Organization of Business Intelligence 2010

Second Edition

Key factors for your successful business intelligence competency center

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Content

Background

Business Intelligence (BI) supports companies by delivering key decision-making information.

In the following survey BI refers to Business Intelligence and Corporate Performance Management (CPM). BI describes the collection, preparation and distribution of data for reporting, controlling, analysis, monitoring and planning enterprise performance.

Today BI goes beyond the pure support of management processes; it is increasingly used for the control and improvement of operational processes. A broader usage of BI also affects the company's structure. To ensure a successful implementation, companies need to address a range of technical and business concerns as well as creating a supporting organization. This often requires a distinct organizational unit.

BI usually comes into a company through individual implementation projects. Such isolated projects cannot provide a company with unified reporting. Policies adopted in individual projects tend to be reinvented in new projects, because they were not embedded into business structures.

By incorporating business intelligence into their organizational structures, companies can ensure the long-term success of BI policies. Today, the most common way to establish long-term company-wide BI policies is to create a so-called Business Intelligence Competency Center (BICC).

A BICC is a cross-functional and centralized organization for establishing and implementing BI policies promoting the effective use of BI.

BICCs must deal with discrepancies between the goals of individual projects and corporate standards. This issue arises because BICCs are responsible for all business intelligence initiatives throughout the enterprise. Strong support from management is necessary. In particular a BICC requires a sponsor who can secure the necessary funding and authority within the company. Without this influence, chances are that a BICC will only be able to observe isolated BI activities without taking action and control of the situation.

This empirical study shows the current status of BICCs in companies using BI across the globe. It also looks at how BICCs work, and who manages and finances them, and measures the success that BICCs bring.

Key findings

- More than one third of all respondents have established their BICC with a bottom-up initiative, i.e. an operational group evolved into a BICC.
- The most successful way to establish a BICC in a company seems to be the top-down approach starting with a strategic decision.
- When management takes responsibility for the BICC it is more likely to be successful.
- Respondents reported the highest level of satisfaction in companies where BICCs were organized as profit centers.
- BICCs are more common at sites with a structured approach to data storage.
- Companies with a structured data management approach achieve higher user satisfaction. This may be related to the improved efficiencies and time-savings that a more structured approach can bring.
- Companies with a BICC tend to standardize more often on a BI tool than those with no BICC.
- The organization of Business Intelligence is still a relatively new topic. Only 43 percent of respondents have had a BICC in operation for more than three years.
- A correlation between the age of a BICC and the average success level achieved shows that positive results are not achieved immediately. But between one and three years after a BICC is established, the satisfaction level doubles.
- The vast majority of respondents advocated some degree of business-level participation and ownership in BICCs. This result shows the strong involvement of business in a BICC.
- Companies with up to 1,000 employees tend to favor virtual organizations or project teams.
- User satisfaction with internal BI activities is distinctly higher when an independent department is established for a BICC.
- Performance measurement is at a very early stage. No clear standards are prevalent yet. It is truly alarming that one third of companies are currently not measuring the success of BI investments.
- Overall, companies with BICCs outperformed those without competency centers in all ten of our measures of user satisfaction with BI initiatives.

The sample

This survey is the follow-up to the survey we carried out in 2008, one of the largest and most detailed surveys on BICCs worldwide.

We gathered the latest set of data in a worldwide survey carried out from the end of 2009 to the first quarter of 2010. Most of the participants were from Europe or North America (see figure 2: Respondent profile (Country split)). The survey was promoted via BARC panels, conferences, Web sites and various newsletters. The questionnaire was published in English and German.

The target group was Management (C-level), IT and Line of Business (LoB). The report is based on the data from 402 participants after data cleansing.

A quarter of the participants were from the manufacturing industry (25 percent), with many others from IT (24 percent) and financial services (15 percent). The large proportion of IT participants can be explained by the fact that a lot of external IT consultants took part in the survey and answered from a customer perspective (see figure 1: Industry split).

With regard to company sizes we have a roughly equal split between medium-sized companies (44 percent < 1,000 employees) and large enterprises (56 percent >1,000 employees) (see figure 2: Respondent profile (Company size)).

The majority of the survey participants (78 percent) indicated that they personally use BI software or receive BI reports and almost two thirds (63 percent) have a BICC in place (see figure 2: Respondent profile (BICC in use)).

BICC is a relevant topic for IT as well as Business and requires close cooperation between the two groups. In this respect the survey has an almost ideal mix of participants, with 48 percent from business (including C-level) and 52 percent from IT.
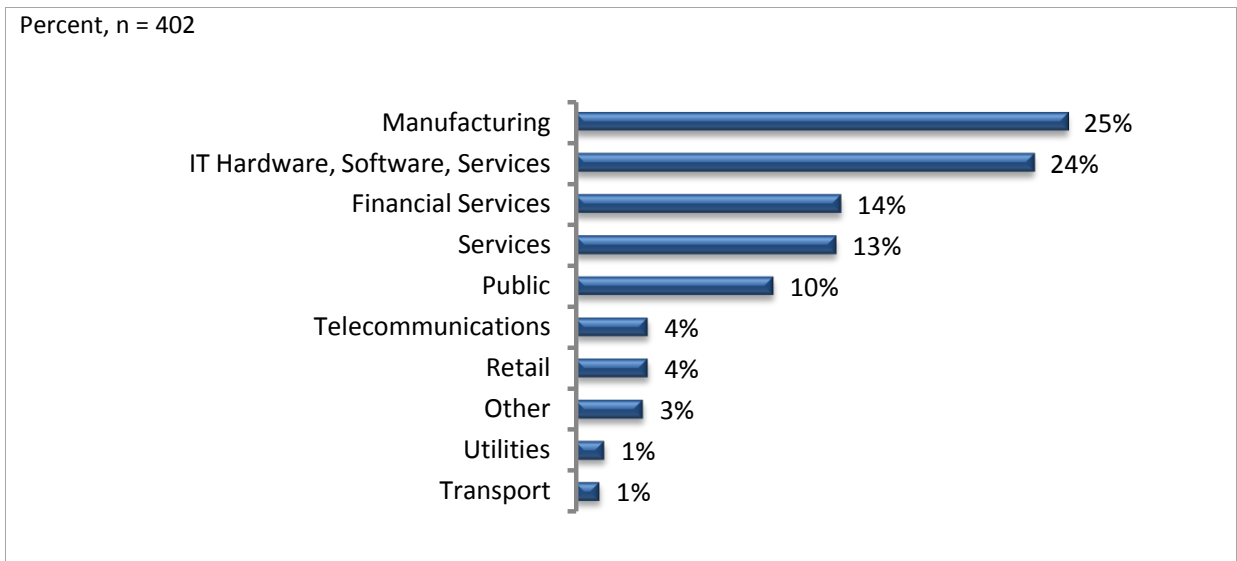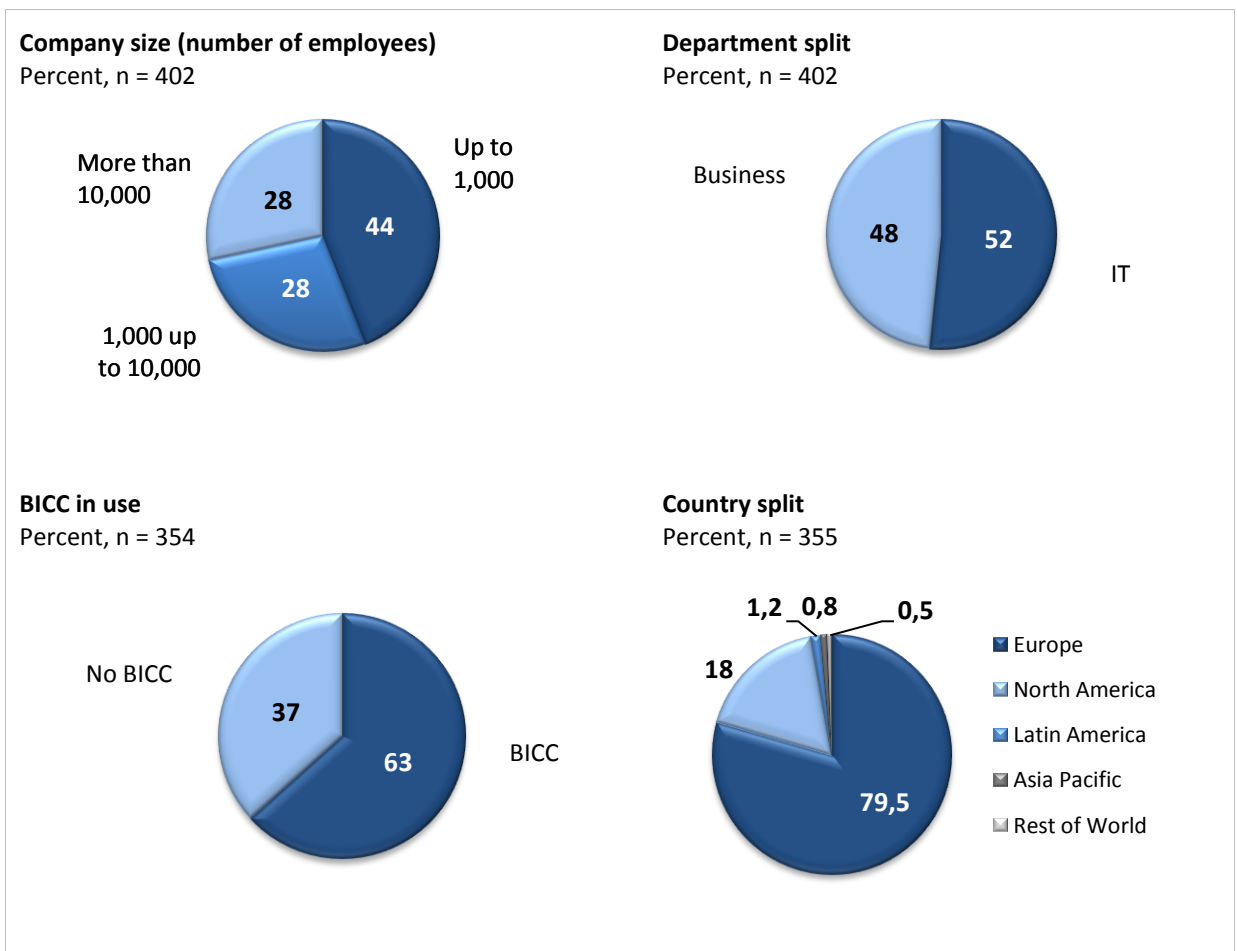
Figure 1: Industry split of the sample

