

The Top Five Misconceptions around Business Intelligence (BI)



Business Intelligence (BI) remains a hot topic for many organizations. It is especially used in the public sector as a tool for countering the world financial crisis. However, there are big misconceptions about what BI really means.

In this issue we present a short story trying to dispel the misconceptions around BI as well as an interview with IGOV on BI in the public sector.

The basis of these articles is experience from MaxMetrics, its talent pool and a BI study published in 2009. In addition we are currently conducting a new survey.

1. Governments rely more and more on Business Intelligence – an Interview with IGOV, Portugal

MaxMetrics' CEO, Gloria Miller was interviewed by Antónia Marques, journalist of I-GOV - www.i-gov.org - an independent communication medium for the public sector in Portugal. They published the article "Governments rely more and more on Business Intelligence" in a special edition on the topic of Business Intelligence in May 2010. Their magazine has a monthly circulation of more than 3000 copies. Gloria Miller describes the relationship between BI, the financial crisis and the public sector referring to a BI Survey 2009.

BI applications are on the agenda of many European public decision-makers. Gloria Miller underlines the importance of Business Intelligence solutions for the public sector. With the public sector playing a leading role in counteracting the world financial crisis, improving the effectiveness of government is more essential than ever before. The public sector is giving more emphasis to the use of business intelligence, for investigating and implementing new ideas, managing and reporting on organizational performance, and controlling regulatory compliance. Therefore, the use of business intelligence is one of the key pillars, that public organizations can use in today's economic environment.

The complete interview in Portuguese can be found [here](#).

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2. The Top Five Misconceptions around Business Intelligence (BI)

Approaching Business Intelligence (BI) not only in the sense of infrastructure, but also in view of competence, processes and organizational aspects remains a hot topic in 2010. Therefore, we review the top five misconceptions around Business Intelligence (BI).

- BI is just reporting
- BI is a software product
- BI is an IT issue
- A BI software is my BI strategy
- Implementing BI is a one-time activity

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MaxMetrics provide expert advice and guidance about the topics of Business Intelligence and Business Analytics. Our experts support organizations in implementing complex projects and programs and in optimizing management and decision taking. As an international Management and IT

Consulting firm we offer services in the area of data warehousing, business intelligence, business analytics and performance management. Our portfolio encompasses consulting engagements, seminars, workshops and assistance in your effort to maximize investments.



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1) BI is just reporting

Many times BI is confused with providing some reports. And while the definition of BI from Gartner tries to correct this misconception, the term is unfamiliar to most business users and is not really tangible enough to give a real feeling for what is meant by BI.

Business Intelligence is "... It's an umbrella term that defines a broad range of applications, technologies and methodologies that support a users access to and analysis of information for making decisions and managing performance."

James Richardson. (2008). The Basics of Business Intelligence. (P. 4). The Hague, The Netherlands: Gartner

Here are some examples of what BI is really all about:

Automobile parts retailer:

Combining historical parts sales data with Vehicle Identification Number (VIN) numbers from the Department of Motor Vehicle (DMV) to gain intelligence on:

- the types of automobiles that are located in a specific geographical region to determine where new stores should be located for the best revenue potential.
- based on the types of parts most bought in the past determine what parts should be stocked in the store to provide the highest store sales, but also respond "yes, we have that part" when customers come to the store.

Insurance company:

Combining demographic, policy, and sales commission to determine:

- the profile of customers that buy and renew certain types of policies year-on-year.
- the best commission scheme to ensure brokers sell policies that the customer will not cancel.

Gaming company:

Combining customer loyalty information with hotel occupancy history and reservation requests to determine:

- how to maximize the casinos' per person revenue through combining gambling and hotel room prices.
- what incentives to give different levels of gamblers so that they come more often to the casino.
- how to design the best possible casino layout to increase the time customers spend at each slot machine and increase the per slot machine revenue.

BI is more than just reporting. It is collecting data, transforming it from raw, unstructured data to business-use-ready data, deploying it, and then using it in the business for decision-making and management.

BI relies heavily on the use of data: historical data, predictive data, forecasted data, and descriptive data in structured and unstructured formats. The data is collected from a variety of input sources, analyzed to address specific business topics using many different analytical and reporting techniques: spreadsheets, ad hoc reports, performance management, dashboard, forecasting. Finally, the information is fed into the business process through various types of media - reports, systems, automation, web pages - to support decision making and management.

