

Self-Service BI

Empowering the Line-of-Business Manager

May 2010

Michael Lock

Executive Summary

Today's Line-of-Business (LoB) managers need to make quicker decisions based on cleaner and more relevant information. Waiting for a report to make its way through an IT queue is no longer an option as timely decisions carry a higher business premium than ever before. LoB decision makers now require self-service access to their analytical solutions in order to stay abreast of market trends and react quicker to threats and opportunities. Aberdeen's research shows that Best-in-Class companies have a comprehensive strategy to develop their non-technical LoB managers into analytically inclined decision makers, spread Business Intelligence (BI) capability to more organizational functions, and drive significant internal and external business efficiencies as a result.

This report is based on direct feedback from 223 LoB managers across the globe.

Best-in-Class Performance

Aberdeen used the following four key performance criteria to distinguish Best-in-Class companies:

- **67%** organizational adoption rate of BI tools, compared with 21% for the Industry Average and 7% for Laggards
- **81%** of users have self-service access to BI, compared with 45% at Industry Average companies and 10% at Laggards
- **214** BI users supported per Full-Time Equivalent (FTE) dedicated to BI, compared with 134 users for the Industry Average and 82 users for Laggards
- **18%** year over year increase in customer retention, versus a 6% increase for the Industry Average and a 1% decrease for Laggards

Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class results are:

- **2.4-times** more likely to have BI initiatives driven from the LoB
- **3.9-times** more likely to use cross-functional teams to facilitate BI
- **112% more likely** to leverage data integration tools to support BI

Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies must:

- Formalize a process for gathering end-user BI requirements
- Improve the ability to track BI utilization
- Utilize operational dashboards for real-time business visibility

Research Benchmark

Aberdeen's Research Benchmarks provide an in-depth and comprehensive look into process, procedure, methodologies, and technologies with best practice identification and actionable recommendations

"I am currently in the process of rolling out a performance management tool for our project portfolio. We are finding it useful that it requires no IT involvement and is very user friendly. In addition, our IT department has begun to look into BI solutions to empower users to drill into data as needed without IT involvement as well. There is a shift from being overly dependent on IT to empowering users to make faster and better business decisions."

~ Brian Schmidt

Operations Manager

Deckers Outdoor Corporation

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Chapter One: Benchmarking the Best-in-Class

Beyond IT - Pushing BI to the Line-of-Business

In the wake of a major market correction, the traditional model of IT-business interaction is being flipped on its head. When capital budgets were flush, companies relied on the IT department to research, evaluate, and deliver business tools that may or may not have been appropriate for the Line-of-Business (LoB) managers. With capital spending in check, companies are being asked to do more with less, and in turn, the LoBs are generating their own requirements for business technology and are only spending on solutions that can deliver immediate, measurable value to their function. As companies recognize the breadth and applicability of today's Business Intelligence (BI) tools, many are leveraging a pervasive BI strategy that allows for analytical tools to be used creatively by the LoB managers and front-line employees without extensive involvement from the IT department.

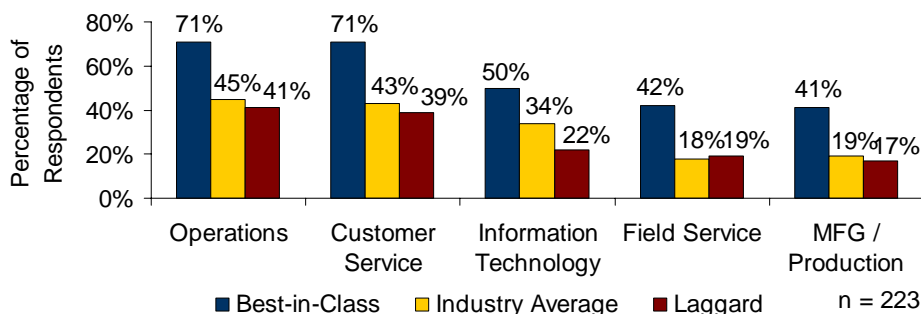
Employees across the organization are demanding faster and more relevant information and BI has now evolved into more than just a technology. The ability to transform raw data into actionable insight relies upon strong collaboration between the technical leaders in the company and the business users that depend on information to support decisions. As such, the end-to-end process of BI has become just as much a philosophy as a software application. Aberdeen's December 2009 benchmark report, [Data Management for BI: Strategies for Leveraging the Complexity and Growth of Business Data](#), showed that data volumes are growing in excess of 30% a year, conservatively, and companies are tasked with managing a variety of disparate complex data sources that feed their analytical systems. Top performing companies recognize the need to allocate ample IT resources to managing these back end data systems, while leaving the functional specific reports and views to be created the LoB managers themselves. Aberdeen's research shows that Best-in-Class companies are leveraging self-service BI to deliver analytical capability to more key business functions in a non IT-assisted or minimally IT assisted capacity (Figure 1).

Definition of Terms

In the context of this study, a **Line-of-Business (LoB)** manager is defined as a decision maker (director or manager level) within a core, non-IT, business function or department. Key LoBs represented in this benchmark report include:

- √ Finance / Accounting
- √ Operations
- √ Marketing
- √ Sales
- √ Supply Chain / Logistics
- √ Human Resources

Figure 1: Organizational Functions Leveraging BI



Source: Aberdeen Group, May 2010

Business Context

While the global workforce has become smarter and more analytical as a whole, many organizations still struggle to keep up with the demand for tools and frameworks that help them make sense of their data. Technology professionals have been familiar with BI for quite some time, but LoB managers (e.g. supply chain directors, marketing program managers, sales directors, HR leaders, etc.) are thirsting for a way to capture meaning from the information flowing in and out of the organization on a daily basis. The ability to deliver BI to more functions and departments in the organization has repeatedly shown up as a defining characteristic of top performing companies. Aberdeen's May 2009 benchmark, [*Executive Dashboards: The Key to Unlocking Double Digit Profit Growth*](#), showed that Best-in-Class companies were more likely to be using BI with traditionally analytical functions like finance and accounting, but were also more likely to be leveraging analytical strategies with less traditional functions like human resources and customer service.

