BUSINESS ANALYTICS:
The Perfect Fit for the Agile Enterprise

A COGNOS WHITE PAPER

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The business problem

Business is crazier than ever. More urgent than ever. These days, the tortoise rarely beats the hare. Consider the pace or lack of invention today in just a few sectors: car companies, makers of media players, airlines, energy suppliers.

Today's best, most competitive companies move very quickly to turn out new products or services, targeting new channels or entirely new markets. These enterprises, largely in mid-market, tackle unprecedented customer demand for individual treatment and pounce on operational problems, seeking innovation in every area with strong teams and aggressive strategies.

Against the frenetic activity of the global economy, constantly moving companies don't risk waiting for answers to the toughest, most complicated questions about their business drivers by management, market, investors, and competitors, usually on every continent. These companies constantly force answers to tough questions such as:

- How could we make a profit on our new product X, given all the resources we should allocate to it this year?

- If we acquire business Y, how will this impact our forecasted results? At what point will the combined operations become accretive to the bottom line?

- What is the impact on manufacturing and shipping if the price of fuel increases 15 percent during Q2?

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To drive and monitor performance against the competition, market leaders deploy business analytics systems that enable them to rapidly implement, modify, and expand their applications for strategic planning, sales, marketing, operations analysis and reporting.

business analytics solution extends beyond the bounds of finance and readily boosts agility with:

- Operational visibility on demand

- Broad user participation

- Swift deployment

- Cost-effective solution expansion

With a full spectrum of data and the ability to analyze and report from every corner of the business, the big payoff includes rapid innovation (new products, new services, new channels), fast business restructuring, and greater market share or leadership. Award-winning CIO Michael Hugos suggests that even an existing project or product line can be revitalized: "Agile systems enable companies to capitalize on opportunities before the profit margins drop." (*Computerworld*, March 16, 2006.)

According to futurist Jim Carroll, transformation is very doable for many businesses: "They are realizing that innovation isn't some dark, mysterious ancient ritual: they're realizing that it's simply a mindset that involves constant probing to see how we can fix things, find new things, or transform things, whether those things be business processes, customer service methods, new products, marketing and distribution channel concepts, or just about anything else."

When the view doesn't change

Unfortunately many companies today don't consider their opportunity to hold position as the lead dog in the pack and can easily fall behind the competition at any time. They face agility issues with limited views into all aspects of their operations; at the most basic levels, they can see their budgets, but cannot tie that activity back to the metrics of their business drivers. Reactive rather than proactive, they wind up responding slowly or not at all to the market and continue to lose out on opportunities to capture more customers and revenues and profitability. But a company can transform its perspective on its situation—with the help of a robust business analytics solution—and can see results as quickly as two months.

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> Jim Carroll, Futurist

First generation performance software

It's vital to take a critical look at many of today's so-called "performance management solutions." Many of them are either first-generation, narrowly focused, single-application offerings or an assortment of systems simply cobbled together. In the case of the former, functionality is sacrificed because the solution fills only a single need. Focused—perhaps—on capturing transactions and generating simple reports, they are ill-suited for key operations like planning, budgeting, or forecasting.

In the latter case, when the "performance management system" consists of loosely coupled applications, companies must suffer a great deal to reap modest functional rewards. The data analyzed by operations, finance, and senior management is housed in "silos" or disparate data stores, each requiring separate toolsets and interfaces for viewing or analysis. (See Figure 1.)

Analysis and reports created by the business teams remain unconsolidated, scattered—or connected inefficiently—and present the business with various versions or models of the same scenario. Few have access to all the data; most have only sectional views of the company's performance. Users may be able to see the company plan, but can't compare that information to their various departmental drivers—their ultimate need—or the workarounds to get at the information are so cumbersome, they prohibit enterprise-wide use.

