

# The BI Inflexion Point

## Information is a right, not a privilege

Martin Atherton and Dale Vile, Freeform Dynamics Ltd, June 2007

*Business Intelligence (BI) has historically been associated with the delivery of business performance information to a privileged few senior managers and analysts residing in large organisations. A recent study exploring information needs and availability at the operational end of the business, however, uncovered some clear results, many of which challenge traditional assumptions head on.*

### **KEY FINDINGS**

#### **Information is key to running a business, but accuracy, timeliness and accessibility are dire**

The challenge is universal. Across sales, marketing, operations and HR, and all size bands of organisation, it is apparent that while timely access to relevant and accurate information is of significant importance to the effective running of a business, the majority of organisations just do not have the benefit of this kind of access. The evidence is clear that fragmentation of systems and information is a big contributor to the issues, but there are other factors too.

#### **Audience focus is a major part of the problem, with many workers left to fend for themselves**

While BI has traditionally focused on the needs of a select few business managers and analysts, this is no longer good enough. Business dynamics and the pursuit of competitive edge through worker empowerment are broadening the requirements for information across the workforce in general. The trouble is that BI capability is not keeping up, leaving many individuals out in the cold.

#### **All types of data needed to run the business fall into BI's remit; this is changing the game**

As organisations look to deal with the issues, another shift comes into sharp focus. The majority now acknowledge that unstructured data has to fall within the remit of their BI activities. This view makes absolute sense. Looked at from a pure business perspective, the type and format of information is not something users should have to worry about – all they want is convenient access to whatever information is relevant to getting the job done. The upshot is a shake-up of traditional definitions and mindsets, with the scope of BI extending beyond traditional, hard core number crunching solutions to an inclusive approach embracing 'familiar and friendly' options such as office tools and portals.

#### **Fragmented activity and budgets hamper change; solving issues one at a time won't fix things**

The acknowledgment of the problem is there. Some activity by forward thinking organisations is delivering benefits, and investment in BI related activities is increasing. However, a significant amount of fragmented activity (actions and budgets) threatens to render efforts ineffectual, as piecemeal investment to tackle problems in isolation, while in the right spirit, compounds the problem.

#### **Aligning need and ability is achievable, but get on the right side of the expanding gap**

A gap has already opened up between those organisations that get the 'new', broader need and remit of BI, and those that do not, something that is reflected in both investment activity and business performance. While those that don't act move backwards in relative terms, organisations that grasp the nettle and deal with the practicalities of providing 'BI for the masses' will continue to pull away.

The study upon which this report is based was independently designed and executed by Freeform Dynamics. During the study, which was sponsored by Microsoft, insights were gathered and analysed from 1114 business and IT professionals. Respondents were from a broad cross section of industries and organisation sizes with a focus on USA, UK and Western Europe.

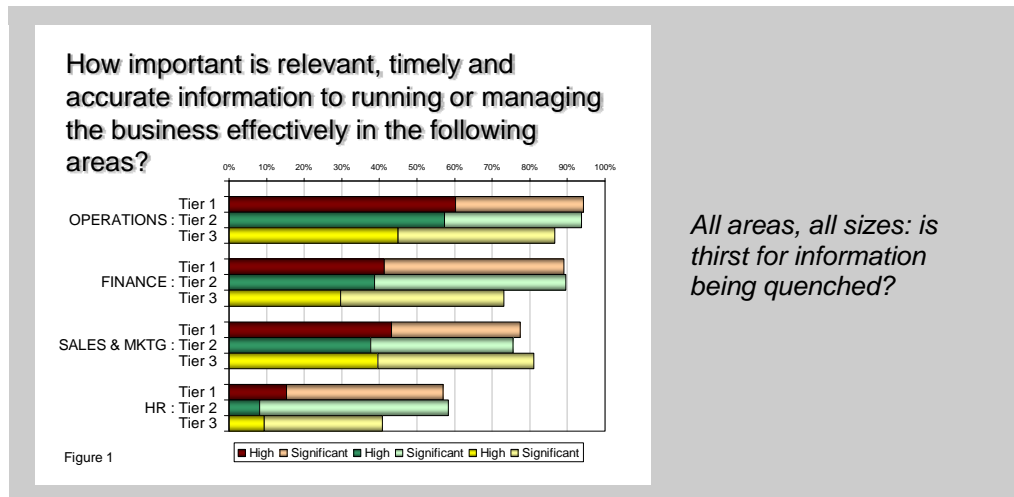
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## Introduction

