Tough economic times demand tough choices in Business Intelligence

In today's challenging economic climate, budgets for BI are shrinking – but the need for more business insight is growing dramatically. SAP customers, in particular, are feeling increased pressure due to the uncertainty of SAP's product roadmaps and the difficulty in integrating their products caused by the acquisition of Business Objects.
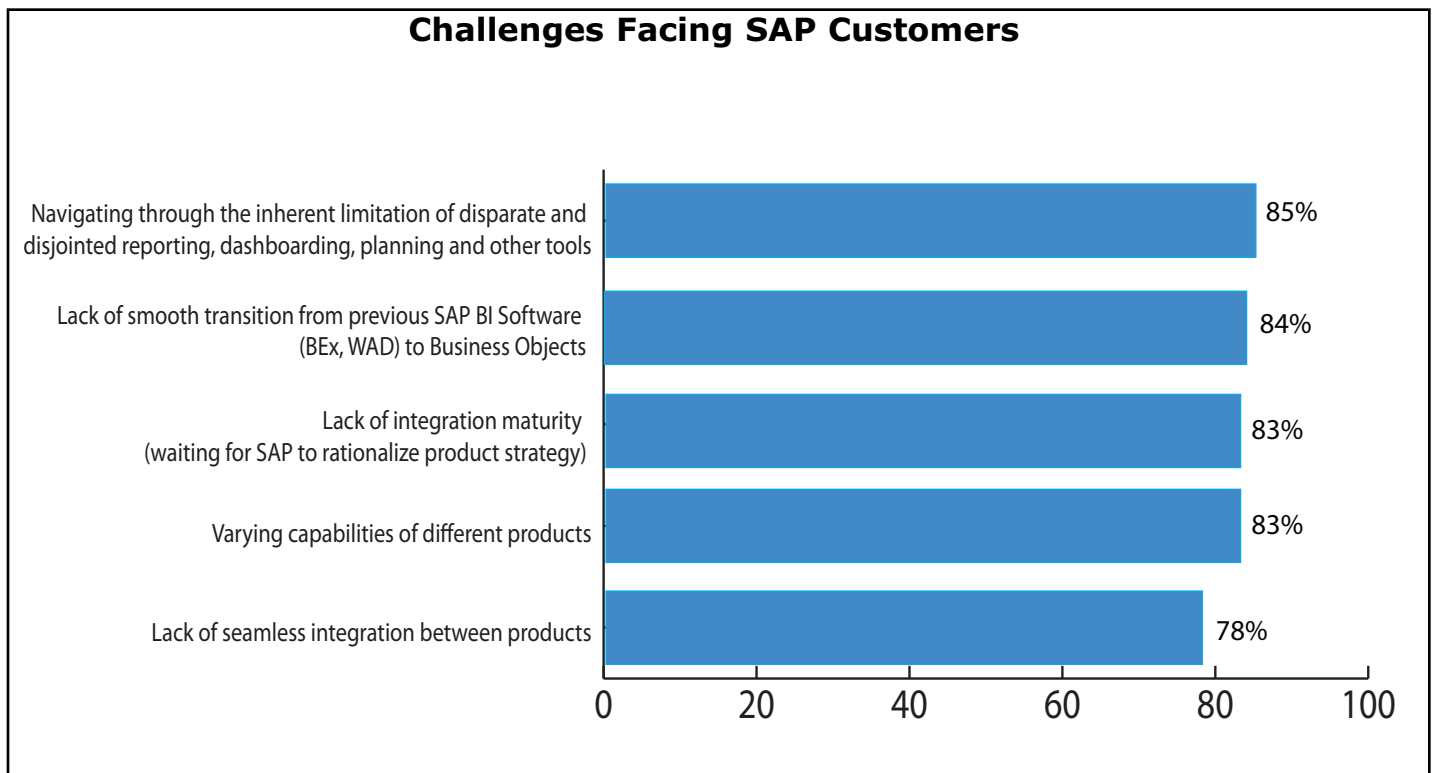
TechTarget
*The Technology Media
ROI Experts*

Overview

More than a year ago, SAP acquired Business Objects with the hope that the acquisition would provide a significant upgrade to SAP's Business Intelligence product offering. Indeed, most observers believed that the Business Object product line was superior to SAP's existing offerings, including its Business Explorer (BEx) reporting product line.

One year later, however, customers are expressing concern and dissatisfaction. Instead of a fully integrated, cohesive product offering, they are dealing with a "product roadmap" that does not address their existing BI challenges. Moreover, they are finding that the SAP BI strategy is expensive, disruptive and inadequate in providing the types of integrated, source-agnostic solutions that are required in today's complex IT environments.

These challenges with SAP are coming at a crucial time, according to the SAP Professionals on SAP BI in 2009 Survey. Approximately two thirds of the respondents said their BI spending plans for 2009 are being reduced due to economic turbulence – yet, they also stated adamantly that the demand to successfully utilize business intelligence tools and solutions has never been greater.

