

## I D C   D A T - A - G L A N C E



*Dan Vasset*

*Research Director, Analytics and Data Warehousing Software*

### **Why Every IT Organization Should Be Investing in Business Analytics Solutions**

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*Adapted from [Worldwide Business Analytics Software 2007–2011 Forecast: The Growth Cycle Continues](#), IDC #206701*

*By Dan Vasset*

*Driven by performance management and compliance demands, organizations are pushing accountability to lower levels. The resulting increased demand for business intelligence (BI) means that organizations should focus on the goal of providing all stakeholders with the right information at the right time with the right tools. Achieving this objective requires the use of business analytics solutions or tools and applications for tracking, analyzing, modeling, and delivering information in support of decision-making and reporting processes.*

The business analytics software market reached \$18 billion in 2006 and is expected to increase at a 10.5% CAGR through 2011.

**The IT Imperative.** In an environment of tight cost controls, IT staffs are being asked to support the maintenance and new development needs of a growing number of end users whose demands for decision support and information access functionality are outstripping the available IT resources. The resulting gap, as shown in Figure 1, should be filled with increased automation that frees IT resources to focus on high value-added tasks rather than constantly react to end-user complaints.

#### ***Business intelligence continues to grow as a priority***

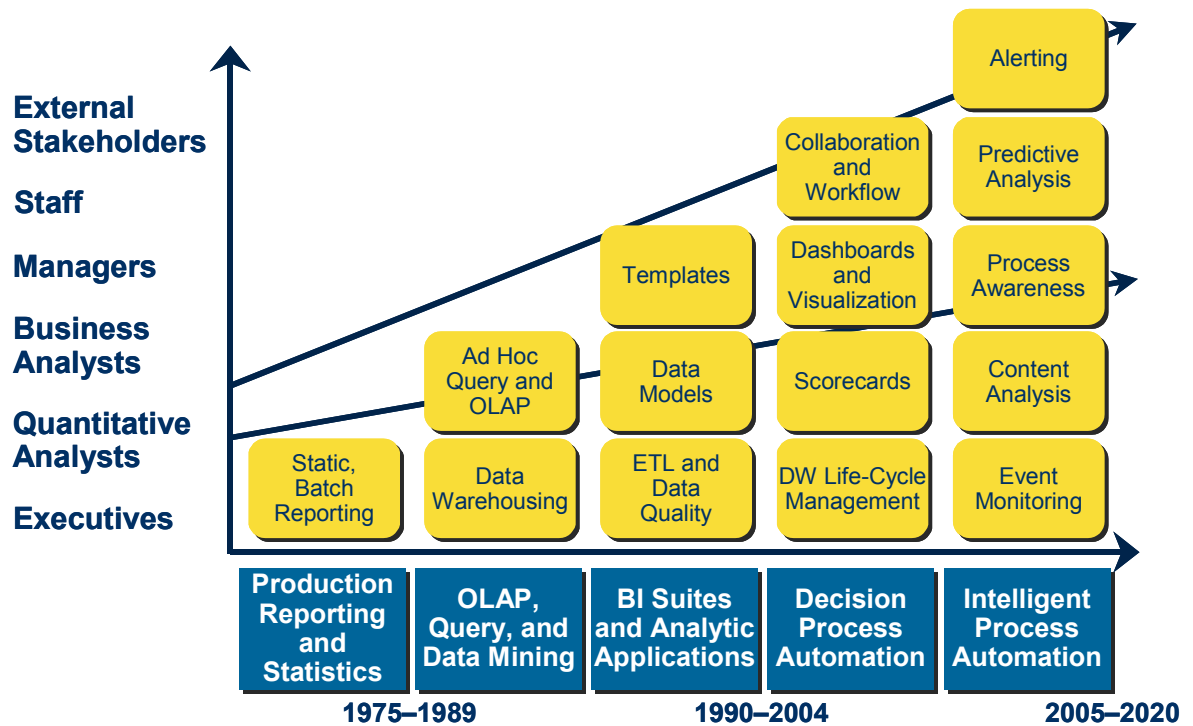
All evidence points to continued robust growth in the business analytics solutions market benefiting IT staff with appropriate skills, as well as consultants, systems integrators, and IT suppliers.

- 66% of organizations classify BI initiatives as "critical" or "high priority" for the next 12 months, with the percentage increasing to 74% in the next three to five years. In 78% of organizations there has been a management-level decision to make BI a priority.
- 73% of organizations have executive-level support for BI initiatives, and 51% plan to increase BI-related spending in the next 12 months.

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**Figure 1**

Business Analytics Market Evolution



Source: IDC, 2007

***Business users remain underserved, while BI needs are becoming more operational***

Armed with expectations for ubiquitous information access in their private lives through Web search engines and popular online retail and community portals, business end users find themselves with an information deficit when entering their work environments.

- Only 6% of organizations are currently very satisfied with their BI solutions. Another 25% are somewhat satisfied.
- 14% of organizations would experience significant adverse effects to their operations if their business analytics solutions were out of service for more than one hour.

**Solution.** A key component of addressing the above challenges is to create self-service business analytics solutions and at the same time provide more embedded analytics within operational applications. IT should focus on centralized services dealing with data integration, quality, and warehousing while empowering end users to access and customize their own BI applications. In the final analysis, organizations can manage only what they can measure, and it falls to IT to create a business analytics architecture that supports the business intelligence needs of the three primary types of users:

- **Executives and managers** require dashboards and scorecards as well as exception-based alerting on key performance indicators.

- **Business and quantitative analysts** require ad hoc query and analysis using OLAP and data mining tools. One of the most popular BI tools remains the spreadsheet, with 84% of organizations indicating that spreadsheets are part of their overall business analytics solution.
- **Line-of-business staff and external stakeholders** require access to relevant information using a combination of traditional BI and content access tools with friendly interfaces that require minimal training. 52% of organizations indicate that they would consider, in the context of business intelligence, using search and content access software to provide information access to end users.

Although these demarcation lines are not rigid, the core business analytics functionality falls into the following categories:

- Intuitive ad hoc access to relevant data through interactive and personalized BI applications
- Operational applications with embedded BI in the form of guided analytics (contextual intelligent workflow) where the decision process is automated for users whose responsibilities do not include analysis and interpretation of data

## Conclusion

Just as security software has become a common denominator without which an organization can't survive, so have business analytics solutions become a set of tools and processes without which an organization can't succeed. Instead of focusing on individual requests for reports and "one-off" data sets, IT organizations should reevaluate their strategies for deploying and supporting business analytics solutions to focus on decision process automation and, eventually, intelligent process automation that incorporates traditional business intelligence and data warehousing tools along with functionality from search, content analysis, and business process, collaboration, and workflow management solutions.

### ABOUT THIS ANALYST

*Dan Vesset is a research director for IDC's Analytics and Data Warehousing Software service. Mr. Vesset's research is currently focused on the business intelligence and analytic applications markets, which encompass multidimensional analysis, end-user query and reporting, data mining and other related business intelligence tools, and supply chain and operational analytic applications.*

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Global Headquarters: 5 Speen Street Framingham, MA 01701 USA P.508.872.8200 F.508.935.4015 [www.idc.com](http://www.idc.com)