In order to satisfy the growing need for business visibility and decision support, many organizations are exploring a self-service delivery model for analytical capability. With this type of approach, companies reduce or eliminate IT intervention in the deployment and support of BI tools and allow for analytical curiosity to run its course with the LoB managers. A self-service model also creates an environment wherein analytical views, reports, and models can be created, applied to data, and distributed to a wider audience within the organization. With increased access to BI in a self-service capacity, LoB managers can create more custom tailored tools that empower them to make more confident decisions, ultimately leading to substantially improved business performance.

The addition of BI to the tool belts of functional managers was born out of necessity. When it comes to IT support, typically the squeaky wheel gets the grease, and contending with c-level executives and other high maintenance technology users created an environment for the LoBs that requires patience, creativity, and an analytical mindset. A self-service approach to BI has the potential to create significant efficiencies for organizations and allows managers the opportunity to:

- Create customized views of data
- Increase the adoption of BI tools
- Reduce dependence on IT
- Drive value from traditionally untapped organizational data

Two main factors are compelling companies to generate a self-service environment for BI. First, many companies are experiencing a growing need to create open lines of communication and visibility between corporate management and specific business units. The executive ranks tend to view the business from a strategic macro level and often lack visibility into what drives performance on a functional level. The LoB managers in each business unit have the firsthand experience and understanding of what drives the

Fast Facts

Best-in-Class companies achieved:

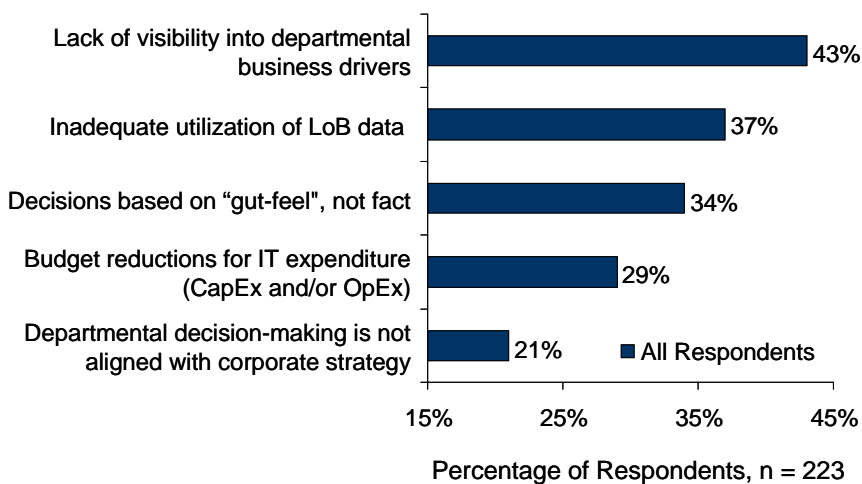
- ✓ A **14%** year over year increase in new accounts sold

Compared with:

- ✓ An **11%** increase for the Industry Average
- ✓ A **4%** increase for Laggards

business, but often lack the tools required to make quick decisions based on these drivers. Therefore companies are looking to leverage BI as means of creating visibility into these functional business drivers and communicate them to the strategic level. Secondly, most business units find themselves inundated with raw data about their business. While efforts have been made at the IT level to capture and manage this data, many have yet to leverage those efforts to deliver actionable insight to the LoB level. Aberdeen's research validates that these two pressures are top of mind for companies looking to achieve self-service BI at the functional level (Figure 2).

Figure 2: Top Pressures Driving Self-Service BI at the LoB Level



Source: Aberdeen Group, May 2010

Companies are looking to remove as much ambiguity from their decision-making and base more of their actions on fact rather than gut-feel. BI is generally designed to enable more timely fact-based decisions and most LoB managers share the overall desire to mitigate uncertainty in how they run their business. Additionally, the need for self-service BI has shown to be born out of economic necessity. Many organizations have been forced to cut IT spending and therefore transfer not just the technical burden of BI to LoB managers themselves, but the financial obligation as well. Many of these cash-strapped companies are looking for creative new ways of delivering analytical capability, and a new direction being considered is outsourced BI model delivered via a web-based Software as a Service (SaaS) interface. For a more detailed discussion of BI deployment methods, refer to the technology insight at the end of Chapter Two.

The Maturity Class Framework

Assessing performance when it comes to delivering BI at the LoB level is based on three questions. First, what level of BI pervasiveness has been achieved? Project-based or point-solution BI delivery typically carries more hurdles when spreading BI to more functions. Conversely, organizations

“Due to the aid of BI (i.e. automated reports and specialized analysis of usable data) we were able to achieve significant reductions of throughput times within our machine shop and our forging department. This amounted to about 1.5 weeks per order, leading also to a significant raise in output. On the other hand, as a global manufacturer, we were able to significantly adjust our global supply chain, leading to a total reduction in logistics costs of about 20%.”

~ Uwe Karrenberg
Head of Business
Administration/Commercial
Management
Wilhelm Maass International

with higher BI penetration are also typically more successful in broadening the use of the tools to more functions.

Second, how successfully has the burden to IT been alleviated or even eliminated? This can be measured by understanding the degree of self-service BI delivery across the workforce.

Third, how have these strategies affected business performance both internally and externally? A well-conceived departmental BI strategy will create internal efficiencies by reducing IT involvement in the BI deployment and allowing for more user support per Full-Time Equivalent (FTE). Similarly, by equipping more LoB decision makers with BI capability, the organization will be in a position to service its customer base more efficiently and better nurture customer relationships. Aberdeen used four key performance criteria to distinguish the Best-in-Class from Industry Average and Laggard organizations:

- **Analytical pervasiveness** is measured as an average percentage of employees that regularly use BI tools and strategies
- **Self-service BI usage** is measured as an average percentage of BI users that have leverage BI in a self-service, non IT-assisted capacity
- **Human resource efficiency** is measured as an average number of BI users supported per FTE dedicated to BI
- **Customer retention** is measured as an average year over year percentage change in customer retention

Fast Facts

The Best-in-Class are **52% more likely** than all other companies to deliver BI projects **on-time**

