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E-Book

A midmarket guide to leveraging data as an asset with business intelligence and analytics

Small and medium-sized businesses stand to benefit from business intelligence and analytics capabilities as much as larger organizations do. But midmarket companies have unique needs – and face unique challenges – that need to be weighed when planning and launching a BI and analytics program. In this eBook, written for IT and BI professionals as well as business executives involved in BI decisions, readers will get an introduction to BI and analytics for midmarket organizations plus practical advice on how to get started on deploying a BI system, from building a business case to evaluating BI technology.

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SMBs get taste for business intelligence strategies, despite hurdles

By Beth Stackpole, SearchBusinessAnalytics.com Contributor

Business intelligence (BI) and analytics technologies have long been key contributors in enabling corporate behemoths to sift through mountains of data in an effort to uncover insights into customer buying patterns, internal costs, revenue and profitability trends, and other critical business issues. It hasn't been the same story in the midmarket, though: Many small and medium-sized businesses (SMBs) have stayed out of the BI game due primarily to concerns about the complexity and high cost of deploying and managing BI systems.

Increasingly, however, SMBs are no longer content to sit on the BI sidelines, according to IT industry analysts as well as recent surveys. Why the growing interest in pursuing business intelligence strategies? It turns out that some of the same business drivers steering large companies to take advantage of BI and analytics are also affecting smaller organizations, giving them good reasons to take action on business intelligence planning and deployment.

Just like their bigger brethren, midmarket companies are facing a volatile and highly competitive business climate that demands rapid decision making and an ever-sharper focus on revenue growth and corporate performance. With their futures on the line, many SMBs are casting a less skeptical eye toward BI projects, drawn in as well by new technologies that may be able to help them effectively harness core business data for BI uses without breaking their budgets.

For example, there now are a variety of flavors of BI and analytics technology that can be easier for SMBs to digest. That includes Software as a Service (SaaS) BI offerings available on a subscription basis; BI appliances that bundle together the necessary hardware and software in preconfigured packages; and new versions of traditional BI tools that have been re-architected with improved user interfaces, embedded analytics capabilities and support for self-service BI.

Improved ease of use helps pave the way for midmarket BI strategies

"BI tools are increasingly becoming quicker to deploy – you can give them to business users without too much IT handholding," said James Kobielus, a senior analyst at Cambridge, Mass.-based Forrester Research Inc. Leveraging user-interface enhancements such as wizards and drag-and-drop capabilities, "users can build reports themselves with minimal training and not have to write a line of code," he added. "They no longer have to hand something off to a BI specialist. To the extent you can limit the specialist role, all the better."

But while BI is becoming more palatable for the midmarket audience, there are still hurdles that make creating and implementing business intelligence strategies harder for midmarket companies compared with larger organizations. Budget and resource constraints are typically the biggest inhibitor: In general, SMBs have tighter IT budgets and fewer resources to throw at BI projects, even if company officials are sold on the business intelligence business case.

"A smaller company with a smaller IT department has a limited set of skills, and they may not want to necessarily expand their workforce to hire on extra resources to manage [a BI project]," said Lyndsay Wise, president of WiseAnalytics, a Toronto-based consulting firm that focuses on midmarket BI issues. Wise added that many SMBs want, or need, to apply existing skills and resources to BI deployments to help keep costs down – but doing so may not always be feasible.

Having the internal skills as well as the required software to address data quality issues is another common challenge for smaller companies looking to implement a BI project plan. Simply pulling data from financial systems and other business applications into a data warehouse or data mart for analysis and reporting isn't enough, according to analysts – they said that even small companies need to have a systematic program for cleansing and normalizing data in order to gain valid findings from it.

A possible roadblock on business intelligence strategies: Excel use

Excel's longstanding reign as an all-purpose BI tool is another potential inhibitor that can prevent SMBs from orchestrating effective BI and analytics programs.