**BI has traditionally been thought of as 'a big company thing'; not any more**

If you still think of Business Intelligence (BI) as only being for large organisations, now is the time to change your view. This report isn't the first to acknowledge this, but as we capture the information needs that exist within modern businesses, we can confirm with absolute certainty that across all parts of the organisation and all size bands (see appendix for definitions), BI is now almost a prerequisite for 'doing the job' operationally, and therefore needs to be viewed as a strategic tool for creating competitive advantage (Figure 1).



Against this background, Freeform Dynamics gathered the thoughts and insights of 1114 business and IT professionals from UK, USA and other geographies, during a recent research study which sought to explore the following questions and relationships between them:

- What is the spread of 'formal' BI strategy across all organisations?
- Outside of the traditional usage model of BI, can we acknowledge that improving access to information *at any level* is indeed a prerequisite to effectively running a business?
- Should we go back to looking at BI from the ground up rather than as a senior level strategic tool only?
- What are the implications of expressing BI needs in the context of every day working practices?
- What can organisations start doing to action these findings at a practical level?

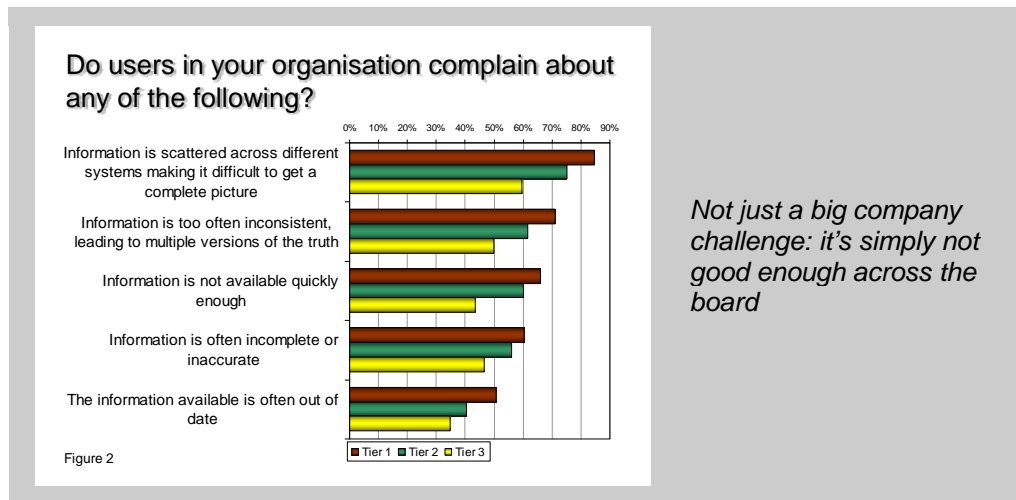
The findings of our research are used as the foundation for the remainder of this report.

## The message is loud and clear; give us the information we need to do our jobs properly

Information related challenges exist at all levels. They are greater among larger organisations, but still significant in many smaller ones. A lot of this is to do with fragmentation of systems and information, much of which has been unavoidable due to businesses being under pressure to solve specific challenges (e.g. regulatory or compliance issues, field sales automation, CRM initiatives etc) without having the scope to consider the incremental benefits of improving information management and access at a broader level or the conflicts associated with not doing so.

