

## MicroStrategy Users Grow Sales During the Recession

Aberdeen Group's August 2009 report *BI or Bust? Best Practices for Using Business Intelligence during a Recession* investigated the different strategies and tactics companies have used to manage business performance during the worst recession since the great depression. In that report, Aberdeen used three key performance criteria to distinguish Best-in-Class companies - the 20% of companies that achieved stronger performance than the others. Best-in-Class companies achieved significant improvements in profitability, customer retention and penetration (pervasiveness) of Business Intelligence (BI). This Analyst Insight draws from that same research data, but focuses solely on the customers of MicroStrategy (27 of the survey's 259 total respondents that are actively using BI).

### Analyst Insight

Aberdeen's Insights provide the analyst perspective of the research as drawn from an aggregated view of the research surveys, interviews, and data analysis

### Key Findings

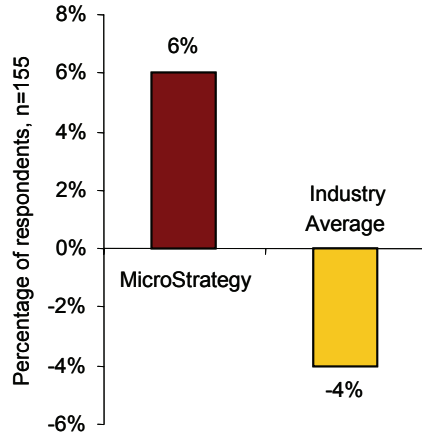
- MicroStrategy customers indicate strong sales growth (6%) since the start of the recession. This far exceeds the Industry Average reported in Aberdeen's survey which was a 4% decline in sales revenue.
- MicroStrategy users achieve this through a much stronger focus on sales and marketing than other companies, using BI to understand the effectiveness of their marketing investments.
- Uniquely, among the larger BI vendors included in this survey, only MicroStrategy's customers have experienced significant sales growth since the start of the recession.

### Outstanding Sales Performance During Difficult Times

The economic downturn has clearly taken its toll on enterprises around the world. For example, in Aberdeen's survey, 71% of all respondents indicated that the recession which started in September 2008 has had a negative impact on their business. MicroStrategy's customers are not that different from the crowd in this respect, but that hasn't stopped them from delivering impressive sales growth since the recession kicked in (Figure 1).

While Best-in-Class companies (the top 20%) delivered an impressive 12% growth in organic sales (ignoring acquisitions), MicroStrategy users were no slouches either, indicating a growth in organic sales of 6%. By contrast, Laggards (the bottom 30% of performers) in Aberdeen's survey reported a 10% decline in sales, while Industry Average enterprises (the remaining 50% of companies) have seen sales shrink by 4%.

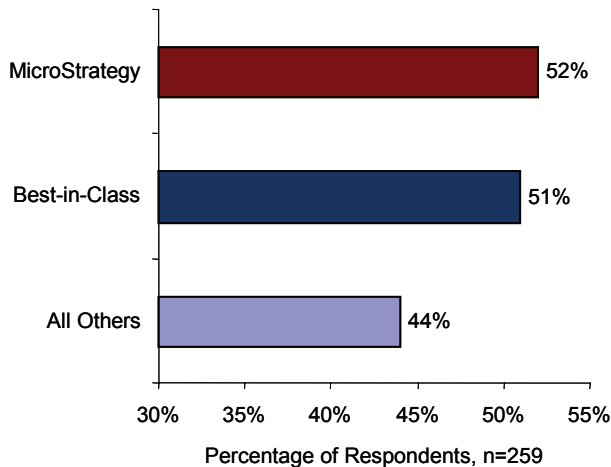
**Figure 1: MicroStrategy Customers' Sales Growth is Above Average**



Source: Aberdeen Group, September 2009

Part of the success of MicroStrategy users comes from the committed focus that they have on sales performance. Survey respondents were asked the two most important strategic actions they were engaged in to ride out the recession. The top action, at 51% for Best-in-Class companies, was to analyze their sales performance and focus on their strongest markets. MicroStrategy customers pursue this goal with just a tad more zeal (Figure 2).

**Figure 2: MicroStrategy Users Analyze Sales Success and Focus**



Source: Aberdeen Group, September 2009

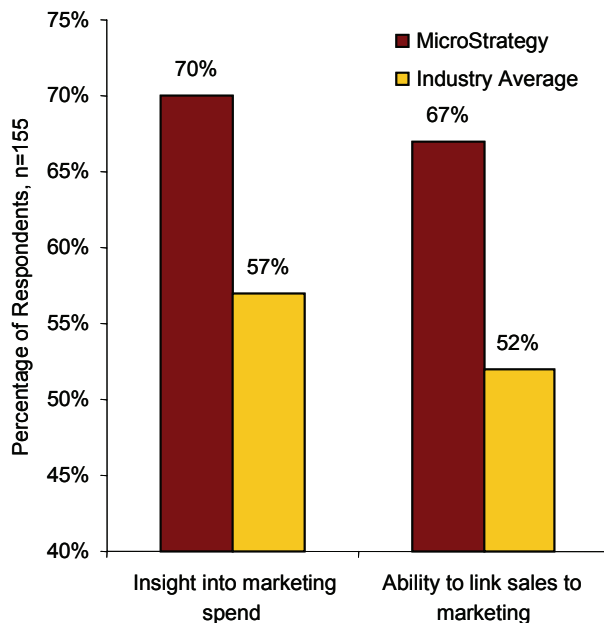
The 80% of enterprises with below Best-in-Class performance are shown in Figure 2 as all others. MicroStrategy users are 40% more likely to use BI to focus their sales efforts than all others.

