

Magic Quadrant for Customer Data-Mining Applications

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SAS and SPSS remain the leading vendors in the customer data-mining application market, supporting the requirements of many CRM initiatives. However, ThinkAnalytics emerges as a visionary, while Angoss Software and Portrait Software assume the role of challengers.

WHAT YOU NEED TO KNOW

Most enterprises rely on a combination of vendors to enable customer data mining. SAS and SPSS offer broad solutions that will serve the requirements of many CRM initiatives. Angoss Software has broad data-mining capabilities and is a pioneer in delivering CRM applications through a software as a service (SaaS) model. Portrait Software continues to expand its marketing application footprint, with data mining as a key differentiator, while Unica continues to focus on other elements of its marketing suite. ThinkAnalytics focuses on embedding predictive analytics into operational deployments, while Viscosity emerges as a vendor to watch in Europe, particularly for customer segmentation initiatives. Infor remains strong as a niche provider of best-next-offer solutions.

MAGIC QUADRANT Market Overview

Enterprises are capturing ever-increasing amounts of data, measured both in terms of the volume of records (more customers, more transactions) and the diversity of data (more aspects of the relationship, such as Web traffic, and more granularity of data, such as item rather than category tracking of customer purchases). This growth in data feeds enables a growth in demand for the ability to analyze the data and deploy the resulting analyses into business processes.

This demand is impossible to support using traditional “workbench” approaches to data mining. Although an important element in the portfolio of analytical tools that enterprises should establish, these workbenches do not provide the business context for many analyses that enterprises are seeking to take, nor are they tools most business users feel comfortable using for self-service analysis.

The unsuitability of “generic” data-mining workbenches to support emerging data-mining requirements is leading to the growth of data-mining applications. Applications designed to solve specific business problems allow faster time-to-value (by simplifying the technical deployment and user onboarding) and lower support requirements than traditional approaches.

This ongoing shift toward packaged applications is reflected in a shift in evaluation criteria for this year's Magic Quadrant, with vendors that emphasize packaged applications improving their position and those that rely on their data-mining workbench capabilities falling relative to their competitors.

Market Definition/Description

Customer data mining is the application of descriptive and predictive analytics (such as clustering, segmentation, estimation, prediction and affinity analysis) to support the marketing, sales or service functions.

Customer data-mining applications are packaged applications or on-demand services that enable the creation of a solution to a specific business problem. These applications provide prebuilt integration with the data sources enterprises would expect to use as the basis for the particular analysis, wizards or process templates to guide the creation of analytical models relevant to the business issue, and deployment options to enable the rapid integration of the analysis into the business process.

Inclusion and Exclusion Criteria

The focus of this Magic Quadrant is on vendors that offer the most-relevant and compelling solutions in the market. We used the following criteria to assess vendors for inclusion. As the market evolves, these criteria may be adjusted to reflect changing user requirements and vendor capabilities.

Functionality

Vendors in this market should provide:

