

The logo consists of an orange chevron shape pointing to the right, positioned to the left of the word "DATAMONITOR".

DATAMONITOR

Will the Real BI Solution Please Stand Up?

An analysis of what BI solutions need to be able to do and where higher education institutions are in their adoption of this solution.

July 25, 2006

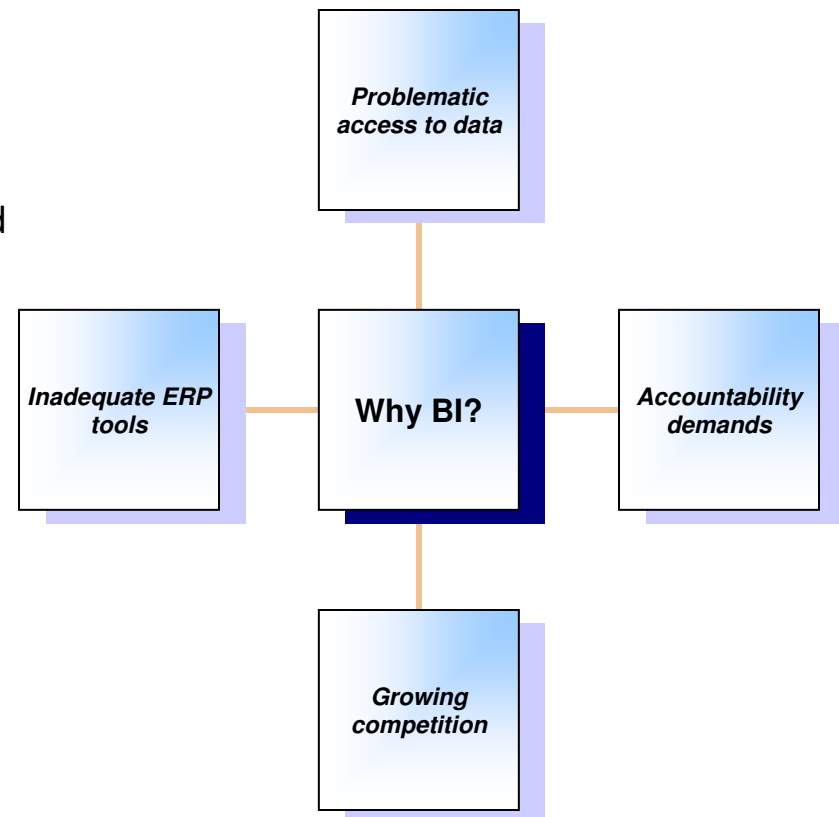


Agenda

- Why should higher education institutions invest in BI?
- What inhibiting the more widespread adoption of BI?
- How is BI different from reporting tools?
- When it comes to higher education institutions what do BI solutions need to be able to do?
- To what extent have higher education institutions adopted BI?

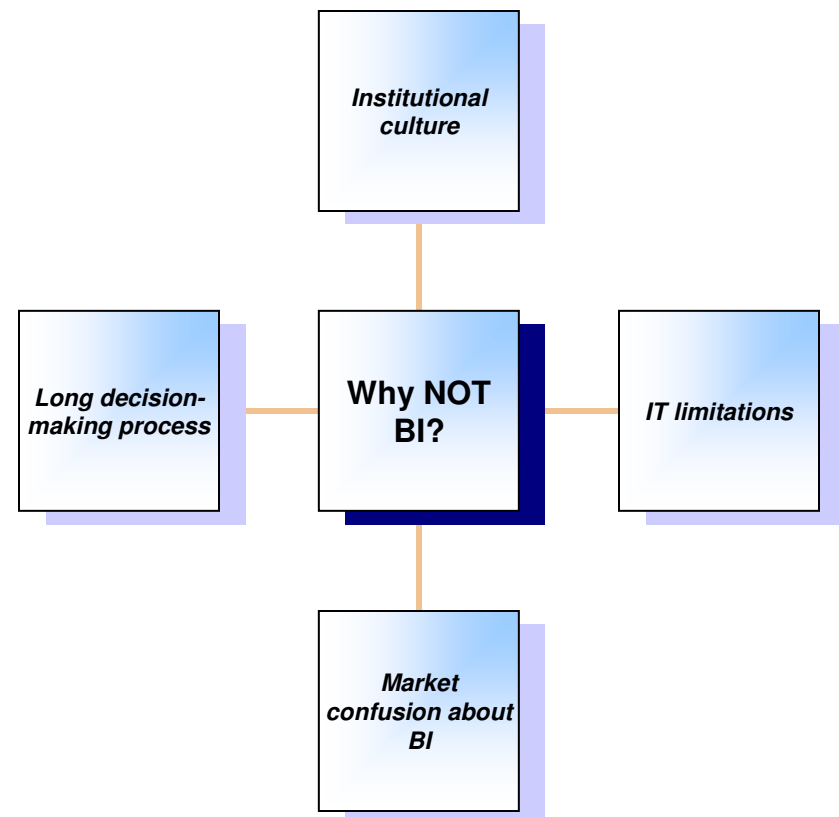
Why should higher education institutions invest in BI?

- Education institutions are data rich but intelligence poor;
 - Data exist in unconnected silos; and
 - Complex data relationships require sophisticated tools.
- There are growing demands for evidence-based indicators of effectiveness;
 - Federal and state requirements, and
 - Regional accreditation obligations.
- Competition for students and resources is growing amongst institutions:
 - International competition and
 - Shifting student demographics.
- Investments in the IT infrastructure reveal the need and fuel the appetite for more advanced reporting tools:
 - Unloading reporting from IT; and
 - A vision of the ‘possible.’



But, what is *inhibiting* the adoption of BI?

- A common taxonomy has not yet emerged to segment BI solutions:
 - It is unclear how BI is different from transactional reports; and
 - Radically different solutions are all being called BI.
- Institutions have not fully embraced evidence-based decision-making.
- Frustrating limitations remain in the IT infrastructure:
 - Integration challenges,
 - Data integrity, and
 - Security.
- Purchasing a BI solution is primarily a business rather than technology decision.



