THE BOTTOM LINE
Amazon announced general availability for Amazon Redshift, a data warehouse as a service platform, and a dozen partnerships for data integration and analytics. Of these, Informatica, Birst, and Jaspersoft have created the most economically disruptive partnerships for the economics of enterprise data. To increase functionality and reduce costs for data integration and analysis, businesses must consider Amazon Redshift and its partners.

THE ANNOUNCEMENT

On February 15, 2013, Amazon Web Services announced general availability for Amazon Redshift, a cloud-based data warehouse solution that was originally announced last year at Amazon re:invent (Nucleus Research m174 - Amazon Redshift - data warehousing as a service, November 2012). By providing data warehousing as an on-demand capability in the cloud, Amazon has radically shifted the traditional concept of data warehouse economics from an expensive six or seven figure capital expenditure to a service-based operational expenditure that can be purchased at $1,998 per year for a two terabyte node with a three year commitment.

Amazon also announced Amazon Redshift partners, including analytics vendors such as Actuate, Birst, Jaspersoft, MicroStrategy, Pentaho, Pervasive, and Tableau; data integration vendors, including Attunity, Informatica, and Talend; and consulting partners, including Cognizant and Full360. In analyzing both the capabilities and economics associated with each partnership, Nucleus found that three of these partnerships stood out as transformative opportunities for changing the economics of enterprise data projects: Informatica Cloud Connector for Amazon Redshift, Jaspersoft’s utility pricing for cloud-based business intelligence, and Birst’s integration of Amazon Redshift into an integrated analytics solution.

INFORMATICA CLOUD CONNECTOR FOR AMAZON REDSHIFT
Informatica is known both for its capabilities in data integration and in bringing data management capabilities to the cloud. Nucleus has documented the value of Informatica’s cloud-based integration capabilities in the past in minimizing data migration and
increasing employee productivity (Nucleus Research k67 – Informatica ROI Case Study: Bay and Bay, November 2010).

The Informatica Cloud Connector continues this trend of demonstrating cloud leadership by creating direct connectivity to Amazon Redshift. This functionality, currently available on a pre-release basis, will allow Amazon Redshift customers to take advantage of the varied data support capabilities that Informatica provides on a subscription basis, which will allow customers to further shift their data investments from capital expenses to operational expenses that can shift back and forth based on the need for peak integration demands, such as a merger or acquisition, or variability created through spinoffs or application rationalization.

In studying the half life of data, Nucleus found that one of the key challenges to using data in a timely fashion was to quickly translate data from a variety of sources to a format that could be used by general decision makers (Nucleus Research m36 – Measuring the half life of data, May 2012). As Informatica launches the Cloud Connector for Amazon Redshift for general availability, this subscription-based approach for data integration will couple with Amazon Redshift to rationalize the proliferation of data sources. This purchasing and deployment option will make data integration functionality more approachable for mid-market decision makers and valuable for proof-of-concept integration projects that would otherwise be held up by concerns around capital expenditure.

JASPERSOFT’S UTILITY PRICING FOR CLOUD-BASED BUSINESS INTELLIGENCE

Jaspersoft was named as an Expert solution in the most recent Value Matrix for Analytics based on the wide array of functionality that it brought to end users (Nucleus Research m144 – Technology value matrix – second half 2012: Analytics, October 2012). From this strong base, Jaspersoft now offers its business intelligence server on the AWS marketplace at $0.40 per hour on top of Amazon’s Elastic Cloud Computing (EC2) charges, which start at $0.12 to $0.175 per hour based on geography for a standard medium instance with 410 gigabytes of storage. This allows end users to directly analyze data within Amazon’s relational database (RDS) or Amazon Redshift within minutes of purchasing access to Jaspersoft.