2) BI is a software product

The second misconception regarding BI is that it is a single BI tool. For example, SAP Netweaver Business Warehouse (SAP BW) is the name of the Business Intelligence, analytical, reporting and Data Warehousing solution produced by SAP AG. Therefore, many SAP customers consider that SAP BW represents their complete BI strategy. In fact, there is no one standard software solution for providing intelligence across an entire organization.

In 2008 Queisser, Miller, and Göttsche¹ conducted a global study on the use of software in the decision-making process. There were 529 respondents from 50 countries and 30 industries. In the study, 90% of the respondents indicated that their organization used business intelligence software from five different software vendors. Furthermore, they used a wide selection of software tools, including spreadsheets, reports, analytics, performance management, and ad hoc queries.



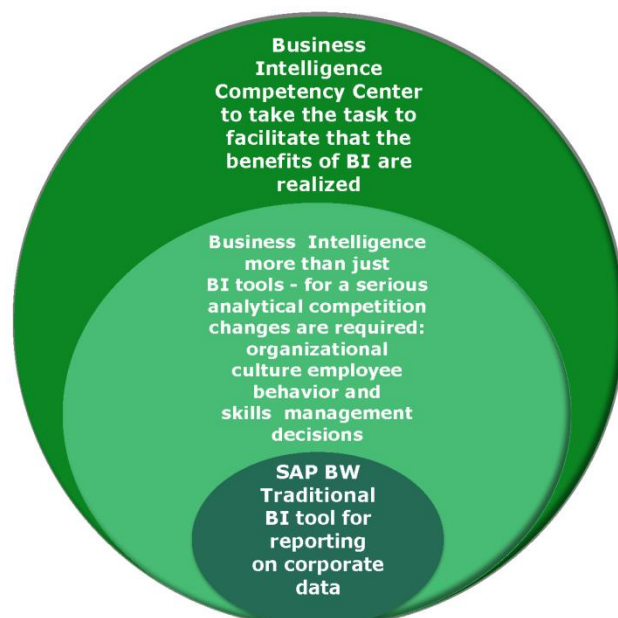
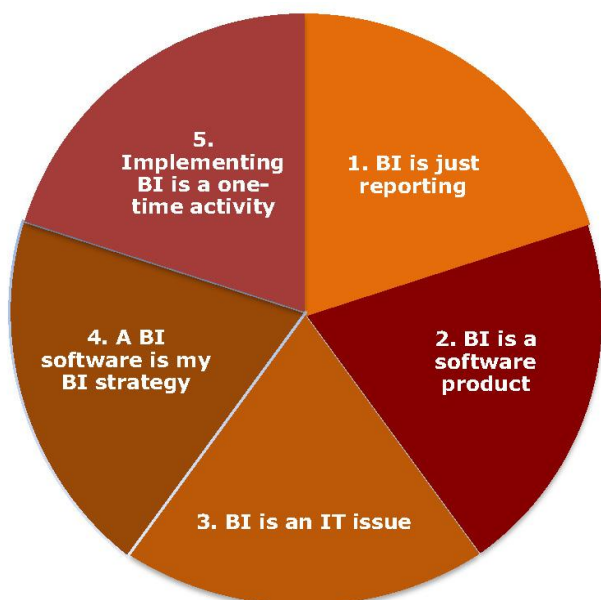
The strategic use of BI is about using data and information in decision-making and management to have positive financial benefits for an organization. When BI is deployed throughout an organization, it can compel an organization to the top of the market space, increase revenues, help to save or eliminate costs, meet regulatory requirements or improve corporate governance. Finance, Production Processing, Sales & Marketing, Human Resource, Call Centers, and Suppliers are some of the functional areas where BI can be used to support business improvements.

To support the selection of needs that could be fulfilled by the promise of BI requires a selection of BI tools, technologies and solutions from a wide selection of vendors.

studied quality issues with the content of the data will be uncovered, even within one system. The business functions have to drive activities for ensuring the use of quality, consistent, and reliable data. Implementing remedies to data quality issues often requires a change in business operations, processes, and systems usage patterns or standards.

Furthermore, the knowledge and experience required in constructing reports and analysis requires not only an understanding of the data, but also thorough understanding of the business operations and business processes.

