

Magic Quadrant for Business Intelligence Platforms, 1Q07

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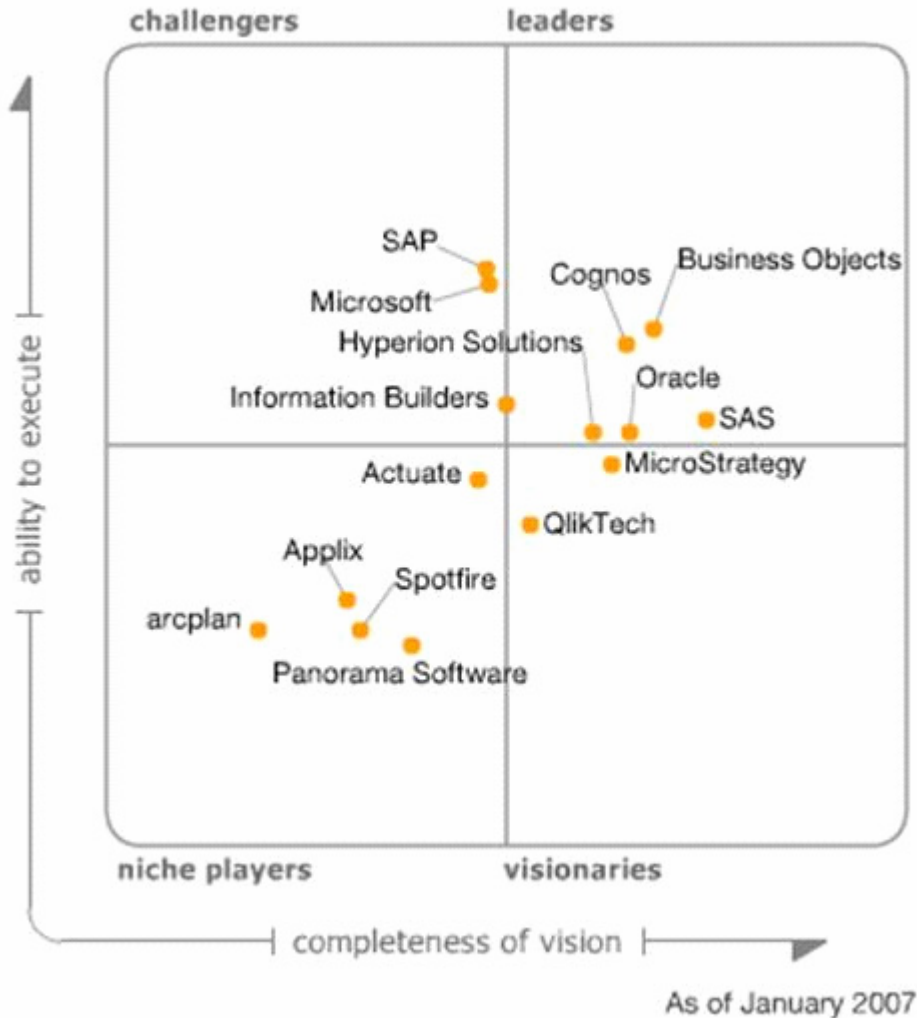
The business intelligence platform market is dominated by traditional pure-play BI vendors, but several large application and software infrastructure vendors became much stronger BI competitors in 2006.

WHAT YOU NEED TO KNOW

The goal of this Magic Quadrant for Business Intelligence Platforms (see Figure 1) is to present 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, including those from the Niche Players and Visionaries quadrants, as these vendors are driving innovation in many 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 substantially based on customer perceptions of each vendor's strengths and challenges derived from BI-related inquiries that Gartner performed in 2006. To assist with the evaluation, participating vendors were asked to complete a survey about their BI strategy and operations. Gartner analysts also performed a detailed analysis of the technical capabilities of each BI platform.

MAGIC QUADRANT

Figure 1. Magic Quadrant for Business Intelligence Platforms, 1Q07



Source: Gartner (January 2007)

Market Overview

Two major trends dominated the BI platform market in 2006 and will continue to drive factors in future.