To put this in perspective, there are 8,760 hours in a standard year, meaning that access to the Jaspersoft BI cloud platform would start at approximately $4,600 per year and could be prorated based on business need. This flexibility can provide companies with a very cost-effective way to analyze large amounts of data either for short-term projects or as a test for larger deployments. Nucleus found that software typically makes up 31 percent of the total cost of an analytics project (Nucleus Research m135 – The magic middle: the key to analytics ROI, October 2012). By purchasing analytic access on a need-based and on-demand basis, Nucleus estimates that companies could potentially reduce this cost by
two-thirds based on the cost needed to purchase permanent or annual licenses for developers who do not need constant access to an analytics platform.

**BIRST’S INTEGRATION OF AMAZON REDSHIFT FOR INTEGRATED ANALYTICS**

Birst established itself as an analytics Leader in the Value Matrix in 2012 based on its integration of data warehousing and analytics capabilities in a single instance that can be cloud-based or on-premise. Nucleus has documented how this approach has led both to competitive wins and a high degree of customer satisfaction (Nucleus Research - *m38 Anatomy of a Decision: Birst, May 2012*).

Birst has used this approach to end users to accelerate the time-to-value associated with Amazon Redshift. Birst is known for providing both cloud-based and on-premise analytics coupled with ELT (Extract, Load, and Transform) architecture and a relational data warehouse that does not require data movement. In this partnership, Birst has integrated Amazon Redshift’s cloud-based data warehouse to manage the full data lifecycle from data entry to data processing to data visualization within a single product.

This approach allows end users to take advantage of Amazon Redshift as an automated data warehouse solution with Birst’s analytics capabilities. By creating an end-to-end value chain managed in Birst, users can implement both a data warehouse and analytics as a multi-tenant cloud solution.

**WHY IT MATTERS**

In launching Amazon Redshift, AWS has both created its own transformative technology that commoditizes basic data warehousing capabilities and provided a number of opportunities for partners to add additional value, as Informatica, Birst, and Jaspersoft have done. Although high performance analytic platforms such as SAP HANA, Oracle Exalytics, Kognitio, ParAccel (which licensed its technology to create Amazon Redshift), and others will continue to have opportunities to create high degrees of value for customers through increased performance and vertical-specific solutions, this announcement represents the fact that undifferentiated data warehousing is now a commoditized solution.

This commoditization represents the key importance that data and analytics now play in the basic operations of any enterprise. Basic data ingestion, storage, structuring, and analytics have shifted from a rare asset to a standard and necessary utility to run manufacturing, supply chain, service, marketing, and sales departments. In this light, Informatica, Jaspersoft, and Birst have shifted the traditional approach to data integration and analytics and provide enterprises with easier and faster ways to augment their current data and analytics environment. This embracing of the cloud is important to financial and technical professionals for multiple reasons.
First, every serious enterprise analytics and data vendor must now have a credible cloud roadmap as the cloud has become increasingly important for supporting Big Data and analytics projects. Vendors planning to support ongoing analytic and data management roadmaps have moved to the cloud and any vendor that does not have a public cloud roadmap is falling behind in the eyes of the end user.

Second, this move to the cloud will be good for end user pocketbooks. Nucleus has found that, on average, cloud projects provide 1.7 times more value than similar on-premise projects (Nucleus Research m108 - Cloud delivers 1.7 times more ROI, September 2012). As companies can accelerate the time-to-deployment and decrease the amount of consulting and training associated with launching data integration, data warehouse, and analytics solutions, they will be able to achieve value more quickly. Ultimately, data efforts are not defined simply by the initial cost of implementation, but by the value received.

Finally, companies can demand more from the cloud. This technology update will allow more employees to gain access to analytics and will help companies to achieve the doubling of analytics adoption that Nucleus predicted for 2013 (Nucleus Research m148 - Nucleus Top 10 Predictions for 2013, November 2012). The cloud does not just have to consist of data storage and some basic applications. The cloud is now capable of supporting complex data environments ranging from data integration to data warehousing to data analysis in a cost-effective manner. As companies learn to take full advantage of the analytics functionalities that are now available with utility and subscription-based pricing options, they will continue to become more able to take advantage of market trends and opportunities before their peers and take advantage of the average return of $10.66 for every dollar spent in analytics (Nucleus Research l122 - Analytics pays back $10.66 for every dollar spent, November 2011).