Percent, n = 402

Industry	Percent
Manufacturing	25%
IT Hardware, Software, Services	24%
Financial Services	14%
Services	13%
Public	10%
Telecommunications	4%
Retail	4%
Other	3%
Utilities	1%
Transport	1%

Figure 2: Respondent profile

Company size (number of employees)
Percent, n = 402

More than 10,000: 28
Up to 1,000: 44
1,000 up to 10,000: 28

Department split
Percent, n = 402

Business: 48
IT: 52

BICC in use
Percent, n = 354

No BICC: 37
BICC: 63

Country split
Percent, n = 355

1,2   0,8   0,5
18
79,5

- Europe
- North America
- Latin America
- Asia Pacific
- Rest of World

Results of the survey

We asked participants how their BICC was established. More than one third of all respondents established their BICC with a bottom-up initiative (36 percent), meaning an operational group evolved into a BICC. In contrast, 48 percent took a top-down approach.
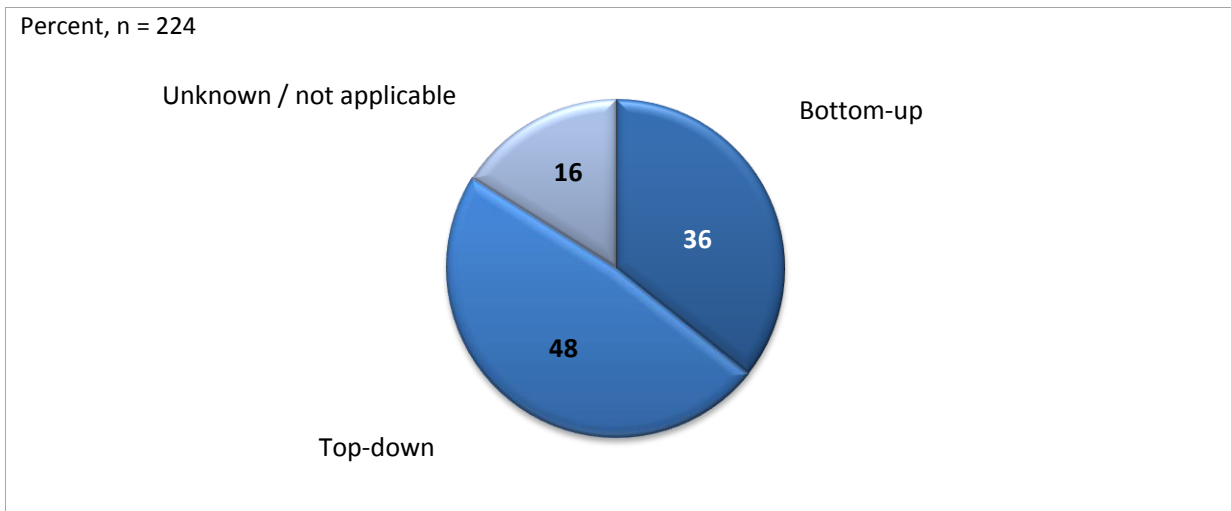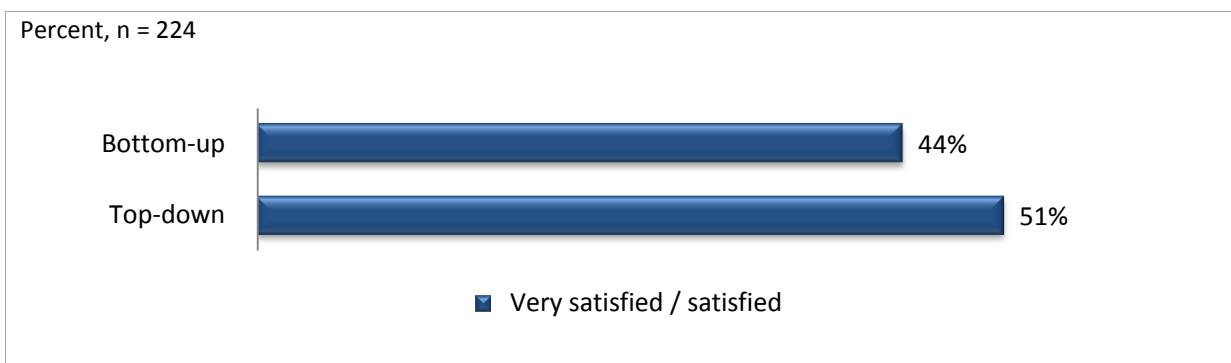
Figure 3: Method of BICC creation

Percent, n = 224

Percent, n = 224

Figure 4: Satisfaction level analyzed by creation method

Top-down approach performs best

The most successful way to establish a BICC in a company seems to be the top-down approach starting with a strategic decision. Perhaps this is because creating a BICC requires management support and organizational decisions. Implementing a BICC often implies a reorganization of roles and tasks which is clearly a management responsibility. Furthermore, financing is most often covered by C-level. In order to ensure the active participation of the key players within the line of business (LoB), they should be involved in the process of establishing a BICC.

In order to establish a BICC in a company from scratch, we recommend using a top-down approach for defining basic rules and guidelines, but when defining the rules and responsibilities in detail, this should happen based on a bottom-up approach including best practices for roles and responsibilities.

