# How "intelligent" is your decision making?

By Peter Keers

**"Organizations today are faced with an increasing need to make the right decisions quickly in order to improve performance."**

High-quality decisions are dependent on having the right information at the right time. Yet how often have you experienced one or more of these scenarios?

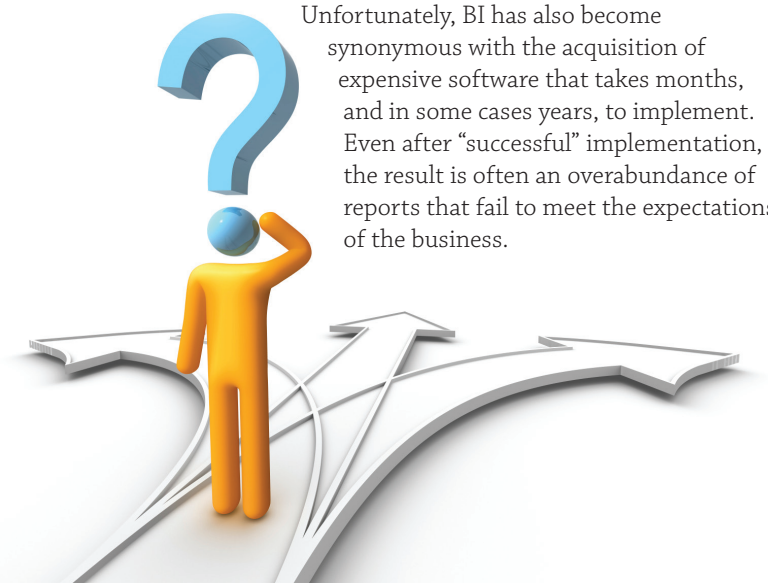
- An executive meeting where presenters offer different versions of the "truth," supposedly from the same data.
- Canned reports from a transaction system that are too generic to provide information that can be acted upon.
- Reporting systems that have evolved into an unwieldy tangle of Excel spreadsheets in which managers spend countless hours trying to merge data from disparate systems.
- Long turnaround times on special report requests tied up in that never-ending "report backlog."

For roughly nine out of every 10 organizations, getting the right information to the right people at the right time is a significant challenge. With our appetite increasing for information on demand, this problem is only getting worse.

The practice of implementing business intelligence (BI) has evolved to address these problems.

## What is BI?

BI is usually defined as the set of technologies, processes and practices used to collect, integrate, analyze and present information, with the aim of improving decision-making.



Unfortunately, BI has also become synonymous with the acquisition of expensive software that takes months, and in some cases years, to implement. Even after "successful" implementation, the result is often an overabundance of reports that fail to meet the expectations of the business.

What organizations are not told during the BI software sales process is that in order to meet the true intent of BI (getting the right information to the right people at the right time, in order to enable better decision-making), two critical components are needed:

- First, a robust, scalable data model (commonly referred to as a data mart or data warehouse) is needed to extract and integrate data from disparate source systems. Usually, an organization's data is locked up in a transactional or ERP system from which reporting is limited. When using BI, data are copied from those systems into special data files that are fine-tuned for reporting.
- Second, business users need a flexible, intuitive and Web-based interface to analyze and visualize the data with minimal training.

The combination of these two critical elements is what defines a successful BI outcome and is called a reporting and analytics solution (RAS). If an organization has successfully implemented a RAS, then it has achieved the very essence of true BI as it was intended.

## Implementing a RAS

When a RAS is properly implemented, business users have speedy access to an easy-to-use yet powerful interface that puts all critical enterprise data elements at their fingertips. It is the "single source of truth" for the organization.

A classic example of a RAS can be seen in customer profitability reporting. These reports are surprisingly complex because they require the integration of information from several source systems (e.g., G/L, cost accounting, CRM). This type of information cannot be produced using the "canned" reports that typically come with any ERP installation.

**The key characteristics of a successful RAS implementation are as follows:**

- It is the single source of truth, and there are common business definitions of enterprise entities such as "customer" and "sales."
- All data contained in the RAS have an audit trail back to the source system.
- The user interface is intuitive and easy to learn. A business user can be up and running in a short amount of time, with minimal training.
- The user interface is robust and flexible, allowing the user to create custom views and metrics right from his or her desktop.
- It is scalable and new data sources can be easily added to and integrated with it.
- It is "vendor agnostic" in that it allows the organization to mix BI applications to better meet the needs of the user community.

## Getting started

The ideal candidates for a RAS implementation are those organizations whose user communities have become frustrated with the current reporting capabilities.

**There are usually three key factors leading to user frustration:**

1) Loss of confidence in the accuracy of reports.
2) Inability to "slice and dice" or drill into the details on demand.
3) Eighty percent of user time is spent on preparation, while only 20 percent is allocated to analysis.

A good first step to size up your organization's BI needs is to conduct a gap analysis. What is the gap between desired reporting and analysis capabilities on the one hand and current systems and processes on the other? Once these "pain points" have been identified, ask the following questions for each area:

| Area | Question |
|---|---|
| **Data** | Is the data available, accessible and reasonably complete? |
| **Relevance** | What impact (financial or other) will better decisions in this area have on the organization? |
| **Magnitude** | What is the scope of the impact? Is it limited to a department or is it organizationwide? |

**Once the areas have been evaluated along these lines, choose an opportunity that has the following:**

- Executive sponsor.
- Information technology sponsor.
- Defined internal customer who is motivated to use the resulting information.
- Well-defined scope that is manageable (i.e., start small and phase the project).
- Experienced project manager.

## How can we afford a RAS?

After identifying a RAS opportunity, how can a small to medium-sized organization take action for a reasonable cost? In the early days of BI this would have been a problem for most organizations due to the cost of hardware and software, not to mention the cost of staffing a BI effort with specialized talent. Fortunately, today it is a different story, and a number of market forces have come together to make the first step into BI almost painless.

- First, the cost of BI software has decreased as more competitors have entered the market. Capabilities that once cost in the low- to mid-six figures are now easily within the reach of small-to-midsized organizations.
- Second, hardware costs have decreased significantly as processor power has quadrupled and storage has moved to the terabyte scale.
- Third, subscription or hosted solutions have become available for organizations to "rent" BI capabilities at reasonable rates, with none of the risk and cost of ongoing ownership.

There are few investments that an organization can make that will provide a return as impressive as the investment in a RAS. There has never been a better time to take that first step.

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### Getting started with BI – think small

Success in your first foray into BI may be optimized by implementing a RAS that is limited in scope yet is perceived as being meaningful, and for which the data is available and known to be clean.

**The advantages include:**

- Quicker results
- Ease of generating support for further projects
- Learning by experience
- Mistakes have lower risk
- Funding that is easier to secure

Beware of choosing a project that is too small. If the project is perceived as being irrelevant or insignificant, it might fail to ignite enthusiasm going forward.