Moving Beyond The Enterprise
BI for Mid-Market Survey Summary Report

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Until recently, business intelligence solution providers overlooked mid-market organizations. Consequently, very little was available to help these organizations manage their performance and analyze their competitive landscape. As the market diversifies, the enterprise market becomes more saturated, and technology is better able to handle larger datasets more quickly, solution providers have expanded their offerings to include mid-market companies. In addition, newer entrants and niche vendors cater specifically to mid-market organizations offering solutions and services at a fraction of the cost of mainstream business intelligence vendors. With all of these new developments in the market it becomes important to identify, from an end-user perspective, the adoption and benefits of these targeted solutions. This survey endeavors to identify mid-market adoption patterns, current use, and overall market and solution awareness.

The BI for Mid-Market Survey distribution occurred through various media outlets specific to BI, posting links on the WiseAnalytics Website, and posting links on various vendor Websites. The survey itself was developed as an independent project with input and collaboration from several BI vendors. 144 respondents took part in the survey, with 19 responses being excluded based on company and/or incomplete data for a total 123 respondents being used as part of the report. Of these respondents 77% work in companies with less than $1 Billion in revenue and work in a variety of industries. These include 16% in healthcare/life sciences, 13% in financial services, 12% in consulting services, and 12% in manufacturing. Of these respondents 48% work within IT departments, 17% fall within sales, marketing and product development, and 12% are executive management.

The questions included within the survey range from identifying demographics and whether respondents are currently using BI and if so their satisfaction levels, to how respondents are currently deploying BI, what capabilities they are using, who their current provider is, and overall awareness of what offerings exist in the market. Respondents were asked to give suggestions about how vendors targeting mid-market organizations can better meet the expectations of mid-market companies. In addition, respondents were not only asked whether they are aware of the listed vendors, but whether these vendors offer targeted solutions to the mid-market.

Here are the general response breakdowns:

- 66% of respondents are currently using business intelligence solutions; 31% are not.
- 36% of the respondents who are not using business intelligence are planning a BI initiative within the next year, and 33% of those who responded stated that BI is not a current consideration for their organization at all.
- Inhibitors to BI include price, lack of knowledge of how BI can benefit the organization, and BI not being an overall priority for the organization.
- BI drivers include wanting a better view of overall performance and process improvement.
- Respondents rate finance and accounting, interactive reporting, sales planning and trends analysis as the most popular uses of BI in their organizations.
- 52% of respondents feel that BI vendors are meeting the needs of mid-market organizations, whereas 25% do not, and 23% don’t know.
- The most widely deployed vendors are Business Objects, Cognos, and Microsoft. Overall awareness for these vendors are also rated highest overall.

What these results show, is that a lack of overall awareness exists between what is available within the business intelligence market and what most organizations are actually aware of. Aside from a small number of organizations that have an overall view of and access to information about various solution providers and BI targeted to mid-market organizations, the general perception is that outside of leading industry vendors such as Business Objects, Cognos, and Microsoft, very little exists. In addition, many organizations may be interested in implementing BI within their companies but do not have current projects planned or internal support. Overall, there is a great potential for both vendors and organizations regarding mid-market penetration, however, widespread deployments are still a few years away as more education within the market has to occur so that organizations understand what business intelligence options exist.

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1 Vendors collaborated by providing input and posting links to the survey. These include Cognos, Corda, Information Builders, Corda, LucidEra, QlikTech, infoBright, JasperSoft, Group 1, Pentaho
Overview

As BI offerings mature and the Enterprise market becomes more saturated, vendors are expanding their offerings to increase their market share and to meet the unique needs of small and mid-sized (SMB) organizations. This means the choices available to SMBs have expanded, creating new opportunities for organizations and vendors alike. Unfortunately, because the SMB market is newer territory and broadly defined, actual information about what SMBs are doing, what they require, and how their needs differ from the Enterprise market are generally relegated to a focus on IT infrastructure and budgeting restrictions.

Because of all of these new offerings and marketing campaigns targeted to mid-market organizations, it becomes hard to sort through the offerings and whether organizations implementing targeted solutions are actually gaining benefit. Consequently, this research endeavor aims to identify the level of awareness, adoption and satisfaction with the current offerings available to SMBs.

The BI for mid-market survey is an independent survey conducted by WiseAnalytics. Its goal is to identify current trends within small and mid-sized organizations in relation to business intelligence. This includes identifying adoption rates within SMBs, how mid-market organizations are using business intelligence, and how knowledgeable these organizations are in regards to what targeted mid-market BI solutions are available.

