

SAP looks to the cloud with a hybrid analytics strategy

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SAP has been busy building out its cloud business intelligence and analytics capabilities. The company has now upped its commitment to the cloud, placing SAP Analytics Cloud center stage within its BI portfolio and making it the go-to offering for data discovery, as well as end-to-end analytics. At the same time, SAP is looking to provide customers using its longtime BusinessObjects BI platform – which is employed on-premises but can run in several clouds, including Amazon Web Services and Google Cloud Platform – with the option of continuing to deploy it, all as part of a hybrid strategy.

The 451 Take

SAP's BI portfolio has evolved considerably since it adopted a convergence strategy to make it easier to use and comprehend some four years ago. The vendor's latest strategy to position SAP Analytics Cloud and SAP Analytics Hub for hybrid BI not only makes its product family easier to understand and more attractive, but also helps turn its hybrid vision into a reality. However, we still think SAP has some work to do in making sure that its end-to-end analytics approach doesn't provide total vendor lock-in by ensuring that it can still support third-party BI and analysis that organizations have already invested in.

Context

SAP is placing its BI and analytics future in the cloud, noting that the majority of innovation will be poured into its Analytics Cloud in 2019 and beyond. The company introduced Analytics Cloud (/report-short?entityId=87564) to the market as SAP Cloud for Analytics in late 2015, rebranding it as SAP BusinessObjects Cloud (/report-short?entityId=92155) a year and a half later, before settling on the current name SAP Analytics Cloud. The offering is designed to address end-to-end analytics use cases in a single platform and therefore cater to today's market needs where organizations want to perform multiple types of BI – from simple ad hoc analytics to more complex machine-learning-driven analysis – in one environment.

However, SAP has now adopted a hybrid strategy so that organizations don't have to make a wholesale commitment to Analytics Cloud. Instead, the aim is to enable them to continue to employ the company's longtime BusinessObjects BI platform – which has historically been used on-premises but now supports a variety of clouds – with a view to deploying its Analytics Cloud for new projects and use cases.

Product strategy

SAP's move to put Analytics Cloud front and center of its BI portfolio means that the offering has become the primary one for data discovery – as well as data access, wrangling, visualization, analysis, prediction, forecasting and planning, plus what-if analysis. Data discovery was previously addressed by SAP Lumira Discovery, which is part of the company's on-premises BI portfolio. SAP contends that data discovery is better off inside Analytics Cloud than in a separate on-premises data discovery and visualization tool, which is the reason for infusing it with data discovery capabilities. However, the vendor notes that it won't abandon customers employing Lumira Discovery. It is planning enhancements to the offering in 2018 and has pledged to support it until at least the end of 2024.

At the same time, SAP is elevating the role of its newly unveiled Analytics Hub (</report-short?entityId=93536>). The offering, which is built atop Analytics Cloud, is designed to act as one place where users can find reports, dashboards and other BI content in the cloud or on-premises, which has been sanctioned by IT and is therefore trustworthy and governed. Thus, SAP is positioning Analytics Hub as a bridge between on-premises and cloud BI and as a consequence has made it a centerpiece of its hybrid analytics strategy. The company also notes that it won't abandon its BusinessObjects BI platform. For example, SAP plans to continue to support BusinessObjects BI 4.2 – the current version of its traditional BI and analytics stack – until 2024. It also plans to continue to invest in the offering.

Furthermore, the vendor reports that it won't force customers to migrate to the cloud either. Instead, it is suggesting the adoption of Analytics Cloud for new use cases. SAP has changed its license and contract policy to make this hybrid BI deployment approach a more attractive one. It's also worth pointing out that the company is making Analytics Cloud a default part of all of its cloud offerings to encourage cloud adoption. However, a hybrid deployment enabled by Analytics Hub means that customers can leave their data on-premises and not have to move it to the cloud.

SAP Analytics Hub is essentially an analytics catalog. It provides a searchable catalog for all analytics content with the promise of bringing together all of an organization's analytics assets – whether on-premises, in the cloud, in a SAP offering, or in a third-party tool. Analytics Hub features a tile-based view of all content, as well as a description and a link to it that the user clicks on to access. The offering stores the metadata in the cloud but not the actual data.

Users can also configure single sign-on (SSO) between Analytics Hub and a source application via SAML authentication. SSO is supported between Analytics Hub and SAP's BusinessObjects Enterprise BI platform, which means that users can view an invoice in Crystal Reports, a Web Intelligence (Webi) report, a dashboard in SAP Digital Boardroom, and a visualization in SAP Lumira, for example, in Analytics Hub. SSO is also supported for SAP Business Warehouse (BW) – the vendor's enterprise data warehouse – so users can view BW content as well.

Contract and licensing strategy

SAP has made changes to its contract and licensing strategy to better support hybrid BI and analytics. The vendor introduced a Cloud Extension Model in 2013 to ease transitions from its on-premises offerings to its hybrid cloud and cloud offerings. It has now applied the Cloud Extension Model to its BI portfolio in a bid to transition maintenance on unused software licenses

into cloud subscription licenses. This move means that SAP's BI customers can reallocate elements of their on-premises offerings to a respective public cloud or private managed cloud service and in so doing replace an on-premises licenses and maintenance contract with a subscription to a cloud offering.

