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## EXCERPT

# Worldwide Business Analytics Software 2007-2011 Forecast Update and 2006 Vendor Shares: Business Intelligence, Data Warehousing, and Analytics Applications Forecasts Point.. (Excerpt from IDC #208699)

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## IN THIS EXCERPT

The content for this excerpt was taken directly from the IDC Market Analysis Report, Worldwide Business Analytics Software 2007-2011 Forecast Update and 2006 Vendor Shares: Business Intelligence, Data Warehousing, and Analytics Application Forecast Point to Continued Strength, by Dan Vesset, Brian McDonough, Kathleen Wilhide, Mary Wardley, Robert McCullough, and David Sonnen (Doc # 208699). All or part of the following sections are included in this excerpt: IDC Opinion, In This Study, Methodology, Situation Overview and Competitive Market Map. Also included are Table 1, 6, & 7, Appendix: Vendor Shares, and Figure 1 & 2.

## IDC OPINION

The business analytics software market comprises performance management (PM) tools and applications and data warehouse (DW) platform software. This software is used to access, transform, store, analyze, model, deliver, and track information to enable fact-based decision making and extend accountability by providing all decision makers with the right information, at the right time, using the right technology. In 2006, the business analytics software market reached $19.3 billion, representing a growth rate of 11.2%. The worldwide business analytics software market is expected to continue to grow at a healthy compound annual growth rate (CAGR) of 10.3% over the next five years. Several trends will characterize the market over the forecast period:

- Business analytics solutions will increasingly incorporate functionality for unified access and analysis of structured data and unstructured content, business process management, collaboration, and workflow management functionality.
- A broader set of organizations (in all geographic regions and of all sizes) are beginning to look at business analytics not only as a set of reporting functions but as a means to gain competitive advantage through better decision management and process optimization.
- As consolidation among the leading business analytics vendors continues, a new generation of software vendor will target specific market segments with innovative new solutions. These solutions will include not only functionality

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innovation but also business model innovation, with such offerings as open source and software-as-a-service (SaaS) business analytics.

## IN THIS STUDY

This study examines the business analytics software market for the period from 2005 to 2011, with vendor revenue trends and market growth forecasts. Worldwide market sizing is provided for 2006, with trends from 2005. A five-year growth forecast for this market is shown for 2007–2011. Revenue and market share of the leading vendors is provided for 2006.

This document updates the forecast published in Worldwide Business Analytics Software 2007–2011 Forecast: The Growth Cycle Continues (IDC #206071, March 2007).

### Methodology

See the Learn More section for a description of the forecasting 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 August 31, 2007.
- 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, 2007* (IDC #205437, February 2007).

#### *Changes to Methodology from Previously Published Business Analytics Studies*

- In last year's *Worldwide Business Analytics Software 2006–2010 Forecast and 2005 Vendor Shares* (IDC #203468, September 2006), IDC included the supply chain production planning market segment as a key analytic component of the PM applications market category. As 2006 was the first year we included supply chain production planning, IDC included this market sizing as a separate table. The current document rolls up supply chain production planning into the overall business analytics market. This change affects both the base year 2005–2006 market size and 2007–2011 forecast by increasing the total market.
- To continue to differentiate between supply chain production planning and other supply chain analytics software (e.g., logistics, manufacturing, procurement, inventory analytics), IDC has split the overall supply chain analytics market into two segments: supply chain production planning and other supply chain analytics. For more information, please see *Worldwide Supply Chain, Services Operations, and Workforce Analytic Applications 2006 Vendor Shares* (IDC #208116, August 2007).