Table 1: Top Performers Earn Best-in-Class Status

Definition of Maturity Class	Mean Class Performance
Best-in-Class: Top 20% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 67% of the workforce regularly uses BI tools ▪ 81% of BI users have self-service access to solution ▪ 214 BI users supported per FTE dedicated to BI ▪ 18% year over year increase in customer retention
Industry Average: Middle 50% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 21% of the workforce regularly uses BI tools ▪ 45% of BI users have self-service access to solution ▪ 134 BI users supported per FTE dedicated to BI ▪ 6% year over year increase in customer retention
Laggard: Bottom 30% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 7% of the workforce regularly uses BI tools ▪ 10% of BI users have self-service access to solution ▪ 82 BI users supported per FTE dedicated to BI ▪ 1% year over year decrease in customer retention

Source: Aberdeen Group, May 2010

The Best-in-Class PACE Model

The ability for a company to achieve the performance described in Table 1 is predicated on a variety of factors related to the overall maturity of the organization. Elevated performance, when it comes to BI, is a result of having the appropriate people, processes, and technologies in place in order to maximize the organizational impact of the solution. Best-in-Class organizations share a long list of common characteristics that underlie their success with BI delivery and the implementation or adoption of these characteristics is key to helping companies improve their overall performance. Therefore, successfully reducing IT involvement in the BI strategy and arming more LoB managers with analytical capability requires a combination of strategic actions, organizational capabilities, and enabling technologies that are summarized in Table 2.

Table 2: The Best-in-Class PACE Framework

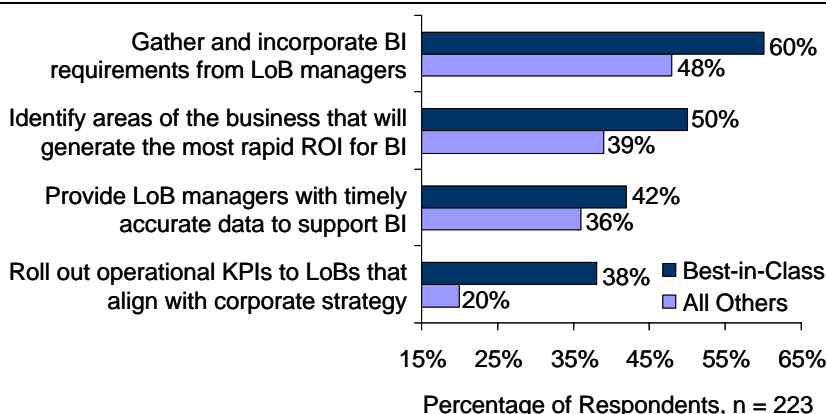
Pressures	Actions	Capabilities	Enablers
<ul style="list-style-type: none"> Business decisions based on inaccurate / incomplete data 	<ul style="list-style-type: none"> Provide managers with timely accurate data on business unit performance Gather and incorporate end-user requirements for BI 	<ul style="list-style-type: none"> Ability to measure corporate performance against established KPIs Executive-level champion for BI projects Clearly defined business unit KPIs that roll up to company strategy Formal development of BI skills among staff 	<ul style="list-style-type: none"> Enterprise-wide BI platform Tactical dashboards for monitoring business unit level KPIs Regular / periodic report generation and delivery Balanced Scorecards Ad hoc query and reporting Data integration to support BI implementation

Source: Aberdeen Group, May 2010

Best-in-Class Strategies

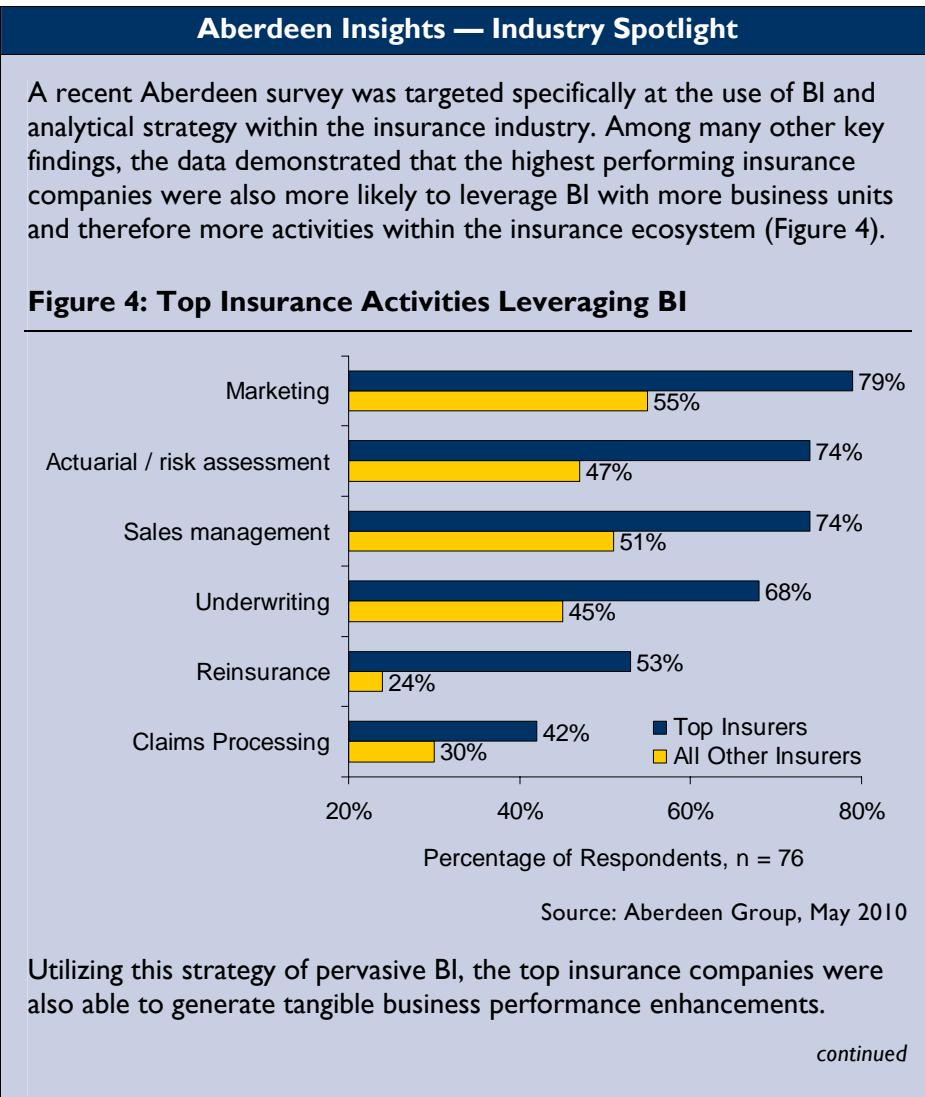
The process of expanding analytical capability to non-technical functions in the workforce is not always straightforward, given the disparity of needs across departments. Implementation starts with understanding and incorporating the needs of various LoBs. Research shows that Best-in-Class companies rate this as the most highly prioritized strategic action (Figure 3).

