

Business Analytics: New Opportunities for the Medium-size Business

Wayne Kernochan
January 2011

Business Analytics: New Opportunities for the Medium-size Business

Introduction

Business Analytics (Business Intelligence, or BI, plus analytics) has proven able to deliver solutions for the key needs of today's medium-size businesses. In today's revenue-constrained environment, midsize companies need to improve business processes for bigger margins; BI speeds up reporting and book-closing for better monitoring and fine-tuning of these processes. Businesses need to improve business decisions by understanding their customers and environment better; BI offers more rapid delivery and analysis of greater amounts of more timely, better-quality data. Businesses need competitive advantage in an era in which competitors match products ever more swiftly; BI allows data mining of proprietary customer data for long-term relationships. Businesses need to improve their agility by reacting more quickly to changes in the business's environment; BI provides automated, flexible alerts and dashboards.

These are all capabilities that large-enterprise BI and analytics efforts have already begun to implement. However, new solutions are bringing large-enterprise solutions and benefits down to the medium-size business's level, including automated fast-deployment features for the IT resource-limited midsize business, "near-lights-out" administrative tools, a flexible/modular BI-solution architecture that integrates easily and snugly with existing systems, and a full suite of large-enterprise BI capabilities combined with greater ease of use.

These new solutions are not all created equal, nor are all of these solutions appropriate for all businesses. Still, there does appear to be a common set of characteristics among those solutions that best meet the Business Analytics needs of a broad majority of midsize businesses. They are exceptionally comprehensive but exceptionally customizable to the needs of the individual business, easy to upgrade to target new strategic initiatives, and in tune with customer trends such as social media use.

This paper finds that IBM Cognos Express is an example of such an effective Business Analytics solution. IBM Cognos has a comprehensive Business Analytics suite backed by solutions and exceptional deployment/operation services that support both initial bare-bones planning/reporting-type BI and modular/open addition of dashboards, analytics, and EPM (Enterprise Performance Management). These offer a way to use Business Analytics for key initiatives such as cost-effective implementation of the real-time/responsive enterprise, more effective use of new/social media, and innovation. Cognos Express provides a fast-deployment version of IBM Cognos that gives businesses a straightforward way of tapping into Cognos' Business Analytics strengths.

New Opportunities From Business Analytics

BI, like military intelligence, aims to collect and analyze data about an organization, its customers, and its competitive environment in order to improve its effectiveness. One of its tools is *reporting*; another is *analytics*. BI reporting tools tend to be issued regularly, with standard formats, and with a focus on past results and business-process support. A BI analytics tool is focused on analysis rather than on results reporting or supporting a business process, and it tends to have more "forward-looking," "real time," and ad-hoc features (such as forecasting, planning/budgeting, alerting, and dashboards) than the reporting tool.

Business Intelligence (BI) is therefore fundamentally about data analysis, and experience has shown that those who use BI to quickly understand data about their customers, their prospects, and their performance and take actions

accordingly have a big ongoing advantage in follow-on revenues, spend efficiency and effectiveness, and flexibility over those who don't. The key word today is *flexibility*: this economic environment is marked by more dangerous, more frequent, and more profound changes than in the past. BI software automates and institutionalizes more rapid corporate responses to these changes.

Ultimately, realigning business strategy to emphasize the BI tasks of gathering data, gaining insights, and using those insights to drive decision-making should deliver major improvements in gross margin and ROI. Past academic studies have shown that strategic analytics delivers bottom-line results. Recent case studies cite:

- 80 percent increase in productivity savings (banking and financial services company)
- \$200 million increase in working capital (telecommunications provider)
- \$24 million in reduced waste and fraud (government agency)
- \$300 million in savings and fraud reduction (HR software company)
- 600 percent increase in cross-sell campaign (bank)
- 40 percent decline in homicide rates (police department)

Results are often strongest when reporting and analytics are closely integrated. For example, understanding variances from a plan expressed as a report is key to effective actions in response to “variance alerts” shown on “near-real-time” dashboards. Today, Business Analytics has extended its support for the full suite of analytics capabilities to the midsize business space and also added new capabilities, leading to new opportunities for the savvy business:

- EPM (Enterprise Performance Management) – giving corporate executives a day-to-day feel for enterprise performance via dashboards and alerting; and
- Agile BI – fast deployment of a BI solution and enterprise-customized add-on applications, giving a greater ability to “turn on a dime.”

Key Criteria for Business Analytics Solutions

The typical medium-size business finds that fully implementing BI occurs in two stages:

- Stage 1: The Basic Buyer needs core BI capabilities such as querying and reporting. The Basic Buyer usually has little or no existing BI infrastructure to integrate.
- Stage 2: The Advanced Buyer needs to scale existing BI capabilities, and needs to add technologies such as OLAP (online analytical processing) or EPM for competitive advantage. The Advanced Buyer may also need to extend the scope of data accessed by BI, and may need cloud computing's cost-effectiveness – but with minimal additional risk of security problems. These new capabilities must integrate seamlessly with Stage 1's core solution.

Thus, midsize businesses with minimal data-warehouse infrastructure need a vendor that provides rapid deployment and cost-effective operation during Stage 1, tuned to the individual business, and supports the full capabilities needed in Stage 2, in a solution that is well-integrated and modular.

