

The Value of AI-Powered Embedded Analytics for Independent Software Vendors

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Introduction

Independent software vendors (ISVs) that have made the multifaceted, multiyear shift to SaaS will soon encounter customer demand for faster access to new features and capabilities to drive innovation. Traditionally, software updates occur once or twice a year, often creating considerable disruption to the customer's business. The SaaS model transformed how ISVs think about feature road maps — moving from massive changes to the software (that included fixing what was broken in an earlier release) to quarterly product enhancements that drive customer value and retention and encourage expansion. SaaS provider innovation is a primary contributor to the 16.5% forecast growth of SaaS applications — reaching \$635 billion by 2028. Meeting demand requires a new generation of intelligent SaaS applications made up of the four pillars outlined in Table 1.

AT A GLANCE

KEY STATS

- » 43.4% of ISVs embed third party-sourced advanced analytics into applications (source: IDC's *SaaSPath*, 2024)
- » 53.6% embed advanced analytics sourced from another ISV (source: IDC's *SaaSPath*, 2024).
- » 83% of the respondents have already embedded analytics in some or most of their enterprise applications (source: IDC's *Business Intelligence and Analytics Survey*, 2024).

TABLE 1: **Next-Gen SaaS Application Pillars**

	Description	Details
Cloud native	Modular, composable, API-first architecture	Scalability, flexibility, interoperability, and resource efficiency
Data centric	Integration of advanced analytics	Enhanced decision-making, telemetry, operational efficiency, and agility
Intelligent	Embedded AI and machine learning	Advanced analytics, personalization, and workflow automation
Responsive	Progressive web applications	Enhanced user engagement, mobile optimization, and seamless functionality across platforms

Source: IDC, 2025

Data Fuels Business Performance

There are several compelling reasons why data centrality is vital for the next wave of SaaS applications; namely, they:

- » Empower businesses to make informed decisions based on empirical evidence rather than intuition. Analyzing user interactions, preferences, and behaviors enables companies to identify trends and patterns that inform choices.
- » Support sustainable competitive advantage in a hypercompetitive SaaS market by leveraging data analytics and telemetry to anticipate user needs and optimize product offerings.
- » Enable personalized experiences that have become essential for enhanced customer engagement and retention. Data-centric SaaS applications analyze user behavior to tailor content, features, and recommendations.
- » Offer agility and responsiveness in rapidly changing environments to uncover deep insights into trends and behavior.
- » Integrate advanced analytics tools into SaaS platforms to enable deep insights into trends and behaviors. These applications leverage artificial intelligence (AI) and machine learning (ML) to deliver predictive insights that drive product innovation.

IDC's 2024 SaaSPath research underscores the critical role of AI and advanced analytics in SaaS applications, revealing that 30.9% of businesses are willing to pay a premium for applications with integrated AI capabilities, while 28.2% are ready to invest more for advanced or predictive analytics features.

As the proliferation of SaaS applications continues within organizations, so does the need for additional capabilities that allow for competitive differentiation and modernization. The adoption of embedded analytics enables ISVs to provide users with insights directly within their applications. This improves their overall ability to engage in data-driven decision-making. It allows for seamless integration of data without switching between different tools and enables users to gain access to insights in the context of their workflow, which improves user experience and satisfaction. The current momentum around artificial intelligence plays a critical role within the analytics space. AI enables the automation of data workflows such as preparation and management while allowing users to engage in predictive and prescriptive analytics and query data using generative AI (GenAI). Providing access to these advanced capabilities via AI-powered embedded analytics empowers business users of SaaS applications to leverage insights and recommendations to better respond to market dynamics and achieve improved business outcomes. While an improved value proposition is one benefit of ISVs providing AI-powered embedded analytics, it can also result in competitive differentiation and new revenue streams in terms of access to AI capabilities as well as the ability to provide add-on services in relation to these capabilities.

Understanding the Embedded Analytics Landscape

Drivers for the Adoption of Embedded Analytics

IDC's 2024 *Business Intelligence and Analytics Survey* highlights that nearly 83% of the respondents have already embedded analytics in some or most of their enterprise applications. This interest in and need for embedded analytics is not new. Over the years, business users have increasingly demanded more agility from their data analytics teams. Unfortunately, analytics teams are usually understaffed, unable to service ad hoc requests from business users and having to deal with operations data from various enterprise applications. This has made embedded analytics attractive to organizations.

