



Microsoft Repackages BI and PM Products To Further Promote Mass Adoption

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John Hagerty

In a fundamental shift in its business intelligence (BI) product strategy, **Microsoft** has reshaped its portfolio, breaking apart the performance management (PM) family of products and realigning the monitoring and analytic functionality with Microsoft Office SharePoint Server (MOSS), while mothballing its nascent planning application. This decision, which was not wholly unanticipated, streamlines Microsoft's BI story and uses its trinity of beachhead products—MOSS, Excel, and SQL Server—as the vehicles to cost effectively bring business intelligence to the masses.

Planning not a match for Microsoft's ubiquitous BI vision

PerformancePoint Server (PPS) Planning was formally introduced in 2006 and eventually delivered to customers in 2007. From the start, the product philosophy was to put planning capabilities into the hands of as many users as possible. While customers were intrigued about that possibility, planning remains largely the province of the office of finance, with relatively small numbers of potential users signed on to use forecasting, budgeting, and financial consolidation capabilities. Furthermore, planning is a structured application, but Microsoft's BI strategy is based on tools that partners and buyers mold into whatever they need them to be. These differing approaches didn't mesh well.

Rather than try and move buyers to a planning-as-tool point of view, Microsoft decided now was the right time to shift focus and put all its eggs in the BI-tools basket. The company promises one more planning release around midyear 2009. The product will then be maintained for the standard term of 10 years.

So long, PPS... hello, MOSS

PPS as a product will disappear. The most broadly deployed elements of PPS—monitoring (as in dashboards and scorecards) and analytics (the product formerly known as ProClarity)—will now become an integral part of the MOSS product family, known as "PerformancePoint services." Companies that license MOSS will receive these components.

MOSS continues to be one of Microsoft's stickiest products. For this reason, aligning PM capabilities with it further pushes the business and economic agenda to the next level. After all, all buyers like more for the same price.

BI/PM market implications

In tough economic times, AMR Research believes Microsoft was right to evaluate its market strategy and course-correct appropriately. While discontinuing products is never an easy decision, it's better to do it now while there are relatively small numbers of planning customers.

To net it out:

- Microsoft is stepping away from the financial planning and consolidations application market, leaving one less competitor for SME and large buyers. Competitors should be jumping for joy.
- Microsoft BI, including analytics and monitoring, is now part of the trinity of products—Office/Excel, MOSS, and SQL Server—and the BI economic model has again changed, making BI/PM potentially more affordable for more customers. Competitors should again be concerned with market commoditization and/or buyer interest in a complementary BI strategy.
- Existing PPS Planning customers will receive one more release around midyear 2009. Conceivably, other Microsoft tools could be used to construct a custom planning system. Customers should make an informed decision as to whether to proceed or curtail efforts now.