"Excel is such a big part of the BI landscape, especially within SMBs, but it can be an obstacle to BI rather than an enabler," said David Menninger, a vice president and research director at San Ramon, Calif.-based Ventana Research Inc. "Many companies that have Excel think they're doing BI adequately, but there are numerous issues around data quality." For example, letting end users pull BI data into Excel for analysis can result in inconsistent information if effective spreadsheet management processes aren't put in place.

Getting SMB executives to see the value of investing in a standalone BI system can also be difficult, especially if companies already have ERP, CRM or other enterprise applications that provide a level of BI reporting and querying capabilities. For some midmarket companies, the built-in tools might suffice; for others, there's a case to be made for a dedicated BI platform.

"The question is, at what point do you cross the threshold?" Kobiellus said. "When you have a heterogeneous application environment and many data sources need to be integrated, it probably makes sense to create a data analytics infrastructure that presents a unified view to top brass."

Building a midmarket business intelligence business case: key steps

By Beth Stackpole, SearchBusinessAnalytics.com Contributor

Building a business intelligence business case at a midmarket company is not all that different than going through the exercise at a larger organization. The No. 1 rule, according to experienced BI professionals and industry analysts, is to get broad buy-in from business users –not just from the top executives who are pushing for or sponsoring a BI program.

To do so, the people championing investments in business intelligence strategies and capabilities have to help business managers and workers understand potential BI benefits in terms they can understand. Depending on the circumstances, that may be easier for BI proponents at some small and medium-sized businesses than it is for others.

For example, at BGF Industries Inc., a \$200 million manufacturer of specialty fabrics in Greensboro, N.C., the BI business case hardly needed any translation. A very public quality glitch with one of BGF's products put the spotlight on how the problem could have been avoided with the help of better information that was readily available in the company's systems.

"Our business case for BI was simple – we had a situation of 'field failure' and the data supported it," said Bobby Hull, a systems analyst at BGF who spearheaded the company's BI project. "We learned by the spanking we took in that failure, when it was clear we could have prevented it. The cost of the BI implementation was minimal compared to the cost of that failure."

BI business case: sometimes obvious, sometimes harder to build

Hull, who had prior experience with analytics in his role as a product quality engineer, worked with peers on the business side and with BGF's IT staff to develop a strategy and BI project plan to address the quality problem. He said it was an easy sell to top management, and BI adoption has eventually broadened across more of the company's operations.

His advice to other midmarket companies is to start small on BI projects, show some success and grow from there. "You can't bite it all off at once," he said. "We looked at the [product] quality initiative as a piece of low-hanging fruit because we had an issue." It might not always be that easy to find a selling point for BI, though: "Sometimes, you have to walk around and ask people where they're spending time and dig deeper than what you see in the corner office," Hull noted.

On the other hand, if the IT staff simply proposes a project without input from the business side, a solid BI business case is likely to remain out of reach. To win its support, top management needs to be convinced that BI data can be an important competitive asset, analysts said. And a range of business users should be tapped as part of the process of gathering requirements and determining what the key business issues are and the benefits that a BI system could provide.

"Get the business engaged in the level of driving the direction of the project, including what the team should tackle next," advised William McKnight, president of McKnight Consulting Group LLC in Plano, Texas. He added that end users should also have a hand in helping to formulate the business case and return on investment calculations since they're best positioned to understand the ROI possibilities. "IT can't do that – only the business can," McKnight said.

Putting a tangible focus on the business intelligence business case

At the Cincinnati Zoo & Botanical Garden in Cincinnati, Ohio, the strategy for gaining buy-in and building a business case for BI was to identify from the get-go what the expected business outcomes would be if the organization proceeded with the project, said John Lucas, the zoo's director of operations and leader of the BI program there.

Lucas' team focused the initiative on improving the customer experience at the zoo, so the BI ROI would be tangible and easy to measure. In October 2010, the zoo began using a new data warehouse and BI software to drill down into food and retail sales in an effort to make better decisions around inventory control and the deployment of labor resources and to help it make more targeted offers to zoo visitors. In the months since going live, the zoo has seen a 5.9% increase in retail sales and a 30.7% bump in food sales, according to Lucas.

