

Predicts 2004: Business Intelligence and Data Warehousing

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Vendors in the BI and data warehousing sectors will be forced to create and execute a vision for technology integration. Forward-thinking enterprises will establish best practices that exploit converging BI solutions.

ANALYSIS

Consolidation in the business intelligence (BI) and data warehousing sectors has been under way for more than a decade, but it accelerated in 2003, driven by tough economic conditions. All the vendors competed for the attention of enterprises that were spending cautiously on technology. Gartner expects consolidation to continue, although to a lesser extent, throughout 2004.

The acquiring BI vendors will have to face two important challenges: 1) integrate the functionality and the organizations they have acquired, and 2) work out a vision for their new, repackaged or repositioned technologies and applications. As always, innovation of new technologies will remain as crucial to vendors' growth as the integration of established products.

Enterprises that are evaluating BI vendors' road maps may find it easier to select BI and data warehousing technologies once the consolidated companies reconcile their product lines. Vendors not involved in mergers and acquisitions may appear more stable, but also may be distracted by potential consolidation. For the long term, enterprises will have fewer and more-comprehensive BI offerings to assess.

For the near term, however, choosing vendors and products will remain challenging. Even the best technology offered by a market-leading vendor can fail if it isn't applied judiciously, if it depends on poor-quality data, or if the data isn't interpreted by skilled users. During 2004, Type A (leading-edge technology adopter) enterprises will focus on the other half of the equation — the skills and planning that are integral to successful implementations — by formulating enterprisewide BI strategies and applying best practices.

Prediction — Proliferation of BI technologies will cause enterprises to fail in establishing a flexible and "right-sized" data infrastructure.

Enterprises that seek to exploit strategic BI initiatives must start by examining their underlying data infrastructure in 2004 (see "Predicts 2004: Business Intelligence Infrastructure"). A rigid and inflexible infrastructure that cannot be upgraded or modified will not maintain its value. This evaluation includes taking an inventory of tools and technology, as well as assessing the value of data that is being collected. A process is only as effective as the data that supports it. In addition, compliance with government regulations and cutting redundancy from business operations will depend on improving data quality.

Enterprises must not underestimate the challenges and complexity related to delivering the data infrastructure required to support strategic BI initiatives. Finally, Type A enterprises should closely monitor pioneering grid computing efforts to support extremely large volumes of data and explorations of powerful, complex analytics applications (see "Predicts 2004: Grid Computing").

Prediction — Innovations in BI technology will accelerate during 2004.

Although market consolidation and functional and market convergence will continue to characterize the BI market, the rate at which BI technology is evolving must not be overlooked (see "Predicts 2004: Business Intelligence Technology Directions"). The offerings in this market are still maturing; they have not yet become commodities. In 2004, Gartner research will examine five areas in which many BI innovations are occurring:

- Advanced visualization and interpretation
- Business activity monitoring (BAM)
- Collaborative BI

- Scalability
- Web services

Prediction — Focusing on BI and data warehousing best practices will become as important as focusing on technology.

BI tools and technology and data warehouses are powerful analytical tools that give business users greater insight into business processes and improve their decision making. Their effectiveness at gathering data has received additional attention as enterprises seek to collect the information required to comply with government reporting standards and regulations.

Most enterprises don't derive the maximum benefits from BI and data warehousing because they focus on technology, rather than on best practices for users (see "Predicts 2004: Business Intelligence Best Practices").

Best practices include the creation of a BI competency center to:

- Increase operational effectiveness by leveraging BI and scarce BI user skills for cross-enterprise applications
- Enable close cooperation between the IS organization and users

Prediction — BI markets and functionality will converge during 2004.

As the BI market continues to evolve (see "Predicts 2004: Business Intelligence Markets"), vendors are bringing together functionality in an ongoing attempt to address ever-changing customer requirements more effectively. Enterprises must be circumspect about selecting a vendor and develop contingency plans against the possibility that the vendor will be acquired. Enterprises should also plan for the resulting functional and market convergence.

More-indirect effects of market consolidation include the continuation of two trends:

- Enterprise application vendors are increasingly using BI as a way of differentiating themselves from competitors in a saturated market.
- Vendors are reducing their commitment to packaged BI applications as they realize that successful implementations respect the uniqueness of enterprise business models.

Features

"Predicts 2004: Business Intelligence Infrastructure" — Prepare for renewed economic growth by building a flexible business intelligence infrastructure that will meet changing demands. **By Kevin Strange, Ted Friedman and Alan Tiedrich**

"Predicts 2004: Business Intelligence Technology Directions" — Evaluate innovative BI technologies that offer business benefits unmatched by more-traditional alternatives. **By Howard Dresner, Bill Hostmann, Bill Gassman**

"Predicts 2004: Business Intelligence Best Practices" — Get the most out of business intelligence technology by enforcing an enterprisewide BI strategy and channeling all projects through a competency center. **By Bill Hostmann and Bill Gassman**

"Predicts 2004: Business Intelligence Markets" — Stay informed about the continually shifting and converging BI market when selecting your vendors and technology. **By Howard Dresner, Frank Buytendijk, Ted Friedman**

Recommended Reading and Related Research

"Predicts 2004: Grid Computing" — Monitor pioneering grid computing efforts to guide early explorations of powerful, complex analytic applications. **By Carl Claunch and Kevin Strange**

This research is part of a set of related research pieces. See "Best Practices Gain Importance in BI During 2004" for an overview.

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