We asked participants who is the responsible for the leadership of their BICC.
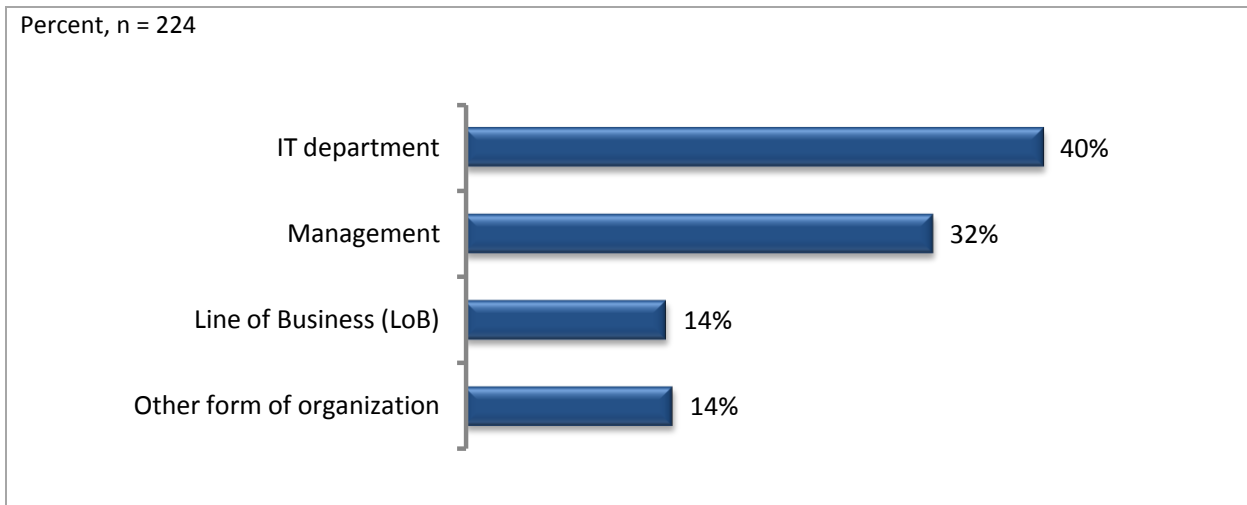
Figure 5: BICC leadership

Percent, n = 224

IT department	40%
Management	32%
Line of Business (LoB)	14%
Other form of organization	14%

Figure 6: Level of satisfaction analyzed by leadership role

Percent, n = 224

Management	53%
IT department	45%
Line of Business (LoB)	38%

■ Very satisfied / satisfied

Management responsibility in BI initiatives leads to the highest level of satisfaction

When the management takes responsibility for the BICC it is most successful, followed by the IT department and Line of Business.
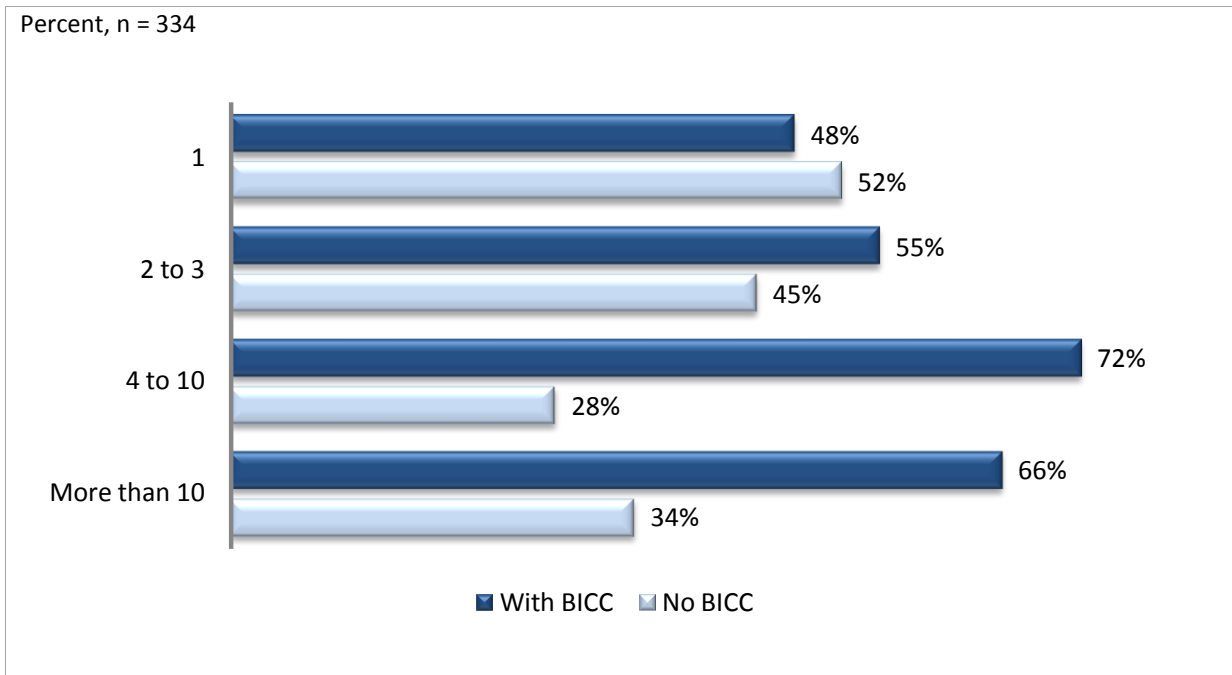
Figure 7: User satisfaction analyzed by BICC sponsorship

Percent, n = 246

Profit center (optional)	75%
Profit center (required)	64%
Budget from C-level	53%
Budget from IT	51%
Budget from LoB	44%
Other forms of finance	16%

◼ Very satisfied / satisfied
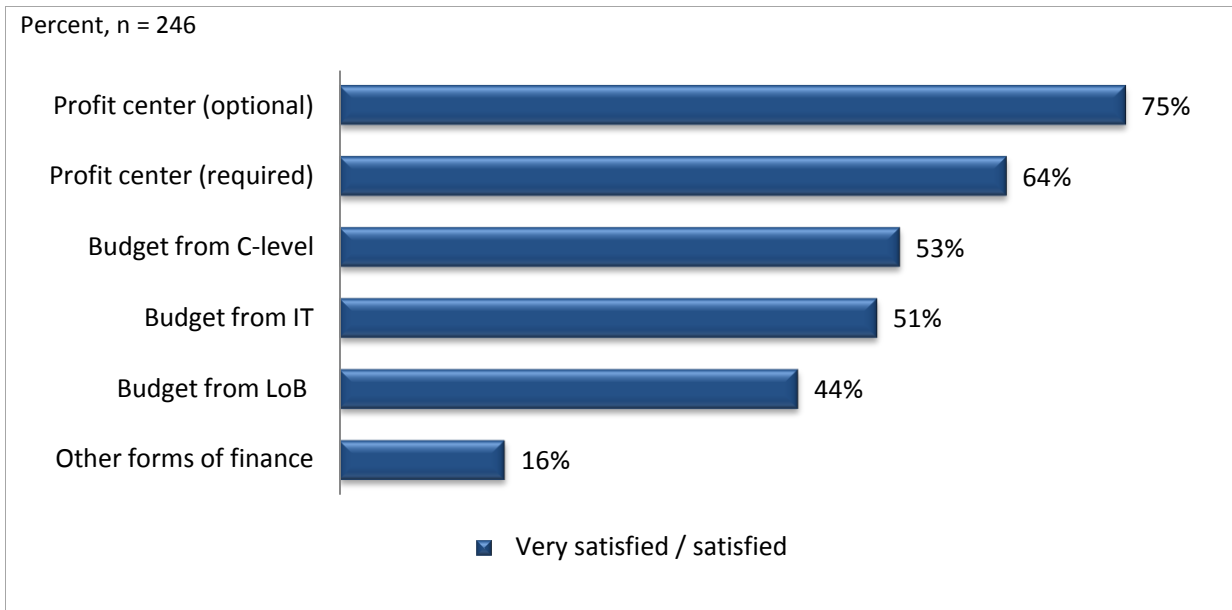
Highest level of satisfaction in profit centers

Respondents reported the highest level of satisfaction in companies where BICCs were organized as profit centers that need to actively sell their services. Management-level financing of BICCs leads to higher user satisfaction than financing them from of the budgets of IT and LoB.

Figure 8: BICC prevalence analyzed by number of data sources

Percent, n = 334

|	With BICC	No BICC
1	48%	52%
2 to 3	55%	45%
4 to 10	72%	28%
More than 10	66%	34%

◼ With BICC   ◻ No BICC

The more data sources an organization has, the more likely it is to have a BICC

Companies who gather data from four or more sources were significantly more likely to have a BICC.