Figure 1: Disjointed technologies lead to silos of information and limit an organization's ability to act with focus and agility.
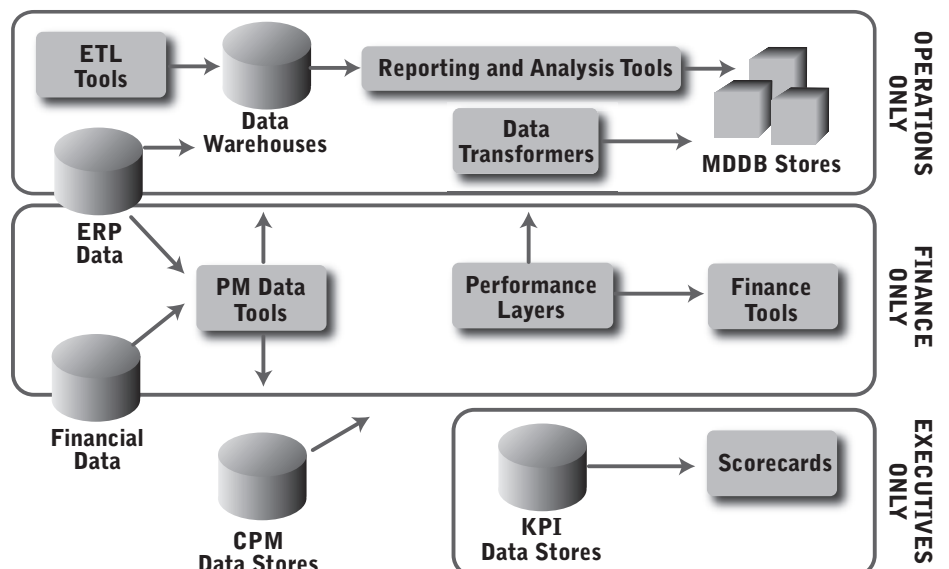
An exercise in frustration

If you're working across multiple silos of data and applications with spreadsheets as your only interface between systems, you're likely frustrated by lack of visibility into critical performance data, disjointed group problem-solving, and delayed decision-making.

Complicating things even further, multiple solutions demand greater IT effort and expertise in data management, extraction, transformation, and so on. Manageability is also highly complex and expensive because you face components neither designed nor built to comprise an integrated performance management suite: multiple vendors with varying upgrade schedules and standards; expensive add-on applications; excessive data movement that heightens the probably of errors; and a loss of the ability to audit activity. For many

enterprises, attempts at triage comes through waves of costly consultants.

Bottom line: Your frustration increases and your competitive edge is dulled.

> *"IT users should push to ensure that the organization sponsors development of an overall information management strategy and a broader framework for combined BI and performance management. Enterprises that want to standardize and drive for pervasive use should look to vendors that can offer a broad BI and CPM end-to-end capability."*
>
> Neil Chandler, Gartner Principal Analyst

Business analytics: the new generation

In the latter half of this decade, small-to-mid-size companies are facing information needs equal to much larger businesses, but with more limited resources and IT support. And—the cost and value of discrete, disconnected systems are coming into serious question. CFOs and CIOs at smaller companies are jointly seeking readily integrated, high-ROI, enterprise-wide solutions for performance management.

New-generation business analytics systems include business intelligence and performance management functionality, and offer:

- Improved operational visibility: on-demand access to fresh data in all operations—from finance to sales, marketing, production, and HR.

- Immediate views, *what-if* scenarios, and reports for all levels of users—from the department level to the executive team.

- Models that are rapidly configured and can extend into multiple departments, with little user training and minimal IT assistance.

Gartner Principal Analyst Neil Chandler writes of this convergence and a suggested strategy: "IT users should push to ensure that the organization sponsors development of an overall information management strategy and a broader framework for combined BI and performance management. Enterprises that want to standardize and drive for pervasive use should look to vendors that can offer a broad BI and CPM end-to-end capability." (Gartner, Inc., "Employ a Coordinated Approach to Business Intelligence and Performance Management," April 27, 2007.)

A pervasive solution with broad participation for planning and analytics allows a coordinated approach to a strategy, enables a company to view actuals against departmental plans, and helps orchestrate the allocation of resources. This opens the door to market leader flexibility—agility that allows rapid innovation and business restructuring. In fact, agile companies who choose a business analytics solution are usually surprised at how broadly they can address their strategies and can hit the ground running once they have identified their key business drivers.