1. The industry adopted a process- and strategy-driven vision of BI that goes well beyond just delivering reports and measurements to users (see "Gartner's Business Intelligence and Performance Management Framework"). With process-driven BI, reports and analyses are embedded directly within the workflow of a business process. Strategy-driven BI ties BI to corporate planning and performance management efforts. Vendors will use this broader vision of BI in an attempt to increase switching costs and sustain

average sales prices on technology that is reaching parity. Also, expect to see increased commingling between BI and business process management (BPM) vendors such as Tibco and BEA Systems.

2. Large application and software infrastructure vendors including Microsoft, Oracle and SAP all significantly increased their focus and competitive strength in the BI platform market. This could trigger other large system vendors such as IBM, HP and Sun to increase their presence in the BI platform market (see "Market for Business Intelligence Platforms: Round Two of Consolidation Begins"). At the same time, numerous "flattening technologies," including Ajax front ends, the MDX query language, in-memory analysis for improved performance and Excel Services for Office integration, have made it easier for software vendors in general to provide BI functionality. This flattening effect will diminish the technical advantage held by the traditional, pure-play BI vendors.

Forecast

Organizations are increasing their BI spending, particularly as it evolves from its departmental roots to become more pervasive and strategic. The long-term prospects for the market look solid, especially as large organizations invest in performance management initiatives and employ BI to comply with stringent regulatory reporting requirements. The increasing scope of BI platforms — to include additional capabilities and to reach a greater number and more types of users — will also perpetuate market growth.

Traditionally, BI was just for senior executives and analysts, but many enterprises are extending their BI platform capabilities throughout the organization to operational workers, managers and, increasingly, to external customers and business partners. Moreover, the scope of typical BI deployments is expanding beyond just reporting, ad hoc query and online analytical processing (OLAP) to include other capabilities such as scorecards, dashboards, advanced visualization and predictive modeling. However, these two growth drivers — more users and more capabilities — will be diminished by more flexible vendor pricing policies that will inevitably result from increased competition by the large application and software infrastructure vendors in the BI market. The net effect of all these drivers is a BI platform market that will continue to grow at a solid pace during the next five years, with software revenue experiencing a compound annual growth rate of 9.5% through 2010.

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 — for integrating them into a business process, and/or embedding them in another application. The BI platform should also enable 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, multi-dimensional and in-memory.

Advanced visualization — This gives 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 to 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.

Note that the "Magic Quadrant for Business Intelligence Platforms, 1Q06" listed 20 capabilities. For reasons of simplification, we have condensed this list down to 12 capabilities. Programmatic development environment, visual development environment, Web services integration and prepackaged business content have been rolled into one broader category called "development." The business rules capability has been rolled into the "workflow and collaboration" category. Under the information delivery category, real-time/event data capture has been rolled into the "dashboards" capability. The distributed query capability is now part of ad hoc query. Under the "analysis" category, OLAP front end and back end appear in just one category called "OLAP." Scorecards has been added as a capability in the "analysis" category. And the calculation and scenario modeling capability has now been rolled into the "predictive modeling and data mining" capability.

Inclusion and Exclusion Criteria

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

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 \$30 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

Spotfire — Although Spotfire doesn't focus on providing a full set of typical BI platform capabilities, its innovative analysis capabilities and positioning as an enterprise analytical platform warranted its inclusion.

Dropped

ProClarity has been acquired by Microsoft. Siebel has been acquired by Oracle.

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?

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product/Service	high
Overall Viability (Business Unit, Financial, Strategy, Organization)	high
Sales Execution/Pricing	high
Market Responsiveness and Track Record	standard
Marketing Execution	standard
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 the vendor's value and differentiation in the market?

Sales Strategy: Does the vendor have the right combination of direct and indirect resources to extend the vendor's 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 zero rated 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?

Innovation: Has the vendor displayed creativity to lead the market in solving common problems and thereby creating new opportunities?