Figure 3: Best-in-Class Strategic Actions to Expand BI Usage



Source: Aberdeen Group, May 2010

Once there is a solid understanding of the data volumes in play, the latency requirements for data access, and the specific reports and views that are needed, companies are in a better position to deploy BI to more lines-of-business efficiently. Another strategic action that falls in the up-front planning phase involves analysis of how much business value will be generated on a functional level. Full BI penetration across the entire organization certainly provides a high degree of visibility and can deliver significant value, but those types of deployments are few and far between. Most organizations need to make choices about which departments can benefit most from BI and therefore generate the highest ROI. Best-in-Class companies also prioritize ROI analysis up front as a strategic action for expanding BI. Other strategic activity at the top of the priority list involves cleansing, enriching, and improving the quality of data being delivered to the LoBs, as well as aligning business unit performance metrics to the overall strategic vision of the company.



Aberdeen Insights — Industry Spotlight

Extrapolating this to a cross-industry view, by equipping more business functions with the operational and strategic visibility that BI provides, companies are able to identify more areas for cost cutting, as well as opportunities to expand the customer base. In the example of insurance companies, the research demonstrates a variety of performance enhancements that top performers achieved, including:

- **18%** year over year average increase in net income, compared with a **3% decrease** for all other insurers
- **10%** year over year average increase in policy renewal rate, compared with a **1% decrease** for all other insurers

Not only can a well structured BI strategy help improve overall business performance, but the tools provide sorely needed visibility into line-of-business level metrics, allowing managers to build stronger and more sustainable business processes and outcomes.

In the next chapter, we will see what the top performers are doing to achieve performance gains.

Chapter Two: Benchmarking Requirements for Success

The selection of a BI solution and its integration with key business systems plays a crucial role in the ability to turn these strategies into profit. The following case study illustrates how one organization was able to create an efficient BI reporting structure that enables business users to generate timely insight at a substantially reduced cost.

Fast Facts

The Best-in-Class are **46% more likely** than all other companies to deliver BI projects **on-budget**

Case Study — Trinity Industries

Trinity Industries, Inc. is one of the nation's leading diversified industrial companies, providing and manufacturing a variety products and services for the transportation, industrial, and construction sectors of the marketplace. Following an implementation of a major financial reporting platform, a pilot team representing various business units at Trinity began implementing an add-on reporting tool running on top of their financial system in order to provide end-users with ad-hoc discovery and reporting capabilities.

Not only did this reporting solution require a more sophisticated technical background than the pilot team anticipated, they also realized that an array of other challenges stood before them. For example, the data was fragmented and stored in thousands of transaction tables and the information was not reflected in business terms. After attempting to develop custom views in this tool, the team realized that to continue that approach would be expensive and time consuming. The team researched several other solutions before implementing a more complete BI solution tailored to the needs of the line-of-business user, in order to help solve the existing problems with their reporting infrastructure.

The new reporting suite was a complementary solution that enhanced the existing platform and enabled a much higher adoption rate and overall end user satisfaction in reporting from the financial application. "Had we spent the money that it would have taken to customize and develop our own views, it would have been thousands and thousands of dollars," said Bob Polito, Director of Financial Systems, Corporate Accounting at Trinity. "When we developed the relationship with our BI provider and brought their views in, it saved us a tremendous amount of money."

With a full suite of self-service business-user focused reporting capabilities, Trinity was able to overcome the obstacles it faced with their financial reporting and provide its end users with quick, easy access to their critical transactional data. End users are now able to create their own ad hoc reports within minutes and hours compared to days.

continued

Case Study — Trinity Industries

Users also have the critical report protection required during application upgrades so as not to create additional rework. With minimal training, users are able to customize and share reports without the use of IT resources. Today, Trinity has trained hundreds of end-users to create their own reports. “One of the biggest challenges we had was to be able to deliver reports to end users who are not seasoned report writers,” said Polito. “With our BI tool, we have the ability to schedule queries and deliver them in various formats and that’s one of the big benefits that they all enjoy.”

Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the approaches they take to execute daily operations); (2) **organization** (corporate focus and collaboration among stakeholders); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders); (4) **technology** (the selection of the appropriate tools and the effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure its results to improve its business). These characteristics (identified in Table 3) serve as a guideline for best practices, and correlate directly with Best-in-Class performance.

Table 3: The Competitive Framework

	Best-in-Class	Average	Laggards
Process	Process for prioritizing data for user access		
	54%	34%	29%
	Established process to define operational KPIs		
	68%	67%	44%
Organization	BI initiatives driven by line of business managers		
	71%	38%	29%
	Established 'information culture' that values timely delivery of relevant data		
	67%	48%	31%
Knowledge	Cross-functional team(s) to facilitate deployment of BI solutions		
	63%	26%	16%
	Educational BI training programs in place for LoBs		
	50%	23%	16%

	Best-in-Class	Average	Laggards
Performance	Consistent measurement of LoB KPIs to inform strategic objective		
	65%	36%	29%
Technology	Tactical dashboards for monitoring business unit KPIs		
	61%	39%	38%
	Balanced scorecards		
	43%	30%	23%
	Regular / periodic report generation and delivery		
	90%	76%	54%
Data integration to support BI implementation			
	80%	48%	41%

Source: Aberdeen Group, May 2010

Capabilities and Enablers

Based on the findings of the Competitive Framework and interviews with end-users, Aberdeen’s analysis of the Best-in-Class demonstrates that the success of a business intelligence strategy depends on a combination of specific capabilities and technology enablers. Aberdeen’s research has identified several capabilities that Best-in-Class companies leverage in order to achieve elevated performance.

