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Business Intelligence Focus Shifts From Tactical to Strategic

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Many organizations approach business intelligence tactically by responding to immediate reporting requests from managers. Although this may be required in some cases, leading organizations are evolving their focus to support business intelligence strategically for diverse users and in applications.

STRATEGIC PLANNING ASSUMPTION(S)

Through 2009, the number of end-user-oriented business intelligence tools and applications will double (0.7 probability).

By 2012, business intelligence platform services will become an integral part of the development of composite applications (0.7 probability).

Through 2012, vendors will provide more than 50 percent of the skills and capabilities for new business intelligence and performance management implementations (0.9 probability).

ANALYSIS

Gartner's original definition of business intelligence was focused on the problem of analyzing data: "the ability to access and analyze information" primarily via reporting tools, ad hoc query and online analytical processing, to be used by business management and analysts. Although this definition is still accurate, it reflects a limited vision of business intelligence's potential.

Business intelligence has emerged as a top strategic initiative and investment priority for CIOs and CxOs. This represents an increased focus on how organizations can more broadly use and analyze information to positively affect key business objectives, such as financial targets, customer retention, partner relationships and market penetration. Today, most organizations define business intelligence as a broader initiative (see "Findings From Sydney Symposium: Perceptions of Business Intelligence"): "the use and analysis of information that enable organizations to best lead, decide, measure, manage and optimize to achieve efficiency and financial benefit."

Business Drivers for Pervasive Business Intelligence

The management of business and operations in larger organizations is becoming more challenging and complex. Effectively managing and working with this complexity means IT organizations are called on to provide business-intelligence-related capabilities for understanding where and how value is created in the business and responding more quickly to market changes and opportunities. These macrobusiness changes are altering the way organizations view business intelligence, which will affect how they view and support an information management infrastructure. These business changes include:

- **Multiple and interlinked strategies and metrics:** Organizations are striving to link multiple strategies and metrics (innovation, customer creation, management, operational efficiency and effectiveness, and financial performance) to drive transformation. As a result of these changes, a new base of users is seeking to leverage information, including senior financial planners, marketing executives, supply chain managers, brand and product managers, promotion specialists, advertising and marketing communication managers, and marketing operations directors.

- **Ever-increasing rates of change:** The speed of change and the occurrence of multiple business cycles, product development, delivery models and markets have increased the rate of evolution. With new partners, delivery models and markets (geographic and industry), businesses are constantly changing (sense and respond).

- **Fragmented planning systems:** The sophistication of planning systems has increased such that a myriad of solutions exists for all aspects of planning, from demand and supply chain planning to marketing planning and financial budgeting. These systems are

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being deployed tactically, which makes it difficult to understand the impact of different aspects of corporate activities on overall performance.

- **Increased scrutiny:** The compliance demands resulting from Sarbanes-Oxley and other governance regulations mean that information and decision-making processes are subject to the same degree of scrutiny as transaction processing. Organizations are striving for greater transparency and balancing this against privacy and integrity demands.

- **Consumerization of IT:** Increasingly, users at all levels expect to have access to business, entertainment, government and personal information, similar to how they use tools such as Google to search the Web. This places increasing pressure on IT to respond more quickly to a growing demand from users for solutions that are easy to use and Web-based. IT organizations need to incorporate these user requirements and behaviors into their business intelligence strategies and governance policies concerning the use and access to information.

Leading organizations are shifting their traditional vision of business intelligence to a broader vision (see "Key Steps to Making Business Intelligence Strategic") of pervasive business intelligence, with an increased focus on performance management. This shift in vision requires that IT leaders approach business intelligence from a strategic business objectives approach that drives process, technology and service decisions, rather than as tactical responses from individual managers asking for information. This shift in focus creates an opportunity for IT leaders to help their organizations (business and senior management) realize the short- and long-term potential value by focusing on business-driven and strategic approaches to supporting business intelligence and performance management. This strategic approach will most likely include and should balance tactical and strategic requirements.

These broader initiatives will also require organizations to support a more diverse set of users (for example, knowledge workers, business operations staff, analysts, senior executives, sales managers, financial planners, HR executives, Web site planners and IT managers), depending on the impact that people have on the business objectives. In general, the more broadly information is made available to employees, the more value the enterprise can extract from the information and the employees. Our workplace research suggests that even factory-line workers can add substantial intellectual value when they're properly motivated and challenged (see "Stop Focusing Myopically on Knowledge Workers"). This means that business intelligence and performance management initiatives need to be closely aligned with operational processes and core business applications.

