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Professionals



The Forrester Wave™: Customer Analytics Solutions, Q4 2012

by Srividya Sridharan, October 26, 2012

KEY TAKEAWAYS

Customer Analytics Users Want Help Across The Analytics Process

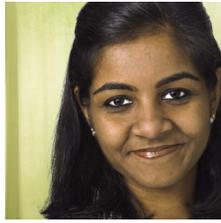
Customer analytics users want vendors to cater their solutions to four core activities in the analytics process -- data management, analytics production, analytics consumption, and analytics activation -- and at the same time deliver customer-focused applications.

Four Competencies Describe The Customer Analytics Market

We see four primary approaches to the customer analytics market, with vendors seeking differentiation in one or many of these approaches. These include analytical prowess, execution, automation, and usability.

Leaders Excel At Analytics Production And Role Relevance

We found that all evaluated vendors perform well at core analytical tasks such as modeling, data-mining, and data management. Four vendors lead the pack because of their strengths in matching their analytics production capabilities to the customer analytics user base and because of their ability to deliver customer analytics as a packaged solution.



The Forrester Wave™: Customer Analytics Solutions, Q4 2012

How Six Vendors Stack Up In A Mature Yet Changing Market

by [Srividya Sridharan](#)

with [Dave Frankland](#) and Allison Smith

WHY READ THIS REPORT

In Forrester's 70-criteria evaluation of customer analytics vendors, we identified the six most significant software providers — Angoss Software, FICO, IBM, KXEN, Pitney Bowes, and SAS — in the category and researched, analyzed, and scored them. This evaluation details our findings about how well each vendor fulfills our criteria and where the vendors stand in relation to each other and will help customer intelligence (CI) professionals select the right partner for their customer analytics needs.

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Forrester conducted executive interviews and product demonstrations in August 2012 and interviewed and surveyed 80 user companies.

Related Research Documents

[The State Of Customer Analytics 2012](#)
August 8, 2012

[How Analytics Drives Customer Life-Cycle Management](#)
July 29, 2011

ANALYTICS TECHNOLOGY NOW ADDRESSES MARKETERS

CI professionals have always had access to tools such as data-mining, predictive analytics, and modeling.¹ But in the past, they've had to adapt horizontally focused analytics and modeling solutions to a customer intelligence and marketing context. Today, however, they can consider a gamut of customer analytics and marketing-focused analytics software providers that have not only analytics production expertise but also domain and role-focused expertise. So how is customer analytics different from regular analytics?

In Forrester's definition:

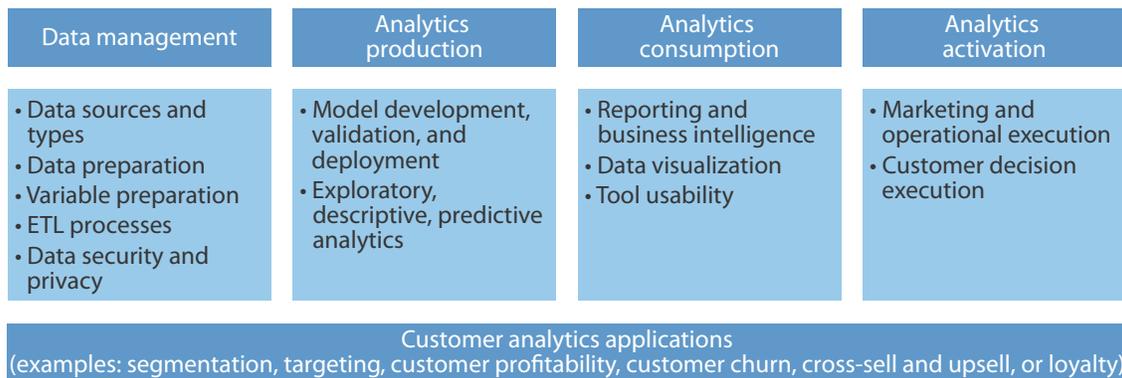
Customer analytics solutions allow firms to analyze customer data to optimize customer decisions and use the analytical insight to design customer-focused programs and initiatives that drive acquisition, retention, cross-sell/upsell, and targeted marketing campaigns.²

Customer analytics software solutions typically provide tools, features, and functionality that leverage exploratory, descriptive, and predictive analytical and statistical techniques to drive customer-focused applications.³

Customer Analytics Users Want Help Across The Analytics Process

Data management and data integration continue to haunt customer analytics users, inhibiting the wider adoption of customer analytics.⁴ Leading tools recognize this challenge and directly address data management and analytics production, but customer analytics users need more. They also want solutions to provide customer-focused applications and, at the same time, to enable analytics consumption and activation (see Figure 1).