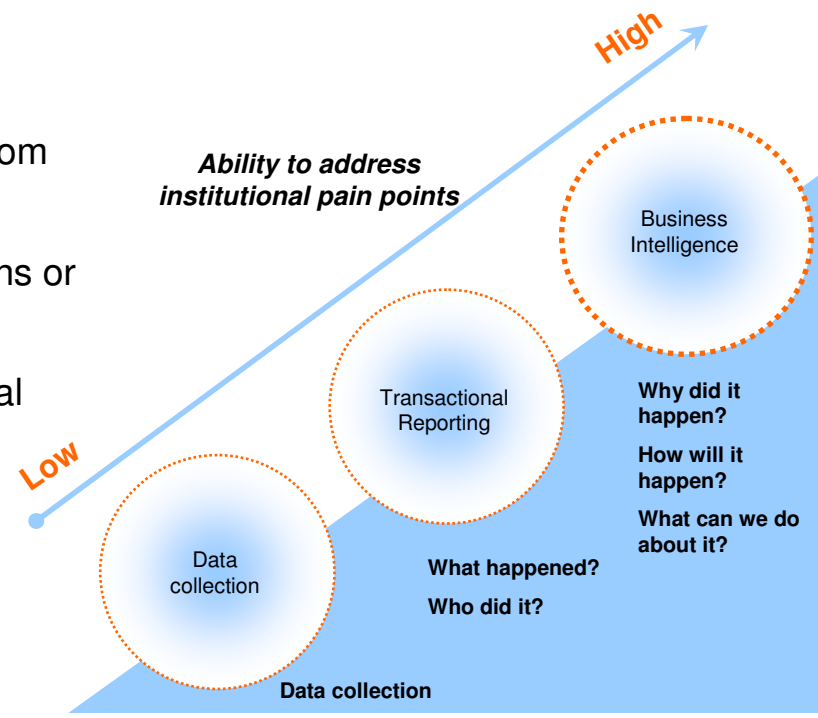
Okay, so what is BI anyways?

A number of factors impede the creation of a widely diffused definition

- BI has become an over- and inappropriately used 'catch-phrase.'
- Developed in the corporate sector, the translation to higher education has been awkward.

BI is fundamentally different from reporting

- BI solutions have the ability to leverage data from multiple sources.
- Transactional reports support day-to-day actions or requirements.
- BI provides insight into how to solve institutional pain points or optimize effectiveness.

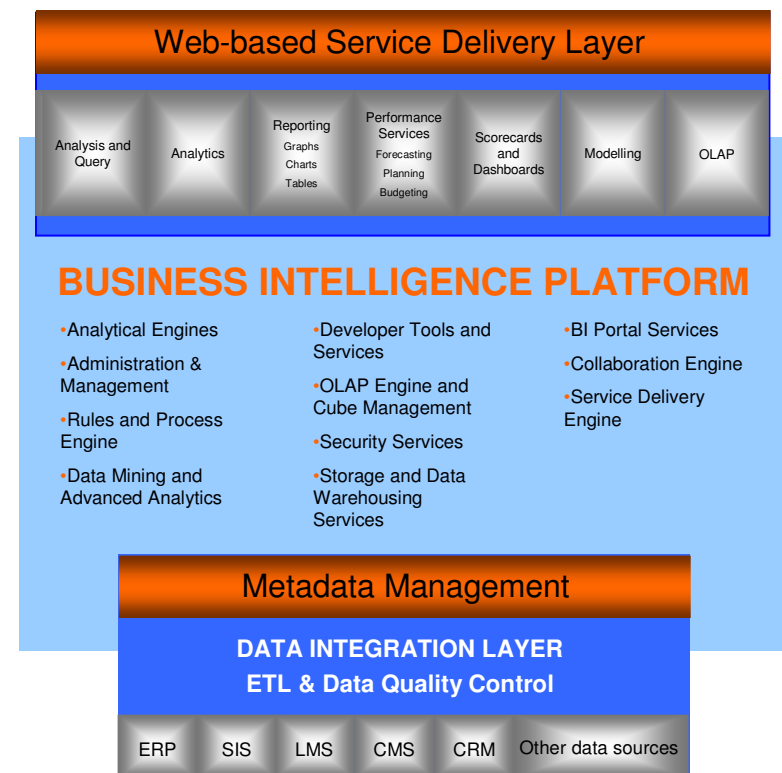


The Business Intelligence Platform is essential to a BI solution's effectiveness

- The data integration layer is the engine behind any BI solution:
 - Extract, transform and load (ETL)
 - Data cleansing
 - Data warehouse

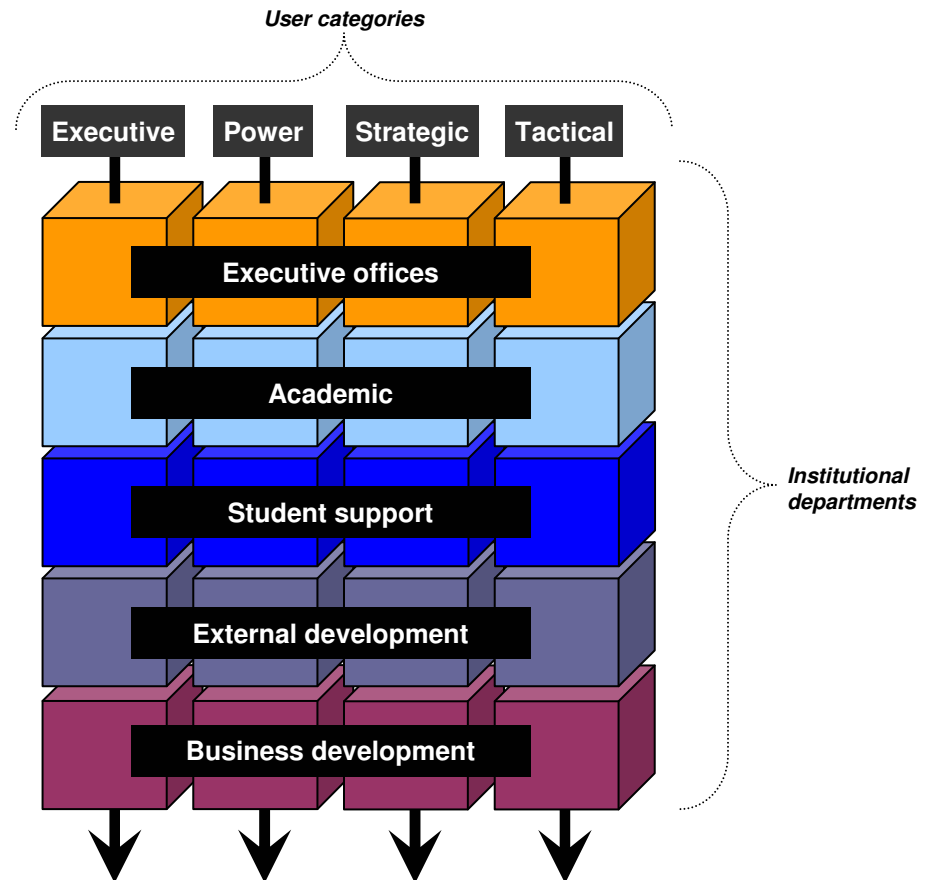
- A robust “Business Intelligence Platform” enables institutions to have scalability and flexibility.