Process

As discussed earlier, different business functions have different needs when it comes to BI capability, but often times multiple LoBs will need access to the same data in order to perform their analysis. Best-in-Class companies understand that certain functions take priority at certain times - e.g. the finance and accounting group at the end of a fiscal quarter - and are willing to create processes to prioritize data for user access (Figure 5). Additionally, Best-in-Class companies recognize the need for a hierarchy of performance metrics across the organization. Business unit Key Performance Indicators (KPIs) feed into the overall strategic objectives of the company, and the Best-in-Class are more likely to develop processes to help business functions measure, manage, and improve their most important business metrics.

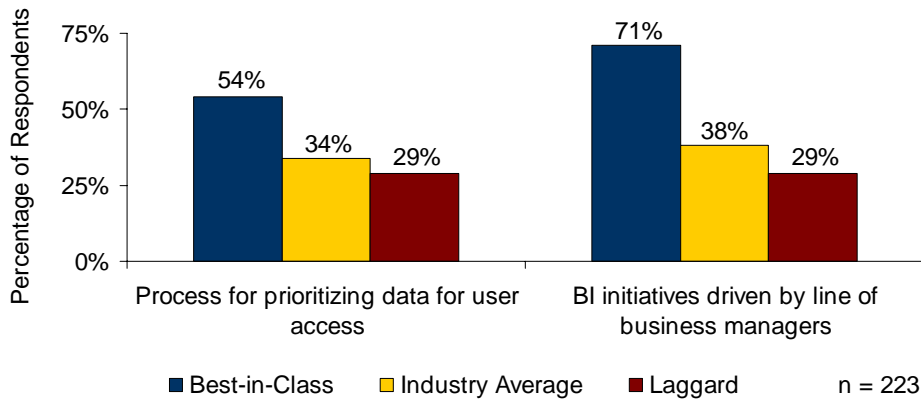
“Clearer, efficient and system driven reporting processes actually start to promote change within the organization. At first, some numbers may appear incorrect as they do not match the perception of current business performance. However, data proofing exercises will eventually demonstrate that the information is correct. The subsequent impact of having raised awareness of real issues then leads to the next challenge of gaining acceptance of them, which in turn should stimulate action.”

~ Grev Lushington

Head of Brand Logistics and
 Multi-Channel

Aurora Fashions Ltd.

Figure 5: Process and Organizational Capabilities



Source: Aberdeen Group, May 2010

Fast Facts

Best-in-Class companies achieved:

✓ A **20%** year over year increase in operating profit

Compared with:

✓ **12%** of the increase for the Industry Average

✓ **8%** increase for Laggards

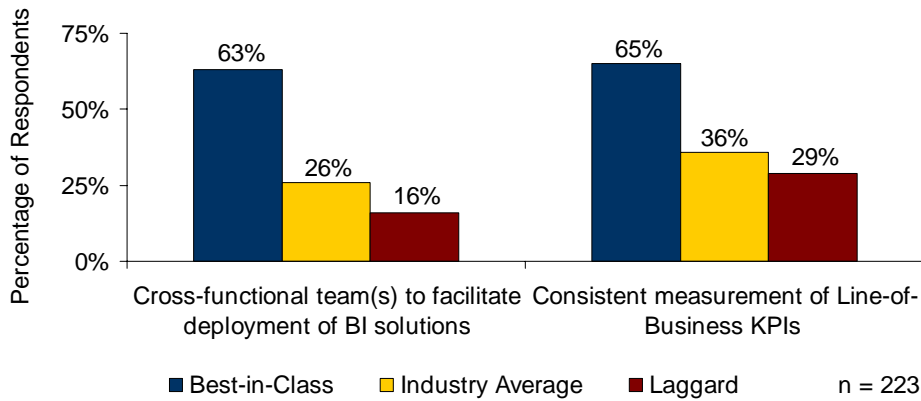
Organization

Too often organizations languish with technology initiatives conceived at the highest levels and then forced upon the line-level business users. Not only do Best-in-Class companies make efforts to gather and incorporate end-user BI requirements, the data shows that these companies are more likely to have a "ground-up" inception to their BI strategy where the LoB managers are the ones that drive BI implementation (Figure 5). This Best-in-Class trait also feeds into another key characteristic that helps these companies become more analytical in nature. When more employees at the LoB level are engaged in BI and analytics, understand the value that the solutions can deliver, and recognize the benefits that can be realized, employees are more likely to think analytically and look for areas of the business that can be improved. Best-in-Class companies are more than twice as likely as Laggards to report having what would be deemed an "information culture" or a culture of curiosity that values the timely collection, assembly, and delivery of actionable business insight.

Knowledge Management

When a company invests in BI technology, they need to be sure that the solution will see a high adoption rate, and that the tools are used properly. One of the more time-tested ways to insure high adoption and relevant usage is to simply educate the users. Best-in-Class companies are more than twice as likely as all others to have training programs in place to help educate end-users on the BI functionality. Additionally, while it's abundantly clear that different business functions have vastly different BI requirements, the implementation strategy and lessons learned from one department can be invaluable for informing deployments in other functions. Therefore, having cross-functional representation is crucial to help facilitate smooth deployments across other business functions. Best-in-Class companies are over three times more likely than all other companies to have cross-functional teams in place to facilitate BI deployment (Figure 6).

