

FIVE BI SUCCESS FACTORS FOR THE MIDSIZE ORGANIZATION: Tactical Guidelines for Effective BI Deployment

FEATURING RESEARCH FROM GARTNER



INSIDE THIS ISSUE

Five BI Success Factors for the
Midsized Organization: 1

Toolkit Tactical Guideline:
Five Success Factors
for Effective BI Initiatives 8

INTRODUCTION

Organizations of all sizes face mounting pressure to boost revenue, increase profits and keep costs at bay, which results in having to do more with less, and operate more efficiently. Achieving these goals requires making smart, timely decisions-backed by solid data.

Nowhere is this need more keenly felt than in the midsized business, where the right decisions can mean all the difference between success and failure. With limited budgets and staff size, there's little margin for error.

With business intelligence (BI) solutions from Cognos, an IBM company, you can make timely, informed decisions and improve productivity across the business-while maximizing value and return.

While midsized organizations recognize the value of business intelligence, many feel BI solutions are beyond their reach. Thousands of successful Cognos customers have proven this is not the case. The key is to take a flexible, managed approach to better decision-making, while making the most of existing IT investments and resources.

According to a recent Gartner research report, "Toolkit Tactical Guideline: Five Success Factors for Effective BI Initiatives," organizations that succeed in BI initiatives share common success factors:

1. A strategic view of BI with a phased implementation, focused on benefit realization.
2. Strong business ownership of the BI strategy and its outcomes.
3. Fixing data quality and data governance issues early in the process.
4. Constantly seeking to expand the scope of the BI strategy.
5. Substantial and sustained investment in BI skills and competencies.¹

Although these success factors are widely understood and the subject of extensive research, they are often difficult to execute. Cognos can help.

¹Gartner, "Toolkit Tactical Guideline: Five Success Factors for Effective BI Initiatives," by Neil McMurphy, February 1, 2008.



Let's look at following five tactical guidelines outlined in the Gartner report, and see how Cognos helps encompass them in your BI strategy.

FIVE SUCCESS FACTORS

1. Think big, and execute stage by stage.

A BI deployment need not be an “all or nothing” approach. You can think big, but start small—with a phased approach. IBM Cognos BI solutions are modular and designed to be implemented incrementally, so you can start anywhere, deploy tactically, yet connect the initiatives together. Solutions are packaged to suit your budgets and needs, including flexible delivery models.

As Gartner notes in its report, a strategic view of BI with a phased implementation helps to achieve the following:

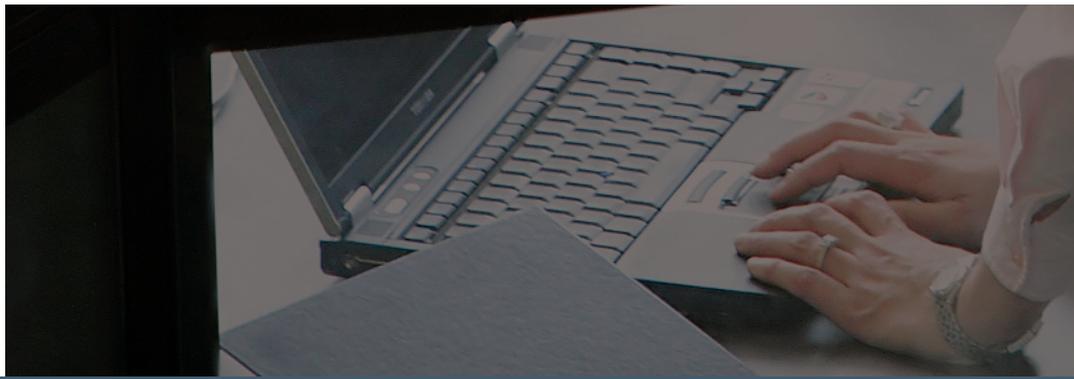
- Enables the project rollout to match the organization's resource capacity and appetite for change.
- Provides justification for further investment.
- Eliminates the need to wait for the completion of a major project before realizing business benefit.
- Allows initiatives to be adjusted to respond to changes in the underlying enterprise business objectives.²

Where to begin? Most BI implementations begin with reporting. Reporting is repeatedly identified as the highest BI requirement.

