

# Standardization and the value of the BI Competency Center

## CIO Europe Summit

### Monaco, September 2006

Business intelligence (BI) is becoming more strategic to a growing number of organizations. In response, IT departments will increasingly need to standardize and manage deployments across divisions, regions, and functions as they look to increase the overall value of IT to the company.

Recognizing the importance of BI technology, standardization, and the Business Intelligence Competency Center (BICC) as an enabler, IBM Cognos® representatives met with numerous CIOs and senior IT decision-makers from a range of European organizations, from all vertical markets, at a two-day conference in Europe called 'CIO of the Future'. Over the course of four workshops, the IBM Cognos representatives and delegates discussed their views on standardization issues, such as the basics behind setting up the BICC and enterprise standardization.

The growth in demand for BI brings with it a number of challenges before there can be a successful rollout. Users have different tactical needs when it comes to BI. For example, there are

multiple data sources; multi-lingual and multi-currency support necessary to global deployment; and issues with deploying a wide range of BI tools in one organization that clouds high-level visibility and creates a complex environment for managing and maintaining the systems. In essence, there is a danger that organizations are putting critical and comprehensive tools in the hands of capable people, yet haven't put the guidelines in place to ensure they are effectively used.

To develop a consistent and reliable process of supporting the strategic use of BI, many organizations are creating teams of IT and business users to improve the strategic value and tactical roll-out of BI. Industry analysts Gartner identified this trend and coined the phrase, the BI Competency Center (BICC). But other names are used as well, such as centers of excellence or corporate knowledge centers. Gartner predicts that over 30 percent of Global 2000 companies and government agencies with strategic BI initiatives will form competency centers in 2006. This is further supported by CIO responses to a survey at the CIO Europe:

*Our event findings indicate that 53 percent of the attending CIOs in the workshop are currently working to achieve BI standardization within the organization.*

During the CIO Summit, IBM Cognos standardization / BICC thought leaders were able to help CIOs fully appreciate and validate strategic decisions from a competency center perspective. This findings document is a summary of the discussions that took place.

#### **What is the most important standardization priority?**

Standardization reduces system complexity by addressing the problems of a multiple-tool, multiple-version BI environment. It simplifies and paves the way for BI to be less a tactical tool, and more of a strategic solution.

All the major analyst firms have conducted studies showing that most organizations have a plethora of business intelligence tools. To be fair, BI is no different from any other technology in this regard. It is a result of companies continuing to deploy new technologies as they evolve over time, and decentralized purchasing decisions being made based on project-specific need versus

## Standardization and the value of the BI Competency Center

company need. In addition, aggressive market growth through mergers and acquisitions has caused technology investments to double the number of tools and technologies being supported almost overnight.

As we engaged in a series of interactive workshops with the attending CIO Europe delegates, we asked them to consider five possible reasons for standardizing and rate these as high, medium, or low priority in terms of driving their enterprise journey. (See Table 1.)

*Improve business processes* was ranked as a key priority by the highest number of delegates. One participant identified that standardizing better processes was the only way business leaders would be able to compare different processes and identify which

are most effective at driving revenue. In fact, most of the delegates who ranked *Improve business processes* as a high priority did the same for *Improve enterprise effectiveness*, which ranked as close second in the high priority items.

Improving business processes was seen as a way to regain and maintain control of the information and technical assets of the organization. Some delegates expressed concerns that employees could change the numbers in reports, so they are no longer a true reflection of the business. This was cited as being a major problem from a strategic, as well as corporate governance, point of view. Once again, we see the age-old challenge of “single version of the truth” continuing to be at the forefront of many CIOs’ interests still today.

*“We are living in the world of the global enterprise, and companies should be taking advantage of being stationed across the world”*

*CIO Summit workshop delegate*

PRIORITY	HIGH	MEDIUM	LOW
Improve business processes	60%	30%	10%
Reducing enterprise operating costs	39%	61%	0%
Attract and retain customer relationships	35%	30%	35%
Bring competitive advantage	18%	60%	22%
Improve enterprise effectiveness	44%	52%	8%

**Table 1**

## Standardization and the value of the BI Competency Center

One delegate pointed out that if business processes are improved and are uniform across the entire organization, it would be easier to transfer business functions from high-cost to low-cost regions. Therefore, improving business processes can be directly linked to reducing enterprise costs.