The seeming conundrum makes perfect sense: In times of economic turmoil, businesses need to be able to react more quickly to changes, which could include shifting resources to a new product line, or dropping prices on a particular line, or raising prices on another. When business intelligence is applied effectively, these decisions can occur with greater certainty and precision. Furthermore, the current economic conditions increases the accountability of customers to choose the right solution, because they can ill-afford to invest in the wrong solution, and have to retract afterwards if the solution does not meet their business need. So naturally, in a time of economic challenge, the emphasis for business decision makers is to take advantage of technology solutions that can make them more effective and accountable.

Challenges Facing SAP Customers

Challenge	Percentage
Navigating through the inherent limitation of disparate and disjointed reporting, dashboarding, planning and other tools	85%
Lack of smooth transition from previous SAP BI Software (BEx, WAD) to Business Objects	84%
Lack of integration maturity (waiting for SAP to rationalize product strategy)	83%
Varying capabilities of different products	83%
Lack of seamless integration between products	78%

SAP customers were asked: How would you rate the impact of the following limitations on your Business Intelligence and Performance Management software?

The percentages indicate respondents who viewed this either as a challenge, a major challenge or a significant challenge.

Source: SAP Professionals on SAP BI in 2009 Survey

Tough Times For SAP Customers

Talk about pressure! More than three quarters of the SAP customers agreed with the following statement:

> "Yes, we cannot afford to make the wrong strategic Business Intelligence and Performance Management purchase due to the scarcity of budget and skill sets in the organization."

When three quarters of respondents said that they can't afford to make a mistake- that is a significant and telling result. When you combine that with all of the problems these customers are identifying with the SAP product roadmap – as well as SAP's product line – it is clear that SAP customers will be facing real challenges as they plan and plot their next steps.

Facing these challenges and pressure, SAP customers must really evaluate whether SAP Business Intelligence solutions are the right decision for them: Particularly when there are other best of breed vendors that are already providing source-agnostic solutions that embrace existing SAP investments and provide features that are missing from SAP – such as self service capabilities, which 81 percent of SAP customers cited as a challenge with the existing SAP product.
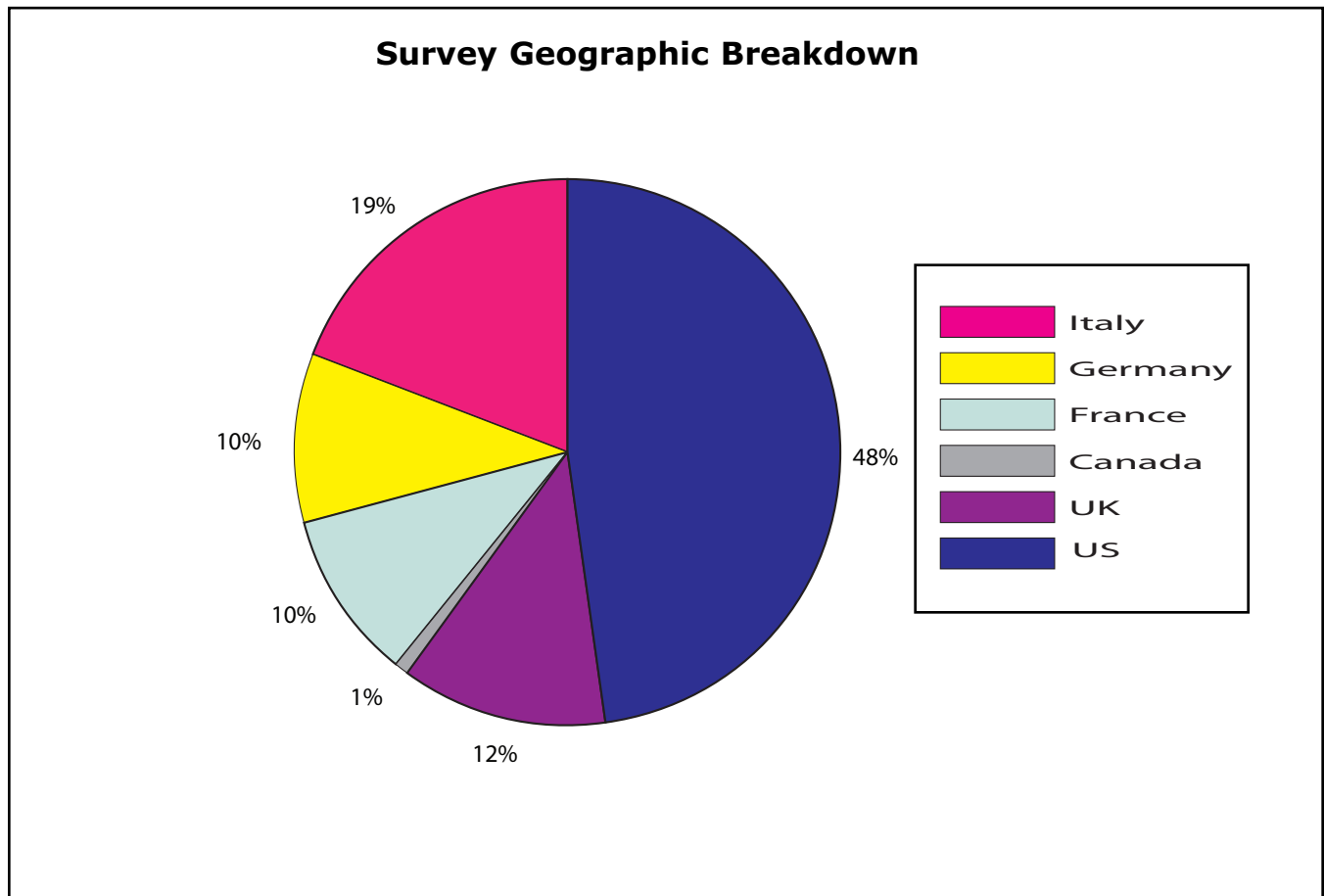
Recommendations