While IT can deploy the platforms, technologies, solutions, and tools and establish the key infrastructure



3) BI is an IT issue

Data used in the decision-making process comes from many different business functions and operational systems. Typically source data comes from core business systems, systems that track data about customer interactions, and sales, financial, supplier, or staff transactions. In addition, external demographic, statistical, financial, and competitive data may also be required. While an ERP may be the primary data source, not all data will come from a single source.

Bringing together data from different sources that were never meant to be used for any purpose other than what they originally stored, can present big issues with transforming the data. In addition, as the data is

used in BI, delivering intelligence to the business requires business ownership, sponsorship and execution.

4) A BI software is my BI strategy

There are a number of challenges in using BI tools and technologies in the decision-making process and in realizing business benefit.

- Collecting data. Data is not always available. The data is not consistent across departmental boundaries. There are quality issues with data.
- Analyzing data. Which techniques and methods are used to perform the analysis? Do people within the organization have the right skills and competencies for the analysis?
- Competency. The people that know about the



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data, understand it, and use it on a routine basis have to be identified and made available for the initiative. They have to participate in analyzing the business processes and must define the standards for the data.

- Politics. Often there are political challenges around establishing BI strategies. Initiatives compete with other programs and the operational business for access to people and other resources. Decisions have to be made about what comes first and what takes priority. There are issues around ownership; who owns what data, and can it be used in new and different ways.
- Credibility. The right people must know what exists (data, tools, etc), have access to the data, have the skills to apply it to the business process, and be able to trust the data enough to use it.

(Successfully) using BI – especially enterprise-wide - will take a willful act of management.

Realizing the benefits of BI requires an organizational entity that coordinates the activities and resources to ensure a fact-based approach to decision making is systematically implemented throughout the organization. Such an organizational unit requires technological, business and analytically-minded people that will continually use, maintain, and adapt the technology platform. They will support the deployment of the information process, its maintenance over time, and introduce BI strategy changes as the business situation and requirements evolve.

In short, BI strategies require the establishment of a BI platform, change management and a Business Intelligence Competency Center.

5) Implementing BI is a one-time activity

Business is always evolving; the competitive landscape is constantly changing, and the organizational strategy and management team may change over time. Therefore, the data, information, analysis, and reports used in the decision making and management process are not static.

The effective use of BI in the decision making and management process can bring clear, measurable business value to organizations in every industry. It requires:

- the establishment of a technology platform and an information process for decision making and

management

- continuous changes the way different organizational units share information,
- enforcement that ensures consistent terminology and definitions are used across different organizational units, and
- drive and foresight that ensures that the new information process is really used as part of the business process.

This is not a one-time activity. It is a continuous improvement process.

¹ Queisser, T. D., Miller, G. J., Goettsche, T. (2008), Performance and organizational change through a business intelligence entity in public sector organizations: A global internet survey and case study, Heidelberg, Germany

3. Speaking Engagements with Vlerick Management School

Re-Engineering for Business Intelligence, an organizational perspective on using analytics to create a competitive advantage

Gloria J. Miller, CEO of MaxMetrics will be holding a 3-days BI workshop at the Vlerick Leuven Gent Management School, Belgium in December 2010. The workshop focuses on specific challenges for organizations who want to successfully deploy competencies for BI. This workshop is a well balanced combination of knowledge development and will allow you to:

- Understand the possible competitive benefits of using intelligence collected on business performance, customers, markets, business processes, service contracts, etc.
- Get a deep understanding of the organizational impact of "going intelligent".
- Get a helicopter view on the tools and techniques associated with BI.
- And learn how to reap the benefits from 'going intelligent'.

When: 15-16-17 December

Where: Vlerick Leuven Gent, Belgium

More info & registration www.vlerick.com/biworkshop





4. "The Modern BI Organization" – Book Review

In 2009 MaxMetrics published the book "The Modern BI Organization". Dr. Tamás Henk, Associate Professor Dep. Of Telecommunications and Media Informatics at the Budapest University of Technology and Economics writes the following review:

The study developed in the book is based

- on Internet survey with 1000 respondents about the role and the effect of BI applications
- augmented by telephone interviews with 10 executive respondents.

