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MARKET ANALYSIS

Worldwide Business Analytics Software 2013–2017 Forecast and 2012 Vendor Shares

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IN THIS EXCERPT

The content for this excerpt was taken directly from the IDC Market Analysis: Worldwide Business Analytics Software 2013–2017 Forecast and 2012 Vendor Shares by Dan Vesset, Brian McDonough, David Schubmehl, and Mary Wardley (Doc # 241689). All or parts of the following sections are included in this excerpt: IDC Opinion, In This Study, Situation Overview, Future Outlook, Essential Guidance, and Synopsis. Also included is Figure 1 and Tables 1, 2, 3, 4, 5, and 8..

IDC OPINION

In 2012, the worldwide business analytics software market grew 8.7% to reach $34.9 billion. The market is now forecast to grow at a 9.7% compound annual growth rate (CAGR) through 2017. Since 2003, IDC has defined the business analytics software market as the combination of the data warehouse (DW) platform software with performance management and analytic applications and business intelligence (BI) and analytic tools. Key observations about the business analytics software market include:

- 2012 market growth rate of 8.7% was significantly lower than the 15% growth rate in 2011. It signaled the end of the post-recession recovery period that was characterized by accelerated software purchases that were delayed in 2009.
- Macroeconomic issues that plagued the world economy in the second half of 2012, especially the weak performance of European markets, resulted in lower-than-expected business analytics software market growth rate in 2012.
- Despite the economic uncertainty, in the short term, the media, vendor, and industry attention on big data put broader business analytics technology on the agenda of more senior executives, resulting in healthy growth (8.7% versus 3.6% for the total software market and 2.9% for the total ICT market).
- In 2012, the market experienced a noticeable shift toward cloud-based solutions. Although these cloud-based solutions had been available for years, supply of cloud services from the largest vendors accelerated rapidly in 2012 and is expected to continue throughout the forecast period.
- The growing mass-market demand for business analytics solutions is exposing the previously minor issue of the shortage of highly skilled IT and analytics staff, which in turn acts as an inhibitor for growth.

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Business Analytics Solutions: Market Analysis

- Memory-based business analytics solutions became widely available from many vendors. The query performance increases over disk-based systems have reset user expectations about access to and interactivity with business analytics tools. The upcoming upgrade cycle to memory-based solutions will act as a growth accelerator.

IN THIS STUDY

This study examines the business analytics software market for the period from 2008 to 2017, with vendor revenue trends and market growth forecasts. Worldwide market sizing is provided for 2012, with trends from 2008. A five-year growth forecast for this market is shown for 2013–2017. Revenue and market share of the leading vendors are provided for 2012, with trends from 2010.

Business Analytics Software Market Definition

IDC defines the business analytics software market as an aggregation of several software tools and application markets, with the functionality to aggregate, manage, organize, analyze, access, and deliver structured and unstructured data. As shown in Figure 1, the business analytics software market has three primary segments: performance management and analytic applications, business intelligence and analytic tools, and data warehouse platform software. Each of the primary segments has subsegments as follows:

- **Business intelligence and analytic tools.** Business intelligence and analytic tools include query, reporting, and analysis tools; advanced analytics tools; spatial information analytics tools; and content analysis tools. The business intelligence (BI) tools segment includes both standalone and embedded software:
  - Standalone BI software refers to tools that are packaged and marketed under separate products and are accounted for within the IDC functional markets of end-user query, reporting, and analysis and advanced analytics.
  - Embedded BI software refers to tools that are components of other software, specifically relational database management software or application server software. These products are not priced separate of the software into which they are embedded. Examples include Microsoft SQL Server Analysis Services embedded within Microsoft SQL Server, Oracle Reports embedded within Oracle Application Server, and IBM InfoSphere Warehouse Data Mining embedded within IBM InfoSphere Warehouse.

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- **Data warehousing platform software.** IDC defines data warehousing as a process that organizes time-based data coming from multiple sources according to subjects meaningful to the business and driven by the need to inform decision makers. The data warehouse platform software competitive market includes two market segments:

  - **Data warehouse generation.** These software tools are software used in the design, cleansing, transformation, loading, and administration of the data warehouse.

  - **Data warehouse management.** These software tools are database management software used to manage data in the data warehouse.

