

# Open-Source Business Intelligence Tools Production Deployments Will Grow Five-Fold through 2012

Gartner RAS Core Research Note G00171189, Andreas Bitterer, 20 October 2009, R3247 03172010

**Gartner expects the adoption of open-source business intelligence (BI) tools to grow five-fold during the next few years. Open-source is slowly becoming just another sourcing option for everyday BI requirements.**

## Key Findings

- Open-source BI adoption approximately doubles every year.
- Deployments of open-source BI products follow the same model as commercially licensed products, starting with reporting, then analysis and dashboarding.
- While commercial vendors are still far ahead in their overall technology capabilities, open-source adoption increases, because it is often considered “good enough.”
- For large-scale implementations, even open-source BI deployment costs can enter the million-dollar range through high development and labor costs on top of the support subscription.

## Recommendations

- Open-source BI has matured to the point where organizations can evaluate it to see whether it meets basic requirements, particularly when providing a low-cost solution is a priority. For traditional reporting, analysis or dashboarding needs, organizations should evaluate open-source BI options vis-à-vis commercial products.
- Prepare a rough three-year cost model including support cost when evaluating an open-source BI platform.
- Scan the local market for available skills in open-source BI tools. While it may be cost-effective to deploy an open-source BI platform from a licensing perspective, the lack of trained developers potentially increases the time-to-production and overall deployment cost.

## WHAT YOU NEED TO KNOW

Open-source BI tools are not only the default option for cash-strapped organizations, but they are becoming more of a mainstream deployment option for all kinds of BI usage. While functionally is not yet on a par with the large commercial BI platforms, and still rarely seen as an enterprisewide BI standard, open-source BI tool deployment is growing solidly.

## STRATEGIC PLANNING ASSUMPTION

Open-source business intelligence tools production deployments will grow five-fold through 2012.

### ANALYSIS

Open-source BI has seen an interesting adoption pattern over the last few years. Hardly any organization looked at open-source BI until 2004, let alone deployed it to a significant number of users. In 2009, this sub-market has developed nicely with consistent growth rates over the last few years. A sizable number of open-source BI projects have developed over the years, many of which have fizzled out, but Gartner tracks five organizations more closely that have made a name for themselves: Actuate BIRT, JasperSoft, Jedox, Pentaho and SpagoBI.

### Market Development

With competitive forces and pricing pressure rising among the BI platform vendors, including the four BI mega-vendors IBM, Microsoft, Oracle and SAP, even the relatively inexpensive deployment of an open-source BI platform may come under scrutiny when the large providers of BI platforms eventually break into the software-as-a-service (SaaS) market. In doing so, they will take some of the hefty deployment and licensing costs out of the equation. To date, hardly any traction exists for BI-as-a-service, and the recent demise of LucidEra raised questions about the general viability of this approach. Furthermore, the Oracle SaaS program ([www.oracle.com/technology/tech/saas/](http://www.oracle.com/technology/tech/saas/)) doesn't cover BI, and the IBM Cognos website has been stripped of all references to SaaS, even from the description of Cognos Now!, the closest BI-as-a-service contender. Microsoft expects to have a hosted BI solution under Windows Azure sometime in 2013. Finally, SAP BusinessObjects' offering named [crystalreports.com](http://www.crystalreports.com) ([www.crystalreports.com/](http://www.crystalreports.com/)) is probably the closest to a SaaS solution, although it still requires a full on-premises install somewhere in the organization before users can upload their reports onto the [crystalreports.com](http://www.crystalreports.com) website. In that sense, this approach is more of a hybrid SaaS solution.

This is all good news for open-source BI vendors, who are successfully riding the wave of organizations trying to reduce capital expense for their sometimes large BI deployments.

While not being a really meaningful metric, download rates still give an indication of interest. Open-source BI vendors often boast millions of downloads, but the ratio of those downloads that turn into installations, in particular production deployments of a reasonable size, continues to be very low, far less than 1%. Still, while many downloaded software packages end up nowhere, some grassroots deployments in large organizations grow from a simple departmental solutions into deployments with hundreds of users, often bypassing (or positively worded: complementing) any attempted BI platform standard within the company.

