

Re-Inventing BI in Troubled Times

Executive Summary

Economic progression is cyclical by nature; hence, the current state of the economy requires special attention if businesses hope to capitalize on opportunities that present themselves. However, the current economic scenario is underlined by a lack of investor confidence, demand/supply imbalance and low capacity utilization. Abounding with uncertainty, this environment impacts organizations greatly. The result: Many organizations perish and few shine through the fog to succeed and prosper.

With uncertainty looming large, organizations that are able to keep constant watch over the changing business environment and have the agility to proactively respond to the impending changes are more likely to prosper than others. Here, the ability of decision makers to make informed decisions and efficiently deploy limited resources to most productive use comes into play.

Making Smarter Use of BI Tools

Information forms the backbone of decision making, and it is imperative for analysts and line managers to make the right decisions at the right time. BI tools are a smart means of making relevant information accessible to management because they leverage existing data assets spread across the organization, consolidating,

translating and presenting information in a format that makes quick sense to business executives. Many organizations have adopted BI. However, during the recession, it is more important than ever to transform BI tools from mere reporting tools, into key decision-making instruments. This paper analyzes the potential areas for investing in BI tool improvement.

It has often been observed that in troubled times, organizations need to detour from their defined strategies in order to survive and flourish. When strategies are fluid, it is essential for senior management to keep constant vigil over key performance indicators both internal and external, constantly validate their strategies and take corrective measures. Performance management tools -- an extension of archetypal business intelligence tools -- provide capabilities such as dashboards, scorecards and industry-standard methodologies and frameworks such as balanced scorecards, Six Sigma, etc.

However, only a few organizations that have deployed this technology have managed to empower management with actionable insights into their business. There are many reasons for this; however, from an IT standpoint, facilitating actionable insight means deploying intuitive dashboard tools that provide business executives with the ability to link KPIs and goals, cause-effect analysis, target setting, performance extrapolation and -- last but not



the least -- the ability to deep-dive into details when the need arises.

Applying BI tools to planning and budgeting is another important area for adding value for business executives. Executives during these troubled times focus on developing accurate forecasts of sales and expenses. With analytic capabilities such as "what-if scenarios," BI tools enable accurate and precise forecasts. In order to exploit these analytical capabilities, the tool has to be deliberately deployed to establish a link between the expense stream and revenue stream. Meaningful forecasting cannot be done independently of external economic factors, and hence in these times, it becomes even more relevant to introduce industry and economy data into the forecasting model.

Organizations have to deploy BI tools for routine reporting in order to maximize the value. But with a rapidly changing business ecosystem, traditional questions such as, "What, when and where?" need to give way to, "What if and why not?" Once managers start looking at these new challenges, they have to force themselves to look at continuously improving analytical models.

For example, customer data collected across various stores can be used to closely study customer behavior and spending patterns and, accordingly, target the right customer. Once the relevant questions are asked, the redundancy or appropriateness of existing BI tools is proved. If the current set of tools is not able to meet the requirement, it becomes worthwhile to invest in tools that provide strategic modeling, segmenting and interactive visualization capabilities. Strategists and analysts can use these tools to quickly build advanced predictive and casual models to discover patterns and relationships within large datasets. Without these capabilities, executives have to wait for things to happen to make decisions, and based on their foresight, they can proactively respond to change.

Enhance Existing Data Warehouse

"Aggregate awareness" is not enough. Enterprise data warehouses store summary historical data, with the intention of providing a 360-degree and cohesive view of the organization for supporting a strategic decision.

However, in the context of tactical decision making, the needs are more real-time. Frontline executives who are closer to the customer, as well as business operations managers on the ground, should have access to information that would help them react quickly to the changing environment.

For example, consumer goods and retail companies that have real-time or near-real-time information access are more responsive to market demand. A spike in demand for a particular product or brand in a city or store could lead to moving the finished goods to the location of demand, thereby effectively managing the distribution channel and finished goods inventory -- in other words, effectively managing the downstream supply chain.

Regardless of the industry, it would be worthwhile for organizations to assess the application of real-time data warehouses or operational data stores that deliver technical capability for high-performance decision making against very up-to-date data.

Improve BI Adoption

It is important for managers owning critical business operations to be equipped with necessary BI tools to make fact-based decisions backed by sound analysis and judgment rather than personal perception. Traditional strategies for enhancing BI adoption include user training, self-service reporting, search-based reporting, improving visualization and presentation capabilities, etc. However, these steps are not enough for BI to proliferate across the organization, in an attempt to reach the state of pervasive BI. Ensuring data quality and context-based information is key to driving organizational change management and increasing BI adoption. This will result in cost reduction and operational efficiency, with a focus on delivering customer-centric services and products.

BI capabilities that enhance the value of this data would provide the additional impetus for BI adoption. The sales manager of a fast-moving consumer goods company with access to real-time granular POS data of all the stores in his region would be able to derive substantial insights into consumer behavior, spending patterns, sales forecasts, market segmentation,

etc. using BI tools. The value derived out of BI in one area of the business will logically spread into related business processes, thereby increasing the ROI of the BI investment.

Reinvest Funds in BI

While looking at your BI optimization strategy, it would be worthwhile to take a fresh look at your current BI initiatives, to rationalize and consolidate them and divert funds away from redundant strategies to those that are worth acquiring in the current times. With a focus on reinvestment, you provide the right kind of impetus for the CIO to remain committed to investing in relevant BI technologies. Some pointers include:

- **Rationalization:** Rationalize and consolidate the current BI technology stack and retire unrelated applications considering the overall IT strategy.
- **Licensing Costs:** Revisit the licensing model; assess the benefits of transcending from user-based licensing to server-based or enterprise-wide licensing.
- **Data Consolidation:** Look for opportunities for data mart and ODS consolidation in EDW, resulting in infrastructure cost reduction.
- **BI Modernization:** Explore opportunities to modernize BI, such as using data warehouse appliances, which would improve the overall OLAP performance, while reducing the effort required.
- **Grid Computing:** Leverage the current commodity server to move toward grid computing

About the Author

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or a distributed processing architecture for implementing BI solutions, to share storage resources and CPU workload.

- **Compatibility:** Introduce new tools into the application landscape and select platform-compatible products that easily embed into the existing architecture.
- **Managed Service Model:** Partner with strategic IT service vendors and build a managed service model for reporting and analytics. This would free up BI resources for new BI initiatives.
- **BI Competency Center Model:** Encourage a BICC model to manage BI skills in your organization. This will greatly improve execution capabilities and reduce the cost of resources, which take a huge share of BI project budgets.

Through BI optimization, organizations can release some of their existing resources, such as hardware, software licenses and BI skills, thereby increasing productivity and efficiency.

Conclusion

An effective BI strategy will steer businesses through today's tough economic conditions. It would augur well for organizations trying to ride the recession wave to make the appropriate and business-relevant BI decisions and make optimum use of their deployed capabilities. CIOs should emphasize the appropriate application of BI even more so today because of the shrinking BI budget and demands of deriving more from less. Organizations with the right BI strategy will sustain and rise above the recession tide.

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* As of April 30 2009

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