- **Performance management and analytic applications.** IDC defines these applications as software that must meet each of the following three conditions:

  - **Business process support.** Commercial application software that structures and automates a group of tasks pertaining to the review and optimization of business operations (i.e., control) or the discovery and development of new business (i.e., opportunity)

  - **Separation of function.** Can function independently of an organization's core transactional applications, yet can be dependent on such applications for data and may send results back to these applications

  - **Time-oriented, integrated data from multiple sources.** Extracts, transforms, and integrates data from multiple sources (internal or external to the business) — supporting a time-based dimension for analysis of past and future trends — or accesses such a database

  IDC tracks the following performance management and analytic applications submarkets:

  - Customer relationship analytic applications

  - Supply chain analytic applications

  - Services operations analytic applications

  - Workforce analytic applications

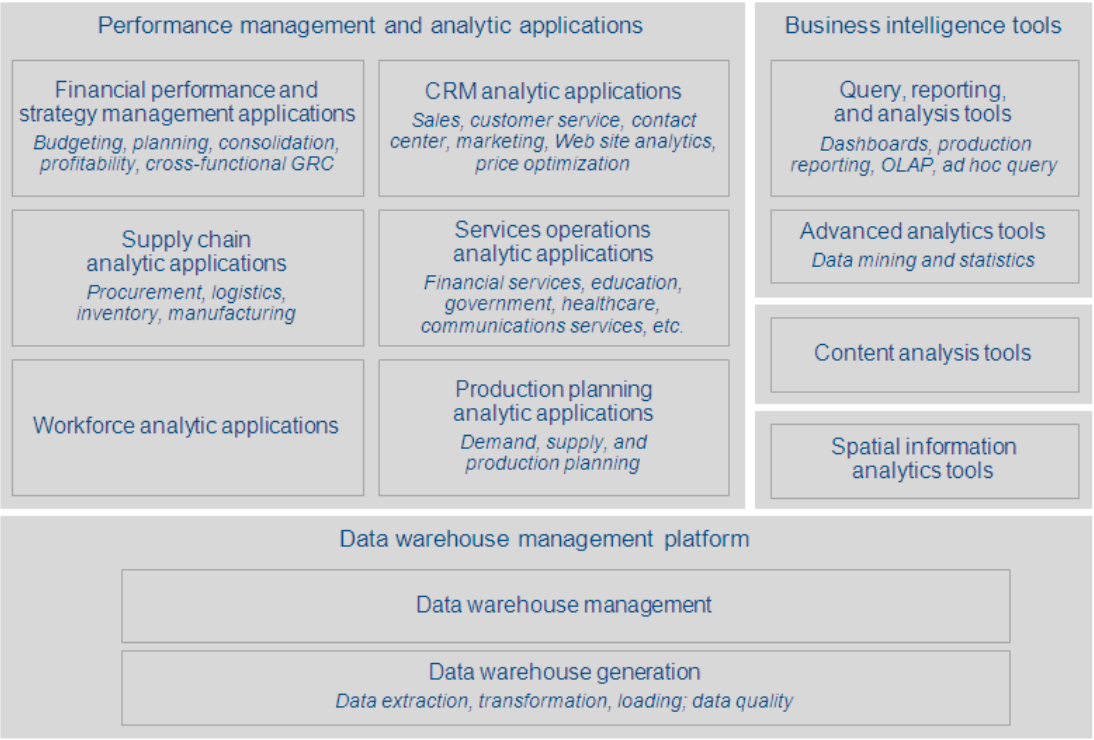
  In addition, IDC classifies two functional markets as being part of the performance management and analytic applications market. These markets are:

  - Financial performance, strategy management, and GRC applications

  - Production planning analytic applications

FIGURE 1

IDC's Business Analytics Software Market Taxonomy, 2013



Source: IDC, 2013

Exclusions

IDC's current definition of business analytics software excludes tools for managing real-time, streaming data or what is sometimes referred to as "data in motion." These tools include but are not limited to rules engines, complex event processing engines, streaming data analytics, and business process automation suites and are covered in other IDC reports.

SITUATION OVERVIEW

The Business Analytics Software Market in 2012

In 2012, the worldwide business analytics software market grew 8.7% to reach $34.9 billion. Of the three primary segments of the market, the data warehousing platform software segment again grew the fastest, at 10.8%, followed by the business intelligence and analytic tools and performance management and analytic applications segments — both of which grew at 7.7% each.

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Of the 12 business analytics software market segments, 5 segments grew at over 10% each in 2012. Workforce analytic applications and content analytics markets grew the fastest with 15.8% and 14.9%, respectively.

Business analytics software adoption is a worldwide, cross-industry phenomenon represented by organizations of all sizes. For more information on regional and country-level vendor shares, growth rates, and market segment forecasts, see IDC's Semiannual Business Analytics Software Tracker.