Since companies with a BICC view Business Intelligence tasks from a more integrated standpoint, they integrate more data sources into the central reporting system. Sixty-seven percent of the companies that reported having BICC integrated more than four data sources into their data warehouse (this figure was 65 percent in the 2008 survey) – in contrast to only 52 percent of companies without this organizational structure (47 percent in 2008). This clearly proves that companies with a BICC integrate information better.

Figure 9: BICC analyzed by form of data management

Percent, n = 354

	With BICC	No BICC
Structured (247)	66%	34%
Unstructured (70)	56%	44%
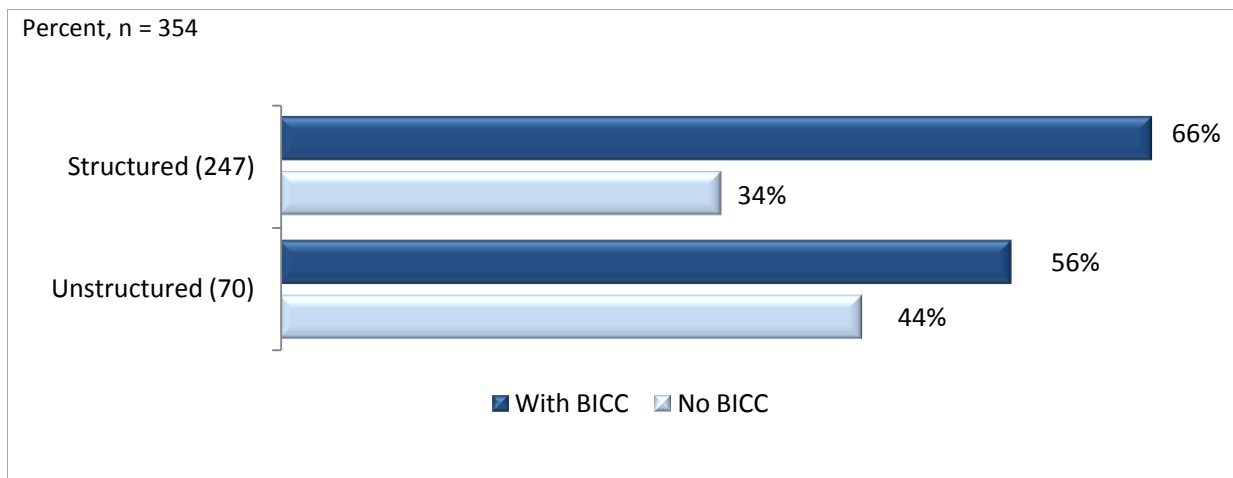
BICC correlates with structured forms of data management

We combined cases with one or more central databases into structured cases, and all other cases (independent data marts, each employee stores their own specific data, etc.) into unstructured cases. The result is that BICCs are more common in structured cases.
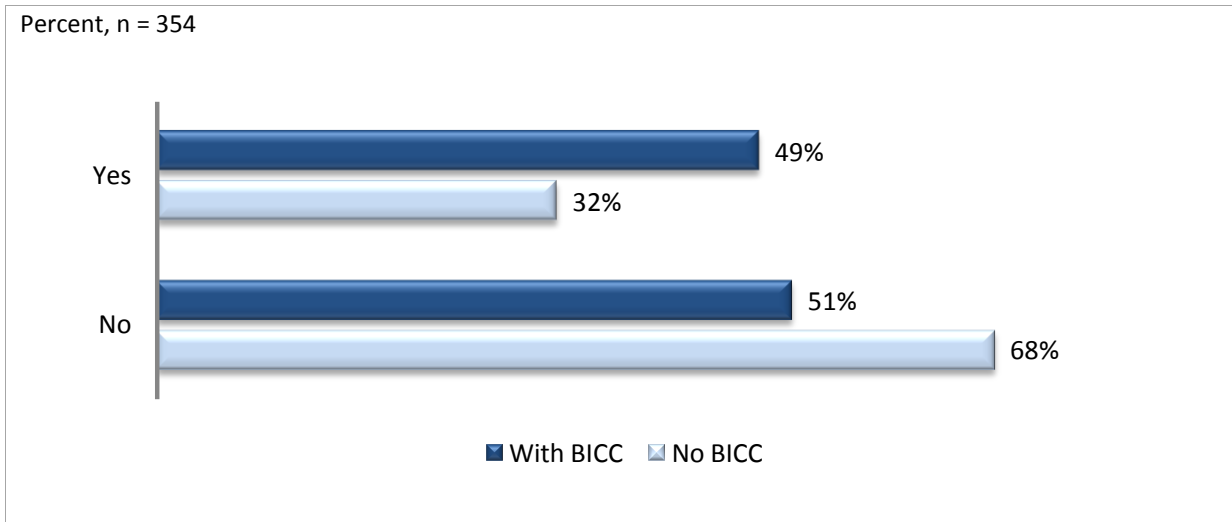
Figure 10: Satisfaction levels by data management approach

Percent, changing basis

	Very satisfied / satisfied
structured	51%
unstructured	43%
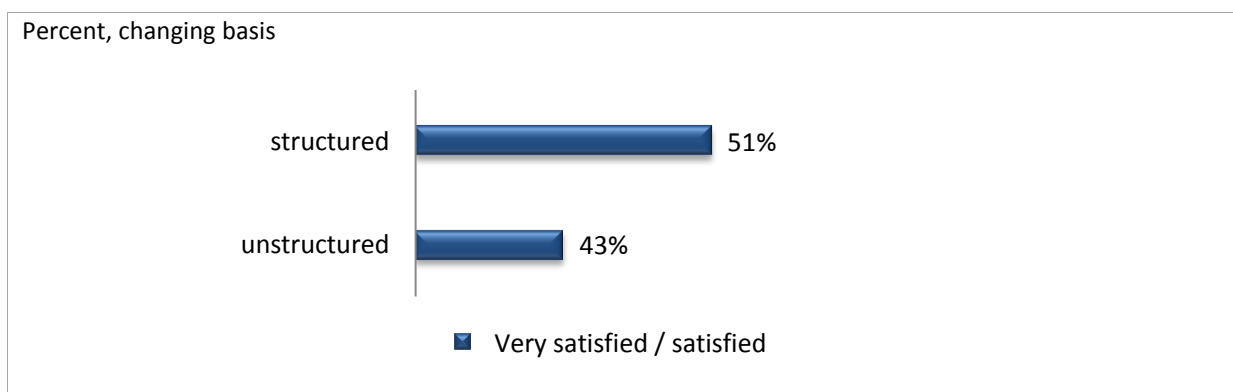
Higher user satisfaction with structured data management

Figure 10 shows that companies with a structured data management approach achieve higher user satisfaction. This may be related to the improved efficiencies and time-savings that a more structured approach can bring.

Figure 11: BICC prevalence analyzed by standardization efforts

Percent, n = 354

Yes — 49% (With BICC)
Yes — 32% (No BICC)

No — 51% (With BICC)
No — 68% (No BICC)

■ With BICC ☒ No BICC

More standardization efforts with BICC

In the next question companies were asked whether they have made any effort to reduce the number of BI tools they use. The results revealed that companies with a BICC tend to standardize more often (49 percent) than those with no BICC (32 percent). This is not surprising as companies tend to use a BICC in order to organize their BI efforts.

