

Get Smart with **BI**

Business intelligence solutions can help an organisation improve its productivity, quality, customer service levels and profitability

DURAI RAJASEKAR

In the last decade, many enterprises across sectors have moved to centralized IT solutions, and have consolidated countrywide operations through IT investments. This has majorly improved operational performance, reduced the cost of operations, and increased reach to customers. Currently, these enterprises are looking at enterprise-wide Business Intelligence (BI) solutions, to leverage their present investment in IT infrastructure for improving productivity, quality, customer service levels and profitability.

Transaction systems automate business. BI systems analyse business performance, and help the firm to enhance business by optimizing all risks. It offers the functionalities of visualising transaction data in tabulated forms and contents associated with trend charts and graphs, so as to pin-point the problem areas of business as well as the growth areas. It helps users at all the three levels of business—strategic, tactical and operational, to view and analyse data as per the relevance of each function, and facilitate them to make decisions. It offers monitoring key indicators of business

continuously, and receiving automated alerts whenever the threshold limit or target is exceeded or not achieved.

How is enterprise-wide BI different?

Some conventional ERP (Enterprise Resource Planning) systems help businesses automate transactions through data capture at operational level, and ensure data and business integrity are maintained through orchestrated business processes and rules. They have MIS systems to complement and verify if the transaction processing is complete at the operational level, and provide periodic static reports to management, which are static and statutory in nature. So why should an enterprise spend on BI?

The differentiator here is that a BI solution provides a unified view of data extracted from multiple transaction systems such as SCM, CRM etc., and provides analyses and information support for MIS/DSS/ESS users.

Information engineering across the entire organisation precede a good BI implementation like what business





process engineering does for a good ERP implementation.

However, integration of BI and ERP can provide tremendous value to organisations in various areas such as inventory holding analysis, inventory movement analysis, cash requirement analysis, price variance analysis, production optimization analysis, and cost analysis for products, operations, purchases and so on. All this is easily delivered on a BI platform which comes with a dash board, score card, balance score card, alerts, work flow for issue resolution, digital dash board for top management view, and so on. While ERP is deployed for standardization of processes and integrity of data, a BI solution is deployed for standardization of information and unified view of same data.

Moreover, BI is a highly customizable platform. Because information and analysis requirement varies among businesses and wholly depends on data models, data marts built for BI also vary and hence the whole BI platform will get customized for the business. Therefore, information engineering will have to precede deployment of BI solutions.

Who needs enterprise-wide BI?

A frequently asked question is which size of businesses will need to deploy BI. A business, whether big or small, faces the same risks, but at different scales. Perhaps a lower level of investment and TCO will be the key for small businesses. The other part of the question is at which level is BI to be employed. When it comes to the use of BI, it is a necessity at every level, with a different set of purpose at each level. While at CEO/CFO level, the information requirement is for strategic initiative purpose (eg: Why my product sales is not picking up

in the southern region?), at the tactical level, it is required for tactical decisions (Which are the channels in the southern region that do not perform well in certain product sales), and at operational level, it is purely for transaction-based decisions (Who will pick up stock of which product and at what time?)

Though it's a general idea that BI comes as an overpriced IT tool which makes it a luxury, it is actually a different case in reality. Generally, the TCO for a BI solution should not exceed a certain percentage of TCO of the ERP system itself. But in terms of ROI to the organisation, it is higher, because the return on BI investments takes into account leveraging the investment in the ERP system also. (e.g: Price variance for the same raw material with the same quality and delivery commitment from two unconnected vendors, detected through BI, will bring enormous cash benefits to the organisation using BI if these procurements operations are decentralized for strategic reasons. The savings in rationalization of this price variance alone will pay for the investment in BI, at one go.)

Thus, the ROI on BI can be measured by judging the quality and effectiveness of decisions which the users take. This is based on the most recent and real-time data coming from ERP systems, and the improvement in revenue or saving in cost that result due to such decisions.

The whole need of a BI implementation depends on the percentage of use of ERP data by various decision makers in the organisation, and whether the data is coming directly from the system or through tabulated forms using spread sheets and intermediary manual processes.

Challenges

The implementation of BI in an enterprise cannot be confined to only corporate

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BI solutions offer monitoring key indicators of business continuously, and receiving automated alerts whenever the threshold limit or target is exceeded or not achieved.

offices, or a few analysts, or any selected geo, or a set of customers. Today, IT penetration has already reached far and wide in any enterprise. This definitely has thrown a challenge to solution providers in terms of both sales and service delivery. The recent global meltdown and the fear of loss of business from European and Pan American markets have been good for Indian IT companies, who have invested in innovative BI solutions. These have now emerged as a ready-to-use solution to enterprises, which are turning aggressive in pushing sales and need BI to know where to push what. Enterprises continue to analyse TCO and ROI, as long as the solution offered can justify that the product will sell.

The other challenge is with SMBs, which will take some more time, because BI is still finding its feet with large enterprises, which have already invested heavily in IT infrastructure and which have just started looking at BI. SMBs will continue to be followers of adopting either ERP or CBS systems. But then there are still a handful of SMBs who have a foresight and thirst for innovation and early adoption, and such SMBs will also look out for BI, though not all.

From a typical Indian perspective, the main challenge is to move users away from the hard copy report-based decision support to online interactive analysis-based decision support, and justify benefits in relation to the investment.

To wind up on the life and future of BI, here is a brief gist of a Gartner paper published in 2009, predicting these developments in the business intelligence market:

- Because of lack of information, processes, and tools, through 2012, more than 35 percent of the top 5,000 global companies will regularly fail to make insightful decisions about significant changes in their business and markets.

- By 2012, business units will control at least 40 percent of the total budget for business intelligence.

- By 2010, 20 per cent of organisations will have an industry-specific analytic application delivered via software-as-a-service as a standard component of their business intelligence portfolio.

- By 2012, one-third of analytic applications applied to business processes will be delivered through coarse-grained application mash-ups. ■

Durai Rajasekar is Senior Vice President, Ramco Systems.