Many SAP customers believe they cannot afford to wait for SAP to rationalize its product strategy; others can't afford the extra costs SAP is charging; and still others believe that the disruptions caused by the changing roadmap are significant enough to cause them to seek solutions from rival BI vendors, particularly those that offer a source/application-agnostic approach to BI. Based on all of the myriad challenges acknowledged by SAP customers, it is pertinent for customers to explore the following options.

1.) Think twice before continuing your investments with SAP's new roadmap, given the challenges many customers are facing.

2.) Understand the potential hidden costs and risks associated with sole-sourcing a BI solution for SAP. Purchasing BI as part of a broader ERP agreement results in many hidden costs with regards to training, support and integration.

3.) Develop a clear set of goals and strategies for your BI and performance management systems based on user requirements and do an analysis of which other vendors are capable of addressing your needs NOW. Do not fall into the trap of future roadmap promises. Assess the potential risk to both you and your organization.

4.) Examine the incremental costs and business risk of waiting for the SAP BI roadmap to materialize – including the potential time lost in achieving your goals – and analyze whether you can afford the time and expense.

5.) Examine SAP and third-party options equally and assess their ability to meet your needs.

SAP Professionals on SAP BI in 2009: Survey Methodology and Demographics

A recent survey of TechTarget SearchSAP.com members developed for and sponsored by IBM Cognos, revealed a variety of customer concerns about SAP's business intelligence roadmap, including those surrounding costs, IT resources, training, a lack of product integration and a disruption to exiting BI investments. The survey consisted of 400 SAP BI customer respondents and included both IT professionals and line of business managers, with about three quarters of the respondents in IT. The online survey polled decision-makers in North America and Europe: About 50 percent of the respondents were from the U.S. and the other 50% from the United Kingdom, France, Germany and Italy.

Survey Geographic Breakdown

Legend:
- Italy
- Germany
- France
- Canada
- UK
- US

Pie chart values: 19%, 10%, 10%, 1%, 12%, 48%

Key Areas of Concern

SAP customers have had more than a year to absorb the company's plans for integrating Business Objects into its overall strategy for business intelligence. In addition to their specific concerns about SAP's BI roadmap, respondents revealed that the current economic turbulence is causing them to face tougher budgeting decisions and is placing more pressure on them to make the right purchase decisions on their BI products and vendors. This poses a significant problem for SAP because their customers are facing difficult integration challenges and incremental costs with their BI products as SAP undergoes an expensive transition in its BI strategy.

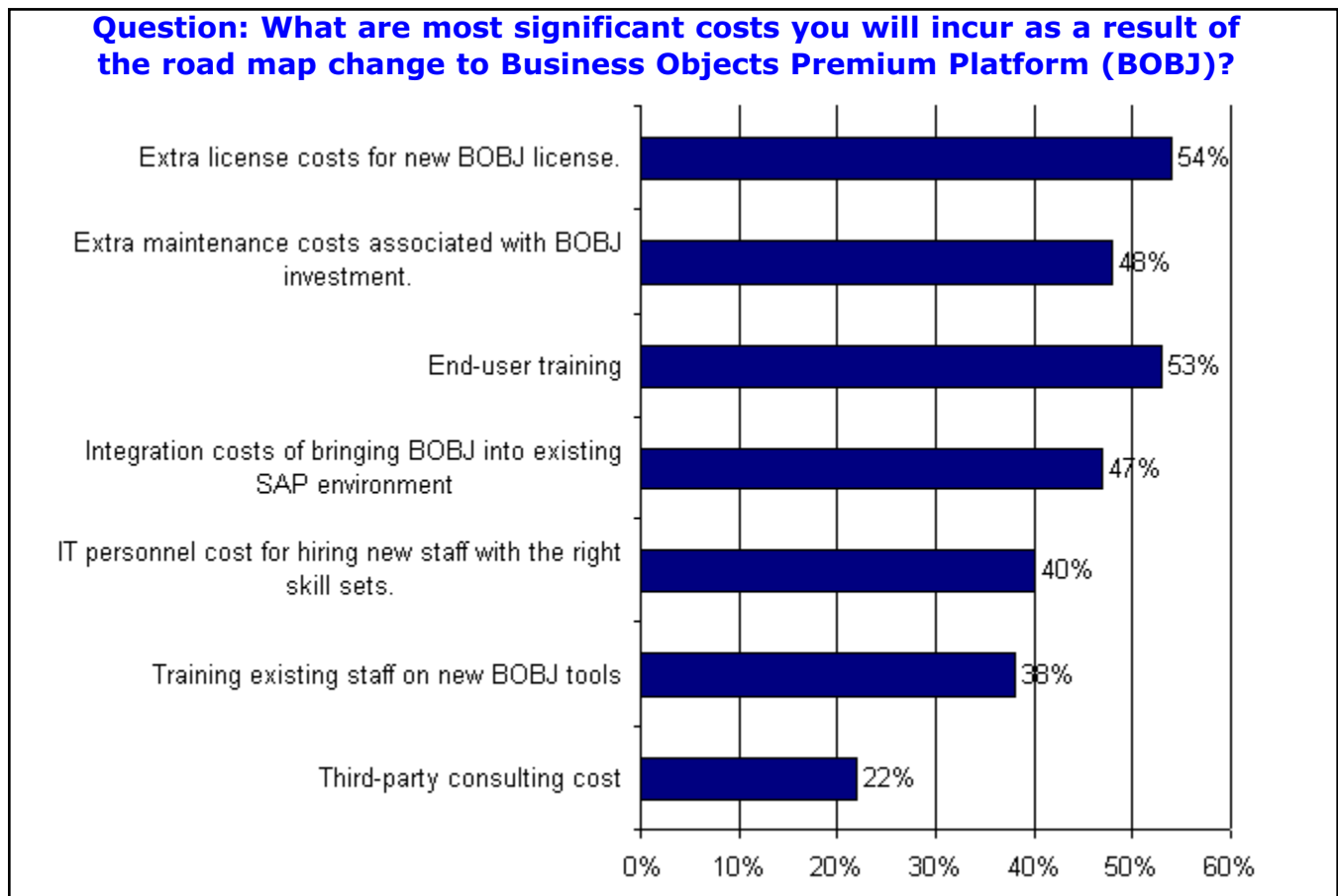The cited concerns of the SAP customers were:

