The Benefits of Business Intelligence Standardization

▶ *Why Should You Standardize Your Business Intelligence Tools?*

Business Objects™

Author: Timo Elliott (timo.elliott@businessobjects.com)

Contributors:

Audience: This paper is intended for information technology executives interested in reducing their
                Business Intelligence costs, and using information more effectively

Introduction

Valuable information is stored in each of your enterprise applications, in your data warehouses or data marts, as well as a host of access databases and Excel spreadsheets.

Over the last decade, business intelligence (BI) technology has proved its ability to access these diverse information sources, but has typically been implemented on a departmental or project basis, without any centralized control or strategy. The result has been that it's not uncommon for companies to have many different, overlapping technologies throughout their organization.

This fragmentation of BI has come about in two natural ways. The first is that BI often "sneaks in" attached to other applications — for example, with your ERP system, supply chain system, or CRM system. Each of these tools requires some reporting, but this creates information stovepipes, where the information can't easily be shared with other applications, making cross-functional analysis very difficult.

The second generator of BI fragmentation has been confusion over the definition and use of business intelligence. For example, your users' information access needs typically include reporting, ad-hoc querying, analysis, dashboards, and data mining. In the past, you may have turned to multiple tools for these different types of use. But as BI use has expanded, this may have resulted in overlapping tools in different departments, without any clear guidance for which tools are best used where.

As an IT executive, you are concerned with standardizing infrastructure and leading cross-enterprise initiatives in order to bring increased business value to your users. By setting in motion a BI standardization initiative today, you can reap savings in time, resources, and frustration, while delivering deeper business insight to your internal customers.

The consulting organization Gartner advises[1]: "Start an active program to standardize on business intelligence tools in your company and consolidate nonstandard tools immediately. It may take several years to achieve the benefits. Starting now is critical, if you are to achieve strategic deployment and associated cost savings in the next three years."

This document will outline the many costs, frustration and confusion associated with a lack of BI standards. And these costs are increasing as BI becomes increasingly strategic, and more widely deployed.

---

[1]   Howard Dresnser, O*rganizations Must Standardize and Consolidate BI Tools,* Gartner Inc,. April 2005
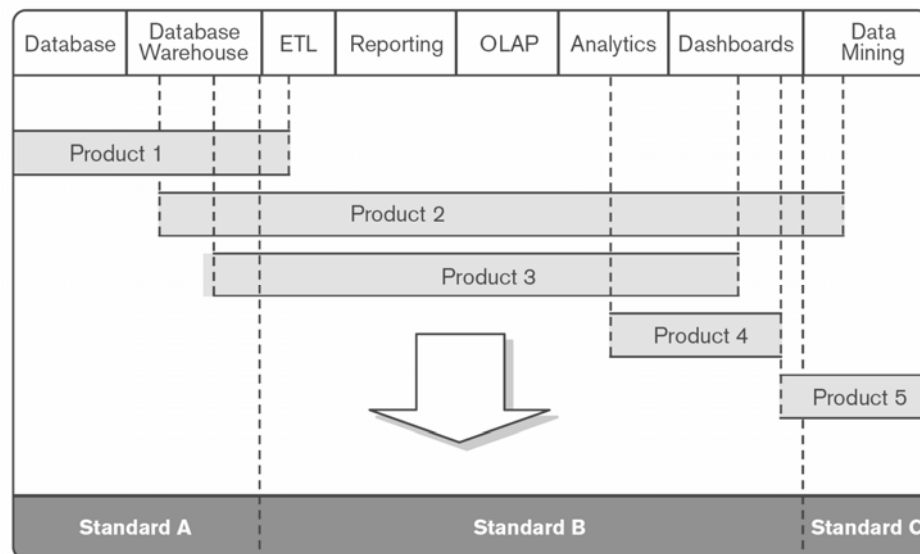
Defining BI Standardization

Sometimes we find that the phrase "BI standardization" gets a negative reaction, because people think it implies choosing only one tool to the exclusion of all others, or taking away existing products from happy business users.

Other terms that could be used include "BI rationalization," "BI consolidation," or "preferred BI vendors" — whatever the language chosen, you will get all the same benefits outlined in this document.

According to Forrester, most Global 2,000 companies have between five and 15 separate reporting and analysis solutions in use[2]. The goal of BI standardization is simply to reduce the number of these tools. Your goal should be to build a "portfolio" of products with as little overlap as possible. In this example we can see that five overlapping products have been consolidated into three distinct standards.

■ *Figure 1: BI standardization means reducing the number of overlapping tools in your organization.*

In practice, there is a continuum of different levels of BI standardization, from recommended vendor for a single department all the way through to true enterprise standard. The more the disciplined the standard, the greater the benefits. Most of the organizations we've worked with have increased the level of standardization over time, as they have become more mature in their use of BI technology. Wherever you are today, you can save money and increase user insight by moving to the next level of standards.

