Qlik Q ®

2014 Global Big Data Analytics – Data Discovery and Visualization Market Leadership Award

FROST & SULLIVAN

50 Years of Growth, Innovation & Leadership

Market Leadership Award
Big Data Analytics – Data Discovery and Visualization
Global, 2014

Frost & Sullivan's Global Research Platform

Frost & Sullivan is in its 50th year in business with a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The company's research philosophy originates with the CEO's 360-Degree Perspective™, which serves as the foundation of its TEAM Research™ methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Based on the findings of this Best Practices research, Frost & Sullivan is proud to present the 2014 Global Market Leadership Award in Big Data Analytics – Data Discovery and Visualization to Qlik.

Significance of the Market Leadership Award

Key Industry Challenges Addressed by Increased Market Share

Big data is the most commonly used buzz word today but the challenges faced by organizations around big data are very much real. Big data has dramatically changed the traditional perception of using data for business critical decisions. Internet of things and user generated digital data on connected devices largely constitute the "big" in big data. What makes big data so daunting for most organizations is the fact that data has gone well beyond the threshold of manageability. The world is in a state of hyper-connectivity and interactivity between devices and people is generating enormous amount of data every second. That's where big data analytics comes into play. Analytics facilitates access to this enormous amount of data to uncover insights that enable organizations to harness the power of big data.

There are a number of big data analytics solutions in the market. They come with a wide range of capabilities based on the volume, variety and velocity they can handle. However, overall, the market is still in its nascent stage. Organizations that realize the need for big data have to battle a number of internal and external issues in order to implement a big data strategy. Traditional database infrastructure can be limiting in its capacity to handle big data. In order to connect newer data sources and integrate them with existing ones, organizations need a concrete business plan in place. Often, businesses find that the legacy systems are incompatible with many newer data sources, especially online. The existing processes need to be revisited in order to determine what changes will best reflect their future business needs.

Additionally, big data analytics solutions need a significant investment as most solutions are being sold at a high price point. Thus, it demands upper management involvement which further delays adoption. Many perceive it as a leap of faith as a tangible return on

investment may not always be apparent.

Most importantly, the shortage of talent for analytics solutions adversely affects an organization's ability to explore possibilities with analytics. The level of sophistication required to use a solution depends on what the organizations intends to get out of it. Thus, big data analytics becomes a change management process that needs very high involvement from management and non-management.

That said, there are a few analytics vendors that have successfully addressed organizations' big data analytics needs while overcoming the challenges described above. We classify and analyze big data analytics solutions into two major categories – 1. Data Discovery and Visualization and 2. Advanced Analytics. Data discovery and visualization solutions offer capabilities to integrate, transform, analyze data and finally present insights to users from different data sources. QlikView, a data discovery and visualization platform by Qlik, is a leading data discovery and visualization solution. QlikView gives users the ability to slice and dice data from multiple sources at a very high speed in order to access and share intelligence with others in an organization. Qlik leads the market share in data discovery and visualization segment based on a number of factors discussed in the analysis below.

Best Practice Award Analysis for Qlik

The Frost & Sullivan Award for Market Leadership is presented to the company that has demonstrated excellence in capturing the highest market share within its industry. The Award recognizes the company's leadership position within the industry in terms of revenues.

Qlik's Performance in Big Data Analytics Market

According to Frost & Sullivan's analysis, the total big data analytics market earned $3.2 billion in revenue in 2013. The total market is expected to reach $15.1 billion by 2020. The data discovery and visualization segment takes up 55% of the market share in 2013 with $1.8 billion in revenue. Qlik competes with at least 18 other major vendors in this segment. In 2013, Qlik controlled 21.5% of the market share of the data discovery and visualization segment. Qlik's focus on providing a flexible user experience with very little IT involvement has enabled it to quickly expand its applications across departments, effectively multiplying its total user base within organizations. The company has performed consistently since the dip in 2008 during the financial crisis. Its revenue in 2013 was $470.5 million which is a 21% increase over previous year. The total revenue was supported by a 13% increase in licensing revenue in 2013. Qlik continues to outperform the market in this rapidly changing big data analytics landscape with a continued focus on user experience and ease of deployment.