In addition to the need for agility, there are other major drivers for ISV solutions with embedded analytics, such as:

- » **Real-time data access for business users to empower them with real-time insights within their workflows, which allows for informed and improved decision-making.** Since the insights are embedded directly within applications, it improves transparency and collaboration among internal teams.
- » **Better data utilization by business users.** SaaS applications with embedded analytics improve data utilization by allowing businesses to combine disparate data sources into applications for broader and deeper analyses. This enhances productivity, data value, and overall data culture.
- » **To reach a broader user base with advanced analytics capabilities.** Because embedded analytics is not limited to insights, it provides users access to advanced AI/ML-based analytics capabilities such as forecasting, scenario analysis, and intelligent agents.
- » **Access to innovative capabilities in addition to advanced analytics capabilities.** ISV solutions with embedded analytics allows a broader group of users within the organization to gain access to innovative capabilities such as GenAI capabilities. This enables users to engage and query the data, resulting in improved productivity and operational efficiencies.
- » **To share data/information with external parties such as customers and partners.** Examples include banks providing their customers with dashboards on their spend or investments, SaaS companies providing their customers with insights on metrics and performance, or manufacturers providing their suppliers with information to improve collaboration.
- » **Enhanced user experience.** Embedded analytics empower ISVs to deliver superior customer experiences with custom views and dashboards. Organizations can also customize data access and control via security and governance capabilities within embedded analytics platforms.

Integrating Embedded Analytics

In addition to these drivers, there are various ways in which organizations can integrate embedded analytics into their applications, such as:

- » Embedded version from a business intelligence (BI)/analytics vendor usually allows for customization and integration with some level of coding or API integration. Alternatively, many vendors also provide low-code/no-code embedded BI platforms. These enable organizations to embed analytics into their applications with minimal coding requirements and provide prebuilt components and visualizations. This is especially useful when organizations have limited technical capabilities.
- » iFrames can be leveraged by organizations when they seek to provide insights and reports from an analytics platform directly into an application. This is the simplest way to embed analytics.
- » APIs and SDKs allow organizations with technical resources to embed analytics into their applications. This is usually preferred when organizations are seeking more customization and flexibility.
- » Custom integrations offer flexibility for organizations seeking support for their complexity or their use case.
- » Reports integration allows prebuilt reports and dashboards to be integrated directly into applications using APIs. It enables seamless access to and interaction with the data.

As per IDC's 2024 *Business Intelligence and Analytics Survey*, nearly 45% of organizations surveyed lean toward using embedded versions of BI/analytics platforms from major BI/analytics vendors when it comes to integrating embedded analytics within their organization.

Challenges Around Using Embedded Analytics

Despite the several ways in which to embed analytics, ISVs have faced challenges while implementing embedded analytics within their applications such as technical integration/development challenges and challenges in determining the organization's business requirements as well as not having sufficient resources or skills. For some ISVs, the challenge is whether to build or buy an embedded solution that meets their needs.

Evolution of AI and Its Impact on Business Intelligence/Analytics

Over the past few years, the introduction of AI/ML capabilities into BI tools has empowered users to leverage vast amount of data sets to understand not just the "what" but also the "why." The use of AI/ML has allowed for the automation of several aspects within BI, from data cleaning or report generation to the identification of trends or anomalies in data to enable users to engage in advanced analytical techniques such as predictive and prescriptive analytics. In addition to AI/ML, the demand for GenAI capabilities within BI has risen over the past year. Nearly 80% of respondents in IDC's 2024 *Business Intelligence and Analytics Survey* indicated using/integrating GenAI in their BI solution. GenAI allows for the automation of several tasks, such as querying the data, creating visualizations, identifying trends, and even engaging in advanced analytics without the need for deep expertise and know-how.

These AI/ML and GenAI capabilities are also available via AI-powered embedded analytics, making them accessible to users across the organization.