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

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	high
Marketing Strategy	high
Sales Strategy	high
Offering (Product) Strategy	high
Business Model	no rating

Evaluation Criteria	Weighting
Vertical/Industry Strategy	high
Innovation	high
Geographic Strategy	high

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 vendors 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 Comments

arcplan

arcplan's marketing strategy is to position itself as a platform that provides process-driven BI functionality. The vendor has also begun selling packaged analytical applications like the CFO Cockpit, a financial dashboard for Hyperion Financial Management. In 2006, arcplan received increased market traction demonstrated by a significant number of customers that selected it for big deployments based on this process-driven message. The company's process-driven BI capabilities focus primarily on performance management solutions that require simultaneous analysis of, and write-back to, multiple sources of operational and analytical data, which it can do very well. Customers also give arcplan high marks for ease of use, based on its visual

development capabilities, which offer a wizard-driven approach for connecting to data sources and for building analytical applications. While arcplan provides most of the 12 BI platform capabilities, it lacks predictive modeling and office integration. It is positioned in the Niche Players quadrant because it lacks a large number of references for certain key BI capabilities such as BI metadata and ad hoc query. Moreover, as a small vendor, arcplan lacks the sales channels and market presence of its larger competitors.

Actuate

Actuate's scalable reporting and spreadsheet capabilities have allowed the company to carve out a unique niche in the market, especially in the financial services industry. While Actuate's license revenue grew in 2006, much of that growth came from its installed base. The company has a smaller global market presence and penetration, compared with the other pure-play competitors. The company is managed by seasoned and experienced executives who have shown that they can stay in the game and execute as a smaller vendor, despite the intensely competitive market and business conditions. 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 drive new sales opportunities. However, Actuate's spreadsheet products — and the claimed advantage of a more open approach to data, developer and deployment options — will come under intense competitive and pricing pressure as Microsoft rolls out its new server-based Excel capabilities in 2007. As the competition increases in the BI platform market, Actuate will require more differentiated products and positioning to maintain or improve its position in this Magic Quadrant.

Applix

Applix made a major move in 2006 by acquiring Temtec and its Executive Viewer product set to bolster Applix's TM1 BI platform with more robust Web-based reporting, ad hoc query and dashboarding capabilities. This move plugged a significant hole in the Applix product strategy. The acquisition also added over 500 new customers to Applix's installed base and introduced a partnership with Microsoft, which acts as an OEM of Executive Viewer by incorporating it within Microsoft Dynamics (formerly Solomon). The technical strength of the TM1 platform stems from Applix's 64-bit in-memory architecture for faster data loads and query performance. Also, Turbo Integrator, which automates data integration tasks, provides Applix with a strong ease-of-use message that translates into rapid implementation for users. As a result, organizations typically give Applix high marks for customer satisfaction. Applix remains in the Niche Players quadrant primarily because it is typically deployed in use cases that are application specific. Most of Applix's recent growth derives from planning deployments. Few organizations have used Applix as the standard enterprise BI platform. Applix is rarely shortlisted in vendor selection exercises. And its overall sales strategy is less comprehensive than most vendors outside the Niche Players quadrant — both in terms of numbers of direct sales representatives and indirect partners.

Business Objects

Business Objects is the first vendor in the market to break the billion dollar revenue milestone and its execution in 2006 has made it the overall market leader on this Magic Quadrant. Under the leadership of John Schwarz, who joined the company from Symantec in 2005, Business Objects has expanded its product line to complement its core BI platform (adding budgeting, planning, consolidation applications and data integration/quality products). It has also initiated a focus on the midsize market, launched a software-as-a-service business (for example, crystalreports.com and the acquisition of Nsite Software) and has undertaken a strategy to expand its professional services offerings (adding more services at performance-management level). The license revenue from its core BI platform products actually declined in the first three quarters of FY06, while its customers held off major new deployments during the migration to its BusinessObjects

XI Release. During that time, the company's growth was driven primarily from acquired products. Business Objects improved its BI platform with the XI Release and its integration of Crystal Reports, and has been able to gain some competitive edge with its data integration products and associated data lineage and impact analysis capabilities. We expect to see the BI platform license return to growth in 2007, as customers shift to XI Release 2 and expand their deployments. While Business Objects has one of the better partner programs, some of its larger service provider partners have been put off by the more competitive posture it has taken and the changes to its service provider licensing models. To maintain its leadership position, Business Objects must demonstrate that it can continue to execute on its strategy of acquisitions to drive growth, regain growth in its core BI platform business, maintain the right balance of partnerships and provide adequate support levels on its existing products as it expands into new product areas and markets.

