Demand for business intelligence technology set to soar

Knowledge is power, and as businesses come to realise the value of business intelligence (BI) and seek to grow the amount and scope of the information they require, so the BI technology market will be driven by commoditization and ubiquity of digital data.

Demand for business intelligence (BI) technology is set for further growth as enterprises globally look to derive further value from the enterprise applications they've already invested in and the growing volume of data generated by them. The report *Economic Outlook: Business Intelligence*, estimates the global BI* market in 2006 was worth just under US$4bn** in license revenue alone, and predicts it will double by year end 2012, growing by a compound annual growth rate of 12.5%. Datamonitor, a premium businesses information company specializing in industry analysis, attributes this growth to two main factors which it says are shaping the BI market and account for both the underlying growth and principal market trends: the rise of the digital enterprise and the commoditization of BI functionality.

BI is a broad category of application programs and technologies for gathering, storing, analyzing, and providing access to data to help enterprise users make better business decisions. It is often deployed in order to analyze information captured through such enterprise applications. Although BI is becoming an increasingly elusive technology to delineate, it can be defined as an analytical approach to information captured within an organization including extracting, collating, analyzing and distributing data, in order to support its operations. Across all enterprise size-bands, financial analytics are consistently the most ubiquitous.

Enterprises are generating increasing volumes of transactional data which in turn is fuelling market growth of BI technologies

Tracking and monitoring data

Declining prices of storage, ubiquity of computing and the drive towards data access and corporate accountability are all causing enterprises to track, monitor and capture increasing volumes of data. This can be processed further by BI technologies in order to optimize the core business processes.

According to Datamonitor the sectors generating high volumes of transactional data, such as financial services (account for a third of bi spend), telecommunications, retail and manufacturing, will continue to lead BI spending. The public sector and utilities are also expected to grow by an accelerated rate compared to other sectors.

"Today, even the most ephemeral activities like web-browsing, online finance transactions, smart-card activities or B2C interactions, generate an enormous volume of digital transactions that could be stored, queried and analyzed," says Vuk Trifkovic, Datamonitor technology analyst and author of the study. "Add to this corporate compliance and auditory

pressures which require data to be retained and archived. As such the volume of data enterprises need to store, examine and analyze is greater than ever before."

Commoditization of BI technology is having a profound impact on the competitive landscape.

Commodity products

Much of a BI technology is becoming a commodity. Ongoing technological development has transformed large swathes of BI functionality into commodity products. Reporting and querying in particular have been rendered generic and functionally equivalent. The increasing number of database vendors integrating BI functionality into the database stack, with the intent to differentiate and strengthen their database offering, is only amplifying the trend further.

This means that the scope for differentiation between BI vendors has shifted higher up the stack, towards issues such as predictive analytics and real-time BI. It has also moved lower down the stack, towards more pervasive BI and client BI applications. Other differentiation strategies may focus on strategic issues such as ease of deployment, on-demand offering, industry-specific packages, enterprise application integration or go-to-market approaches.

In fact Datamonitor perceives that the competitive landscape is breaking out into a group of vendors pushing for the advanced analytics agenda including predictive modelling and automated real-time analysis and others attempting to embed analytics into every-day work processes though facilitating BI functionality in office-productivity suites or enterprise application suites, often in the guise of business performance management.

"The adoption and the impact of on-demand BI will be limited by the data storage structure demands and, to a lesser extent, concerns regarding the data security and integrity," says Trifkovic. "However, those BI vendors that are offering an on-demand application have added another element to their differentiation strategy."