Figure 6: Knowledge and Performance Management Capabilities



Source: Aberdeen Group, May 2010

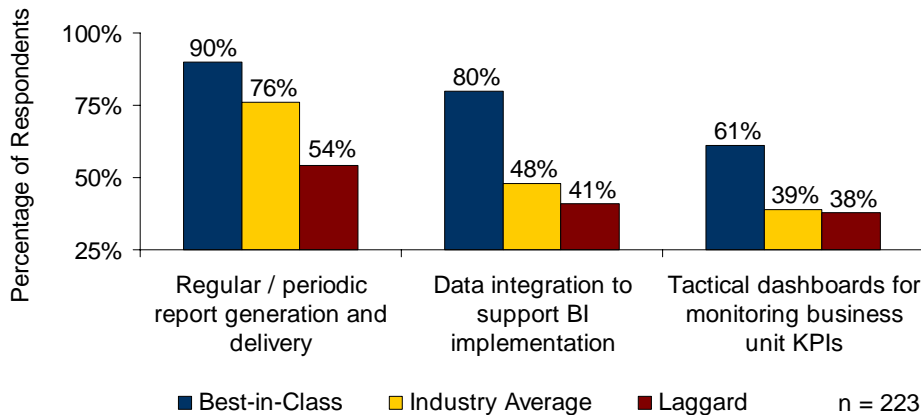
Performance Management

Research consistently demonstrates that companies that measure business performance, both at the LoB level and at the strategic level, are more likely to experience improvement in those very business metrics. LoB managers need to identify what drives their business at the functional level, find ways to capture that information, and develop creative ways to improve how their function delivers value to the overall organization. Best-in-Class companies recognize this need and are more than twice as likely as Laggards to consistently measure, manage, and improve the KPIs in their particular business functions (Figure 6).

Technology

With an expansive portfolio of organizational capability in place - i.e. the right people, processes, and strategies - the final piece of the puzzle involves incorporation of appropriate technology enablers. Best-in-Class companies are more likely to use a variety of tools across the BI value chain from data collection to information assembly, to insight delivery. Given the lightning speed of the business world, companies desperately need to have the ability to generate business answers on the fly, as well as in an automated fashion. The Best-in-Class are more likely to use regular or periodic reporting tools, but also to have the capability for ad-hoc analysis (Figure 7).

Figure 7: Best-in-Class Technology Enablers



Source: Aberdeen Group, May 2010

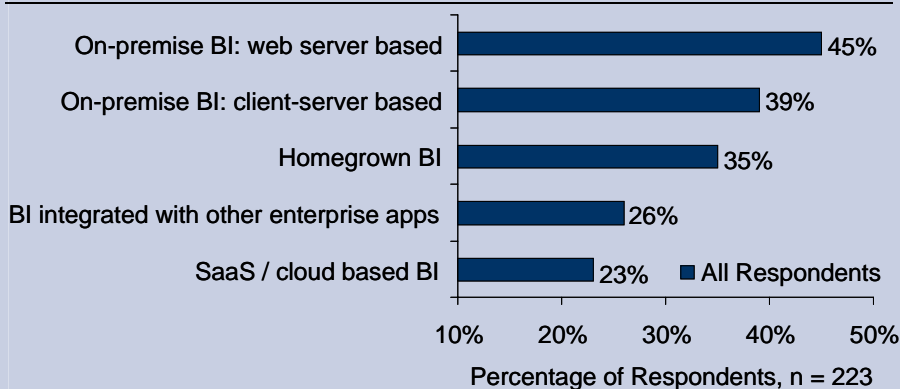
On the back-end of the information chain, Best-in-Class companies are also more likely to use tools for data integration in order to homogenize and contextualize data from a variety of disparate sources. The average organization today faces a greater volume and complexity of data than ever before, and many struggle to find value in the numbers as the mountain continues to grow. Integration tools allow for analysis across more areas of the business by generating a common data format that most systems - and by extension, most business users - can digest and leverage for better fact-based decision support.

Finally, while the strategic value of BI has been evident since its inception, nowadays companies are seeing even more value in tactical day-to-day BI functionality. Whether the business model necessitates sub-second information delivery or daily reporting of KPIs, the research consistently shows that operational visibility matters. Organization's that deliver up-to-date operational data to their decision makers are more likely to react quicker to threats and opportunities in the business. Best-in-Class companies are 58% more likely than all others to utilize tactical dashboards to monitor key metrics in real time or near real time (Figure 7).

Aberdeen Insights — Technology

The look and feel of analytical tools is constantly changing and evolving. Strategic visibility expanded into tactical usage, interfaces and views have become more user friendly, and the average business user now has a much more diverse tool belt when it comes to generating business insight, particularly at the line of business level. Along with this evolution has come an expansion in not just the content and visual appeal of the solutions, but the methods of delivery as well. While a traditional on-premise methodology is still the most common, many companies are looking for a web-based interface to deliver their BI capability (Figure 8).

Figure 8: Top BI Deployment Strategies for LoB Users



Source: Aberdeen Group, May 2010

Like most software applications, BI started as a client-server based "fat-app" where most of the intelligence and guts of the system resided not just locally behind a firewall, but on each local machine. As the tools have matured, companies are really looking to move much of that intelligence away from a particular workstation, and often times outside of the firewall altogether. With the growth of the world wide web as software backbone through a SaaS model, BI has followed the path of other enterprise applications and now offers analytical capability delivered through a simple web-based portal, where the data can be managed off site by a third party.

The 23% usage rate for SaaS BI listed above follows an upward trend discussed in the April 2010 Benchmark report, [The TCO View of BI](#), and is likely related to the cash crunch many companies have seen in the wake of the market collapse of fall 2008. Rather than maintain a large staff of IT professionals to support BI and expend budget for hardware and software, SaaS users offload most of the technical burden of BI management and transform what was formerly a capital expense into a periodic operating expense.