Building blocks of business analytics

To meet an organization's needs in the culture of speed, a business analytics solution should provide certain key capabilities:

- A single, compact platform for budgeting, forecasting, planning, consolidations, reporting and analysis

- Easy-to-use interfaces for all kinds of knowledge workers

- High-performance analytics

- Hassle-free application configuration

- Unlimited scalability

- An IT-friendly, low-maintenance environment

Business analytics solutions with such features improve performance by collecting information from across the business, organizing the information in an easy-to-use manner, streamlining analysis for better-informed decision-making, and—most critically—facilitating rapid execution. (See Figure 2.)
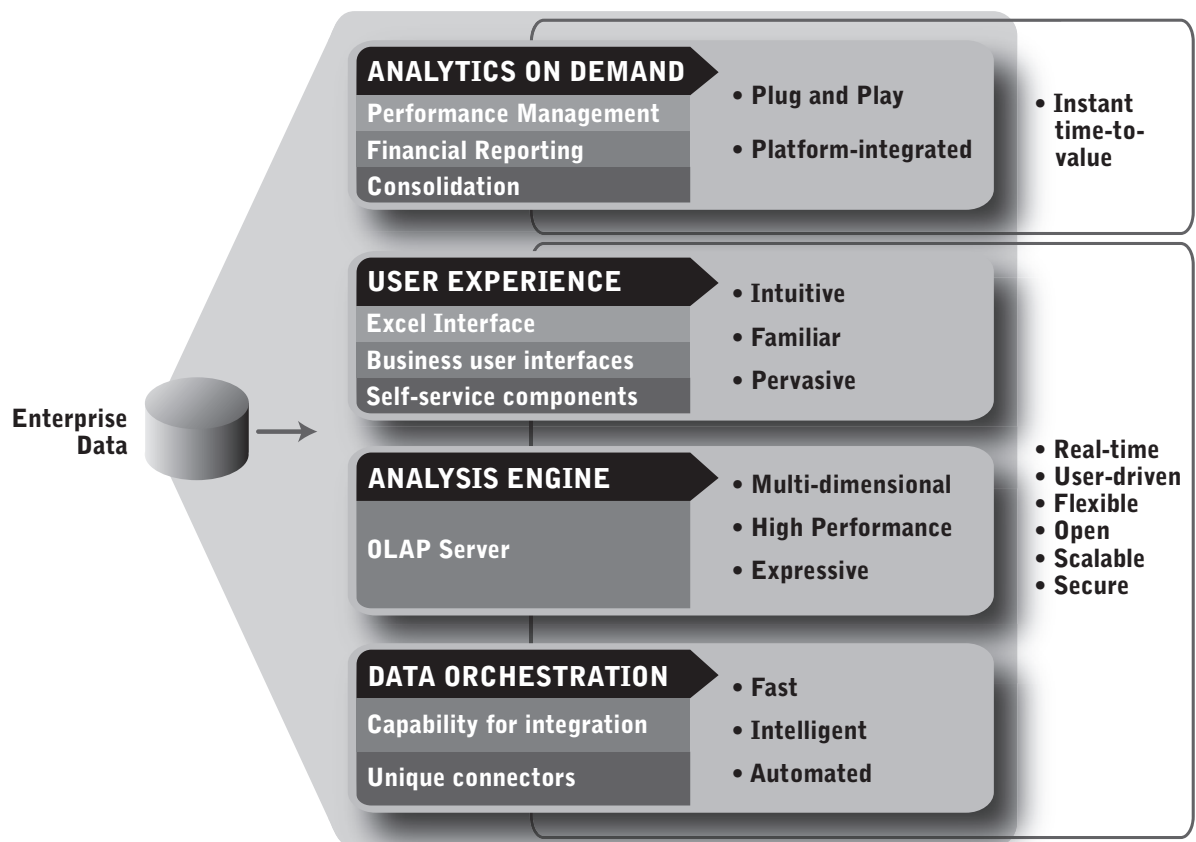

Figure 2: A unified business analytics solution provides applications, easy-to-use interfaces, high-performance analytics, and flexible data management.

