Business Intelligence Strategy

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SAP Mentor
Victoria University
Background

University
- SAP Academic Program Director
- Research
- Industry Reports
- Best selling author
- ERP Systems and Business Intelligence
- Visiting Professor

SAP
- SAP Mentor
- Teach Academics
- Develop curriculum
- Top 10 Most Influential SAP People (InsideSAP)

SAP User Group
- Presenter
- Design Events
- Advisor
- Past Chairperson
Who has a BI Strategy?

Is the BI Strategy written down?

Does it contain metrics?

Is somebody responsible for its success?
Maximise Value From ERP Systems

1. Likely to **seek and measure tangible benefits**, such as reduced cost and increased revenue.

2. Emphasis on **integrating, optimizing and using analytics** to drive improved business performance.

3. **Extend systems** throughout their organization and implement across a range of functions.

4. **Integrate** the organization and external systems of customers and suppliers.

5. **Aggressively use information and analytics** to improve decision making.
## Top CEO Business Priorities, 2013

<table>
<thead>
<tr>
<th>Rank</th>
<th>Top 10 Business Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Increasing enterprise growth</td>
</tr>
<tr>
<td>2</td>
<td>Reducing enterprise costs</td>
</tr>
<tr>
<td>3</td>
<td>Expanding into new markets and geographies</td>
</tr>
<tr>
<td>4</td>
<td>Increase profitability</td>
</tr>
<tr>
<td>5</td>
<td>Implementing finance and controls</td>
</tr>
<tr>
<td>6</td>
<td>Talent and workforce management/development</td>
</tr>
<tr>
<td>7</td>
<td>Consolidating, standardizing and streamlining operations</td>
</tr>
<tr>
<td>8</td>
<td>Execute acquisitions, mergers and partnerships</td>
</tr>
<tr>
<td>9</td>
<td>Improve governance, risk, compliance and security</td>
</tr>
</tbody>
</table>

Gartner
Strategy and Business Intelligence

- Accounting
- Procurement
- Production Planning
- Materials Management
- Sales
- Human Resources
- Customer Service
- Logistics
Business Transformation Projects

Implement strategy through process, then continuously improve process effectiveness and efficiency

Strategy & Business Requirements

Business Process Priorities

Business Transformation Projects

Performance = Processes x People x Tools
• Non aligned strategy with corporate strategy
• Little up front investment
• Limited impact on business from data
• Reactive reporting
• BI silo and governance
• Organic growth
Business Role of BI (TWDI)

- Reporting
  - What happened?

- Analysis
  - Why did it happen?

- Monitoring
  - What’s happening now?

- Prediction
  - What might happen?
Why Act?

No documented information strategy

Unaligned, diverse data structures

Different definitions used across the business

Reliance on Excel and manual processes to produce data

Incomplete information with limited ability to drill down to support detail

Poorly integrated processes with areas of duplication and inefficiency

Limited flexibility, absence of consistent data management

Complex transformations of non-standard source data

Time spent on validation and reconciliation rather than analysis

Multiple point solutions with minimal integration

Limited flexibility, absence of consistent data management

Complex transformations of non-standard source data

Time spent on validation and reconciliation rather than analysis

Incomplete information with limited ability to drill down to support detail

Poorly integrated processes with areas of duplication and inefficiency

Limited flexibility, absence of consistent data management

Complex transformations of non-standard source data

Time spent on validation and reconciliation rather than analysis
• Where are we now?
• Where would we like to go?
• How do we get there?
Where are we now?

**Level 1 - Unaware**
- Total lack of awareness
- Spreadsheet and information anarchy
- One-off report requests

**Level 2 - Tactical**
- No business sponsor; IT executive in charge
- Limited users
- Data inconsistency and stovepiped systems

**Level 3 - Focused**
- Funding from business units on a project-by-project basis
- Specific set of users is realizing value
- BICC in place

**Level 4 - Strategic**
- Business objectives drive BI and performance management strategies
- Governance policies are defined and enforced
- Establish a balanced portfolio of standards
- Deploy an enterprise metrics framework

**Level 5 - Pervasive**
- Information is trusted across the company
- Use of BI is extended to suppliers, customers and business partners
- Analytics are inserted into and around the business process

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BI = business intelligence
BICC = BI competency center

Source: Gartner (December 2008)
## Where are we now?

<table>
<thead>
<tr>
<th>ASUG Business Intelligence Maturity Model</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Stage</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Information Dictatorship</td>
<td>Information Anarchy</td>
<td>Information Dictatorship</td>
<td>Information Collaboration</td>
</tr>
<tr>
<td>Information and Analytics</td>
<td>Requirements are driven from a limited executive group</td>
<td>KPI’s and analytics are identified, but not well used</td>
<td>KPI’s and analytics are identified and effectively used</td>
<td>KPI’s and analytics are used to manage the full value chain</td>
</tr>
<tr>
<td>Governance</td>
<td>IT driven BI</td>
<td>Business driven BI evolving</td>
<td>BI Competency Centre developing</td>
<td>Enterprise wide BI governance with business leadership</td>
</tr>
<tr>
<td>Standards and processes</td>
<td>Do not exist or are not uniform</td>
<td>Evolving effort to formalise</td>
<td>Exist and are not uniform</td>
<td>Uniform, followed and audited</td>
</tr>
<tr>
<td>Application Architecture</td>
<td>BI “silos” for each business unit</td>
<td>Some shared BI applications</td>
<td>Consolidating and upgrading</td>
<td>Robust &amp; flexible BI architecture</td>
</tr>
</tbody>
</table>
Measuring BI Success and Value (McDonald 2004)