The jury was split on what role standardization plays in attracting and retaining customer relationships. For some companies, there was a feeling that standardizing BI reporting would add no value at all to customer relationships. However, other organizations felt that it would help ensure they had the right information to provide to customers.

Most delegates said that reducing operating costs is always on their mind. However, over 60 per cent did not see this as being a high priority for driving the standardization initiative. One delegate said that standardization of BI is about ensuring better decisions are being made, based on the right information. He would hope this would save costs in the long run, however it would be difficult to put a figure on it.

When considering these results, many noted the distinction between the initiative to standardize BI and the implementation of BI tools. One delegate wanted to make it clear that a key priority for introducing BI tools into the organization was to establish competitive advantage. However, achieving competitive advantage was not a key driver for BI standardization. Standardization is about improving business processes and improving enterprise effectiveness. This distinction was echoed by a number of delegates across the four different sessions.

### **Benefits of standardization**

We posed the following question to the CIO Europe delegates:

*“What do your organizations see as being the main benefits of standardization, and then conversely, what do your organizations see as being the cost of not standardizing?”*

The open ended set of questions led to valuable findings consistent with IBM Cognos research from our worldwide customer base. Many enterprise customers approach IBM with a genuine desire to standardize on a

single BI solution. In today's competitive markets, companies need to find ways to raise performance through improved profits, complete views of their business, and smarter and timelier awareness of market opportunities and risks. Previously, these companies have been unable to benefit fully from a global, cross-functional analysis of information or have timely access to all of their information assets because of “uncontrolled” BI behavior.

### **1. What do organizations see as being the main benefits of standardization?**

**Single version of the truth** — Without exception, all CIO Europe delegates answered that achieving a single version of the truth was one of the main reasons behind their initiative to standardize. Delegates all agreed that achieving a single version of the truth was essential for ensuring improved decision making, better corporate governance, sharing of information and the elimination of data silos.

**Reduced BI project risk** — The majority of delegates also mentioned reduction of BI project risk as a key driver.

**Cost reduction** — The benefits of best practice would not simply stop with the rollout of the technology, but it would become easier to support training and maintenance on an ongoing basis, saving time and money. One delegate went as far to say that he predicts standardization would bring a 30 percent cost reduction on the BI initiative.

**Ease of merger and acquisition integration** — For some CIO delegates, there was senior-level pressure to standardize because of the year-on-year merger and acquisition (M&A) activity within their organization.

**Confidence in the data and BI** — While difficult to measure, one delegate said there is real value in executive confidence in the data.

**2. What is the cost of not standardizing?**  
The cost of not standardizing a view, which most delegates agreed upon, was that it would be impossible to have the same control over the BI initiative. It would be too complex to drive forward under one business strategy, and BI would remain tactical rather than strategic.

**No single version of the truth** — Complexity would lead to wasted time and money because of the need to reconcile figures and money resulting from different reporting tools.

**Diluted expertise and lack of the right skills** — One delegate said he could not streamline the IT team because the company needed to retain higher numbers of staff to ensure they had the skills required for all the different tools. Further, it leads to over-reliance on staff with that specific knowledge. Relying on different tools means there is diluted expertise in the technology, and each time a new tool is implemented there is a feeling of re-inventing the wheel.

**BI will remain a tactical tool** — Another key cost, which is not financial, is that BI can't be used for strategic purpose. The business and the CIO want BI to drive and support business strategy. However, without standardization, BI tools continue to be used at a tactical level for each department, rather than creating or following a high-level strategy. Fragmented BI systems prevent organizations from cross-functional analysis, spotting trends, or making the most of information.

*“If there are standardized processes, it will become easier to integrate new businesses within the larger organization, so a company can experience the benefits of M&A as soon as possible.”*

*Summit delegate*

*“As confidence in the data increases, executives will have more confidence in making strategic decisions based on this information.”*

*Summit delegate*

*”The longer you wait to embark on standardization, the higher the financial cost to the organization, and the strategic benefits will not be realized.”*

*Summit delegate*

This demands a common database, common process, and common BI technology. Some delegates said that not standardizing leads to the wrong decisions being made. For example, incorrectly allocating resources across the company because the “right” decision made at the tactical project level is often the “wrong” decision made when viewed from a more holistic company-wide perspective.

- Drives end-user adoption to ensure its success.
- Eliminates the gap between business and IT.
- Enables a balance of agility and management of technology to drive business efficiency.