Key Performance Drivers for Qlik

Factor 1: Growth Strategy Excellence

Qlik has successfully established its market dominance in the data discovery and visualization (DDV) segment through the rapid expansion of its global customer base. The company has positioned its flagship product QlikView for business users as opposed to data analysts and IT professionals. Qlik uses its "Land and Expand" customer approach to penetrate its existing user base in each organization by cross-selling the QlikView application across other departments. In 2013, QlikView generated 66% of its license and maintenance contracts from existing customers. This demonstrates its ability to maximize customer satisfaction among existing clients as it attempts to migrate users from other departments to the QlikView platform.

Qlik's growth strategy is supported by its global partner network and direct sales force. The company has over 1500 channel partners that help test newer geographies. Currently, its distribution partners and OEM relationships are driving most of its international sales. Qlik continues to license its technology to independent software vendors for embedding it in other solutions such as content search and information management applications.

As consumers are moving away from traditional Business Intelligence (BI) tools to more interactive solutions, QlikView offers an alternative way to ask more questions and do more things faster with data. QlikView's intuitive user interface and sharing features essentially make it an industry-agnostic and function-agnostic platform.

Factor 2: Growth Implementation Excellence

Qlik's value proposition around data democratization, organization wide data access and data integration is highly persuasive as consumers realize the cost of not using data insights to drive business decisions. Qlik's app model underpins its "land and expand" strategy. With QlikView, users of varying skill levels across departments can create, share and reuse purpose-built applications to fetch specific data relevant to their use. Once the application is no longer in use, the users can simply discard it. Thus, this model significantly reduces the total cost of ownership of an organization.

Additionally, many organizations have realized the need to collaborate on rapidly changing industry trends in order to foster innovation and prompt new use cases and applications inside the organization. To achieve this, they want to put the power of data in the hands of employees at all levels. This is what is referred to as we call democratization of analytics and the trend is likely to impel growth for DDV vendors for at least the next few years. Qlik speaks to this trend as the size of its engagements is on an upward trajectory. In 2013, Qlik acquired 17.5% more deals over previous year that were greater than $100,000. Among those deals, 26% of them were over $200,000. The "land and expand" strategy also gives Qlik a big competitive advantage as it has already established a large customer base of

27,000 enterprises and SMBs globally.

Factor 3: Depth of product suite

QlikView is an in-memory solution that processes large volumes of data at high speeds. It stores common calculations by caching the results across users so that the calculations are performed least number of times. It compresses data to 10% of its size and uses a data dictionary and hashing technique to minimize the data processed.

Qlik finds use cases in a broad range of industries such as media and entertainment, retail, banking and financial services, telecommunication and healthcare. It is used across a number of functions such as finance, marketing, IT and sales for use cases spanning from churn analysis, purchase behavior, loyalty card analysis, revenue per user analysis and many others.

Factor 4: Degree of Innovation with Products and Technologies

Qlik recently introduced QlikView Direct Discovery which is a hybrid approach to the big data analytics needs of firms. As data keeps growing, its in-memory solution meets its limitations as it can only store a small portion of the data. However, Direct Discovery allows users to connect to a number of external data sources such as Teradata, Hadoop, SAP and Facebook in order to extend user analysis beyond what sits in-memory. Users can select data from both in-memory and external sources and view relationships between data sets from both sources. Thus, this approach eliminates the need to choose from querying a database and extracting from in-memory. It is a last mile approach that allows more holistic analysis of data without compromising on the user experience of QlikView.

Qlik also extended its capabilities to social and mobile. With QlikView's Social Business Discovery, users can collaborate and share their insights, post notes, change objects and modify them on the fly and concurrently. QlikView on Mobile provides a seamless experience to users who want to use the application on their smartphones and tablets and derive insights on the go.

Keeping future trends in mind around growth of cloud and mobile technologies, Qlik's R&D department is working on next generation of QlikView, QlikView.Next. The company plans to substantially increase its cloud deployments with the new release. Also, the application will be platform agnostic thus enabling its existing and new users to deploy it on their tablets and smartphones for faster access to insights while they are away from their laptops. Most importantly, Frost & Sullivan expects data discovery platforms to incorporate advanced analytics capabilities in the near future. QlikView.Next project will enhance natural analytics that taps into user's ability to ask more natural questions and explore complex data without having to adhere to pre-constructed techniques.