Performance of Leading Vendors in 2012

Table 1 displays 2010–2012 worldwide revenue and market share and 2011 and 2012 growth rates for leading business analytics software vendors.

TABLE 1

Worldwide Business Analytics Software Revenue by Leading Vendor, 2010–2012

	Revenue ($M)			Share (%)			Growth (%)	
	2010	2011	2012	2010	2011	2012	2010–2011	2011–2012
Oracle	5,212.8	6,139.0	6,484.6	18.7	19.1	18.6	17.8	5.6
SAP	4,022.9	4,773.8	5,223.5	14.4	14.9	15.0	18.7	9.4
IBM	3,898.6	4,451.1	4,599.0	14.0	13.9	13.2	14.2	3.3
Microsoft	2,106.6	2,347.1	2,706.7	7.5	7.3	7.8	11.4	15.3
SAS	2,009.3	2,262.3	2,423.2	7.2	7.0	6.9	12.6	7.1
Other	10,695.2	12,154.7	13,480.1	38.2	37.8	38.50	13.6	11.0
Total	27,945.4	32,128.0	34,917.1	100.0	100.0	100.0	15.0	8.7

Note: This table does not take into account any mergers and acquisitions that closed after December 31, 2012.

Source: IDC, June 2013

Vendor Profile

SAS

SAS was the fifth-largest business analytics vendor, and in 2012, its software revenue approached $2.4 billion, spread across almost all of the 12 segments of the market. Despite increased competition in the advanced analytics market segment, SAS continues to dominate the advanced analytics segment, with 36.2% market share. In addition, most of its analytic applications also incorporate advanced analytics techniques. SAS' current focus is on porting the company's tools and applications to the company's high-performance platform and on promoting the company's Visual Analytics software. The former is focused on performance improvements across the company's broad portfolio of products; the latter is focused on improving end-user experience with SAS tools and applications.

The Broader Business Analytics Software Market

Although the previously mentioned six largest business analytics vendors account for two-thirds of the software revenue, there is a large and competitive market that represents the remainder of the market. Hundreds of ISVs worldwide operate in the 12 segments of the business analytics market. Some provide a single tool or application; others offer software that spans multiple market segments. Some of these vendors are highly focused on specific business processes and/or industries; others offer horizontal technology applicable across the market. There is also a range of business models (e.g., commercial software and open source) and deployment options (e.g., on-premise and public and private cloud) among these vendors.

Business Analytics Market Performance by Segment

Tables 2–4 depict leading vendors within major business analytics market segments and the individual market subsegments.

Business Intelligence Tools: End-User Query, Reporting, and Analysis and Advanced Analytics Tools

Table 2 depicts leading vendors in the combined, standalone, and embedded end-user query, reporting, and analysis and advanced analytics markets. Note that Table 2 shows the leading *business intelligence* tools vendors but excludes revenue from spatial information analytics and content analytics markets. This is done to provide a basis for comparison with business intelligence tools vendor shares published in previous years. The content analytics market is covered in greater detail in *Worldwide Search and Content Analytics 2012 Vendor Shares* (IDC #241615, June 2013) and *Worldwide Search and Content Analysis 2013–2017 Forecast* (IDC #241219, May 2013).

Within the BI tools market, the end-user query, reporting, and analysis segment accounts for 81.9% of the revenue. As shown in Table 3, the fastest-growing vendors

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in this market were Tableau Software, Prognoz, Jaspersoft, TIBCO (Spotfire), Targit, and QlikTech. A key theme among the fastest-growing specialty BI vendors was the focus on visual discovery. Even Microsoft's relatively high growth of 16% can be partially attributed to the introduction of Microsoft Power View, an ad hoc visual discovery tool in Microsoft SQL Server Reporting Services.

In the advanced analytics segment of the market, SAS continued to dominate the market. The key trend in advanced analytics, which is not reflected in the market sizing and vendor shares, is the continued growth of the open source R development language. Although there is no direct software revenue attributed to an open source product, the use of R does inhibit growth of all other commercial advanced analytics tools while increasing adoption of advanced analytics in the overall market.

Tables 3 and 4 depict the leading vendors and overall market sizes for each of the two market segments of business intelligence software.