---

[2] Keith Gile, *BI Driven By Compliance, Standardization, And Performance Initiatives*, Forrester, April 2005

The Benefits of BI Standardization

▶ **Save Money**

The first, clearest, and most obvious benefit of standardization is that you can save money in every area of implementing BI projects. You can avoid unnecessarily duplication of all the costs of evaluating, purchasing, implementing, and maintaining multiple BI tools:

- **Evaluation costs.** The selection of a BI solution, from the initial identification of candidate vendors to the final proof of concept can be a lengthy and costly process taking weeks or even months, and involving both IT and end users. With the current rate of adoption of BI, this process is, in many cases, being repeated unnecessarily at various levels with the organization.

■ *Figure 2: Introducing standards helps reduce costs in every aspect of evaluating, purchasing, implementing, and maintaining BI tools.*

Costs

Without Standards

SAVINGS

With Standards

Number of projects
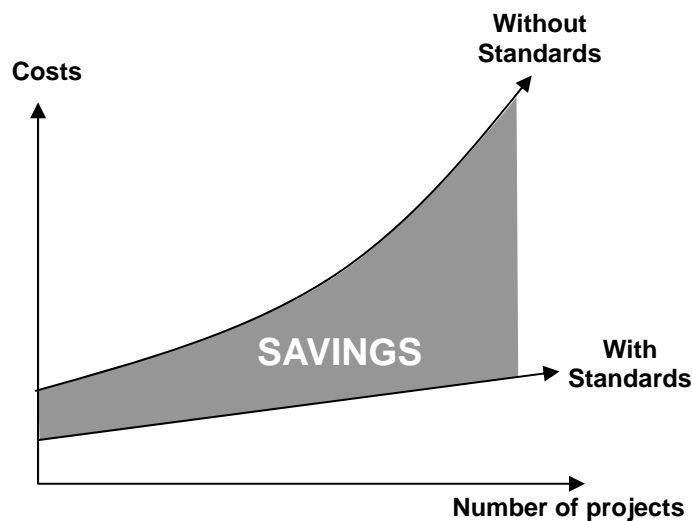
- **License costs.** As the uptake of BI at various levels within the organization continues, there is a growing need for vendor contract consolidation. CIOs are increasingly aware of the benefits of taking into account BI vendors' relationships with the whole organization, and negotiating on that basis, rather than in one-off deals.

- **Support costs.** As the patchwork of different BI tools grows, the complexity and cost in learning, administering, and integrating the various technologies increase dramatically.

- **Training costs.** Depending on the user requirements, he or she may have to be trained on multiple BI tools. In some cases, because the information they are looking for comes from disparate systems with distinct BI interfaces, users will have to rely on IT to resolve the integration, leading to unnecessary work and frustration for both IT and the end user.

The more different BI products you have in your organization, the more money you can save. Gartner estimates that: "companies resisting the need to consolidate BI tools will be unable to strategically deploy BI and will incur 50 percent more cost for each redundant tool (0.8 probability)"[3]

▶ Increase User Satisfaction and Business Insight

You have poured many millions of dollars into your organization's information systems. Unleashing the value of that stored information means letting users access it effectively, which in turn means that your BI systems are extremely important.

Business intelligence is the outermost and therefore most visible layer of the IT infrastructure. It is essentially this layer that delivers the business value of your IT systems. Users often take for granted the fact that their servers are running and that the network is functional. Business intelligence, on the other hand, provides users with true business insight, helping them perform better in their jobs. BI makes a real and visible difference.
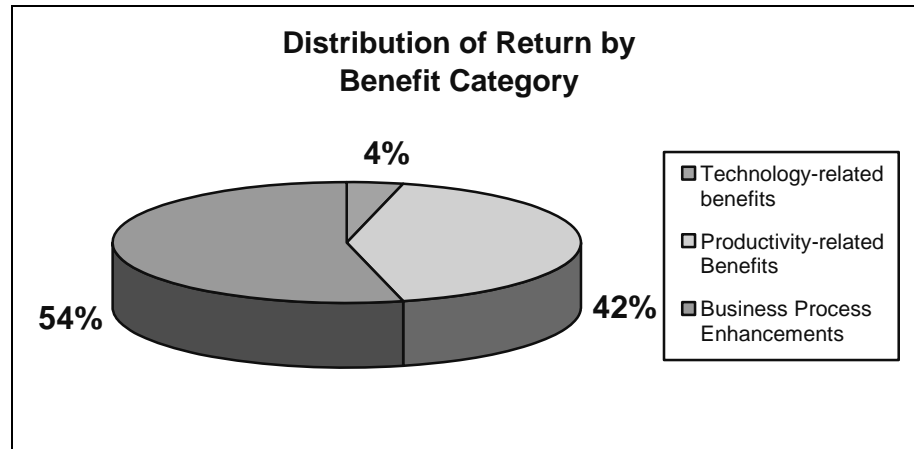
Without a common BI framework, internal and external users are prevented from getting a full understanding of their business activities — and in effect, wasting those millions of dollars in IT investment. And of course, if users are frustrated with BI, or because they can't get the information they want easily, they are likely to blame IT.

As an IT executive, your role is to provide your internal customers with fast, easy access to the business information they need to do their jobs. BI provides perhaps the highest ROI of any regularly available software today — a 2002 IDC study[4] showed that the average ROI of a BI project is over 430 percent, with an average payback period of just over a year. And IDC showed that most of the benefits of BI come through business process enhancements — the information discovered using BI changes the way the business worked.