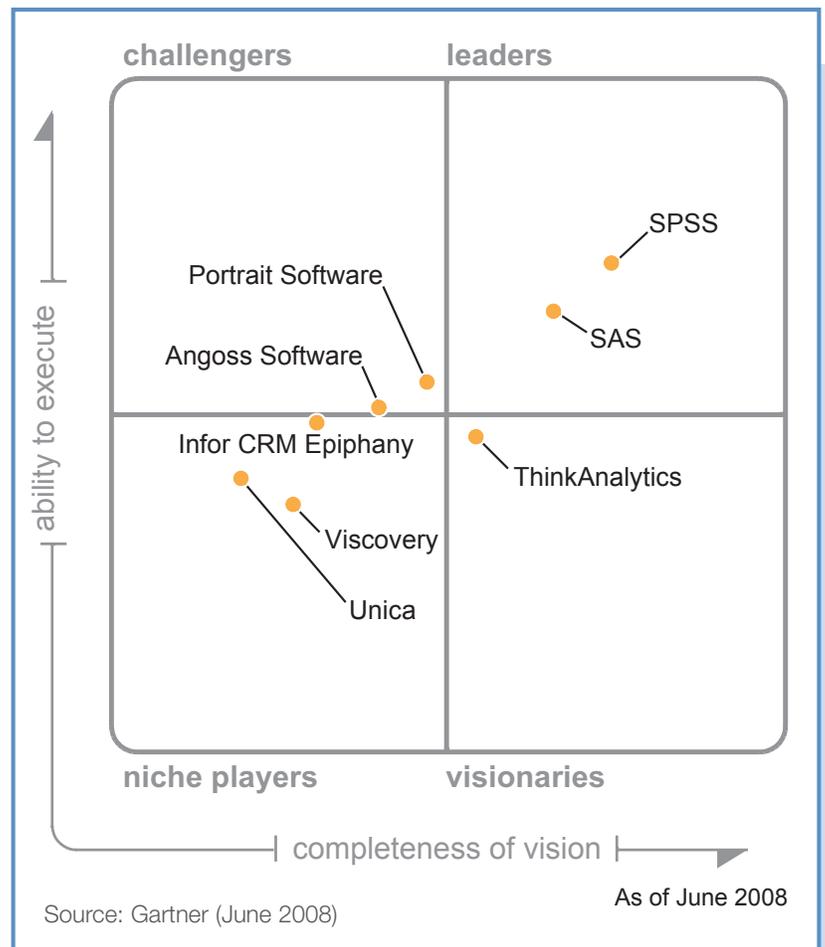
- Packaged applications to support common CRM decisions, such as customer segmentation, cross-sell or customer churn prevention, with data-mining-driven insights
- A user interface suitable for business users (such as campaign, segment, product, sales or service managers) to perform analyses
- The capability to access data from heterogeneous sources, particularly those with information about customer interactions and transactions (such as customer data warehouses, call centers, e-commerce or Web-site-tracking systems), as well as third-party data providers that supply customer-related information (such as demographic or market spending information)

- Robust data-mining algorithms to provide reliable and scalable insights into a variety of types and volumes of customer data
- The capability to make the results of the analysis available to the appropriate constituencies, such as senior executives, functional managers, salespeople or call center agents

Market Presence

- At least 10 reference customers using their data-mining applications in support of CRM
- At least five new clients during the past 12 months

Figure 1. Magic Quadrant for Customer Data-Mining Applications



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Added

New vendors added:

- Viscovery continued its development of customer data-mining applications.

Dropped

Vendors dropped:

- Fair Isaac failed to provide the necessary references to be included.
- KXEN does not offer packaged applications in support of CRM initiatives.

Evaluation Criteria

Ability to Execute

Product/Service (high): The product's capability to access customer data, guide the user in accurately analyzing typical business problems and share the results of the analysis with relevant decision makers.

Overall Viability (Business Unit, Financial, Strategy, Organization) (standard): Assessing the vendor's corporate viability, as well as its commitment to the ongoing development of its customer data-mining product line and customer support.

Sales Execution/Pricing (low): Assessing the efficiency and professionalism of the vendor's sales processes in selling to the multiple buying centers that are usually involved in customer data-mining selections, and assessing the appropriateness of the vendor's pricing model. Although aggressive sales tactics and price gouging can bring the vendor near-term success, they are also likely to alienate customers and prospects and jeopardize the vendor's long-term capability to compete effectively.

Market Responsiveness and Track Record (high): Assessing the vendor's success in creating and meeting consistent demand for its product, measured both in winning new "names" and in continued growth of use within the installed base.

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product/Service	high
Overall Viability (Business Unit, Financial, Strategy, Organization)	standard
Sales Execution/Pricing	low
Market Responsiveness and Track Record	high
Marketing Execution	low
Customer Experience	standard
Operations	low
Source: Gartner	

Marketing Execution (low): Assesses the vendor's perceived presence in the market. The result of marketing execution (such as market responsiveness and track record) is more important than evaluating marketing execution itself.

Customer Experience (standard): Assessing the experience of being a vendor's customer (separate from the user experience associated with the product). Successful vendors will ensure that their customers gain the full benefits of using their tools by providing appropriate consulting services, enabling customers to learn from one another and providing input regarding product direction.