Cognos

With the release of Cognos 8, Cognos significantly improved its BI platform, particularly from an integrated infrastructure standpoint and by creating a single BI metadata model to support multiple capabilities such as reporting, ad hoc query, OLAP, event notification and scorecards. Initial adoption of Cognos 8 got off to a slow start at the beginning of 2006, due to support and migration issues, as well as lengthy sales cycles. However, by the end of 2006, Cognos was able to point to over 2,900 supported Cognos 8 customers and had closed 34 enterprise deals, worth over \$1 million each. Anecdotal evidence suggests that a large number of Cognos customers are comfortable with their Series 7 and ReportNet installations, and are patiently evaluating their potential next move to Cognos 8 as part of an enterprisewide BI standardization. The elongated sales cycle leaves Cognos, like other pure plays, vulnerable to the changing competitive dynamics of the market, particularly to the improvements made by Microsoft, Oracle and SAP. On a positive note, 2006 saw the launch of Cognos' industry-specific Performance Blueprints — prepackaged data models and business content that give organizations a quick start when building BI applications. These vertically specific blueprints will prove to be a useful product offering for Cognos by adding value and sustaining margins in a market that is reaching parity in many areas. While the recent acquisition of Celequest opens new market opportunities to Cognos with better event-level monitoring, the need to integrate third-party vendor code will hamper its message about a fully integrated BI platform sold as a single product. Cognos also needs to articulate how it will map Celequest technology to its existing event management capabilities. To maintain its leadership position in 2007, Cognos must execute on its strategy to upsell Cognos 8 as part of a broader, more pervasive vision of BI to its installed base.

Hyperion Solutions

As a BI platform vendor, Hyperion has traditionally offered very strong analysis, but had weaker reporting and integration capabilities. Hyperion has now significantly improved these capabilities with System 9. These technical improvements, coupled with the success Hyperion had in 2006 upgrading its customer base to System 9, were enough to propel Hyperion into the Leaders quadrant. Hyperion benefits from its tight relationship with the CFO office, a particularly strong product champion, at most of its customers' sites. In addition, Hyperion has demonstrated strong vision with the acquisition of Razza — now Hyperion Master Data Management — to provide a single repository for all BI-related metadata. Currently, BI metadata serves only one purpose, that of a semantic layer for self-service reporting. Razza's technology enables BI-related metadata to be consumed by any application — not just ad hoc query tools — and, therefore, creates a central hub for business metrics and dimensions. Finally, with the release of the aggregate storage option (ASO) and the resolution of a dispute over patents with HyperRoll, Hyperion can now provide OLAP capabilities for much larger, sparser data sets. This is a key component that will allow Hyperion to position itself as a BI vendor in operational subject areas beyond just finance. To maintain its leadership position, Hyperion must execute on its metadata vision. The

Razza technology gives Hyperion a way to synchronize and publish BI metadata from a single source, but this technology has yet to be completely integrated with the entire Hyperion BI platform. A single metadata model that spans multiple projects for all BI platform capabilities, including reports, dashboards and OLAP, isn't expected from Hyperion until mid-2007. Hyperion must also continue to execute by upgrading its installed base to System 9. This could prove challenging as customer complaints about the System 9 enablement fee increased significantly in 2H06. Now that Hyperion has upgraded much of its stalwart bastion of financial management customers, Hyperion will need to waive, or substantially reduce, the fee to encourage upgrades.

