

A few Thoughts on SAP Acquisition of Business Objects

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The SAP acquisition of Business Object (BO) brings a mix bag of good and bad news to both SAP and non-SAP customers. Here are few quick observations.

First the Good news.

The BO acquisition brings a large BI market share to SAP.

Most importantly, BO will bring a good team of experienced BI professionals who are fluent in the business intelligence language spoken by small and midsize enterprises (SME) where SAP is heavily targeting its solutions.

BO will be highly valuable for enabling SAP customers in such SME segments to enjoy a powerful BI environment that users are already familiar with. BO will be very instrumental in meeting BI needs for SAP Business ByDesign initiative without much worrying about NetWeaver BI infrastructure support.

BO will bring a good proven reporting tool, Crystal Reports, back in SAP BI which used to be shipped with SAP BI in its earlier versions.

BO will also bring the ETL missing link. Behind all flashy user facing tools in BO, the most important component of any BI suite is the ETL engine. The Acta ETL engine, which Business Objects acquired a few years back, will be an excellent ETL engine to pull data from the core SAP Enterprise into customer data marts (BO universes, databases or even in core BW.)

Granted, Acta is a lightweight, but it's a very sophisticated ETL engine originally designed for SAP R/3 while other ETL tools vendors were not. The Acta engine will also fill the ETL gap for non-SAP data sources under NetWeaver BI infrastructure as well.

Now the Bad news for both SAP and non-SAP customers:

The bad news is, we're now seeing a momentary confusion among SAP BI customers and consulting partners. We have many different products with different infrastructures, usage and life cycle management environments. Just a few month back SAP acquired OutlookSoft, a corporate performance suite, and before that we saw the Virsa acquisition

Full integration of Virsa and OutlookSoft within the NetWeaver platform is still years away. And now you need to think about bringing legacy Business Object universes in

under the NetWeaver umbrella. Either that, or users have to continue using BO as a non-SAP BI front-end. That results in an explosion of data marts.

When talking with SAP customers at the TechEd last week, the common question on many attendee's minds were that today SAP offers too many BI development frameworks, not only the composition environment but also the user-facing environments. With a streaming acquisition of BI products, each with its own composition and user-facing environment, it will be quite hard to create consistency in user-experience when dealing with so many competing BI user interfaces.

Consistency and reusability is at the heart of SOA: back-end services are used to share consistent content to develop consistent user experiences through consistent user-facing styles. With diverse front-ends, this dream of NetWeaver-powered custom services reusability will be hard to achieve.

On the ETL end, about 6 months back SAP signed an OEM relationship with Informatica for its NetWeaver BI solution. While the Informatica OEM relationship is not fully materialized, now the Acta engine is popping up in the SAP world shadowing the Informatica footprint. Will SAP still continue Informatica OEM relationship?

Another piece of bad news for BO "by association" alone: From experience in advising executives for BI solutions, any time when I dealt with a client who has no SAP footprint in their IT landscape, the word 'SAP' alone is the end of discussion. So when BO is tagged as SAP BO, it will be a big boobo, end of discussion. It will be interesting to see how BO as a standalone SAP legal entity can remain hidden under the huge SAP umbrella. Truth is, once you're in, you just can't hide. Virsa is an example of this.

Concluding Remarks:

In my opinion, the BO acquisition is good news for SAP customers. This is especially true for the small and midsize segment, which SAP needs to penetrate hard. I also see this move being helpful for some large enterprises as well, as it has potential to complement their BI needs.

As you read the previous sections, you will note that most of the bad news are related to short term issues. The main sticking points were positioning and integration. SAP need to simply bring in BO as part of one single BI umbrella – as SAP BI. Not product -specific BI solutions such as NetWeaver BI or SAP BW or OutlookSoft or Business Objects... Just SAP BI. And as products come and go, you don't end up changing BI solutions and thus distracting or confusing customers.

A few people I spoke to at TechEd also raised concern that the SAP NetWeaver BI solution is in effect dead now... But remember, the BO-based BI solution still

needs data from the SAP Enterprise back-end. You can't draw fancy charts/graphs without real data.

As most of you probably know, about 60% of BI time is spent for data acquisition alone. SAP has done an excellent job in providing data acquisition schemes for its customers within its BI solution. Also note that the SAP BI solution is engineered to provide intelligence (analytics) within the process scope and not from outside-in, which traditional BI solutions do.

The problem with the current SAP BI solution is that initially, SAP consultants spoke of BI in terms of 'transactional' language instead of 'business intelligence' language that customers were familiar with. It was a great technical model, but its value was 'lost in translation' to the BI users. Now the cross-pollination of BO and SAP will be great news for SAP customers and the BO presence will actually enhance present-day SAP BI — not end it.

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