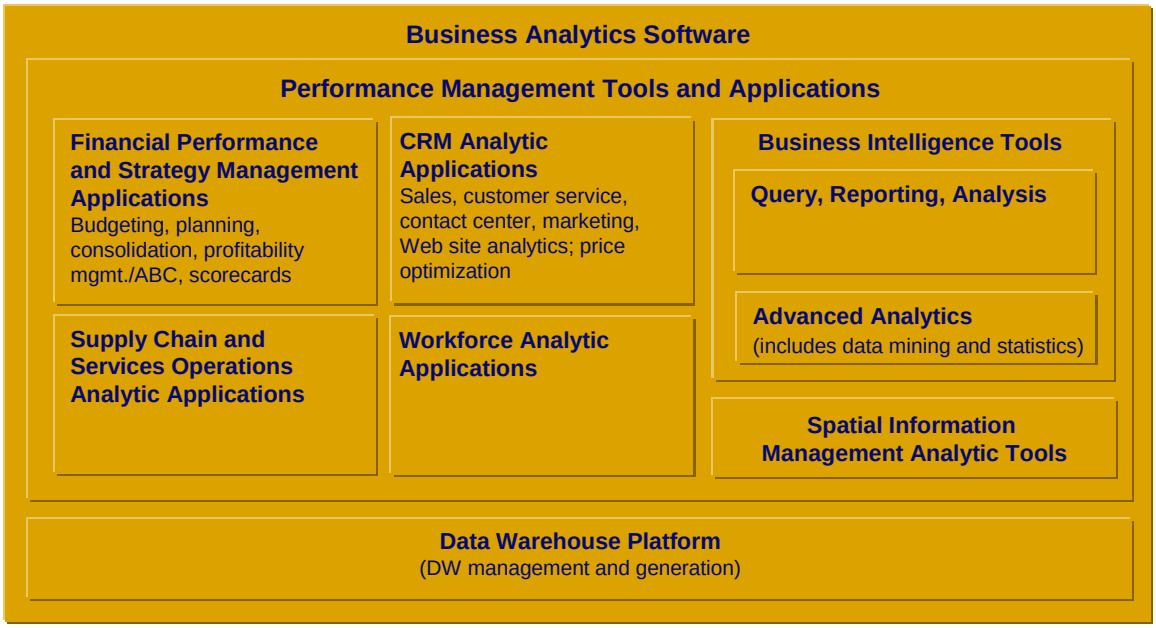
 

### Business Analytics Market Definition

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

**FIGURE 1**

IDC's Business Analytics Taxonomy, 2007




Source: IDC, 2007

## SITUATION OVERVIEW

### The Business Analytics Software Market in 2006

In 2006, the worldwide business analytics software market grew at a rate of 11.2% to reach $19.3 billion. The PM tools and applications category came in at $13.6 billion, and the DW platform category garnered $5.7 billion. Vendor shares for the two major categories of the market are shown in the Appendix.

### Performance of Leading Vendors in 2006

Market shares of leading vendors in the overall business analytics software market are shown in Table 1. This data excludes all mergers and acquisitions completed in calendar-year 2007, which has been characterized by such continued corporate

events, most notably Oracle's acquisition of Hyperion (see *Business Intelligence and Performance Management Consolidation Round Two: Oracle Acquires Hyperion,* IDC #lcUS20585607, March 2007), Business Objects' acquisition of Cartesis (see *Business Objects Rounds Out Its Performance Management Strategy with the Acquisition of Cartesis,* IDC #lcUS20662207, April 2007), and Cognos' acquisition of Applix.

**TABLE 1**

Worldwide Business Analytics Software Revenue by Leading Vendor, 2005 and 2006

| | Revenue ($M) | | Share (%) | | |
|---|---|---|---|---|---|
| | 2005 | 2006 | 2005 | 2006 | 2005–2006 Growth (%) |
| Oracle | 2,441.9 | 2,753.7 | 14.0 | 14.2 | 12.8 |
| SAS | 1,399.0 | 1,594.6 | 8.0 | 8.2 | 14.0 |
| SAP | 1,231.6 | 1,387.3 | 7.1 | 7.2 | 12.6 |
| IBM | 1,176.2 | 1,317.0 | 6.8 | 6.8 | 12.0 |
| Microsoft | 1,041.0 | 1,297.2 | 6.0 | 6.7 | 24.6 |
| Business Objects | 955.1 | 1,033.1 | 5.5 | 5.3 | 8.2 |
| Cognos | 701.6 | 767.3 | 4.0 | 4.0 | 9.4 |
| Hyperion | 594.0 | 667.4 | 3.4 | 3.5 | 12.4 |
| NCR Teradata | 428.6 | 450.3 | 2.5 | 2.3 | 5.1 |
| Fair Isaac | 393.7 | 401.9 | 2.3 | 2.1 | 2.1 |
| Subtotal | 10,362.7 | 11,669.8 | 59.60 | 60.30 | 12.6 |
| Other | 7,023.7 | 7,672.5 | 40.40 | 39.70 | 9.2 |
| Total | 17,386.4 | 19,342.3 | 100.0 | 100.0 | 11.2 |

Notes:

This table does not take into account any mergers and acquisitions that closed after January 1, 2007.

The difference in market size and forecast figures is due to the inclusion of the supply chain production planning software segment in calculating the total business analytics software market.