  • **Overloaded IT Resources:** Nearly 80 percent of the respondents cited scarce or overloaded IT resources as their most pressing challenge in generating BI content using data from SAP Business Warehouse. In addition, nearly 60 percent said they are constrained in combining data from SAP and non-SAP systems, which adds significantly to the burden of the IT workforce.

  • **The Risk of Bad Timing:** Nearly 70 percent of the respondents said they are uncertain whether the new roadmap will be delivered in the timeframe required to support the immediate needs of their businesses.

  • **Escalating Training Expenses:** Incremental training costs because of the product roadmap change will effect both IT departments and end users, according to survey respondents. Three quarters of the respondents said the new SAP BI roadmap will result in a significant increase in IT staff training costs. In addition, 74 percent of the respondents said the new roadmap will increase user training costs.

  • **Lack of Product Integration:** More than 64 percent of the respondents said a lack of interoperability is limiting their ability to combine data from SAP Business Warehouse and non-SAP data in the same BI output. They link this problem to multiple and disjointed reporting, dashboarding, planning and other tools.

  • **Increased Costs:** 54 percent of respondents indicated that the extra license cost to migrate to new tools from Business Objects was one of the most significant costs associated with SAP's decision to change direction in their BI roadmap. SAP customers also pointed to a variety of additional "hidden" expenses they incurred because of the roadmap change to Business Objects, which included extra costs for hiring, training and integration. Furthermore, 60 percent of SAP customers say SAP's recent maintenance price increased will "significantly" impact their ability to make further investments in BI.

  • **Disruption to Existing BI Investments:** Approximately 50 percent of the respondents said the roadmap disrupts the continuity of their BI investment strategy due to the discontinuation of key strategic applications.

The Quandary for SAP BI Customers

Shortly after SAP acquired Business Objects in early 2008, SAP released its BI product roadmap, which made it clear that the company would focus on enhancing the SAP BusinessObjects front-end tools. This created a quandary for many SAP customers who had invested heavily in SAP's Netweaver BI platform – especially BEx, which is scheduled for discontinuation in 2016, according to the roadmap.

For SAP BI customers this created an unexpected – and in many cases unwanted – expense. According to recent independent research by Gartner Inc. (a reported in SearchSAP), **SAP is charging as much as $2,000 to $3,000 per user for customers to move to the Business Objects BI platform. In the survey, almost half of the SAP customers stated that the discontinuation of BEx is negatively impacting their investment plans because they need to rip and replace all of their existing BEx investments.**

This extra expense is quite painful to customers under tightening budget constraints, and many of them cite it as a significant problem to their organization, given the current economic climate and the lack of visibility of this unexpected expense.

Question: What are most significant costs you will incur as a result of the road map change to Business Objects Premium Platform (BOBJ)?