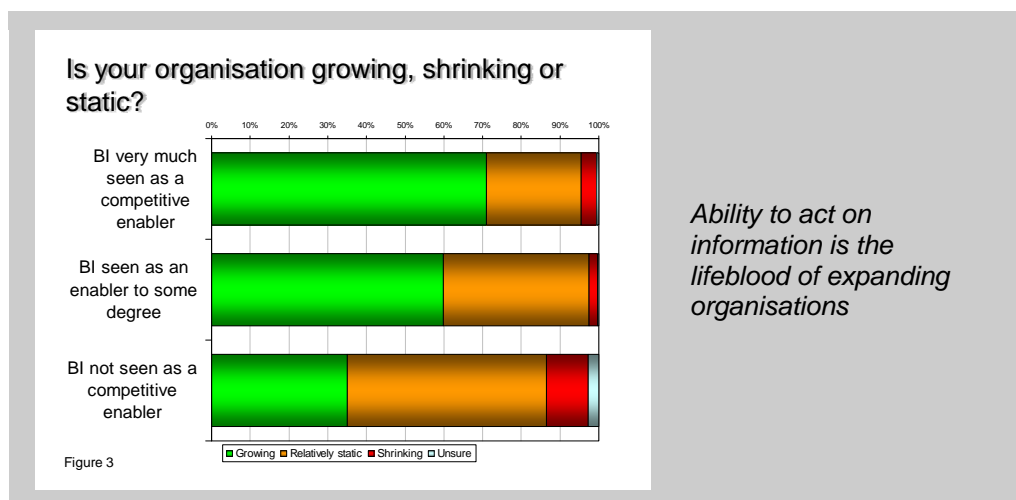
Subsequent changes to the business environment have necessitated further layering of solutions on top of those that already exist, compounding previously isolated systems into often inflexible monoliths which now work against organisations seeking to exploit their information assets at a time when 'freedom of information' has never been more important.

One of the findings from the study is that the role of BI as a competitive enabler is acknowledged by 4 out of 5 business and IT professionals to one degree or another. When it comes to delivering, however, significant barriers to fulfilling information needs are highlighted (Figure 2).



Clearly, these two findings are in conflict, suggesting that (we reasonably suspect) many companies have traditionally 'reserved' BI capabilities for higher managerial functions as opposed to leveraging them at an operational level, or have simply acknowledged BI's competitive potential without actually doing anything about it. Either way, operational information needs are not being met particularly well.

The significance of this is underlined when we look at the correlation between the level of emphasis on BI and business performance. Organisations that view BI as a competitive enabler are much more likely to be growing, for example (Figure 3).



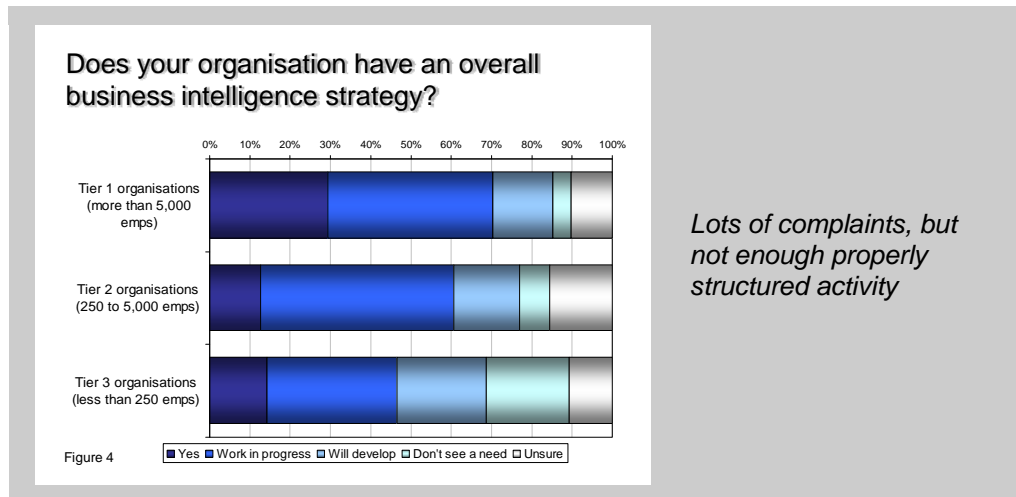
This is a logical finding. Enabling growth means acting on opportunities, talking calculated risks and being aware of the causes and effects of internal and external influences and actions. Whether you can conclude from this picture that BI is an enabler of performance or that growing companies have a greater need for BI is debatable. Either way, the link between BI and success is indisputable.

However, let's not cut off *any* of our audience here. The reality is that evolving business models, a reduction in the barriers to entering new markets, increased global competition and ever more demanding customers means that the ability to make decisions based on the right information is a critical requirement for an organisation of any size, whether growing, consolidating, seeking to diversify or even downsizing to a more specialist niche.