IBM Cognos worldwide findings and research helps illustrate the benefits to both IT and business:

*“Standardization has become a business necessity!”*

*Summit delegate*

Some highlight comments from this portion of the workshop are shown at left.

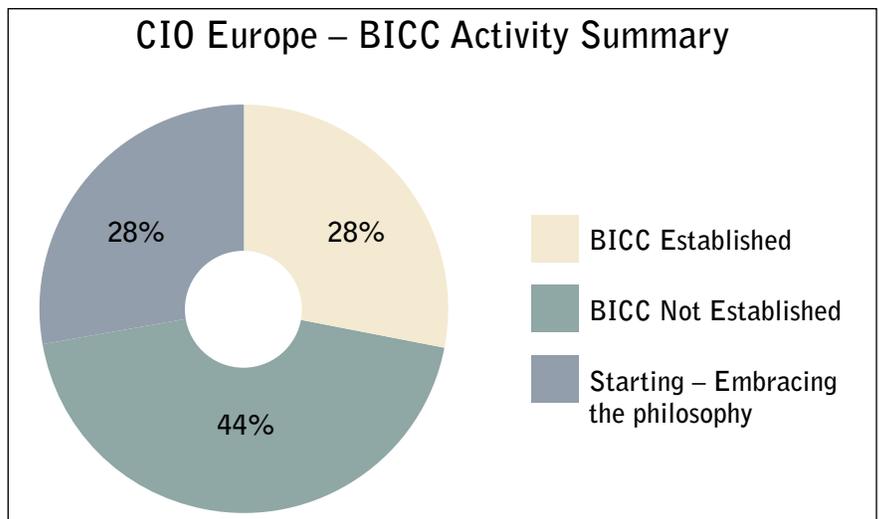
**The BICC/Center of Excellence as an enabler to standardization**

A Business Intelligence Competency Center (or center of excellence) is essential to the strategic deployment of BI, because it:

- Maximizes the efficiency, use, and quality of your BI across all lines of business.
- Leads to BI deployments that have higher success and deliver more value, at less cost, in less time.

- Lower TCO and implementation/ deployment risk.
- Higher and faster adoption of the complete BI lifecycle and single version of the truth across the entire enterprise.
- Enforcement of the BI standard.
- Predictable, repeatable, consistent, dependable deployment and use of BI.

We asked all delegates where they are on the BICC journey and the results can be seen in the diagram below.



## Standardization and the value of the BI Competency Center

### Drivers for the BICC

While most of the delegates attending the workshops had an active interest in setting up, or maintaining, an already established BICC, the key drivers behind these initiatives are specific to each organization.

There were discussions around 10 suggested reasons for creating a BICC, and delegates ranked their top five. The bar chart at the bottom of this page sums up how many times each delegate considered a factor to be a top-five reason.

It was no surprise that *Standardization* and *Increased transparency of information* appeared in most delegates' top five. Also, each delegate drilled down and discussed their individual number-one reason for establishing the BICC. The most popular reason for setting up a BICC is to drive standardization of BI technologies and processes across

the organization – 35 percent of respondents said this was the number-one priority for creating a BICC. One delegate, a textile manufacturer, said that his organization currently uses *20 to 30 different* BI tools across the company and he wanted to reduce this number significantly. Industry research and analysts validate that finding, indicating that on average, organizations try to manage an average of 13 to 15 different BI tools as a result of historical purchasing decisions.

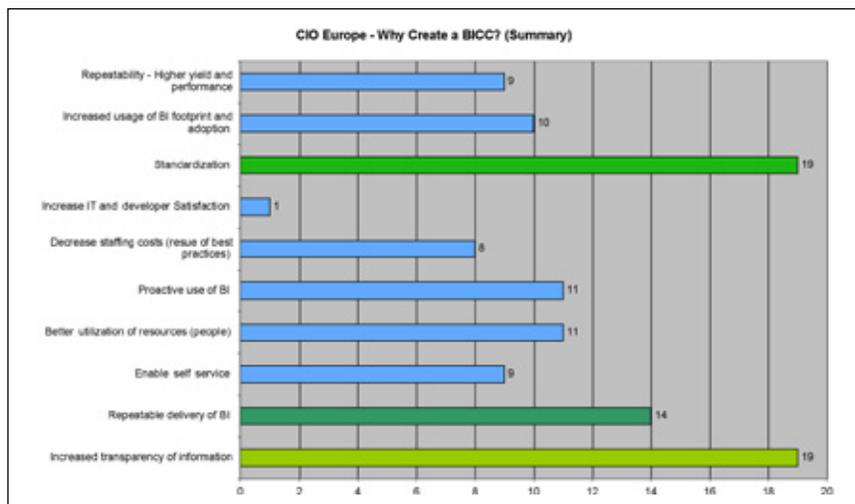
One delegate said he wanted a centralized body such as the BICC to manage control of the purchasing decisions around technologies. He explained his belief that middle management historically had their tools of preference, making it difficult for IT to enforce one standard tool or process. He sees the BICC playing a key role in helping senior management address this challenge.

