

Key Issues for Business Intelligence and Performance Management Initiatives, 2008

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The Business Intelligence and Performance Management research agenda will address twelve key issues that IT leaders must answer. These include: how to apply analytics to the business process, how to build a business case and whether to build or buy packaged analytic applications.

ANALYSIS

The 2008 business intelligence (BI) and performance management (PM) research agenda will address 12 key issues organized within four core topic areas:

Applications. In this section of the research agenda we will examine how analytic applications can help organizations make better decisions and manage performance.

Leadership Competencies. We will develop research focused on issues related to the best practices for developing and organizing IT, user and business skills to lead a successful BI and PM initiative.

Technology and Infrastructure. We will address and develop research for the complex needs of clients when matching business and user requirements to their technology and infrastructure.

Vendors and Sourcing. We look at how the suppliers in the BI and PM markets will compete, and what factors organizations should consider when selecting products and providers.

Key Issues

Applications

Key Issue: How do businesses leverage information and analysis to improve performance?

Most organizations equate BI with information delivery. However, the real value of BI is much more than information dissemination — it is strongly linked to achieving business goals and improving business performance. A growing range of analytic applications is emerging that leverage BI technologies to better understand and manage business performance. Based on this trend, we believe that BI capabilities will become more pervasive in operational and workplace applications, as organizations seek to use BI to lead, support decisions, explore, measure, manage and optimize their businesses, and thereby drive business transformation. The challenge is that most users (and vendors) don't see BI as a broad strategic initiative, but instead focus on short-term tactical issues. Each department has its own particular need for BI, but doesn't put the whole picture together as a clear and overall vision. The risk is that this could lead to a proliferation of "siloed" information and applications, focused on departmental or functional needs. For more information, see "Gartner's Business Intelligence and Performance Management Framework." Upcoming research will provide guidance on how to build a BI and PM strategy to avoid these pitfalls, how to align and integrate initiatives between IT, business functions and users, and balance tactical and strategic demands.

Key Issue: How can organizations identify the right performance metrics?

Building dashboards for most organizations has been relatively straightforward. This is because the measures in most report-centric BI deployments can be swiftly turned into a performance metric by providing a target goal and displaying the measure in an easy to consume graphic, such as a dial or traffic light. Performing this task transforms a report into a dashboard. BI and PM initiatives need to go further, linking the measures together with a cause-and-affect relationship, enabling a user to perform root-cause analysis. For example, if a sales metric is below target, a user could drill to see the primary metrics that impact "sales" to determine if it is excessive price discounting, a shrinking pipeline, or an elongating sales cycle that has the biggest impact. For further information, see "Understand Performance Management to Better Manage Your Business." Forthcoming research will examine the best practices of moving from a disparate set

of performance dashboards to a more coordinated use of performance metrics to align corporate strategy.

Key Issue: How should analytics be integrated into business processes and applications?

Most BI deployments view the end user (an executive, manager or analyst) as the design point. The goal is to deliver the right information to the right user at the right time. The problem is, most BI deployments require the user to stop operating in their traditional work space and move to another environment to view information. Most users are just too busy "putting out fires" to stop and browse through the reports in a data warehouse. Increasingly, BI and PM initiatives will think of the process itself as the design point. Where can a BI artifact — such as a query result, a calculation, a performance metric, or the score of a predictive model — be inserted into a particular workflow step, providing insight that optimizes the process? For further information, see "The Role of Analytics in Adding Value to Business Processes." Forthcoming research will explore how BI technologies are evolving to support analytics embedded in a business process, and how this architectural change will require close collaboration with business process management and application teams.

Leadership Competencies

Key Issue: How can organizations build the business case for BI and PM?

Using the term "business intelligence and performance management initiative" implies a change from the status quo. Executing change requires the ability of leaders to convince others that the change is justified. Often it is the leaders of IT-centric BI deployments that first envision the use of information to improve the company's ability to make decisions and improve performance. Unfortunately, IT rarely has the political power to enforce this change. As a result, the key issue of building the business case for BI and PM is paramount to convincing executives to sponsor such a change. This could be organizational change, such as moving key business analysts from a departmental to an enterprise role, as part of the BI competency center. It could be a technical change, such as removing a stove-piped data mart architecture for a better integrated data-warehouse architecture. Or it could be a cultural change, affecting how the organization makes decisions and manages performance. IT leaders can use the numerous Gartner BI Excellence Award case studies for examples of where these types of changes have had a demonstrable impact. Also, see "Take these Steps to Develop Successful BI Business Cases." Upcoming research will examine more best practices with another round of BI Excellence Award case studies from this year's finalists and semi-finalists. Future research will also include recommended approaches for IT leaders to leverage industry examples to create their own business case.

Key Issue: What are the best practices for developing the organizational competencies and user skills?

Previous research has shown that one of the biggest barriers to the success of BI is a lack of skills surrounding the use of information, tools and applications that are available as part of its implementation. Forthcoming research will define how an organization can develop and organize the program management, development and user skills necessary to turn business intelligence and performance management into a core competency. It will also provide support in terms of best practices for organizations which are employing a BI competency center (BICC) as a shared service/competency within the organization. For a further example, see "Toolkit: How to Define and Run a Business Intelligence Competency Center."

