



IMPLEMENTING BUSINESS INTELLIGENCE STANDARDS
SAVE MONEY AND IMPROVE BUSINESS INSIGHT

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EXECUTIVE SUMMARY

BUSINESS INTELLIGENCE: ESSENTIAL IN A TOUGH ECONOMIC CLIMATE

Citing business intelligence (BI) as a strategic technology, analyst firm Gartner observes, "BI can have a direct positive impact on a company's business performance, dramatically improving its ability to accomplish its mission by making smarter decisions at every level of the business from corporate strategy to operational processes."¹

BI continues to be one of the top technology spending priorities in today's tough economic conditions.² Why? Because BI projects:

- Leverage existing information investments
- Are relatively low cost and low risk
- Deliver proven high return on investment (ROI)

However, few organizations today have a comprehensive enterprise BI strategy or clearly defined BI standards. They face a patchwork of disparate BI technologies, which can lead to:

- Redundant costs in deployment, maintenance, and training
- Increased information inconsistencies
- Frustrated employees who cannot get timely answers to their business questions

Rationalizing the number of BI standards in your organization can result in significant cost savings, greater control over information, and better alignment with your business users. This all leads to increased competitive advantage by fully exploiting the benefits of enterprise BI, and laying the foundations for enterprise performance optimization. But implementing BI standards requires a pragmatic, phased approach that takes into account the organizational realities

of large organizations, and the business value of existing BI applications. This paper gives an overview of the advantages of implementing BI standards, and takes a look at some of the real-life, best practice techniques used by industry leaders. Read on to learn how successful organizations have standardized on and benefited from the SAP® BusinessObjects™ portfolio of solutions – and why you should join them.



1 Gartner Identifies the Top 10 Strategic Technologies for 2009. <http://www.gartner.com/it/page.jsp?id=777212>

2. Meeting the Challenge: The 2009 CIO Agenda. <http://www.gartner.com/it/page.jsp?id=855612>

A BUSINESS INTELLIGENCE STRATEGY IS KEY TO SUCCESS

Despite the importance of BI, Gartner predicts, “Through 2012, more than 35% of the top 5,000 global companies will regularly fail to make insightful decisions about significant changes in their business and markets.”³

For BI to be successful, information and analysis must be actionable. Your associated decisions must have an effect on performance that is in line with the objectives and strategic plans for your organization. To turn information into real business change, your enterprise BI strategy must answer questions such as:

- What performance metrics have the highest impact on your business strategy and objectives?
- Which people and processes have the highest impact on achieving your business objectives?
- What applications and BI technologies do these people need to deliver the highest impact on your business objectives?
- What information has the highest impact on your business objectives?

In order to succeed in enterprise BI, you need to consider all facets of your information environment for a holistic view.

Information Strategy

For starters, your BI strategy should take into account all sources of data used for business decisions: operational systems, departmental data marts, key spreadsheets, and unstructured data

stored in text files, Web pages, and other corporate systems. Data sources should include not only internal systems, but also information stored in the systems of your customers, partners, and suppliers, and in the greater “cloud” of data that is accessible through the Internet.

An enterprise data warehouse is a central pillar of any BI strategy. You must constantly strive to integrate information from your diverse operational systems, make it consistent, and optimize it for analysis. Your enterprise data warehouse should be a key active part of operational processes, helping deliver the information you need to optimize every action of your daily business.

Still, an enterprise data warehouse can never store all the information that people may need; you also need a flexible BI solution. Your BI solution should enable people to access and integrate information as needed, from multiple different data sources.

User Strategy

Information is irrelevant until people use it to change something in the way the business operates. Your BI strategy should examine who needs which information, from which systems, and how they need to interact with it. The goal is to ensure that all people and processes have the information they need, when they need it, in order to fulfill their roles.

Each person will typically have multiple different “information use profiles.” For example, a sales manager may need to review high-level strategy, track key performance indicators, analyze sales data, and review information from operational systems. Each of these interactions will require a different interface and approach. The key to successful BI is to bring information to the users as seamlessly as possible, as part of their daily business.

You should plan to embed information access into every standard process, especially in areas that rely heavily on data analysis and evaluation, such as financial budgeting and planning, and governance, risk, and compliance systems.

