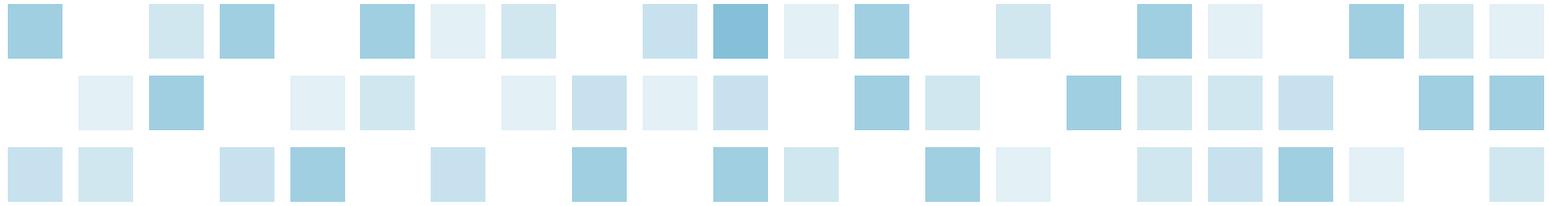


A value-added approach to implementing business intelligence solutions



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Without question, today's companies have access to more detailed, rich data sources than ever before. However, the flood of customer, financial, marketing and other information streams can often drown out accurate decision-making, largely because businesses often have trouble separating the important from the irrelevant.

Consider these startling projections from Gartner, a leading provider of technology information services. For 2012, Gartner forecast that two-thirds of the top 5,000 global companies would regularly fail to make insightful decisions on handling significant business changes, mainly due to a lack of information. During that same period, the firm predicted that 80 percent of companies that currently deploy business intelligence (BI) programs—presumably to sift data for critical decision support—would fail to reap meaningful benefits from the investments.

For Laura Burkamper, business information and integration leader for McGladrey's IT services group, such projections mean one thing: Companies rely too much on BI software and not enough on creating strategies and road maps to use it effectively.

"The bottom line is that many organizations are data rich, but information poor," says Burkamper. "While most companies spend a tremendous amount of time, effort and money gathering data, they spend far less time thinking through a strategic road map that helps them filter and analyze it in a holistic, big picture way. That's where the thoughtful application of business intelligence can add a lot of value."

In this paper, we will provide a brief overview of business intelligence, and discuss the importance of defining a value proposition for business intelligence activity. We'll also cover key success factors to consider when designing and implementing a business intelligence initiative.

A snapshot of business intelligence

As defined by Forrester Research, BI is “a set of methodologies, processes, architectures and technologies that transform raw data into meaningful and useful information used to enable more effective strategic, tactical and operational insights.”¹ In shorter terms, BI helps companies convert data into actionable information to improve business decision-making.

In the early years, BI most frequently took the form of technology-driven products, such as large-scale enterprise resource planning (ERP) or data warehousing applications. While those first-generation tools did help aggregate organizational data, the high price tag put them out of reach of virtually all small and mid-sized companies. Even for businesses that could afford the investment, these early BI products often failed to meet expectations. Why? Because the strategy was typically driven by IT management—not overall company leadership—and the available reporting and analytic tools were not designed for nontechnical staff. In fact, companies frequently designated some IT staff as “business analysts,” who were charged with interpreting and reporting BI information to assigned end users.

More recently, the approach to BI has begun to shift from a large, technology first focus in favor of end-user-centered tools that can provide targeted decision support. Due in part to this shift, overall spending on core BI platforms slowed sharply in the last couple of years, from a 17 percent year-over-year rise in 2011, to just 6.8 percent for 2012.² While relatively flat global economic demand is part of that trend, Gartner notes that slower growth can also be attributed to cautious business unit leaders, who are increasingly wresting ownership of BI from IT leaders, in order to find more focused, cost-effective solutions to meet specific needs. In fact, Gartner says that business unit leaders now account for about 50 percent of the total BI marketplace, and that the trend of non-IT ownership for such projects is expected to grow.

“If you really take a close look at the failures of business intelligence programs, it is because they have been treated as technology projects and not as core business initiatives,” says Burkamper. “We’re now seeing that IT should not be the driving force, and that simply leading with products does not work.”

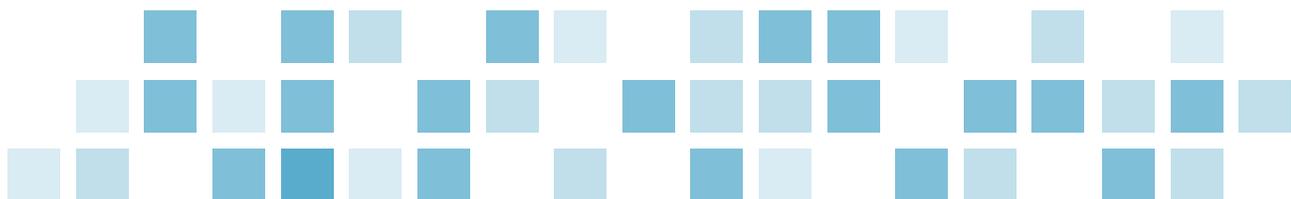
Developing the value proposition

While BI applications can add tremendous value at the department or divisional level, it’s wise to first define how any such initiative aligns with an organization’s strategic and performance management objectives. This step helps ensure that a BI tool delivers value-added information that improves strategic execution, enables management to make better decisions and helps motivate, incent and reward staff for measurable performance improvements.

