

# Can a Leopard Change Its Spots? MicroStrategy Revamps Positioning, Pricing and Packaging

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MicroStrategy has rebranded and repositioned its business intelligence (BI) platform. It has completely revamped the pricing and packaging, and the platform, now called MicroStrategy Reporting Suite, includes a free edition, which is upwardly compatible with new departmental and enterprise packages. Small organizations and departments now have an entry point into using MicroStrategy software that is extensible to an enterprise deployment without creating silos. This new pricing and packaging moves MicroStrategy out of its high-end niche into more mainstream territory.

## Key Findings

- MicroStrategy has rebranded its BI platform, now called MicroStrategy Reporting Suite. It includes a free version, which is upwardly compatible with new departmental and enterprise packages.
- MicroStrategy has shown a willingness to react to new market realities. These new licensing and packaging policies represent a significant departure from its high-end niche strategy, allowing it to also address the requirements of the growing workgroup and departmental areas of the market.
- Unlike many departmental offerings, MicroStrategy is hoping that its MicroStrategy Reporting Suite will give small organizations and departmental users an easy point of entry to use MicroStrategy tools, with a path to build and expand their deployments to support enterprise requirements as needed without creating silos. In MicroStrategy 9, MicroStrategy's metadata and modeling layer provides the discipline for organizations to define metadata at the departmental level and promote it to a common enterprise repository.
- MicroStrategy's free Reporting Suite offering will represent a compelling alternative to an open source BI platform. However, as with open source and other low license fee options, such as Microsoft, organizations will still have to invest in resources to learn about and deploy the product and build reports.
- Despite MicroStrategy Reporting Suite's strong architectural advantages and the improvements in usability of MicroStrategy 9, when compared with departmental alternatives like QlikTech and Spotfire, convincing users about ease of use will likely prove to be an ongoing challenge.

## Recommendations

- Small to midsize organizations or departments that are looking for a reporting capability and BI platform that is promotable to an enterprise deployment and are prepared to learn MicroStrategy tools should put MicroStrategy on their shortlist. The free reporting offering with access to online documentation and training makes a risk-free trial possible.

## WHAT YOU NEED TO KNOW

MicroStrategy is one of the more scalable and fully featured BI platforms that can support complex analytical requirements for enterprise BI deployments running against large enterprise data warehouses. MicroStrategy has rarely been considered for low-end or departmental reporting applications due to the premium license fees, a large, enterprise BI platform footprint and a steep learning curve for the MicroStrategy BI tools. The company is hoping to change that by introducing new packaging and pricing targeted at small and departmental deployments, with the added advantage that due to its strong semantic layer, these deployments may be consolidated into enterprise applications without the silos that plague other departmental offerings.

## EVENT

### Event Facts

On 17 April 2009, MicroStrategy rebranded and repositioned its BI platform. It completely revamped the pricing and packaging, now called MicroStrategy Reporting Suite, and it now features a free package that is compatible with the new departmental and enterprise packages of its flagship product.

### Analysis

Historically, MicroStrategy has successfully leveraged its strengths to target high-end, enterprise BI deployments running against large enterprise data warehouses. MicroStrategy has rarely been considered for low-end or departmental reporting applications due to the premium license fees, a large BI platform deployment footprint and a steep learning curve for the MicroStrategy BI tools.

However, BI purchasing dynamics are shifting. Departmental and workgroup BI deployments have been on the rise as organizations look for BI tools that are low cost and easy to deploy. They use them even at the risk of creating departmental silos that enterprise BI platforms like MicroStrategy intended to solve. At the same time, MicroStrategy's reputation as a high-end BI platform for large, complex deployments, which allowed it to command premium pricing, is narrowing as commoditization puts downward pressure on pricing and as other vendors more tightly integrate and enhance functionality and leverage new technologies (such as in-memory and data warehouse appliances) to match MicroStrategy's large data performance.

MicroStrategy's new licensing and packaging, aimed at seeding the low end of the market, represents a significant departure from its high-end niche strategy. This willingness to react to new market realities in a decisive way is a positive step that will help MicroStrategy expand its addressable market. Significantly, the change in positioning is likely to expand MicroStrategy's target market without cannibalizing existing revenue from high-end deployments. Without this dramatic shift in direction, MicroStrategy was looking at an increasingly shrinking, and an increasingly crowded, high-end market.

Small and departmental users have been given an easy point of entry to use MicroStrategy tools, offering them a path to build and expand their deployments to support enterprise requirements as needed without creating silos that are typical of purely departmental BI tool options. Unlike departmental solutions, the MicroStrategy BI platform can enable promotion from personal to departmental to enterprise deployments because of its shared metadata, which contains all reports and underlying reporting objects. Departments can autonomously deploy their unique metadata and then promote these objects to an enterprise metadata repository as an organization grows and merges departmental BI applications into a consolidated enterprise BI solution.. In fact, MicroStrategy's seeding strategy is "180 degrees" from the departmental use of other tools, which are often scorned by IT. As a result, IT organizations are more likely to encourage business units and departments to learn about and use MicroStrategy's free and departmental offerings, because they will be confident in their ability to pull these departments into an enterprise metadata model in the future, which would be a nightmare with other departmental solutions. However, even if MicroStrategy can integrate the metadata between departmental and enterprise BI solutions, organizations must put in place a workflow process to "promote" departmental metadata, as this is not currently a common business practice.

MicroStrategy differentiates itself by being scalable, a traditional strength, and recently by addressing the significant challenge of seamlessly promoting small departmental deployments to enterprises while avoiding silos. However, it has not yet provided the same level of ease of use that has driven much of the success within departments of companies like QlikTech, Tibco Spotfire and Tableau.