ISVs that can provide AI-powered embedded analytics in a secure manner will gain a competitive edge in the marketplace.

Technical and Operational Considerations for ISVs

In hypercompetitive SaaS markets, providers need advanced analytical capabilities that provide the insights to ensure continuous value delivery. The transformation from traditional ISV business models to SaaS creates unique opportunities for suppliers to partner with customers in designing innovative solutions to help address customers' current and emerging challenges and opportunities. Data management and advanced analytics are essential for the new wave of intelligent SaaS applications. SaaS providers increasingly seek specialist partners to add to or enhance the analytics capabilities of solutions. ISVs embed analytics into applications to provide customers with contextual insights, eliminating the need to switch between different platforms. This added capability allows users to make informed decisions based on insights generated from the data created and consumed by the application already in use.

SaaS solutions must integrate with various data sources, enabling comprehensive analytics across various platforms. This includes combining data from disparate systems for a 360-degree view of the business and data governance to ensure integrated data quality, security, and compliance. Different categories of SaaS applications may prioritize analytics capabilities based on industry requirements and the target customers. For example, customer-facing applications emphasize ease of use and accessibility, CRM applications prioritize AI and machine learning integration and real-time analytics, and business intelligence tools and ecommerce platforms emphasize sophisticated reporting, complex data integrations, and high-level analytical tools. These allow users to leverage insights from structured and unstructured data sets and tailor marketing strategies.

Several strategic aspects must be considered to effectively design applications with embeddable capabilities acquired through partnerships. These considerations ensure the integration enhances user experience while maintaining functionality and brand identity. The key elements ISVs should focus on when designing such applications are as follows:

- » **Seamless integration:** An API-first approach is essential to allow for seamless integration with partner solutions, providing easy access to functionalities and data from partner applications and frictionless user access to capabilities.
- » **User interface (UI) consistency:** Embedded features should visually and functionally align with the host application so users feel they are using one cohesive product.
- » **Contextual functionality:** Suppliers of embedded capabilities should be contextually relevant to the user's current activities within the application. Users should be able to navigate between core application capabilities and embedded features easily.
- » **Data security and compliance:** Strong security protocols must be implemented to protect sensitive data, including encryption, secure authentication, and compliance with relevant regulations.
- » **Modular architecture:** A modular, composable design allows for easy updates and the scaling of embedded features as business needs change.
- » **Customization:** Flexibility allows users to tailor how they interact with the application's embedded capabilities.
- » **Partnership management:** Establish effective communication channels between the partners, including performance updates and road maps. Share usage insights to align understanding of how users engage with embedded features to inform enhancements.

Definitions

IDC defines embedded analytics as software used by developers to embed business intelligence (BI) including predictive and prescriptive capabilities into enterprise applications. Business intelligence software includes ad hoc query and multidimensional analysis tools as well as dashboards, data visualization, and production reporting tools, which provide users with business intelligence and AI-powered analytics capabilities. It may also include self-service data preparation functionality as well as a range of AI/ML-based features to automate specific steps in the BI and analytics process and provide users with generative AI natural language interfaces to "query" data.

Benefits

The benefits accruing to the SaaS provider's customer include:

- » **Improved user experience** through seamless access to advanced analytics
- » **Interactive dashboards and reports** tailored to specific users' needs
- » **In-context data** accessed directly within the application UI
- » **Automated insights** to discover valuable information without having deep analytical skills
- » **Data visualization tools** to visualize complex data sets easily
- » **Self-service analytics** to empower users to run queries and visualizations
- » **Alerts and notifications** based on data thresholds and anomalies

- » **AI and machine learning, including GenAI**, for predictive insights and real-time data processing
- » **AI-driven automation** of data sorting and analysis

The benefits accruing to the SaaS provider include:

- » Telemetry for tracking and analysis to monitor user experiences and enhance engagement
- » Customer retention metrics to help providers understand financial health and growth trajectories
- » Trend analysis to help forecast future outcomes

Trends

- » AI-powered embedded analytics will continue to increase adoption as organizations seek to provide a broader user base with access to the latest AI/ML and GenAI capabilities. This will encourage data utilization and remove data silos, resulting in improved data literacy and culture.
- » Increasingly, organizations seek to connect with various internal and external data sources and applications. This will drive the need for a seamless experience, prompting ISVs to create robust APIs to facilitate communication between systems.
- » The use of AI-powered embedded analytics will allow ISVs to build new revenue streams by sharing insights and data with their customers.
- » It is not just the use of AI-powered embedded analytics; the growing trend toward AI-enabled pervasive automation across business processes and workflows will result in the ever-increasing demand for not just assistants but also agentic AI across their workflows, including analytics.