As a comprehensive solution, IBM Cognos 8 Business Intelligence removes the limitations on report development found with disparate products, interfaces, report types, or user profiles. Cognos reporting reduces IT bottlenecks and demands on IT resources and allows for a more timely distribution of information, which gives report users and authors the opportunity to respond quickly and effectively.

Newly introduced IBM Cognos 8 BI MidMarket reporting packages offer midsize organizations a single, affordable, Web-based solution for all components of the reporting life cycle: managed reports, ad-hoc reports, and transactional, operational, production, and statement-style reports. Specially priced for the midsize organization, these reporting packages deliver a zero-footprint, Web-based deployment model with out-of-the-box support for all data sources, security, and portals. The reports can be authored once and consumed anywhere, and are adaptable to any data source.

²Gartner, “Toolkit Tactical Guideline: Five Success Factors for Effective BI Initiatives,” by Neil McMurchy, February 1, 2008.



“IBM Cognos 8 BI has opened the eyes of the corporation to how much data we actually have. We weren’t aware of how data-starved we were when we only had 12 reports to review and analyze. Cognos 8 BI has really opened up our company data, giving us intuitive insight into the ways it is relevant and connected.”

– Felipe Herrera,
Senior Financial Analyst,
US Lumber Group

As your business grows and the reporting needs of the business change, the right BI solution will answer all your reporting needs both today and in the future. Your business and IT leaders can have greater peace of mind, knowing you won’t have to deploy multiple reporting products from multiple vendors-which, in turn, adds complexity to your systems and demands more IT resources. As Gartner notes in its report, a proliferation of many vendors’ products creates “isolated pockets of product expertise that were unable to be exploited companywide.”³

2. Insist on business ownership of the BI strategy.

Although the IT organization is typically the catalyst for taking a strategic approach to BI, “senior business ownership of the BI strategy is essential to development of an effective BI strategy, as well as driving and sustaining the BI strategy forward beyond initial applications,” Gartner found.⁴

A powerful strategy for securing senior business ownership and buy-in is to take the incremental, phased approach noted above. Small successes lead to bigger successes and increasing confidence in business outcomes. The success of a business intelligence implementation is measured by how well business users understand the data. If data is presented in a consistent, intuitive way, if it is simple to understand, and if it delivers on performance and business value, you will gain widespread buy-in and acceptance of your BI platform.

This was the case at Delta Sonic, where IT Director Chris Boebel saw BI as the way to run the chain of 28 car wash and convenience stores more efficiently. First, though, he had to convince senior managers that BI could also be cost-effective.

Delta Sonic began with some simple analytics for store sales-revealing the best promotions for increasing beer sales and the best-selling cigarette brands. Next, it expanded the system to other units including the car wash and oil change business.

The increased visibility into promotions proved to management that the solution could be effective. The losses saved through improved tracking of cashier statistics-enough to recover half the initial investment-proved the solution was cost-effective as well.

“The information has empowered us to improve sale, margins, and customer frequency,” says Boebel.

Many successful midsize organizations have adopted this incremental, quick-win approach. In this way, project rollout can match resource capacity and budget, and your organization realizes business benefit quickly. A successful implementation provides justification for further investment and allows rapid adjustments in response to changes in business objectives. This approach assures and deepens senior management buy-in.

³Gartner, “Toolkit Tactical Guideline: Five Success Factors for Effective BI Initiatives,” by Neil McMurphy, February 1, 2008.

⁴Ibid.



3. Fix data quality and data governance issues early in the process.

Among the successful BI implementations Gartner studied, “early and sustained attention to data quality issues and ongoing data governance was critical to success and the ongoing involvement by business units in the BI strategy. Business users need confidence in the output from new applications to drive their participation – lack of user confidence is the most common reason for the collapse of BI projects.”⁴

You need quality data to proceed with confidence in your decisions. As BI deployments expand to reach more users with greater business impact, a broad range of transactional, financial and operational data drives your critical business decisions. You need the best possible data.