Respondents were asked to identify if and how they are currently using business intelligence, what solution provider(s) they are using, their satisfaction levels with their current offerings, and their overall awareness of solutions available and targeted specifically to mid-sized organizations. Survey respondents were given the chance to expound upon their satisfaction levels and provide suggestions to vendors regarding how to improve upon mid-market offerings. In addition, respondents were asked about their awareness levels of a group of selected BI vendors and whether those vendors offer mid-market solutions.

Survey Methodology and Development

The survey has been developed using an academic approach to help ensure statistical accuracy using the following guides as reference:

- International Handbook of Survey Methodology

In addition to following the academic methodologies associated with the handbooks above, care was taken to collaborate with multiple vendors to identify what they see in the market, perceived gaps, and points that may have been overlooked during general question design.

Collection of Responses

The BI for Mid-Market Survey was distributed online through BI related media outlets, the WiseAnalytics Website, and vendor participants advertising the survey on their Websites. The survey was geared towards mid-sized organizations. Total, 123 of 144 respondents of the survey are included in the results. Respondents were excluded based on invalid data entry, incomplete responses, and company origin – i.e. BI solution providers.

Assumptions

1) Responses that are not labeled otherwise include 123 respondents.
2) Responses that include a subset of respondents will be clearly labeled and justified.
3) For the purposes of this survey, mid-market respondents include all organizations with revenues totaling less than $1 Billion per year.
4) Vendor offerings identified throughout this research paper are not meant as endorsements for the solution itself. The purpose of the examples is to provide organizations with a starting point when evaluating potential solutions.

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2 Media outlets include: B-eye-Network, Dashboard Insight, DMReview, ebizQ, and Intelligent Enterprise
Market Overview

Defining The Mid-Market

Very little consensus exists when defining the needs of mid-market organizations. Generally, vendors consider organizations with revenues under $1 billion per year as mid-market companies and small companies as those earning less than $250 million. In addition, the common denominator associated with SMBs is their lack of IT infrastructure and their need for solutions at a lower price point. The problem with this generalization is that companies in the upper-mid market (i.e., those with revenues larger than $850 million) are probably closer in relation to business requirements, budgeting, and internal IT infrastructures to their enterprise organization counterparts in companies that are considered small.

This dichotomy creates a problem for both vendors targeting the mid-market and organizations looking for BI to help improve their performance. On the one hand, it becomes difficult to create solutions targeted to mid-market companies that meet specific needs. On the other hand, organizations categorized as small or mid-sized become hard pressed to find solutions that suit their specific business requirements. This occurs because even though data volumes may differ, general business problems and overall drivers that cause organizations to consider BI are similar. With like business pains, but smaller financial and intellectual resources available, mid-sized organizations may not have the internal bandwidth to evaluate and implement a large scale BI solution. Even with solutions that are stripped down specifically for mid-market customers, it is not yet clear whether organizations select these solutions because of their functionality or their deflated price point.

And even though general solutions targeted at mid-market companies do exist, there seems to be a gap between what is available and what organizations are actually aware of. Beyond traditional vendor solutions targeted to smaller companies, many other options exist that seem to go unnoticed.

An Overview of Options for Mid-Sized Organizations

BI solutions are expanding rapidly. Despite acquisitions and general market consolidations dozens of vendors have entered the market in an attempt to carve out their niche. Although long-term viability may be an issue, newer entrants and niche vendors enable mid-sized organizations to implement business intelligence at lower price points and using more forward looking technology. Many initial enterprise implementations are still centered on building a strong data warehousing platform. With a push towards Web 2.0, collaboration, and operational BI, newer entrants are focused on offerings that are process centric, portal based, and best of breed niche offerings that provide a subset of business intelligence functionality.

With the increase in diversity of what is available to mid-market organizations it becomes important to learn about options before selecting a solution.

Web-based

Web-based business intelligence solutions are deployed via the Internet. Whether the solution is available for download on the Web or installed at a client site, the overall result is the same – to access BI via a portal to enable multi-location use and collaboration. Examples in this category include Information Builders and LogiXML. Both use different models but are deployed using similar methods. Information Builders is known for wide scale use of analysis using a Web-based platform. And LogiXML can be downloaded off the Internet, with a Web-based development and deployment environment.

On-demand/Software as a Service (SaaS)

On-demand solutions involve having data hosted off premise by the solution provider and used as a service by the end user organization. The solution provider maintains the data and grants access to front end reporting and analysis tools on a subscription basis.