- End users realize the value of BI from the tools in the web-based service delivery layer:
 - Visualization tools must be meaningful; and
 - Reporting & analytics are not the same.



An effective BI solution needs to be accessible to a diverse group of institutional end users

- A BI solution is immediately relevant to users at all levels across the institution – but the way that they use BI will vary.
- Institutions should seek out BI solutions that understand the unique objectives and processes of different departments.
- Solutions should be able to support a ‘role-based’ view institution across four broad categories:
 - Executive
 - Power
 - Strategic
 - Tactical
- There are different end-user roles for BI within each institutional department.

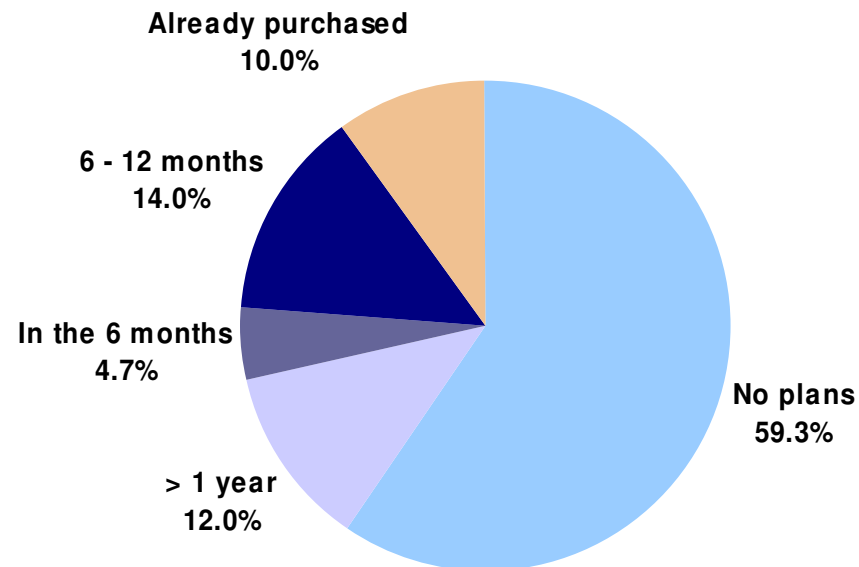


How have higher education institutions adopted BI?

- In Spring 2006, Datamonitor conducted 150 interviews with higher education institutions across North America and Western Europe.
 - Interview questions covered the following topics:
 - Plans to purchase a BI solution
 - BI features & functionality
 - Alignment of BI to business processes
 - BI vendors
 - Inhibitors to BI adoption
- Findings suggest that BI continues to be an emergent solution area with a small but growing number of institutions using or planning to purchase BI in the near future.
- Institutions that have adopted BI are using it to address data integration and enterprise-wide intelligence needs.

The high percentage of institutions with 'no plans' to adopt BI will keep it an emergent solution area in higher education

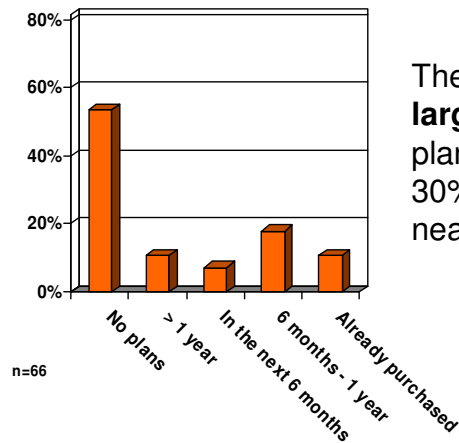
My institution has plans to purchase a BI solution..."



As only a small percentage (10%) of institutions are currently using BI, it will take time for their success stories to diffuse in the industry and drive increasing adoption.

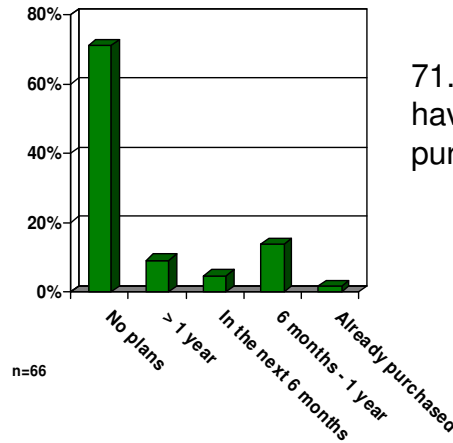
Mid-sized schools have the strongest intent to buy BI

> 20,000 students



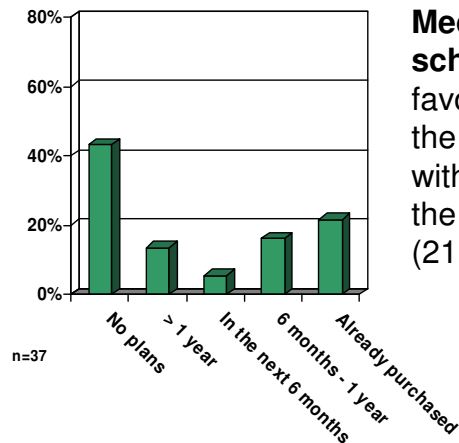
The greatest number of **large schools** have no plans to buy, but nearly 30% have it or will in the near future.

