



## Comment Article

### ETM - Business Intelligence: when will business see the need?

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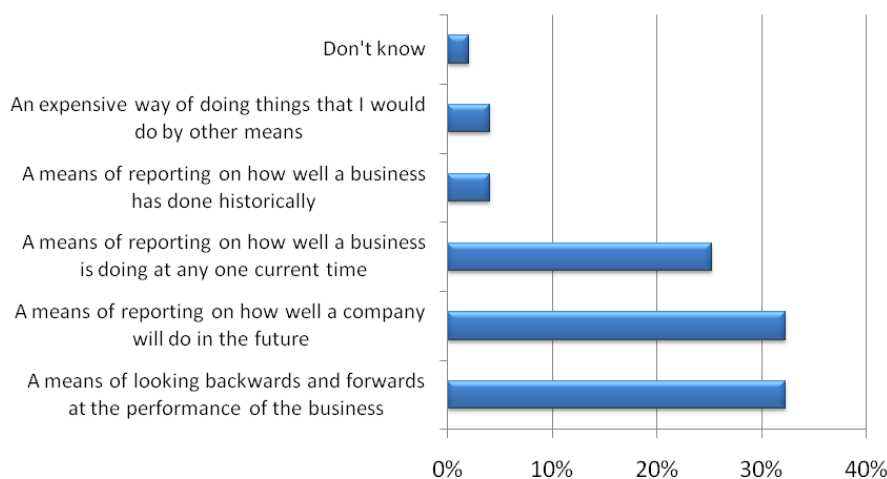
Business intelligence (BI) has been the focus for many technology vendors over the past year or so - to the point where it has possibly been overblown and overhyped. With the number of pure-play BI vendors shrinking rapidly as the mainstream technology vendors buy them up (for example, Oracle with Hyperion, IBM with Cognos, SAP with Business Objects), you would have thought that the onslaught of information would by now have meant that the market was fully aware of what BI offers, and purchasers would have made up their minds on which direction to go product-wise.

But, there seem to be many problems out there in the end-user community, not least of which is actually understanding what BI really is.

Over the past few months, Quocirca has carried out research into perceptions of BI for both Oracle and IBM. The findings have shown that while the mid-market organisations seem to see the need for suitable business intelligence, the larger organisations have yet to fully understand what it means for them.

For example, in figure 1, we see how mid-market organisations in the UK perceive the concept of BI.

What statement best matches your perception of "business intelligence"?

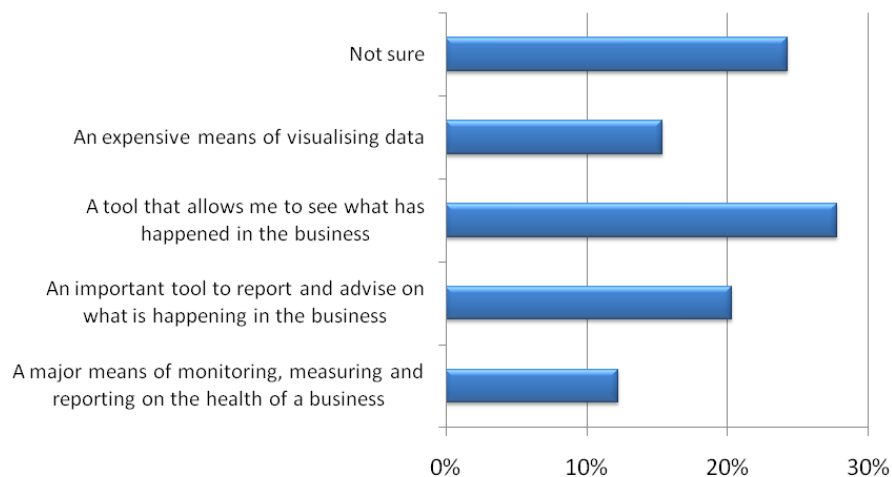


Source: Quocirca/IBM - "Fuelling the Engine" July 2009

Figure 1

When we compare this with figure 2, where Quocirca looked at large organisations around the world, we see a completely different picture. Although the research was couched in slightly different ways, the overall comparison between the two data sets yields some interesting, yet worrying findings. Whereas a third of the mid-market respondents see BI as providing them with a means of looking backwards and forwards at the performance of the business with two thirds seeing it as providing forward-looking capabilities, only 30% of large organisations see BI as a strategic tool, with nearly one quarter stating that they do not know what BI is.