- Create a formal, continuous process for measuring success and value generated
- Identify and measure results of each project phase
- Establish realistic goals and expectations based on capability / maturity

**Value Created**

**Implementation Success**
- On-time, On-budget

**User Success**
- User adoption
- Usage tracking
- User satisfaction
- Data problems

**Operational Success**
- Productivity improvements
- Process efficiency and effectiveness
- Key performance indicators

**Business Success**
- Return on investment
- Economic value add
- Revenue increases
- Cost Savings
- Customer / corporate profits
- Enables Business Strategy and Competitive Advantage

Overall Success of the BI Initiative
<table>
<thead>
<tr>
<th>Measure</th>
<th>Score</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Case &amp; Vision</td>
<td>✅</td>
<td>1) Single source of truth, 2) business analysis across borders, processes, businesses, 3) Analysts move from data gathering to real business analysis, 4) reduce total reporting cost</td>
</tr>
<tr>
<td>Executive support</td>
<td>✅</td>
<td>CFO provides visible public support</td>
</tr>
<tr>
<td>Alignment to business strategy and business processes</td>
<td>✅</td>
<td>Only Global Business Process Owners can request BI or CPM projects</td>
</tr>
<tr>
<td>Alignment and working practices – Business and IT</td>
<td>✅</td>
<td>Business Transformation Process aligns strategy, process and organisation. Business owns scope prioritisation and outcomes</td>
</tr>
<tr>
<td>Extended BI CC</td>
<td>✅</td>
<td>Central team with both business and technical expertise. Network from the center Business Transformation Officers and Market MIS Coordinators provide the link to adoption</td>
</tr>
<tr>
<td>Predictability – robust and effective delivery methodology</td>
<td>✅</td>
<td>Compliance to IT Project and Service processes as a subset of Business Transformation process</td>
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</table>
## BI Value Scorecard

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<tbody>
<tr>
<td>Global Enterprise-wide Adoption – the ultimate measure of BI success – % of employees as active BI users</td>
<td>&gt; 10%</td>
<td>More than 10% of employees are active users, expect to reach 15% in 2009. More than 30000 navigations per day. 20% of employees are registered users.</td>
</tr>
<tr>
<td>% coverage in BI of business processes and business performance measurements</td>
<td>100%</td>
<td>Business performance measurements are available for all business processes and all business units. Expanding coverage within processes and units. Used in all Markets and in the center.</td>
</tr>
<tr>
<td>Single source of truth across borders, processes, businesses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Response time</td>
<td>5 seconds</td>
<td>Worldwide: all management reports in 15 seconds or less, average navigation step below 5 seconds</td>
</tr>
<tr>
<td>Reliability, Consistency &amp; Quality</td>
<td>7AM</td>
<td>All managers have fresh data at 7AM their time worldwide. Information is correct and broadening. Adoption makes sure it stays correct.</td>
</tr>
<tr>
<td>Easy to use – low training cost</td>
<td>High user adoption</td>
<td>Information portal based on geography, business roles and business processes; standard layouts make it easy to understand and use</td>
</tr>
<tr>
<td>Enables next steps – new major business information initiatives</td>
<td>Global Information Projects</td>
<td>Successful major new information projects – brand information back to our customers, worldwide alignment on Sales Forecasting</td>
</tr>
</tbody>
</table>
FIVE KEY AREAS OF STRATEGY

Assuming you need a BI strategy, or to update an existing one, there are five key areas of consideration:

1. **BI Roadmap** – for use as a start-up to a BI strategy implementation project.

2. **Stakeholder Management** - getting the right people involved at the right level.

3. **Architectural Blueprint** - how the BI estate will look and operate.

4. **Capability Improvement** - what needs upgrading, re-developing or decommissioning

5. **Implementation Planning** - how to approach implementing the roadmap to take you from here to there.
If It’s All Too Hard

Report Analysis

1. What actions occur as a result of the report?
2. If no actions why not?
3. Under what circumstances will an action occur?
4. Modify the report to be actionable
5. Understand the decision workflow
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College of Business
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Mobile: +61-419301628
Email Paul.Hawking@vu.edu.au
Gartner Maturity Model

**Level 1: Unaware**
- Total Lack of Awareness
- Spreadsheet and Information Anarchy
- One-off Report Requests

**What to do:**
- Identify the business drivers
- Get commitment and resources
- Understand the data sources, data quality, architecture and systems

**Level 2: Tactical**
- No Business Sponsor, IT executive in charge
- Limited Users - mainly managers and executives
- Data Inconsistency and stove-piped systems

**What to do:**
- Get funding for finance related BI initiatives from senior executives
- Define metrics to analyze specific departmental or functional performances
- Find out requirements for dashboards
- Make case for BI Competency center
Gartner Maturity Model

Level 3: Focused

- Funding from business units on a project-by-project basis
- Specific set of users is realizing value
- Successful focus on a specific business need
- BI Competency Center in place

What to do:

- Increase BI initiative scope across multiple departments
- Find BI investment and commitment for non-financial data such as sales and product
- Look for integrating the data and consolidate disparate analytic applications
- Create an enterprise wide metrics framework
- Expand the user base

Level 4: Strategic

- Establish a balanced portfolio of standards
- Business objectives drive BI and performance management systems
- Deploy an Enterprise metrics framework
- Governance policies are defined and enforced

What to do:

- Look to extend the BI application to supplies, customers and business partners
- Determine how to use BI to support evolving business objectives and strategy
- BICC should look at integrating BI Analytics with the business processes
Gartner Maturity Model

**Level 5: Pervasive**

- Use of BI is extended to suppliers and customers
- Analytics are inserted into and around the business processes
- Information is trusted across the company

Source: Gartner (December 2008)