TABLE 2

Worldwide Business Intelligence Tools Software Revenue by Leading Vendor, 2010–2012

	Revenue ($M)			Share (%)			Growth (%)	
	2010	2011	2012	2010	2011	2012	2010–2011	2011–2012
SAP	1,866.4	2,074.5	2,165.4	20.7	20.4	19.7	11.2	4.4
IBM	1,302.6	1,484.1	1,534.3	14.4	14.6	14.0	13.9	3.4
SAS	975.2	1,062.8	1,133.8	10.8	10.4	10.3	9.0	6.7
Microsoft	801.0	899.8	1,044.1	8.9	8.8	9.5	12.3	16.0
Oracle	801.4	934.5	978.5	8.9	9.2	8.9	16.6	4.7
Other	3,269.9	3737.4	4110.1	36.3	36.6	37.6	14.3	10.0
Total	9,016.5	10,193.1	10,966.2	100.0	100.0	100.0	13.0	7.6

Note: This table does not take into account any mergers and acquisitions that closed after December 31, 2012.

Source: IDC, June 2013

TABLE 3

Worldwide End-User Query, Reporting, and Analysis Software Revenue by Leading Vendor, 2010–2012

	Revenue ($M)			Share (%)			Growth (%)	
	2010	2011	2012	2010	2011	2012	2010–2011	2011–2012
SAP	1,866.4	2,074.5	2,165.4	25.4	24.9	24.1	11.2	4.4
IBM	1,033.6	1,168.7	1,198.6	14.1	14.0	13.3	13.1	2.6
Microsoft	759.0	853.4	989.5	10.3	10.3	11.0	12.4	16.0
Oracle	788.9	919.4	963.3	10.7	11.0	10.7	16.5	4.8
SAS	392.7	402.9	415.8	5.3	4.8	4.6	2.6	3.2
Other	2507.2	2905.1	3249.0	34.3	35.0	36.3	15.8	11.8
Total	7,347.8	8,324.0	8,981.6	100.0	100.0	100.0	13.3	7.9

Note: This table does not take into account any mergers and acquisitions that closed after December 31, 2012.

Source: IDC, June 2013

TABLE 4

Worldwide Advanced Analytics Software Revenue by Leading Vendor, 2010–2012

	Revenue ($M)			Share (%)			Growth (%)	
	2010	2011	2012	2010	2011	2012	2010–2011	2011–2012
SAS	582.5	659.9	718.0	34.9	35.3	36.2	13.3	8.8
IBM	269.1	315.4	335.7	16.1	16.9	16.9	17.2	6.4
Microsoft	41.9	46.4	54.5	2.5	2.5	2.7	10.8	17.4
KXEN	17.2	19.1	20.1	1.0	1.0	1.0	11.5	4.8
Pitney Bowes Software	11.6	12.4	17.1	0.7	0.7	0.9	7.1	37.9
Other	746.5	815.9	839.2	44.8	43.6	42.3	9.3	2.9
Total	1,668.8	1,869.1	1,984.6	100.0	100.0	100.0	12.0	6.2

Note: This table does not take into account any mergers and acquisitions that closed after December 31, 2012.

Source: IDC, June 2013

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Data Warehouse Platform Software: Data Warehouse Generation and Data Warehouse Management

Table 5 depicts the leading vendors in the combined data warehouse generation and data warehouse management markets. The data warehouse generation market segment continues to be hotly contested, with the three leading vendors IBM, Informatica, and SAS separated by a 0.7% market share. In addition, Microsoft, SAP, and Oracle all had low-double-digit growth rates in this market. As a variety of data sources being incorporated into business analytics solutions expand, the data warehouse generation market is expected to continue to grow at a healthy 10.4% CAGR over the next five years.

In the data warehouse management segment of the market, Oracle continues to dominate with twice the share of its next closest competitor. However, it was SAP, Teradata, and Microsoft that grew the fastest among the top 5 vendors that hold 93.9% combined market share. Both EMC (Greenplum) and HP (Vertica) experienced strong growth but from a lower base. Both of these companies are likely to continue to gain share, but organic growth needed to catch up to the leaders in this market will require a long-term commitment to the respective products.

TABLE 5

Worldwide Data Warehouse Platform Software Revenue by Leading Vendor, 2010–2012

	Revenue ($M)			Share (%)			Growth (%)	
	2010	2011	2012	2010	2011	2012	2010–2011	2011–2012
Oracle	2,729.9	3,304.8	3,507.6	32.3	33.1	31.7	21.1	6.1
IBM	1,901.6	2,143.3	2,179.6	22.5	21.5	19.7	12.7	1.7
Microsoft	1,210.0	1,343.0	1,549.8	14.3	13.5	14.0	11.0	15.4
Teradata	788.7	898.6	1,024.4	9.3	9.0	9.3	13.9	14.0
SAP	277.6	509.4	761.5	3.3	5.1	6.9	83.5	49.5
SAS	455.7	503.8	544.7	5.4	5.1	4.9	10.6	8.1
Other	1092.3	1270.9	1487.5	12.9	12.7	13.5	16.4	17.0
Total	8,455.8	9,973.8	11,055.1	100.0	100.0	100.0	18.0	10.8

Note: This table does not take into account any mergers and acquisitions that closed after December 31, 2012.