< 2,500 students



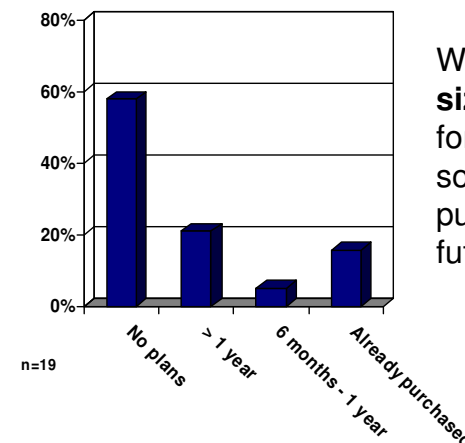
71.2% of **small schools** have no plans to purchase a BI solution.

2,500 - 9,999 students



Medium to small-sized schools are the most favorably inclined to BI with the lowest percentage (43.2%) with no plans to purchase BI & the highest percentage (21.6%) that already use it.

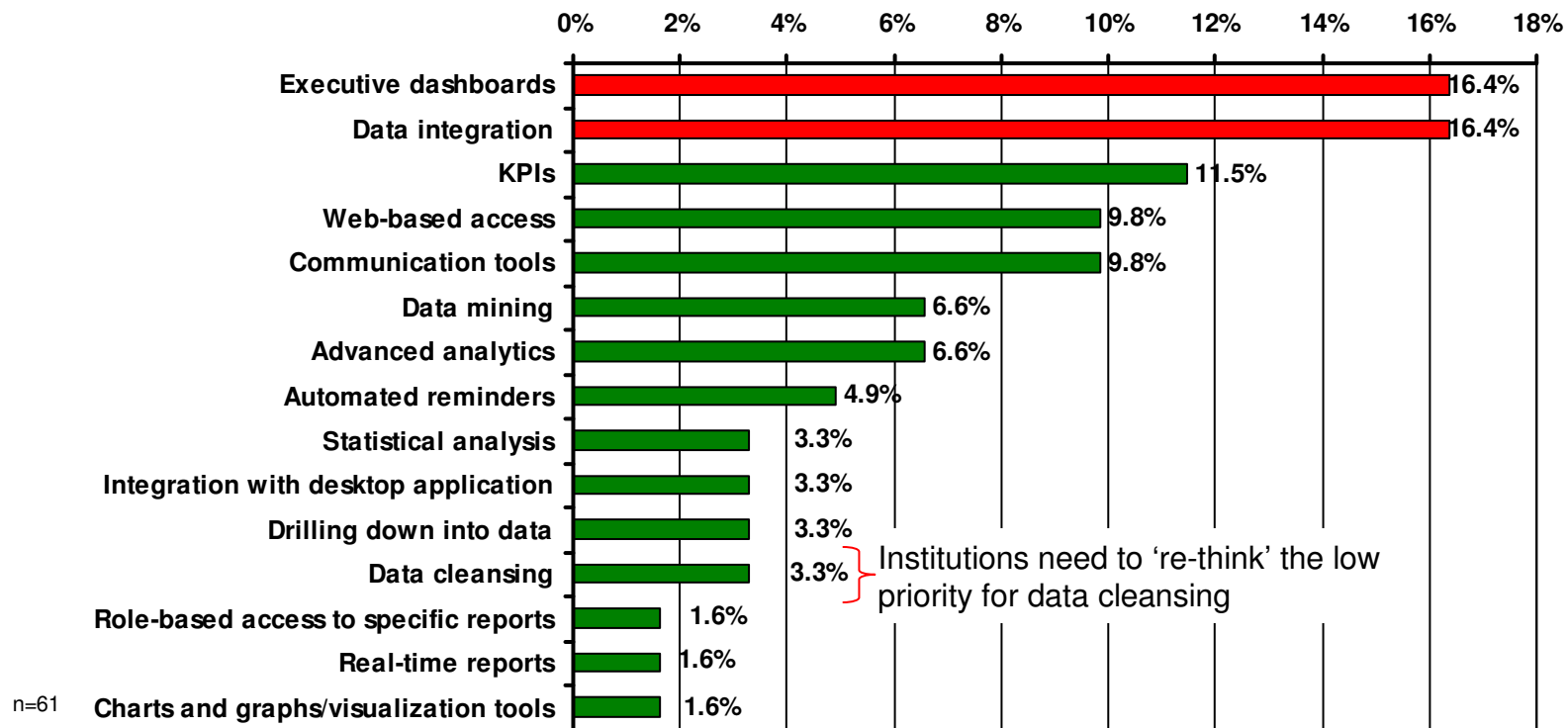
10,000 - 19,999 students



While 57.9% of **medium-sized schools** have no plans for BI, 21.1% have a BI solution already or will purchase one in the near future.

Bells & whistles are nice – but better access to data & information is what institutions are really looking for in a BI solution