Figure 1 Core Activities That Customer Analytics Users Perform



Four Competencies Describe The Current Customer Analytics Market

The analytics market is a fairly mature market, with established vendors emphasizing the breadth and depth of analytical rigor in their software. We find that vendors center on four major themes:

- **Analytical prowess.** The variety and depth of customer analytics algorithms, predictive analytics methods, and data-mining discipline are key characteristics that vendors such as FICO, IBM, and SAS bring to the table. Other vendors also provide mandatory as well as innovative customer analytics solutions such as uplift modeling, social network analysis, and text analytics for customer analytics use.
- **Execution.** The customer analytics journey is a futile intellectual exercise unless the output is activated through marketing communication, interaction management, decision management, or campaign management. FICO, IBM, Pitney Bowes, and SAS have strong marketing and operations execution solutions that have the ability to ingest and embed customer analytics output and bring value to clients through execution.
- **Automation.** For customer analytics professionals looking to spend more time generating insights than generating models, KXEN's and Pitney Bowes' focus on automating key modeling and analytical tasks is a blessing. Other vendors in this space offer further pockets of automation through wizards for data preparation, model performance management, and variable transformations.
- **Usability.** Although the traditional analytics user was a statistician or a quantitatively trained user, vendors are now catering to multiple user types and roles to make customer analytics more accessible to a broader audience. Angoss Software and Pitney Bowes exhibit particularly strong usability features aimed to cater to this multiple user base.

CUSTOMER ANALYTICS SOLUTIONS EVALUATION OVERVIEW

To assess the state of the customer analytics market and see how the vendors stack up against each other, Forrester evaluated the strengths and weaknesses of top customer analytics vendors.

Evaluation Criteria Focus On Customer Analytics Use Cases

After examining past research, user needs assessments, and vendor and expert interviews, we developed a comprehensive set of evaluation criteria. We evaluated vendors against 70 criteria, which we grouped into three high-level buckets:

- **Current offering.** To assess product strength, we evaluated each offering against seven dimensions: architecture; functionality (data management, modeling, and usability); analytics production; analytics consumption; analytics activation; customer analytics applications; and services and support. We incorporated quantitative client feedback through satisfaction scores from reference clients in each dimension.

- **Strategy.** We compared the product and corporate strategies of each vendor in the context of Forrester's vision for the customer analytics market to assess how well each vendor is serving the current needs of the customer analytics market as well anticipating future needs through product investments and partnership strategies. We incorporated client feedback through an overall satisfaction score and Net Promoter Score.⁵
- **Market presence.** To benchmark the relative size of the vendor's customer analytics businesses, we evaluated each company's financial strength, customer base, and employee base, with focus on the revenue, customers, and employees that are specifically related to the vendor's customer analytics businesses.

Evaluated Vendors Deliver Customer-Analytics-Specific Solutions

Forrester included six vendors in the assessment: Angoss Software, FICO, IBM, KXEN, Pitney Bowes, and SAS. Each of these vendors has (see Figure 2):

- **A significant base of enterprise-class clients across many verticals.** This Forrester Wave™ customer analytics evaluation is designed to identify vendors that meet the demanding requirements of enterprise-class businesses. All of the vendors we evaluated have capabilities appropriate for large enterprises and demonstrate this capacity in the caliber of clients they serve.
- **A broad range of customer analytics use cases for clients.** Although customer analytics is not the sole revenue source for many of the vendors we evaluated, Forrester reviewed firms that exhibit expertise in delivering customer analytics use cases for clients. They have tools, features, and functionality within their analytics software that leverage exploratory, descriptive, predictive, analytical, and statistical techniques to mine customer data for application in segmentation, customer acquisition programs, and retention efforts.
- **A focus on delivering analytics to the marketing and customer intelligence organization.** All evaluated vendors deliver analytics offerings to the marketing and customer intelligence organization, with buyers and users supporting a customer or marketing insights type of role.

