



BBBT Podcast Transcript



About the BBBT

The Boulder Business Intelligence Brain Trust, or BBBT, was founded in 2006 by Claudia Imhoff. Its mission is to leverage business intelligence for industry vendors, for its members, who are independent analysts and experts, and for its subscribers, who are practitioners. To accomplish this mission, the BBBT provides a variety of services, centered around vendor presentations.

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Claudia Imhoff: Hello, and welcome to this edition of the Boulder BI Brain Trust, or the BBBT. We're a gathering of international consultants, analysts, and experts in business intelligence, who meet with interesting and innovative BI companies here in beautiful Boulder, Colorado. We not only get briefed on the latest news and releases, but we share our ideas with the vendor on where the BI industry is going, and help them with their technological directions and marketing messages. I'm Claudia Imhoff and the BBBT podcasts are produced by my company, Intelligent Solutions.

I'm pleased to introduce my guest today. He is Stefan Schmitz. Stefan is the Vice President of Product Management for MicroStrategy. Welcome, Stefan.

Stefan Schmitz: Thanks, Claudia. It's great to be back.

CI: It's wonderful to have you back. I was thrilled to see you walk in the door. Well, first of all, let's start off with something that you started off with. That was the statement that MicroStrategy has renewed its focus on analytics. It has gone through a bit of a change, I guess, from the top down. Why don't you describe a little bit about this renewal of focus?

SS: Sure, absolutely. I'd love to. MicroStrategy has been going through some restructuring in Q2 and Q3. Really, the objective and the goal of this restructuring goes back to our roots to double down on what our core business is, which is analytics.

We've always been an enterprise player in the analytics space, BI place. We've worked on some projects which haven't been necessarily core to our business, so we're definitely dialing back those efforts, and at the same time looking very seriously at our organization, how it's currently set up, streamlining the organization, shutting down some development initiatives.

For example, we have a development center in Beijing that we are shutting down because it's just too costly for us. It was working on development efforts, again, weren't related directly to analytics. So we're definitely dialing back those efforts, refocusing on what's core and what made us great in the first place, which is analytics.



In addition to that, then we also brought on board a host of new and senior executives that are now driving the business forward. We have a new Chief Marketing Officer on board, who will really help us to establish a go to market strategy and messaging around MicroStrategy. I think one of the challenges that we had in the past is that we weren't really able to establish MicroStrategy as a brand that's well-known across the entire industry.

We know we have great technology, we have great success stories, but we haven't been really successful in getting that message out. I think that's something we're going to really focus on -- establishing MicroStrategy as a big BI player, an analytics player that has to be taken seriously in this evolving analytics space.

CI: I like it. I think the refocusing is good. I think it was a bit diluted in the past, a lot of irons in the fire and not a real focus on any one of them with a concerted effort. This is an absolutely wonderful move on your part.

Let's talk about something else. That is the market and the technology trends that MicroStrategy now believes are important. What do you see as... I think you've mentioned five or so that were quite important. Tell me about those.

SS: Some of the key technology and market trends that we see that they're really playing into our favor is first of all analytics and BI. I would say there's an ever growing need there for better analytics, for having better tools and processes in place to make sense out of data, and then giving that to business users to drive data-driven decisions. That's where we're obviously well situated to address that market need.

Also, what we're seeing is there is an increasing number of professionals that are entering the workforce who are much more data savvy nowadays. Technology savvy that bring to the table almost intuitive understanding of what the value of data is in order to serve those type of users, we obviously need a different set of technology.

In the past, most of the BI needs were served through IT, and we realize now we need to have products and tools in place that allow business users, professionals, to self service without having to rely on IT too much.



That's definitely something we're very focused on, something we want to address, at the same time keeping IT happy. That's in the analytics space.

In addition to that, and it definitely plays into the analytics market trends, is the adoption of mobile and cloud. Cloud for certain opens up some very interesting possibilities for us as an organization. We believe that cloud BI has been a laggard in the enterprise software space. We've seen good adoption in the space of CRM and ERP.

Obviously Salesforce.com is doing great in that suite as well. Cloud BI has been a laggard but it's definitely catching up. We've been one of the first players to provide a cloud solution for BI and we definitely see that as a growth market, a big growth market for us as well.

We've actually announced earlier this year, an extended offering in addition to the fully managed cloud enterprise offering that we have. We also entered into a partnership with Amazon that now allows us to go after smaller, medium sized businesses as well as departments within larger organizations who previously weren't able to afford MicroStrategy.

Finally, security, I think we believe as an analytics player it's really important with the wide adoption, the growing adoption and explosion of mobile devices and data out there in the web that security is a major concern for organizations. We need to address that and we need to be able to have a solution that provides secure access to analytical tools and to data and insights.

With our Identity and Usher offering we provide an end to end solution that really provides a value proposition that's par none in the industry.

CI: Yeah. No doubt about it. Let's look at mobile BI a little bit more, if you don't mind, a little more detail. What I read recently was a report that there are now almost three mobile devices per person on earth, which tells me that mobile devices are certainly the way of the future, obviously the Internet of Things getting involved with that and so forth. What is MicroStrategy's strategy here? Sorry, "strategy" twice.



SS: The mobile was always very important to us from the very early days. Even before the explosion in smart devices took place, we already had a mobile offering around analytics.

CI: One of the first companies ever to come out with one.

SS: Yeah, exactly. The thinking behind that is really for us, we believe that analytics and BI doesn't stop at just creating insights. It's really important to make insights actionable in an organization, and delivering insights through a mobile application is key. The folks who are out there in the field driving sales, working as field engineers, for example, need to have access to insights and being able to turn them into decisions and actions.