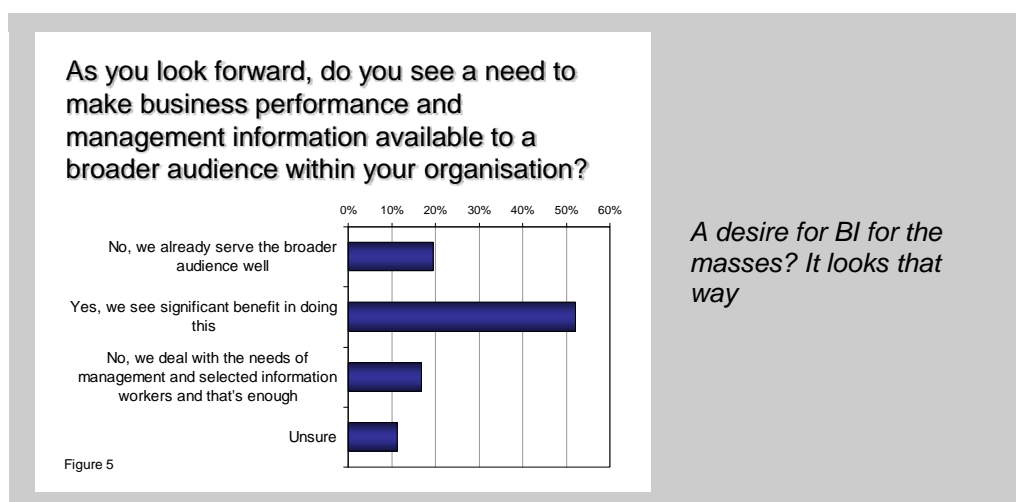
## Broader and wider; a new remit for traditional BI, or a new approach needed?

So, do organisations have their act together, and does the 'BI imperative' translate into properly structured activity?

At a strategic level the answer is too often 'no'. We discovered that less than a third of all large (5000+ employees) organisations in our study currently have an overall BI strategy, with numbers tailing off significantly for smaller sized companies. The outlook improves for the near and medium term though, with the majority of medium and large organisations, and nearly half of the smaller ones stating that a BI strategy is either underway or is at least on their radar (Figure 4).



As organisations move forward with their BI related strategies, plans and activities, however, there is a clear shift in emphasis with regard to the target audience. Not for much longer will BI be about delivering to select groups of managers and analysts. 'BI for the masses' is where it is heading, sometimes also referred to as the 'democratisation' of BI (Figure 5).

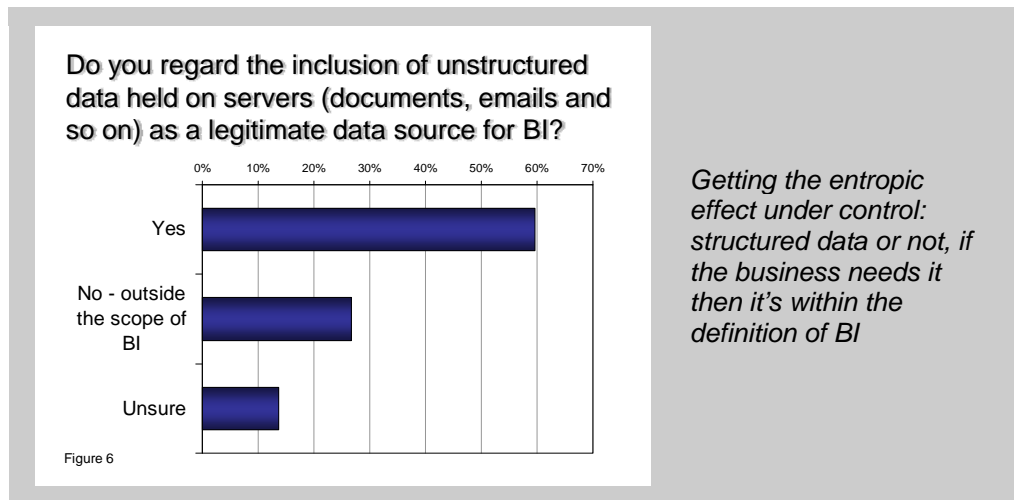


When we look at this particular finding, there can be no doubt that that the core audience for BI is now the core of the business, not just the senior management strategising in the rarefied heights of mahogany row, or business analysts cogitating and planning behind closed doors as a separate activity from the ongoing operation of the business.