Figure 2 Evaluated Vendors: Product Information And Selection Criteria

Vendor	Products evaluated (directly pertaining to customer analytics)	Product version evaluated	Date evaluated
Angoss Software	KnowledgeSEEKER, with StrategyBUILDER	8.0	Q3 2012
	KnowledgeSTUDIO, with StrategyBUILDER and Text Analytics	8.0	Q3 2012
	KnowledgeEXCELERATOR		Q3 2012
FICO	FICO Model Builder	7.2.1	Q3 2012
	FICO Model Central Solution	1.0	Q3 2012
	FICO Xpress Optimization Suite	7.3	Q3 2012
IBM	IBM SPSS Suite (Data Collection, Modeler, Statistics, Collaboration & Deployment Services, Decision Management)		Q3 2012
	IBM Cognos Suite		Q3 2012
	IBM Unica (Consumer Insight, Predictive Insight)		Q3 2012
KXEN	KXEN InfiniteInsight Suite <ul style="list-style-type: none"> • Explorer • Modeler • Scorer • Factory • Social • Recommendation • Genius 	6.0	Q3 2012
Pitney Bowes	Portrait Explorer	3.3	Q3 2012
	Portrait Miner	6.3	Q3 2012
	Portrait Uplift	6.2	Q3 2012
	Spectrum	8.0	Q3 2012

Source: Forrester Research, Inc.

Figure 2 Evaluated Vendors: Product Information And Selection Criteria (Cont.)

Vendor	Products evaluated (directly pertaining to customer analytics)	Product version evaluated	Date evaluated
SAS	SAS Analytics Suite (Base SAS, Enterprise Miner, Enterprise Guide)		Q3 2012
	SAS Add-In for Microsoft Excel		Q3 2012
	SAS Rapid Predictive Modeler		Q3 2012
	SAS Text Miner	12.1	Q3 2012
	SAS Visual Analytics	5.2	Q3 2012
	SAS Model Manager	5.2	Q3 2012

Vendor selection criteria

A significant base of enterprise-class clients across many verticals. This Forrester Wave™ customer analytics evaluation is designed to identify vendors that meet the demanding requirements of enterprise-class businesses. All of the vendors we evaluated have capabilities appropriate for large enterprises and demonstrate this capacity in the caliber of clients they serve.

A broad range of customer analytics use cases for clients. Although customer analytics is not the sole revenue source for many of the vendors we evaluated, Forrester reviewed firms that exhibit expertise in delivering customer analytics use cases for clients. They have tools, features, and functionality within their analytics software that leverage exploratory, descriptive, and predictive analytical and statistical techniques to mine customer data for application in segmentation, customer acquisition programs, and retention efforts.

A focus on delivering analytics to the marketing and customer intelligence organization. All evaluated vendors deliver analytics offerings to the marketing and customer intelligence organization, with buyers and users supporting a customer or marketing-insights type of role.

Source: Forrester Research, Inc.

A MATURE MARKET SEES SOME INNOVATIVE APPROACHES

In this first evaluation of the customer analytics market, we looked at how vendors support data management, analytics production, analytics consumption, analytics activation, and customer-focused analysis while balancing user needs for usability, automation, and flexibility in deployment options.

Within this market (see Figure 3):

- **SAS, IBM, Pitney Bowes, and KXEN are Leaders.** IBM and SAS dominate the analytics market and excel at customer analytics by addressing the needs of the marketing and customer intelligence organizations. KXEN and Pitney Bowes approach this market with no shortage of expertise and experience in customer analytics applications, with impressive capabilities in ensuring productivity gains for clients through automation and role relevance.

- **Angoss Software and FICO are Strong Performers.** Angoss Software delivers innovative capabilities through its decision-tree and strategy maps capabilities and stands out with its intuitive user interface. FICO delivers value to clients with its comprehensive analytics capabilities, coupled with its strength in operationalizing the results of customer analytics.

This evaluation of the customer analytics market is intended to be a starting point only. We encourage readers to view detailed product evaluations and adapt the criteria weightings to fit their individual needs through the Forrester Wave Excel-based vendor comparison tool.

Figure 3 Forrester Wave™: Customer Analytics Solutions, Q4 2012



Source: Forrester Research, Inc.

Figure 3 Forrester Wave™: Customer Analytics Solutions, Q4 2012 (Cont.)

