



RESEARCH NOTE LICENSE MAINTENANCE FOR BI AND PM — IS IT WORTH IT?

THE BOTTOM LINE

Evaluating the business case for business intelligence (BI) and performance management (PM) license maintenance often reveals it's more than just an expense item: it can deliver real return on investment. Given the evolving BI environment, license maintenance enables companies to reduce cost and risk while leveraging maximum returns from BI.

Companies often turn to BI and PM to so that people can view, interpret, and analyze enterprise data in a standardized way. However, after the go-live date, organizations sometimes need help maintaining or increasing the returns on their deployments because of changes in application functionality, business requirements, and the user population. Nucleus finds that investing in annual license maintenance support and related services can be an effective way to both reduce the costs of internally supporting a deployment and ensure that the deployment meets the organization's needs over the long run.

Nucleus finds that although annual license maintenance support tends to be underappreciated, companies often rely heavily on it in order to ensure that their BI and PM deployments deliver value over time.

No one should be blindly paying annual license maintenance support as a matter of habit: they should be building the business case and have a clear understanding of what they get in return.

Annual maintenance contracts are facing more scrutiny as budgets tighten and managers recognize that an average of 70 percent of their IT budgets go to recurring costs such as maintenance contracts. As on-demand solutions force shorter renewal contracts and technologies such as ERP mature, companies may be tempted to cut maintenance contracts across the board. Although there may be some areas where the costs far outweigh the benefits of license maintenance, that is seldom true for BI deployments — for a number of reasons.

WHY PAY BI MAINTENANCE

Nucleus finds that rather than being an expense, payments under annual license maintenance agreements can actually be an investment in a company's ability to reduce support costs, manage risk, and ensure that a BI or PM deployment continues to meet the company's needs throughout the application life cycle.

TOPICSBusiness Intelligence &
Analytics

Enterprise Applications

IT Management &
Operations**BI is still evolving**

An important way to steadily broaden adoption and increase productivity improvements is to use functionality enhancements available in point releases to make it easier for people to use BI and PM. For end users, this means new vendor-created ways to develop dashboards, reports, and scorecards. It also means new functionality within existing tools, such as AJAX-based balloons that help end users create their own productivity-improving tools. For example, point releases for Cognos 8 introduced new cross-tab functionality that makes it easier for users to create their own statement-style reports. Point releases also provide IT with new tools that reduce TCO or broaden adoption, such as self-management tools that make an application less costly to deploy, and built-in controls that make outages less likely.

Unlike mature areas where upgrades only deliver marginal benefits, BI upgrades and expansions still deliver significant incremental ROI opportunities.

BI's footprint is expanding

Taking advantage of the new features and functionality contained in point releases also makes it easier for IT to accommodate new users and changes in business requirements. For most organizations, the roles of BI and PM will change as a result of new conditions in the regulatory, competitive, and operating environments. Since companies typically can't anticipate how these changes will play out after the go-live date, it's wise to invest in annual license maintenance fees as a way to always have the most up-to-date version of your BI or PM application, as well as access to highly specialized help desk personnel who can assist both end users and project managers.

Receiving early lifecycle support under maintenance agreements is important because initial deployments are typically limited in scope, but followed by expansion in terms of both functionality and users. As an organization gets used to BI or PM, it typically identifies new functionality that can improve productivity and new populations who should be adopting. The more these are accomplished with point releases and vendor assistance, the less a company has to rely on costly consultants and custom code, or waiting for the next major upgrade.

A major publicly held real estate investment trust told Nucleus, *"We don't know how or where we'll broaden the deployment, or what tools we'll build. This is a major reason for having a support agreement with Business Objects."*

Worst is a company that cancels support in order to reduce costs, but actually increases costs because their IT department becomes overwhelmed with maintaining the value and interoperability of a BI or PM deployment that is surrounded by rapidly changing data and end user needs.