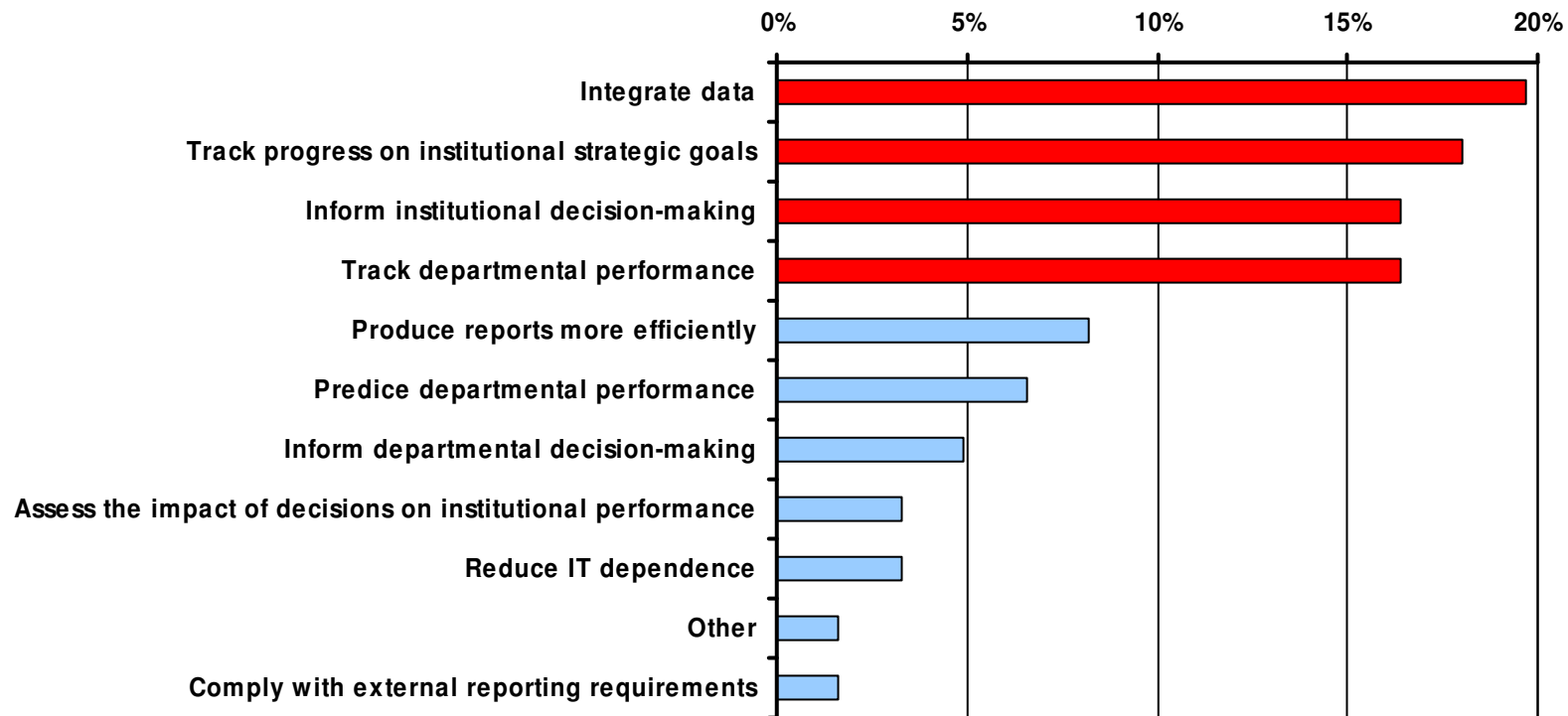
What BI functionality is the most important to your institution?



The priority for data integration and executive dashboards speaks to the great need institutions have to improve access to their own data.

Institutions want their BI solution to provide high-level visibility into performance and accessibility to multiple data sources

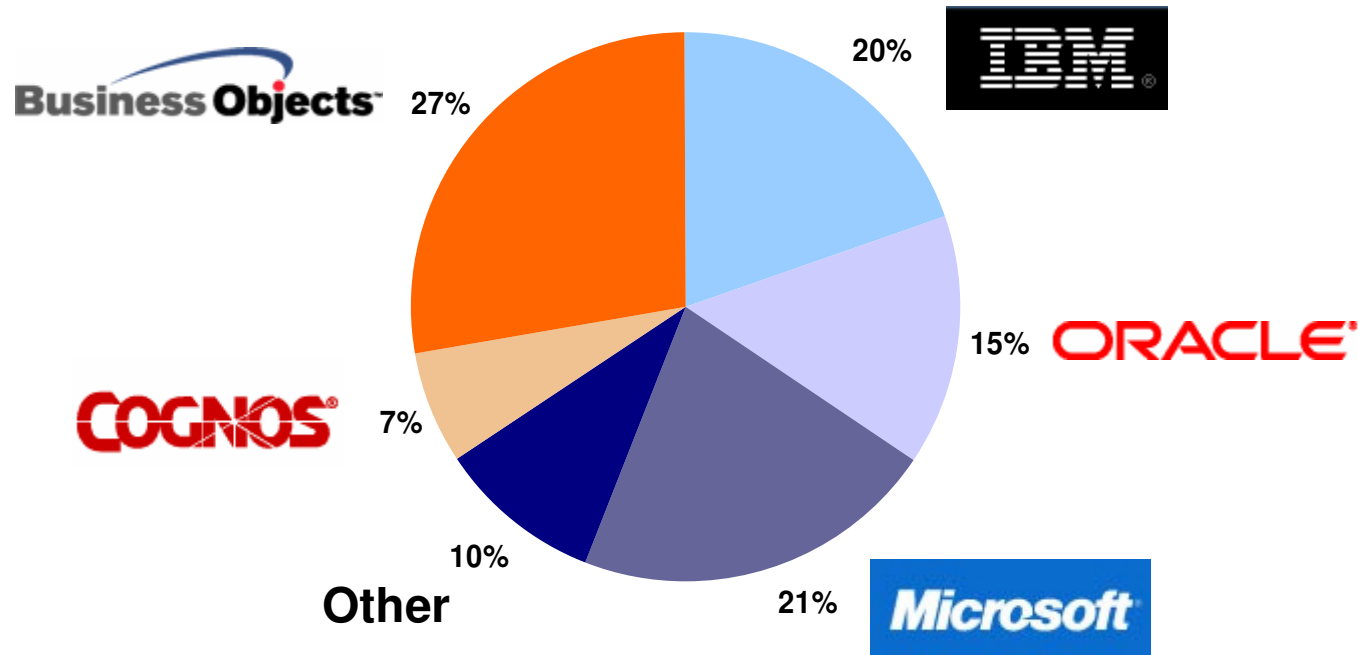
What is the #1 thing your institution will use a BI solution to do?



Institutions may see BI solutions as a way to overcome their challenges with data silos and the absence of robust reporting tools in their ERP solutions.

