

STANDARDIZING YOUR REPORTING AND BI

UNDERSTANDING THE
BUSINESS AND
TECHNOLOGY TRENDS
DRIVING STANDARDIZATION



While every attempt has been made to ensure that the information in this document is accurate and complete, some typographical errors or technical inaccuracies may exist. Cognos does not accept responsibility for any kind of loss resulting from the use of information contained in this document.

This page shows the publication date. The information contained in this document is subject to change without notice.

This text contains proprietary information, which is protected by copyright. All rights are reserved. No part of this document may be photocopied, reproduced, stored in a retrieval system, transmitted in any form or by any means, or translated into another language without the prior written consent of Cognos Incorporated.

The incorporation of the product attributes discussed in these materials into any release or upgrade of any Cognos software product – as well as the timing of any such release or upgrade – is at the sole discretion of Cognos.

U.S. Government Restricted Rights. The accompanying materials are provided with Restricted Rights. Use, duplication for disclosure by the Government is subject to the restrictions in subparagraph (c)(1)(ii) of the Rights in Technical Data and Computer Software clause at DFARS 252.227-7013, or subparagraphs (c) (1) and (2) of the Commercial Computer Software – Restricted Rights at 48CFR52.227-19, as applicable. The Contractor is Cognos Corporation, 67 South Bedford Street, Burlington, MA 01803-5164.

This edition published November 2004
Copyright © 1989-2004 Cognos Incorporated.

TABLE OF CONTENTS

THE TREND TO STANDARDIZATION	3
The search for value	3
The need is strategic	3
The technology is ready	4
WHY COMPANIES ARE STANDARDIZING BI AND REPORTING	5
SUMMARY OF STANDARDIZATION BENEFITS	8
Increased value	8
Direct cost savings	8
Indirect cost savings	8
CONCLUSION	9
ABOUT COGNOS	9

THE TREND TO STANDARDIZATION

The search for value

While IT spending is trending upwards, CFOs are still focused on reducing costs. Is “spending to save” a classic Catch-22, or a realizable objective?

Industry watchers and analysts point to standardization as one way to bring costs down and results up.

“Despite the fiscal discipline most companies imposed during the recession, overhead costs are still a target for even greater savings,” said Booz Allen vice president Vinay Couto.¹ Booz Allen had surveyed CFOs, with the results posted in CFO.com.

Managing a patchwork of different systems is the main IT challenge for companies who say they trail the competition in delivering general and administrative services. Standardizing reporting and BI simplifies the systems patchwork, reducing overhead costs. Cognos customers demonstrate this.

“Standardizing on Cognos as a common BI solution will help Esselte to lower the overall cost of ownership by reducing the number of BI solutions we need to manage and maintain,” said Mark Katz, vice president, Worldwide Information Technology, Esselte.

Reporting and other business intelligence applications are among the vital services IT departments provide. Standardization can improve business performance and increase top-line revenues by making these tools available to the enterprise with more agility and responsiveness.

For Cognos customer Esselte, standardization makes one version of the truth easier to obtain. “This solution will provide us with better visibility and more consistent understanding and analysis of customer sales and supply chain movements,” said Mark Katz, Esselte.

The need is strategic

Companies look to standardize when:

- Product or services becomes strategic to their business.
- Standardized solutions can address all the critical requirements.

The Cognos suite does indeed qualify as a complete solution for an enterprise’s BI and reporting needs. As Esselte points out, standards lessen the complexity, and increase the effectiveness in an important strategic area.

Reporting and business intelligence underpin the right business decisions. They link corporate strategy on PowerPoints and the people who make it happen in their day-to-day jobs. A standard solution supports the “single version of the truth” that will empower the business to ever greater levels of performance.

In 2002, CFO magazine named BI one of the technologies you need to know. BI would be ready to serve every user—not just enterprise-level knowledge workers—within two years. Holding it back was technology not meeting the promise. That has changed; the forecast has come true. The Fortune 1000 now consider BI and reporting as strategic services.

“Whether your company standardizes IT systems because of the need to reduce costs, increase competitiveness or is forced to by vendor consolidation,” Ventana Research advised in its paper on standardization. “It will happen, so be ahead of the curve.”