### Adoption Trends

Some open-source BI deals are in the same ballpark as many of the commercial counterparts. While the total number of large deals is significantly lower, it is still worth noting that open-source BI platform contracts repeatedly exceed \$500,000 for a multi-year support subscription. However, average deal size remains approximately \$30,000 for a yearly subscription.

Overall, the percentage growth in subscription customers beats commercial vendors hands-down. Of course, this is not a fair comparison, as the open-source BI vendors start from a relatively low base, but it is still significant when support subscriptions boast a 100% growth year-over-year. However, it is also important to distinguish between some of the quoted customer numbers from the open-source vendors, as absolute numbers vary widely. The interesting figure isn't really the "net customer count" as some vendors include organizations that buy training or log a support ticket as customers. While theoretically correct, only the number of long-term subscription, enterprise-class deployments are relevant. Here, the numbers tell a different story; instead of millions of downloads, the vendors claim between 500 and 1,000 paying customers.

The size of the deployments can be compared to those from commercial vendors. The bulk of the implementations are departmental solutions with a handful or maybe a few dozen users, all working off a single quad-CPU server. However, Pentaho recently announced the largest open-source BI deal to date, which encompassed 2,000 servers, for each of the retail client's outlets. This implementation is far from being in production, and it has yet to be proven that this scale can be maintained, but it can be used as a showcase for future adoption of open-source BI platforms.

Organizations pushing open-source BI adoption are often from different vertical industries than those of the mainstream commercial vendors. While the latter claim deployments in every industry, the flagship implementations are typically in type A organizations in the financial sector and in telecommunications. Open-source is more often seen in price-continuous midsize companies, as well as in government and the public sector, healthcare or manufacturing, and more type B organizations with smaller budgets. Interestingly, open-source BI adoption is often driven by application development teams (not BI teams) using open-source BI to embed reporting and analysis functionality into the custom application. There is some limited traction of open-source BI also in large enterprises but it is only a tiny fraction of the market and is usually driven by departments looking for an inexpensive way to meet requirements, circumventing procurement processes at the same time. In many cases, large enterprises looking for a low-cost BI solution are considering Microsoft, given that the vendor's Office products, particularly Excel, are already widely deployed and its BI products bundled with the SQL Server database management system are considered aggressively priced.

The provided statistics from the vendors and also Gartner's inquiry request statistics about open-source BI clearly indicate that deployments are on a sharp rise and Gartner believes that the number of production deployments of customers paying subscription fees are likely to grow five-fold until 2012. The total number of installations, including test deployments or those seen as temporary or uncritical solutions not requiring any support, will effectively be even higher, but difficult to evaluate, as the users are not known to the BI vendor.

A large portion of the growth in open-source adoption is coming from the vendors' original equipment manufacturer business, which cannot be properly sized, as many independent software vendors simply use the downloadable version of the open-source BI product and add it as additional functionality in their own applications. In addition, system integrators have started to build practices around open-source technology and they are also implementing BI platforms (mostly reports and dashboards) as part of the contracted solution.

The increasing open-source traction has not gone unnoticed by the commercial vendors. While often dismissed as being no competition, even the large established BI vendors have come up with counter measures to address the challenges from the lower

cost competitors. The most dramatic attempt is coming from MicroStrategy, which started to offer a free version of its Reporting Suite ([www.microstrategy.com/FreeReportingSoftware](http://www.microstrategy.com/FreeReportingSoftware)). While the product is limited to a single CPU and 100 users, plus two development and two full licenses, it all but removes the argument of using open-source BI because it is "free software." As mentioned above, SAP BusinessObjects only stuck a small toe into the waters of "free BI" with the crystalreports.com Starter Edition. It is free for up to three named users, but requires a full Crystal Reports installation to produce those reports that can be later viewed by the three users of the free SaaS version.

#### Acronym Key and Glossary Terms

<b>BI</b>	business intelligence
<b>OEM</b>	original equipment manufacturer
<b>SaaS</b>	software as a service
<b>SQL</b>	structured query language