	10.8	4.5
Oracle	596.7	701.1	719.5	8.3	9.0	9.0	17.5	2.6
Microsoft	554.9	648.7	701.3	7.8	8.3	8.8	16.9	8.1
Other	2,706.2	2872.7	2893.6	37.8	36.8	36.1	6.2	0.7
Total	7,153.2	7,813.4	8,005.3	100.0	100.0	100.0	9.2	2.5

Note: In cases where acquisitions were completed in 2009, revenue from acquired companies has been appended to the current and past years for the given vendor.

Source: IDC, June 2010

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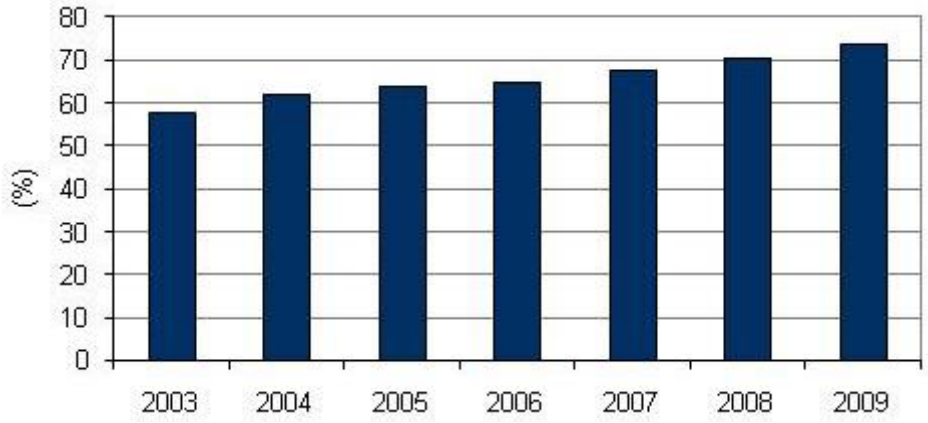
FIGURE 2

Worldwide Business Intelligence Tools Combined Software Revenue Share of the Top 10 Largest Vendors, 2003–2009

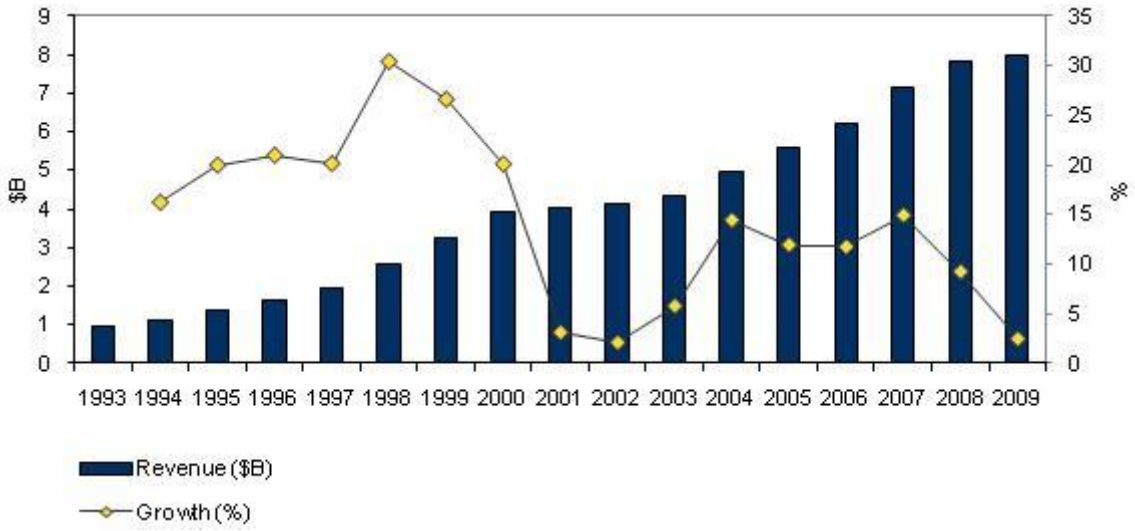


Note: The calculation of the share of the top 10 vendors by software revenue in any given year is not backstreamed to reflect acquisitions.

Source: IDC, June 2010

FIGURE 3

Worldwide Business Intelligence Tools Revenue and Growth, 1993–2009



Note: Any differences to historical figures are due to corrections made after receipt of additional market intelligence.