This is an excellent sales strategy to adopt during difficult economic times. Focusing in the market segments where you have enjoyed the most success reaps a number of rewards. First, selling additional products and services to existing customers reduces the overhead cost of the sales cycle. The overall sales cycle tends to be shorter, and consumes less time for the sales staff and their supporting teams. Second, selling existing products to market segments that you understand well is inherently good business. It eliminates the R&D costs of developing new products. In addition, high marketing expenditure is often needed to build brand awareness, credibility and sales pipeline when companies try to make inroads into unfamiliar markets. Forgoing such exciting opportunities can keep a steady stream of sales orders flowing, while ratcheting down the overall cost structure of the enterprise.

### Superior Sales Performance - What's the Key?

Unfortunately, having a strategy that focuses your resources in areas where you have enjoyed past success is the easy bit. Executing the strategy - and executing it based on data, not gut feel - is the tricky part. MicroStrategy customers exhibit strong, data-driven insight into their sales and marketing performance.

**Figure 3: How MicroStrategy Users Increase Sales Revenue**



\* Survey respondents were asked to choose two top capabilities  
Source: Aberdeen Group, September 2009

Figure 3 shows that MicroStrategy customers are 23% more likely than the Industry Average (70% versus 57%) to have insight into their marketing spend. They have good data on how much they spend, where they spend it and the kind of activities and promotions that they invest in. These

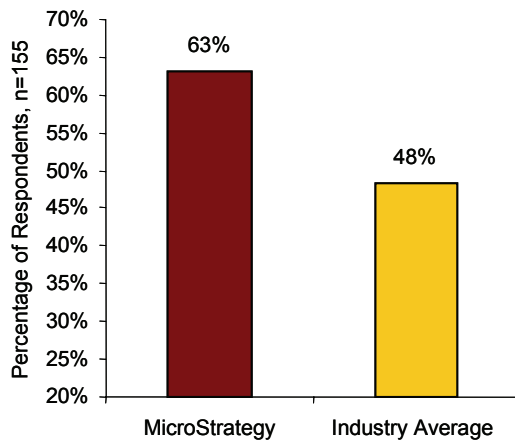
companies can gain insights into how much it costs to generate a marketing lead.

But, just as important, they are 29% more likely than Industry Average organizations to be able to connect that investment to sales revenue (Figure 3). That means, not only do they know how and where they spend their marketing budget, but they can gauge the contribution of that expenditure to the success of the organization. Generating sales leads cost effectively is only half the battle - unless those leads turn into profitable sales, it's not marketing money well spent. Top performing sales and marketing organizations can make those connections - monitoring the entire sales and marketing cycle, from lead generation through to revenue. Timely, accurate insights into sales and marketing allow ineffective marketing programs to be cut early, thus cutting costs. Likewise, marketing activities that prove effective in one region or market segment can be identified quickly and duplicated elsewhere if it makes sense to do so, driving higher sales revenues.

### ***What Enables an Effective Sales and Marketing Engine?***

MicroStrategy customers exhibit a much stronger use of enterprise-wide BI (Figure 4) than the Industry Average - 63% compared to 48%.

**Figure 4: Enterprise-wide Business Intelligence Deployments**



Source: Aberdeen Group, September 2009

An Enterprise-wide BI solution can bring a number of strengths. Foremost in this situation however, enterprise-wide deployments tend to lead to a single-source of the truth. Departmental BI implementations, by definition, are silo-ed and lead to fragmented management information. Having sales data in a sales department BI solution is good. Having marketing data in a marketing department BI solution is good. But, having both sales and marketing data in a single repository is great - the whole is definitely greater than the sum of the parts. Clearly, to understand the sales revenue that accrues from any given marketing investment, sales and marketing data

needs to be integrated. Where an enterprise BI solution is deployed, it is much easier for this to happen, and so much more likely that it will happen.

## Key Takeaways

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- Ensuring that you maximize follow-on revenue from your existing customers is good business at anytime. During a recession, it's a great strategy, one that can ensure survival. Selling products you already have to markets where you've already been successful contains costs, and can keep the revenue flowing. However, it can't be the sole focus forever, as all market segments and customer needs morph and change over the long haul. But, in the short-term, if you can do it, do it.
- Successfully executing a strategy to reduce costs while increasing revenues from your existing customers requires a solid underpinning in data. More than that, it requires data from different parts of the business - in this particular case sales revenue and marketing expenditure - to be integrated and provided to management as a single, consistent view. An enterprise-wide business intelligence solution can help to do just that, providing a central repository where data from different parts of the organization can be integrated, and the resulting management information quickly distributed to decision makers.
- One area where MicroStrategy customers need to improve is their ability to retain customers. Survey respondents that use MicroStrategy indicate that the total number of customers they serve has decreased by 2%. By contrast, the Industry Average group in the survey indicated that their total number of customers had not changed since the start of the recession. Likewise, MicroStrategy customers report a customer retention rate of 87%, compared to the Industry Average of 88%. While maximizing revenue from existing customers is a compelling strategy, the effect would be multiplied if the customer retention rate could also be improved.

For more information on this or other research topics, please visit [www.aberdeen.com](http://www.aberdeen.com)

Related Research	
<a href="#">BI or Bust: Best Practices for using Business Intelligence during a Recession; July 2009</a>	<a href="#">Operational Business Intelligence; April 2009</a>
<a href="#">Pervasive BI: Six Steps to Enterprise-wide Business Intelligence; June 2009</a>	<a href="#">Business Intelligence for SMB's; November 2008</a>
<a href="#">Executive Dashboards: The Key to Unlocking Double Digit Growth; May 2009</a>	<a href="#">Operational KPI's and Performance Management; August 2008</a>
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