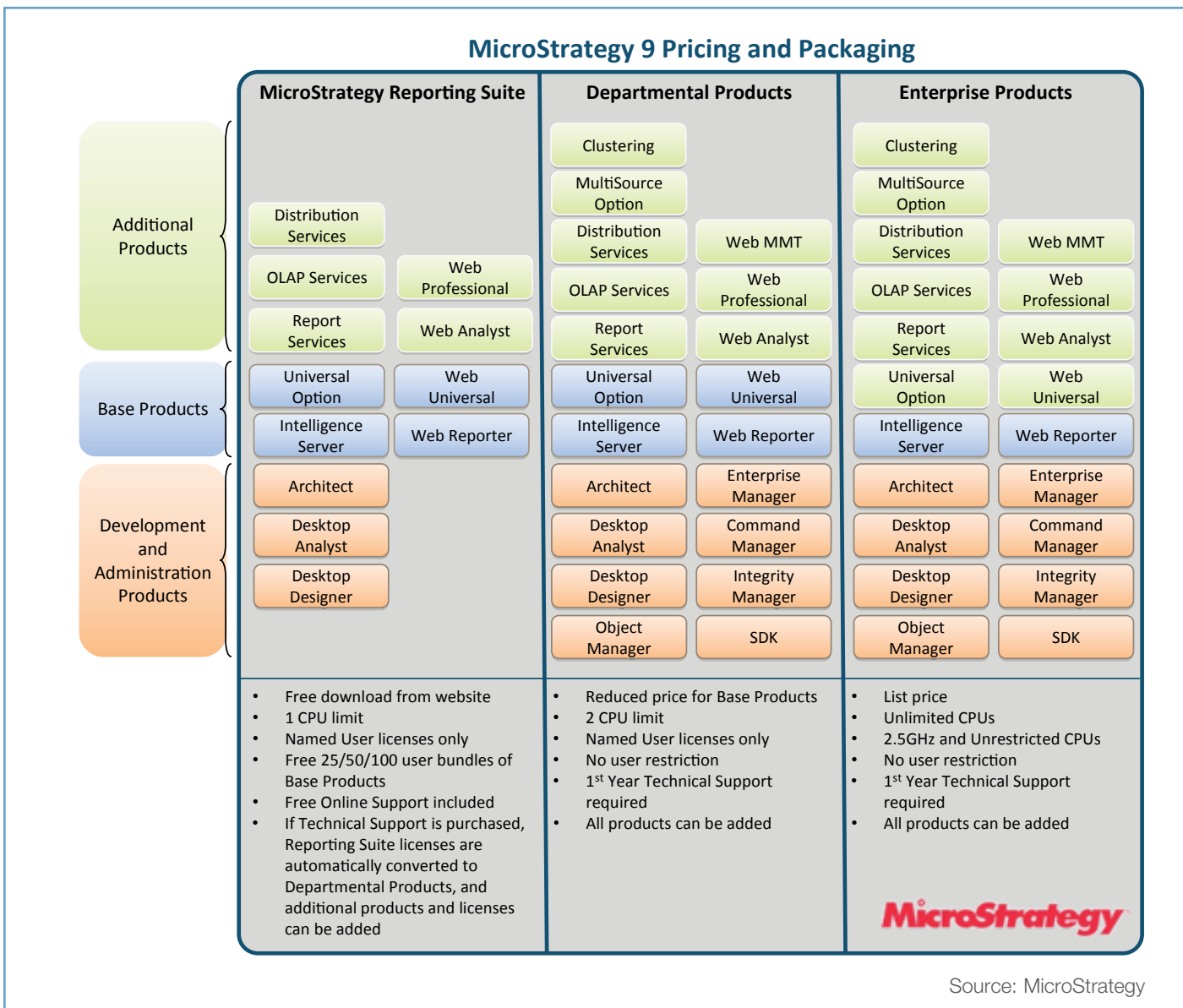
While we expect architectural excellence from MicroStrategy, it is not typically associated with a flexible pricing model. Most in the BI world will be asking, "Will the notoriously premium-priced MicroStrategy really deliver a free edition of its software? What's the catch?" In fact, there does not appear to be a catch beyond a significant shift in branding. From a license perspective, the free package really is free. Reporting Suite offers a perpetual license with no time limits and a generous 100 user limit. It includes free online support, 30 hours of training and demo videos. There is

also an option to pay for user-based telephone support with prices that are consistent with open-source support pricing. However, it is limited in scope to MicroStrategy Web Reporter, Desktop Analyst and Designer options. There are no dashboards (reporting services), report distribution, or in-memory or multisource options, although (except for the multisource option) MicroStrategy does throw in two licenses for each of these components in an attempt to encourage upgrades (see Figure 1).

Despite the scope, the Reporting Suite free package represents a compelling alternative to open-source reporting tools, while the departmental version provides a pricing, as well as architectural, stepping stone to an enterprise deployment. However, as with open source and other low license fee options such as Microsoft, the Reporting Suite is free like a puppy is free — organizations will still have to invest in resources to learn about and deploy the product and build reports.

The MicroStrategy brand is synonymous with high-end, enterprise BI deployments with advanced and complex analytic requirements. Along with a high-end brand, the company has earned a reputation of being difficult to deal with due to a long history of rated CPU pricing and stringent contracting practices. However, MicroStrategy’s new pricing and packaging, along with other efforts to improve its image, suggest that “an old BI dog can learn new tricks” ...eventually. But, this new, kinder, gentler MicroStrategy will take some getting used to. Even though this new pricing and positioning strategy maps well to new market realities, redefining the brand and image will take time and effort.

Figure 1. MicroStrategy 9 Pricing and Packaging



Source: MicroStrategy