Source: IDC, June 2010

TABLE 4

(Top 5) Worldwide Query, Reporting, and Analysis Tools Revenue by Vendor, 2007–2009

	Revenue ($M)			Share (%)				
Company	2007	2008	2009	2007	2008	2009	2007–2008 Growth (%)	2008–2009 Growth (%)
SAP	1,356.7	1,574.6	1,557.1	23.4	25.0	24.0	16.1	-1.1
IBM	925.1	903.6	996.4	16.0	14.3	15.4	-2.3	10.3
Oracle	587.6	691.7	710.0	10.1	11.0	11.0	17.7	2.7
Microsoft	532.9	623.4	673.9	9.2	9.9	10.4	17.0	8.1
SAS	351.6	372.7	380.5	6.1	5.9	5.9	6.0	2.1
Other	2044.4	2134.5	2165.0	35.3	33.9	33.4	4.4	1.4
Total	5,798.2	6,300.7	6,482.9	100.0	100.0	100.0	8.7	2.9

Note: In cases where acquisitions were completed in 2009, revenue from acquired companies has been appended to the current and past years for the given vendor. Source: IDC, June 2010

TABLE 5

(Top 7) Worldwide Advanced Analytics Tools Revenue by Vendor, 2007–2009

	Revenue ($M)			Share (%)				
Company	2007	2008	2009	2007	2008	2009	2007–2008 Growth (%)	2008–2009 Growth (%)
SAS	433.8	497.8	529.0	32.0	32.9	34.7	14.8	6.3
IBM	228.2	242.0	228.0	16.8	16.0	15.0	6.0	-5.8
Microsoft	22.0	25.3	27.3	1.6	1.7	1.8	15.0	8.0
KXEN	11.7	16.3	15.4	0.9	1.1	1.0	39.3	-5.5
TIBCO	15.5	20.5	12.8	1.1	1.4	0.8	32.3	-37.6
FICO	13.3	18.2	12.1	1.0	1.2	0.8	36.8	-33.5
Oracle	9.1	9.4	9.5	0.7	0.6	0.6	3.0	1.1
Other	621.3	683.2	688.3	45.9	45.2	45.2	10.0	0.7
Total	1,355.0	1,512.7	1,522.4	100.0	100.0	100.0	11.6	0.6

Note: In cases where acquisitions were completed in 2009, revenue from acquired companies has been appended to the current and past years for the given vendor. Source: IDC, June 2010

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Vendor Profiles

The sections that follow highlight the performance of leading BI tools vendors in 2009.

SAP

SAP remained the largest BI tools vendor in 2009, but its BI revenue decreased for the first time in the company's history. In our analysis, this does not reflect on SAP's product portfolio but rather is a result of some missteps in pricing and packaging. It is also possible that the company spread itself too thin with the number of BI products and various initiatives launched in the past 18–24 months. These included focus on the SMB market, SaaS BI, collaborative BI, and in-memory processing, among others. Latest efforts to streamline pricing, packaging, product development, and sales should result in a return to positive growth for SAP in the BI tools market in an improving economic climate.

IBM

IBM's execution of its BI go-to-market strategy improved significantly in 2009. IBM grew at almost three times the market rate in the BI tools market. After a post-acquisition delay, IBM's Cognos portfolio of QRA tools benefited from the company's vast global sales force. IDC estimates that the Cognos-related portion of IBM's BI revenue grew about 14% in 2009. The advanced analytics product line did not fare as well. 2009 was the first full year for accounting SPSS-advanced analytics software under the IBM revenue model (IDC's methodology calls for backstreaming acquired revenue). The revenue in this segment of the market declined, which is a common post-acquisition occurrence, especially given that this event took place in a weak economic climate. IDC also counts certain IBM database–embedded BI components, such as InfoSphere Warehouse Cubing Services for OLAP, InfoSphere Warehouse Data Mining, and QMF, in the BI tools market. Going forward, IBM is in a strong position to gain share in the BI tools market provided that the integration of SPSS proceeds as planned and assuming the company effectively cross-markets its QRA and advanced analytics BI tools, and cross-markets the same BI tools with related software such as its rules engine, portfolio of data integration and management tools, content access and analysis software, and collaboration applications.

SAS

SAS continued as the third-largest BI tools vendor, with advanced analytics, the company's core competency, growing faster than QRA software. In a difficult economic environment, SAS clearly focused on what it knows best. At the same time, SAS reinvested 23% of its revenue in R&D, which should bode well for the company as the economy recovers. In addition to its strong presence in some of the largest companies in the world, 2009 marked the first year of noticeable success for SAS' relatively new SMB strategy, including a dedicated product offering and sales strategy. Finally, SAS derives a substantial portion of its revenue from data integration and analytic applications markets, which are not covered in the BI tools market.

Oracle

Oracle's growth rate in 2009 was in line with the performance of the overall BI tools market. During the year, Oracle seems to have invested more product development resources in analytic applications as opposed to BI tools. Therefore, in its overall business analytics tools portfolio, Oracle's analytic applications performed better than BI tools in 2009. However, the company continues to see analytic application sales pull in BI tools sales. Note that IDC accounts for Oracle Hyperion Essbase as a BI tool and financial performance management applications built on Essbase as analytic applications, which will be covered in a separate IDC study. For a change, Oracle did not make any major acquisitions in the BI market, which allowed the company to focus on sales execution and to extend a tighter integration of the portfolio of BI tools with its various operational applications. Oracle continues to derive the vast majority of its BI tools revenue from the QRA segment and a smaller revenue amount in advanced analytics from Oracle Data Mining. IDC also accounts for certain Oracle Reports revenue as an embedded component of Oracle Fusion Middleware.