Organizational Strategy

Your strategy should also consider the organization and processes that are required to ensure information is managed as a corporate asset. For example, you must determine which group will be responsible for realizing the value of an information asset. How should the group be staffed and financed? And what governance is required to set priorities and align information use with the overall strategy of the organization?

³ Gartner Reveals 5 Business Intelligence Predictions for 2009 and Beyond. <http://www.gartner.com/it/page.jsp?id=856714>

THE IMPORTANCE OF BI RATIONALIZATION

Having multiple, disparate data warehousing and BI solutions clearly makes it much harder to take a strategic approach to corporate information use. An essential part of a successful BI strategy involves implementing BI standards and rationalizing your existing BI tools. Since most large organizations have already implemented standards for their business application environments, BI rationalization is the next big opportunity for organizations to streamline costs and get a greater return on their information assets.

Standardizing on BI software delivers the same economies of scale as other standardization efforts. In addition, a cross-organization BI infrastructure can provide exponential returns through better business insights that traverse your entire organization.

Rather than focusing on redundant skill sets, integration points, and project requirement analyses, implementing BI standards allows your organization to focus its energy on how to better use information and capture best practices. The results are new revenue opportunities, improved cost visibility, and better risk management.

Lower Costs

Reducing the number of supported BI tools in your organization can result in:

- Lower software costs through more coordinated purchasing and contracts
- Lower support and administration costs
- Less time and money spent on BI evaluations
- Lower user training costs
- Faster ROI for BI projects

More Control and Better Quality Data

With fewer standard systems for accessing business information, your organization can obtain:

- More reliable data for decision makers
- Easier comparison of information across different departments, for one version of the truth
- Easier sharing of consistent information between different user groups, and with customers, partners, and suppliers
- More coordinated security, to minimize unauthorized data access

Better Alignment with Business Needs

BI is often an area of friction between IT (who provides information) and business people (who need the information to do their jobs). By allowing you to

connect goals, metrics, and people across the enterprise, an enterprise BI strategy can help your organization to manage and optimize information flows like other business processes, leading to improved alignment, transparency, and performance.

In particular, a standard interface for information access gives:

- More timely answers to business questions
- Easier cross-data analysis to reveal new revenue opportunities
- Improved cost visibility
- Better risk management
- Increased competitive advantage by better exploitation of the benefits of enterprise BI

A Foundation for Performance Optimization

An organization-wide infrastructure provides a foundation that helps you ensure all users have the data they need to make decisions. You can then leverage that foundation to optimize your business processes within your organization and across your extended ecosystem of customers, partners, and suppliers, in areas such as:

- Financial performance management
- Operational performance management
- Strategy management
- Governance, risk, and compliance

THE PRACTICAL IMPLEMENTATION OF BI STANDARDS

Although many organizations are already convinced of the benefits of standardization, they are unsure how to turn that conviction into reality. Simply declaring a particular set of products as “the standard” or signing an enterprise agreement won’t deliver all the benefits that you’re looking for. Based on the collective wisdom of customer and analyst research, there are a number of recommended steps you can take to introduce a BI strategy and effective BI standards within your organization.

Review the Current Environment

- Perform an audit of existing BI projects. Spend time with business people to understand what information and systems they are using today, and why it is important to the business goals. You are almost certain to find examples of areas that could benefit from a more strategic approach to BI. In the case of large organizations with decentralized systems, your vendors may be a useful resource to help you find existing deployments around the globe.
- Based on your research, and in conjunction with your new business contacts, create a written BI strategy document that lays out the costs and benefits, and outlines concrete steps towards a more strategic approach.

Rationalize BI Deployments

Your BI strategy should include pragmatic steps to reduce the costs of BI fragmentation:

- Define a standard set of non-overlapping tools for the BI needs of the organization. The criteria used to make the choices should be explicit, firmly grounded in the business needs of the organization, and agreed upon by the key business users of BI.
- Start enforcing the standard. It is essential that the BI strategy include mechanisms such as veto rights over nonstandard projects and budget incentives to use approved products.

