WHY MIDSIZE COMPANIES NEED BUSINESS INTELLIGENCE SOLUTIONS
IN THIS UNCERTAIN GLOBAL ECONOMY

Without a business intelligence information infrastructure in place, midsize companies are more likely to exceed budgets, miss deadlines, improve performance of one department at the expense of the overall business, and reward employees for actions that do not improve performance. Ultimately, without BI, the current economic downturn poses greater risk to their business operations.

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EXECUTIVE SUMMARY

In today's economy, executives face declining revenues and tough cost-cutting decisions. However, cost reductions alone are not enough to survive in this market, especially for midsize companies, which typically lack the expansive resources needed to sustain a market downturn, yet have the ability to be much more agile with the right information. Midsize organizations require clear visibility into operations and processes, so they can quickly capitalize on what works well, rapidly identify and address the issues that degrade performance and efficiency, and optimize their use of resources. In addition, companies must base decisions on fact rather than guesswork. Finally, they need to ensure greater alignment and accountability across all employees, so business performance is maximized within the allocated plans and budgets.

These are all admirable goals. However, most midsize companies don't have the information infrastructure in place to meet such requirements. Without a vital information infrastructure that is informed by business intelligence (BI), midsize organizations are in a precarious spot. Consider:
- Lacking insight to operational inefficiencies, they take longer to identify and address issues that affect performance
- Lacking visibility across the enterprise, they have difficulty coordinating activities across departments, divisions, partners, and customers
- Lacking depth of analysis, they miss seeing abnormal variances and understanding root causes that have material impact on earnings
- They tend to perform worse than their peers in making the most of their resources

Without a BI information infrastructure in place, midsize companies are more likely to exceed budgets, miss deadlines, improve performance of one department at the expense of the overall business, and reward employees for actions that do not improve performance. Ultimately, without BI, the current economic downturn poses greater risk to their business operations.

This paper examines how midsize companies can tap into the strength of BI to reinforce what works in their organizations, and position them to move forward even as the economy falters.

"Business intelligence has helped us create better controls and enabled managers to run their part of the operations more effectively and efficiently."

FreshDirect

THE HAZARDS OF WORKING WITHOUT BI

BI is especially important for midsize companies, who typically do not have the vast resources of an industry giant but often have the agility to implement significant business decisions quickly. BI helps to ensure that those quick decisions are correct. Since fact-based decisions are likely to enrich a company's bottom-line, a midsize organization using BI to illuminate decision-making can gain significant competitive advantage – during good times, as well as during challenging economic times.

"As companies brace themselves for a recession, investing in business intelligence (BI) software might well be their best defense."[1]

The lack of a good information infrastructure at a midsize company is visible through the following notable hazards:

- **Multiple versions of the truth –** Interdepartmental meetings can frequently turn into finger-pointing exercises, as various spreadsheets used by individual managers use different assumptions and carry different data, making it hard to make decisions. As a result, decisions often are made on instinct rather than fact.
- **Misaligned action across the organization –** Information residing in departmental silos cannot be easily shared. This problem, combined with multiple versions of the truth, leads to departmental initiatives not being aligned with each other, as well as with the overall company strategy.
- **Difficulty prioritizing –** Without the ability to calculate and determine the future impact of any problem that surfaces, executives have limited ability to prioritize. As a result, all problems, minor and major, get equal attention.
- **Inability to perform in-depth analysis –** Managers lack a consistent, accurate, and quick way of quantifying facts, such as determining who are their most profitable customers, which products are losing money, and which business processes are inefficient.
- **Not knowing where to concentrate efforts –** Uncovering hidden issues, identifying their scope, and determining their potential impact through what-if scenarios can enable executives to address problems proactively, before they balloon out of control and hurt the business. Yet without a good information infrastructure, often, by the time executives become aware of problems, the issues have progressed to a full-blown firestorm.
- **Inability to measure departmental performance –** Although executives may set four or five performance metrics for each of their departments, they have no clear, consistent, and efficient way to calculate and compare performance across various periods; instead, obtaining such information requires the accounting department to crunch multiple spreadsheets over the weekend.
- **Unable to locate important information –** Managers are told that certain reports on product, process, and customer performance have been posted to the company's intranet, but they have no quick way of finding them.

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1 Sheina, Madan. "Business Intelligence: A Bull in a Bear Economy," Ovum, December 2008.

