Business Analytics:
Pushing Toward Relevance

IT CAN IMPROVE ITS OVERALL CONTRIBUTION TO BUSINESS INNOVATION WITH AN ACTION-ORIENTED BUSINESS INTELLIGENCE AND ANALYTICS STRATEGY.

INTRODUCTION

Business analytics are a checklist item for companies in their ongoing quest to attract and retain customers and differentiate their business from competitors. But while business analytics (BA) and business intelligence (BI) tools are becoming ubiquitous, they remain underutilized in many companies.

Part of the challenge is the disconnect between the IT teams deploying BI tools and the business users who are (supposed to be) taking advantage of them. *CIO* magazine's 2010 State of the CIO research indicates the persistence of this gap. More than one-quarter of senior IT executives say their bosses view IT as a cost center and only 11 percent believe IT is perceived as a competitive differentiator.

How can they close this gap? Two-thirds of CIOs believe that improving end-user workforce productivity would be among their IT organization's most significant business accomplishments in the year ahead. A great starting point: Moving

business analytics capabilities beyond standard reporting toward more action-oriented insights that influence strategic decision-making. By proving the business value of BA and BI tools to stakeholders across the organization, CIOs will be able to build a stronger case around IT's overall contribution to business innovation and growth.

THE STATE OF BA IN IT ORGANIZATIONS

BA is broadly defined as a collection of tools that enable a company to access, transform, store, analyze, model and track business information. BI is an output of business analytics—reports and insights culled from the data that facilitate more informed business decision-making.

These tools are becoming widespread as the technology matures and as companies look for new ways to leverage mountains of data collected about customers, suppliers and competitors. Nearly two-thirds (65 percent) of respondents to a Computerworld Quick Poll say their organization

uses personal productivity tools to track business information. Nearly half (47 percent) of respondents say they leverage a BI solution.

The Quick Poll offered some interesting insights about who is using these tools. A key premise of BA is that the tools put powerful reporting capabilities in the hands of business users. But the Quick Poll suggests that IT is using these tools more than the business users they are designed for. Only 21 percent of marketing and 17 percent of sales personnel are leveraging their company's BA tool kit. In addition, senior executives are more likely than lower-level staff to use BA solutions, whether they are corporate (47 percent), IT (45 percent), or financial managers (44 percent). (Exhibit 1)

One reason for a lack of significant traction among mid-level managers may be the lack of a well-defined strategy around BA and BI. Nearly eight of 10 respondents (78 percent) said their organization's BI strategy is only somewhat mature or not mature at all, and only 15 percent believe their company has a fully mature BI strategy (15 percent). (Exhibit 2)

This perceived level of immaturity could be the result of a few key barriers to adoption. Quick Poll respondents cited a lack of required investment in both staff (52 percent) and dollars (46 percent) as a challenge to implementation and use of

"Information has been growing in silos in organizations for generations, and getting that information ready and accessible to be consumed by the masses doesn't happen overnight."

— ERIC YAU, VICE PRESIDENT OF BUSINESS INTELLIGENCE AND PERFORMANCE MANAGEMENT AT IBM.
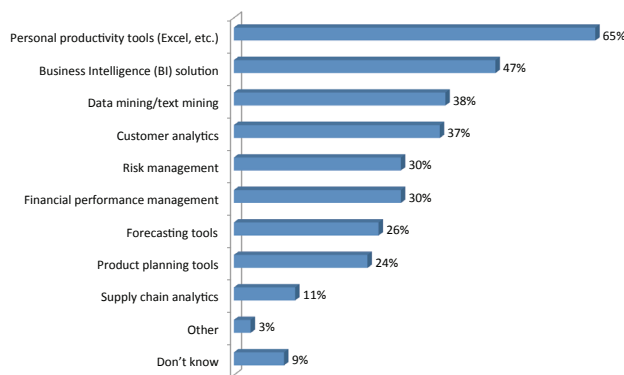
BA/BI tools. Nearly half of the respondents also cited an old standby—resistance to change—as another persistent barrier (Exhibit 3).

There are technical challenges to BA/BI deployments as well. In the Quick Poll, 87 percent of respondents said that proactive data exploration and the ability to integrate analytics results with business processes on a companywide scale are somewhat or very challenging. Other demanding activities include accessing, organizing and managing data stored in multiple formats (77 percent), sharing and integrating analysis and decisions across departments or business units (73 percent), and even what some might consider basic functionality: providing post-event reports and alerts (71 percent). (Exhibit 4)

These results indicate that BA/BI has not yet reached its full potential as a strategic decision-making tool inside many organizations. The desire for these capabilities, however, is growing. In a recent IBM study, more than 65 percent of organizations indicated they are preparing for more strategic use of BI over the next five years. "Information has been growing in silos in organizations for generations, and getting that information ready and accessible to be consumed by the masses doesn't happen overnight," says Eric Yau, vice president of business intelligence and performance management at IBM. "Many are taking the steps today to consolidate their BI technology infrastructures, infuse the skills and organizational behaviors required for strategic use, and develop the roadmap for information sweet spots."