Source: IDC, September 2007

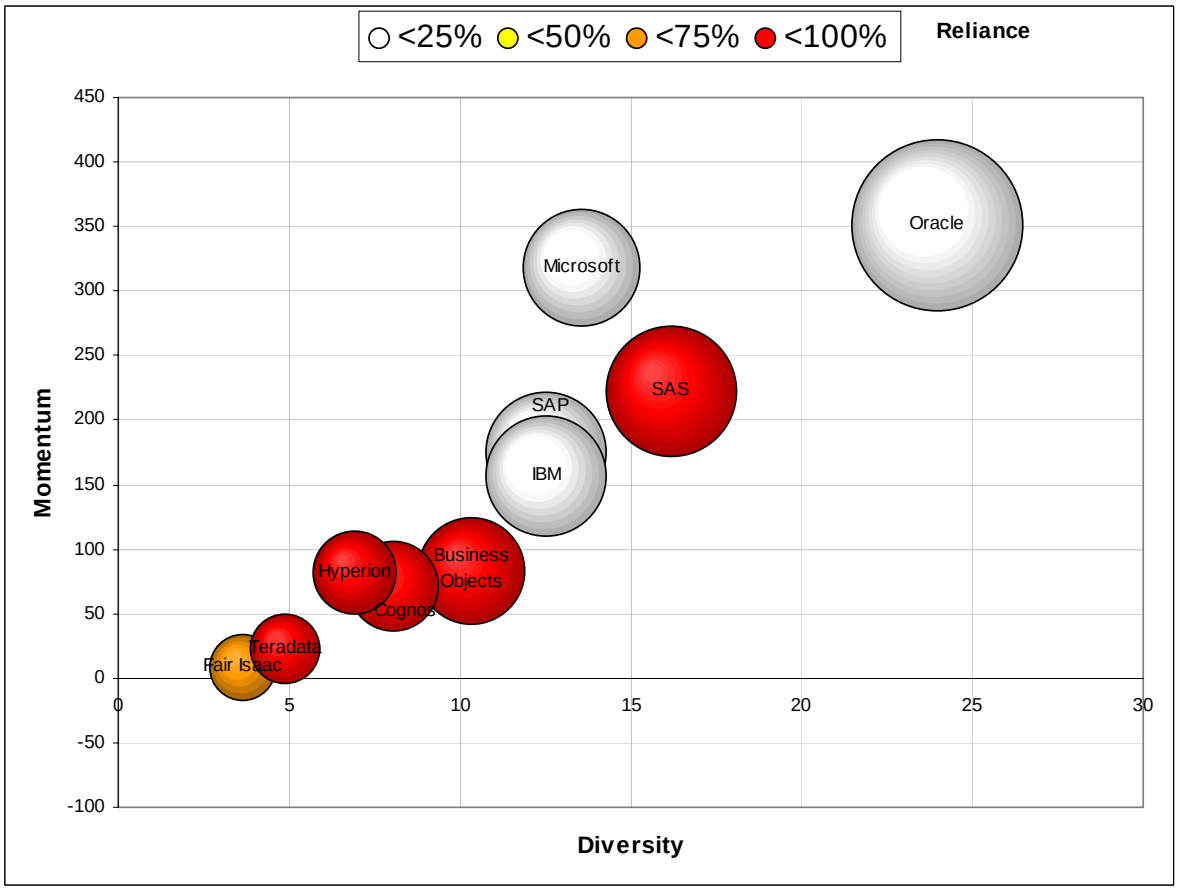
 

## Business Analytics Competitive Market Map

To evaluate the competitive market dynamics among the leading vendors in an increasingly complex market, IDC presents the 2006 business analytics Competitive Market Map (CMM) in Figure 2.

### FIGURE 2

Business Analytics Software Competitive Market Map, 2006




Notes

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

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

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

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

Source: IDC, 2007

### *Definition and Methodology of the Competitive Market Map*

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

#### Size

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

#### Momentum

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

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

#### Reliance

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

#### Diversity

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

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

Where:

- Diversity(k,j) is the share of vendor k in market segment j
- $W_{\mathbf{j}}$ is the share of market segment j among all segments along the selected dimension

### *Comments on Leading Vendors*

In 2006, Oracle was the largest business analytics software vendor (as indicated by the size of the bubble), followed by SAS, SAP, IBM, Microsoft, Business Objects, and Cognos. Assuming no major merger and acquisition activity in 2007, Oracle's lead will extend further in 2007 due to its acquisition of Hyperion. In the past, the vast majority of Oracle's business analytics revenue came from its data warehouse platform business. However, with the acquisition of Siebel in 2006, Oracle added a significant amount of PM applications revenue into its portfolio. Additional investments in a new release of query, reporting, and analysis tools are also likely to start contributing more revenue to Oracle in 2007 and beyond. All the related business analytics offerings and Oracle's relative size in each of the 11 segments of the market also resulted in it having the broadest solution diversity ranking. Finally, given its size and positive growth rate, Oracle also had the highest momentum in the business analytics market in 2006.

