RESEARCH NOTE
IBM COGNOS PRICING MAKES MORE PROJECTS POSSIBLE

THE BOTTOM LINE

Too often companies assume that software for potential business intelligence (BI) and performance management (PM) projects is too expensive. But IBM Cognos has a flexible and tiered pricing grid that enables companies to cost effectively deliver BI and PM benefits to more users, and more types of users. Companies with a wish list of potential BI and PM projects should keep this in mind, since Cognos's pricing model may enable them to improve productivity at a lower per-user cost.

As BI and PM become more prevalent in companies, the identity of the typical user of these applications is both expanding and changing. Gone are the days of BI deployments with a handful of super users generating reports or functionality for a small audience of senior managers. Now, truly robust BI and PM deployments provide a range of end user types with data in a variety of forms, including dashboards, end-user driven reports, and alerts. In companies that heavily use these applications, adoption is typically spreading to more levels of the corporate pyramid, more types of knowledge workers, and more types of casual users.

Why some BI and PM projects never happen

In order for BI and PM to be truly pervasive and broadly adopted, its software needs to be priced properly. The less senior the end user population is for a potential BI project, the larger that user basis is likely to be. But vendor pricing is often both rigid and based on the assumption that the typical user is a relatively senior knowledge worker. When this is the case, it can difficult for a company to make an ROI-based business case for adoption of BI or PM, or for extending a deployment to a population of new users.

> The further down in the corporate pyramid a potential BI or PM project is the more likely it is to slip through the cracks of vendors' pricing models.

The projects that can get away

Here are some examples of potential end users who might be too expensive for typical BI and PM pricing models:

- Bank branch managers, who may only need to know which tellers are most skilled at cross selling bank products and services.
- Merchandise buyers, who may only need BI-based alerts so they buy the right inventory volumes at the right time.
- Insurance agency managers, who may only need to know which agents are most likely to acquire low-loss clients.

Cognos casts a wide net

In other research notes, Nucleus has detailed the features and functionality in IBM Cognos 8 that are designed to promote pervasive adoption and enable companies to maximize both the productivity benefits and the ROI they earn on their Cognos investments (IBM completed its acquisition of Cognos in early 2008 and Cognos's official name is now Cognos, an IBM company). Cognos has also structured its pricing model to accommodate as many projects and user populations as possible, wherever they may be in an organization. The model uses a combination of tiers, flexibility, and role-based options so that wherever there is an opportunity for a productivity-improving project, there is a price point that targets it:

- Tiered. The less senior a potential end user is and the less functionality they will require, the less expensive their seat is, enabling adoption to more casual, ad-hoc, users.

- Flexible. Pricing is based both role- and task-based. Roles consist of administrator, author, and consumer. The tasks consist of reporting, analysis, and score carding. Companies can also purchase functionality on either a per-user or per-CPU basis.

- Cost-effective. At most points and roles in the pricing grid, a productivity improvement of less than 3 percent would cover the cost of the software.

- Scalable. Pricing is available on a per-user basis, enabling pricing to scale down to small projects or even individual users. There is also a per-CPU price that permits "reasonable server rights." This enables completion of a project on a particular CPU even though activity levels for the eventual deployment may be unknown or expected to vary.

Don't wait for your sales representative to call

One of the biggest complaints senior managers have about BI and PM is that it is under adopted. Too often, companies discover that their BI or PM system — though successful — isn't touching enough end users to generate ROI. Companies in this situation should look at their wish list of potential BI or PM projects and examine them for their potential productivity benefits. If these benefits are even small, companies should think about talking to Cognos. In addition to providing reasonable price points, the Cognos pricing grid indicates an openness of Cognos to helping prospects and customers complete as many projects as possible. It should therefore be thought of as a potential starting point.

CONCLUSION

Too often companies assume potential BI and PM projects will be too expensive, especially those for casual or ad-hoc users. But Cognos, with an awareness that companies are looking for ways to broaden their deployments, has a pricing strategy that enables companies to deliver more BI and PM to more users and more types of users. Companies considering adoption of BI or PM — or considering broadening their existing deployments — should be cautious about ruling out potential products for pricing reasons, and instead see if Cognos's pricing strategy fits what they are seeking to do.