



Salient Zeroes In on Price and Margin for Performance

Solution provider supports performance management decision-making for operations

by Colin Snow | 10/17/05 | Article ID: M05-29 | Article Type: Monitor | © 2005 Ventana Research

Summary

Salient Corp. offers integrated business intelligence (BI) applications for operations. Through 20 years of technology investments and development, Salient has created a BI platform that provides analytics and reporting capabilities and integrates directly into enterprise resource planning, supply chain management and customer relationship management systems. Ventana Research believes solutions like Salient's provide a single, simplified platform for delivering BI for Performance Management.

Assessment

Salient got its start by offering a price-and-margin application sold to soft-drink bottling companies such as Coca-Cola, Pepsi and Royal Crown. Dealing in high product and transaction volumes and low profit margins, these businesses had to react quickly to changes in markets and operations while responding to fluctuations in consumer demand. To do all that, they needed both aggregate and granular views of customers, suppliers, assets, products and service performance. Additionally, they needed situational intelligence – that is, information for decisions on pricing, volume and promotions that had to be made in the field at the retail customer's site.

Managers had difficulty controlling variability in the sales process; they had to manage hundreds of products with overlapping promotional calendars while satisfying thousands of customers in different markets and channels. It was hard to tell how customers would price and present these promotions, how the competition would react and how consumers would respond. In this milieu, profits were unpredictable. Managers wanted a tool to help them understand how cycle-to-cycle changes in products, promotions and price points affected the key business indicators of volume growth, revenue and margin.

For these reasons the bottlers turned to Salient, which provided its flagship product, Margin Minder, to their sales and marketing teams, collecting hundreds of thousands of individual transactions and integrating the data on the back end. The system facilitated comparisons of customers, products, sales representatives, regions, key accounts, brands, packages and other details. It also allowed users to examine sales, revenue and margin performance over any period of time and identify customer buying patterns. The result was insight that helped the bottlers optimize their trade spend.

Today the business problems and intelligence needs that were unique to bottlers 20 years ago have become common in many industries. Changing global markets, volatility of demand and incessant margin pressures are forcing businesses to make better decisions within the context of overall business performance. They are less interested in reporting data than in gathering all the facts, measures and relationships at the point where somebody is transacting business; that's the core of the decision-making process.

To meet this growing demand, Salient has expanded its technology, product line and reach. Unlike a traditional BI approach that uses online analytical processing, the Salient platform does not pre-summarize or pre-calculate anything. Rather, it enables free association, so each user can assemble the facts that fit the situation at hand without having to think about a hierarchy. Yet the solutions retain an enterprise context and can generate a profit and loss (P&L) view within which users can drill down quickly to the person, place and day of a transaction.

Salient solutions are deployed in industries such as consumer packaged goods, direct store delivery, retail and field services and now in government as well. Six offerings in addition to Margin Minder fill out the product line: Margin Minder Max, Sales Minder, Category Minder, Service Minder Max, Store Minder Max and the latest, Muni-Minder, which provides interrogative, graphical access to government program data. Muni-Minder's initial component enables local Medicaid administrators to research and act on questionable activity or suspected misuse.

Ventana Research believes that Salient's approach to operational business intelligence can contribute to performance management. Among the benefits of its solutions are integration of data from multiple sources, contextual query definition and organization of information into P&Ls as needed.

Market Impact

Salient continues to enhance its business insight software and find new markets. Its support for transaction-level details provides unique value to both private and public sector customers. Unlike most BI vendors, Salient provides analytical applications for specific business problems. Yet it matches the leading BI vendors in integration, transformation and ad-hoc analysis (Business Objects, Cognos, MicroStrategy) and P&L creation (Business Objects, Cognos, Hyperion). These competitors will continue to position against Salient on these factors.

The key to Salient's long-term success will be how well it continues to address business users who need analytical applications that complement (and do not compete with) BI platforms. Salient's new initiatives to deliver medical and government transactional insights will help. Even so, as business and supply chains become more global, Salient will need to take greater advantage of the latest integration technologies, such as XML, Web services and service-oriented architectures, to grow in the face of ongoing and rising competition.

Recommendation

Ventana Research recommends that organizations intending to deploy real-time business intelligence applications for optimizing price and margins in operations consider Salient's products and services. Numerous existing installations of Salient applications with large numbers of users demonstrate that its business-oriented competence exceeds that of traditional operational BI applications. Organizations seeking to understand how business decisions affect profit and growth will find Salient's functionality superior.

About Ventana Research

Ventana Research is the leading Performance Management research and advisory services firm. By providing expert insight and detailed guidance, Ventana Research helps clients operate their companies more efficiently and effectively. These business improvements are delivered through a top-down approach that connects people, process, information and technology. What makes Ventana Research different from other analyst firms is a focus on Performance Management for finance, operations and IT. This focus, plus research as a foundation and reach into a community of over two million corporate executives through extensive media partnerships, allows Ventana Research to deliver a high-value, low-risk method for achieving optimal business performance. To learn how Ventana Research Performance Management workshops, assessments and advisory services can impact your bottom line, visit www.ventanaresearch.com.

Ventana Research Corporate Headquarters

1900 S. Norfolk Street, Suite 280
San Mateo, CA 94403

info@ventanaresearch.com
(650) 931-0880

Ventana Research Europe

2nd floor, Berkeley Square House
Berkeley Square, W1J 6BD London

europe@ventanaresearch.com
Phone: +44 (0) 20 7887 6012