Category	Percentage
Extra license costs for new BOBJ license.	54%
Extra maintenance costs associated with BOBJ investment.	48%
End-user training	53%
Integration costs of bringing BOBJ into existing SAP environment	47%
IT personnel cost for hiring new staff with the right skill sets.	40%
Training existing staff on new BOBJ tools	38%
Third-party consulting cost	22%

The cost concerns of making a transition to SAP's new Business Intelligence roadmap go well beyond the licensing cost, as can be seen in the answer to the question above. SAP BI customers are also concerned about increases in maintenance, personnel and training costs their organizations will incur to support the new tools. Furthermore, the potential incremental costs of bringing in consultants to help them close the skills gap is adding significantly to their concerns.
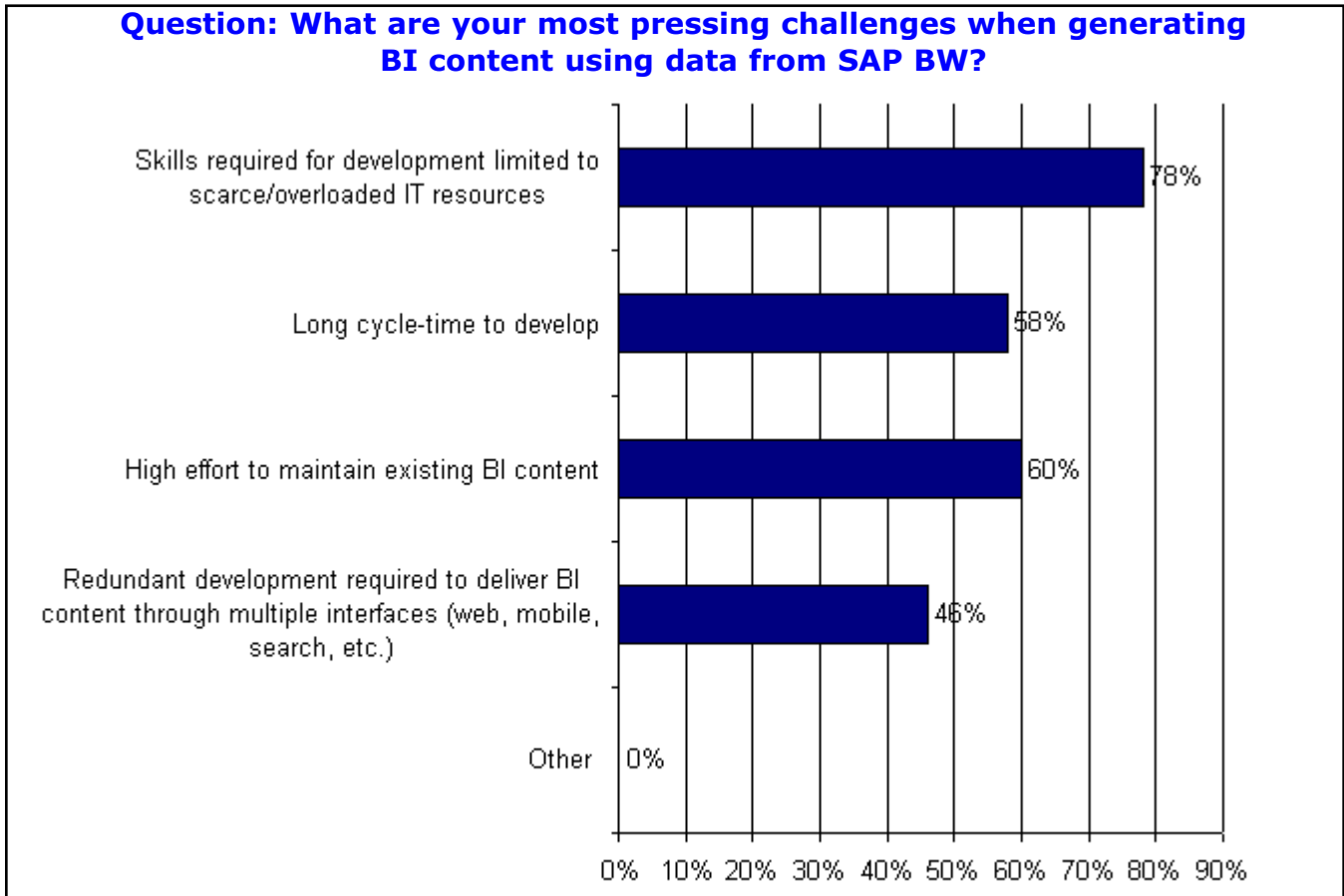
Increased Personnel and Training Costs

Increased personnel and training costs were often cited as one of the most pressing challenges for SAP customers. Nearly two thirds of the respondents said the SAP roadmap will require them to acquire new skill sets that are not available in-house – at the same time they will be required to maintain existing IT resources to support the existing solution during the migration. This inevitably leads to higher personnel costs to manage the new SAP system.

In addition to skills acquisition costs, SAP BI customers revealed that the cost to train IT staff on new tools is also a significant cost driver of the new SAP roadmap. **Three quarters of the SAP respondents said they are facing increased training costs for IT personnel.** A total of 53 percent of the respondents said the SAP BuinessObjects roadmap will increase their training cost because existing IT staff will have to learn new tools.