The education market recognizes a small set of BI vendors*

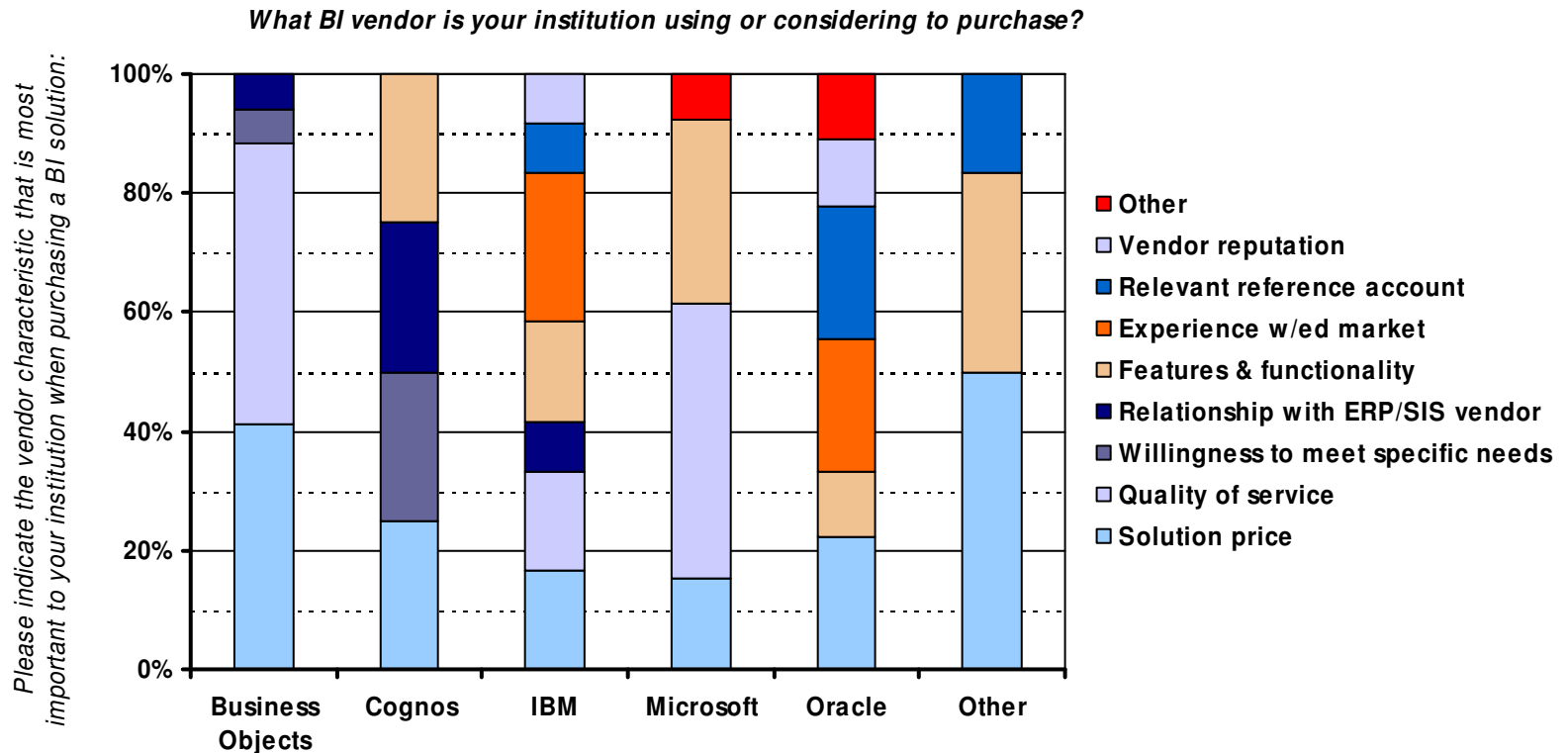
Please indicate which BI vendor your institution is considering or has purchased from:



n=61

*These percentages do not infer market share

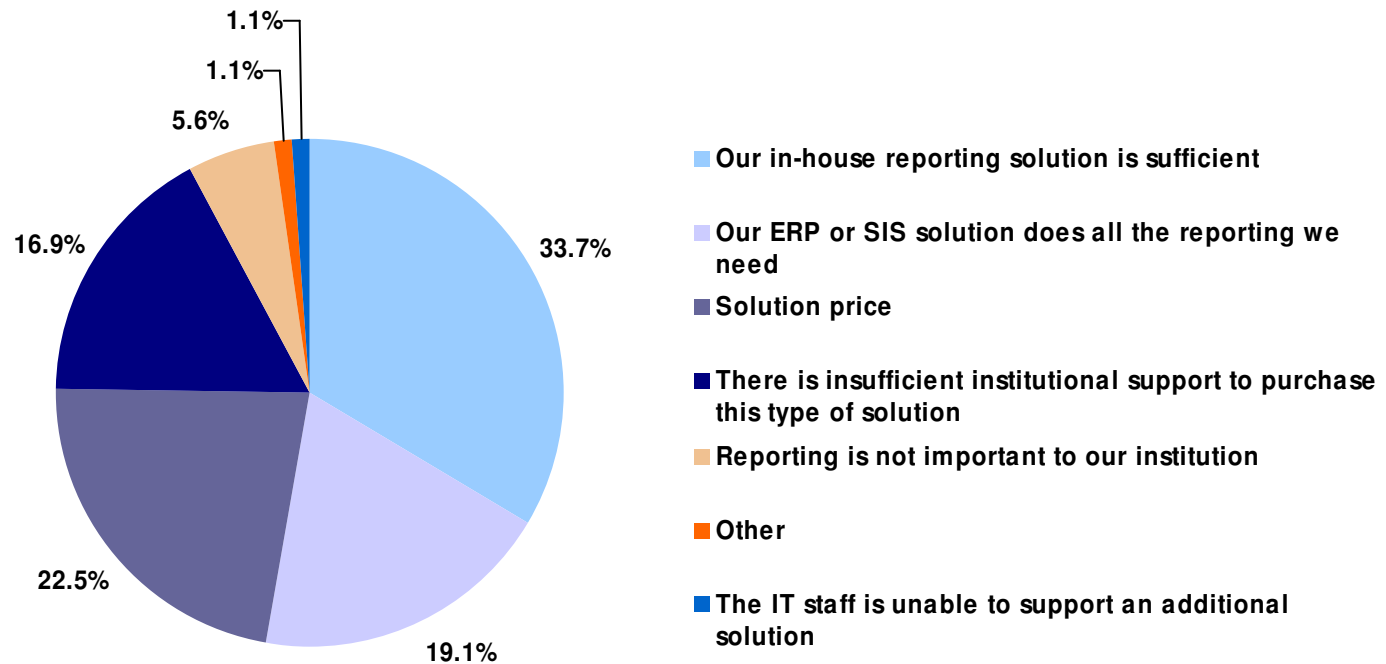
Institutions see different characteristics in BI vendors



- Institutions looking for **solution price** are likely to consider **Business Objects** and 'other' vendors.
- When **quality of service** is important, institutions look first to **Microsoft & Business Objects**.
- **Cognos, IBM, Microsoft & 'other'** are popular w/institutions that place a high premium on solution **features & functionality**.