Traditional

Within this category are vendors such as Cognos (IBM) and Business Objects (SAP) that target mid-market organizations by packaging a subset of current solutions at lower price points so that smaller organizations can take advantage of their overall offerings. The offerings still require data warehousing and ETL (extract transform and load) technology on the back end with front-end access to data through reports, dashboards, analytical tools, etc.
Open Source

Open source solutions are downloadable and are free to deploy. Solution providers offer service and support that is fee based, but organizations are free to deploy these solutions without subscribing to the additional services. The key players within open source BI are Pentaho, Jaspersoft, and Actuate. Although the general model is the same, vendor services may differ. For instance, some open source products are separated out into the free version and a professional one that includes enhanced functionality and support.

Embedded BI

The concept of embedded BI relates to operational business intelligence and using BI to enhance an organization’s business processes. Embedded BI uses this approach to deliver analytics that sit on top of operational solutions such as ERP and CRM solutions.
Survey Demographics

General Respondents

The following set of pie charts break down the demographics of the survey respondents. Out of the 123 respondents of the survey, 77% work in organizations with less than one billion as revenue. Although only organizations with revenues under $1 Billion are considered mid-sized, many enterprise organizations work independent from their overall organization at the departmental level in terms of budget allocation and managing overall initiatives. Consequently, some vendors also target their mid-market products to these organizations. For instance, on-demand or Software-as-a-Service (SaaS) offerings were initially targeted at mid-market companies, but some of the main interest in on-demand solutions is generated by departments within enterprise organizations that want to manage their own BI initiatives independently of their IT departments. For these departments, there are two main advantages. The first is having control over development and delivery. In many cases, because IT departments are swamped and are in charge of IT infrastructure and all organization wide IT projects, BI development requests may take months to fulfill. And second, many departments do not want to share data with outside entities, including those within their organization. Either they feel that some data may be sensitive or with data ownership they want to maintain a tighter level of control on data access.

Revenue breakdowns by all and by organizations earning under $1 Billion compare overall respondents with those that fall into the small and mid-sized category. Based on the company revenues of most respondents, it seems as if many smaller organizations are interested in what business intelligence solutions may have to offer them.

Respondents - Mid-Market vs. Enterprise

Company by Revenue - All

Company by Revenue - Under 1 Billion
Even though there tends to be a push towards operational BI and the move away from IT management of business intelligence initiatives, IT departments are still at the center of many BI projects. This goes beyond development and management of BI, but also extends towards the selection process. Mid-sized organizations that don’t have strong internal infrastructures may rely on their IT staff to help with or to lead BI projects and evaluations of current options available.

In addition to IT staff, sales and marketing activities are normally the most common data that is analyzed within BI. Organizations want a way to capture data over time and analyze performance, trends, and create what-if analyses to identify potential ways of increasing sales or of creating more effective marketing campaigns. Therefore, when put in one category, sales, marketing, and product development make up 17% of overall respondents.

With the increase in use of dashboards to get a constant and near real-time view of sales and other performance indicators, executives (12%) are becoming more interested in the value proposition of BI and using it in their day-to-day activities. Consequently, they make up the second largest group of respondents when not combining sales and marketing together.

Survey respondents were evenly distribution across industries with most respondents coming from Healthcare/Life Science leading at 16%, Financial Services at 13%, and Consulting Services and Manufacturing at 12% respectively. By looking at overall numbers, it becomes interesting to note that although financial services organizations are one of the leading industries for respondents, finance departments are not leaders when looking at respondents based on department. Even though this is not an apple to apples comparison, nevertheless, managing financial related data is important for any organization. Whether looking specifically at performance management solutions for financial departments or using general business intelligence solutions, there seems to be a disconnection between awareness of the benefits of BI within financial services organizations and awareness within finance departments.
Adoption of BI

To get a general idea of how mid-market companies are using BI, respondents were first asked whether they use BI at all. Because all survey distribution occurred through BI oriented online publications, a general assumption was made that all respondents would either be currently deploying or using BI within their organizations or in the middle of an evaluation of BI solutions. Once responses were collected, it became clear that this wasn’t the case. Out of all responses collected, only two-thirds of respondents stated that their organizations are using current business intelligence. Of the rest, 31% of respondents are not using BI and 3% are not sure.

Of the respondents who are not currently using business intelligence 5% are in the middle of a BI implementation, whereas 36% are planning an implementation within the next year. Longer-term implementation plans drop to 18% between 1 year and 3 years and to 8% between 3 and 5 years. 33% of respondents state that BI is not a current consideration within the organization.

Aside from the 33% (not a current consideration) of the 31% that are not currently using BI, even if not using BI now are in the process of either short-term or long-term implementations.

Factors Inhibiting Use of BI

Respondents acknowledged that there were factors that inhibit theirs and their organization’s use of business intelligence. Although interested in what is available, the top reason identified as factors that are inhibiting BI use is that BI is not a current priority for the organization. Based on the 33% of respondents above answering that BI is not a current consideration, this answer is not surprising.