HOW BI CAN BENEFIT MIDSIZE COMPANIES

BI provides the tools that help organizations understand, analyze, and even predict what's occurring within their company. Organizations can use BI to turn data into useful and meaningful information, and then distribute this intelligence to those who need it, when they need it – so every employee makes timely, better-informed decisions. Using BI, organizations can combine data from a wide variety of sources to see an integrated, up-to-date, 360-degree view of the business.

Uniting operations and analysis, BI helps the entire organization make better decisions. As a result, organizations are better positioned to address the hazards listed above, leading to improved visibility of the business, correct alignment of action and strategy, and better resource utilization. BI is especially important for midsize companies, who typically do not have the vast resources of an industry giant but often have the agility to implement significant business decisions quickly. BI helps to ensure that those quick decisions are correct. Since fact-based decisions are likely to enrich a company's bottom-line, a midsize organization using BI to illuminate decision-making can gain significant competitive advantage – during good times, as well as during challenging economic times.

Broad Tools and Functionality

The BI spectrum is very broad in terms of tools and functionality. At its core are enterprise reporting and ad hoc query and analysis. Data integration and data quality functionality complements core reporting functionality by consolidating and validating data from multiple sources to ensure accurate, consistent data. Adding dashboards to the mix, users can quickly visualize and understand key trends and issues within their environments. Packaged analytic solutions may also include scorecards and performance management offerings, for monitoring business metrics and key performance indicators (KPIs). Common KPIs include customer satisfaction, profitability, and sales per employee. Scorecards and performance management helps organizations better align individual and departmental metrics and efforts with strategic goals. In addition, packaged analytic applications include planning and budgeting functionality, as well as consolidation.

Enterprise or production reporting typically involves high-volume, high-resolution reports that are run on a regular basis. Enterprise reports may be used to generate, for example, customer statements, invoices, or individualized benefit summaries for each employee. In one scenario, a sales manager's report shows monthly sales and associated sales commissions sorted by salesperson and then by customer. Report distribution is controlled so that each sales manager can only see entries for his or her salespeople. Report producers may choose to e-mail reports or place them on an internal Web site for viewing through a Web browser.

Ad hoc functionality puts the power of reporting in the hands of the individual. For example, with ad hoc query functionality, you can access your organization's data, asking questions such as:
- What were my most profitable sales to customer ABC Corporation last quarter?
- What is the current average salary of employees within band 3, and how has it been trending?
- How much of part 123 do we have in inventory and what products use that part?

In addition to ad hoc functionally, most query tools also include simple reporting functionality. For example, they can be used to generate a simple report that lists the accrued vacation of all employees, sorted and totaled by department.

BI also offers advanced analysis techniques, enabling decision makers to view data across multiple classifications or dimensions (for example, product, customer, location, time-period, salesperson, and so on). They can then slice-and-dice the data to look at various combinations, such as viewing the sales in each region for the previous marketing campaign, or determining which products each customer purchased last year. Your organization could define hierarchies so that sales could first be viewed for each region. The user could then drill down to view the sales in each state or country in each region, and drill down further to view the sales of each store within each state or country. Such granularity make it easy to compare the results from one time period with another, so you could compare this month's total sales of a product with the same month last year – while allowing the user to drill down and perform year-over-year comparisons at levels, such as by store, by customer, or by salesperson. Filtering features can be used to include or exclude specific stores, regions, products, salespeople, or time-periods in the analysis – and give you the ability to segment products, stores, or salespeople according to performance – best, worst, top 25, and so on.

When communicating complex operations data and business scenarios, a picture is worth a thousand words – or, in this case, numbers. Dashboards contain highly graphical techniques that strongly complement query and reporting. Using graphical gauges analogous to an automobile dashboard and symbols such as traffic lights, where red represents an alert condition and yellow a warning, executives, operations gurus, financial analysts, and other business users can quickly identify exception conditions.

It has often been said, "If you can't measure it, you can't manage it." Scorecards and other performance management tools enable executives to establish business metrics for their teams, update and monitor results, and communicate results as appropriate so that minor problems can be identified early-on and corrective action quickly taken.

Figure 1: Use Visual Models and Dashboards for Insight into Issues and Opportunities

Dashboards are commonly used to display performance metrics and allow users to drill down from the visual image to view the underlying detail. When displaying information, dashboards may have to source data from several operational systems. Data integration technology within BI systems greatly simplifies the integration process, helping to pull relevant information from various systems.