### What are your views on Business Intelligence?



Source: Quocirca/Oracle – “The EPM Index” March 2009

Figure 2

Note how less than 5% of the mid-market respondents see it as being overly expensive, against 15% of large organisations.

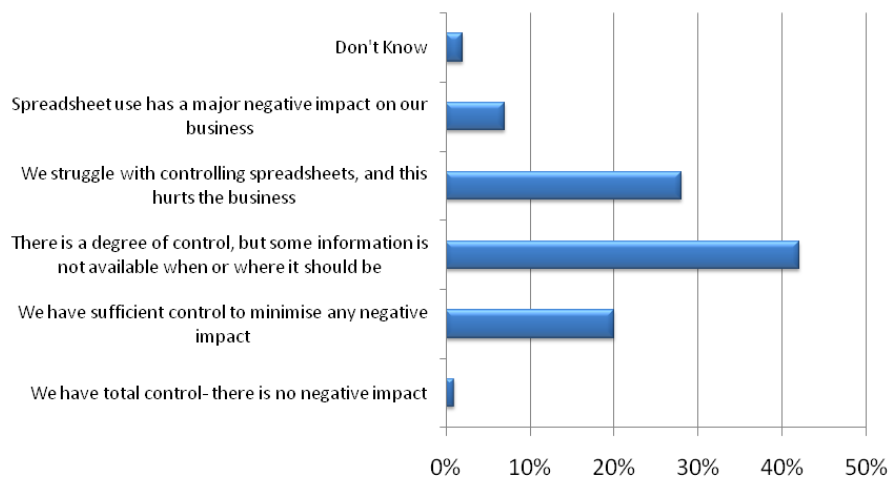
For technology vendors in the BI space, much of their messaging has been aimed at the large organisations, where “big ticket” projects are to be found. One reason why Quocirca believes the research in this market provided such a picture is that we were not talking to IT people - we were talking to line of business people, those who have a responsibility for dealing with data and reporting on it within their business.

At the mid-market level, these people will need to be talking to IT to gain even basic support for their needs, and the business person will carry out a degree of research themselves into what can be provided to make their job easier. In the large organisations, things become more prescriptive, and employees just get on with doing their jobs, rather than researching means of solving the issues in different ways. Therefore, the focus from the vendors on selling to IT people in large organisations means that the financial reporting people have little influence on what is happening. If IT people are essentially unaware of the problems that the end users are up against, then they are certainly not going to try and identify exactly what the problem is to add to their own workload of issues to deal with – especially with additional constraints on spending.

The basic messaging around BI should be about getting the right information, in the right format to the right person at the right time - surely something that it would be difficult for any business person to disagree with? This may be so, but when you look at a lot of the actual messaging that comes out from vendors, it is not quite so straightforward. Some get BI confused with reporting only against formal data held in databases, others get too technical in discussing how their solutions can integrate with enterprise applications via SQL and JDBC. Your average business person doesn't care about this - they just want to get their job done.

And for many, it is not a case of being able to report against formal data held conveniently in databases. Figures 3 and 4 show how the respective groups responded around spreadsheet use.