The next two highest factors inhibiting use are lack of knowledge and understanding regarding how BI benefits organizations and a lack of budget. Both of these responses are interconnected. Organizations are at a loss concerning what is available in the market that is targeted to their specific requirements. Many low cost solutions exist such as on-demand or open source that provide low or no cost alternatives to long-term and substantial implementations that require strong internal IT departments. Based on these respondents, one can deduce that solution providers are not getting their messages widely circulated within mid-market organizations. Consequently, even vendors that target small and mid-sized organizations may be missing their mark if many organizations feel that the benefits of BI are not being sold in their organizations or that costs of implementation and maintenance are thought of as exorbitant.
Many inhibiting factors identified by respondents relate to the perceived high costs of implementing BI. These include the price of software, services and support, and overall budget allocation. For these respondents other options exist such as on-demand. On-demand gives organizations the option of having their data hosted off-site and managed as a service by the solution provider. Outside of on-demand, smaller vendors, newer entrants to the market, and open source may offer solutions at a lower price point that meets small and mid-sized budgets more regularly. Focus on solution costs offset the other side of the coin where internal structure or buy-in does not exist. Within the case of respondents answering that a lack of resources or buy-in is the main inhibiting factor, this relates to organizations not understanding the benefits BI can offer their organizations.

The one response that may create competition for more traditional BI is the use of spreadsheets. The concept of using Microsoft Excel or other spreadsheet applications instead of adopting business intelligence is common. End users are already familiar with using spreadsheets, can manipulate data and share files at their heart’s content without having to interrupt the way they currently analyze performance and work through financial processes.
BI Drivers

Respondents were asked to identify BI use drivers. The graph below compares all respondents with responses of organizations with revenues under $1 Billion annually. This comparison enables a deeper look at whether specific trends exist within mid-market companies specifically or if BI drivers are comparable across all organizations. The bars identify the difference between enterprise and mid-market respondents. The difference represents the number of enterprise respondents specifically. In general, answers are comparable in all responses with largest gaps existing in the areas of getting better views of performance across the organization and improving business processes. The larger the gap, the easier it is to assume that these represent areas of focus for enterprise organizations. In most cases, the largest gaps match the highest driver rates within mid-market companies as well.

![BI Use Drivers - Comparison](chart)

Respondents who selected “Other” as their response mentioned that drivers for their organization include having process automation, more self-service regarding data access and analysis, and improvement in overall speed.

Some General Benefits

By looking at both factors inhibiting organizations from implementing BI and overall drivers for BI it becomes possible to compare and contrast some general benefits of business intelligence that can then be used to offset some of the inhibitors that exist. Additionally, by identifying the benefits of BI end users looking to attain management buy-in or increase of general awareness can use the experiences of respondents as an impetus for their own initiatives.

Many benefits exist within the realm of BI. Some of these include:

1) Increasing knowledge of what is happening within the organization.

   Although this sounds simple enough, the ability to identify trends and plan future product releases or marketing campaigns, to identify top sales performers and whether external factors (i.e. geography or customer demographics) are affecting performance, or to identify the success or failure of customer loyalty programs and how this affects the company’s bottom line becomes important. Because of the expanded view of what is happening within the organization, management and executives are able to manage the initiatives of departments or overall goals of the organization.
2) Meeting compliance requirements.
Finance and accounting represent a growing area of BI use. Targeted performance management solutions automate financial functions such as closing the month end, activity based costing (ABC), forecasting, etc. Unlike Excel and other spreadsheet applications, BI can track activities by identifying who is doing what within the system, changes being made, or not allowing changes to be made. In addition, many tools have modules developed specifically to meet the challenges of compliance.

3) Business process improvement.
Operational BI is used by embedding BI within day-to-day operational activities. A common example is using BI to detect potential product defects being made on the shop floor or using advanced analytics to help detect fraudulent activities before they happen.

4) Improving sales and marketing activities.
Moving beyond trends based analysis, organizations can use the sales data they collect to create what-if scenarios to determine how sales, pricing, or distribution may be affected by changes in the market, inflation, competitors, or new market entrants. Add to this the ability to incorporate external data sources to take into account competitor performance and market perceptions and BI becomes a tool to evaluate the competition as well as internal performance.
Overall BI Use

Expanding beyond what drives BI within organizations, respondents were asked how they are currently using BI. Top rated uses are finance and accounting, interactive reporting, and sales planning and trends analysis. When looking at actual use versus drivers, there are some discrepancies. Better performance views and process improvement link directly to organizations using BI to measure employee performance, for embedded analytics, and for sales planning and trends identification. When looking at meeting compliance, however, even though it ranked as the second lowest in what is driving BI projects, a number of organizations are using BI as a tool to meet compliance requirements.