Chapter Three: Required Actions

Whether a company is trying to move its performance in BI usage from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

- **Formalize a process for gathering end-user BI requirements.** The definition of "real time" will often vary greatly across an organization. Some define it on the second or sub-second level, to other functions within the hour might qualify as real time. Data volumes will vary greatly, as will the complexity of data sources across the organization. The research shows that only 17% of Laggards have a process in place to gather end-user requirements for BI. Developing this capability will facilitate a more efficient deployment process that allows for greater BI adoption and more value for the investment made.
- **Leverage cross-functional input when deploying BI.** A common method of deploying BI is what might be described as "land and expand" wherein BI is implemented within one initial department such as finance or sales. When success has been achieved in one function, the tool will be rolled out to other LoB. Having a cross-functional team in place to deploy BI to multiple LoBs is a vital way to gather the lessons learned from the initial deployment and translate them into success in other departments. Best-in-Class companies are over four-times more likely than Laggards to utilize cross-functional teams for BI deployment.
- **Utilize operational dashboards for real-time business visibility.** From a technology standpoint, many organizations today are reaping enormous business value from having an up-to-date understanding of what is going on in their organization. Operational dashboards are the most common way of delivering this type of real-time visibility yet the research shows that only 14% of Laggards are using them. Deploying tactical or operational dashboards will help Laggards identify and act upon business opportunities, the windows for which open and close very rapidly.

Industry Average Steps to Success

- **Establish training programs to develop BI skills across the organization.** The research shows that top performing companies leverage training and other educational programs not just to teach their employees a surface level understanding of yet another software tool, but their education extends into the creation of more analytically inclined employees overall. Only 14% of Industry Average companies are using training programs at all, and even

Fast Facts

Best-in-Class companies achieved:

- ✓ An **18%** year over year increase in customer satisfaction

Compared with:

- ✓ A **7%** increase for the Industry Average
- ✓ A **3%** increase for Laggards

fewer are leveraging these programs in the right way. The mindset for BI training needs to evolve from a forced "lunch and learn" with a low degree of digestion, to a program that can create more power users in the company through displaying the power that BI can provide. By deploying and refining these training programs for BI, companies will be equipping the workforce with the tools they need to create their own analytical views, define their own KPIs, and develop new creative ways to improve the performance of their LoB.

- **Closely manage BI project costs relative to the budget.** One of the most commonly reported barriers to BI is the belief that the business case isn't compelling enough. The prevailing mindset for non BI users is that the investment won't yield enough immediate tangible value to the business. This belief is rooted in the fact that too many BI projects run late and over budget simply because the project isn't tracked relative to the allocated funds. Best-in-Class companies are over four-times more likely than Industry Average companies to closely manage BI projects from a cost perspective. This close tracking of project expenditures helps insure a successful on time, on budget deployment, that will prove to the executive ranks that BI can be deployed efficiently to deliver immediate visibility and business value.
- **Deploy automated alert reporting tools to LoB managers.** Visual analytical tools like static reports and dashboards are undeniably valuable to a LoB manager, but often times, periodic viewing and reporting isn't adequate for alerting these managers to critical changes in the business. The research shows that only 16% of Industry Average companies are using technologies to automate the alerting process. When a key metric falls out of the acceptable range or when an opportunity arises that can deliver value to an organization, decision makers need to know about it immediately. Whether the delivery mechanism is an email, text message, or other medium, automated alert reporting technology helps managers avoid missing critical information that can avert disaster or create opportunity.

"The BI reports we created helped us make informed decisions without much strain to the technical team. We were wasting too much time generating and delivering reports and after we decided to consolidate the BI systems, we realized a lower total cost of ownership as a result."

~ Sekar Selvaraj

Purchasing Manager

Sterling's MAC Hotels

Best-in-Class Steps to Success

- **Improve the ability to track BI utilization.** Prior Aberdeen research validates the notion that spreading analytical capability to more users not only improves business performance, but also facilitates lower costs-per-user and leads to a higher ROI on BI expenditure. Companies that haven't achieved success with their BI deployment are typically the ones that haven't seen a high adoption rate of the tools. In other words, they may have purchased licenses to support 1,000 users but less than 10% are actually leveraging the solution regularly. Only one-third of Best-in-Class companies have the ability to track the utilization and penetration of their BI

investment. Improving this ability will enable Best-in-Class companies to further expand the reach of BI to more employees and more functions, lower their cost per user further, and generate higher returns on their investment of precious resources.

- **Create a BI Center of Excellence (COE) or BI Competency Center (BICC).** This report talks extensively about the value of understanding user needs and leveraging cross-functional representation when deploying BI. A BI COE is an independent internal organization that represents all departments and focuses on increasing the understanding of the BI system as well as training on the intricacies of its particular deployment. According to the research, only 41% of Best-in-Class companies report having this capability. In order to drive BI functionality into multiple areas and job roles within the organization, Best-in-Class companies can further improve their performance by creating a BI COE to communicate best practices for BI deployment that will fit the various aspects of each line of business or function.
- **Consider investing in predictive analytics technology.** The evolution of BI usage is interesting in its relationship to time. BI started as a strategic tool for measuring and reporting primarily on historical data and answered the question - what happened in the past? Many companies are now using BI tactically to view and analyze transactional or operation data and answer the question - what is happening right now? The next step in that evolutionary process is to become more anticipatory in the use of information and answer the question - what will happen in the future? Only about a third of Best-in-Class companies are leveraging predictive analytics technology to answer that very question. Applying historical trends, and transactional algorithms to data as it comes in the door enables an organization to generate predictive models to anticipate major changes to the business. Leveraging this technology will keep Best-in-Class companies at the cutting edge of analytical methodology and create a robust degree of business preparedness.

Aberdeen Insights — Summary

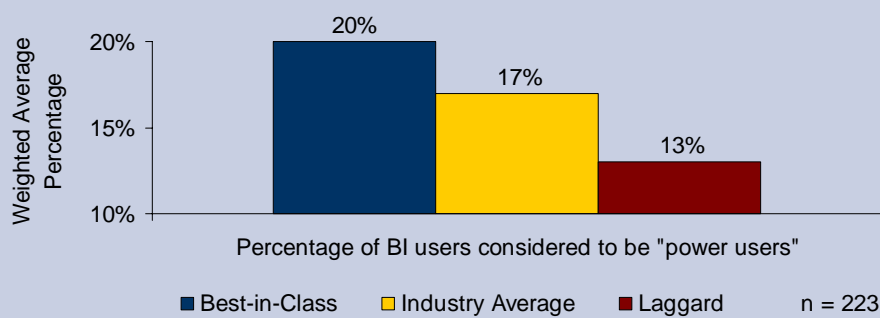
There are a variety of ways to develop BI skills within the organization. Some companies simply hire more business analysts and technically inclined employees. There is validity in this type of approach but it's not necessarily an option for every organization that needs non-technical decision makers to generate more insight on their own, without a high degree of involvement from the IT organization. Best-in-Class companies are typically more inclined to find ways to develop that type of analytical curiosity within the walls of their company.

continued

Aberdeen Insights — Summary

Through training programs and leveraging cross-functional input from multiple lines-of-business, the Best-in-Class are able to create their own breed of BI user. This type of user is not an IT expert, a software developer, or a database administrator. The power user has the ability to create their own functional specific views and reports, can do ad-hoc discovery on their own data, and can generate self-service business insight from the tools at their disposal. The research shows that Best-in-Class companies have developed a greater portion of their workforce as this type of BI "power user" (Figure 9).

