

Business Intelligence – A 10 Minute Guide

Why do you need Business Intelligence?

A key requirement when making any significant business decision is information. This may be information about the internal performance of the business, the behaviour of your customers and suppliers or a combination of all of these. Much of this information is trapped within the various IT systems that are now an essential part of the operations of modern businesses.

For many business managers, actually accessing this information is a time consuming process of sending requests to expert IT analysts who then need to spend time creating reports from the various IT systems in which information is held. However, in the competitive business environment in which we work, the number of important business decisions that are required is increasing exponentially whilst IT resources are becoming more and more swamped with requests for information. This means that more and more of these decisions are made based on gut feel and guesswork rather than hard facts. This leads to a number of problems:

- Missed Business Opportunities
- Being reactive rather than proactive
- Not maximising the value of information assets
- No Single version of the truth for the organisation
- Inability to analyse why something has happened

What is required is for business managers and professionals to have access to relevant information at the exact point in time when it is needed– and also the ability to carry out analysis to gain real business value from it. This capability can be provided by Business Intelligence solutions.

What is Business Intelligence?

Business Intelligence can be defined as the timely provision of information and analysis that provides insight into all the key factors that determine business success.

A business intelligence solution normally encompasses a specific computer software solutions that makes the access, analysis and sharing of intelligence easier.

However, like any other high value business solution, it is also vital to leverage expertise in the implementation and deployment of business intelligence to ensure the solution delivers real business value and return on investment.

How can Business Intelligence Benefit Your Organisation?

Business intelligence can deliver a number of clear business benefits that will ultimately help an organisation increase revenue, reduce costs and ultimately deliver greater profits. These benefits include:

- **Increased Agility**. Faster, more informed decisions make it possible for the organisation to react more quickly to changes in it's environment.
- **More profitable customer relationships**. Gaining a greater understanding of customers' behaviour makes it possible to develop strategies to build customer loyalty and grow customer profitability.
- **Reduce Costs**. Business intelligence not only reduces the IT costs of delivering information into the hands of business users, but can also help identify efficiency improvements in the business.
- **Information as a Revenue Generator**. Some organisations have realised the information they have could also be a valuable asset to their customers and suppliers and have generated separate revenue streams from allowing access to this information.

Who is using Business Intelligence?

Business Intelligence is probably one of the best-kept secrets of large blue chip companies. For example, British Airways were quoted in the UK press as saving an estimated £70million over 10 years thanks to their business intelligence implementation. Companies like British Airways see business intelligence as a strategic imperative and have developed a specific business intelligence strategy that is closely aligned to their overall business strategy. In fact, industry analysts Gartner have predicted that 50% of large companies will have a business intelligence strategy by the end of 2002.

So is business intelligence the preserve of large Fortune 500 organisations? The easy answer is NO. The entry price of powerful business intelligence technology has been significantly reduced in recent times – not least because of the entry of Microsoft into the this growing market. This means that

enlightened small and medium sized enterprises can fully benefit from the deployment of these solutions and achieve significant business benefits and gain an all important edge over their competitors.

Requirements of a Business Intelligence System

When considering the implementation of a business intelligence solution, there are a number of key criteria that should be met by the solution to ensure success.

- **Easy to Use.** The end users of business intelligence systems are typically business managers and professionals rather than IT Specialists. Hence, it is very important that the user interface is intuitive and that it is easy to achieve high value analysis of information.
- **Self service access to Information.** It is important that end users have access to the information that will help them make decisions, without needing to keep making requests to their IT department for new reports and analysis.
- **Analysis Paths.** The end user should be able to follow their train of thought when investigating information and should be able to navigate around the information very easily to answer the "why?" questions.
- **Ability to drill down to low level information.** The end user should be able to drill from a summary level of consolidated information and drill further and further into the detail to help them understand trends and exceptions.
- **Transparency of Data Sources.** It is irrelevant to the end user which source system the information originally came from, as long as they have a consistent view of all the information they need to make business decisions.
- **Deliver intelligence anywhere.** In today's connected world, the business intelligence solution should provide the capability to deliver intelligence when and where the end user needs it. For example, over the web or to mobile devices.
- **Sharing of Information.** It should be possible for end users to easily share the results of their analysis with other knowledge workers in the enterprise, or even outside to their customers and suppliers.
- **Secure.** It should be possible to control access to information so that users only see information that is relevant to them and that they are allowed to see.
- **Easy to Manage** – It is important that the solution is easy for the IT department to manage and control. This will ensure that they can make delivery of information consistent across the organisation, therefore providing a "single version of the truth".
- **Strategic** – Business intelligence should be seen as a fundamental part of the company's IT and business strategies.

Examples

Here are a number of examples of how organisations are using business intelligence today to maximise the value of their information resources and achieve better profits.