Figure 12: BICC prevalence by proportion of employees using BI tools

Percent, n = 325

Less than 10% — With BICC: 37%, No BICC: 51%
up to 20% — With BICC: 25%, No BICC: 22%
up to 30% — With BICC: 15%, No BICC: 9%
up to 40% — With BICC: 6%, No BICC: 4%
up to 50% — With BICC: 6%, No BICC: 6%
up to 75% — With BICC: 4%, No BICC: 3%
More than 75% — With BICC: 7%, No BICC: 5%

■ With BICC ▨ No BICC
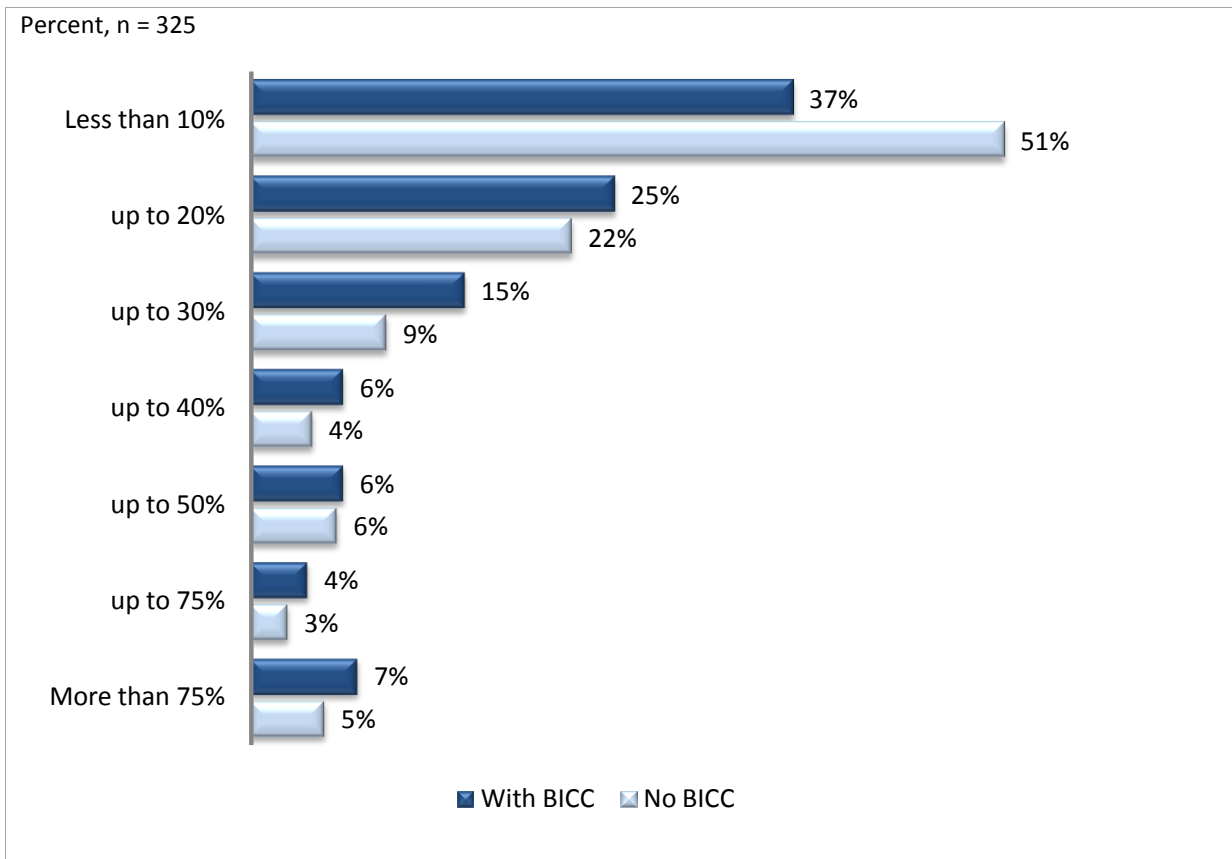
Higher usage with BICC

Companies with a BICC have a higher proportion of BI users in most cases. This probably relates to the fact that one of the typical functions of a BICC is to promote the usage of a BI solution. Further-more, companies have one single point of contact for BI questions. This effect is independent of the size of the company and the number of employees.
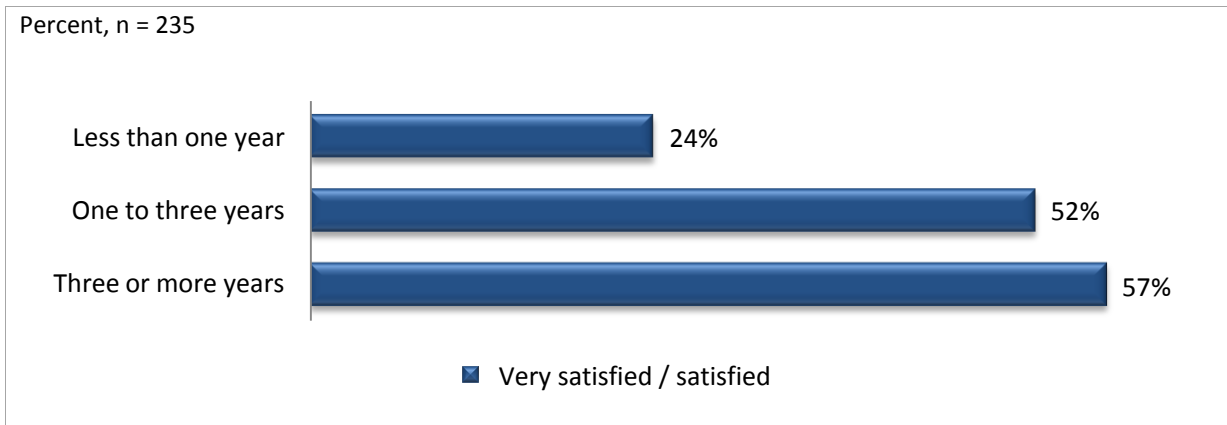
Figure 13: Age of the BICC

Percent, n = 217

Less than one year: 18
One to three years: 39
Three or more years: 43
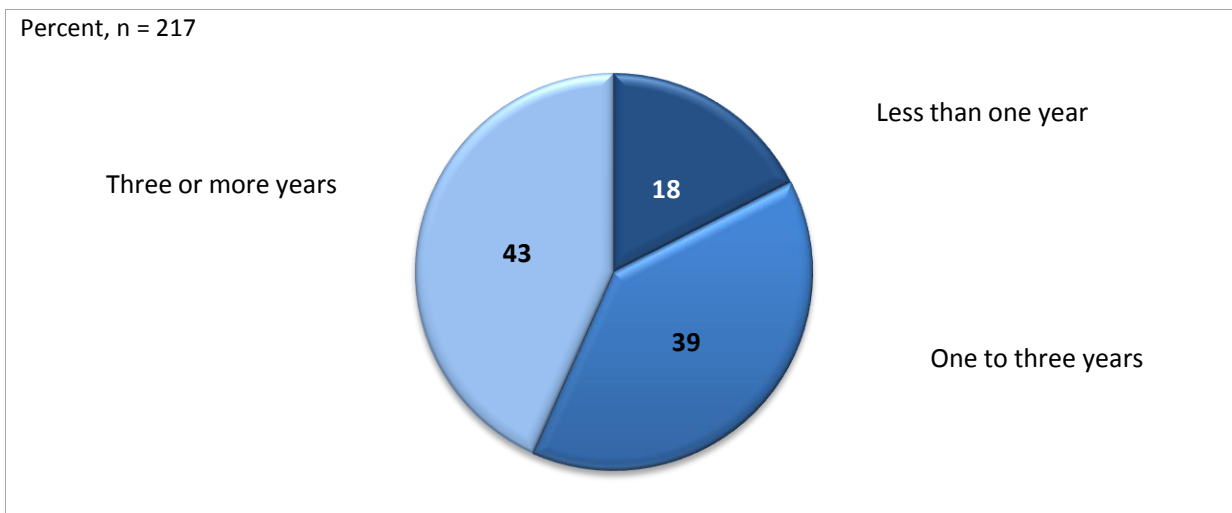
BICC implementation is still at an early stage

We asked how long it had been since the BICC was established. The organization of Business Intelligence is still a relatively new topic. Eighteen percent of participants implemented a BICC in the last year and only 43 percent have had a BICC in operation for more than three years. More than half are less than three years old.

Figure 14: Time period of BICC in place analyzed by the level of success achieved

Percent, n = 235

Less than one year	24%
One to three years	52%
Three or more years	57%

■ Very satisfied / satisfied

BICCs are more successful in the long term

A correlation between the age of the BICC and the average success level achieved shows that positive results are not achieved immediately. But between one and three years after the BICC is established, the satisfaction level doubles. We suspect that it takes a while for a BICC to get started and become effective, because simply assigning a new responsibility to a given person will not change anything immediately. This is particularly true when cross-departmental topics, which often consume extra time, are addressed.