BI is not just about tools and their applications; it is also concerned with distribution and control. You should be able to publish reports to the Web and deliver them to a user's preferred mobile device, if appropriate. However, not every employee should have access to every report or analysis. Hence, administration, monitoring, security, and control are also part of the BI environment.

What to Look for in a BI Solution

Effective BI solutions should contain the following functionality:
- Enterprise and operational reporting, ad hoc analysis, and dashboards
- Flexibility and ease of use, so you can augment and create reports and dashboards, with little IT support
- Access to information through Microsoft Excel or Microsoft Word, as well as Web portals
- Security controls for information access
- Low total cost of ownership (TCO), while supporting growth into more sophisticated data quality and data warehousing needs
- Visibility for the entire organization, whether through desktop deployment, the Web, or mobile devices

Flexible and Robust Functionality
Your BI solution should allow you to create, manage, and deliver packaged reports; perform ad hoc reporting, query, and analysis; and deploy interactive dashboards. Your solution should support a transition to fact-based decision making and help accelerate your company's growth and success.

Simplicity Is Key
Your BI solution should make it easy for you to create or modify packaged and ad hoc reports, queries, and dashboards in order to obtain key operational and business insights from business applications. Ease of use is essential for any midsize company, since IT resources are limited. Furthermore, information for certain analytics may reside in locations other than your SAP® application, such as spreadsheets, email systems or other databases. An efficient BI solution makes it easy to incorporate external information into reports, while hiding the complexity of accessing multi-sourced information.

Transparent Access to Data and Business Applications
Worldwide, many organizations continue to use Microsoft Excel to analyze their business and Microsoft Word to create documents. Thus, they want to ensure that their BI solution can bring the most current information from their transactional system into Microsoft Office applications on their laptops and desktops – and do it transparently. Such functionality can significantly enhance the productivity and effectiveness of all business users. In addition, organizations that have created portals for their employees want to ensure that any BI reports, queries, and dashboards can be easily accessed from such portals.

The underlying technology within the packaged solution for midsize companies is designed to make it easy for business users to develop and use analytics without relying on the IT department. Users have complete flexibility in how they access, format, and interact with their data.

Secure Operations

Organizations also want to ensure that sensitive data is only accessed by the appropriate recipients. They need to able to specify which roles within the organization can see specific information within their BI solution.

Low TCO

Midsize companies have limited resources, so an ideal BI solution will ensure low cost of ownership through off-the-shelf integrations, and the use of templates to simplify and accelerate the creation of custom reports, queries, and dashboards without the need to hire expensive outside consultants. The BI solution also should have relevant components embedded within the solution to reduce the need to buy additional software.

> "Companies now realize they can get more out of the data assets they have collected. The growth is also a reflection of the fact that IT systems in the midmarket are quite mature."
>
> Forrester Research
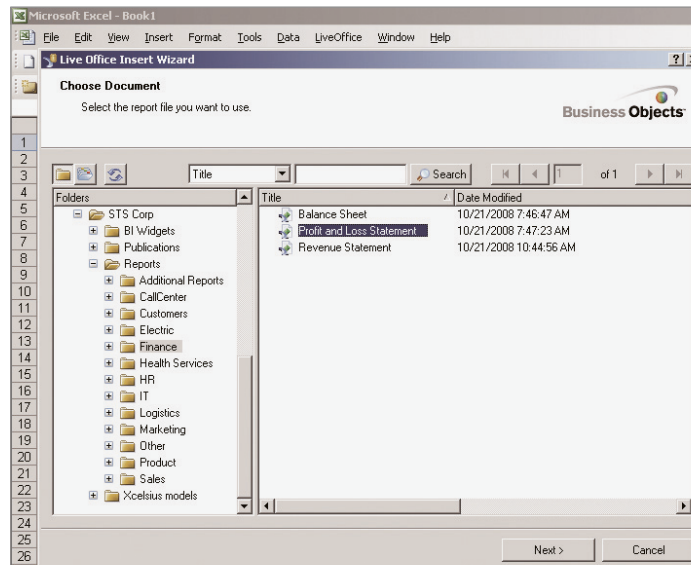
Figure 2: Access and Refresh Data "Live" Within Microsoft Office

SAP BusinessObjects™ BI SOLUTIONS

SAP® BusinessObjects™ BI solutions are designed and packaged to be affordable for any midmarket company. With the SAP BusinessObjects Edge BI software, you can:

