

Microsoft Shifts Strategy on PerformancePoint Server

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With its decision to roll PerformancePoint Server functions into SharePoint and discontinue PPS Planning, Microsoft is shifting toward pervasive business intelligence and away from delivering performance management.

NEWS ANALYSIS

Event

On 23 January 2009, Microsoft announced that PerformancePoint Server (PPS) will now be bundled with SharePoint. Microsoft will suspend further development of its planning and consolidation applications (after Service Pack 3, scheduled for release during mid-2009) and will roll the remaining PPS functions into its SharePoint Server offering at no additional cost. PPS will no longer be sold as a separate product. Specific offerings for Microsoft Dynamics will be based on Microsoft FRx and Microsoft Forecaster and Management Reporter.

Analysis

This move signals a shift by Microsoft toward "business intelligence (BI) for the masses," recently announced at its BI Summit, and leaves its partners to sell the vision of performance management.

PPS was a small but growing revenue stream compared to Microsoft's SQL Server and SharePoint revenue. In light of the current economic climate and Microsoft's recent earnings report, this change in product strategy represents a pragmatic, BI-centric road map. It will strengthen Microsoft's effort to make BI more pervasive by bundling analytics (formerly ProClarity) and "scorecarding" (formerly Business Scorecard Manager) into SharePoint Server Enterprise. The FRx, Forecaster and Management Reporter components of PPS Planning will return to the Microsoft Dynamics environment where they originated. The new offering, PerformancePoint Services for SharePoint, will run on SQLServer, and will likely draw customers using or considering Microsoft for its BI strategy or platform.

With this move, Microsoft acknowledges that it is more comfortable selling technology solutions than high-value analytic applications. It has effectively ended its foray into stand-alone corporate performance management (CPM), where it had been late to market compared with its competitors, which had amassed a larger market share. Instead of competing head-on, Microsoft will now flank other vendors' BI platform offerings from the adjacent collaboration space.

Gartner expects Microsoft's move will have a mixed impact on its customers. If customers have implemented PPS for budgeting, planning and forecasting or financial consolidation, they will be using a legacy product that will be supported for 10 years (according to Microsoft), but will no longer be enhanced or developed past Service Pack 3. This move also creates a challenge for service providers who have geared up to sell and implement PPS.

RECOMMENDATIONS

- **SharePoint customers:** Evaluate new functions for analytics and scorecarding that will be offered in SharePoint Server Enterprise. They may provide a cost-effective solution for extending BI analytics within the enterprise.
- **PPS Planning customers:** If you are satisfied with this product, continue using it, but plan to migrate in the future. If you plan to invest further in the product (for example, undertaking a global rollout), consider bringing in a Microsoft CPM partner to augment your PPS implementation; again, plan to migrate fully by 2014. If you are in the process of implementing the PPS solution, consider alternatives, unless PPS works out to be cost-effective or your plans are too far along to change. In both cases, limit usage and plan to switch as soon as practicable.

- **PPS prospective customers:** Consider alternatives to Microsoft for planning, budgeting and forecasting or financial consolidation. Ensure that scorecarding and analytics are included with your BI platform.
- **FRx and Microsoft Forecaster customers:** Stay the course, but push Microsoft for a road map for continued support and development.

RECOMMENDED READING

- "Microsoft's Business Intelligence Conference 2008 Reveals a BI Road Map, but Not Completely" — The future BI road map revealed by Microsoft at its October 2008 BI Summit placed relatively little emphasis on CPM. **By Neil Chandler and Andreas Bitterer**
- "SWOT: Microsoft, Business Intelligence Platforms, Worldwide" — Though some component functions of Microsoft's BI platform lag behind offerings from its competitors, it offers good BI capability at a low price. **By Rita Sallam, Bill Hostmann and Dan Sommer**

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