SAP BI customers said the costs to train end users on the new system will be a significant challenge as well. **Approximately 75 percent of the respondents said they are facing increased training costs as a result of the SAP roadmap: 52 percent indicated that teaching business users the new tools will be a significant driver of end-user training costs.**

As noted, the strain on IT resources is a repeated theme that comes up in the survey. When SAP customers were asked to cite their most pressing challenges when trying to generate BI content using data from SAP Business Warehouse, nearly 80% cited the skills required for such developed as being hampered due to scare and/or overloaded IT resources, which are unable to keep up with the demands for more BI content. Other key issues they cited were: Long cycle time to develop and the high effort required to maintain existing BI content with their BI/PM system.

Question: What are your most pressing challenges when generating BI content using data from SAP BW?

Challenge	Percentage
Skills required for development limited to scarce/overloaded IT resources	78%
Long cycle-time to develop	58%
High effort to maintain existing BI content	60%
Redundant development required to deliver BI content through multiple interfaces (web, mobile, search, etc.)	46%
Other	0%

In yet another area involving IT personnel, customers were asked about challenges involved in meeting the changing reporting needs of users within their organizations. More than 80 percent of the SAP BI customers said a lack of self-service capabilities within their existing BI solutions was causing an added strain on IT resources to keep up with the current needs of the business. Of that 80 percent, two thirds described this challenge as either "significant" or "major."

SAP Customers Are Paying the Price

The increased costs incurred by SAP customers is significant for the following reasons:

1.) Most of the respondents are facing budget cuts. If they are forced to spend more on IT personnel because of a change in the strategy of their BI vendor, then they will be forced to give up on strategic future investments that are critical to their competitive advantage.

2.) Training costs are not just a drain on budgets, they are a drain on time as well. Personnel involved in training – whether from the IT side or the end-user side – are missing valuable time from work that would normally go toward more productive – and possibly revenue-producing – activities.

3.) Because SAP customers are dealing with a theoretical roadmap as opposed to a completed suite of products, they can't really be sure how much training will be required and how much it will cost, in time and dollars. How often have customers seen delays in roadmaps and product launches from ERP vendors? This makes it difficult to plan effectively for the future and to make solid commitments to the business in terms of what kinds of results BI will be able to deliver, and in what time frame.

Pain Points: Lack of Functionality

On the product side, the lack of self-service capabilities in the existing SAP product line was one of several product and integration issues cited as creating a challenge for SAP BI customers. As previously noted, most customers said they are concerned about challenges dealing with:
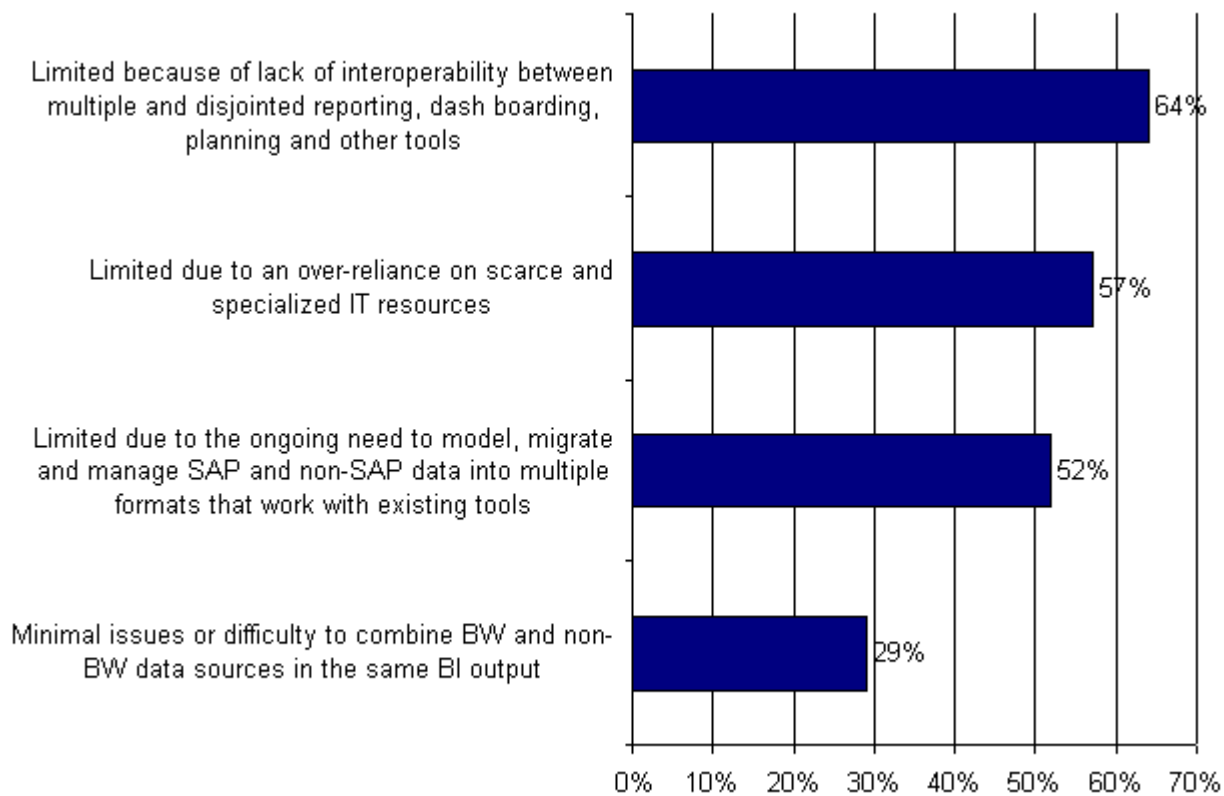
- Lack of seamless integration between products

