Microsoft Piles More Into SharePoint

Microsoft's decision to discontinue PerformancePoint Server, which included high-end business intelligence tools for financial analysis, is surprising given the fanfare of its launch a year ago. But from here, its plan is vintage Microsoft: to turn some of the suite's capabilities into free features of its SharePoint collaboration software, giving dashboards, scorecards, and analysis tools more mass-market reach.

Microsoft has been an up-and-comer in the BI space in recent years. Its revenue for query and analysis tools grew 15% to $533 million in 2007, according to IDC, and it ranked fourth in BI revenue after SAP Business Objects, IBM Cognos, and Oracle, which averaged annual growth rates of about 10%. IDC included PerformancePoint and BI-related revenue from sales of

BY THE NUMBERS

> **$5.7 billion**
Global sales of BI query, analysis, and reporting software in 2007

> **$533 million**
Microsoft's share of that revenue

> **15.4%**
Growth of Microsoft's share over the prior year

Data: IDC

SQL Server and SharePoint in its estimate.

Microsoft didn't indicate problems with sales of PerformancePoint, which united Microsoft's Business Scorecard Manager, Excel, new tools for planning and forecasting, and visualization and analysis tools from its ProClarity acquisition. But PerformancePoint might have been a tough sell to CFO offices, many of which already are standardized on Oracle Hyperion, IBM Cognos, or other offerings.

Microsoft also is laying off 5,000 employees amid weakening sales, and its business intelligence division surely came under the same scrutiny as other areas when determining where to focus development energies and consolidate products.

Microsoft maintains it wasn't a sales shortfall. Instead, lead BI product manager Kristina Kerr says it fits the company's long-touted vision of "BI for the masses," and the company sees a better opportunity for end-user uptake of BI through its SharePoint collaboration software, one of its most successful new-product introductions in years. SharePoint now generates more than $1 billion in sales, and Microsoft has sold more than 100 million seat licenses for SharePoint.

The starting price of PerformancePoint ran about $50,000 for the server and external connector, plus $195 per license, while SharePoint Server is about $4,500 and end-user licenses range between $100 and $200.

By tacking free BI tools onto its fast-growing SharePoint product, Microsoft sees itself beating out IBM, Oracle, and SAP for what they all view as the low-end, untapped area of the BI market.

A final upgrade of PerformancePoint, due out this summer, may buy customers some time, but they'll eventually need to find other performance management products.

Kerr points to the "broad planning capabilities" the company can offer with the combination of SQL Server, SharePoint Server, and Excel. She points to an Excel add-in that exposes the analytic capabilities of SQL Server Analysis Services, which has a function called Forecast that's "really predictive analytics based on historical trends."

The strategy shift will affect Arizona's Maricopa County, which has 14,000 employees and more than 400 PerformancePoint power users. But CIO Stephen Wetzel isn't too worried; he believes Microsoft will come through with the planning features it's promising in future versions of Excel Services and SQL Server.

"We have at least a year to sort this out, but I think much of this makes sense," Wetzel says. He likes the idea of tighter integration between SharePoint and BI capabilities, and Excel Services also is proving to be a strong product, "so I'm pretty optimistic."

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