Figure 9: Best-in-Class Create More BI Power Users



Source: Aberdeen Group, May 2010

The data in this report shows that self-service BI usage at the LoB level relies not just on the technology, but on the people and processes in place as well. Solution ease-of-use is an important piece of the puzzle, but Best-in-Class companies are more inclined to develop the right analytical methodologies and nurture their decision makers to generate a more analytically inclined culture within the organization. With this comprehensive strategy for BI in place, the Best-in-Class are able to facilitate a higher BI adoption rate, increase self-service usage of the tools, and drive better internal and external business performance as a result.

Appendix A: Research Methodology

Between February and April 2010, Aberdeen examined the use, the experiences, and the intentions of 223 Line-of-Business (LoB) managers using business intelligence technology in a diverse set of enterprises.

Aberdeen supplemented this online survey effort with interviews with select survey respondents, gathering additional information on BI strategies, experiences, and results.

Responding enterprises included the following:

- *Job title:* The research sample included respondents with the following job titles: Manager (52%); Director (29%); and other staff (19%).
- *Department / function:* The research sample included respondents from the following departments or functions: procurement, supply chain, or logistics manager (17%); operations manager (21%); sales and marketing staff (22%); finance / accounting (11%); human resources (8%); customer service (9%); and other (12%).
- *Industry:* The research sample included respondents from a variety of industries. The highest representation came from the software industry (20%), followed by financial services (12%), education / public sector (12%), consumer products (9%), and other (47%).
- *Geography:* The majority of respondents (56%) were from the Americas. Remaining respondents were from the Asia-Pacific region (14%) and EMEA (30%).
- *Company size:* Thirty-six percent (36%) of respondents were from large enterprises (annual revenues above US \$1 billion); 29% were from midsize enterprises (annual revenues between \$50 million and \$1 billion); and 35% of respondents were from small businesses (annual revenues of \$50 million or less).
- *Headcount:* Fifty-four percent (54%) of respondents were from large enterprises (headcount greater than 1,000 employees); 25% were from midsize enterprises (headcount between 100 and 999 employees); and 21% of respondents were from small businesses (headcount between 1 and 99 employees).

Study Focus

Responding executives completed an online survey that included questions designed to determine the following:

- √ The degree to which BI is deployed in their operations and the financial implications of the technology
- √ The structure and effectiveness of existing BI implementations
- √ Current and planned use of BI to aid operational and strategic activities
- √ The benefits, if any, that have been derived from BI initiatives

The study aimed to identify emerging best practices for BI usage in a variety of applications, and to provide a framework by which readers could assess their own management capabilities.

Table 4: The PACE Framework Key

Overview
<p>Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows:</p> <p>Pressures — external forces that impact an organization’s market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive)</p> <p>Actions — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy)</p> <p>Capabilities — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing)</p> <p>Enablers — the key functionality of technology solutions required to support the organization’s enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)</p>

Source: Aberdeen Group, May 2010

Table 5: The Competitive Framework Key

Overview	
<p>The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance:</p> <p>Best-in-Class (20%) — Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance.</p> <p>Industry Average (50%) — Practices that represent the average or norm, and result in average industry performance.</p> <p>Laggards (30%) — Practices that are significantly behind the average of the industry, and result in below average performance.</p>	<p>In the following categories:</p> <p>Process — What is the scope of process standardization? What is the efficiency and effectiveness of this process?</p> <p>Organization — How is your company currently organized to manage and optimize this particular process?</p> <p>Knowledge — What visibility do you have into key data and intelligence required to manage this process?</p> <p>Technology — What level of automation have you used to support this process? How is this automation integrated and aligned?</p> <p>Performance — What do you measure? How frequently? What’s your actual performance?</p>

Source: Aberdeen Group, May 2010

Table 6: Relationship Between PACE and the Competitive Framework

PACE and the Competitive Framework – How They Interact
<p>Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.</p>

Source: Aberdeen Group, May 2010

Appendix B: Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- [*The TCO View of Business Intelligence*](#); April 2010
- [*Business Intelligence in Banking: Analytical Customer Focus Drives Performance*](#); April 2010
- [*Data Management for BI: Strategies for Leveraging the Complexity and Growth of Business Data*](#); December 2009
- [*Top Floor to Shop Floor: Business Insight for the Discrete Manufacturing Industry*](#); November 2009
- [*Performance Management in the Midmarket*](#); November 2009
- [*BI for the C-Suite: Top Level Visibility Drives Top Notch Cash Flow*](#); October 2009
- [*BPM Accelerated: Slashing Cost and Time with Agile Business Processes*](#); October 2009
- [*Intelligent Human Capital Management: Workforce Analytics Drive Profit and Performance*](#); September 2009
- [*BI for the SMB 2009: How to Slash Cost and Empower the Business User*](#); July 2009

Information on these and any other Aberdeen publications can be found at www.aberdeen.com.

Author: Michael Lock, Senior Research Analyst, Business Intelligence,
michael.lock@aberdeen.com

Since 1988, Aberdeen's research has been helping corporations worldwide become Best-in-Class. Having benchmarked the performance of more than 644,000 companies, Aberdeen is uniquely positioned to provide organizations with the facts that matter — the facts that enable companies to get ahead and drive results. That's why our research is relied on by more than 2.2 million readers in over 40 countries, 90% of the Fortune 1,000, and 93% of the Technology 500.

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