Key Issue: How can BI teams drive adoption of BI across the enterprise?

One of the fatal flaws of BI is believing: "If we build it, they will come." Indeed, lack of adoption is one of the most common and visible signs of failure. The situation often confounds leaders of IT-centric BI teams. They collect the requirements directly from the users and build solutions that exactly match their requirements. Yet the users still don't come. Unless they view the reports as strategic, and make reviewing them a part of their workflow, most business workers are too busy "putting out fires" all day long to stop and review the reports in a data warehouse. See "Business Intelligence Focus Shifts From Tactical to Strategic." Upcoming research will examine various strategies for driving adoption, including tying BI to corporate strategy, embedding it in business processes, more effective training and leveraging emerging technologies such as search, visualization and Web 2.0 that have proven their popularity among mainstream users.

Technology and Infrastructure

Key Issue: What are the best practices in building a BI and performance management architecture?

Many organizations have defined an application architecture for their operational and transactional applications. However, they have not taken the same architectural approach to their BI applications. BI applications — and the technology infrastructure that supports them — are often required to provide capabilities that service multiple user types (for example, strategists, analysts, executives, process managers, partners, suppliers and so on), provide for a variety of planning and analytic functions and allow information to be acquired from multiple sources. Taking a siloed technology or opportunistic/tactical approach to BI implementations can lead to inconsistent results, inflexible applications and infrastructure, and higher cost of ownership. Forthcoming research will provide organizations with frameworks and toolkits to help them choose the best technology for a more coherent blueprint/architecture and portfolio for BI and PM applications.

Key Issue: What is the best way to govern a portfolio of analytic applications and BI platform capabilities?

BI projects rarely focus on governance because they usually evolve from departmental and workgroup applications. Contrast this with top-down-driven enterprise resource planning (ERP) application deployments that have strict security controls, and a formal process for application life cycle management which ensures proper development and testing before moving to production. How many new reports are heavily tested for accuracy before being moved to production and taken as "gospel" by viewers? This problem will be exacerbated when BI and PM projects are more widely adopted by a broader user community — inside and outside the company. For further information, see "Key Issues for Establishing Information Governance Policies, Processes and Organization, 2008." Upcoming research will examine how IT leaders can inject a healthy dose of security and governance into their BI and PM initiative.

Key Issue: What new emerging technologies should be planned for? Why, and when?

Technology options for BI and PM applications are at different stages of maturity. Some emerging technologies, such as interactive visualization and in-memory analytics, have been embraced by hundreds of customers and are ready for mainstream adoption. Others, such as BI integrated search, content analytics and BI via software-as-a-service, have not been widely adopted yet, but warrant closer examination. See "Hype Cycle for Business Intelligence and Performance Management, 2007." Forthcoming research will explore which technologies are hype, which are suffering the inevitable disillusionment and which are stable enough to use; also when, and how to use them appropriately.

Vendors and Sourcing

Key Issue: How will the BI, analytics and performance management markets and vendors evolve?

2007 was a tumultuous year for BI and PM. Business Objects, Cognos and Hyperion — three vendors that pioneered the BI space — were acquired, shifting the balance of power, and market share, toward the megavendors. It is noteworthy that all three of these BI platforms also had a strong corporate performance management offering, signaling the convergence of these two markets. However, unlike the convergence of reporting with ad hoc query and online analytical processing (OLAP) tools, the corporate performance management (CPM) and BI platform markets have distinctly different customer bases — finance and IT, respectively. These different customer constituencies will complicate standardization decisions as vendors attempt to sell suites that combine BI and CPM functionality. For further information, see "Findings: BI and CPM Are Slowly Converging." Upcoming research will closely examine these market trends and discern their impact on customer's product road maps.

Key Issue: What criteria should be used to evaluate vendor offerings?

The consolidation in the market has not simplified vendor selection decisions; if anything, it has made them more complicated, because the acquisitions have thrown many existing product road maps into confusion. Buyers need to cut through the marketing hype to identify the capabilities and solutions from vendors that best meet their business needs. For further information on the need to evaluate vendors, see "Magic Quadrant for CPM Suites, 2007" and "BI Platforms User Survey: How Customers Rate Their BI Platform Vendors." Forthcoming research will examine key selection criteria such as the importance of stack integration, best of breed capabilities and licensing implications.

Key Issue: Should organizations build, buy or customize analytic applications?

In addition to building analytic applications with BI platforms, packaged analytic applications are emerging as an offering across the whole spectrum of BI and PM. Some areas, such as CPM, are relatively mature and are rapidly becoming part of the capability of a BI platform, while others, such as product performance management, are still emerging. Organizations need to conduct a balanced "build vs. buy" analysis; all potential options — including packaged analytic applications, internal development and external development — have unique strengths and weaknesses, and are equally viable, given the appropriate circumstances. For further information, see "Understanding Packaged Analytic Applications." Future research will guide clients on how to balance their application and technology portfolio across these options. It will also explore the role of service providers in delivering solutions.

RECOMMENDED READING

"Gartner's Business Intelligence and Performance Management Framework"

"Performance Management Success Hinges on Four Base Elements"

"Understand Performance Management To Better Manage Your Business"

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