- Varying capabilities of different products

- Lack of smooth transition from SAP BI software (BEx, WAD) to Business Objects

- Lack of consistent interoperability and integration (waiting for SAP to rationalize products)

- Navigating through the inherent limitation of disparate and disjointed reporting, dashboarding and other tools

Again, these results are particularly challenging for SAP customers. The whole point of Business Intelligence and Performance Management systems is to enable the business to have a single version of the truth throughout the organization. This enables their operational reporting to be integrated and supports decision-making based on real, current and accurate information. When 85 percent of IT and business decision-makers state they are concerned about limitations of disparate and disjointed BI tools – particularly those for reporting, dashboarding and planning – that is a problem that strikes to the core of why they have BI in the first place.

Pain Points: Lack of Integration

Another critical area for BI customers is in product integration, particularly across a variety of application sources, including those from Excel and other vendors. For Business Intelligence to be truly effective throughout an organization, the data needs to be consistent, current, compatible and comprehensive. This, unfortunately, is another area where SAP customers feel their BI solutions are coming up short in addition to the lack of integration and interoperability of the SAP and Business Objects tools that also aggravates the challenges for SAP customers.
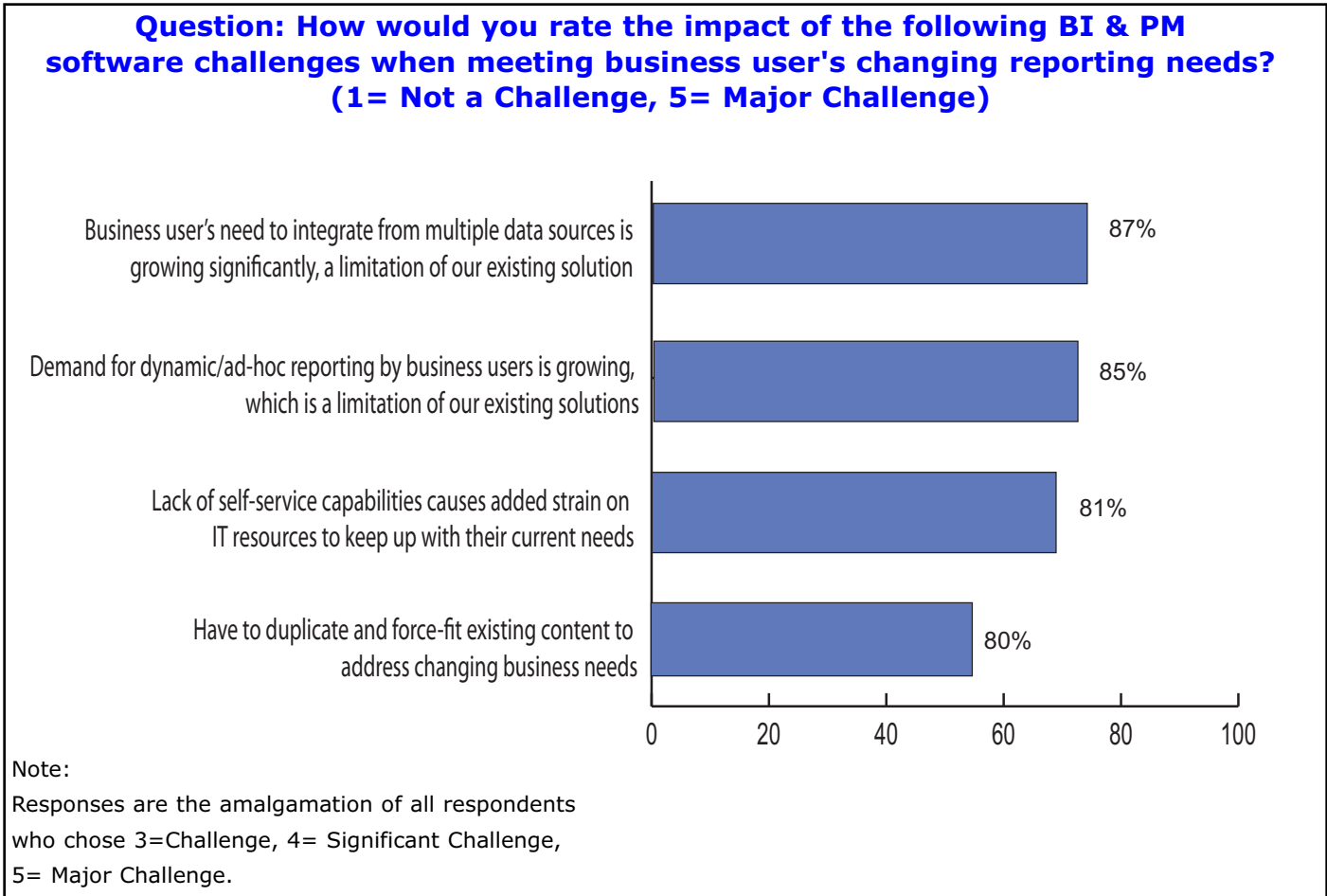
Question: How would you describe your ability to combine data from SAP BW and non-SAP data in the same BI output today?

