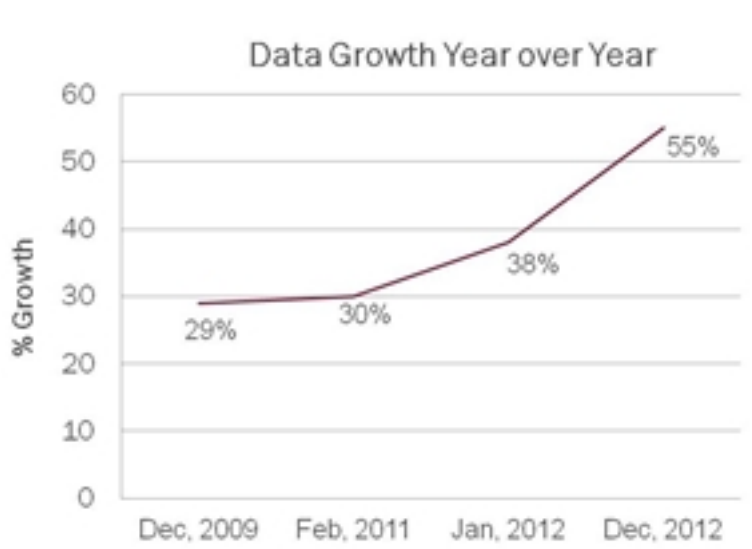




*In the next five years, which software-related businesses will grow faster or slower than others and why?*

I believe that software-related businesses that deliver products and/or services for businesses to effectively and efficiently access and analyze data will grow faster than other businesses in the next five years.

Let's first take a look at the business opportunity. Businesses are experiencing a large annual growth in the amount of data available to them as can be seen in the chart below.



Source: Aberdeen Research Report January, 2013

This chart represents data growth results reported by Aberdeen Research in January, 2013 from their December 2012 survey of businesses. These results indicate that not only is data growing – it is exploding! This means that businesses need to be able to effectively and efficiently analyze the appropriate data to help them make business decisions quickly and accurately.

Additionally, businesses that truly embrace data analytics outperform businesses that do not fully embrace data analytics. The following table shows the correlation between companies classified as “best-in-class”, “average” or “laggard” users of data analytics to business growth. Companies considered “best-in-class” users of data analytics are reaping the benefits of the knowledge gained through their timely data analysis. This allows them to make business decisions quickly and with confidence.

Company Classification

Operating Profit Increase

Organic Revenue Growth

Critical Data Delivered On Time

Best-in-class

23%

27%

94%

Average

9%

12%

77%

Laggards

3%

1%

41%

Source: Aberdeen Research Report July, 2011

The key implication of the explosion of data and that “best-in-class” companies are performing

at a higher level is that businesses are exploring and demanding effective and integrated business intelligence (BI)/data analytics tools and services.

This business demand is why I believe that software-related businesses that deliver products and/or services for businesses to effectively and efficiently access and analyze data will grow faster than other businesses in the next five years.

The growth of these types of businesses has already started. In the past several months I have spoken to several companies that provide BI/data analytics software products. Every one of them has stated that they are achieving significant growth year-over-year. Some are reporting record growth! Their growth comes from three sources:

1. Implementation of their software products into enterprises and SMBs.
2. Embedding their software into other software products.
3. Providing BI/data analytics professional services (e.g., consulting, customization, implementation).

The growth doesn't stop there. These companies are also building eco-systems of companies to serve the BI/data analytics demands of their clients. The companies in these eco-systems are primarily Independent Software Vendors (ISVs) who embed BI/data analytics into their own products and companies that provide BI/data analytics-related professional services.

For example, more and more Independent Software Vendors (ISVs) are experiencing the demand to provide better data analytics in their software products. Instead of bringing in expertise to develop data analytics functionality, they are embedding already developed BI/data analytics software products into their own products. According to a report from Birst, Inc., "The addition of an analytics module to your product suite can add 20% to 30% revenue to your organization's top line." In my opinion, that is significant growth!

Companies that provide BI/data analytics-related professional services are also experiencing growth by partnering with BI/data analytics software product companies. Because the demand for their products is growing dramatically, BI/data analytics software product companies must either grow their internal professional services organizations or turn to professional services partners. Most are choosing to turn to partners thereby fueling the growth of professional services partners.

In summary, exponential growth of data and the realization that effective analysis of that data can help fuel business growth is driving the need for more and more BI/data analytics tools and services. Over the next five years, this need will continue to drive the significant growth of software-related businesses that deliver products and/or services for businesses to effectively and efficiently access and analyze data.

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