Microsoft

Microsoft grew 8.1% in 2009 and increased its share to almost 9% of the market. The company's primary products in this market include SQL Server Analysis Services and SQL Server Reporting Services as well as SharePoint PerformancePoint Services. Microsoft's packaging of BI tools within SQL Server continues to be an attractive option for its customers. Note that at this point, IDC does not allocate any revenue derived by Microsoft from Excel to the BI tools market. Yet most of Microsoft's customers that purchase SQL Server for their BI needs also frequently use Excel for BI purposes. We expect a substantial portion of the market to take up Microsoft's PowerPivot product, delivered as part of Excel 2010.

FUTURE OUTLOOK

IDC's end-user surveys continue to point to healthy demand for BI software. For example:

- In a survey of over 600 organizations in 1Q10, BI software was ranked as the second-highest applications software category (among 18) for expected purchasing over a 12-month period. (Note that the survey excluded systems and application development software categories.)
- In a survey of over 3,000 organizations conducted in 4Q09, 30% of respondents indicated that they were planning to increase investment in BI software, 65% were planning to maintain the current investment level, and only 5% expected to decrease investment in BI software over the next year.
- In the same survey, most organizations indicated that they allocate 4–5% of their software budget to BI and analytics software.

However, these demand trends must be viewed in the context of the worldwide economic climate. The BI tools market size and annual growth rates since 1993 show that over the past 16 years, the BI tools market has had a CAGR of 14% (refer back to Figure 3). Although we do not think that the market will be able to maintain this

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long-term midteens CAGR in perpetuity, there is likely going to be a return to about a 10% CAGR over the next five years.

For more information on expected BI tools market trends, see Worldwide Business Intelligence Tools 2010–2014 Forecast: Initial Forecast in Line with Lower Expectations (IDC #222688, April 2010).

As recent history shows, on average the market drops are steeper than the recoveries. Therefore, the positive news about the performance of many vendors in the first half of 2010 needs to be tempered with the prospect that this wave of BI software purchasing is based on needs that went unaddressed in 2009. The reality of the postrecession economy dictates that purchase of IT tools, including BI tools, will continue to be closely scrutinized for some time.

Besides general economic trends, the market drivers and inhibitors outlined in the section that follows are expected to affect the BI tools market growth, as measured in software revenue, in the near term.

Business Intelligence Market Drivers and Inhibitors

There are several drivers and inhibitors influencing the BI tools market.

Drivers

- Simplification of the evaluation and purchasing steps of BI software is a strong driver for growth. The growing number of SaaS BI tools and specialty tools with very narrow applicability makes it easier, faster, and cheaper for organizations to acquire BI tools.
- Business analytics appliances that have evolved from the data warehouse layer to the BI tools layer will also encourage faster and easier deployment of BI tools.
- In-memory processing will enable better performance for interactive, exploratory interaction with the data by some end users, which is likely to lead to an increase in the number of people with access to BI solutions.
- The market for BI tools will continue to expand as more departmental purchases will occur. Few large and midsize organizations, which purchase around 80% of the value of the BI software market, have standardized on enterprisewide BI tools deployments.
- Greater focus on BI by SMBs will expand the overall market. Many of the SMBs will look for simplicity in BI tool acquisition, deployment, and use because they lack dedicated resources for BI teams or competency centers.

Inhibitors

- Search-based applications will continue to address some of the information access and multidimensional analysis requirements of organizations, thus taking market share away from traditional BI tools.

- Continued growth in prepackaged analytic applications will inhibit some growth of the standalone BI tools market as organizations will acquire query, reporting, analysis, and advanced analytics functionality through the applications.

- Revenue-based market sizing will be inhibited by the large supply of alternative BI tools, especially in the QRA segment of the market where commercial BI suites continue to compete with commercial and open source specialty tools. The result of this competition and greater market knowledge by software purchasers, enabled by social media, will push down prices for BI tools as a whole.

ESSENTIAL GUIDANCE

To continue growing in the BI tools market, vendors should ceaselessly focus on demonstrating the ROI in their technology. IDC research shows that a third of organizations are unsure how to measure benefits of BI solutions and projects.

In addition, anecdotal evidence suggests that many organizations lack a BI or business analytics strategy. Lack of such a strategy, along with the inability to measure ROI, is a challenge that vendors need to help end users overcome through relevant services, training, and education.

Vendors should continue or begin to integrate BI tools with related functionality for collaboration, workflow, content access and analysis, and knowledge management. Features for adding annotations, ranking and rating information, online collaborative workspaces, and other similar features should be much more prevalent than they are today. In turn, all the unstructured content generated as a byproduct of collaboration will form a basis for analyzing best practices in BI.

At the same time, end users need to gain better understanding of the decision processes that exist in their organizations. Historical overemphasis on only managing data and building end-user BI interfaces is no longer sufficient to support growing and ever-changing end-user BI requirements. IT and BI groups need to know how the data is used in order to enable end users with actionable insight.

Specifically, IT departments should recognize that their role does not include building and rebuilding dashboards and other ad hoc end-user information access interfaces. The time previously spent on these activities should be focused on data and data management technology, including projects and ongoing programs for data integration, cleansing, security, availability, and performance management.

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