	Forrester's Weighting	Angoss Software	FICO	IBM	KXEN	Pitney Bowes	SAS
CURRENT OFFERING	50%	3.06	3.45	4.39	3.75	3.98	4.57
Products included	0%	0.00	0.00	0.00	0.00	0.00	0.00
Architecture	5%	4.05	4.00	4.65	4.65	4.70	4.65
Functionality	25%	3.42	3.40	4.44	4.02	3.87	4.58
Analytics production	20%	3.38	3.80	4.80	3.70	4.00	4.80
Analytics consumption	10%	2.15	2.50	4.25	2.80	4.00	4.15
Analytics activation	10%	2.60	4.15	4.50	3.70	4.40	4.80
Customer analysis applications	25%	3.00	3.15	3.90	3.88	3.85	4.48
Services and support	5%	2.05	3.83	4.65	3.15	3.45	4.35
STRATEGY	50%	3.22	2.63	4.00	3.80	3.85	3.85
Corporate strategy	20%	3.70	3.30	5.00	4.00	4.70	5.00
Product strategy	35%	3.40	2.36	3.60	3.84	4.68	3.92
Partnerships	15%	1.80	3.85	5.00	3.45	3.25	4.45
Pricing	0%	0.00	0.00	0.00	0.00	0.00	0.00
Customer references	30%	3.40	1.90	3.30	3.80	2.60	2.70
MARKET PRESENCE	0%	1.48	3.35	4.59	1.81	2.48	4.49
Financials	35%	2.30	2.50	4.60	1.70	3.10	3.70
Customers	45%	1.06	3.86	4.40	2.12	1.95	5.00
Employees	20%	1.00	3.70	5.00	1.30	2.60	4.70

All scores are based on a scale of 0 (weak) to 5 (strong).

Source: Forrester Research, Inc.

VENDOR PROFILES

Leaders Excel At Analytics Production And Role Relevance

- **SAS.** SAS is well entrenched in the analytics community and has successfully created and expanded this category. While SAS's Enterprise Miner and Enterprise Guide products form the core of its analytics offering, the Rapid Predictive Modeler, Add-in for Microsoft Excel, Text Analytics, and Visual Analytics products speak directly to the needs of customer analytics professionals looking for usability, speed, and insights support.

Overall client satisfaction is lower than that of some of the other evaluated vendors, with clients most satisfied with SAS's core modeling and analytics production capabilities. To continue to dominate the analytics market, SAS must leverage the momentum it has gained in the customer

intelligence market through its marketing execution products and experience in serving the marketing organization. Ultimately, SAS must shift market perceptions of itself as a horizontal analytics workbench as opposed to a business solution provider for customer analytics.

- **IBM.** IBM's Business Analytics (BA) and Enterprise Marketing Management (EMM) solution groups come together to offer customer analytics for clients. Leading with its core analytics product with SPSS and supported by Unica and Cognos, IBM's customer analytics suite is formidable. IBM's core customer analytics strategy is to approach this market both as a horizontal analytical platform and a business application solution provider for lines of business and enterprise analytics groups.

Overall client satisfaction is high, especially in core dimensions such as analytics production capabilities and breadth of customer analytics application, but clients want to see the effect of various product integrations trickle down to them. To dominate and differentiate in the customer analytics market, IBM must clearly demonstrate the value of this integrated product approach, especially to CI professionals looking for simple yet scalable analytics solutions.

- **Pitney Bowes** Pitney Bowes' solutions focus on business-to-consumer (B2C) customer applications that aim to enable lifetime customer relationships. Its products maintain a good balance between ease of use and automation, with analytical sophistication and innovative algorithms. Pitney Bowes' Portrait Miner, Portrait Uplift, and Portrait Explorer make up an impressive suite of customer analytics solutions.

Overall client satisfaction is moderate, especially in customer analytics applications and analytics activation. To continue to appeal to customer analytics users, the company will need to demonstrate leadership in customer analytics through more value-added services and more packaged apps for customer analytics and will need to reveal some of the under-the-hood sophistication in advanced analytics.

- **KXEN.** KXEN focuses on delivering automated predictive modeling for clients, utilizing a factory approach to model development. Clients see significant productivity gains with this approach. KXEN's InfiniteInsight suite of products delivers on the need for agility in core modeling processes as well as the need to directly address customer life cycle applications of analytics, from acquisition to cross-sell and upsell.

Overall client satisfaction is high in upstream analytics steps such as data management, data preparation, and modeling, with opportunities to improve upon downstream steps such as usability, analytics activation, and consumption. To compete with the big boys, KXEN must find ways to entrench its products as standalone analytics platforms, as opposed to products that solve only for modeling or data preparation automation.