Figure 15: Degree of business participation within a BICC

Percent, n = 224

Unknown   IT as sole provider

6   7

Moderate business
participation

30

Active business
participation

57
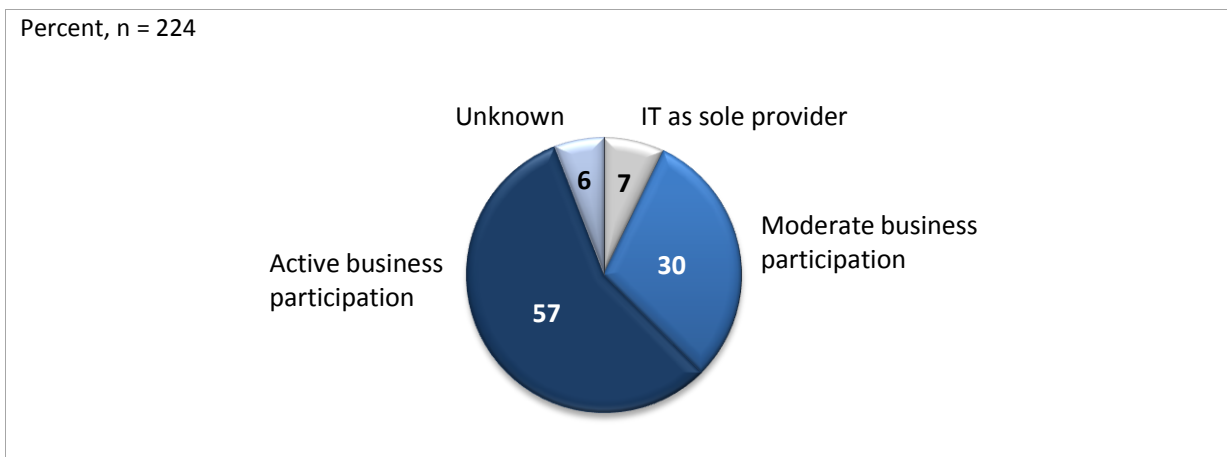
Strong participation of business

Respondents were asked to rate the degree of business participation within their BICC. The vast majority of respondents advocated some degree of business-level participation and ownership in BICCs. Very few (7 percent) indicated that IT was the sole provider of BI. This result shows the strong involvement of business in a BICC. As BICCs have to handle cross-departmental issues, the coordination between business and IT is absolutely necessary for the implementation of a solution that fits the company's needs. Projects tend to fail if either IT or LoB has exclusive responsibility.

In the next step we asked for the level of improvement achieved by the creation of a BICC. The respondents saw noticeable improvement in the following areas: process knowledge, data quality, methodologies and standards, breaking up of information silos and alignment with strategy.

Figure 16: Improvement due to the establishment of a BICC

Percent, n = 224, multiple select

Knowledge of operational processes	85%
Trust in data	79%
Methodologies and standards	78%
Information silos	78%
Projects alignment with goals	74%
Communication between IT and LOB	73%
Best practices accessibility	72%
Metadata quality	67%
Implementation time	66%
Data ownership	63%
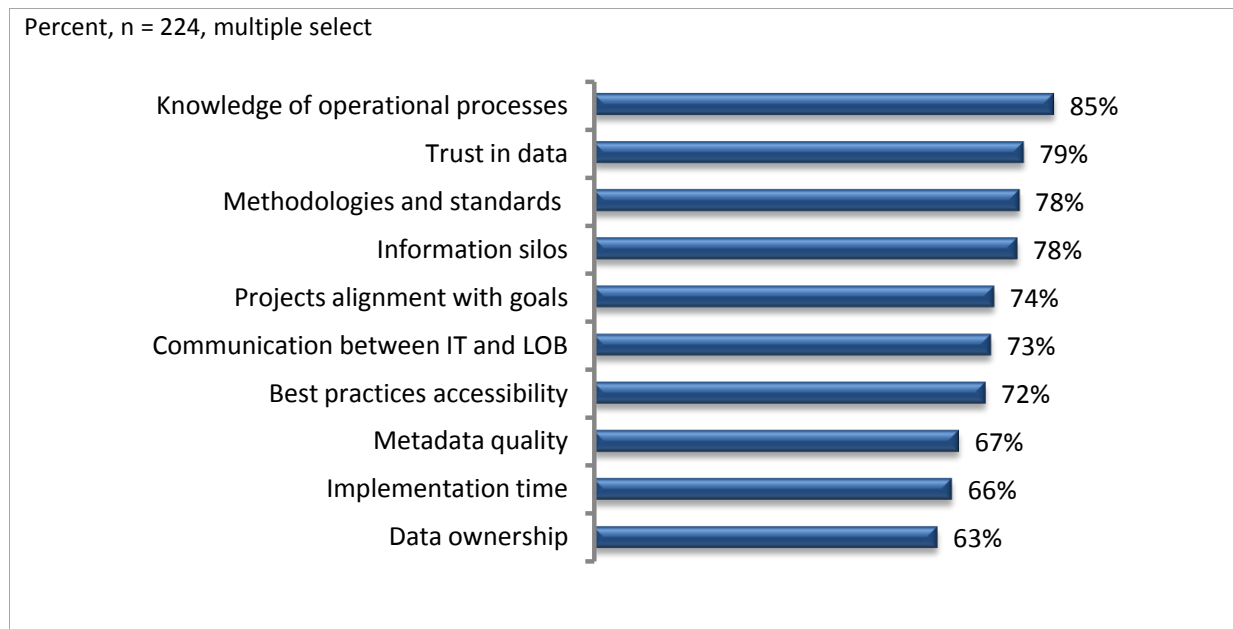
Figure 17: Detailed improvements analyzed by BICC age

Changing basis, Index: three or more years / less than one year

Trust in data	1,82
Data ownership	1,80
Compliance	1,76
Meta data quality	1,65
Tool standardization	1,50
Communication between IT and LOB	1,47
Implementation time	1,43
Information silos	1,36
Management satisfaction	1,34
Knowledge of operational processes	1,25
Projects alignement with strategy	1,15
Methodologies and standards	1,08
Training and skills	1,06
Best practices accessibility	1,00
Priorities	0,91

■ Clear improvement / somewhat better

We asked how much progress had been made since the BICC was established. We compared the results for companies whose BICCs were one year old or less with companies with BICCs that have been in place for more than three years. Trust in data, data ownership and compliance showed most improvement in longer-established BICCs. The likelihood that users reported some improvement or clear improvement increased with time for all issues we mentioned except for the issue of conflicting priorities.

The organizational positioning of a BICC within a company is a key topic. Companies can either implement an independent department with employees dedicated 100 percent to their role with the BICC, or they can implement a temporary project team. It is notable that 60 percent of all BICCs are independent departments or steering committees. The remaining 40 percent are based on virtual teams or project organizations.

Figure 18: Organizational structure by company size (number of employees)

Percent, n = 224

Independent department

48
67
70

■ Up to 1,000 ■ 1,000 to 10,000 ■ More than 10,000

Project team

33
52
30

■ Up to 1,000 ■ 1,000 to 10,000 ■ More than 10,000
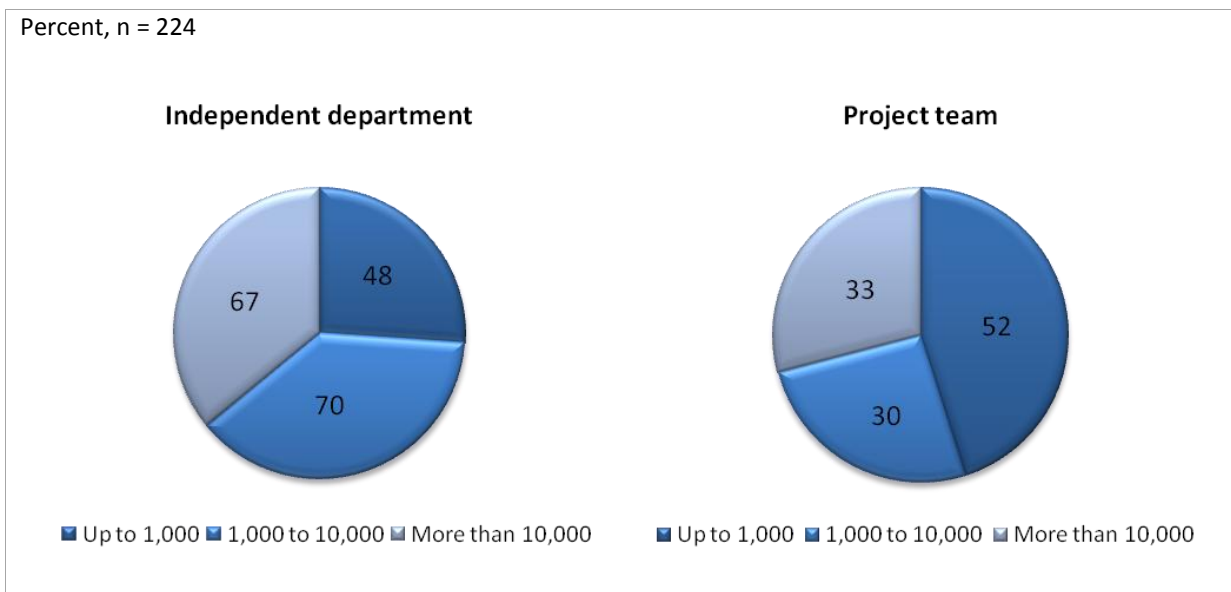
Small companies favor project teams - large companies favor independent departments