Information Builders

Unlike most of its competitors, who already excel at providing self-service reporting and analysis against a data warehouse, but are only now providing operational reporting capabilities, Information Builders is doing the opposite. Already well-established in the operational reporting space — bolstered nicely by its iWay Software subsidiary — Information Builders spent 2006 building out its end-user reporting and analysis capabilities. In particular, it released Power Painter, its first true ad hoc query tool, and heavily promoted the report wizard, Active Reports, and Visual Discovery features of WebFOCUS. In addition, Information Builders improved its process-driven BI vision — going beyond just operational reporting — by focusing on its partnerships with key analysis vendors, particularly SPSS, to deliver predictive models. Information Builders also released a visual workflow modeling tool that improves a BI architect's ability to insert information directly into the steps of a workflow process. Information Builders demonstrates its ability to execute, particularly in very large extranet applications, with the highest number of 10,000 plus seat deployments in the industry. As a challenger, Information Builders must bolster its sales-channel strategy and prove that its analysis capabilities can be successful in the market to become a leader. It has a strong, energized sales force, but it is about half the size of those of other leading BI platform vendors. Furthermore, Information Builders lacks a strong channel presence with systems integrators and value-added resellers (VARs), as offered by some of its direct competitors. Strengthening its sales channels would help drive Information Builders' deployments globally, which today are heavily concentrated in North America. Furthermore, Information Builders needs to go beyond its "sweet spot" of operational reporting and information delivery and show a large number of successful deployments where WebFOCUS is used for analysis.

Microsoft

As a challenger with significant market presence and resources, Microsoft has historically adopted a follower's, rather than a leader's approach, for its BI platforms and applications products. In 2006, Microsoft executed a more coordinated and unified BI strategy across several of its business and product units (including the Office and SQL server product lines). Today, the capabilities and integration of its current BI platform offerings have improved significantly, but are still not as mature as those of the market leaders. Microsoft's BI products will appeal to the large community of Microsoft application developers, and the pricing, packaging and integration with its Office (including PerformancePoint Server) and SQL Server products will be attractive to organizations that have standardized on the Microsoft information infrastructure. Many departmental and business unit end users who hear the Office integration marketing messages for BI will likely ask for the products and associated support from their IT departments. However, organizations that have heterogeneous applications, information infrastructure and development environments will find the Microsoft 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. We expect that Microsoft will continue to grow its BI investments, leveraging the integration and product strength of Office and SQL Server, become a stronger competitor and, ultimately, a leader in the marketplace by 2012 (see "Microsoft Strengthens

Business Intelligence and Performance Management Offerings" and "Microsoft Plans to Close Business Intelligence Product Gap and Shift Competitive Position With ProClarity").

MicroStrategy

For years, MicroStrategy has been selling very effectively at the high end of the market (large data sets, large number of users and widely distributed BI applications) with a highly functional, but highly priced, relational OLAP-based BI platform. Expect MicroStrategy to continue focusing on the high end of the market, selling large, enterprisewide BI platforms supported by its "BI Factory" message. This claims efficient deployments, with low total cost of ownership, of numerous BI projects by leveraging shared, scalable infrastructure. By focusing on the high end of the market, MicroStrategy avoids some of the price competition that is impacting other traditional pure-play BI vendors. Also, by focusing on just BI platforms and eschewing ancillary markets, such as data integration and corporate performance management, MicroStrategy will maintain its consistently high margins. MicroStrategy is positioned in the Visionaries quadrant because it has built one of the most technically superior BI platforms in the market, particularly due to its tight platform integration, scalable ROLAP architecture and fully object-oriented metadata model. However, given its reliance on technical differentiation, MicroStrategy is vulnerable to the increasing parity within the BI platform market, particularly the flattening effects of in-memory analysis that enables better performance against large data sets. Moreover, many customers have complained that MicroStrategy can be difficult to negotiate with — refusing to alter terms and conditions from previously signed contracts. For example, customers can't perform a partial maintenance renewal. This frustration has caused some MicroStrategy customers to seek lower-priced BI platform alternatives.