Impact on Business Intelligence Initiatives

Business intelligence and performance management initiatives, technologies and services are evolving in response to changing business dynamics. Some of these changes include:

- **Increased use of process-driven analytic applications:** Increasingly, users want to analyze and use information as part of a business process to derive new insights linked to specific business processes, such as order processing, sales forecasting, budgeting and planning (see "Marketing Analytics Reaches Beyond Database Marketers" and "Corporate Performance Management: Connecting the Dots"). As a result, the application vendors are adding analytical functionality to their applications. The big shift is from using generic tools to define and analyze data to using applications to support industry-domain-specific analytic requirements, thus providing specific and process-driven analysis. Today, the most prevalent analytic applications are supply chain planning (see "Confusion Escalates in SCM Demand Planning Market"), marketing resource management, corporate performance management (including budgeting and

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planning) and Web analytics (see "Web Analytics Put Into Perspective"). More business applications (for example, HR management, supply chain and logistics), as well as applications that span across multiple business applications and domains and processes, will support analytic capabilities. In more-advanced IT organizations and products, technology applications (for example, communications, content management and asset management) will increasingly support analytic application capabilities. The increased use of process-driven analytic applications will cause business application vendors and pure-play business intelligence vendors to put more market focus and technology investments into their partnerships, integration points and mergers/acquisitions with application vendors, such as business applications, vertical-focused applications and other business intelligence application vendors in the next two to three years (see "Competition Drives Business Intelligence Vendors Deeper Into Business Processes").

- **Increased use of business intelligence within workplace applications:** The evolution of business intelligence, analytic applications and performance management is not solely in domain-specific business or technology applications. Business intelligence initiatives are becoming an integral and inherent part of the behavioral practices and methodologies across work. Increasingly, business intelligence and performance management will expand to be supported in a variety of workplace applications (including search engines via messaging protocols) and business processes. As new technologies emerge, business intelligence and performance management will become an inherent part of their functionality — for example, workplace applications (see "Office 12 Server-Based Version of Excel Introduces New Paradigm"), collaboration, business process management and social networking (see "PKN and Social Networks Change Knowledge Management"). Through 2009, the number of end-user-oriented business intelligence tools and applications will double (0.7 probability). Some of these changes will come in the form of new visualization tools, deeper integration with workplace applications, and links to search and social networking applications.

- **Broader business intelligence platform capabilities and services:** During the next five years, vendors will increasingly be developing business intelligence platforms to support a broader set of developers, users and applications (see "Deliver Process-Driven Business Intelligence With a Balanced BI Platform"). These platform services will provide finer-grained service-oriented architectures such that business intelligence platform services and common business intelligence services (for example, security and metadata management) will become shared services in applications (for example, analytic applications, business intelligence tools and emerging business intelligence applications). Not all applications will use a business intelligence platform or all the common services because of limited and specific application requirements, such as Web analytics. However, business intelligence applications increasingly will leverage common services. IT leaders will need to understand and evaluate what components come from which vendor and the impact that this has on the overall portfolio. By 2012, business intelligence platform services will become an integral part of the development of composite applications (0.7 probability).

- **Increased focus of service providers:** Many service providers have expanded their offerings for business intelligence and performance management. They offer best practices for industry processes, frameworks for blueprints and governance, project and implementation methodologies, as well as management and hosting capabilities. According to Gartner research on the major service providers (see "Magic Quadrant for Business Intelligence Implementation Services, North America, 2006" and "Market Trends: BI and DW Consulting and Integration, 2005"), the deal sizes for business

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intelligence initiatives are between $500,000 and $1.5 million. As service providers continue to grow in this area, it will become increasingly important for organizations to clearly define: 1) what should be externally sourced, 2) the importance of a service provider's industry expertise, and 3) how to manage and monitor service providers with service-level agreements and metrics. Through 2012, vendors will provide more than 50 percent of the skills and capabilities for new business intelligence and performance management implementations (0.9 probability).

What You Need to Know

IT leaders have the opportunity to deliver information to positively affect business and operational performance throughout the enterprise by making business Intelligence and performance management integral to their business strategies and execution, and core to their IT architecture and application portfolio. Delivering high-impact business intelligence and performance management means organizations need to think beyond buying technology to an evolving strategy that encompasses the diversity of people, processes, metrics and products/services that are needed to better manage business performance.

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