Institutions are operating under the assumption that their internal applications are sufficient reporting tools

What is the #1 reason your institution will not be purchasing a BI solution?



n=89

Appendix

- Opportunities to participate in Datamonitor research
- Research methodology
- Institutional characteristics
- Datamonitor's education technology coverage
- Selected Datamonitor research
- Key contacts

Opportunities to participate in Datamonitor research

Institutions that are interested in receiving on-going access to Datamonitor's technology research by participating in its telephone based surveys should contact:

Nicole Engelbert
Analyst, Education Technology
(212) 652 – 5301
nengelbert@datamonitor.com

Research methodology

Instrumentation

- Datamonitor constructed a structured interview protocol comprised of four sections, including:
 - Institutional & respondent characteristics (11 items);
 - Business IT drivers, dynamics and IT strategy (7 items);
 - Business Intelligence (8 items); and
 - Vendor sponsored items.
- Item formats included rank-order, scaled, categorical and open response.

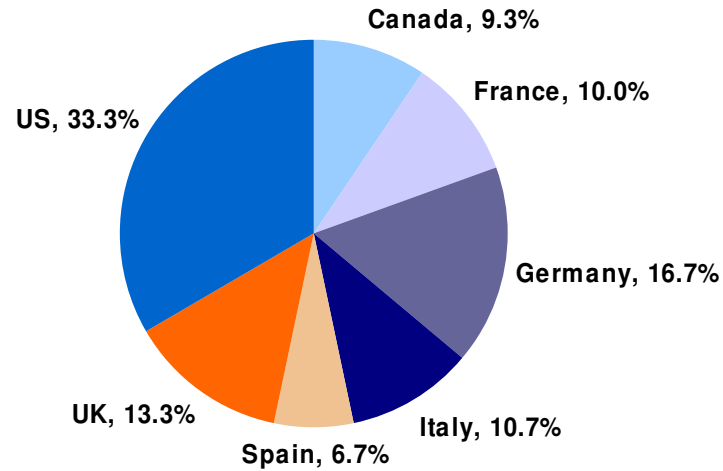
Sampling

- The total sample size was 150 higher education institutions.
- Institutions were sampled across North America and Western Europe as follows:
 - North America: US (50) & Canada (14); and
 - Western Europe: UK (20), France (15), Germany (25), Italy (16) & Spain (10).
- The sample was confined to institutions granting a bachelor's degree or higher.
- Qualified respondents hold institutional positions with technology decision-making authority.

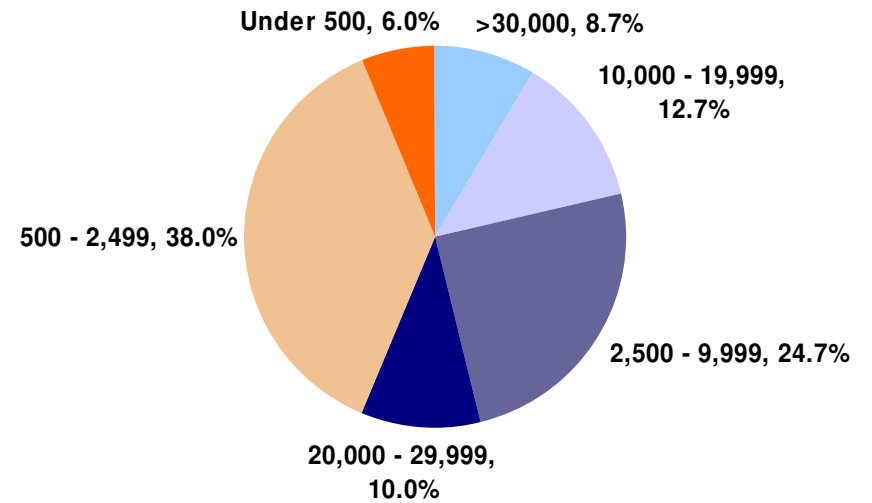
Data collection

- Datamonitor conducted telephone interviews during April and May 2006.
- Institutional responses were coded and recorded in an Excel spreadsheet.