With our mobile offering, we allow users and organizations not just to consume insights but also take actions. So we have something called Transaction Services that allows you as a user of an iPad and iPhone to actually write back directly to a data base.

For example, a sales rep who's out there in the field can enter information about a new opportunity and combine that with Business Intelligence and write it back to a CRM system right there on the go without having to go back into sales force or any other systems. There is direct connectivity to those systems of records.

CI: That's marvelous because the last thing a salesperson wants to do is go back to the office and enter what he did today.

SS: That's right.

CI: He or she did today. All right, so let's turn our attention to Cloud then in a little more detail. I know you've got the Amazon Web Services as a new offering. A little more detail there as well.

SS: OK. We obviously started off a few years ago with a fully managed Cloud version of MicroStrategy, which actually allows organizations to stand up in an end-to-end BI application, all the way through ETL and data warehousing. We've done it through partnership with Informatica and data warehouse provide us like Teradata and ParACCEL.



In addition to this offering, what we now introduced earlier this year is a partnership with Amazon, where you can now run MicroStrategy Analytics on top of the Amazon Cloud. This is a pay-as-you-go model. Allows you to really start small and maybe with 20 users, a gigabyte of data and then scale it up over time. The added benefit of this solution is that it expands the entire globe. The fully managed offering that we have in place already obviously is restricted or limited to certain locations, where we run our own data centers. With that, you can now run MicroStrategy in the Cloud really across the entire globe, including China.

I think it's really geared towards, and should be appealing to, organizations of smaller size, who previously couldn't afford MicroStrategy, as well as departments, lines of business within larger organizations who just want to get something up and running quickly without having to go through IT and do a bit of procurement.

CI: Yeah. Excellent! I think it's a great move. One of the most exciting things or at least interesting things in my humble opinion was the change to your packaging and your pricing structure. MicroStrategy in the past has been a bit complex.

SS: Yeah.

CI: A lot of products, a lot of difficulty figuring out, "Well, what's the price ultimately that I'm going to pay for this and that and so forth?" Why don't you explain the change a little bit?

SS: Yeah. That's something we announced I believe in June of this year at our World User Conference in Barcelona. This is something absolutely our customers have been asking for a long, long time. I mean it's a fact that our MicroStrategy Analytics offering has grown over 25 years. We've added a lot of capabilities, a lot of products, a lot of user interfaces and we've sold that on a very granular basis. A lot of components, essentially 21 plus products that were available for customers to choose from.

The downside of this, it does create some challenges in terms of customer's understanding what's really available in those different areas. Can they leverage what do they need now? It is also in general



extended the sales cycle quite a bit, so made it more challenging actually for our sales organization to sell into new accounts.

What have we done? We've drastically simplified our packaging and pricing. We went from 21 products down to 4 products.

CI: Wow!

SS: There are now only two products for end user interfaces as a web product that allows you to create dashboards, do data discovery, create pixel-perfect bundled reports. There is one product for mobile consumption. There is one product for administrators and developers, and then a fourth product for the server if you want to license a server. All of the capabilities are baked into those four products, which has the big benefit for existing customers that moved to this new pricing model by getting access to new functionality that they previously didn't license.

This opens up obviously too many possibilities and opportunities for us to go in there and to those existing accounts, educate them on what is possible using MicroStrategy and expand our footprint, develop new application for those customers. On the other side, obviously, working with net-new accounts, new customers, they find this much easier now to license products from us and definitely shortens the sales cycle.

CI: I think it's terrific to go from 21 plus down to only 4. Underneath the covers, the products are still there but they're just bundled.

SS: Exactly, they're bundled. Yeah. The same functionality hasn't changed. They're just bundled. You get access to much more functionality than you previously had at a lower cost as well.

CI: Oh! That's important to know.

SS: Yeah.

CI: At a lower cost as well.

Now, 2015 is going to be a big year I think for MicroStrategy. Let's talk about a little bit about the future. It is a year of a new version, a big new version coming out.



SS: Yeah.

Cl: Tell me what you can about it.

SS: Sure. Absolutely. Yeah, we have big release in the making currently. We are going to make an announcement around this next release at our user conference in January in Las Vegas. I urge you if you're a MicroStrategy customer to come visit us there and hear more about it. It's definitely a big release that really touches all the major areas of our product across all the various user interfaces, the admin tools, the developer tools as well as in the server side.

The big themes that are defining this release, first of all, on the data discovery, self-service side. We essentially completely revamped the user experience there. You'll see a lot of innovation in that area, of how users are now interacting with data creating visualizations from scratch, as well as providing a very tight integration of those self-service capabilities into the server environment to really drive or we described as enterprise class self-service. Or as organizations try to scale up self-service users to an enterprise deployment, they can do so now by keeping IT in control of trusted data sources while providing other self-service flexibility and agility to their end users.

There's a lot of uniqueness and innovation that we're bringing to the table and to make that possible. I believe other players in the space, data discovery even though simply cannot bring to the table because they don't have this enterprise class options.

Cl: Yeah. Interesting. Well, like I said, it's going to be a big year.

SS: Yeah. Absolutely.

Cl: I wait with bated breath to hear what is going on in January. Unfortunately, we are out of time. We could keep talking about that. It is time to say goodbye to this edition of the BBBT podcast. Again, I'm Claudia Imhoff. It's been a great pleasure to speak with Stefan Schmitz of MicroStrategy today. Thanks so much.

SS: Thank you.



CI: I hope you enjoyed today's podcast. You'll find more podcasts from other vendors at our web site www.bbbt.us. If you want to read more about today's session, please search for our hash tag on Twitter. That's #BBBT. And please join me again for another interview. Good bye and good business!