Build a Long-Term Business Intelligence Strategy

To ensure that you receive the full benefit of BI, and to avoid the degeneration of your chosen standards, it is essential to have a long-term BI strategy – including a BI competency center (BICC) and BI governance.

- Regardless of which functional area it reports to, your BICC should be considered primarily a business initiative, working closely with the infrastructure teams and other departments. The BICC is responsible for:
- Optimizing the value of your information assets, by developing and sharing BI best practices throughout an organization.
 - Aligning BI initiatives around a framework: how BI should map to the technical, functional, organizational, and business needs of the organization.

- Implementing a formal BI methodology to ensure that BI projects bring the promised benefits. It should detail the roles of different groups (IT, business users, technical support, and so on), and cover both the technical and user-oriented phases of the project.
- Creating an acquisition and deployment process for new projects. The competency center must be financed. Care should be taken so that it does so in a way that does not reduce the incentives to business use of BI.

Managing Change

Failure to manage and take responsibility for the business changes that result from BI implementations is the biggest cause of failure of strategic BI plans. This can be avoided with the following steps:

- Monitor and communicate the strategic plan. Organizations should constantly evangelize the benefits of BI and of having BI standards.
- Avoid common BI project challenges. Many project problems can be predicted in advance, and can instead be turned into communication opportunities.
- Implement BI governance. Bring together key executives, project champions, and other stakeholders from different business units for regular meetings. Use the meetings to align the work of the BICC with the overall strategy of the organization, and overcome any organizational barriers to change.

BI STANDARDIZATION CASE STUDIES

The following organizations are selected examples of companies in various industries that have implemented strategic BI plans and standardized on SAP BusinessObjects solutions.

Insurance

One of the largest U.S. insurance organizations, with over 40,000 employees, had grown through acquisitions, and each business unit had retained responsibility for BI projects within its area. The decentralized operations made it hard for senior management to get a global overview of operations. To position for the future, the company decided to standardize its information systems at a corporate level and to implement a new enterprise data warehouse using the SAP NetWeaver® Business Warehouse (SAP NetWeaver BW) component. In addition, the company established a BICC to manage its overall BI strategy, to rationalize systems, eliminate duplicate information, and have more control over metadata.

The BICC was staffed using resources from the previously fragmented management reporting systems. Charged with consolidating existing BI software deployments, the BICC chose the SAP BusinessObjects portfolio as a single solution for both operational and analytical projects across the company. The BICC has focused on simplification, compliance and security, and BI governance. The group spends time ensuring that different business units, with many different points of view, all understand and buy into the high-level BI strategy.

The company believes that it has reduced the cost of purchasing and deploying BI applications by up to 25%, resulting in annual savings of several million dollars. In addition, the IT organization is more easily able to support the rising demand for access and analysis of data from the company's applications from SAP and other vendors. A common set of business rules and metadata definitions are now used across the organization.

Key success factors for this insurance company's BI initiative included executive sponsorship, the ability to enforce central standards, and knowledge of the businesses served. By standardizing on SAP BusinessObjects solutions, the company has reduced the risk of data quality and integrity issues, conflicting reports, and inaccurate measurements of critical business metrics.

Pharmaceuticals

A large European pharmaceutical company faced widespread dissatisfaction with its existing performance reporting capabilities. Reporting systems were specific to each functional area, and functions were unwilling to share data. It took too long to generate an integrated set of numbers. A reliance on spreadsheets had led to errors and risk exposure. New functional systems were being proposed that would increase BI fragmentation and complexity.

The company decided to develop a new system to support a strategic initiative

of improving business effectiveness and efficiency. The aim was to improve productivity by standardizing data access across the organization, reducing the risk of wrong decisions, and supporting faster decision-making.

Sponsored by executives from the company's finance group, the project was overseen by a BI competency center. A shared IT service provided the underlying technical infrastructure. The solution consists of a central enterprise data warehouse with different "reporting suites," which are made available to different functional and operational areas using SAP BusinessObjects products. A "design authority" team provides governance for the solution. Chaired by the executive sponsor, the design authority brings together business and technical leaders every two weeks to review projects at critical design points and sponsor improvement projects.