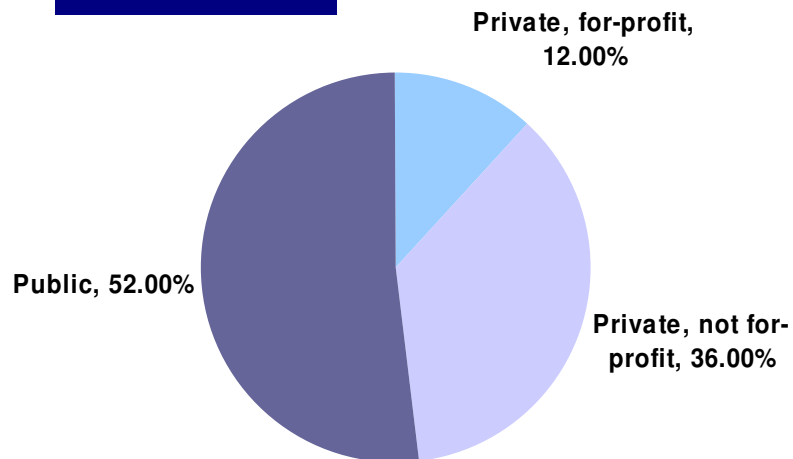
Geographic location



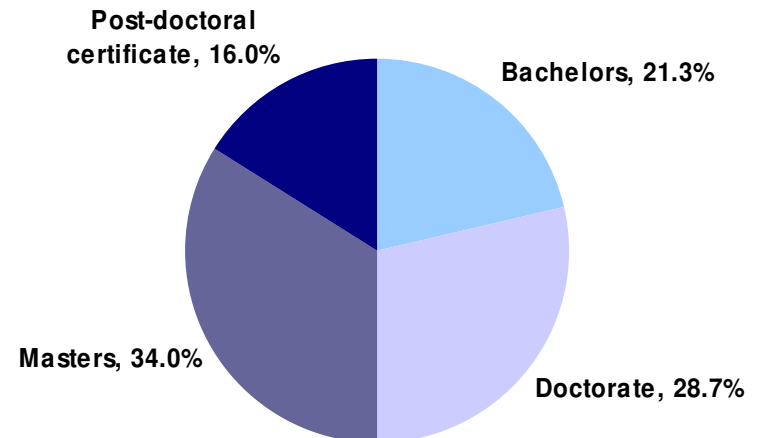
Enrollment size



Institutional control

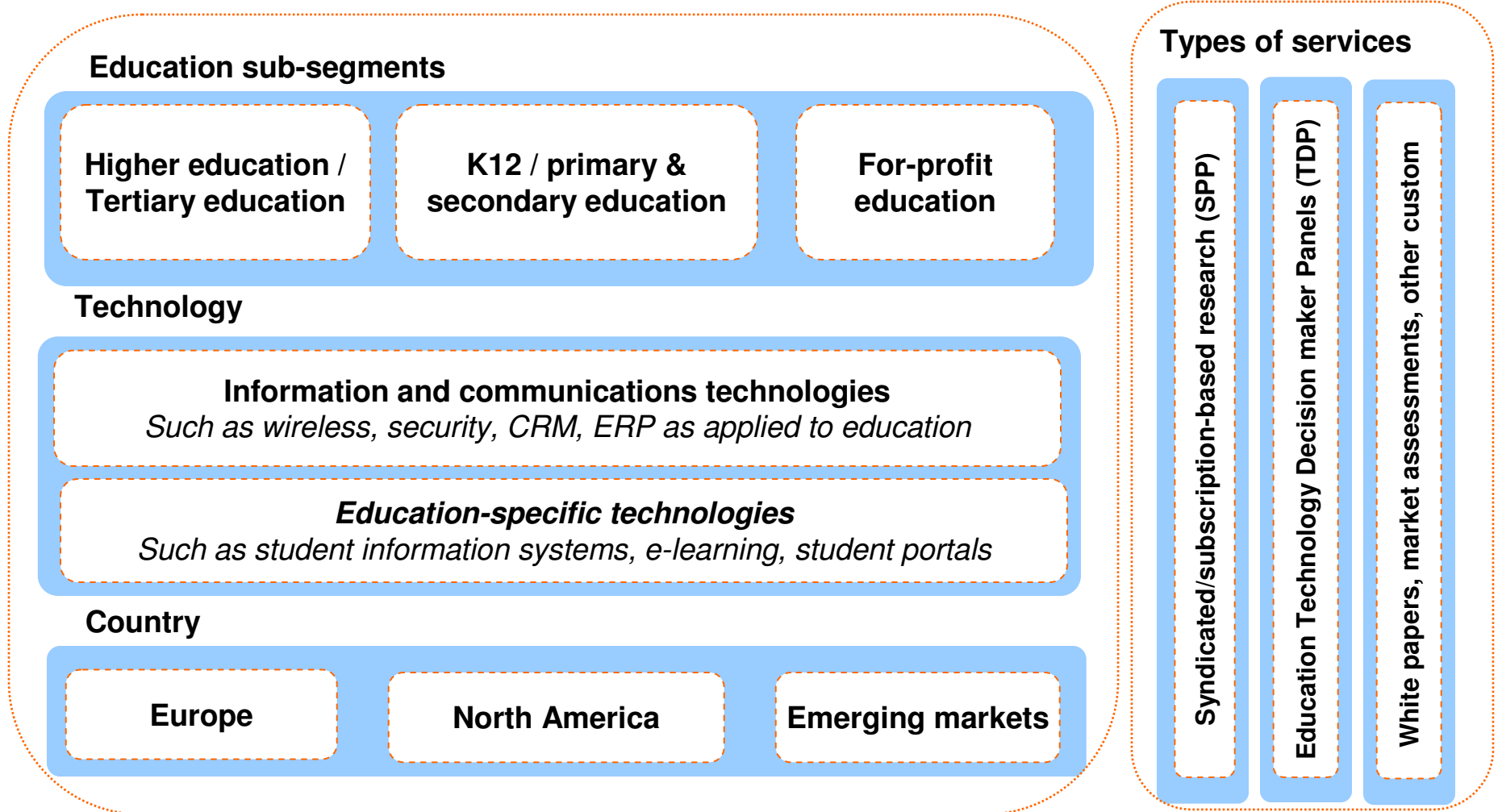


Institutional type



n=150

Datamonitor's education technology research coverage



Selected Datamonitor education technology research

- Business Trends: Education Technology – Understanding your Higher Education Customer (DMTC1189)
- A Leap Towards Leveraging Mobile Devices in Higher Education (BFTC1384)
- Mobile Means More Than Laptops for Higher Education (BFTC1353)
- Aligning Business Intelligence Solutions to the Education Market (BFTC1322)
- A Strategic Sales Model for Business Intelligence in Education (BFTC1321)
- A Lightning Rod for Business Intelligence in Education (BFTC1306)
- IT Spending Trends in European Higher Education Institutions (BFTC1261)
- Best Practices with CRM by Higher Education (BFTC1128)
- Profiles of ISVs in Education (DMTC1179)
- The Future of Technology in US Education (DMTC1164)
- Business Intelligence & Education Institutions (BFTC1207)
- The Education Market: Strategies for Buying and Selling Technology (BFTC1238)
- Non-traditional Students in Higher Education (BFTC1190)
- Portals in the Higher Education Market (BFTC1191)
- The Future of Technology in European Education (DMTC1116)
- A Survey of UK Educational Institutions (DMTC1083)

Key public sector analyst contacts

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