Strong Performers Deliver Competitive Alternatives

- **Angoss Software.** Angoss Software's KnowledgeSEEKER and KnowledgeSTUDIO products form the core of its customer analytics offering, which aims to bridge the gap between business intelligence and predictive analytics through a flexible, visual, and intuitive interface. Clients rave about Angoss' decision-tree capabilities and strategy maps, which are clear differentiators.

Overall client satisfaction is good, especially in customer analytics application and modeling capabilities, although not in usability features (as promoted heavily by Angoss). To break through a mature, competitive market with established players, Angoss will have to quickly replicate its success with decision trees into other customer analytics areas.

- **FICO.** FICO's Model Builder, Model Central Solution, and Xpress Optimization Suite products form the core of its customer analytics offerings, along with decision-execution products such as Analytic Offer Manager and Customer Dialogue Manager. With its rich history in advanced analytics in the risk and fraud areas, FICO is expanding into other horizontals such as marketing and customer intelligence. Its core modeling solutions are targeted to advanced users with deep analytics sophistication.

Overall client satisfaction is good, especially in the analytics production area. FICO offers a good range of analytics services, which is also appreciated by clients. To penetrate the customer analytics market, FICO must focus heavily on usability and role relevance and use its experience in addressing the marketing organization through its decision-execution technologies.

SUPPLEMENTAL MATERIAL

Online Resource

The online version of Figure 3 is an Excel-based vendor comparison tool that provides detailed product evaluations and customizable rankings.

Data Sources Used In This Forrester Wave

Forrester used a combination of three data sources to assess the strengths and weaknesses of each solution:

- **Vendor surveys.** Forrester surveyed vendors on their capabilities as they relate to the evaluation criteria. Once we analyzed the completed vendor surveys, we conducted vendor calls where necessary to gather details of vendor qualifications.
- **Product demos.** We asked vendors to conduct demonstrations of their products' functionality. We used findings from these product demos to validate details of each vendor's product capabilities.

- **Customer reference calls.** To validate product and vendor qualifications, Forrester also conducted reference calls with four of each vendor's current customers.

The Forrester Wave Methodology

We conduct primary research to develop a list of vendors that meet our criteria to be evaluated in this market. From that initial pool of vendors, we then narrow our final list. We choose these vendors based on: 1) product fit; 2) customer success; and 3) Forrester client demand. We eliminate vendors that have limited customer references and products that don't fit the scope of our evaluation.

After examining past research, user need assessments, and vendor and expert interviews, we develop the initial evaluation criteria. To evaluate the vendors and their products against our set of criteria, we gather details of product qualifications through a combination of lab evaluations, questionnaires, demos, and/or discussions with client references. We send evaluations to the vendors for their review, and we adjust the evaluations to provide the most accurate view of vendor offerings and strategies.

We set default weightings to reflect our analysis of the needs of large user companies — and/or other scenarios as outlined in the Forrester Wave document — and then score the vendors based on a clearly defined scale. These default weightings are intended only as a starting point, and we encourage readers to adapt the weightings to fit their individual needs through the Excel-based tool. The final scores generate the graphical depiction of the market based on current offering, strategy, and market presence. Forrester intends to update vendor evaluations regularly as product capabilities and vendor strategies evolve.

ENDNOTES

- ¹ Almost 50% of respondents to the Q4 2010 Global Marketing Technology Benchmark Online Survey use these analytics tools. See the February 28, 2011, "[Marketing Technology Adoption 2011](#)" report.
- ² Customer data typically includes behavioral, transaction, interaction data collected from online and offline marketing and customer touchpoints.
- ³ Some examples of customer-focused applications of analytics include customer segmentation, targeting, customer profitability analysis, next-best-offer analysis, profiling, and customer attrition assessment.
- ⁴ Companies need strong customer analytics capabilities to get a handle on customer data and make meaningful decisions based on analytical insights. But customer intelligence (CI) professionals planning their customer analytics needs have limited opportunities to benchmark their current practices. See the August 8, 2012, "[The State Of Customer Analytics 2012](#)" report.
- ⁵ Net Promoter, Net Promoter Score, and NPS are registered trademarks of Bain, Satmetrix Systems, and Fred Reichheld. Source: Bain (<http://www.bain.com/search.aspx?q=Net+Promoter>); Satmetrix Systems (<http://www.satmetrix.com/>).

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« CHARLES IBRAHIM, client persona representing Customer Intelligence Professionals