He attributes much of that success to having the business side drive the project, not IT. "If we allowed the IT department to set business strategy around the technology, it would never progress," Lucas said. "The No. 1 reason why we were successful is that people in marketing, finance and others steering the business understood before we even bought the software the types of things we'd be able to do."

Hull also suggests doing some simple math to help drive home the potential ROI as part of the business intelligence planning process. For example, BGF currently has about 5 million data elements in its data warehouse and has invested about \$1 per data element as part of the BI project, he said. "Anything we can do with that data [generates] ROI if it can help manage the business," Hull explained. "That's one way to sell it to upper management – because where else would you invest \$5 million to see no return?"

Tips on creating a midmarket BI project plan – and keeping it on track

By Beth Stackpole, SearchBusinessAnalytics.com Contributor

Many business intelligence programs take root in companies as a series of one-off projects, which means one of the first – and biggest – challenges for IT and BI managers often is to rationalize the disparate efforts into a coordinated BI project plan.

Instead of "one crisp project" that leads to a well-orchestrated rollout, there's typically "a series of projects under way in a stepping-stone fashion as a company builds out an internal BI practice," said James Kobielus, a senior analyst at Forrester Research Inc. "The project plan is often not a plan since there is no overall coordination."

And while larger companies likely have an internal BI team – or at least a group of dedicated specialists – to watch over and direct their business intelligence strategies, that's rarely the case at small and medium-sized businesses (SMBs), according to Kobielus and other analysts.

At midmarket companies, a lone business or IT executive might take the lead on a BI deployment and a group of employees might be assigned to work on the project on a part-time basis. Given that the BI program usually is only one of many responsibilities on their plates, project schedules can take a back seat when other priorities arise.

"Even though there is a sponsor or people are brought into a project, it doesn't mean that group has time themselves to sit down and do the work," said Lyndsay Wise, president of WiseAnalytics, a Toronto-based consulting firm that focuses on midmarket BI issues.

Business intelligence project plan may call out for outside help

One common approach for orchestrating BI implementations at an enterprise level is to bring in outside consultants. That doesn't make sense for every SMB, especially when budgets are an issue – but there are potential benefits, said analysts and experienced BI practitioners. For example, an external consultant might not face the same political

roadblocks and pushback as an internal executive would. Moreover, consultants with business intelligence planning and deployment know-how can share BI best practices gleaned from other companies.

For SMBs choosing the outside help route, aligning with consultants versed not just in BI technology but also in the business processes of a particular industry can help organizations get the biggest bang from their consulting engagements. And negotiating consulting services from BI vendors as part of technology purchases can often be an effective way to save money.

BGF Industries Inc. has gotten a lot of mileage out of using its BI vendor's consulting services, said Bobby Hull, a systems analyst at the \$200 million manufacturer of specialty fabrics in Greensboro, N.C.

"We took stock of our internal expertise and saw how urgent our need was, and then we parceled [project work] out to outsiders," Hull said. "Whenever we needed a question answered, we got it without a lot of searching on the Internet or guesswork. Getting an answer pretty quickly – that's money for me."

Zoo's BI project plan revolves around revenue goals

Having a clear and internally articulated set of goals for each phase of a BI project can also help keep it on track, said John Lucas, director of operations at the Cincinnati Zoo & Botanical Garden in Cincinnati, Ohio. Lucas, who headed a BI initiative at the zoo, made it a point to have a weekly status call with IT and business representatives involved in the effort to go over strategy, key milestones and deliverables, and project changes. The end result was that the rollout was completed on schedule and under budget in October 2010, according to Lucas.

It helped, he acknowledged, that the deployment was a top priority for upper management at the zoo because the BI business case had been directly tied to expected revenue increases. "Literally, this was our No. 1 revenue objective as part of our strategic plan," Lucas said. "A lot of times, I hear that companies don't have a clear set of goals. That's how things get held up or fall off track."

Hull has a slightly more flexible take on project schedules. Given that many SMBs have limited prior experience with BI and analytics, if any, he maintained that a strict adherence to the timelines built into a BI project plan can be detrimental in the long run.