Oracle

Oracle's acquisitions have given the company a large, heterogeneous applications and infrastructure installed base. These customers need an integrated way to access, analyze and deliver information and insight from multiple business applications. While Oracle's customers have invested in non-Oracle BI platforms, the newly branded Business Intelligence Suite Enterprise Edition from the Siebel acquisition — which Gartner previously rated as visionary — has given Oracle a new opportunity to create a compelling BI platform strategy and become a significant BI platform and applications vendor in 2007 and beyond. However, there are still product road maps and product integration issues that remain to be delivered over the next 18 months (see "Acquired Siebel Products Will Play a Key Role in Oracle's BI Strategy"). Enterprise reporting has historically been a weakness for both Oracle and Siebel. The new BI Publisher goes a long way toward closing the reporting gap and appears to be a viable technology base for further developing reporting capabilities to complement the platform. We think that, over the next few years, Oracle's Business Intelligence Suite Enterprise Edition and Oracle Analytic Applications — different but related products — will be adopted much more broadly, given the products' comprehensive capabilities, pricing, and integration into the Oracle collection of business applications. We expect that Oracle will be very visible in its marketing and sales execution in 2007 and beyond as it executes on its expanded BI strategy. We also expect to see Oracle among the top three BI platform vendors, in terms of market share, by 2012.

Panorama Software

Microsoft's acquisition of ProClarity — Panorama Software's most direct competitor — earlier in the year forced the company to dramatically alter its business strategy. Customers using Microsoft's SQL Server Analysis Services as an OLAP back end will now look first to ProClarity as an OLAP front end before considering Panorama Software's NovaView solution. In response, Panorama has been able to differentiate itself from ProClarity by having more references of larger customer deployments. Also, Panorama accelerated the release of the NovaView front end to an

SAP NetWeaver BI back end. Previously, NovaView only worked on the Microsoft SQL Server Analysis Services platform. Panorama leveraged its deep knowledge of Multidimensional Expressions (MDX) to query SAP InfoCubes, InfoQueries and the NetWeaver BI ODS. Moreover, it 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 the data out of SAP. This change showed strong market responsiveness. Panorama is now a front end for the two leading, and fastest growing, OLAP back ends in the market. Panorama also secured a strategic OEM partnership with Cartesis, a vendor of corporate performance management (CPM) software, which is also based on the Microsoft BI platform. However, Panorama still needs to execute on its SAP vision by attracting a large number of SAP NetWeaver BI customers. To reach the Visionaries quadrant, Panorama needs to attract more customers that embrace NovaView as their core BI platform. Today, its customers see Panorama mainly as an OLAP front end to Analysis Services and NetWeaver BI. This is a risky position. While Panorama offers very good BI functionality, its overall growth will be limited, as both Microsoft and SAP improve their own front-end capabilities. Organizations that run both SAP NetWeaver BI and Microsoft Analysis Services should consider NovaView to provide a consistent front end that works simultaneously on both platforms.

QlikTech

QlikTech executed very well in 2006, increasing its revenue by 80% and significantly expanding its customer base to over 5,400 organizations. Its technical advantages using 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. Ironically, QlikTech — one of the smaller vendors evaluated in the Magic Quadrant — is able to show the most references, analyzing hundreds of millions of rows of data with good query performance. Beyond the performance capabilities, QlikTech has some unique architectural and contractual aspects. For example, by simultaneously "doing the inner and the outer join," QlikView makes it very easy for users to see both the query results and the non-query results. This functionality can be useful when performing analysis of the data, in particular when spotting outliers. Also, QlikTech is 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. Given its size, QlikTech has a reasonably sized sales force that covers most of Europe and North America. For QlikTech to become a leader, it needs to show more examples of enterprisewide BI deployments where customers use QlikView as the system of record for BI metadata for all BI applications.