Particular criteria that midsize companies should consider for judging BI vendors and their solutions include:

- The ability to demonstrate TCO savings and ROI for the buyer's initial “targets of opportunity”;
- Extensive libraries, templates, features and/or “apps” for specific industries or for unique needs;
- Rapid-development support;

- Services for advising the company on data mining and app development;
- Support for, and a wide choice of, features, hardware, software, and services, including third-party ones;
- Effective integration with existing solutions (e.g., ERP and CRM).

How IBM Cognos/Express Can Meet the Need

IBM Cognos Express offers a strong example of the new midsize business–focused Business Analytics solutions. For the last 20 years, Cognos has been known as one of the two or three top providers of decision support and BI solutions. IBM Cognos Express provides a Business Analytics solution that gives access to all the key features of IBM’s enterprise-class products (reporting, analysis, dashboard, scorecard, and planning), yet is also designed to focus on the needs of businesses. Everything is included in a pre-configured solution that aims for easy acquisition, rapid/automated installation, and ease of use and administration. And, of course, Cognos Express is a subset of Cognos, so there is a straightforward upgrade path as the business and its Business Analytics uses grow.

Key midsize business-focused features of IBM Cognos Express include:

- IBM Cognos Express Reporter, for self-service reporting and ad-hoc querying using Cognos’ Web interface;
- IBM Cognos Express Advisor, for “free-form” analysis of key data, including visualization, drill-down, drill-up, and “what-if”;
- IBM Cognos Express Xcelerator, for planning, forecasting, and multi-dimensional business analysis using an extension of user-familiar Excel;
- IBM Cognos Express Planner, for automated, scheduled planning, budgeting, and forecasting.

These are supplemented by IBM’s and IBM Cognos’ extensive business and IT services consulting, libraries, and third-party and partnered software and solutions. In other words, IBM Cognos Express can provide exceptionally large and experienced consulting arms to demonstrate “targets of opportunity” and can advise on how to do data mining, apps for business/industry needs, consulting and resources for rapid deployment and development of new apps, access to third-party software, support for existing third-party hardware, and integration with existing ERP/CRM solutions such as SAP – just those criteria that Stage 1 and Stage 2 midsize businesses should consider.

IBM Cognos Express Differentiators

Midsize companies will typically find that alternatives to IBM Cognos Express break down into two types:

1. Established Business Analytics vendors that have in the past focused on large enterprises, such as SAS, and
2. Newer ISVs (independent software vendors) focused on SaaS (Software as a Service BI, e.g., solutions offered by “public cloud” vendors) and open-source BI implementations.

Compared with established vendors, IBM Cognos Express typically differentiates itself both by its strong focus on midsize business needs and by the comprehensiveness of its offering. This is especially true with regard to IBM Cognos Express’ services, which offer massive resources and leadership experience in the general areas of data management and solution support. If the business already has IBM hardware, IBM also offers the performance advantages of integration *inside* its solution and integration *with* the existing architecture, including pre-packaging of such features as an in-memory OLAP (Online Analytical Processing) engine.

With respect to SaaS/open-source BI vendors, IBM Cognos Express usually differentiates itself by its ability to provide a full suite of large-enterprise capabilities, by its long implementation experience that minimizes the risks of BI implementation and use, and above all by its extensive consulting and support resources. The smart BI implementer will consider and avoid the risks of increased security vulnerability, as use of outside-the-organization Web data grows, decreasing quality of the information on which one bases decisions as data stores inevitably grow, and increased ill effects of outages of BI systems when rapid reaction to company-threatening events is critical. IBM has been there and done that.

Conclusion and Action Items

Suggested midsize company action items in implementing Business Analytics include:

- Performing “outcome-based” ROI analysis of initial projects, so that the business can immediately get BI buy-in across the organization by targeting initial projects with a major effect on the bottom line, and
- “Kicking the tires” of BI vendor solutions by viewing demos that give a good feel of how you can use them in practice.

Most, if not all, medium-size businesses should also consider placing IBM Cognos Express on their short lists. Your mileage may vary, but for a wide variety of situations, IBM Cognos Express is an alternative worth considering.

About

Wayne Kernochan

Focus Expert [Wayne Kernochan](#) is the President of Infostructure Associates, an affiliate of Valley View Ventures that aims to identify ways for businesses to “leverage information for innovation and competitive advantage.” Wayne has been an IT industry analyst for 21 years. During that time, he has focused on key information- related technologies, such as databases, development tools and middleware and ways to measure their effectiveness, such as TCO, ROI and agility measures. Wayne has worked for respected firms such as Yankee Group, Aberdeen Group and Illuminata and has helped to identify differentiation and to craft marketing strategies based on competitive intelligence for vendors ranging from Progress Software to IBM. He has also performed extensive studies of the SMB market and produced buying guides for databases, development tools and information integration solutions. Wayne is a columnist and writer for a wide range of publications, with over 200 Google citations and he is a frequent speaker at Webinars.

Focus Research

Each year U.S. businesses spend more than \$75 trillion* on goods and services. And yet there has not been a definitive source of trustworthy and easily accessible information to support business buyers and decisions makers — especially those in small and midsize businesses. Filling this gap is the mission of Focus Research.

Through its Research Guides, [Focus Research](#) empowers buyers to make considered purchases and decisions. Focus does this by providing freely available, actionable advice based on the expertise of other buyers, recognized experts and Focus analysts.

* Source: Visa, Inc. Commercial Consumption Expenditure Index fact sheet.