The single environment

Mid-market companies in particular are attracted to a single solution—the one foundation platform—for multiple reasons. The components are all integrated, and all data and metadata are shared across applications so that your teams work with only one data set. Every user can query and report from the same solution—without bouncing into a new application and without facing multiple user conventions and features.

Self-service interfaces and application development for extension across the enterprise

As more businesses expand performance management initiatives company-wide, increasing numbers of users with decreasing amounts of experience must become acquainted with new tools and solutions. They need user-friendly applications that allow them to be self-sufficient in generating reports, drilling into data, and performing *what-if* analyses.

Next-generation business analytics solutions offer users advanced features for rapid analysis and reporting, as well as easy information exploration and visualization. Such features include:

- Personalized interfaces such as home pages with navigation to reports and templates for planning and analytical applications.

- User-assembled solutions and user-maintained data, which is the best of both worlds, mid-way between tools and boxed applications.

- Basic components such as wizards, workflow, visualization (charts, graphs, tables, etc.) pre-built databases, and sample cubes and plans.

- The ability to change variables or even the business model quickly, immediately seeing the changes and comparing them with historical data or other projections. The ownership of models resides with users who develop, adjust, and maintain them.

> *"IT needs to …provide right-time information access to support the self-service environment. End users are unforgiving when they are prevented from instantly reviewing the results of their interaction with the performance management solution."*
>
> Dan Vessett, Research Director,
> Analytics and Data Warehousing Software, IDC

High-performance analytics

Because business agility means reducing decision cycle time, rapid access is imperative. Financial planners, controllers, CFOs, and other business managers need to change input values and recalculate on-the-fly so they can focus on solving business problems without waiting hours for critical information. Cross-enterprise teams need to perform analyses on frequently changing data from millions of transactions such as daily or hourly review of sales by store, brand, or representative, or day-by-day transactions with hundreds of medical facilities.

The key performance attributes of a business analytics solution required in such a dynamic environment are:

- Concurrent read/write for collaborative planning processes.

- Parallel scenarios and assumptions with on-demand recalculation.

- Instantaneous availability of model or data changes.

- Multi-dimensional analysis of business information.

A solution with an in-memory database provides these capabilities, eliminating the server bottlenecks that require frequent, tedious database updates and recalculations that slow decision-making.

As Dan Vessett, research director, analytics and data warehousing software, IDC, says, businesses have reached a level of sophistication in which end users are expecting information on demand: "IT needs to …provide right-

time information access to support the self-service environment. End users are unforgiving when they are prevented from instantly reviewing the results of their interaction with the performance management solution." (From "Improving Business Performance Through Effective IT and Business Collaboration," an IDC Top Line report, November, 2006, IDC.)

Scalability

As companies provide greater numbers of knowledge workers and departments with analytic capability and grow their data stores exponentially, a business analytics solution must scale to meet increased demand.

The solution should support dozens to hundreds of concurrent users, to scale "up" to take advantage of multi-core processors, and to scale "out" to serve geographically-diverse users as companies expand against global competition.

And a flexible, next-generation business analytics solution must be installed, deployed, and up-and-running in a matter of weeks.

Business analytics solutions are IT-supportive

Put simply, business analytics solutions not only free end users: they spell relief for the IT department. A single platform offers standardization across the enterprise infrastructure, simple upgrades, and little involvement with configuration management. Self-serve applications eliminate the development backlog, allowing IT to focus on key infrastructure changes to support business agility.

A final word

Agility isn't an impossible dream and the rewards can be nearly limitless. The business analytics solution, the seamless combination of business intelligence and business performance management systems, provides the springboard—the responsiveness, flexibility, ease, and scalability—to understand and explore the business situation from all angles, all dimensions. Business analytics technology facilitates change and sets you free to engage, adapt, and innovate.

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