Microsoft Outlines BI Strategy, Platform

May 10 2007

Katmai, PerformancePoint Server and Excel will play key roles in Microsoft's quest to make business intelligence more ubiquitous.

Microsoft declared the opening day of its first BI conference, May 9, "a new day" for business intelligence, with the same old goal every BI vendor has had for years: To make BI ubiquitous in the enterprise, used by all relevant workers, not just by executives and IT (who jigger reports for executives).

The difference with Microsoft and other BI providers is its ability to not only circulate BI technology through a massive technology stack - SQL Server, Office, other servers, tools - but to push that technology out through a ubiquitous application: Excel.

Microsoft has estimated that there are 500 million licenses of Office floating around in companies throughout the world; the company plans to tap at least a percentage of those users for its BI Platform, previewed today at Microsoft's BI conference in Seattle.

"We're one company; we can deliver the underlying platform, tools and applications that can help your company leverage BI," said Jeff Raikes, president of the Microsoft Business Division, during his keynote address at the BI conference.

"And we can build for scale ... You need to gain insight and drive decisions. That's the focus of the tools in our applications layer. We are very focused on integrating into our tools - the Microsoft Office system -

and using that on top of whatever you get from SQL Server.

In its sum total, the Microsoft BI platform includes three major components: SQL Server, SharePoint Server 2007 and Microsoft Office (including Excel 2007). The final piece is PerformancePoint Server 2007, which is really the applications layer of the BI platform. To this end, Raikes outlined the next version of SQL Server, code named Katmai, that will be the basis of Microsoft's overall data platform vision.

The updated server, due in 2008, will include capabilities for large scale data warehousing and richer information delivery through Microsoft Office. "Katmai will be optimized for highly predictable performance and will include policy-based management," said Raikes. "Beyond rational database capabilities - users - will be able to store any type of data, including unstructured. It's a new data model that will enable - developers - to build richer applications faster."

Raikes also announced the acquisition of SoftArtisans, a company that develops Microsoft Office format reporting and file transfer software for managed report authoring in Office. The company's OfficeWriter software generates functional Excel spreadsheets and Word documents over the Web - without the need for Microsoft Office on the server - by populating Office documents with dynamic data from any source, according to the company's Web site.

The reports take advantage of Office 97-2003 features, from advanced charts and formulas to macros/VBA and pivot tables.Microsoft actually acquired SoftArtisans a year ago, but chose to announce the deal at its BI conference. The company's technology will show up first in Katmai, and later in PerformancePoint Server. At bottom, however, SoftArtisans represents a big step forward in the interoperability of reporting with Office by allowing users to access, modify and author reports in Office and in Word.

"We have a very strong interoperability in terms of taking reporting services and exporting that to Word, or to Excel, but - SoftArtisans - gives you the capability to start in Word or start in Excel to access information, and author reports from there," said Chris Caren, general manager of Office Business Applications at Microsoft.

With the upgrades in Katmai, Microsoft is clearly targeting the enterprise market (its line of business applications, Dynamics, will be a line to midmarket customers) and enterprise-level BI projects. The heart of this initiative, however, is the Office PerformancePoint Server 2007, now in its second community technology preview.

Based on functionality acquired from BI applications vendor ProClarity ten months ago, PerformancePoint 2007 is Microsoft's answer to Corporate Performance Management, which is functionality that allows CFO's to answer crucial questions about their business: How are we doing? Why? And what should we be doing?

Due late in the summer of 2007, PerformancePoint Server will include dashboards, score carding, analytics, performance, planning and consolidation applications.

But Microsoft is not alone in using CPM to lure chief financial officers in major corporations. SAP announced May 8 its intention to acquire OutlookSoft, a privately held company that develops planning, budgeting, forecasting and consolidation software.

SAP plans to bridge OutlookSoft's performance management software with its business intelligence platform and GRC (Governance, Risk and Compliance) suite of applications. On April 19, Oracle closed its $3.3 billion acquisition of Hyperion, an industry leader in CPM software.

Where Microsoft differs from Oracle and SAP is Office, according to

Caren.

"Our approach is really different," said Caren. "While we are targeting the CFO and compliance, we've bet incredibly hard on Excel, making a place where you can work with information securely and share information securely. Our ease of use and our price point leads to much broader solutions. SAP and Oracle, typically don't go beyond the CFO; our goal is to - reach - everyone who might own a budget."

To this end, Microsoft has been building out an internal sales team for the past 18 months. "We're doubling down our efforts to make - the team - more global in focus, with people that focus on BI, SQL Server and Office," said Caren. "They're chartered with going into large customers to win big projects. And to recruit, train and work with partners."

The Microsoft BI sales team will have a dual focus on reaching what they refer to as decision makers - people in finance and sales and operations - doing financial management projects that include planning, budgeting and forecasting, areas where companies typically need to extract business intelligence. They'll also target Microsoft's typical IT buyers.

Also during his keynote, Raikes previewed three key partnerships with global system integrators: Accenture, Cap Gemini and Tata Consultancy Services. The significance of these partnerships, according to Caren, is that the each company is "betting hard" on Microsoft BI much earlier than they would a new software offering from another vendor.

"This is a new day for BI, in our view ... not only for Microsoft but for the industry as a whole," said Raikes, in Redmond, Wash. He pointed to the good news with BI, citing a Wall Street Journal report that said that 13 percent of businesses plan to make their first BI acquisition this year.

In 2006 companies spent a total of $23 billion on BI technology.

"The bad news is we feel people are paying far too much for BI and not getting enough. The promise of BI is unfulfilled," Caren said.

At least one analyst, Joshua Greenbaum of Enterprise Applications Consulting, believes Microsoft's focus on tools - and on massive SI's to build out functionality - is not quite the right approach.

"Microsoft's very able BI team is producing great tools but leaving the industry-specific and role-specific functionality to their partners. And herein lies the weakness in the strategy: the partners are a mixed bag. Some are really steeped in the business and end-user requirements of specific industries, but too many are technologists more in the mold of Microsoft than not," writes Greenbaum in his blog.

"And too many of those who really grok the industry-specific issues - among them the global SIs - are not developing packaged solutions but concentrating on custom, one-off solutions that are by definition more costly than packaged alternatives."

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Citation: Microsoft Outlines BI Strategy, Platform (2007, May 10) retrieved 4 May 2024 from https://phys.org/news/2007-05-microsoft-outlines-bi-strategy-platform.html