This shift to a more operational view of BI has profound implications and drives a need for a whole new approach, as we shall discuss.

## Lines blurring; the need for integrated capabilities is clear

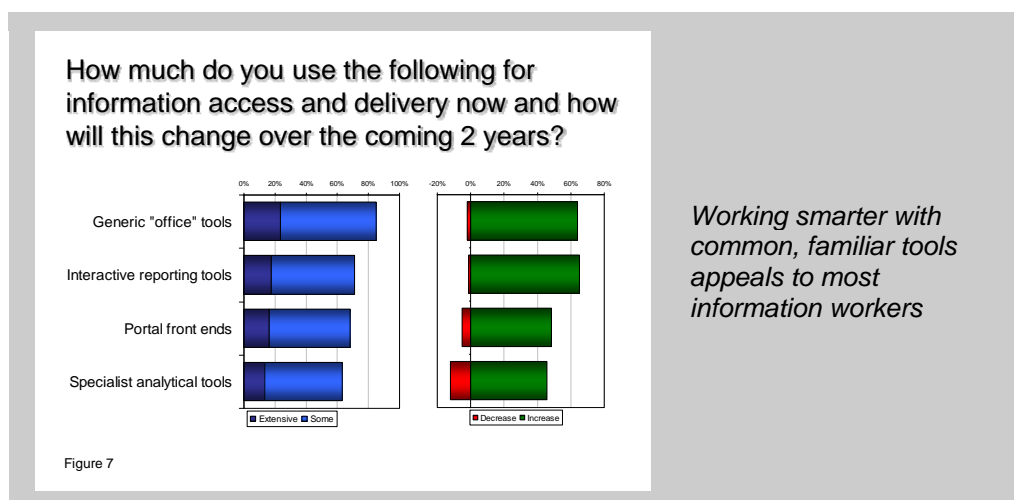
When trying to understand requirements looking forward, an important factor to consider is that the lines between the traditional 'number crunching' form of BI, enterprise search and collaboration domains are becoming blurred as unstructured data becomes part of the mix (Figure 6).



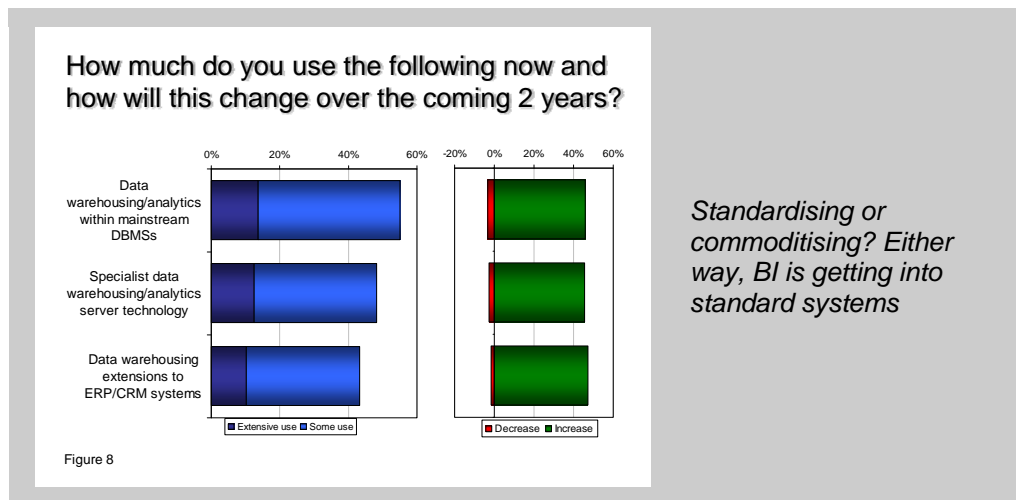
This has a couple of important implications:

- It is no longer adequate to consider the delivery of purely quantitative information in isolation of broader information needs. This may manifest itself in the form of solutions to help workers locate and access related information, regardless of its type and origin, as well as catering for the need to deal with information hybrids, such as unstructured documents with references to live quantitative data embedded inside them (e.g. a sales report with an embedded forecast).
- Organisations will increasingly have to look beyond traditional BI specialists who can only deliver the quantitative part of the solution to broad portfolio players like Microsoft and IBM who have a strong track record in collaboration, portal and search. Where specialist niche players are used, there is a need to ensure seamless interoperability with office, portal and collaboration suites that are already in place to deal with other information needs.