¹ *CFOs Still See Room to Cut Costs*, Stephen Taub, CFO.com, May 11, 2004, <http://www.cfo.com/article.cfm/3013775?f=advancesearch>

The technology is ready

In its August 2004 Research Note, Industry analysts Gartner stated:

“Many organizations are in the process of standardization and tool consolidation, which is reducing their number of BI tools to a smaller portfolio. As a result, organizations’ BI buying decisions have become more strategic rather than tactical. They want to know vendors’ long-term plans and how those plans align with their vision and requirements.”²

Cognos ReportNet™ delivers production reports, managed reporting, and ad hoc query all in one easy-to-use Web services-based product. It has garnered considerable notice for helping bridge the BI suite and robust reporting worlds.

“Cognos ReportNet is a major breakthrough for BI and reporting convergence giving business users a seamless experience to access, report, analyze and deliver information. It brings a completely new level of simplicity in the design and use of reporting and analysis for large sets of users with varying needs,” said Ventana Research, reviewing the software’s launch.

² BI Product Road Maps Require Careful Evaluation, August 3, 2004, B. Hostmann, F. Buytendijk.

WHY COMPANIES ARE STANDARDIZING BI AND REPORTING

There are two primary reasons why companies standardize:

1. Grow top-line revenues
 - Increase agility and responsiveness
 - Lay a foundation for driving better performance
2. Reduce total cost of ownership (TCO).

Grow top-line revenues: Become More Agile and Responsive

Standardization reduces the number of *What product should we choose* decisions. Instead, it focuses attention on more valuable questions, such as: *How can this application serve our evolving needs?*

Spend less time evaluating software; spend more time creating value

Companies spend a significant amount of time evaluating the same solutions for different departments' requirements and applications. Standardization eliminates this effort. When a new reporting need is identified, IT can spend its efforts on deploying and customizing the company's reporting standard. This shortens the time to results and you gain back the time normally spent evaluating alternatives.

Be more agile; make changes easier, faster, and simpler

As the business changes, its information needs also change. Having a unified and nimble information infrastructure allows you to respond to those changes.

Lessons learned from other deployments can shorten the process of extending a BI or reporting application to meet new needs. You will have already figured out most integration issues and will understand how the reporting package works with your environment.

Standardization creates a common vernacular (i.e. Catalog vs. Model vs. Universe)

Standardizing business intelligence applications, such as reporting, helps spread one version of the truth throughout your organization. Your company may draw upon different databases from various vendors for information. A single reporting standard can bridge the differences among data definitions. This lets business users communicate with the same terms and language.

Create new reports faster or modify existing ones more quickly

In addition to helping IT respond to new deployments faster, standardization lets you meet new requirements with your existing application more quickly. For BI applications, this typically means creating new reports. Standardization helps ensure team members share the same skills and best-practice knowledge needed to create these reports. It also means they know where data is and how best to access it.

Grow top-line revenues: Lay a foundation for driving better performance

Organizations consider business intelligence *strategic* because it creates the necessary foundation for performance management. It is the essential bridge between your various corporate data assets—making all of your data available to work for you. It delivers the important single version of the truth necessary for consistent decision-making. It communicates the *what happened and why*.

BI and reporting standardization help spread a common data language across your organization. IT can ensure ideas and terms critical to performance (such as “Customer” and “profit”) are defined consistently. By eliminating the debate over numbers, business users can start to discuss the best course of action based on a trusted information foundation.

Reduce total cost of ownership (TCO)

Standardization is not a new technique for reducing cost of ownership. Similar conversations emerged in the 1990s regarding the standardization of Relational Database Managements Systems (RDBMS) and desktops. These efforts reported savings ranging from 25 percent to 40 percent.

CFOs look for savings in overhead costs, and Cognos customers have seen savings by standardizing on its BI and Reporting technology.

Standardization simplifies the IT environment. Standardizing reporting software and other BI capabilities simplifies the day-to-day operations and responsibilities of IT.

Fewer products to learn and interact with ? greater business effectiveness & lower cost

Standardization delivers a single user experience. This increases user acceptance—one of the key factors in determining the success of IT projects, and the one most out of IT’s hands. Single user experience increases user productivity. People can start using a new capability, rather than learning it. They can transfer skills from one application to another. While core behaviors may be different among applications, they can take advantage of commonalities in functionality and user interface.

Fewer products to integrate into the IT environment -> greater speed & lower cost

Standardization for reporting and BI reduces the number of products IT must integrate into the environment. This reduces the demand on IT resources to ensure new technologies fit with what is already deployed. This eliminates redundant efforts around:

- Installation and configuration
- Load balancing and tuning
- Integrated metadata
- Visibility through portals
- Maintenance and patching.