---

[3] Howard Dresner, *Organizations Must Standardize and Consolidate BI Tools*, Gartner Inc,. April 2005
[4] *"The Financial Impact of Business Analytics"*, IDC, 2002

■ *Figure 3:*
An IDC study
showed that most of
the ROI of BI projects
comes through
business process
enhancements.

**Distribution of Return by
Benefit Category**

4%

54%

42%

- Technology-related benefits
- Productivity-related Benefits
- Business Process Enhancements

Source: IDC, 2002

In today's fast, competitive markets, it's clear that the company that has the most information will have competitive advantage. As Aristotle Onassis, the legendary businessman and Greek shipping billionaire put it: "the secret of business is to know something that nobody else knows."
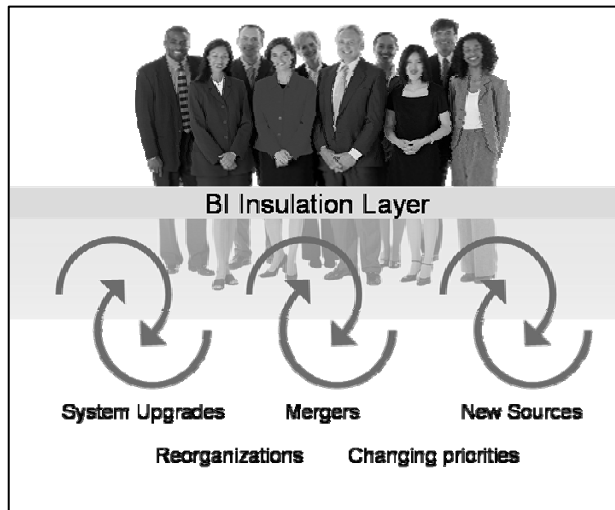
So while BI standardization is often about costs, the real benefits lie with the better insight that BI standards can bring. BI standardization can result in exponential increases to the bottom line through new revenue opportunities.

▶ More Control, Less Risk

The third benefit of BI standardization is more control over information and information use. In particular, having a common BI standard across your different systems can help insulate business users from inevitable changes over time.

Today's organizations are typically a mix of many different business applications, created through mergers, acquisitions, or different business unit priorities. Over time, legacy systems are decommissioned, new systems implemented, and departments reshuffled. If your users are accessing each system with a variety of different BI tools, they will inevitably be exposed to these changes. With a BI standard in place, you can easily change the underlying information architecture while users continue to see their familiar reports and dashboards.

The rise of Sarbanes-Oxley and other compliance laws has made data quality, compliance, security, and auditing absolutely essential for the success of your BI projects.

Without a common BI framework, multiple versions of the truth will occur. For example, the answer to "What is the revenue for product A?" may vary from one system to another, depending on how revenue is defined and how clean the data is. Users will have huge difficulties trying to communicate and collaborate in such and environment, as there is no common understanding of the terms being employed.

BI standardization gives you a single point of administration, and more control over information through metadata management—storing, comparing and coordinating information about information. With a standard system, you can allow metadata to be easily tracked from the data integration tools to the data warehouse and on to the end-user reports and dashboards. Users can more easily trust the information because they know the source and how it has been calculated. And IT can do impact analysis —if the operational data feed changes, it's easy to tell which reports and dashboards need to be changed, and so avoid data quality issues.

BI standardization can also help reduce your organization's reliance on older BI tools and smaller, less reliable vendors. As the industry matures, a small number of leading vendors are starting to dominate, as had previously happened in the data base and enterprise resource planning markets. Choosing a tried and tested leading vendor as one of your corporate standards is a good way to protect yourself from the dangers of defunct or acquired suppliers.

Conclusion

As Gartner notes,"at most companies, the problems of fragmentation and proliferation of disparate business intelligence tools have been exacerbated during the past two years."[5]

Faced with these problems of BI fragmentation, organizations are moving quickly to implement BI standards. In a recent TDWI study[6], 32% of the respondents indicated they would be standardizing on a BI tool in the next 12 - 24 months.

BI standardization involves costs and change management, but as Jacqueline Coolidge, of AMR Research notes, the bottom line is that"The standardization of BI tools is building momentum as companies realize the long-term gain will outweigh the short-term pain of rationalization."[7]

The Business Objects BI platform provides an ideal balance of ease of use and functionality for end users, and control for IT. It is backed up by the industry's leading BI vendor, with over a decade of enterprise deployment experience.

For more information about the practical aspects of implementing BI standards, and why you should consider Business Objects for your choice of BI standard, please visit our web site at www.businessobjects.com/products/bistandardization.

---

[5] Howard Dresner, *Organizations Must Standardize and Consolidate BI Tools,* Gartner Inc,. April 2005
[6] TDWI data warehousing survey 2005
[7] Jacqueline Coolidge, *Business Intelligence Standardization Can Be Worth the Pain,* AMR Research, August 2004

▶ www.businessobjects.com

For a complete listing of our sales offices, please visit our web site.

Business Objects™