Operations (low): Assessing the internal processes and skills required to be a successful customer data-mining vendor. This involves having and developing the appropriate mix of marketing, sales, management, development and support personnel, as well as supporting processes such as new product testing.

Completeness of Vision

Market Understanding (low – was standard in 2007): Assessing how well the vendor understands the current and emerging needs of user organizations in the market.

Marketing Strategy (standard – unchanged): The vendor's ability to define a value proposition that is relevant to CRM and differentiated from those of competitors.

Sales Strategy (standard – unchanged): The buying center for customer data-mining applications is more business-unit-centric and less IT- and business intelligence (BI)-centric than traditional data-mining tools. This requires a different sales structure (more partner involvement) and different skills for the salespeople (more "application," less "algorithm").

Offering (Product) Strategy (standard – was high in 2007): Rather than assessing the vendor's product portfolio and planned product enhancements to meet customers' current and future needs in a single criterion, the offering strategy criterion has been split between the offering strategy (which will continue to evaluate the vendor's logical and consistent approach to building a portfolio of data-mining applications) and innovation (which will evaluate the vendor's commitment to delivering breakthrough solutions that demonstrate the expanding potential of customer data mining).

Business Model (low – unrated in 2007): Vendors competing in this market are beginning to put in place SaaS or on-demand models, so this criterion will become a differentiating characteristic for vendors in the market.

Vertical/Industry Strategy (low – unchanged): The ability to offer analytical applications to support the specific needs of industries is growing, but, at the moment, most requirements are similar across industries.

Innovation (standard – unrated in 2007): Innovation will specifically evaluate the vendor's thought leadership and dedication to offering innovative products.

Geographic Strategy (no rating – unchanged): Although regions are adopting customer data mining at different rates, different geographies do not have fundamentally different requirements for data mining.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	low
Marketing Strategy	standard
Sales Strategy	standard
Offering (Product) Strategy	standard
Business Model	low
Vertical/Industry Strategy	low
Innovation	standard
Geographic Strategy	no rating
Source: Gartner	

Leaders

Leaders are vendors that can meet the majority of requirements for most organizations. Not only are they suitable for most enterprises to consider, but they also have a significant effect on the market's direction and growth.

Challengers

These vendors have entered the customer data-mining market primarily to provide a complementary offering to their core businesses. They may offer good breadth of functionality, but their solutions are primarily tied to their own applications and technology and are unlikely to offer innovative functionality or concepts. These vendors expect to leverage their installed client bases and should be evaluated by their customers.

Visionaries

Visionaries are vendors with a strong grasp of the emerging requirements to support data mining within organizations. Although their consistent commitment to product development to support these requirements can drive market expectations, in the near term, visionary vendors may lack the scale to fully exploit their innovation. Visionary vendors should be evaluated by companies seeking competitive differentiation through the early adoption of emerging data-mining capabilities.

Niche Players

These vendors have targeted a specific market segment. Their narrow focus implies limited ability to execute against the overall needs of the market as well as limited breadth of product vision. Companies whose functional or industry-specific needs represent the target market of these vendors should evaluate them.

Vendor Strengths and Cautions

Angoss Software

Strengths

- **Domain Expertise:** Angoss (www.angoss.com) has a strong orientation toward the financial services (banking, insurance and mutual funds) and the information and communications technology industries and continues to expand the range of packaged applications, such as Bundle Builder and Channel Builder, that support industry-specific requirements. *Companies in these industries should consider Angoss for its domain expertise; clients in other industries should evaluate alternatives.*
- **SaaS Offering:** Angoss offers the solution as packaged software or as SaaS. Companies seeking alternative deployment mechanisms directly from the vendor (that is, not delivered as an application service provider offering through a partner) should evaluate Angoss.
- **Ease of Use:** Ease of use is consistently highlighted by references as a key reason for selection. Enterprises seeking a tool for widespread deployment should evaluate Angoss (although note the issue with user onboarding and training in Cautions below).
- **Low-Cost Solution:** Available in large client/server or desktop deployments, Angoss offers a data-mining workbench and is a traditional competitor to SPSS' Clementine or SAS' Enterprise Miner. Angoss has several customer sites, and many of its clients prefer specific elements of its solution (for example, the decision tree KnowledgeSEEKER application). *Clients seeking a low-cost alternative to other data-mining workbench solutions should consider Angoss.*