- Create, manage, and deliver standard and ad hoc reports
- Leverage ad hoc reporting, query, and analysis features
- Perform what-if analysis using interactive dashboards
- Deploy complete data quality and data mart solutions with minimal total cost of ownership
- Ensure secure, role-appropriate access to data

Through an intuitive point-and-click Web interface on top of a built-in online analytical processing (OLAP) engine, your business users can access the data they want and analyze it. With dashboards, they can interact with visual sliders and gauges to quickly identify new opportunities and challenges. They can use what-if analysis to understand the impact of decisions before they are made. For existing SAP customers, comprehensive security features use the SAP security model to ensure that users can only view and access the data they have the rights to access.

With an SAP BusinessObjects Edge BI software solution that is integrated with Microsoft Office and Microsoft SharePoint, the information from your existing transactional systems can be viewed live, in real time, by the users within these solutions. Thus, incorporating the most current data into presentations, spreadsheets, and documents is simple.

The SAP BusinessObjects solution gives you the flexibility to deliver reports, either on demand or at a pre-scheduled time, via e-mail, print, or by saving to a shared directory on the server. The solution also supports an offline viewer, which allows users to review reports when they are disconnected from the network, such as when they are in client meetings or traveling on business. As a result, users can always stay in touch with their business wherever they are.

The underlying technology within the packaged solution for midsize companies is designed to make it easy for business users to develop and use BI without relying on the IT department. Users have complete flexibility in how they access, format, and interact with their data. Out-of-the-box integration with SAP Business All-in-One solutions and the SAP NetWeaver® Business Warehouse (SAP NetWeaver BW) component allows users to create ad hoc reports, queries, and analytics on top of SAP transactional data. The package is also designed to enable business users to access data from non-SAP sources, such as spreadsheets, real-time data feeds, log files, or any ODBC/JDBC compliant database, while hiding the complexity of accessing such data. Because the complexity is hidden, your business users can create and access sophisticated analytics without any IT help. In addition, the SAP BusinessObjects portfolio of solutions contains quick-start packs and a repository of components such as business views, graphics, and formulas, all of which accelerate the development of analytics.
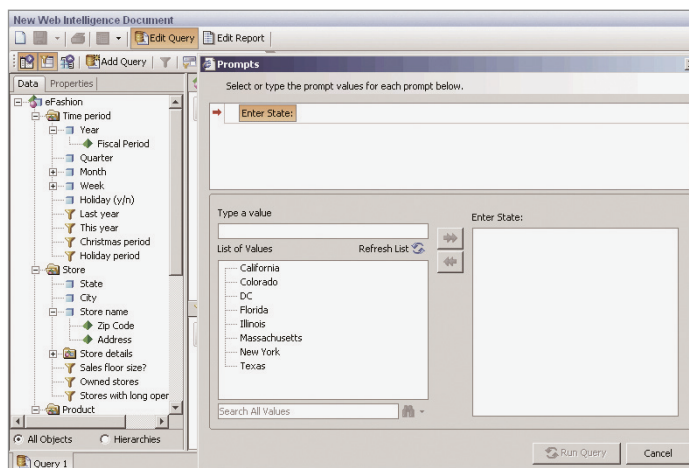

Figure 3: Query, Report On, and Analyze Data Without Relying on IT

OFFERING BI SOLUTIONS FOR MIDSIZE COMPANIES

SAP offers a leading BI solution for midsize companies who seek to ensure greater alignment and accountability across their entire organization, so business performance is maximized within the allocated budgets. The solution provides comprehensive BI features, such as ad hoc query, reporting, and analysis, out-of-the box integration with Microsoft Office and Microsoft SharePoint, and ease of integration with portals and external sources of data. The solution is specifically designed so end users can create and modify reports, queries, and dashboards without the need for expensive third-party consultants. Finally, the solution provides low cost of ownership –

a critical criteria for budget-conscious midsize companies.
SAP BusinessObjects solutions increase visibility into process and product performance, improve organizational alignment, and enhance resource utilization. Thus, midsize companies are better positioned to respond to the tough economic environment. We invite you to take a closer look at this solution by contacting your local SAP sales representative or by visiting us at www.sap.com.

"Most organizations equate BI with information delivery. However, the real value of BI is much more than information dissemination — it is strongly linked to achieving business goals and improving business performance."

Gartner

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