Picking up on this last point, the need for BI solutions to 'snuggle' into the desktop, the notion of settling, not barging in is the goal here. A key finding and one which could foster a paradigm shift in the way that BI is viewed is that while organisations expect to utilise specialist analytical tools increasingly in the future, the use of more 'standard' tools is key to broader deployment (Figure 7).

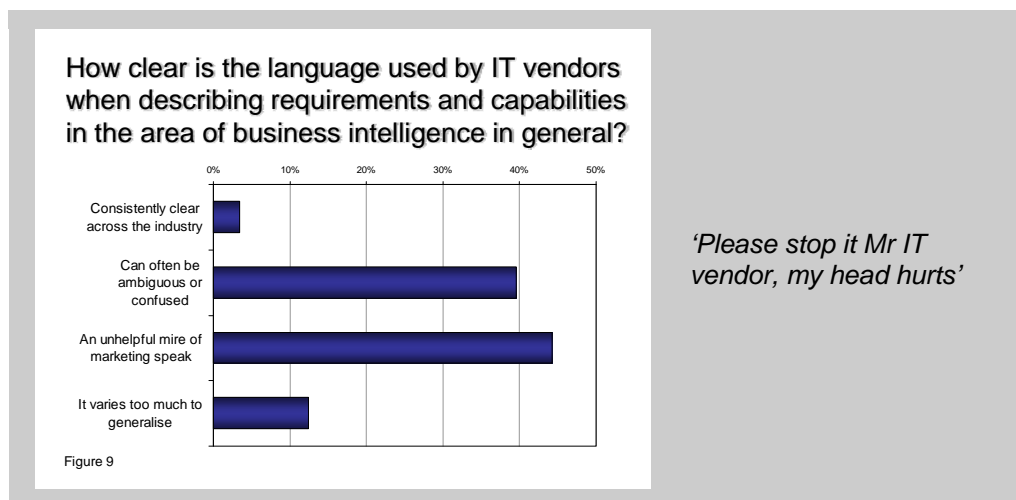


Interestingly, there is a similar sentiment with regard to the server side of the equation. As BI requirements become more pervasive, we see embedded BI capabilities in 'standard' systems and applications being particularly emphasised as organisations look forward (Figure 8).



## As needs evolve faster than products, confusion can reign

Regretfully, against this very dynamic backdrop, organisations report that vendors are not helping to clarify the situation very well (Figure 9).



This does no-one any favours as we move out of the specialist domain towards serving broader, horizontal requirements. There is also the danger of setting inappropriate expectations, for example by vendors overly marketing to business users while underplaying the actual IT related work required. A vendor that can balance these two sides of their audience can be genuinely useful as an advisor.

As a word of caution though, while vendor marketing messaging can turn on a sixpence, their products, implementation capabilities and engagement models cannot. As we are waiting for a genuine transformation in behaviour, we must therefore be prepared for some additional confusion for a while as in the land of the marketeers, there is a danger that 'BI' will become all things to all men.

With this in mind, it is particularly important for organisations to get a firm handle on their own situation and requirements, rather than being led too much by the vendor community. The trick is to take advantage of vendor ideas and insights, but always keep the core requirements we have been discussing in mind.

## Observations and action points

The findings speak for themselves. So they are not our conclusion. Let's discuss implications:

### ***A wake up call for those not paying enough attention: those that get it are getting better and those that don't are falling further behind***

The most important thing to acknowledge is that these findings should act as a call to action for any organisations that are not moving their information challenges towards the centre of their short term as well as medium and long term improvement strategies. Businesses need to get smarter or risk going backwards in relative terms. This is especially pertinent in light of the relationship between performance (e.g. growth) and an emphasis on using intelligence that we saw earlier.

In relevance terms, the BI imperative cuts across all industry sectors. Certainly, there are some verticals<sup>[1]</sup> in which access to information is paramount and more time critical than in others (financial services, telco, for example) but as stated, the need for effective BI is pretty much universal.