Once the strategic and performance alignment foundation has been established, business leaders can move to a more technical value assessment. This process should review how any BI investment aligns with existing IT systems, since this approach will allow for rapid consolidation of information and more powerful analytical capabilities. This “smart technology standardization” process works by evaluating existing strategies for data architecture and management, which allows for business leaders to choose the BI tools that most cost-effectively deliver desired results.

1 <http://www.forrester.com/Topic+Overview+Business+Intelligence/-/E-RES39218?objectid=RES39218>

2 <http://www.infoworld.com/d/business-intelligence/gartner-bi-software-market-growth-rate-slowed-in-2012-220203>



When companies take time to align BI solutions with key strategic, performance management and technical drivers, strong results can follow. For example, if a business unit's profitability goals are lagging projections, a well-designed BI initiative can sift relevant data sources to pinpoint sales challenges, identify product or customer pricing issues and improve cross-selling opportunities by creating a more "holistic" picture of an existing customer base. Similarly, if an organization discovers issues in its compliance activities, it can use BI tools to isolate activities that are out of step with regulatory requirements, and identify internal decisions that led to the problems. This knowledge can help business leaders make well-informed choices to improve compliance processes and avoid potential sanctions.

"A lot of times business managers will know there's a problem, but they can't get to the root cause because they're not tracking the right data or they have multiple systems that don't talk to one another," says Burkamper. "But when BI tools are well-aligned with core business and technical strategies, those issues are much easier to solve."

Key success factors when implementing a BI initiative

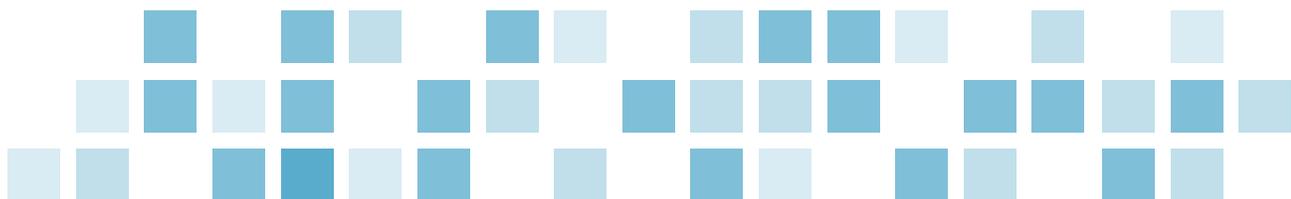
In addition to big-picture strategic and technical alignment, the successful launch of a BI initiative also relies on careful attention to key implementation factors. These include:

Defining the business challenges or opportunities. Simply put, this exercise looks closely at recurring organizational issues that a business has not been able to address with existing decision support tools. For example, if a company has continually tried to solve a finance issue by exporting multiple data streams into Excel spreadsheets, it's highly likely the time and effort has not yielded any real-time results. When such business challenges are accurately defined and prioritized, it's much easier to select BI solutions that can deliver genuine value for the enterprise.

Starting small. Even when significant business challenges have been researched and identified, many small to midsized companies hesitate to take the next step because they're concerned about "scope creep" in a BI initiative. For that reason, it's best to build momentum (and leadership buy-in) by choosing a small, yet important, business challenge. This keeps the financial and staff investment at affordable levels, and makes it easier to identify project success metrics.

Understanding how BI information will be used. Any sound implementation approach, regardless of size, needs to consider how end users will interact with BI, and how they can make use of the information in their day-to-day activities. For instance, corporate staff in a single facility typically have much different user experiences than field employees, vendors or contractors, who often tap into secured networks via portals or extranets. To address differing user requirements, it's wise to conduct process review meetings with work groups targeted for a BI initiative. This allows project planners to document existing processes and work flows, ask questions about current issues and desired improvements and use that collected information to design BI solutions that meet the needs of those end users—while still integrating with the organization's existing IT platforms.

"It's really important at this stage to ask end users things like, 'Why does this need to change,' or 'Why will this information make things better?'" says Burkamper. "Many times, business users on the front end of the process will repeatedly talk about the need for new or better information, but when you sit them down and ask why, they often don't have a sound reason for a change. On the other hand, there are things that may come up as critical needs in these meetings that did not emerge in the previous business challenge scan."



Building a project road map. Once the above steps have been completed, it's time to build out a project road map. Typically, this document will summarize business challenges and end-user research, recap existing processes, evaluate project options and risks, analyze total cost of ownership and provide an implementation plan and timeline. Once approved by senior leadership, this road map becomes the blueprint for BI execution.

Choosing an executive sponsor. In concert with getting top management support for the project road map, it's vital to secure an executive sponsor for any BI initiative. This person needs to have a firm grasp of the business challenge, BI objective and end-user priorities. The sponsor should be a C-level leader with business line (not IT) responsibilities, who has strong influence with the senior leadership team. This person will set and maintain project vision, mediate disputes, navigate obstacles and hold people accountable to defined goals.

Creating proper oversight. As a BI project moves forward, assess and engage management and staff-level employees who have the right skills to manage various aspects of the initiative. Other than for highly technical tasks, those chosen for oversight roles should also come from the business areas most affected by the BI rollout. This ensures that the implementations will remain focused not just on technology, but on the identified needs of the project area and its end users.

Embrace an iterative delivery methodology. A major reason many older BI programs failed was because they tried to put every last bit of business information into a data bank, with the hope that useful strands could be pulled out. A better path, Burkamper says, is to take BI in bite-sized chunks, which allows the organization to learn on the go and scale up as business needs dictate.

"You don't have to have a 'boil the ocean' approach," she says. "By taking an iterative, one project-at-a-time path to implementing BI, you'll not only get better return on investment, but also build confidence among leaders and end users that the refined information is helping people make better business decisions."

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