With information the cornerstone of good decisions, business and IT must understand the issues with your data, and share responsibility for how to correct them. Compliance legislation worldwide mandates business (as opposed to IT alone) to take ownership and ensure the quality of data reported and acted upon.

Resolving data quality issues can improve the value and adoption rate of BI, ensure information and decisions meet increased scrutiny around the numbers, and reduce project risk and delay from poor data quality to improve time to results.

Data quality services and integrated software solutions for midsize organizations include:

- The IBM Cognos Data Quality Rapid Assessment Service is a five-day services engagement focused on helping you understand data quality issues that may affect your performance management project goals. This service provides a preliminary data quality assessment and lets you see the data quality issues that need to be addressed. It helps you reduce project risk from poor data quality and educates business leads on data quality and shows them how to improve it.
- IBM® WebSphere® Information Analyzer, a data integration software solution, helps you understand the structure, content and quality of your data sources. You can gain a true understanding of your data sources, and mitigate your risk by uncovering missing, inaccurate and inconsistent data early in your data integration project life cycle.
- IBM Information Server WebSphere QualityStage modules are designed to help you maintain a competitive edge with unmatched data quality in your worldwide customer and business partner address information. Industry-leading worldwide and exclusive regional address verification and enrichment modules provide address cleansing to the city and street level, supporting over 240 countries. Address certification, including the U.S. Postal Service Coding Accuracy Support Systems (CASS™), the Australia Post Delivery Point Identifiers (DPID) and the Canada Post Search Engine Results Page (SERP), supports verification and enrichment of addresses.

⁴Gartner, “Toolkit Tactical Guideline: Five Success Factors for Effective BI Initiatives,” by Neil McMurchy, February 1, 2008.



4. Leverage compelling external drivers to adopt a strategic approach to BI.

For some organizations, external drivers such as regulatory and risk management requirements, provide the necessary impetus to adopt a strategic approach to BI. For example, banks need to meet mandates such as GAAP and Basel II, requiring compliance and risk management improvements. “Their investments in systems to conform to these regulatory requirements provided a platform to extend BI to address other key areas, such as customer acquisition and retention,” Gartner states.⁶

Sometimes these external drivers come from customers, suppliers and the extended supply chain. For example, the HallStar Company, a leading supplier of performance additives to the polymer and personal care industries worldwide, is a lean and agile midsize company focused on innovation and efficiency. HallStar initially implemented IBM Cognos 8 BI to provide employees with quick and easy access to ERP reports.

Hallstar serves as a distributor for large chemical companies. Previously, HallStar would provide these companies with a monthly report to let them know how much product had been sold. With the help of IBM Cognos 8 BI, HallStar has created an extranet for suppliers so they can conveniently log in and check the status of their products. This frees up HallStar’s internal resources and creates stronger ties with its suppliers.

5. Invest in developing and leveraging core BI technology and business competencies.

As BI becomes increasingly more strategic, many organizations are responding by creating working teams of IT and BI users, now commonly known as BI Competency Centers (BICC). A BICC is an organizational structure that groups people with interrelated disciplines, domains of knowledge, experiences and skills, for the purpose of promoting expertise throughout an organization.

Increasingly midsize companies are adopting the creation of a BICC or similar entity to ensure success with their BI deployment and strategy.

“Between 36% and 40% of the organizations that Gartner talks to have a formal BICC. Such centers provide organizational recognition that BI skills and competencies are core organizational requirements and need to be formally managed,” Gartner reports.⁷

Also known as a Center of Excellence (COE) Competency Center, or Center of Knowledge, a BICC can help:

- Promote and provide delivery enablement through a consistent set of BI skills, standards, and best practices.

⁶Gartner, “Toolkit Tactical Guideline: Five Success Factors for Effective BI Initiatives,” by Neil McMurchy, February 1, 2008.

⁷Ibid.



- Enable repeatable successful BI deployment through the development and focus of people, technology and process-in ways that makes sense to an entire organization or division, rather than just a “single project.”

The IBM Cognos Innovation Center for Performance Management, a forum and resource center for Cognos customers and partners, brings together technology experts, finance professionals and industry thought leaders to promote proven techniques, technologies and best practices in performance management. The Business Intelligence Competency Practice for the Innovation Center makes a number of BICC best practices and thought leadership resources available.