Factor 5: Speed of Response to Market Needs and Global Expansion

Piggybacking on its success in Europe, Qlik continues to drive global growth by expanding into NALA, APAC, Africa and Middle East regions. APAC has high mobile usage so QlikView views a huge opportunity in that region for its mobile application. Approximately 72% of its revenue comes from international customers. Continuing its success in regions outside of Europe, in 2013, Qlik increased its revenues from Americas by 26% over 2012 and that from APAC, Middle East and Africa by 29% over 2012. Its customers span over a 100 countries.

Qlik is focused on expanding its partner ecosystem globally. As of 2013, the company generated 53% of its contracts from indirect sales as compared to 51% in 2012. OEM partners and solution providers minimize the risk of entering new markets and help Qlik establish an initial customer base.
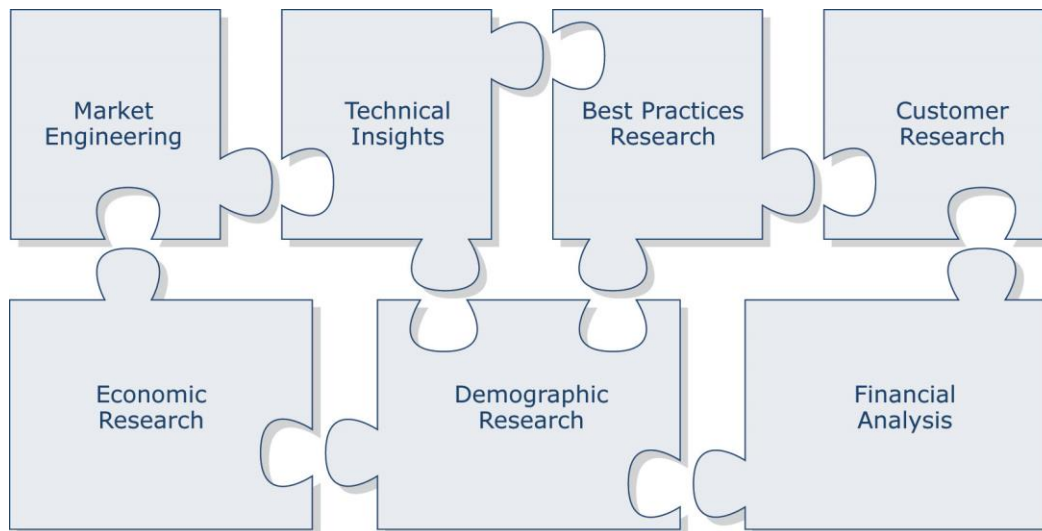
Conclusion

The big data analytics market is highly fragmented and one that is ripe for innovation. Although still in its initial stages, this market is already growing at a rapid speed. Vendors are expected to keep up with changing technologies and keep their ears to the ground for trends that drive end user needs. Qlik has been a significant contributor in changing end user mindset from using traditional BI to data discovery and visualization solutions. With a laser focus on enhancing user ability to ask more questions from data, Qlik has successfully navigated its way in the market to capture the lion's share of the DDV segment. Its users thrive on data insights to make critical business decisions and the company has developed an intuitive and powerful application that supports this tenet. A solid growth strategy, land and expand methodology, global expansion and constant product innovation underpin its position as market share leader. For this achievement, Frost & Sullivan is proud to recognize Qlik with its 2014 award for Market Leadership in the Big Data Analytics - Data Discovery and Visualization.

Critical Importance of TEAM Research

Frost & Sullivan's TEAM Research methodology represents the analytical rigor of our research process. It offers a 360-degree view of industry challenges, trends, and issues by integrating all seven of Frost & Sullivan's research methodologies. Our experience has shown over the years that companies too often make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Frost & Sullivan contends that successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. In that vein, the letters T, E, A and M reflect our core technical, economic, applied (financial and best practices) and market analyses. The integration of these research disciplines into the TEAM Research methodology provides an

evaluation platform for benchmarking industry players and for creating high-potential growth strategies for our clients.

Chart 1: Benchmarking Performance with TEAM Research

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best-practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from more than 40 offices on six continents. To join our Growth Partnership, please visit http://www.frost.com.