

CPM Expert Series<sup>11</sup>  
Business Intelligence:  
Make your biggest asset  
impact your bottom line.

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## BUSINESS INTELLIGENCE: MAKE YOUR BIGGEST ASSET IMPACT YOUR BOTTOM LINE

These days the terms corporate performance management (CPM) and business intelligence (BI) are often used interchangeably. However, most analysts agree that they refer to two distinct, if related, categories of solution. Business intelligence describes a broad category of software applications that enable users to access corporate data for the purposes of analysis and reporting. BI solutions comprise a wide variety of tools from query and reporting applications, slice and dice analyzers to dashboards and scorecards.

By contrast, CPM solutions incorporate BI-style reporting and analysis as a technology platform, but focus additionally on the business planning processes, metrics and methodologies used to manage the enterprise. BI technologies then, form an integral part of a CPM solution.

### Analysis Paralysis

That said reporting and analysis is a challenge for many organisations. Research has shown that only 1 in 5 managers believe they have the right information to perform their job effectively. This is ironic given the fact that more business data is being collected than ever before. The problem then, is not so much that organisations do not have the data their managers need, rather it's that their managers cannot access it. This is confirmed by a recent survey that showed that on average most executives spend

around 15-35% of their time trying to collate the information that they need to support their decision making processes.

The problem today is often two fold. Information is locked up inside proprietary systems with antiquated interfaces that rely upon IT skills for query and retrieval. When managers do get access to the data there is simply too much of it to make sense of. It's no surprise then, that given this situation a recent survey by the Hackett Group showed that only 1 in 10 of finance executives felt that they had received a full return on their investment in information technology.

However, giving managers direct access to the data stored within ERP, CRM, CPM and other enterprise systems is not the answer. A user id and a two day course on structured query language are unlikely to help reveal any underlying challenges or opportunities facing the business. If anything, unstructured access typically causes more problems than it solves. In this situation it is typical for management to suffer from "analysis paralysis" as they are swamped beneath a mass of unorganised data.

The most common alternative to this is to provide management with static report packs. Indeed, research shows around 80% of business intelligence requests are satisfied in this way. However, the biggest problem with such reports is in their unchanging nature. Let's say, a manager notices an issue with the sales margin in one particular region and wants to look at the figures for individual stores or see if the problem is associated with one particular product range? The only way to obtain this

additional information is to go to IT and ask for another report to be created. This not only consumes more time and resources but results in a report that is more than likely to be out-of-date by the time it is delivered.

At the other end of this spectrum is the scenario where each department uses spreadsheets to monitor and manage their own set of indicators. In these kinds of situations it's not uncommon for group meetings to devolve into a referendum on who has the correct numbers rather than a meaningful discussion about performance. Another symptom of this type of approach is a lack of prioritisation as managers merely focus on the problems that they are able to find rather than those that are most pressing. If the first sign that a project is in trouble is when the legal team become involved then managers do not have the tools they need to spot early danger signs.

### Business intelligence solutions

The best practice solution to these types of problems is the adoption of a corporate business intelligence (BI) platform. Such a system enables all primary decision makers within an organisation to monitor and analyse the key indicators that they need to make the best decisions possible.

A BI system will provide the following key features:

- The ability to source data from multiple environments. Being locked into a single proprietary data store is a sure way to deliver a skewed and incomplete picture of what is happening. BI solutions allow data to be loaded from multiple sources, both internal and external,

financial and non-financial providing, a 360 degree view of performance.

- One version of the truth. The information stored in the business intelligence system becomes the primary source of data for all business related discussions. This means that managers can focus on the implications of the information rather than its veracity.
- “Speed of thought” response times. In order for a BI system to add the maximum amount of value to the business it should enable managers to interact with the data and request new analyses or drill down into lower levels of detail for themselves, allowing them to follow their intuition.
- Automated reporting of exceptions and outliers. If a fuel gauge only indicated a low tank after the event it would be of limited use, likewise merely being able to analyse historical indicators is not enough. To avoid this, the best BI solutions provide forward-looking indications of potential problems and opportunities by highlighting exceptions and outliers within the information. They also provide predictive analysis of key indicators enabling management teams to take timely and appropriate action.
- What-if scenario building. Finding the relevant information is only half of the process. Once an opportunity has been identified a BI solution will allow the management team to simulate the impact of different decisions, enabling them to select the best course of action.

- Data visualisations and dashboarding. Support for different ways of visualising data is a vital part of any business intelligence system. For example, a graphical view of customer and product information can reveal previously unseen buying relationships.

**Business Intelligence: using your biggest asset to drive bottom line performance**

Investing in a business intelligence solution has a multiplier effect on existing investments in CRM and ERP systems by taking the data stored in them and delivering it to a wider audience in an easily accessible format. Moreover, a better understanding of business drivers enables management to do a better job of retaining customers and winning new ones.

Similarly, a clearer internal view of all aspects of the business allows the executive team to see which business units and products are performing best and why, enabling them to identify “best-of-breed” practices and apply them to under-performing parts of the organisation.

Moreover, getting the right data to the right person at the right time means that management teams are able to execute the corporate strategy coherently and consistently and respond appropriately to the daily tactical challenges of their business environment. Likewise, a clear flow of relevant information up the management chain guarantees that senior executives have a clear sense of how strategy is being executed on a day-to-day basis.

All of this means that organisations that make use of business

intelligence solutions are able to ensure that their management teams make better decisions on a regular basis, transforming one of the business’s biggest assets, the data it gathers, into a resource that positively impacts the bottom line.

*“After implementing the core processes for Performance Management, the BI platform has enabled us to extend the system reach to facilitate detailed analysis, more ownership at a cluster level and ultimately a better alignment between Group and cluster level budgets and forecasts.”*

Preyesh Mestry  
Head: Financial Systems  
Nedbank



Quality through Partnership

Rinedata specialise in the selection, development and support of corporate performance management solutions. For over ten years Rinedata has delivered successful CPM solutions to numerous blue chip organisations across a wide range of industries. Our portfolio of experience encompasses SAP BPC, Infor PM, Oracle Hyperion, IBM Cognos and a selection of independent vendor solutions including Tagetik CPM and KCI Control.

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