In addition to looking at overall responses, the bar chart below compares overall responses with those with revenues of under $1 billion. Largest discrepancies amongst respondents are within interactive reporting, finance and accounting, and sales planning and trends. These categories match the highest ratings of BI drivers for organizations. Even though the respondents from companies of under $1B still come out ahead, the overall gap lessens creating less of a discrepancy with the other uses such as marketing and embedded analytics.

The gaps between organizations with revenues of $1 billion and the mid-market respondents (under 1 billion) are largest in the area of finance and accounting. Although, a leading area within BI use, the gap suggests that mid-market organizations may be slower in adoption of BI for finance and account than compliance or what-if scenarios.

BI Deployments

On-demand/Software as a Service (SaaS) is touted as the next greatest thing for mid-market organizations wanting to take advantage of BI but that lack internal IT infrastructures and resources to implement an on-premise solution. The reality is that in comparison with other types of deployment methods, on-demand solutions are fairly low ranking. This may be because these types of solutions are newer in the market place where BI is concerned.
Top BI Capabilities

Respondents asked to determine their top BI capabilities listed reporting and analytics as most used, with dashboards and data warehousing following close in third place. When looking at overall responses, dashboard use and data warehousing have an equal number of respondents. When looking more closely at mid-market respondents, a gap exists with dashboard use coming out ahead of data warehousing. Dashboards are becoming more popular and widely used and will continue to gain importance within the overall BI stack.

Additionally, as business intelligence diversifies, an organization’s reliance on data warehouse may lessen. This may occur due to an increase in hosted solutions, or because of operational data feeds. Whether or not these are relevant to mid-market organization’s current use, the fact remains, there is a slight gap between adoption of data warehousing within enterprise and mid-market organizations.

Back-end activities such as ETL and data integration remain lower in overall usage for enterprise organizations and within mid-market organizations specifically. Mid-market organizations seem to benefit more from front end BI applications that help them manage the performance within their organizations without having to worry about the IT infrastructure. This concept is not new. Solution providers have been targeting mid-sized companies with the exact message that BI is possible without having a strong internal IT infrastructure.
Satisfaction With Mid-Market Offerings

Although vendors market their products and position themselves as targeted specifically to help meet the needs of small and mid-sized companies, very few ask the questions concerning whether they are actually meeting the needs of the market. Unfortunately, in many cases, solution providers drive need as opposed to it being the other way around.

When asking respondents whether they feel that vendors are meeting the specific needs of mid-market organizations, just over half think that organizations are doing a good job (52%), and 25% feel the opposite. With 23% of respondents unaware of what vendors are doing, and these respondents coming from BI focused publications, a lot can be said for general companies that do not regularly access BI publications.

The line graph below shows how respondents feel that vendors can better meet the needs of mid-market organizations. Based on general inhibitors identified, it is not surprising that lowering prices rates higher than making business intelligence more user friendly and easier to embed in other applications.
Current Use and Overall Awareness

Respondents were asked what solution providers they currently use for their BI applications. Business Objects, Microsoft and Cognos have the most number of respondents as customers. Aside from SAS and MicroStrategy, most other solution providers fall far behind. These numbers match awareness levels identified in the graph below.

The following line graph provides a high level view of general vendor awareness. The lines are broken out to identify whether respondents think that the following vendors offer mid-market solutions, with the added possibility of identifying if they don’t know or alternatively are not aware of who the vendor is at all. The six vendors below represent a sub-set of overall responses and show the top and bottom three vendors in relation to respondent ratings of whether these vendors offer mid-market solutions.
Vendor offerings targeted at mid-market companies abound. Unfortunately, many organizations are unaware of what options exist outside of large solution providers. With the lack of education about what options exist and how organizations can implement BI to suit their needs without having to contend with exorbitant pricing and long implementation cycles, awareness gaps subsist. Although some organizations understand the benefits of BI and the solutions available, many organizations are unable to find the answers to how BI can benefit their organization.

For organizations looking to evaluate BI, it becomes important to research what solutions are available in the market place. This includes moving beyond what leading vendors offer and evaluating on-demand, open source, and niche vendors. Mid-market solutions exist that fall outside of traditional offerings. With 25% of respondents being dissatisfied with current mid-market offerings, there is room for improvement for both vendors and organizations – vendors by doing a better job of educating organizations about what is available, and with end users spending more time evaluating what solutions are available that will best meet their business requirements.