*“Reduce middle management’s control over BI.”*

*Summit delegate*

*“It becomes very difficult to spot trends or make strategic decisions based on information that is lying in fragmented BI systems and data silos.”*

*Summit delegate*



*“Decision-makers needed to know today what they would sell tomorrow in order to remain competitive. This is not possible if there is no visibility of critical information.”*

*Summit delegate*

*“Following a merger with another company, there is a real need for better processes and common technology.”*

*Summit delegate*

Over 20 percent named *Increased transparency of information* as the number-one priority for setting up the BICC. One participant echoed the thinking of a number of delegates by saying his organization had all the right information to drive performance, but realized the data resided in specific Microsoft Excel® spreadsheets and individual’s heads.

*The strength of culture*

The majority of delegates shared the sentiment that the BICC goal was helping change the culture of each department choosing and managing BI independently.

Some delegates said the BICC is a catalyst to change that culture. Businesses are becoming more technically savvy because of increased self-service and ease-of-use BI tools. However, changing human nature doesn’t come easy. Some staff members are still suspicious of new technology. There is hope that the BICC will stop users from reverting to tools they feel comfortable with, such as Excel, in order to gain the benefits and applications of today’s leading BI technologies.

It is not the technology but the culture that is holding up BI success, said one participant.

*Mergers and acquisitions*

A number of delegates pointed to mergers and acquisitions as their organization’s number one priority driving BICCs.

One delegate summed up the view indicating that senior management was more passionate about the standardization of the operational processes than standardization of the technology.

*Proactive drive of BI across the organization*

Other priority reasons behind setting up a BICC included driving proactive use of BI, with 11 percent citing this as the number-one priority. One confectionery company said BI implementation started as a major technology initiative, purely driven by the IT department. As a result, it is now hard to get business users to see it as a useful business tool – a challenge that continues today. Another delegate said his company already has standardized systems and transparency of information. His challenge now is getting users to make the most of it.

In discussions, IBM Cognos representatives highlighted the value of the promotional aspect of the BICC. It serves a valuable function to showcase the value of the BI tool and what is possible throughout the organization.

## Standardization and the value of the BI Competency Center

### BICC foundation: Set-up basics

The second portion of the interactive BICC Workshop activities focused on the foundation and function of the BICC. It included discussions regarding:

- Top-down vs. Bottom-up approach to forming the BICC.
- Ownership of the BICC (IT or business).
- Functions of the BICC.

### Top-down versus bottom-up

There are two ways to bring a BI solution to the wider organization: top-down or bottom-up. Delegates at the conference discussed the pros and cons of both these approaches, and which they would prefer.

While each delegate considered what was most appropriate for their own organization, there was a general consensus that the answer to this question depends on the organization's

culture and structure. One delegate actually said this question is immaterial as it is not a matter of opinion – the type of organization will automatically dictate which is the best approach to take.

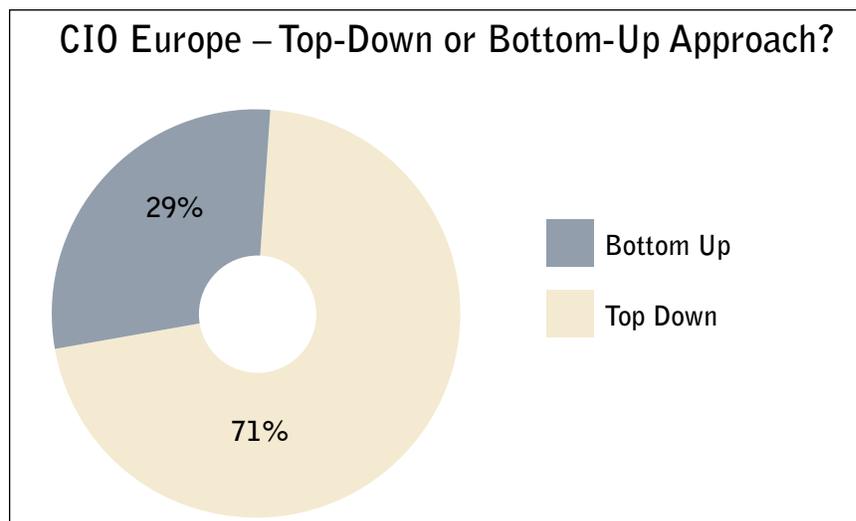
When considering their own individual organization, 71 percent said that top-down would work better, while 29 percent believed bottom-up would be more effective.