Source: IDC, June 2013

Performance Management and Analytic Applications

Table 8 depicts the leading vendors in the aggregated performance management and analytic applications market that is made up of financial performance, strategy

management, and GRC applications; and supply chain, services operations, production planning, CRM, and workforce analytic applications.

Although IDC classifies all the previously mentioned software packages as analytic applications, they all target different business functions, and several of the subsegments of the market are highly industry specific. Therefore, while there is value in understanding the market size and shares of this aggregated market, it is also important to view each segment separately.

Note that this study does not provide commentary or show the CRM analytic applications market shares. These will be published in a separate study that is aligned with broader CRM market trends. Also, a more detailed view of the financial performance and strategy management applications market is provided in *Worldwide Financial Performance and Strategy Management Applications 2013–2017 Forecast and 2012 Vendor Shares* (IDC #241220, May 2013).

TABLE 8

Worldwide Performance Management and Analytic Applications Software Revenue by Leading Vendor, 2010–2012

	Revenue ($M)			Share (%)			Growth (%)	
	2010	2011	2012	2010	2011	2012	2010–2011	2011–2012
SAP	1,878.9	2,189.9	2,296.6	20.2	20.8	20.2	16.6	4.9
Oracle	1,567.7	1,770.0	1,898.8	16.9	16.8	16.7	12.9	7.3
IBM	683.0	806.4	861.1	7.4	7.7	7.6	18.1	6.8
SAS	563.4	675.3	722.5	6.1	6.4	6.4	19.9	7.0
Infor	384.0	412.6	429.6	4.1	3.9	3.8	7.5	4.1
Other	4,202.4	4,685.4	5,142.9	45.3	44.4	45.3	11.5	9.8
Total	9,279.4	10,539.6	11,351.5	100.0	100.0	100.0	13.6	7.7

Note: This table does not take into account any mergers and acquisitions that closed after December 31, 2012.

Source: IDC, June 2013

FUTURE OUTLOOK

Forecast and Assumptions

Because of continued global economic weakness, we have lowered IDC's five-year CAGR for the business analytics software market to 9.7% from the 10.1% CAGR published in *Worldwide Business Analytics Software 2012–2016 Forecast and 2011 Vendor Shares* (IDC #235494, June 2012).

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Worldwide Business Analytics Software Market Forecast, 2013–2017

IDC's estimate of the growth of the business analytics software market through 2017 is presented in Table 14. The worldwide CAGR for the market through this five-year period is expected to be 9.7%. However, the growth of individual segments of the market varies from 6.5% for production planning applications to 11.8% for CRM analytic applications.

ESSENTIAL GUIDANCE

The growing focus on big data and business analytics solutions as a basis for competitive advantage is both an opportunity and a challenge for most organizations. The promise of better and faster data-driven decision making has pushed this technology to the top of executive agendas. In this environment, it is not only access to information but the ability to analyze and act upon it in a timely manner that creates competitive advantage in the marketplace, enables sustainable management of communities and natural resources, and promotes appropriate delivery of social, healthcare, and educational services.

Business analytics technology is finally reaching the mainstream market. As such, the market is attracting new vendors and additional investment by established vendors. To succeed in this large but highly competitive market, vendors need to differentiate themselves not only based on their specialized business analytics software but also on the related capabilities to deliver solutions either on their own or with the assistance of partners.

To do so, vendors needs to be aware of:

- The business analytics maturity and competency level of their customers and prospects
- Industry-specific and localized drivers for investment
- Key decision-making process and decision maker groups within end-user organizations and their unique requirements

Synopsis

This IDC study examines vendor revenue performance in the business analytics software market for 2010–2012 and presents a forecast of the market, including its 12 segments, for 2013–2017. The study further presents short profiles of the leading business analytics software vendors.

"In hindsight, 2012 will be seen as the year when business analytics became a mainstream market adopted broadly across industries, organization sizes, and geographic regions," said Dan Vesset, program vice president for IDC's Business Analytics Solutions. "There is growing quantifiable evidence that data-driven decision making enabled by business analytics solutions does provide a competitive differentiation. IDC expects the business analytics software market to grow at a 9.7% compound annual growth rate over the next five years."

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