



# THE STATE OF THE ANALYTICS MARKET: 2018

ANALYSTS

Kelsey Anspach, Barbara Peck

## THE BOTTOM LINE

**Innovation in analytics is advancing at a rapid pace, and companies need to equip themselves with business intelligence (BI) to remain competitive — regardless of size.** Businesses of all sizes are leveraging analytics and BI to understand past performance and make better decisions. As Nucleus looks ahead to the next one to five years, BI will become increasingly automated for descriptive, predictive, and prescriptive insights to improve productivity and manage risk.

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## OVERVIEW

The analytics and BI market has seen an increased number of cloud product offerings, decreased total cost of ownership (TCO), and simplification of deployment options that enables end-users to achieve greater success with simpler, cloud-based deployments (Nucleus Research *r161 – Analytics Technology Value Matrix 2017*, October 2017). As analytics and BI became more accessible in 2017, it started to become a necessity for businesses. Looking ahead, Nucleus predicts that the analytics and BI market will see the expansion of embedded and prescriptive analytics, an emphasis on data discovery, the emergence of real artificial intelligence (AI), and an increasingly consolidated market.

## WHAT WAS INTERESTING IN 2017

### BI GOES DOWN MARKET

Conversations that Nucleus has had with analytics users at smaller businesses and businesses with limited resources reveal that in certain cases, clients are finding success with free versions of BI software. Customers pointed to Power BI, QlikSense, and Tableau for students as free offerings that have made BI accessible for down market users. These free versions offer small and medium-sized businesses (SMBs) and businesses with limited resources a way to manipulate data, perform data discovery, and create visualizations, dashboards, and reports more accurately and efficiently than with Excel.

### SELF-SERVICE ANALYTICS

In 2017, BI deployments saw an increased emphasis on self-service deployments that enable any business end-user to derive insights from analytics on a day-to-day basis. Departments and businesses that engage with data through self-service BI find value in the way that the software enables them to think about business problems in a new way and increases productivity by freeing up their executive leadership and IT teams (Nucleus Research *r185 – Nucleus top ten predictions for 2018*, November 2017). For example, Shazam – the popular music and media discovery app – found value in self-service analytics in its deployment of Salesforce Einstein among its sales team; Nucleus calculated an ROI of 752 percent for the deployment (Nucleus Research *r98 – Salesforce Einstein Analytics ROI case study – Shazam*, May 2017). Departmental deployments make for easier self-service adoption because a deployment can happen on a smaller and specialized scale. Moreover, flexible software as a service (SaaS) per-seat licensing also enables easy expansion of such self-service analytics to other departments.

### ACQUISITIONS

The analytics market saw two particularly notable acquisitions in 2017. Infor completed its acquisition of Birst in June 2017, reinforcing Infor's position as a company that is headed towards becoming a cloud-based rival to legacy full suite vendors such as Oracle. Though Infor originated as an enterprise resource planning (ERP) vendor, it has since expanded into the customer relationship management (CRM) market – among other markets – and its acquisition of Birst positions Infor to provide a competitive embedded analytics platform. Such an offering will enable Infor users to combine and utilize siloed data (Nucleus Research *r76 – Infor acquires Birst to access full value of data*, April 2017).

Additionally, Logi Analytics – a vendor focused on embedded analytics – was acquired by Marlin Equity, a global private equity firm, in October 2017 (Nucleus Research *r192 – Logi Analytics acquired by Marlin Equity*, November 2017). This acquisition emphasizes the need for embedded, integrated analytics and positions Logi as a strong provider of such technology.

## WHAT TO LOOK FOR IN 2018

### EMBEDDED ANALYTICS

The Birst and Logi Analytics acquisitions point towards a trend of embedded analytics, where analytics and BI are integrated within other business process tools. Combined with the expanding trend of self-service analytics, 2018 will see more vendors releasing more embedded BI tools. This ultimately benefits businesses by providing end users with accessible information integrated into daily operations. BI dashboards and visualizations communicate the information behind data faster and more comprehensively than a data set or a written report. The more end users are informed, the better decisions they can make.

### SELF-SERVICE BI

Self-service BI is an approach to analytics that enables business users to access and work with corporate data without the need for IT support. Self-service BI tends to enhance productivity because it is more efficient and economical than having an IT or data analytics team run all analytics processes. Self-service analytics is best supported by a power user, also called a super user, whose training and skills in a BI tool are better than those of an organization's average employee. A power user can support their coworkers' use of self-service analytics by being the go-to person in a specific department. This makes a power user more accessible than a designated analytics team in a different department.

### PRESCRIPTIVE ANALYTICS

Business analytics can typically be described in three ways: descriptive analytics, where historical data is analyzed to understand past performance; predictive analytics, where historical data is analyzed to predict what is likely to happen in the future; and prescriptive analytics, which assesses the "why" behind predictive analytics and recommends a future course of action based on the said predictions. Prescriptive analytics differs from predictive analytics in that it offers options and recommendations based on the insights of the prescriptive analytics engine. BI has traditionally focused on descriptive and predictive analytics. However, end-users don't just want to know what will happen – they want to know what to do about it.

As a result, market demand is increasing for prescriptive analytics. Nucleus predicts that in 2018, vendors and end-users will focus on prescriptive analytics.

## DATA DISCOVERY

Analytics and BI have historically provided value by looking for set insights. For example, an IT employee might regularly provide reports to c-suite executives, or an ad-hoc analytics team may be designated to answer executive requests for specific insights. Data discovery, meanwhile, enables end-users to experiment with numbers and explore new patterns and insights within data. In 2018, however, Nucleus predicts that the availability and use of data discovery will expand, enabling BI end-users to discover insights they previously never thought to look for.

## LOOKING AHEAD TO 2023

### AI GETS REAL

Many analytics vendors market their solutions with the promise of AI, but the reality is that very few of the “AI” solutions on the market are what they declare themselves to be. Real AI must have a degree of machine learning in it; otherwise, there is no “intelligent” component. There needs to be a feedback loop in which a machine not only takes data in and correctly and delivers output based on that information but also learns from patterns of inputs and outputs and independently adjust its behavior over time. Nucleus predicts that the analytics market will see the impact of real AI by 2023; and with it, Nucleus predicts that self-service analytics will start to become obsolete as BI tools are able to learn and provide relevant insights on their own.

### MARKET CONSOLIDATION

Over the past few years, the analytics and BI market has seen a significant increase in the number of vendors due to the expansion of the cloud. However, this increase in the number of vendors will be short-lived. The analytics and BI market will see significant activity mergers and acquisitions over the next five years, leading to a consolidated market by 2023.

### VENDORS TO WATCH

End-users looking at certain solutions – namely TIBCO and Oracle – may wish to look elsewhere. Nucleus predicts that these three vendors’ analytics offerings won’t be around for long, or otherwise won’t be at the top of their game by 2023. TIBCO has very few new users, and Nucleus found that businesses using these solutions generally give negative feedback on functionality and usability. Oracle’s analytics

solution has not succeeded, as far as analytics is concerned, in transmitting its customer to its “cloud first” strategy. Its customers tend to be legacy users with an existing Oracle stack who found it easier to purchase Oracle’s analytics solution.

## CONCLUSION

Over the next year and five years, businesses of all sizes will continue to adopt analytics and BI tools. All the while, the usefulness of BI will improve as it moves towards self-learning and prescriptive insights. What remains to be seen is how the usability and user experience of BI will change. While self-service analytics currently offers end users an accessible way to access BI insights, Nucleus predicts that still more complicated and detailed insights will become increasingly accessible to all end-users as real AI takes hold.