### ***Getting business and IT working together***

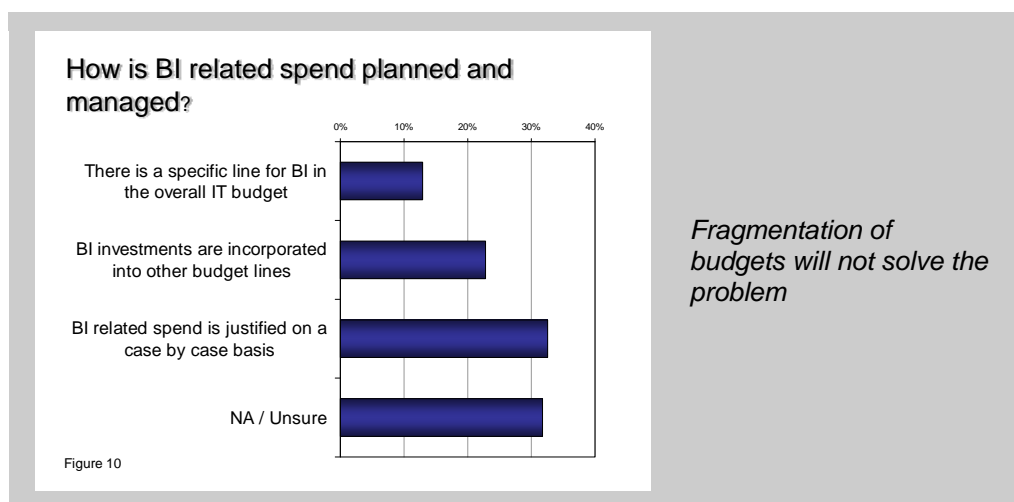
As a follow up to the core study, we gathered some additional feedback from IT professionals on the degree to which they actually asked business users explicitly about their information needs. It was a relatively small online poll sample (just over 300 respondents) but even so, the results were quite telling with only a quarter consulting with users consistently in this area. The suggestion from this is that the majority of end users are largely left to fend for themselves when it comes to identifying and acquiring the tools they need to solve their business intelligence requirements. No wonder then that the disjoint we highlighted at the beginning is so prominent.

There are some strong indications of practical ways of dealing with the challenge emerging, however. Again in a follow up poll, around 25% of organisations with >250 employees, say it is standard practice to have liaison people within business units to bridge the gap between IT considerations and business requirements for information access. Those in such a role can educate users on safe and effective practices, provide more reactive and immediate local support where required, and feed back requirements, concerns and ideas for improvement in a much more coordinated and efficient way to IT.

The idea appears to work. Those that have already fully embraced it, and those that have tried it in a limited way say they need to move more in this direction, and many more acknowledge it as being a good idea for the future. There is still a long way to go, however, before such best practices become genuinely widespread. The good intentions are clear, but they need to be acted upon.

### ***Getting some cohesion into your approach***

On the funding front, it is encouraging that 50% of organisations we spoke to stated that their BI related investment was 'increasing dramatically' or 'increasing', but there has to be some concern over how that money is spent given the way budgets are fragmented (Figure 10).



Fixing distributed and disjointed budgets is not something that can be done quickly or easily, but it is nevertheless still important to move to a more coordinated investment approach. In other areas, Enterprise Architecture (EA) groups have helped to develop frameworks and standards for effective acquisition, deployment and use of technology in a consistent manner to ensure proper alignment between IT and the business, and where such a group exists, there is a strong argument for making BI part of their remit. That way, investment proposals can be assessed for fit within the bigger picture to avoid duplication or the creation of expensive disjoints, as well as allowing potential synergies to be identified and exploited.

Given that many of the current problems with BI are as a direct result of fragmentation, such coordination is critical moving forward, whether implemented via an EA group or some other mechanism.

### ***Coordinating beyond BI***

While the need for better coordination of BI activities is clear, there is also a need to consider BI itself in the broader context. It is impossible, for example, to consider business risk management<sup>[2,3]</sup> without looking at information management and access needs. Indeed, we within Freeform Dynamics are increasingly seeing dependencies between the offshoot of BI known as “Corporate Performance Management” (CPM) and the area of “Governance Risk and Compliance” (GRC), and organisations would do well to coordinate their activities across these two domains.

There has also been a historical separation between BI and so called “Transactional Systems” such as ERP and Supply Chain Management, which, with BI becoming more important at an operational level, and with the need for more timely information looking forward, is an increasingly artificial separation. The big data warehouse systems of the past that were infrequently refreshed on a periodic batch basis cannot serve all of the needs of the modern business. BI systems must increasingly interact with transactional systems, if not on a real-time basis, then often pretty close to it.

