



# INTELLIGENCE ON THE MIND

SMEs are increasingly relying on business intelligence and analytic tools to monetize the data they generate

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**BY HEENA JHINGAN**

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**E**ver wondered that the salon you are a frequent visitor to could be meticulously documenting your hair and skin type or styling preferences? Not only that, it could even be investing in specialized IT tools to do so.

Sample the case of Jean-Claude Biguine Salons, the Indian franchisee of the Paris-based chain that has deployed business intelligence tools for their 10 stores in India to keep a record of customer data to help them track the styling trends in the market.

Well, the news is that businesses as modest as salons are opting for a facelift with a dash of technology, acquiring BI tools to offer better value to customers by mapping trends, monitoring growth and making predictive analysis.

Market researchers are of the view that going forward specialty retail, department stores and stores with five or more branches would derive immense benefits from a retail business intelligence solution, which would enable them to control marketing and merchandising, product and service management, store operations, customer management and multi-channel execution.

Indian small-and-medium enterprises (having <1000 employees) are facing a greater need to take faster strategic decisions based on real-time analysis from large volumes of volatile and diverse data. They are increasingly turning toward BI solutions, to drive themselves on a fast growth track.

At present, the penetration of BI among SMEs is minimal. As per AMI-Partners, total BI/analytics usage among the Internet dependent SMEs is 13.2%, however with aspirations of offering greater business value to the customers and to deal with domestic and global competitive challenges, the SMEs in India are turning to true business assessment and performance management solutions. Forecasting, business intelligence and similar tools are vital for them in order to accurately make informed decisions.

Swati Sasmal, Vice President - Research & Consultancy, AMI-Partners observes that as SMEs expand in terms of size and business transactions, so does



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Senior Vice President - Business Consulting, Ramco Systems



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the amount of data generated – it grows at a nearly exponential rate with the accumulation of all-types of data – financial & accounting data, sales & marketing data, production data, HR-related data, so on and so forth. It is vital not only to possess data; but to gain insight on the information so that one 'knows what to do with the data'. This will precisely drive the need and adoption of such tools.

She says, “SMEs are gradually beginning to understand the value of clear, succinct results using data and information integrated from various sources and presented in a way that clearly illustrates patterns and trends for easy interpretation and strategy formation. This also highlights problem areas that require attention.”

According to Sudipta K Sen, Regional Director - South East Asia, CEO & MD, SAS Institute (India), the BI market in India is currently in the range of around US \$100 million and is expected to grow by more than 15%. Small and Medium Enterprises (SMEs) will contribute significantly to this growth. The appetite for intelligence among SMEs is definitely on the rise.

Since SMEs at this point of time do not require high level analytics, Ranjan Tayal - Senior Vice President - Business Consulting, Ramco Systems says most ERP solution providers extended their suites to include basic reporting and analytics, rather than having dedicated BI solutions for SMEs.

For an SME to benefit from BI tools, it is fundamental that quality and quantity of relevant data coming from a structured data source, which in most case is its transactional or ERP system.

Rajesh Varrier, Head-Business Intelligence Practice, Blue Star Infotech observes that the BI market is large, at present many small and mid market enterprises might not even have a data warehousing strategy.

He says, “Even though SMEs are struggling with several aspects of IT and might be few cycles behind a definitive enterprise data warehousing strategy, it is a good sign that the mid market is moving beyond a stage of sitting on the fence. They are beginning to recognize



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the importance of enterprise software to push their business.”

“Some have already taken to data discovery tools like QlickView and Tableau with capabilities of data flow and some bit of dash boarding,” Varrier says.

Vikram Kole, Chief Operating Officer, MAIA Intelligence, who defines SME as a sub Rs 150 cr company (by MAIA benchmarks) says major investments in BI from this segment are pouring from pharma, manufacturing companies that have implemented ERP and CRM solutions. “At present it is more about reporting and the analysis part is largely missing.”

**Ready to use**

Most of SMEs have automated recently, and for a larger number of them deployment of an ERP or a CRM solution in still work in progress. Interestingly, when SMEs decided go ERP way, a quite a lot of the mid size enterprises chose to develop their own ERP solutions, while the smaller ones that are mostly owner-managed, entrepreneurial companies opted for ERP on cloud.

Analysts are of the opinion that the aspect of building BI solutions in-house is limited among SMEs since most of them do not possess a strong in-house dedicated IT personnel strength.

SMEs mostly depend on their Value-Added-Resellers (VARs) and ISVs for IT assistance, deployment and new

technology/solution adoption. It is also true that a number of ISVs are slowly emerging as BI solution providers for SMEs.

Tobby Kakkamthottil, Leader, Inside Sales, Telecoverage, IBM India / SA informs that they work with several partners and ISVs who embed IBM's solution as middleware and offer solution to the SME clients.

“There are several Mobile Value Added Services players that use IBM tools to do churn analysis, profile customers and do targeted cross-sell and up-sell products,” Kakkamthottil says.

Picking off the shelf is more in vogue. The reason is simple; this helps them watch their core business functions closely rather their managing the entire aspect of BI infrastructure. This gives them ample time, cost savings and bandwidth to leverage BI in deriving meaningful insights from their data, track business parameters and predict performance. The market is very competitive and we see several BI offerings emerging – on cloud and on premise.

However, there are a few SMEs that have tried their hand develop in-house BI along with the collaboration of software developing firms as partners, using custom designed metrics and measurements, to manage vertical specific Key Performance Indicators (KPIs).

“For SMEs in particular, the concept of SaaS-based BI can act as a growth-engine; especially since it helps them tide over the relatively higher license costs and initial payment. It is likely to show a much higher future growth-rate compared to its on-premise counterpart; albeit rising from a much lower base. BI vendors are also likely to emerge with SaaS-based BI versions of their on-premise products,” Sasmal of AMI-Partners reasons.