Business Performance Management

A key function of business intelligence in many organisations is to provide visibility of how the company is performing against it's strategic goals. In most cases, this means measuring business performance against certain Key Performance Indicator's (KPIs) and then providing the ability to drill down into the information to understand why the business is under-achieving or over-achieving on it's goals.

Typically, the users of this information are Director or Senior Management level so the business intelligence application must be easy to use and navigate. This has given rise to management scorecards (also known as dashboards or cockpits), where all the KPIs for the organisation are presented as attractive graphics together on one screen. This provides instant visibility of the organisation's performance.

Maximising the Value of Customer Relationships

Many organisations have implemented a Customer Relationship Management (CRM) strategy where they aim to improve the way they interact with their customers and maximise the value of their customer relationships. However, a CRM strategy is potentially useless without the ability to provide insight into the behaviour of their customers. This is where business intelligence plays a key role.

Business intelligence technology provides the capability to understand how very fine segments of customers behave over time. The changes in this customer behaviour can provide deep insight into not only how effective a CRM strategy but also what actions we should be taking for particular groups of customers. For example, we may decide to target a group of lapsed customers with a specific marketing campaign or promotion.

Optimising Supply Chain Performance

A major focus of many organisations today is driving efficiencies into the supply chain. This may be through such strategies as reducing inventory costs or working with suppliers to improve performance. Business intelligence can provide complete visibility of the performance of the supply chain, thus highlighting key areas where efficiencies and improvements can be made.

Some organisations are taking this a step further and providing visibility of the supply chain to their customers and suppliers through extranet business intelligence solutions. This is then enabling them to take a collaborative approach to improving supply chain performance.

Financial Management

Financial analysis was one of the original applications of business intelligence because finance departments have always been information hungry and highly analytic. Business intelligence provides great insight into the financial performance of the organisation and provides the ability for management accountants to consolidate and analyse information from their various financial systems.

Financial analysts can use business intelligence to quickly identify sources of excessive cost, develop complex budgeting models and even identify areas of revenue leakage.

How does Business Intelligence Work?

In order to deliver business intelligence to an organisation, it is important to invest in a technology architecture that will be flexible and make it easy to evolve the company's business intelligence requirements over time.

The fundamental building block of delivering business intelligence is to implement a data warehouse. A data warehouse is a database that draws information from various information systems across the organisation and organises it in a consistent fashion so that it is readily available for access and analysis by decision makers in the organisation.

In order to deliver a successful data warehouse implementation it is not recommended to take a big bang approach with all the information required by all the users across the business. The most successful data warehouses evolve gradually, delivering business benefits in a particular business area to start with and then growing to encompass more and more areas over time.

After the data warehouse has been implemented, business users need to be given the tools to access and analyse the information in it. There are a plethora of easy to use front end tools available and these all have strengths and weaknesses in particular areas. Typically, these tools will allow the user to take a very intuitive and flexible, multi-dimensional approach to analysing their data, also known as Online Analytical Processing (OLAP). It should also be possible for users to create professional looking business reports through these tools.

More advanced analysts may use the information within the data warehouse to perform powerful data mining analysis that enables them to uncover hidden trends in the business data.

The Future of Business Intelligence

Business intelligence and analytics is one of the fastest growing areas of business software at the moment, driven by the needs of organisations to gain competitive edge through the use of information. Thus, innovative developments in business intelligence technology are being made all the time.

A key driver for business intelligence and analytics into the future is that this technology is becoming more and more pervasive on employees' desktops and there is an increased focus on including analytics as part of an organisations' everyday suite of business tools. This commoditisation is helping drive down software costs and is making it easier for more organisations to benefit from the use of this technology.

Another driver behind current business intelligence technology developments is the ability for organisations to collaborate and share information and intelligence with each other. The web has made this much easier and many organisations have implemented business intelligence extranets that allow their customers and suppliers to have self service access to information they hold. This can be a significant differentiator in the service offered by these companies... in fact, some companies have taken it a stage further and charge for access to this information.



The third main driver for business intelligence is the ability for organisations to embed intelligence and analytics into their business processes and to automatically drive actions back into the operational business process based on changing business conditions. This new breed of analytic applications is early in its development but shows the importance organisations are placing on the ability to leverage the information they have to rapidly drive business decisions.

How can Oranz Help You?

Oranz are experts in the field of Business Intelligence. Our consultants have many years experience implementing business intelligence solutions for a diverse range of clients in many vertical sectors.

If you would like to discuss your business intelligence requirements with a consultant or would like us to present you with a more detailed briefing on the benefits business intelligence could bring to your business, then please call Oranz on (0115) 972 8228 or email Richard.price@oranz.co.uk.