Getting more value from your investment in data and business intelligence is the key value of the BI Competency Practice in the IBM Cognos Innovation Center. This BI community will explore, discuss and gather resources about business intelligence topics, with a special focus on business intelligence competency centers.

In addition, IBM Cognos Consulting offers services to help assure your success in establishing a BICC. We provide awareness materials to help you make the key initial decisions. This is followed by a BICC Roundtable workshop to help you understand where you are, what is possible and where you want to go. Then we provide you with services to guide you through the process of fully implementing your BICC with a mix of practice aids, methodologies, tools and technology.

SUMMARY

Cognos, an IBM company, has deep and proven expertise in delivering business intelligence solutions to small and midsize businesses in a wide variety of industries and departments. You can use IBM Cognos BI software to lower costs, improve your margin and gain increased efficiencies. All of these add up to increased competitive advantage.



Understanding the need for easy deployment and maintenance for resource-constrained IT departments, IBM Cognos solutions are built on open standards, Web services, SOA architecture designed to leverage existing infrastructure and future investments. We provide out-of-the-box support for all data sources, security, portals and more, to ensure ease of deployment and minimal maintenance requirements.

Whatever your needs, from planning to analysis to reporting and scorecarding, IBM Cognos solutions can help you make timely, informed decisions and improve productivity across the business-while maximizing value and return.

We offer IBM Cognos BI solutions specially packaged and priced for the small to midsize organization. And with a network of over 3,000 partners worldwide, we are ready to help accelerate your deployments and make you successful. Together, we have hundreds of solutions that we provide or are partner delivered to ensure the fastest possible time to results.



TOOLKIT TACTICAL GUIDELINE: FIVE SUCCESS FACTORS FOR EFFECTIVE BI INITIATIVES

This report is the result of a review of submissions from Gartner BI Excellence awards for 2007 and 2008. We identify and confirm some common, critical factors that are essential for successful BI implementations, which identifies five factors in the development of BI business cases that lead to successful implementations.

KEY FINDINGS

- Organizations that succeed in BI initiatives share common success factors:
 - A strategic view of BI with a phased implementation, focused on benefit realization.
 - Strong business ownership of the BI strategy and its outcomes.
 - Fixing data quality and data governance issues early in the process.
 - Constantly seeking to expand the scope of the BI strategy.
 - Substantial and sustained investment in BI skills and competencies.

RECOMMENDATIONS

- IT and business leaders should do the following:
 - Ensure that BI strategies encompass these five guidelines.
 - Establish a BI competency center to exploit and recognize BI project knowledge across the enterprise if they haven't already done so.

WHAT YOU NEED TO KNOW

IT and business leaders responsible for the development and implementation of their company's BI strategy, shouldn't lose sight of the importance of non-technology factors that are the drivers of BI success. These factors are well-documented in previous research, well-proven in practice and are the difference between BI success and failure

ANALYSIS

Organizations that can claim success with their BI and PM initiatives share common characteristics that typically mean the difference between effectiveness and failure. Our review of dozens of company case histories identifies five factors that correlate project success, business commitment and executive support.



THINK BIG AND EXECUTE STAGE BY STAGE

Many enterprise initiatives that we reviewed grew out of a strategic approach and cross-organizational perspective to BI, framed by the delivery of smaller, discrete applications. Such an approach helps to achieve the following:

- Enables the project rollout to match the organization's resource capacity and appetite for change.
- Provides justification for further investment.
- Eliminates the need to wait for the completion of a major project before realizing business benefit.
- Allows initiatives to be adjusted to respond to changes in the underlying enterprise business objectives.

A corollary of this factor is that many representatives of the organizational initiatives that we reviewed said that their prior approach to BI had been to develop individual BI applications at a departmental or functional level, with minimal coordination or leverage across the various implementations. Even with many BI projects in operation, these firms typically experienced the following:

- Proliferation of vendor products.
- Isolated pockets of product expertise that were unable to be exploited companywide.
- Inability to leverage success in one initiative across other functions.
- Large, collective investments in BI tools and applications that were inefficient in cost and resource use.