Technology or Vendor Profile

About Qlik

Qlik transforms complex data landscapes into actionable insights, driving strategic business outcomes. Qlik serves over 40,000 global customers, and its portfolio leverages advanced, enterprise-grade AI/ML and pervasive data quality. The company excels in data integration and governance, offering comprehensive solutions that work with diverse data sources. Intuitive and real-time analytics from Qlik uncover hidden patterns, empowering teams to address complex challenges and seize new opportunities. Its AI/ML tools, both practical and scalable, lead to better decisions, faster. As a strategic partner, its platform-agnostic technology and expertise make customers more competitive.

Challenges

- » **Customization and extensibility:** ISVs often have stringent requirements to ensure embedded analytics seamlessly align with their application look and feel. Suppliers must ensure compatibility across various legacy systems and diverse technology stacks.
- » **Data literacy:** Organizations often struggle with data literacy, making it difficult to leverage embedded analytics effectively.
- » **Security and privacy:** Concerns about data security, privacy, and governance can hinder the integration of analytics.

- » **Integration complexity:** Integrating analytics into existing applications and workflows can be technically challenging.
- » **Resource constraints:** Limited access to skilled developers and data scientists can impede the implementation of embedded analytics.
- » **Cost:** The financial investment required for embedding analytics can be a barrier for some ISVs.
- » **User adoption:** Ensuring end users adopt and effectively use the embedded analytics features may be a challenge.

Conclusion

AI-powered embedded analytics represent a transformative opportunity for ISVs seeking to enhance their offerings and deliver exceptional value to their customers. By integrating advanced analytics capabilities directly into their applications, ISVs can empower users with actionable insights, drive data-driven decision-making, and foster a more engaging user experience. The ability to leverage AI enhances the predictive power and personalization of analytics, enabling ISVs to differentiate themselves in a competitive market. As businesses increasingly demand sophisticated data solutions, ISVs that embrace AI-powered embedded analytics will not only meet these expectations but also unlock new revenue streams and strengthen customer loyalty. Ultimately, the strategic adoption of these technologies positions ISVs at the forefront of innovation, paving the way for sustained growth and success in an ever-evolving digital landscape.

About the Analysts



Megha Kumar, Research Vice President, Analytics and AI

Megha Kumar is research vice president within IDC's Worldwide AI, Automation, Data, and Analytics organization and global research lead for business analytics, enterprise intelligence, and decisioning solutions. Her research is focused on providing insights on business analytics, enterprise performance management, and decision intelligence technology trends, adoption, and vendor strategies. It includes best practices around enterprise intelligence and aspects of building a data-driven organization such as data culture and personas.



Frank Della Rosa, Research Vice President, SaaS, Business Platforms, and Industry Cloud

Frank Della Rosa is research vice president responsible for SaaS, Business Platforms, and Industry Cloud. Mr. Della Rosa's core research analyzes current market conditions and trends and provides strategic guidance to technology suppliers and midmarket and enterprise technology buyers. Ongoing research highlights various SaaS and cloud computing aspects, including hybrid and multicloud application deployments, business platforms, cloud marketplaces, buyer behavior, and global trends across vertical and functional markets. Mr. Della Rosa's research covers emerging ISVs' journey to SaaS, SaaS management platforms, market forecasts, and supplier market shares.

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Qlik transforms complex data landscapes into actionable insights. Our platform-agnostic technology portfolio leverages pervasive data quality and advanced AI/ML capabilities. We excel in integration and governance solutions that work with diverse data sources. Our real-time analytics uncover hidden patterns, empowering teams to address complex challenges and seize new opportunities.

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