The new system replaced over 12 different legacy systems, resulting in considerable cost savings. In addition, confidence in the data increased, performance management is more effective because there is now one set of numbers, risk is reduced, and there is more agility to start up new projects quickly.

Key success factors included business leadership of the project, keeping the design flexible in response to evolving needs, and an emphasis on good information management to provide a stable foundation for more advanced systems.

Railway Network

The 35,000 employees in this organization are responsible for a railway network that carries over 1 billion passengers a year. Historically, the organization took a very fragmented approach to management reporting. As part of a long-term project to improve efficiency and lower costs, the company created a new team to help implement an information architecture across the organization.

The team carried out a detailed audit of business information use that revealed dozens of homegrown, fragmented, spreadsheet-based, manually operated systems, and suboptimal use of system resources. This information was used to create a formal BI strategy document that outlined the long-term vision and processes to be put in place.

The BI strategy included the implementation of standard processes and tools, including the SAP BusinessObjects portfolio of solutions, and the consolidation of duplicated resources; for example, a reduction in the number of data warehouses within the organization.

A carrot-and-stick approach was taken to encourage cooperation with the new strategy: the team retained veto rights over new BI implementations, and financial incentives were given for projects that used the corporate standards, backed by enterprise agreements negotiated with major suppliers.

Like all other organizations, data quality is an ongoing challenge, especially because some source systems are owned by other organizations; information must be shared with customers and partners; and because the data is subject to regulatory compliance. Cross-functional data specialist teams have been created to ensure a coordinated technical and business process response.

Projects are currently governed by a project coordination group called the design authority. Over time, it is hoped that this group will become a fully-fledged BICC, with a focus on data architecture, people, and process.



CHOOSING SAP AS YOUR STANDARD

SAP has a long history of focusing on the needs of organizations standardizing on enterprise-wide BI and performance management. Reasons to consider SAP as your BI standardization partner include:

Number One in the Industry

According to an IDC market study, SAP is ranked as the number-one vendor of BI products in the world.⁴ More consultants, strategic integrators, and potential employees know our products better than those of any other vendor. This ubiquity means that our products can integrate more easily with your existing systems, at a lower cost.

Wide Product Portfolio

SAP has the one of the broadest set of BI products available in the market today, covering:

- All information – from SAP and non-SAP business applications, data warehouses, OLAP databases, unstructured information, and real-time information feeds
- All people – from operational reporting all the way to dynamic dashboards, and from the factory floor to the financial analyst and the executive suite
- A single, integrated platform

In addition, the SAP BusinessObjects portfolio includes performance optimization applications that leverage these BI products, including:

- Performance management applications such as strategy management; financial budgeting, planning, and consolidation; profitability and costing; and spend analysis
- Governance, risk, and compliance solutions such as risk management; process controls; global trade services; and environmental health and safety

Deep Standardization Experience

SAP has extensive experience in helping organizations around the world implement BI standards. We have dedicated consulting teams that have helped organizations like yours with strategic BI projects, working with you to get buy-in from business units and avoid the typical challenges companies face with BI projects.

BI is often an area of friction between IT (who provides information) and business people (who need the information to do their jobs). By allowing you to connect goals, metrics, and people across the enterprise, an enterprise BI strategy can help your organization to manage and optimize information flows like other business processes, leading to improved alignment, transparency, and performance.

4. Vesset, D., McDonough, B. Worldwide Business Intelligence Tools 2007 Vendor Shares: Query, Reporting, and Analysis, and Advanced Analytics Markets Stable in the Face of Economic Turmoil, IDC Competitive Analysis report # 212921, IDC, 2008.

CONCLUSION

BI is the number-one priority for today's CIOs.⁵ Implementing BI successfully requires a strategic approach to BI that includes implementing BI standards.

Rationalizing the number of BI tools in your organization can result in cost savings, more control over information, and better alignment with your business goals – and increased competitive advantage by fully exploiting the benefits of enterprise BI.

With the SAP BusinessObjects portfolio of solutions, SAP is well placed to be your partner in implementing BI standards.



5. Meeting the Challenge: The 2009 CIO Agenda. <http://www.gartner.com/it/page.jsp?id=855612>

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