Companies with up to 1,000 employees tend to favor virtual organizations or project teams. We suspect that this could be connected to the cost of maintaining a separate organization as well as the fact that the projects involved tend to be less complex.
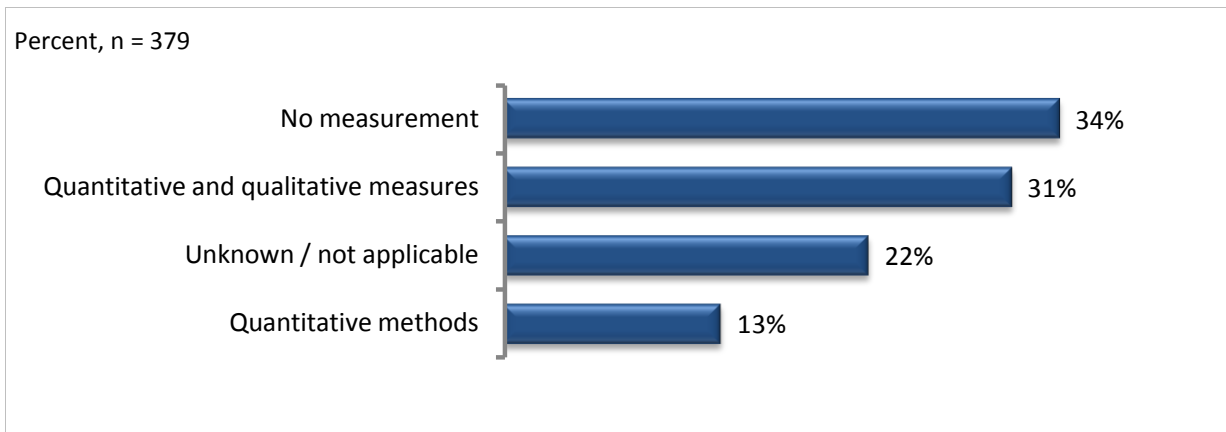
Figure 19: Organizational structure analyzed by success level

Percent, changing basis

Independent department � 61%

Project team 40%

■ Very satisfied / satisfied
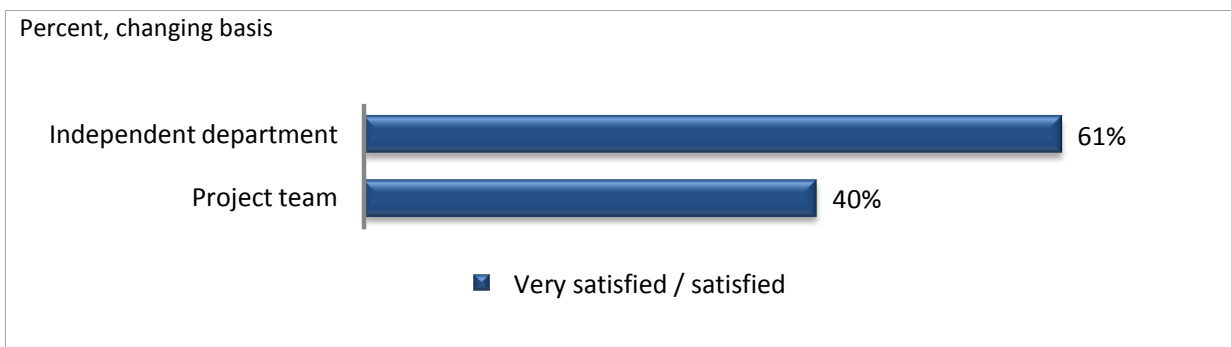
Independent departments and virtual organizations achieve a high success level

User satisfaction with internal BI activities is distinctly higher when an independent department is established as a BICC. This could be explained by the fact that competencies are clearly structured and people are fully dedicated their new roles.
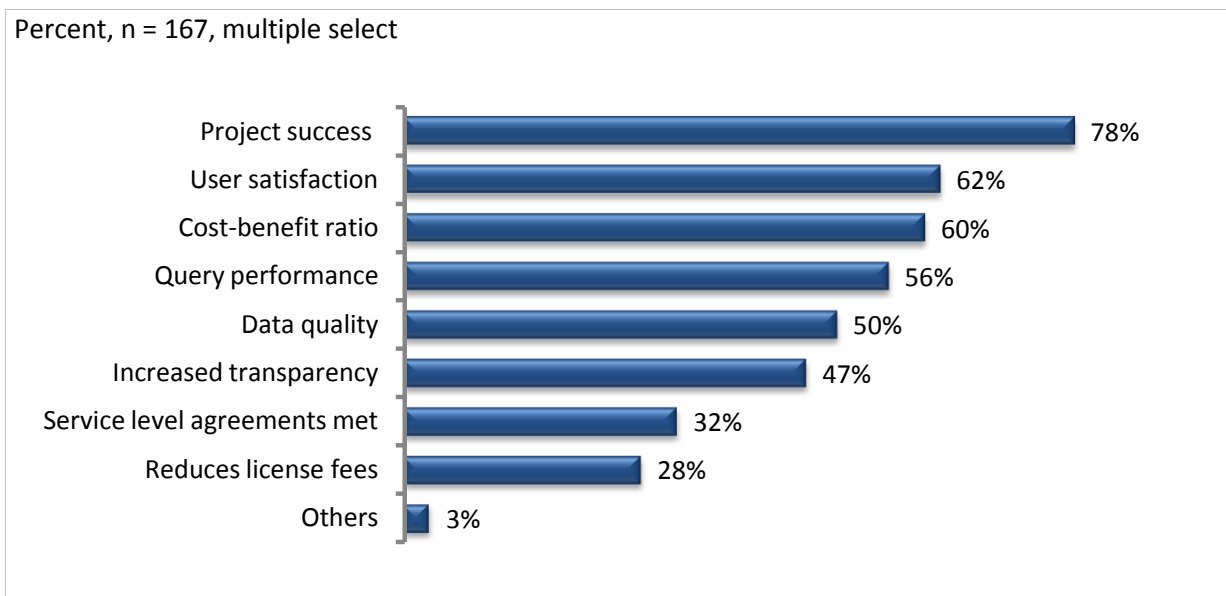
Figure 20: Measuring the success of BI investments

Percent, n = 379

No measurement	34%
Quantitative and qualitative measures	31%
Unknown / not applicable	22%
Quantitative methods	13%