The majority of delegates believed that the BICC is a strategic initiative and so should be driven by senior management. Funding was discussed at length, and there was a feeling that if the business drives the BICC, it will be easier to fund it.

The main concern was how to showcase the value of the BICC. *How can you quantify the value of making decisions quicker, more accurately, and more reliably throughout the organization?* The majority of delegates

*“The decisions and guidelines should come from above, but the requirements must come from bottom up.”*

*Summit delegate*



## Standardization and the value of the BI Competency Center

agreed on the importance of measuring success. Most organizations face a challenge to measure the quantity and quality of success due to the number of intangible benefits associated with IT technology deployment.

Organizations favoring the top-down approach also noted that there are few company cultures where this approach in its pure form would be successful. To be effective, senior management must engage with users and reflect their needs, not simply try to change the business. IBM refers to this as “nudging the business” by letting the success of the BICC lead to more success.

Delegates pointed out that while the immediate focus of establishing a BICC is strategic, the initiative will eventually be operational and success will lie with whether business users adopt the strategy.

Most delegates who preferred a bottom-up approach came from a

decentralized organization. They thought it would be difficult for senior management to establish a central body across the group. Differences in culture and geographies, perhaps most relevant in North American countries, certainly can play a role due to the historical nature of business operations in continents with expansive and dynamic cultures.

One delegate expressed the view that it might be better for the BICC to happen by accident, where it can grow and nurture itself, without a format or type being forced on it from senior management. With careful guidance, it will grow organically.

### *Ownership of the BICC – IT vs. business*

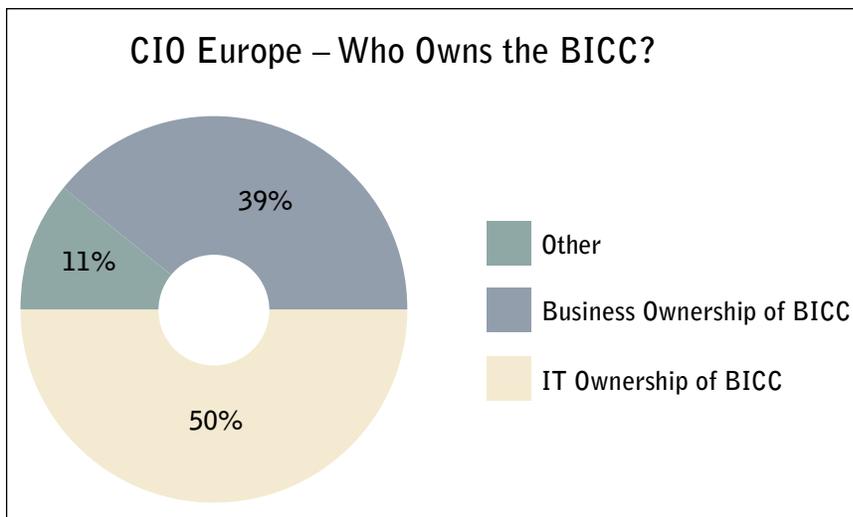
All delegates agreed that a successful BICC requires both technology and business skills. There must be a close relationship between the IT department and the business. Delegates discussed whether the key liaison role and ownership of the BICC should lie with the business or the IT department.

Fifty percent said IT ownership was the preferred model. The main reason given was that the foundation of the BI rollout is in technology, and the skills for IT and effective BI rollout lie within the IT department. For example, maintaining integrity of data and secure access will be difficult if it is not owned and led by the IT function. One participant said that it was easier for IT to understand the business rather than vice versa.

But all delegates favoring IT ownership recognized it would be impossible to have a BICC without understanding or involving the business. If IT owns the technology initiative, the organization must establish and continue business buy-in from the beginning. Business representatives must be involved in the decision-making process from day one.