INSIST ON BUSINESS OWNERSHIP OF THE BI STRATEGY

A generation after the introduction of the first BI tools, exacerbated by problematic implementations of other business-oriented applications (such as enterprise resource planning [ERP] and customer relationship management [CRM]), the criticality of committed and sustained business ownership remains a key success factor and the differentiator between organizations that maximize the benefits of BI and those that don't. Although the IT organization is typically the catalyst for taking a strategic approach to BI, all organizations we reviewed claimed that successful BI cases said that senior business ownership of the BI strategy was essential to development of an effective BI strategy, as well as driving and sustaining the BI strategy forward beyond initial applications. Therefore, IT leaders need not simply advocate the benefits of BI to business leaders, but insist that business owners act as the overall sponsors of the initiatives and be accountable for their success or failure.



FIX DATA QUALITY AND DATA GOVERNANCE ISSUES

Successful organizations consistently recognized that early and sustained attention to data quality issues and ongoing data governance was critical to success and the ongoing involvement by business units in the BI strategy. Business users need confidence in the output from new applications to drive their participation – lack of user confidence is the most common reason for the collapse of BI projects. Additionally, a focus on data quality consistently engenders solid cost savings in the early stages of BI on reduced rework alone. Moreover, the firms we reviewed felt it was unproductive (if not impossible) to attach quality and governance on the end of BI/PM initiatives, as opposed to focusing on building this in at the beginning. IT leaders must recruit business users early in the process to validate the quality of the data. In particular, the validation needs to confirm the quality of specific data, as well as the BI metadata, such as dimensions, hierarchies, measures and key performance indicators (KPIs). There must be a common acceptance across the enterprise for how this metadata is defined.

LEVERAGE COMPELLING EXTERNAL DRIVERS TO ADOPT A STRATEGIC APPROACH TO BI

For some firms, external drivers, such as regulatory and risk management requirements, and privatization, provide the necessary impetus to adopt a strategic approach to BI. For example, banks had to meet mandates (such as Basel II) requiring compliance and risk management improvements. Their investments in systems to conform to these regulatory requirements provided a platform to extend BI to address other key areas, such as customer acquisition and retention.

In other examples, organizations took advantage of industry deregulation that forced changes in their business model to drive a more strategic approach to BI. The cases we reviewed also extended their BI infrastructures to other, less compulsory business areas to exploit investments while improving their business case. Even in the absence of legislation that mandates compliance, risk derived from external forces can be major BI drivers. For example, high-profile product recalls in various industries from food, to toys, to tires, emphasizes the value of strong BI, particularly from an underlying data integration perspective. Without strong data lineage to identify which suppliers sourced potentially defective products, organizations could be forced to recall more products than necessary.



INVEST IN DEVELOPING AND LEVERAGING CORE BI TECHNOLOGY AND BUSINESS COMPETENCIES

A final characteristic of successful BI initiatives is that those organizations have invested (and continue to invest) in developing BI-related competencies. In some cases, consolidation of a number of BI tools into a small set has allowed greater depth of knowledge to be applied with fewer employees. A large proportion of the organizations reviewed have developed a formal BI competency center (BICC), or similar entity, to ensure that knowledge gained is effectively shared across the organization. Between 36% and 40% of the organizations that Gartner talks to have a formal BICC. Such centers provide organizational recognition that BI skills and competencies are core organizational requirements and need to be formally managed.

TACTICAL GUIDELINES

- Think big, execute stage by stage.
- Insist on business ownership of the BI strategy.
- Fix data quality and data governance.
- Exploit compelling external drivers to adopt a strategic approach to BI.
- Invest in developing and leveraging core BI technology and business competencies.

Gartner RAS Core Research Note G00154967, Neil McMurchy, 1 February 2008



ABOUT COGNOS

AN IBM COMPANY

Cognos, an IBM company, is the world leader in business intelligence and performance management solutions. It provides world-class enterprise planning and BI software and services to help companies plan, understand and manage financial and operational performance. Cognos was acquired by IBM in February 2008. For more information, visit <http://www.ibm.com/software/data/> and www.cognos.com. Copyright © 2008 Cognos, an IBM Company. (09/08)

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