## Appendix: Vendor Shares for PM Tools and Applications and Data Warehouse Platform Software

Table 6 shows the shares of leading vendors in the performance management tools and applications category of the business analytics market.

Table 7 shows the share of leading vendors in the data warehouse platform software category of the business analytics market.

### TABLE 6

Worldwide Performance Management Tools and Applications Revenue by Leading Vendor, 2005 and 2006

| | Revenue ($M) | | Share (%) | | |
|---|---|---|---|---|---|
| | 2005 | 2006 | 2005 | 2006 | 2005–2006 Growth (%) |
| SAP | 1,231.6 | 1,387.3 | 10.0 | 10.2 | 12.6 |
| SAS | 941.7 | 1,095.9 | 7.6 | 8.0 | 16.4 |
| Business Objects | 903.9 | 975.2 | 7.3 | 7.1 | 7.9 |
| Oracle | 788.8 | 883.8 | 6.4 | 6.5 | 12.0 |
| Cognos | 701.6 | 767.3 | 5.7 | 5.6 | 9.4 |
| Hyperion | 594.0 | 667.4 | 4.8 | 4.9 | 12.4 |
| Microsoft | 410.9 | 522.0 | 3.3 | 3.8 | 27.0 |
| Fair Isaac | 393.7 | 401.9 | 3.2 | 2.9 | 2.1 |
| Infor | 248.6 | 267.0 | 2.0 | 2.0 | 7.4 |
| MicroStrategy | 215.8 | 249.5 | 1.8 | 1.8 | 15.6 |
| Subtotal | 7,746.4 | 8,639.7 | 62.9 | 63.3 | 11.5 |
| Other | 4,568.4 | 4,999.2 | 37.1 | 36.7 | 9.4 |
| Total | 12,314.8 | 13,638.9 | 100.0 | 100.0 | 10.8 |

Note:

This table does not take into account any mergers and acquisitions that closed after January 1, 2007.

This table shows vendors with $75 million or more in 2006 business analytics software revenue.

The difference in market size and forecast figures is due to the inclusion of the supply chain production planning software segment in calculating the total business analytics software market.

Source: IDC, September 2007

**TABLE 7**

Worldwide Data Warehouse Platform Software Revenue by Leading Vendor, 2005 and 2006

| | Revenue ($M) | | Share (%) | | |
|---|---|---|---|---|---|
| | 2005 | 2006 | 2005 | 2006 | 2005–2006 Growth (%) |
| Oracle | 1,653.2 | 1,869.9 | 32.6 | 32.8 | 13.1 |
| IBM | 1,112.2 | 1,245.1 | 21.9 | 21.8 | 12.0 |
| Microsoft | 630.1 | 775.1 | 12.4 | 13.6 | 23.0 |
| SAS | 457.3 | 498.7 | 9.0 | 8.7 | 9.0 |
| NCR Teradata | 400.6 | 418.8 | 7.9 | 7.3 | 4.6 |
| Informatica | 222.8 | 248.0 | 4.4 | 4.3 | 11.3 |
| Sybase | 88.0 | 94.1 | 1.7 | 1.6 | 7.0 |
| Business Objects | 51.1 | 57.9 | 1.0 | 1.0 | 13.2 |
| Fujitsu | 34.5 | 35.3 | 0.7 | 0.6 | 2.5 |
| Netezza | 22.8 | 32.3 | 0.4 | 0.6 | 42.0 |
| Subtotal | 4,775.8 | 5,381.7 | 94.2 | 94.4 | 12.7 |
| Other | 295.9 | 321.8 | 5.8 | 5.6 | 8.7 |
| Total | 5,071.7 | 5,703.4 | 100.0 | 100.0 | 12.5 |

Note:

This table does not take into account any mergers and acquisitions that closed after January 1, 2007.

This table was previously published as Table 2 in *Worldwide Data Warehouse Platform Tools 2006 Vendor Shares* (IDC #207851, July 2007).

There may be material changes between the historical data presented in this study and previous IDC studies on business analytics. Such changes are due to key new market information and subsequent vendor revenue model reassessment.

Source: IDC, September 2007

## Synopsis

This IDC study examines the business analytics software market for the period from 2005 to 2011, with vendor revenue trends and market growth forecasts. In 2006, the business analytics software market reached $19.3 billion, representing a growth rate of 11.2%. The worldwide business analytics software market is expected to continue to grow at a healthy compound annual growth rate (CAGR) of 10.3% over the next five years.

"The fundamental goal of business analytics technology is to empower all stakeholders with the right information, at the right time, using the right technology to enable better decision making across all business functions, including revenue or profit improvement, cost containment, innovation, and risk mitigation." — Dan Vesset, program vice president, Business Analytics Solutions