Cautions

- **Unpredictable Pricing:** Angoss references indicate that the pricing is not seen as transparent and predictable. Organizations seeking to use Angoss should carefully evaluate scenarios of future growth in usage so that total cost of ownership can be accurately evaluated.
- **Inconsistent User Onboarding:** Angoss references were frequently (but not always) dissatisfied with the user onboarding and training process. *Organizations considering Angoss should ensure that their internal adoption processes are adequate before relying on Angoss.*

Infor CRM Epiphany

Strengths

- **Proven Product:** Infor (go.infor.com/inforcrm/) has more experience than any vendor in the best-next-offer category of this market with its Interaction Advisor product line, a capability that serves it well as the market shifts toward packaged applications. *Companies seeking a proven, best-of-breed solution for real-time data mining should evaluate Infor CRM Epiphany.*
- **Ongoing Investment:** Infor is continuing to invest in the Epiphany CRM suite with the provision of more development resources and an extensive sales channel (although Infor's

proportionately higher level of debt – \$4.5 billion – may limit Infor’s strategic flexibility). The product line has good viability within Infor (the company’s statement of direction includes major releases on a regular schedule) and development will continue – albeit gradually and without significant leaps in vision or product functionality. *Companies should continue to evaluate Infor Inbound Marketing.*

Cautions

- **Limited Scope:** Although effective within its primary space of real-time best next action and with some data mining to support outbound marketing campaigns, Infor has a limited scope of data-mining capabilities compared with its competitors. *Companies seeking a broad workbench to perform a variety of data-mining activities – such as segmentation, clustering or affinity analysis – must evaluate alternatives to Infor.*
- **Customer Service Weak:** Postsales care received very mixed reviews from references. Organizations selecting Infor should ensure clear service-level agreements prior to implementation and should not hesitate to escalate unresolved issues.

Portrait Software Strengths

- **Analytical Focus:** Portrait (www.portraitsoftware.com) has retained and extended the analytical and marketing orientation that Quadstone had prior to the acquisition. This should enable the ongoing development of Portrait’s innovative applications, such as Uplift modeling (to distinguish offer-driven responders from those who would have responded anyway). *Enterprises with significant direct-marketing budgets should evaluate the Uplift modeling application.*
- **Ease of Adoption:** The application’s ease of use as well as Portrait’s user onboarding, training and postsales support were all cited as key strengths by references. *Organizations seeking an easy-to-use product with good vendor support for users should evaluate Portrait.*
- **Growing Reference Base:** Successful sales of the Interaction Optimizer product line to the Portrait customer base and beyond are beginning to provide the references previously lacking. *Portrait customers seeking a best-next-offer solution should consider the Interaction Optimizer application to be the default solution, while non-Portrait customers should begin evaluating Portrait for this application.*

Cautions

- **Lack of Model Management Environment:** The underlying Portrait platform is a good analytical environment, but Portrait has begun to lag in its creation of a model management environment to assist enterprises’ creation of data-mining model factories. *Enterprises seeking a “neutral” environment in which to manage data-mining models from a variety of data-mining applications should evaluate alternatives.*

SAS Strengths

- **Large Talent Pool:** SAS (www.sas.com) is the largest vendor in the overall data-mining market. It has the most analysts, has the most client experience and tends to be the standard tool with which data-mining outsourcers and service providers must be familiar. As such, there’s an unmatched “ecosystem” of talent and experience for SAS in the marketplace. *Enterprises seeking to tap into an established talent pool and skill set to enable deployment and ongoing support (for example, a global deployment with local support capabilities) should evaluate SAS.*
- **Established Track Record:** SAS has transferred its credibility to the customer data-mining space, which has an extensive track record of customer successes. Although much of SAS’ recognition in this space is due to the popularity of its wide set of tool-based capabilities, the company is also delivering packaged applications to support customer data mining. These solutions have contributed to the breadth of experience and sophistication in SAS’ customer base, providing plenty of best-practice examples of how to use SAS to support a customer analytics initiative. *Companies seeking multiple proof points across different purposes and industries should evaluate SAS.*
- **Postsales Support:** References were very positive about the postsales SAS relationship, from technical implementation and deployment, to user onboarding and training, and through to after-sales support. *Enterprises seeking strong vendor support should evaluate SAS.*
- **Customer Community:** SAS provides several programs for soliciting customer feedback to help guide and validate product development, such as Customer Advisory Boards for best-practices sharing, product road map updates, and identifying potential new products or enhancements to existing products required for future business needs. *Enterprises seeking input regarding product development direction and prioritization should consider SAS.*