Response	Percent
Limited because of lack of interoperability between multiple and disjointed reporting, dash boarding, planning and other tools	64%
Limited due to an over-reliance on scarce and specialized IT resources	57%
Limited due to the ongoing need to model, migrate and manage SAP and non-SAP data into multiple formats that work with existing tools	52%
Minimal issues or difficulty to combine BW and non-BW data sources in the same BI output	29%

The challenges with interoperability and managing BI solutions to incorporate non-SAP data are issues most IT organizations and businesses have to deal with in today's increasingly heterogeneous IT environments. Very rarely does an organization have a completely homogenous software environment. In fact, within most organizations the need to support multiple formats and tools is one of the big challenges – and opportunities – for BI. Questions about SAP's ability to deliver multiple-platform, source-agnostic solutions will lead to very dissatisfied customers.

Pain Points: Lack of Flexibility

Another vital area of Business Intelligence is in supporting the needs of the organization by offering flexibility for users to either generate their own reports or to have IT respond quickly to their needs as they change. This is another area in which SAP customers said they are facing significant challenges.

Question: How would you rate the impact of the following BI & PM software challenges when meeting business user's changing reporting needs? (1= Not a Challenge, 5= Major Challenge)

Challenge	Percentage
Business user's need to integrate from multiple data sources is growing significantly, a limitation of our existing solution	87%
Demand for dynamic/ad-hoc reporting by business users is growing, which is a limitation of our existing solutions	85%
Lack of self-service capabilities causes added strain on IT resources to keep up with their current needs	81%
Have to duplicate and force-fit existing content to address changing business needs	80%

Note:
Responses are the amalgamation of all respondents who chose 3=Challenge, 4= Significant Challenge, 5= Major Challenge.

SAP customers were asked to assess the impact of Business Intelligence and Performance Management software challenges when meeting business user's changing reporting needs. The percentages indicate respondents who viewed this as either a challenge, a major challenge or a significant challenge.

Source: SAP Professionals on SAP BI in 2009 Survey

Other key product flexibility and performance challenges included:

 • **Integrating Multiple Data Sources:** The need for business users to integrate data from multiple sources was cited as a major challenge for SAP BI customers, with 87 percent of respondents indicating that the SAP BI solution was limited in enabling this critical business user request.

 • **Need for More Dynamic Ad-Hoc Reporting:** The survey also showed that 85 percent of SAP BI customers felt the inability to meet the business user's need for more dynamic/ad-hoc reporting was a major limitation of their SAP BI product.

 • **Lack of Self-Service Capabilities:** 81 percent of SAP BI customers cited the lack of self-service capabilities as one of the greatest limitations of the SAP BI product line. The lack of self-service capability indicates that business users are not using the system without help from an IT department that is already overworked and overstrained. In order for the potential of performance management to be fully realized by the organization, the right insight has to get to the right people at the right time. If users are not able to access the system to service their own information needs, the full goal will not be realized.

What's Next?

SAP customers were asked how important it was that their business Intelligence and Performance Management vendor's products be fully integrated and seamless before making an investment:

 • **90 percent of SAP BI customers said that products must have demonstrated integration and comprehensiveness prior to the investment. Only 10 percent said they would not require integration, as long as it was in the overall product roadmap.**

This last question is particularly critical to SAP, since almost all of the customers who responded to the survey expect some level of demonstrated integration before making an investment, and not just a product roadmap. Clearly, with budgets tight and the need for BI solutions greater than ever, customers want to have their solutions – **their integrated solutions** – available sooner rather than later. In some cases, sooner means **immediately**.

This concern about having integrated solutions available to them ties in to a general concern expressed by the customers about SAP's roadmap strategy. Customers were asked: **How does the new roadmap and the necessary product rationalizations impact the continuity of your Business Intelligence and Performance Management investment strategy?**

- **Nearly 50 percent said the new roadmap disrupts the continuity of their BI investment strategy due to the discontinuation of key strategic applications.**

- **Nearly 50 percent said they are uncertain whether the new roadmap will be delivered in the timeframe required to support their business needs.**

- **A quarter of the respondents said they are uncertain whether the new roadmap will protect their preference for data agnosticism.**

Executive Summary and Recommendations

In this time of economic upheaval, Business Intelligence and Performance Management software have become critical tools for companies looking to make decisions quickly, accurately and strategically. Customers can't afford to make any mistakes when it comes to making these decisions, as they clearly articulated in the results of this survey.

SAP Customers are concerned about several issues, including: costs, personnel and training; integration/productivity, and what the future will bring in terms of SAP's business intelligence product roadmap.

The good news is that BI as a solution is here to stay. The better news is that there are many vendors providing BI & PM solutions integrated with SAP so no customer need be satisfied with a solution that isn't working for them. Finding the one that best meets your needs may solve many of your current pains.