### What impact do you believe there is on your business from spreadsheet use?



Source: Quocirca/IBM - "Fuelling the Engine" July 2009

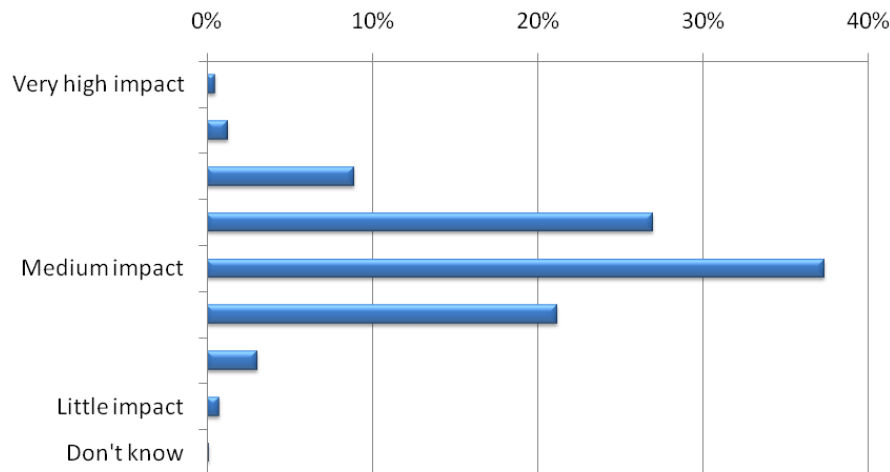
Figure 3

Again, although the wording of the question and the response mechanisms are slightly different, we can see that there is a tendency in both cases to the perception that spreadsheet use is harmful to the organisation.

Too many people take the easy option when dealing with their data needs - they aggregate what they need by creating a new spreadsheet, and then use whatever skills they have to manipulate the data and produce graphs for distribution as required.

The main problem that this introduces is that the spreadsheet is no longer a "live" document - it is now a snapshot of what has happened, and doesn't reflect what IS happening. Today's organisations are too dynamic for this approach, and BI must be able to support reporting against live data and information sources - including spreadsheets and the internet.

To what extent do you believe that spreadsheet use impacts your capabilities to effectively manage the financial processes within your organisation?



Source: Quocirca/Oracle – “The EPM Index” March 2009

Figure 4

So what is the real opportunity for BI? Vendors obviously have to get their messaging more resonant with end user needs, and they must ensure that they talk to those who will actually be using the tools. BI has to be able to provide results that enable an end user to rapidly uncover information that they would not be able to uncover through other means within a feasible timescale. BI must be able to embrace the whole audience who need the information created - whether they be employees, contractors/consultants, partners, suppliers or customers, and the pricing has to reflect this.

On the whole, today's BI offerings already do this - but the perception is that they don't. The key may well be in positioning BI as a central tool for a broader group of people. This may require core pricing structures to be more flexible, enabling more people to become active in manipulating data and information for their businesses. Although "free" seats for readers are now pretty much standard, it may well be that vendors need to provide a more active capability to make BI strategic to the business.

For example, the majority of BI tools are aimed at just a few people within an organisation. A 1,000 employee organisation may well have less than 100 full seats of BI in place, and a 100 user organisation may have less than five, or even just one. If a vendor were to lower its per seat cost by, say, 50%, it could take that 100 user base in the large organisation to 400 seats - an increase in revenues for the vendor of 200%.

Effective BI is more than just "important" in today's markets - without it, organisations cannot be fully responsive against their competition, and will be making decisions based more on "gut feel" than on reality. The markets are changing, and vendors are having to face up to open source offerings as well as niche players who are bringing novel, far more intuitive approaches to the fore.

Quocirca recommends that organisations put pressure on BI vendors to more effectively meet their needs - greater reach at lower cost - and that they then use the BI capabilities to apply greater control over their data assets, and to create a more useful view of probable futures for their organisation.

Quocirca's reports on the Oracle and IBM research are freely downloadable from Quocirca's site at <http://quocirca.com/reports/15/fuelling-the-engine> (IBM) and <http://quocirca.com/reports/20/enterprise-performance-management--the-epm-index> (Oracle)

## About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with first hand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

Quocirca has a pro-active primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca's clients include Oracle, Microsoft, IBM, O2, T-Mobile, HP, Xerox, EMC, Symantec and Cisco, along with other large and medium sized vendors, service providers and more specialist firms.

Details of Quocirca's work and the services it offers can be found at  
<http://www.quocirca.com>