The study aims to find the real answer to the following question: how could a company work more efficiently by modern BI solutions? The value of this study does not only come from the method that the authors present their knowledge about business intelligent solutions, but also from the real data analysis according to fact-based approach supporting their statements.

In the first part of the survey, the authors describe the connection between the studied 500 organizations and the business intelligence, there is a comprehensive overview about the used BI software solutions, their vendors and the organization's characteristics.



The Modern BI Organization

Results from a global internet survey across 50 countries and 30 industries augmented with executive interviews

May 2009

Gloria J. Miller
Dr. Thomas D. Queisser



By using this information, the reader can determine their company's level in aspect of BI. The next part of the study focuses on the decision-making and it's performance in case of organizations. The authors found strong correspondence between the creating BI entry and the performance of the organization. Another recommended step is the

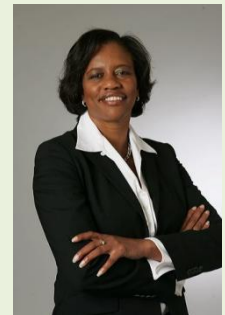
building of an automate decision-making framework.

The last part of the study contains several case studies collected via deep telephone interviews. The case studies from different industries describe interesting special recurring problems and experiments about managing BI projects.

The conclusion of the study shows that creating Business Intelligence Competency Center (BICC)

5. We invite you for "The power of BI – how to master it?"

Vlerick invites Gloria Miller to present on:



- the high-level planning consideration for future BI needs,
- the key organizational considerations for executing an efficient BI and Analytical strategy,
- methods for assessing the organizations BI maturity,
- and a few essential responsibilities for a Business Intelligence Competency Center (BICC).

Join us on 16 December in Belgium, and learn how to master the potential of Business Intelligence.

More info and registration: www.vlerick.com/weinvite.



improves the organization's performance, and several critical success factors can be identified by the analysis of case studies.

Regarding our benefit from the book, it broadens our scope on BI and contributes to our better understanding BI when we are just preparing teaching material on Analytical Business Intelligence. On the other hand, we were interested also in the following items/questions:

- an overview on the available references in the field,
- the relation between BICC and the quality management, the strategic planning is already included in the study,
- could the method be further augmented by personal visits at some selected companies?

For more information visit

www.maxmetrics.com/library/recommended-reading/87-the-modern-bi-organization



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6. BI Survey 2010 - How are successful businesses using technology to drive their decision-making?

In 2008 MaxMetrics conducted a study among 585 businesses around the world to benchmark how technology is being used to help make better decisions. The results revealed that those companies who were using more advanced technology to drive business decisions were reaping the rewards of stronger financial performance. Two years ago, the primary uses of decision-making software centered around goals, objectives, and strategies (see chart below).



- But has the recent economic turmoil changed the way companies use technology?
- What are the most agile and competitive businesses doing with their information?

If you are responsible for managing, implementing or using software in the decision-making process in your organization, **we would like to invite you to participate in this year's study on the use of technology in business decision-making.** You will be able to benchmark your company against hundreds of others who are part of this study. For your participation, we will send you a copy of the results of this year's survey as well as the report from our 2008 study.

You can access the survey at the following link: <http://deploy.ztelligence.com/start/index.jsp?PIN=15YDBRX35ZGZR>.

7. MaxMetrics expands its Talent Pool

MaxMetrics is a Management and Information Technology Consulting Company specialized around providing expert advice and guidance during complex projects and engagements based upon many years of international experience. Our talent is specialized in providing project and program management specifically for business intelligence, analytical and performance management projects.

This year we have added experts with the following profiles:

Program Manager / Project Manager

A leading edge program, project and operational manager offering more than 11 years of progressive leadership and management experience in various functions including project and program management, strategy consulting, business analysis, professional training and academic teaching.

Data Warehousing Consultant and Coach

Nine years of experience focused on technical project management, consulting, coaching and development of database client and server systems (OLTP) as well as consulting, coaching and developing Business Intelligence and Data Warehouse solutions.

Project/Program Manager

An experienced Project and Program Manager who enjoys the challenge of the early phase of projects with specialization in agile project management for data mining and analytical projects.

We are always on the lookout for qualified talent to join our pool of experts.

If you consider joining our talent team, visit <http://www.maxmetrics.com/experts>.

For further information on our competencies visit <http://www.maxmetrics.com/competencies>



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