Market reports indicate that SMEs are anticipated to spend around US \$45 million on SaaS-based BI in the year 2013.

Since cost is a key concern for SMEs, open source BI from companies like Actuate, Pentaho, Jaspersoft can prove to be an economic alternative. As per Gartner estimates, Pentaho is likely to cost only as much as 18% of the cost as compared to mega-vendors like SAP and IBM, and 23% of the entire cost when compared to BI solutions from players like QlikTech.

However, the adoption of open source BI among SMEs is still negligible, reason being that it involves some amount of learning and experience. SMEs lack the manpower and talent pool to devote to this area. Moreover, they are not so willing to experiment with their data and their IT being unorganized.

Tayal offers a word of caution saying that in jiffy of getting on to BI bandwagon, there are chances that inexperienced SMEs can end up making grave mistakes. “To fully exploit BI, and make effective analysis the SMEs must know the trick of asking the right queries, and that largely depends on the data model,” he says.

### Possibilities unlimited

The industry sees immense possibilities such as profitability, efficiency that are driving BI usage though for most SMEs, the key pull is on good customer relationship management and customer

satisfaction apart from retention.

According to Neeraj Athalye, Head-Sales, SAP Platform & Technology Business, the adoption of BI and analytics can fundamentally be seen in parlance of planning & execution, sensing response, and making predictive analysis. He feels it is an encouraging indication for the industry to hear SME business case-led discussions for these solutions, even though they are using BI mainly for reporting of their transactional data to begin with and they will gradually mature from reporting to analysis and predictions.

Ask Ashish Naik, Manager-Business Intelligence & Strategy, JCB Salons-India about what made them invest in MAIA's solution and his prompt reply is that the solution is critical for their business as it helps them not only track trends, but also keep a tab on the growth of their employees and profile of their clientele. This in turn helps us make more informed decisions.

He says, “We have an ERP system integrated without financial tools and now we are taking help of the BI tools to track various parameters like age-group of our customers, footfall patterns, frequency of services etc. We also keep a tab on their stock keeping units (SKU), using these tools.”

SKU tracking was a challenge for Bharat Maheshwari, Sales & Brand Controller, Nivea India Pvt. Ltd. as well before the company invested in MAIA's IKey BI solution. “We needed a solution that could integrate SAP & non-SAP CRM data for our actual sell-in and sell-out against plan and distributor inventory data at any point of time, monitor field force and DSR productivity, help us expand and conduct distribution analysis, plan new launches and do focused SKU analysis,” he says

Seeing the success of sales based reports, Maheshwari now plans to build



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few controlling reports like brand margin analysis, SKU-level cost movement tracking, using the BI solution.

Gitanjali Group, a well known jewelry house that has points of sale globally, has been using SAS BI tools for a while and they recently upgraded to its visual analytics version.

Sam George, Chief Information Officer for the Gitanjali Group explains that analytics need to be real time. “We have stores across the globe, so there is a lag in the information, we need to have real time gross margins on the dashboards and these data points are then to be shared with different groups like the merchandising, manufacturing teams.”

Besides, they were sitting on heavy databases for every individual brand they handled like Nakshatra and Gili. There were certain brands that they handle only for B2B purposes.

“In India, we are just getting on the Microsoft Dynamics ERP solution and will be consolidating the entire system to analyze data from all divisions—B2B, B2C, shop and shop for all the macro perspectives,” he informs.

### Beyond spreadsheets

BI is evolving at a pace never seen before. Gone are the days of when SMEs reported data on Excel sheets. They demand solutions that help them do more than just reporting. For instance, Pyramid Plastics which has deployed Microsoft Dynamics Navision ERP, when it came to picking a BI solution, did not consider products from Microsoft as it was expensive, and they needed additional capabilities that they claim MAIA could offer.

“Using MAIA solution, we are even able to send mails to customers using the scheduler tools. Currently we are working on developing a data warehousing solution and for that we need to put another server, says Nilesh Shah, Director, Pyramid Plastics.

Maheshwari of Nivea adds, “Deploying an SAP kind of solution would have taken us anywhere from six months to one year. Besides, we have an offline billing application deployed at the distributor end. Our earlier system could

not capture the data from Excel sheets. The new solution can and the interface is quite intuitive, collaborative and visual.”

The organizations today wants BI to be user-driven, collaborative, and associative rather than it being restricted to decision making at the top level. Add to that the growing need for decision-making on the fly. This is where information mobility with the ability for fact based decision making ‘anytime, anywhere’ is becoming increasingly pivotal. Leading BI vendors have already started development and commercialisation of mobile versions of their tools.

“Indian enterprises are embracing Mobile BI at an increasingly fast pace. Over the last couple of years, the use of BI has witnessed a sea change with the advent of sophisticated smartphones. This has led to a necessary shift in the way BI is being leveraged to gain business value,” points out Jaydeep Deshpande, Regional Marketing Manager, QlikTech India/SAARC.

Agrees Sen of SAS, stressing that a large number of their clients are using visual analytics to explore data and view reports over their mobile devices such smartphones and tablets. The shifting trend towards a virtualized environment has led to strong adoption of cloud-based solutions and social media.

According to a study commissioned by Oracle, Indian organizations use social media much more than the global average and their counterparts in emerging economies. In such a scenario, an integrated approach to social business will be critical for businesses.

Kakkamthottil is optimistic that once the uptake of BI tools gathers speed among SMEs, they will empower the users not only with insight but foresight as well. The SMEs will begin depending on these tools for interpretations which will be based on content, context and location.

Kole of MAIA, however, believes that that kind of market environment is still some years away. For now, the BI usage will continue to pick up alongside transaction systems.

heena.jhingan@expressindia.com