Cautions

- **High Cost:** In contrast to 2007, when many organizations that were pruning their application portfolio tended to retain SAS due to the breadth and depth of capabilities that it offered, a noticeable shift has occurred with a significant minority of organizations re-evaluating their use of SAS due to the high cost of ownership. *Price-sensitive companies, or those requiring significant justification of the cost-effectiveness of one solution over another, should evaluate alternatives.*
- **Expert User Orientation:** SAS references cite the importance of statistical or coding expertise in the use of the tool. Organizations considering SAS should conduct usability tests with their likely users to ensure the right level and mix of skills.
- **Insularity of Solution:** SAS sees itself as a complete solution to its customers’ requirements from data input and analysis through to deployment. Although SAS has become more open as a “stack” (with last year’s announcement of a partnership with Teradata for data preprocessing and scoring for example), it has been slow to accommodate customers using a

heterogeneous mix of data-mining applications (the release in 2009 of the next version of SAS Model Manager will begin to address this by adding support for other vendor models via Predictive Model Markup Language). *Enterprises seeking a data-mining tool to act as the “hub” for a network of heterogeneous tools (rather than a complete solution) should press SAS for references with similar ad hoc collections of data-mining software.*

SPSS

Strengths

- **Positive Customer Experience:** SPSS (www.spss.com) references were the most favorable about the experience across the entire customer relationship, with the sales process, technical implementation and deployment, user onboarding and training, and postsales support all highly rated. To quote one reference: “SPSS is not a vendor, it is a partner.” *Organizations seeking a partner should consider SPSS.*
- **Breadth of Data Vision:** SPSS has the broadest vision of the analysis of all types of data (behavioral, demographic, survey and unstructured). *Enterprises seeking to make full use of their data (particularly Web traffic, text and survey data) should evaluate SPSS.*
- **Model Management Environment:** SPSS has one of the strongest visions for the emerging concept of the model management environment, which is a way of consolidating and managing the results of analyses from several data-mining tools for subsequent deployment and evaluation. *Enterprises seeking to manage many models (particularly from a heterogeneous set of tools) should evaluate SPSS.*

Cautions

- **Stand-Alone Viability:** SPSS is not big enough to form the nucleus of a broader analytical or business application suite. SPSS’ relatively conservative business strategy (fleshing out its minisuite capabilities rather than expanding into adjacent markets) places it in a complementary position for several acquisitive companies. *Enterprises seeking a vendor that’s more likely to be an acquirer than to be acquired should evaluate alternatives.*
- **Partner Ecosystem:** The lack of a broader SPSS ecosystem of partners and independent consultants (especially in comparison with SAS) can make sourcing the appropriate skills a time-consuming process, especially for more remote or unusual implementations. *Organizations that will require extensive professional services support should validate talent availability and cost with SPSS early in the evaluation process.*

ThinkAnalytics

Strengths

- **Open Platform:** ThinkAnalytics’ (www.thinkanalytics.com) products are based on a platform with an open library of extensible components that can be combined to perform a variety of analyses. The models are deployed in ThinkAnalytics’ Think Intelligent Enterprise Server, where they’re available for any application (usually targeted at customer-facing applications, such as the call center or Web site) for real-time scoring. *Companies looking for embedded real-time data mining, or a framework that can be extended to include custom-built or proprietary models, should evaluate ThinkAnalytics.*
- **Operational Focus:** ThinkAnalytics focuses on operationalizing and embedding predictive analytics, and it has developed its own rule engine to support high-volume environments. *Enterprises seeking a real-time recommendation engine for multichannel deployment should consider ThinkAnalytics.*