"It's a long learning curve, so you need to keep the schedule flexible," Hull said. "A lot of people make some bad decisions because they have to get this done by Tuesday. Management has to understand that it may take longer than you think."

Midmarket business intelligence planning: assessing technology options

By Beth Stackpole, SearchBusinessAnalytics.com Contributor

Many midmarket companies have long considered business intelligence (BI) software to be out of their reach. In the past, that was due partly to the complexity and specialized nature of BI tools, especially since small and medium-sized businesses (SMBs) often don't have the luxury of staffing dedicated BI teams to oversee the deployment and management of BI systems.

There was also the matter of the relatively high cost of BI platforms. All of that is starting to change, however, thanks to the introduction of new flavors of BI and analytics tools designed to be more appealing to the SMB palate. For example, most of the mainstream BI vendors have introduced variations of their products with revamped user interfaces, wizards, dashboards, portals and self-service technologies aimed at making the tools easier for non-experts to use.

In addition, BI technology is now available in several other forms that might be easier and less expensive for SMBs to digest, according to industry analysts. That includes Software as a Service (SaaS) BI offerings that let customers avoid having to invest in the hardware and manpower required to run a BI infrastructure; open source BI tools that offer a potentially less costly way to gain access not just to the technology but also to a community of BI experts and peers; and BI and data warehouse appliances that bundle hardware and software into a single package.

Now that BI is more accessible, one of the big issues for SMBs as part of the business intelligence planning process is choosing between the various options and picking the one that best meets their needs. As with anything, there are tradeoffs, analysts said. For example, the scaled-down applications offered by BI vendors might not have all the features an SMB needs. On the other hand, buying a midmarket BI package from a vendor whose data management tools you already use could create economies of scale on both licensing and training.

SaaS BI considerations for business intelligence planning purposes

SaaS BI tools can be used to quickly get started on projects without significant upfront costs in either time or resources. And given that many SMBs are already using SaaS versions of products such as CRM and ERP applications, the security and implementation hurdles common to SaaS deployments likely have been addressed to their satisfaction, said David Menninger, a vice president and research director at San Ramon, Calif.-based Ventana Research Inc.

"The cloud is the great equalizer in terms of minimizing investment risk," Menninger said. "Companies can now buy BI products and services in chunks on a monthly [subscription] basis, instead of having to do a big-bang [project]."

But, he added, scalability issues surrounding the features of SaaS BI technologies and their ability to support large data sets are some of the concerns that SMBs should consider when evaluating the SaaS approach as an option.

For companies that still aren't fully comfortable with the security aspects of cloud computing, data warehouse and BI appliances could be a possible alternative since they promise turnkey operation but still give organizations control over the installation and management of a core business asset, according to Menninger and other analysts.

Weighing open source's ups, downs in the BI planning process

Open source BI also can be less expensive than traditional BI offerings, but it may not be the right choice for companies that aren't willing to roll up their sleeves and dig into the technology, said William McKnight, president of McKnight Consulting Group LLC, a Plano, Texas-based consulting firm that specializes in data warehousing, BI and master data management.

He added that SMBs considering the open source approach while developing a BI project plan need to assess whether the commercial versions of open source BI tools have the features they need – and if not, whether they have in-house developers with the proper skill sets or they can afford to hire outside development help. They should also be clear about

the level of support offered by open source vendors and what it will cost them. "Companies need to understand that there are ups and down with open source," McKnight said.

In the end, Menninger suggested that SMBs pursuing business intelligence strategies use cloud-based BI implementations as the measuring stick to compare the other options against, since cloud technologies typically deliver the fastest path to deployment. And that may be the ultimate selling point in building a BI business case and winning approval for a project, he noted.

"The question is, can you do better with some other approach in terms of project timelines and capabilities," Menninger said. "You have to think in time frames of weeks, not months, because you have to realize a return on investment faster than that. Small organizations have to be nimble – they can't tie up money and resources for a significant period of time without delivering results."

Beth Stackpole is a freelance writer who has been covering the intersection of technology and business for 25-plus years for a variety of trade and business publications and websites.

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