Fewer products to install, maintain, and support → lower cost

Software vendors typically ship one major release, potentially one to two minor releases, and a series of patches and updates per year. Your IT department must put applications through development, test, and production phases for each vendor. Standardization reduces this level of work.

Specific cost-of-ownership savings come from:

- Economies of scale
- Fewer training courses required due to shared knowledge
- Less time/resources spent installing, upgrading, maintaining, negotiating with vendors, and interfacing with support

- Reduced staff requirements, such as a “helpdesk,” because of shared and transferable skills:

- Many reporting solutions require specialized skill sets that must be grown organically or acquired at a high cost. JAVA programming and XML are examples.
- You reduce your support staffing costs by minimizing the amount of support needed.
- You can establish a Center of Excellence around core reporting competencies that can be used across multiple organizations and applications.

SUMMARY OF STANDARDIZATION BENEFITS

Increased value

Increased value from applications. A common platform gives you the opportunity for a broader span of cross-departmental analysis and reporting. This improves collaboration among business units. It helps deliver the vital *single version of the truth*. It encourages document and analysis sharing.

Direct cost savings

Reduced software licensing costs for the BI or reporting software. Take advantage of volume-purchase discounts, competitive replacement discounts and other incentives. In addition, customers in a standards setting typically need fewer server licenses.

Reduced hardware and software support costs. Vendor standardization can reduce the number of separate physical databases. This lowers the requirement for servers and a corresponding reduction in operations costs (e.g. electricity, space, operators, maintenance, etc.) as well as software licenses for those servers.

Reduced cost for IT support and training. Common platforms let you operate with a smaller number of support organizations. This means savings on support managers and specialists. Less training is required, resulting in savings for both acquisition and delivery time.

Reduced administrative overhead. Spend less effort in license tracking, version control, RFP processes, and negotiation. One supplier equals one bill, one report, and one charge per user.

Indirect cost savings

Economies of scale in application development. Development teams can concentrate on a single platform and gain expertise on it. This promotes the reuse of definitions and utilities and eliminates duplication of effort. It also reduces the need to develop costly software interfaces and conversions.

Reduced cost of application deployment. Standard architectures let you deploy more rapidly using fewer people. You avoid the project-by-project “bake off,” saving the resources used for these comparison studies. Greater expertise, developed over time with one vendor, makes development faster.

Reduced cost of application maintenance. Maintenance typically represents two-thirds of an application’s lifetime cost. These costs are lower for the same reasons as development costs are reduced—concentration on a single platform and the corresponding development of expertise. A simpler environment typically means fewer “ripple effect” problems, making changes, testing, and implementation less expensive.

Reduced cost of “peer-to-peer” support. Studies indicate that four times the amount of resources are spent by people within business units helping each other, than is accounted for by the formal support organization. This is often a hidden element not factored in TCO. Standardization means more experts and reduces this cost.

Reduced cost of interoperation – internal. Standardization generally encourages fewer repositories of metadata, reducing maintenance costs. Data consistency, through use of common metadata and databases, also reduces the costs of reconciliation, error diagnosis, and corrections.

CONCLUSION

Standardization for your reporting and BI applications makes sense:

- It allows you to increase value while reducing cost.
- Analysts agree that the technology now meets its promise.
- Standardization will help deliver the single version of the truth—the foundation for performance management.
- It makes BI and reporting—already considered strategic—perform better.

While the potential savings are impressive, the true motivation for standardizing is the increased value generated for the enterprise.

However, as Gartner points out, enterprises should be careful. They must make calculated choices to ensure that users and business requirements are met. These choices must be based on tomorrow's business needs, not yesterday's deployments.

ABOUT COGNOS

Cognos is the world leader in reporting, business intelligence, and enterprise planning software.

Industry analysts and experts recognize Cognos' leadership in these fields and in the emerging field of corporate performance management. These analysts and experts point to the breadth and excellence of Cognos performance management software as the source of this leadership.

Cognos backs up this leadership with the highest awards for customer service in the industry. More importantly, the return on investment Cognos delivers to its customers is proven by independent industry watchers, and backed up by customers across all major verticals, around the world.

Founded in 1969, Cognos today serves more than 23,000 customers in over 135 countries. Cognos enterprise business intelligence solutions and services are also available from more than 3,000 worldwide partners and resellers.

Leaders choose leaders. Leaders choose Cognos.
(www.cognos.com)



WWW.COGNOS.COM

PRINTED IN CANADA
(11/04)