Performance measurement is at a very early stage

No clear standards are prevalent yet. Difficulties are more likely to occur when it comes to the measuring of qualitative facts such as better information, improved decision-making and improved data quality. It is truly alarming that one third of companies are currently not measuring the success of their BI investments. Nevertheless almost one third stated that they measure BI investments based on quantitative as well as qualitative methods. Thirteen percent determine their success based purely on quantitative methods. The rest of the participants don't measure success or are not sure if this is done in their company.
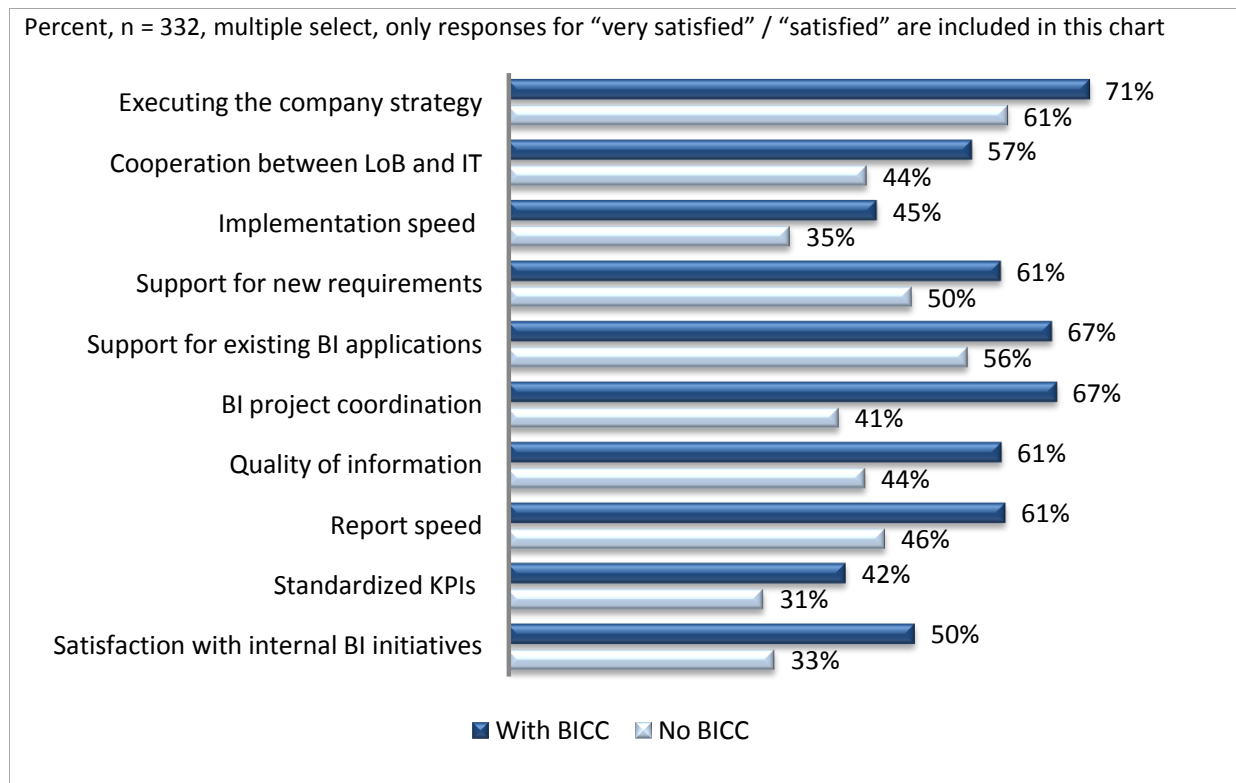
Figure 21: Measuring methods for BI investments

Percent, n = 167, multiple select

Project success	78%
User satisfaction	62%
Cost-benefit ratio	60%
Query performance	56%
Data quality	50%
Increased transparency	47%
Service level agreements met	32%
Reduces license fees	28%
Others	3%

*Project success and user satisfaction most often measured*

Regardless of whether a company has a dedicated competency center, the most frequently used measurements are project success (completed on time and on budget), user satisfaction, performance and response times and the cost-benefit ratio (maintenance and support costs versus benefit).

Figure 22: Satisfaction with subcategories

Percent, n = 332, multiple select, only responses for "very satisfied" / "satisfied" are included in this chart

Category	With BICC	No BICC
Executing the company strategy	71%	61%
Cooperation between LoB and IT	57%	44%
Implementation speed	45%	35%
Support for new requirements	61%	50%
Support for existing BI applications	67%	56%
BI project coordination	67%	41%
Quality of information	61%	44%
Report speed	61%	46%
Standardized KPIs	42%	31%
Satisfaction with internal BI initiatives	50%	33%

■ With BICC   ▨ No BICC

Survey participants were also asked to assess the maturity levels for various criteria. This question was designed to monitor the quality of business intelligence initiatives in ten categories – and the results are surprising. We contrasted companies with a BICC and companies without a BICC in this analysis.

Overall, companies with BICCs outperformed those without competency centers in every single category (see Figure 22).

Figure 23: BICC prevalence by satisfaction with internal BI initiative

Percent, n = 334, average of all categories
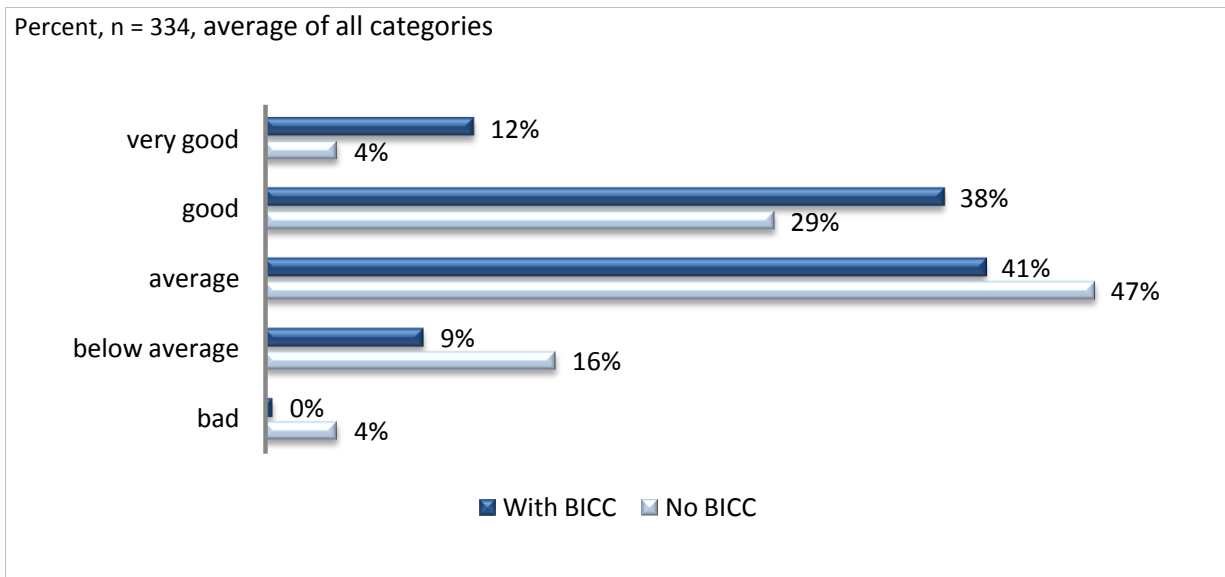
The creation of a BICC increases the quality of BI-related activities as well as user satisfaction. The central approach ensures that the requirements of all stakeholders have been addressed and provides an ideal approach to tackle issues that affect the entire enterprise (e.g. data management). Information quality, a point that often faces sharp criticism, is generally better in companies with a BICC than in those without.

Conclusion

The results of this study clearly justify the use of competency centers for business intelligence. In almost every comparative analysis, companies with a BICC had a competitive advantage over those without this organizational structure.

BI competency centers deliver measurable value to companies using BI

BI competency centers are not simply hype. Many companies have already recognized the advantages of coordinating BI tasks through a competency center. Over time, this knowledge will multiply and companies will address technical, business and organizational aspects as the standard procedure for BI initiatives.

BARC stands for neutrality, competence and quality

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BARC employees have assessed Business Intelligence and Data Management products and consulted companies in this field since 1994. BARC analysts have vast market, product and implementation insight. Their comprehensive, yet detailed knowledge of the latest market developments and the offerings of all relevant software vendors is backed by years of dedicated market research and hands-on product evaluations.

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BARC consulting projects are highly efficient and offer the highest level of security for software selections. BARC reports provide competent market overviews for all applied areas of information management. BARC conferences and seminars offer a concentrated overview of key players in a specific segment of the software market.

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Held every autumn in Wuerzburg, Germany

This event offers a unique opportunity to compare software solutions for reporting, analysis and OLAP of select software vendors. To maximize transparency for easier comparisons, each vendor must follow strict presentation guidelines. PowerPoint slides are taboo! In addition, BARC also describes each vendor's offerings from an analyst's point of view. This conference provides compact decision support to help companies better evaluate software products before making a final selection.

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