Cautions

- **Geographic Presence:** Although profitable and with global clients, ThinkAnalytics is still a small company with a low profile outside the U.K., a limited number of distribution partners and few direct salespeople. *Enterprises seeking a vendor with global presence should consider alternatives.*
- **Narrow Industry Focus:** ThinkAnalytics has domain expertise in the telecom, media, banking and government industries, but limited presence in others. *Companies looking for domain expertise in other industries should consider alternatives.*

Unica

Strengths

- **Breadth of Marketing Offering:** Unica (www.unica.com) has moved its development focus toward a series of markets adjacent to data mining. The result is that Unica offers a broader marketing suite than almost any other competitor, and Unica will continue to incorporate predictive analytics capabilities into the other parts of its suite. *Enterprises using Unica for campaign management should evaluate the data-mining solution as a powerful tool for customer segmentation.*
- **Ease of Model Comparison:** Unica’s origins in data mining gave it a tool that became a forerunner of today’s trend toward the rapid building and testing of models. Although the market has significantly moved on, Unica’s application still provides an easy-to-use way of achieving this basic but important analysis goal. This is an effective tool to enable casual users, such as marketing campaign managers, with data mining. *Enterprises seeking a tool that will efficiently build and deploy models and enable easy comparisons of results should consider Unica.*

Cautions

- **Strategic Focus:** Although Unica will continue making marginal enhancements to its Affinium Model application, these improvements (such as the Production Modeling platform, which is a workflow and model management environment using components from Affinium Plan) are ways of leveraging capabilities developed elsewhere in Unica's solution, rather than investments in making Affinium Model into a best-of-breed application. *Enterprises looking for a strong commitment to ongoing product development should consider alternatives.*

Viscovery Strengths

- **Relevance to Business Users:** Viscovery's (www.viscovery.net) solution combines the concept of Self-Organizing Maps (SOM) with statistical methods. An important aspect to this algorithm is the visual presentation of the resulting models in a way that is somewhat intuitive to business users (it takes a little explanation, but once you "get it," it is easy to follow). Workflows with default parameterizations and a top-down project management environment support the essential steps of data analysis and predictive modeling. *Enterprises looking to extend data mining to people with domain expertise but not data-mining expertise should evaluate Viscovery Profiler as a tool that combines the interactivity of a visual data-mining workbench with the ease of use of a workflow-guided solution.*
- **Efficient Analysis of Microclusters:** Viscovery Predictor provides a project environment to create, apply and evaluate prediction and scoring models. The tool uses a patented procedure that combines the SOM representation with conventional statistics and efficiently creates specific models within the SOM microclusters. *Enterprises looking for the utmost prediction/scoring accuracy should evaluate Viscovery Predictor, which makes it possible to exploit nonlinear dependences in the data.*

Cautions

- **One-Algorithm Workbench:** Similar to KXEN and Infor, Viscovery's solution is built around a single underlying modeling technique. Although flexible, this technique makes it better-suited for some types of analyses (especially those where data exploration and model interpretability are key). *Companies seeking a broad data-mining capability should consider alternatives.*
- **Lack of Packaged Applications:** Viscovery can be applied to the customer data-mining space but is still a relatively small company with few packaged applications. *Enterprises looking for packaged applications that leverage data mining, or seeking strong CRM domain expertise, should evaluate alternatives.*
- **Geographic Presence:** Viscovery is a relatively small company with a strong presence in Europe (especially Austria, Germany and Switzerland) but limited presence outside Europe. *Enterprises seeking a vendor with global presence should consider alternatives.*

Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets, skills, etc., whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability (Business Unit, Financial, Strategy, Organization): Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood of the individual business unit to continue investing in the product, to continue offering the product and to advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all pre-sales activities and the structure that supports them. This includes deal management, pricing and negotiation, pre-sales support and the overall effectiveness of the sales channel.

Market Responsiveness and Track Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message in order to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional, thought leadership, word-of-mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements, etc.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the Web site, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling product that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature set as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including verticals.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.