Security and compliance issues change

Because point releases contain code that address continually evolving security threats and compliance mandates, annual license maintenance support makes it easier for IT to address these challenges. For security threats, this means features such as updates to role-based permissions and firewalls. For new compliance mandates, annual maintenance means access to standard reports that are based on vertical-specific interpretations of new laws.

One way to estimate the benefit of these features in point releases is to consider the difficulty of achieving their benefits on an in-house basis. Companies without annual license maintenance support have to continually chase and address new BI and PM-specific security threats by first identifying them and then developing custom-code based defenses. Not only is this expensive, but it's unlikely that an internal IT team can do this properly, which leaves a company exposed to legal risk. For compliance, going it alone without the vendor means continual contact with compliance officers and legal counsel so that IT can understand new reporting requirements, and then go about creating new standard reports.

The number, type, and frequency of data sources is growing

BI and PM deliver value only if they are integrated with as many data sources and data types as possible, a task that is difficult to achieve on an in-house basis. After a deployment goes live, the applications and databases to which BI and PM applications are integrated will steadily change to accommodate changes in both the operating environment and the needs of the business. Additionally, new deployments of enterprise applications, such as CRM or workforce management, may require integration with BI or PM. Continual integrations and updates like this require a breadth of application-specific development and deployment skills that most internal IT departments don't have. Having access to specialized support from a BI or PM vendor means that these projects are more manageable and deployments become more flexible and adaptive.

Operational risk

Given the critical nature of many BI applications today, any downtime can be a significant business disruption. When this happens, it is critical to have vendor support because even though an in-house IT department may be able to handle a BI-related challenge, few can handle them quickly enough. Unfortunately, companies typically don't adequately appreciate this aspect of support because it is viewed as insurance against a bug in the application. Disruptions can come in many forms and often originate outside of the BI or PM application. For example, a major electronics distributor addressed a sudden supply chain disruption by turning to Cognos — under its support agreement — for the expertise needed to rapidly extend its BI deployment to multiple SAP instances and maintain both product availability and customer satisfaction levels.

Online resources

Given the data-specific nature of BI and PM deployments, companies need the online resources available under support agreements so IT staff can focus on the more challenging and company-specific end user issues, as well as BI related strategic tasks such as championing and propagation of best practices. Vendor-created online resources that are available under support agreements include knowledge bases, best practices, and forums in which users can ask one another questions and exchange tips. Some of the benefits of access to these resources include:

- Operational independence. BI and PM deployments are typically tightly integrated with — and customized for — a company's own specific databases and data needs. This means that end-user questions and problems can have so much company-specific data context that the vendor's help desk may not be able to help. But if a company has access to online resources under a support

agreement, it can apply a tiered approach to helping end users, with the less complex issues handled by online resources, and the more complex problems that have a company-specific data context handled by the in-house help desk.

- Lower help-desk costs. The more online resources enable a company apply a tiered approach to helping end users, the more readily it can reduce help desk costs.
- More BI championing. When IT staff spend less time helping end users with tactical issues, they can spend more time championing BI and propagating BI-related best practices.
- Greater adoption breadth. The more readily end users can improve their usage with online content, the more rapidly BI and PM will be adopted by end users, and the more easily deployment teams can broaden their deployments to new populations.

CONCLUSION

Of course, there are some specific siloed BI applications where paying annual license maintenance may not make sense, for example, in simple environments that will never change, where employees don't need access to information, where an organization will never grow, or where there will never be any changes in the business environment. However, most organizations fall outside those categories and can likely benefit from an investment in annual license maintenance provided they take advantage of the benefits.

Nucleus finds that although companies tend to underestimate the value they receive as the result of annual license maintenance support agreements, these agreements deliver meaningful value. Vendor support enables companies to ensure that a BI deployment evolves with its changing mandates and end-user needs. It also enables companies to avoid increasing their internal help-desk staff, improves application performance, and makes BI deployments less expensive to upgrade and maintain over their lifecycles. Managers with responsibility for IT budgets should carefully consider these benefits and weigh them against the cost of annual license maintenance fees — keeping in mind the unique nature of BI within the IT portfolio.

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