One delegate said that the onus is on the IT department to change the perception of itself from being responsible simply for technology rollouts, and to being seen as more closely aligned to business strategy.

On the other hand, 39 percent of delegates were concerned that if IT owns it, the BICC initiative would inevitably be driven by technology rather than users' needs. As a result, they preferred the business ownership model. Another concern was sponsorship of the initiative. If it is not owned and driven by the business, they believed there was a higher chance that funding would be a problem.



## Standardization and the value of the BI Competency Center

One participant outlined the structure already in place for the BICC in his organization. Ownership lies with the business, and the business suggests strategic ideas and goals for the BI initiative. This is given to an IT steering committee, which includes business representation, but is mostly composed of technology experts. This steering committee considers the best way to make the strategy happen and this is then fed back to the business. In this way, IT and business are both involved in executing the strategy. In terms of which line of business should own the BICC, two participants identified the Finance department as being the most appropriate, with the advantage of its accountability.

To help rationalize the possible dilemma, 11 percent of delegates said either side should not own the BICC, rather, there should be an effective and equal partnership that combined business expertise and technical skill. This was the only way BI challenges could be considered from both a strategic and a technology direction, they said. However, they acknowledged that such a relationship could leave the door open to a governance conflict.

One delegate summed up his view of the “marriage” by suggesting that the ideal solution be “The CIO should own and drive the BICC, but in a business rather than an IT capacity.”

Many delegates believed the CIO is the only role that can effectively bridge the gap between IT and business functions. He or she can take into account the needs of both groups, and delegates acknowledged this is a viable approach.

### Key functions for the BICC

Delegates considered eight different functions for the BICC and were asked to rank their top five in order of importance.

*Data governance* came out on top, with most people ranking this as being in their top one or two priorities. This is an inevitable result given the many regulations introduced in recent years, as well as the historical departmental/project buying decisions and activities that have put companies in a state of uncontrolled technology behavior.

The CIOs also ranked *IT best practice and efficiencies* as key drivers for establishing the BICC. Delegates said

that individual BI deployments with different technologies were leading to mistakes across the business, with time and money being wasted in different departments.

One delegate gave *vendor or license management* as one of the top five functions. Additional delegates acknowledged the importance as an added extra bonus, but they did not have this function in mind when the BICC was established.

In one session, delegates noted that priorities would inevitably change over time, depending on the BICC’s stage of maturity. For example, one delegate said that while *training* is a major priority today, it might not be the case in two years time.

As the BI initiative develops across the organization, the BICC must be flexible and adapt to changing user needs. If it does not adapt, it will become a redundant body and the initiative will fail.

For example, at the beginning of rolling out BI to the organization, the priority is for technical support and training. As the majority of delegates do not yet have a mature BICC, these results might not be representative in two years time.

## Standardization and the value of the BI Competency Center

### Summary

Businesses no longer see BI as a tactical tool to be used by the department, but rather a strategic business technology that will support performance for the entire organization. The two main reasons for establishing BICCs were:

1. **Standardization** — to achieve business productivity gains, increased access to timely and consistent data
2. **Single version of the truth** — so the business can spot trends, understand how the business is performing and make better decisions.

To achieve these goals, you need a less ad hoc approach and a more centralized vision for the BI rollout. You cannot leave each department to its own means when rolling out BI technology. The BICC, or an equivalent, is the best way to make this happen.

These workshops demonstrated that developing a BICC needs to be considered on an individual basis for

each organization. When establishing the center, there must be respect for the culture, people, and needs as well as a complete understanding of the infrastructure and processes.

While the delegates recognize there can be no one-size-fits-all approach to BICC set-up, they are looking to vendors like IBM for guidelines.

This conference highlights that it's only a matter of time before BICCs become a regular fixture in any competitive and successful enterprise.

### BI Competency Center service

Drawing on industry and subject-matter expertise, as well as in-field experience, IBM Cognos Professional Services will help you form your BICC vision and strategy; design the framework for your BICC and establish a "culture of best practices"; and gain self-sufficiency in building, deploying and operating your BICC successfully. For more information on the BICC Service from IBM Cognos Professional Services, visit: <http://support.cognos.com/bicc>

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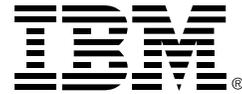
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