GAINING TRACTION AND INFLUENCE WITH BUSINESS ANALYTICS: BEST PRACTICES

Across all industries, CEOs are looking for IT to play a more active role in supporting the business's growth agenda. After all, IT provides critical capabilities that enable a business to be more efficient and more effective. IT plays a similarly central role in BA and BI.

"Because the IT team understands the data, they have a unique opportunity to act as a great listener to the various needs of the users and as an advisor and visionary that can tie all this information together to enable higher performance," says Yau.

COMPUTERWORLD *Custom Solutions Group* — Nearly two-thirds (65%) of respondents report their organization uses personal productivity tools to access, transform, store, analyze, model, report, deliver and track business information. Nearly half (47%) leverage a BI solution.

Solutions Most Commonly Used as Part of an Organization's Business Analytics Tool Kit

Solution	Percent
Personal productivity tools (Excel, etc.)	65%
Business Intelligence (BI) solution	47%
Data mining/text mining	38%
Customer analytics	37%
Risk management	30%
Financial performance management	30%
Forecasting tools	26%
Product planning tools	24%
Supply chain analytics	11%
Other	3%
Don't know	9%

Q1: Which of the following types of solutions does your company leverage as part of its business analytics tool kit? (Please check all that apply.)
Base: 89 respondents

To be successful, IT teams must partner with different departments—finance, sales, marketing, and the rest—to break down silos across the information structure. Better collaboration between data specialists and functional experts will lead to more informed and higher-value decision making throughout the organization.

How can CIOs lead the charge to help companies make better use of their data for competitive advantage? The following best practices can serve as a guide.

COMPUTERWORLD *Custom Solutions Group* | Senior managers are most likely to be the users leveraging the solutions in their company's business analytics tool kit, whether they be corporate (47%), IT (45%), or financial managers (44%).
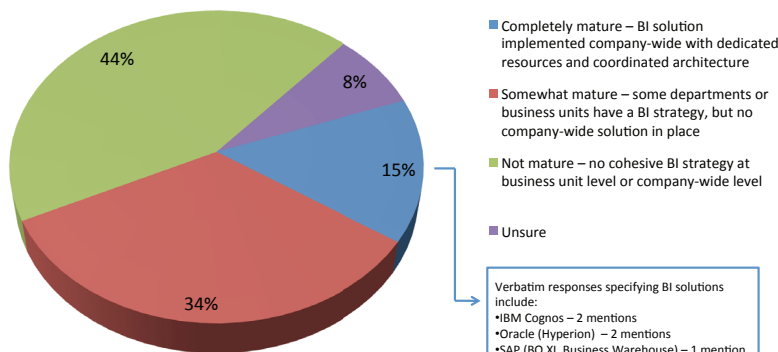
Primary Users of Business Analytics Solutions

Executive/corporate management	47%
Senior IT management	45%
Senior financial management	44%
IT management	36%
Operations	35%
IT Staff	35%
Business analysts	25%
Marketing	21%
Sales	17%
Don't know	10%
Other	7%
HR	7%

Q2: Who are the primary users of your company's business analytics, BI or data analysis and reporting tools? (Please check all that apply.)
Base: 89 respondents

COMPUTERWORLD *Custom Solutions Group* | The vast majority of respondents (78%) feel their organization's BI strategy is only somewhat mature or not mature at all, there is a dearth of organizations that feel their company has a completely mature BI strategy (15%).

Maturity of Business Intelligence Strategies

- 44%
- 8%
- 15%
- 34%

- Completely mature – BI solution implemented company-wide with dedicated resources and coordinated architecture
- Somewhat mature – some departments or business units have a BI strategy, but no company-wide solution in place
- Not mature – no cohesive BI strategy at business unit level or company-wide level
- Unsure

Verbatim responses specifying BI solutions include:
- IBM Cognos – 2 mentions
- Oracle (Hyperion) – 2 mentions
- SAP (BO XI, Business Warehouse) – 1 mention
- QlikView – 1 mention
- Proclarity – 1 mention
- PrecisionPoint – 1 mention
- MicroStrategy – 1 mention
- EVD methodologies – 1 mention

Q3: Which of the following best describes your company's business intelligence (BI) strategy?
Base: 89 respondents
Q3a: Please specify which BI solutions your company uses.
Base: 13 respondents

1 | Define a true enterprise strategy.

The lack of a broad-based BI strategy inhibits IT's ability to articulate the vision and expected outcomes of a BI initiative—which makes analytics a tougher sell across the organization. To be successful, this strategy must be created in partnership with cross-functional stakeholders. A true BA strategy does not lead with technology, but incorporates it as one of three key elements:

■ **Business alignment:** Senior management, IT leadership, functional heads and line-of-business managers must agree on the goals and expected outcomes of the BI strategy, using a common language to define success.

■ **Organizational structure:** Leadership must ensure that the right skills and processes are in place for collecting, sharing and analyzing information effectively. Policies and procedures for sharing information housed in disparate systems are critical. It's also important to create the proper incentives, making people accountable for their contributions to the effort. This will begin seeding a culture that is focused on using data strategically instead of simply churning out reports or making decisions on gut feel.