SAP

With almost 13,000 deployments, SAP has been remarkably successful in getting its customers to embrace NetWeaver BI. The stability and consistency of SAP's organization and product development plans contribute to its viability as a BI platform. SAP is also in a good position to make BI more pervasive by embedding analytical components within the NetWeaver business process platform. As a result, SAP has the highest score for ability to execute of all the competitors in the BI platform market. However, almost all SAP BI deployments happen in heavy SAP R/3 and mySAP application environments. 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 focus. To become a leader, SAP needs to demonstrate that it can succeed as a BI platform consistently in non-SAP application-centric environments. Its latest release, SAP NetWeaver 2004s, does improve its ease of use and its ability to query distributed data sources, but few customers have yet to use these capabilities in production. SAP's focus during the past 12 months has been mostly on the infrastructure side of BI. With the availability of the Business Intelligence Accelerator (BIA) — an appliance-based performance booster and intelligent cache of the data warehouse platform — SAP has addressed regularly voiced concerns about the scalability and performance of the Business Information Warehouse (BW) platform, and has been innovative by being the first large BI platform vendor to

embrace in-memory analysis. Finally, SAP's BI front-end strategy still needs to demonstrate traction. Customer satisfaction will continue to be an issue unless SAP improves the flexibility of the NetWeaver BI infrastructure to make it more efficient for not only experienced developers, but also end users to customize, access and evolve their BI applications. SAP NetWeaver BI customers rely much more heavily on their internal IT organization than other BI platform vendors that have demonstrated more self-service BI implementations.

SAS

SAS offers the most comprehensive BI platform in the industry, with no other vendor in the Magic Quadrant matching its advanced analysis capabilities. Moreover, SAS consistently demonstrates strong customer support, vendor viability and vertical domain knowledge. SAS's large, globally distributed and BI-focused direct sales force has been selling Enterprise BI Server successfully to Global 500 corporations since early 2005. In August 2006, it launched a reseller initiative targeting midsize businesses. As a result of all these factors, SAS has the highest score for completeness of vision of all the competitors in the BI platform market. SAS's major hurdle in the BI platform market is the perception that it lacks usability and has strict licensing policies. Customer inquiries suggest that many of SAS's BI and analytics products, such as Enterprise Guide and Enterprise Miner, are sophisticated and require a great deal of training. As a result, they are not well suited for the broader user population. In response, SAS's more recent products, such as Web Report Studio and Forecast Server, use wizard-based graphical user interfaces to deliver more self-service capabilities. From a licensing perspective, customers do complain about SAS's strict licensing policies. However, the company has been more flexible with its Enterprise BI Server offering, which is priced comparably to other leading BI platforms. To remain in the Leaders quadrant, SAS needs to continue winning deals outside its sweet spot of advanced analysis. This includes getting customers to standardize on SAS for enterprise reporting, dashboards, ad hoc query, OLAP, scorecards and, most importantly, BI metadata. SAS needs to remain price competitive with the other leading BI pure plays that are softening their pricing policies, due to competition from large enterprise application and infrastructure vendors. Finally, SAS needs to execute on its vision to integrate its advanced analysis capabilities, along with its extensive data integration capabilities, into operational applications and performance management activities.

Spotfire

Spotfire has built a solid business as a guided, analytical application platform vendor. The technical strength of the platform comes from a combination of interactive visualization, in-memory-based analysis, and a wizard-based development environment built for analysts, not IT programmers. Spotfire has also been able to demonstrate knowledge of vertical domains like pharmaceuticals, energy and semiconductors to better understand the context of analyzing business problems. Its original DecisionSite product was primarily focused on the analysis of scientific data, but, with the release of DXP last year, Spotfire is branching into horizontal domains to analyze typical business subject areas such as sales, marketing and financial data. This strategy has initially proven successful, as Spotfire has been able to sell large deals to multiple departments. Spotfire is positioned in the Niche Players quadrant because it does well in the analysis segment of the BI platform market. But it is rarely used for other BI platform capabilities such as reporting, dashboards, scorecards and BI metadata. Also, Spotfire's sales channel is much smaller than those of vendors in other quadrants. Its direct sales force is a reasonable size, but it has few partnerships with systems integrators, VARS and other channel partners. Finally, Spotfire must find a way to sustain its technical differentiation, as other BI platform vendors improve their own interactive visualization and in-memory capabilities.

RECOMMENDED READING

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

"Magic Quadrant for CPM Suites, 2006"

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 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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