The firm has also created one subscription for Analytics Cloud and BusinessObjects Enterprise in a bid to encourage cloud adoption and better support its hybrid BI strategy. A pilot for this hybrid subscription is now underway, with general availability planned for the second half of 2018. Additionally, SAP has created a customer experience team to support clients in their transition to the cloud.

Roadmap

The company has elucidated product enhancements coming to its BI and analytics portfolio in 2018. Integrating Roambi into SAP Analytics Cloud to deliver a mobile-first user experience for end-to-end analytics is one development on its agenda.

SAP is also moving away from offering a traditional workflow for BI to natural language queries, natural language processing (NLP) and natural language generation (NLG) within Analytics Cloud. The company acquired Recast.AI in January for its conversational user experience smarts. SAP is employing the target alongside homegrown NLG and NLP capabilities to enable users to ask questions in English, get their queries auto-completed, and have narrative explanations to complement data, visualizations and analysis. Additionally, the vendor plans to introduce more 'smart' capabilities into Analytics Cloud to bolster the offering's machine-learning-driven analysis. SAP will also start adding features to Analytics Cloud for building applications in the first half of this year.

The company's BusinessObjects Enterprise BI platform will get refreshed this year as well. An interface revamp to make the user experience a cleaner and clearer one is in the cards. SAP has also pledged to continue to invest in the BI clients for its traditional BI stack – SAP Analysis for Microsoft Office, BusinessObjects Design Studio, Webi and Crystal Reports – with an emphasis on making them more suited to hybrid analysis on-premises and in the cloud. Lastly, the firm is further investing in integration between BusinessObjects Enterprise and Analytics Cloud to support hybrid analysis, which includes capabilities to make the management of a single hybrid environment easier.

Competition

SAP has a diverse range of rivals owing to the myriad capabilities it provides to enterprises for BI and analytics both on-premises and in the cloud. However, we think it is fair to say that IBM, Oracle and Microsoft are SAP's primary competitors because they also target enterprises with a single-vendor approach to analytics to lower TCO and make purchasing decisions and upgrades easier for customers. Furthermore, IBM, Oracle and Microsoft have devised cloud strategies for BI and analytics, but they also espouse a hybrid approach to support existing customers deploying on-premises offerings.

That said, we aren't aware of any exact direct rival to SAP Analytics Cloud, which has data access, discovery, wrangling, visualization, analysis, prediction, forecasting and planning, as well as what-if analysis and machine-learning-driven features, all in one cloud platform. IBM Watson covers many of these bases but it also already has a strong natural language flavor to it, and doesn't include integrated planning. GoodData matches many SAP Analytics Cloud capabilities (/report-short?entityId=94094), but it has more of an embedded slant and doesn't include planning either.

Additionally, organizations could employ SAS Viya's cloud-friendly architecture and the 12 different products the company currently has available for it to achieve many of the same functions as SAP Analytics Cloud – planning aside. Furthermore, we expect SAP Analytics Cloud to encounter Domo, Qlik, Tableau and Looker in visual analysis cloud bakeoffs. Adaptive Insights, Host Analytics, Anaplan, BOARD International and Jedox are contenders in situations where organizations are seeking an integrated planning and analysis offering in the cloud.

Finally, organizations looking for advanced analysis, including machine-learning-driven analytics in the cloud, will also compare SAP Analytics Cloud with artificial intelligence-driven cloud platforms from many of the startups that have entered the predictive analysis arena in recent years. BigML, DataRobot, H2O.ai and Dataiku immediately spring to mind as potentially competitive young guns. RapidMiner, TIBCO and MathWorks are more established advanced analysis vendors that provide capabilities akin to SAP Analytics Cloud.

SWOT Analysis

Strengths

SAP Analytics Cloud is a differentiated offering, as we are not aware of any other cloud platform with quite the same capabilities. Moreover, the vendor's hybrid BI and analytics strategy has become more compelling as a result of changes to contracts and licensing, as well as the team it has put in place to aid customers with cloud migration.

Weaknesses

SAP Analytics Hub is a work in progress in terms of the range of third-party source applications it can hook into and expose. Making Analytics Cloud the preferred choice for data discovery will likely disgruntle some Lumira Discovery users.

Opportunities

A single subscription for Analytics Cloud and the BusinessObjects BI platform makes purchasing easier and hybrid analytics more attractive as a consequence. In general, existing customers remain the low-hanging fruit for Analytics Cloud.

Threats

SAP is not alone in adopting a hybrid approach for BI and analytics, nor is it the only vendor touting a one-vendor, end-to-end analysis platform play, so it will likely face competition from longtime rivals IBM, Oracle and Microsoft, as well as BI pure plays and startups.

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Figures shown indicate number of transactions

COMPANY MENTIONS (PRIMARY)

[SAP \(/search?company=SAP\)](/search?company=SAP)

COMPANY MENTIONS (OTHER)

Adaptive Insights , Anaplan , Amazon Web Services , BigML , BOARD International , Dataiku , DataRobot , Domo Inc , GoodData , Google , H2O.ai , Host Analytics Inc , IBM , Jedox , Looker Data Sciences , The MathWorks , Microsoft , Oracle , Qlik , RapidMiner , Recast.AI , Roambi , SAP BusinessObjects , SAS Institute , Tableau , TIBCO (</search?company=TIBCO>)

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