■ **Technology:** The capabilities and tools must be aligned with the goals of various users across the organization. Once business needs are defined, the proper tools can be applied to the solution. A clearly defined and properly deployed information management infrastructure will enable timely and reliable analysis and reporting and build confidence in the solutions along with the insights they generate.

2 | Sell the value proposition.

Understanding the decision-making processes throughout an organization—and designing your BA/BI program around those processes—is another key to a successful deployment. Articulating the value of the program back to the stakeholders is equally significant. The value proposition must extend beyond IT efficiencies or technology "wowism" to address specific business benefits and outcomes.

Users typically don't want to change the way they work or the tools they use if they do not understand the shared goal. Technology that is not aligned and designed in partnership with

the business is likely to frustrate users—to the point where they will simply not use it. A clear value proposition will convert individuals with varying agendas into a team working toward a common goal.

"By understanding the business outcomes, the business case for the program becomes clear and politics and culture can be overcome with a common vision and goal," says Yau.

3 | Teach end users to fish.
The most successful BA/BI initiatives tend to be those that IT facilitates but the business units "own." IT plays an important role in articulating the value of BA solutions—but it should not serve as a service bureau for generating reports. End users will get the most value out of BA/BI if they use the tools directly, integrate them into their business activities, and learn how to customize them as needed to support changing priorities or new opportunities. IT should provide the proper training workshops and other resources to ensure that business users are getting the most out of their BA/BI solutions. Hands-on tutorials, training videos and knowledge centers can accelerate deployment and increase the success rate of BI initiatives.

4 | Determine your organizational needs and deployment timeline wisely.
The inability to gain alignment with business users and help them understand the value of

corporate BA/BI initiatives often occurs when an organization is not properly resourced to support the investment in new programs and tools. Designing the equivalent of a BI competency center will help IT organizations identify and then implement the skills, talent and resources required to develop and maintain a successful initiative.

While the scope of a BA strategy must extend across the enterprise, deployment of BI solutions should begin modestly, with smaller pilot projects used to test and optimize processes that can eventually be rolled out at scale. Communications programs to promote successful pilots—loudly and broadly across the company—will raise awareness about the commitment to and importance of BA as a strategic tool.
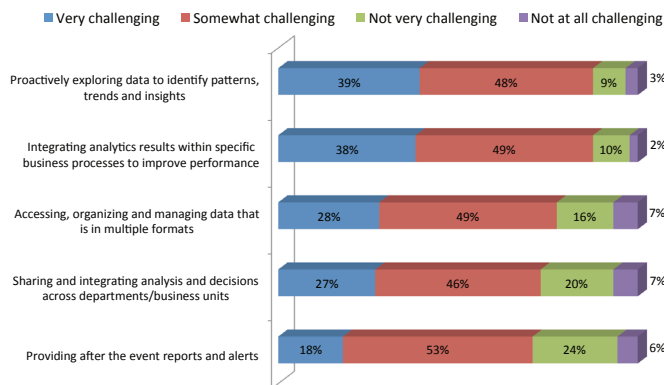
SUMMARY

The challenges of deploying an enterprise BA strategy can be daunting for many IT organizations, because business analytics must take into account both technology and the behavioral requirements of multiple stakeholders with sometimes conflicting agendas. Because of this diversity, companies need to provide a range of analysis and reporting capabilities, built on a flexible platform, to enable effective information management and timely decision-making. A one-size-fits-all model does not apply to strategic decision-making—and therefore won't apply to BA/BI solutions, either.

An enterprise strategy for BA, tuned for individual stakeholders and aligned with business goals and outcomes, will help IT create a performance culture that understands the value of data. A successful BA/BI program will help IT leaders expand their influence, mitigate corporate politics, and prove IT's value as a driver of business growth and competitive differentiation. More than 23,000 leading companies and organizations around the world choose Cognos performance management solutions. They use business intelligence software to understand performance and make better decisions. They use financial performance management software to set targets and allocate the resources to achieve them.

For more information, go to
www.ibm.com/cognos

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COMPUTERWORLD Custom Solutions Group

Nearly nine out of ten respondents (87%) report that proactive data exploration and integrating analytics results with business processes are either very or somewhat challenging activities to conduct on a company-wide scale.

Difficulty Organizations are Facing with Regards to Organization-Wide Data Analysis

■ Very challenging ■ Somewhat challenging ■ Not very challenging ■ Not at all challenging

Proactively exploring data to identify patterns, trends and insights: 39% | 48% | 9% | 3%
Integrating analytics results within specific business processes to improve performance: 38% | 49% | 10% | 2%
Accessing, organizing and managing data that is in multiple formats: 28% | 49% | 16% | 7%
Sharing and integrating analysis and decisions across departments/business units: 27% | 46% | 20% | 7%
Providing after the event reports and alerts: 18% | 53% | 24% | 6%

Q4: How challenging is it for end users at your organization to perform the following types of tasks at a company-wide level?
Base: 89 respondents