These kinds of trends bring with them a requirement for specific BI needs to be considered in the context of operational business processes, as well as in the context of higher level management and planning.

The interplay between BI, collaboration, enterprise portals, desktop tools, and so on has already been discussed with reference to the coming together of unstructured with structured information. Closely associated with this are the BI requirements that crop up in relation to mobile and home working, social computing (following broader Web 2.0 trends), and the general move towards more collaborative working.

### ***The bottom line***

The trend in business is towards user empowerment as a driver of competitive advantage. With this empowerment, however, comes the responsibility to deliver results effectively, which is in turn often dependent on having the necessary intelligence at hand to make informed decisions. It is therefore understandable and proper that business users increasingly regard access to relevant, timely and accurate information as a right, not a privilege, and it is in the interests of the organisation to think in this way too.

Almost all of the requirements and recommendations discussed in this paper relate to this empowerment phenomenon, and an inflexion point in information management and access is being created as a result.

So, let’s stop thinking of BI as an afterthought, a “bolt-on” or a requirement for just a select few individuals. ‘BI for the masses’ might sound like a marketing slogan, but it sums up the emerging mainstream requirement very well indeed.

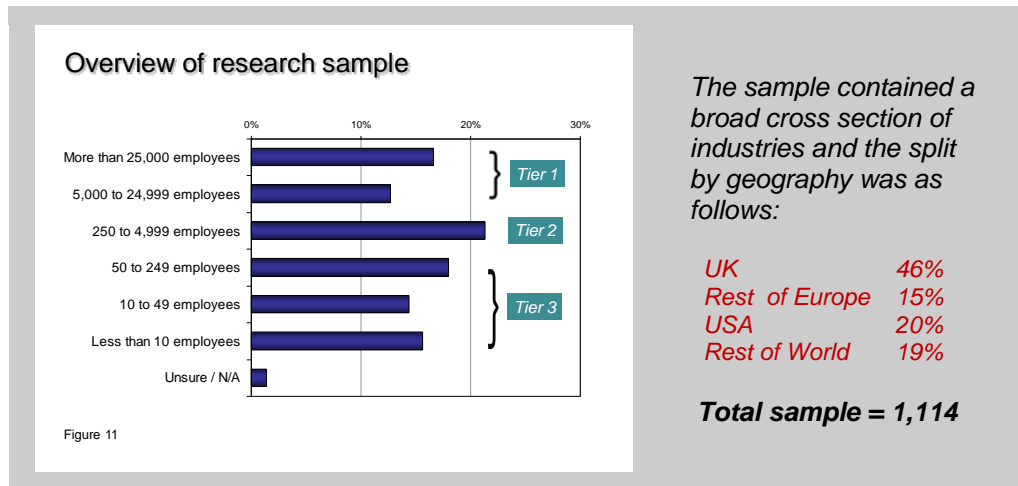
## **References and Further Reading**

- |                                       |                         |
|---------------------------------------|-------------------------|
| [1] Business Performance Management   | Freeform Dynamics, 2007 |
| [2] IT Risk in Context                | Freeform Dynamics, 2007 |
| [3] Managing Information Related Risk | Freeform Dynamics, 2007 |

## Appendix

# Research Sample

The research upon which this report is based was gathered through an online survey executed via a popular news and information site. The sample was made up predominantly of IT professionals with an involvement in business intelligence, with some representation of the business user and management community. A good cross section of industries was included and the distribution by organisation size and geography was as follows:



Note that the usual caveats to do with online research apply to this study, namely that respondent profiles are self declared and the “self-selection” sampling process is likely to have skewed the sample towards those with an interest in or knowledge of business intelligence. Neither of these factors, however, can reasonably be expected to have had an impact on the conclusions outlined in this report.

## About Freeform Dynamics



Freeform Dynamics is a research and analysis firm. We track and report on the business impact of developments in the IT and communications sectors.

As part of this, we use an innovative research methodology to gather feedback directly from those involved in IT strategy, planning, procurement and implementation. Our output is therefore grounded in real-world practicality for use by mainstream business and IT professionals.

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