RESEARCH NOTE
IBM AND SPSS: ANALYTICS FOR EVERYONE

THE BOTTOM LINE

IBM's SPSS acquisition gives SPSS users a broader support network, IBM Cognos users a predictive analytics platform, and more enterprise users one-stop shopping. Looking to the future, that could mean analytics — and better predictive decision making — on every desktop.

On October 2, 2009, SPSS is holding a special stockholder meeting to consider and vote on a proposed acquisition of SPSS by IBM. Nucleus expects the deal will go through and it makes a lot of sense. Predictive analytics is a perfect complement to IBM's existing database, data management, and business intelligence (BI) tools. Those that have assembled data structure to report on and query data can leverage SPSS to look forward and make more accurate predictions about their business.

IBM and IBM Cognos gave customers reporting and analysis, SPSS gives them prediction using both structured and unstructured data.

IBM users get more functionality

IBM's acquisition of SPSS means that customers can get more from their data without turning to multiple vendors. Users that may have been balking at the prospect of predictive analytics because of its perceived complexity can now pursue it as a complement to existing and more broadly adopted applications. For IBM customers, and especially long-time IBM Cognos users, the benefits include:

- Vendor consolidation. Finding ways to peer into data in order to make decisions is costly and complex, involving data integration, data quality management, master data management, and all the technology underlying BI and PM. Now, augmenting these technologies with predictive analytics has become less costly, since it can all be purchased from one vendor. Turning to one vendor also makes for simpler deployments and less discord among consultants. IBM, Cognos, and SPSS have had strong partnerships for some time, so integration is likely not to be very disruptive for customers.

- Analytics on every desktop. Predictive analytics is not as broadly adopted as it should be because while it's simple in concept, managing its deployment across an organization takes more than analytical skills. IBM Cognos's skills in providing broad access to tiered groups of users should help drive similarly broad deployments of SPSS beyond its existing installed base today

- Data uniformity. Turning to one vendor for data management, BI, PM, and predictive analytics makes for more uniform analysis and greater trust in data

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by end users. This increases end user adoption and increases the returns on existing data management tools such as master data management.

- Broader vision. IBM Cognos users are already using technology to identify what has happened based on the past or the present, and what to do about it. Now they can complement their use of BI and PM and get even more value from their data by using it to predict future trends.

SPSS customers get more purchasing power

As a result of the acquisition, SPSS users now have access to a bigger company with a broader product offering.

- One-stop shopping. Companies using predictive analytics are likely to want to also adopt — or expand an existing deployment of — BI or PM. Buying all of these from one vendor makes for increased purchasing power, easier vendor management, and less complex deployments.

- More purchasing power. SPSS users who have Oracle ERP systems can expect attractive pricing from IBM sales representatives who want to prevent defections to Oracle's Hyperion.

Trouble for SAP

Consolidation has long been driven by the desire for large vendors such as SAP and Oracle to have end-to-end product offering that would meet all the needs of an enterprise. This is why Oracle acquired Hyperion, SAP acquired Business Objects, and IBM has acquired Cognos and SPSS. In this race SAP has several disadvantages. First, Nucleus finds that champions of projects such as BI and PM typically want to avoid the complexity and costliness associated with SAP projects, and often keep their deployments SAP independent by going best of breed. Additionally, users are telling Nucleus that the SAP-Business Objects integration has not gone well. One user said that exposing SAP data through Business Objects was so slow that SAP suggested a work around that involved installing SAP's BEx Analyzer as an intermediary between SAP and Business Objects. Combine this lack of integration with the fuller and more integrated offerings being built by IBM and Oracle, and SAP appears to be lagging.

Trouble for SAS

The acquisition means increased pressure for SAS, SPSS's rival and the largest remaining pure-play predictive analytics vendor. Now that customers can turn to IBM for BI, PM, and predictive analytics, it will be harder for SAS to make the case that its offering will generate a higher ROI. Now the pressure is on for IBM to continue being better than its rivals at acquiring and integrating. The sooner integrated and complementary functionality is available across BI, PM, and analytics, the sooner the acquisition will deliver value for end users, not just IBM.

An entry point for the uninitiated

A major strength of IBM Cognos is the sheer volume of IBM feet on the street and IBM Global Services employees sitting in Fortune 1000 offices across the country. When this footprint is extended to SPSS, its usage will finally extend beyond the small groups of people who are skilled in statistical analysis, to areas such as call center management, shop floor manufacturing, and government.

CONCLUSION

IBM's acquisition of SPSS is good news for companies that use or are considering predictive analytics. IBM customers, and especially users of IBM Cognos technology, now have a broader product offering from which to choose and increased purchasing power. SAS and SAP customers will benefit because those vendors will now be under pressure to keep their customers from defecting to IBM. More broadly, companies that have been on the fence in adopting analytics should have a greater comfort feeling and likely an IBM relationship to help make it happen.