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## Midmarket BI

# Business Intelligence: Not Just for the Big Boys Anymore

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# Business Intelligence: Not Just for the Big Boys Anymore

By Daniel J. Schwartz

**B**usiness intelligence (BI) is getting big buzz. Publicity over the mega consolidations between pure BI vendors and larger software companies such as Hyperion and Oracle, Microsoft's soon-to-be-released PerformancePoint, open source BI offerings and advancements in the integration of structured and unstructured data have thrust BI into the spotlight.

## BI for the Masses

In the midst of this buzz is a cry for "BI for the masses." The interest in BI is filtering into the small and mid-sized business (SMB) segment. Business executives and managers at these companies are starting to ask what's in it for them. What they're finding is that most BI solutions and implementations are geared to large companies with the resources to invest hundreds of thousands of dollars in consulting, tools and software development, and the BI focus is on decision support and performance management for the highest levels of management in large organizational structures. Is the midmarket ready for BI? And, if so, what is the payoff for midmarket companies that enter into a BI initiative?

## Does One Size Fit All?

The opportunities for mid-sized companies to increase organizational value through information optimization are inspiring. The structure and business drivers of midmarket companies offer great ROI in BI. The danger lies in trying to deploy the methods and practices of the established large company offerings in the midmarket.

There is a marked difference in the benefits and opportunities available to SMBs. New markets require new



approaches and even a new understanding of the core value BI delivers to these organizations. Does the classic large company BI deployment model and mind-set translate well to the midmarket? Having witnessed firsthand the decade-long attempts by tier-one enter-

prise resource planning (ERP) applications to move downstream, the answer is doubtful - success for midmarket BI requires an understanding of the different value proposition, deployment model and software tools specific to the structure of and opportunities within

midsized companies. In the BI market, one size does not fit all. And more importantly, the value propositions are very different.

For the purposes of this article, consider SMBs as those having 50 to 750 employees, with the majority having less than 500 workers. Independently maintained spreadsheets notwithstanding, BI is relatively nonexistent in this market. Not to underplay the value these organizations derive from financial reporting, two-dimensional static reporting and disconnected spreadsheets are nonetheless the norm in business reports - not value-added business information optimization solutions. Understanding the differences between BI for midsized companies and BI for larger companies can be the difference between finding the holy grail and investing in a money hole.

### The Time is Now

In the almost two decades since BI was introduced, it has been essentially the sole domain of larger enterprises. Today, the door is opening for adoption of BI in the midmarket. This shift is less driven by advancements in BI technology, partly driven by cost reductions, and mostly driven by the current business cycle and the confluence of necessity, availability and data proliferation.

Most midsized companies have pushed the line of slimming down, cutting costs and streamlining business processes in order to boost efficiency. But that line of attack has been taken about as far as possible, and companies can no longer save their way to success. From now on, business theorists agree, the biggest gains will be achieved by making both managers and their staff more effective in utilizing information as well as by improvements in workflow and collaboration. This calls for empowering more workers with business information that has been optimized so that they can leverage experience and intellect from across the organization to drive their daily activities.

It's been seven years since the massive upgrades and Y2K-related replacements that many midmarket companies undertook of their supply chain, project or service-driven ERP platforms. These migrations have successfully commoditized the operational transactional processing required by most midmarket companies. For the most part, these companies have settled into their selected ERP solution. The systems are stable, staff is trained and experienced on these plat-

forms, and operational workflow has become routine. The internal resources that were once consumed in deployment, documentation and support of these systems are now becoming available. These resources may not be "BI" technical, but they certainly understand user needs and process flow. Their availability fuels the drive to find the next great business process improvement.

The result? Massive amounts of data are being collected by the order processing, project accounting, financial and customer relationship management (CRM) applications as each one grinds through hundreds or thousands of transactions day after day. In fact, when we ask most midmarket executives to comment on their ERP platform and how it is utilized, they tend to make the following three points:

- "We put all of this data into it but can't get any information out of it"
- "It's only used by finance, accounting and the entry people; it has little value to the rest of our employees"
- "We still have disconnected systems; even if they don't talk to each other, we still need to report across them as if they were one"

### Business Performance Management or Operational Analytics?

The opportunity to leverage the information stored in these systems beyond transactional accounting is the next great frontier for the midmarket. The ability to optimize, deliver and present information to the 85 percent of employees who are not "source system" aware can generate large gains in organizational value - with minimal investment.

BI initiatives in larger companies usually start with a top-down approach. They are usually targeted at enterprise-wide business performance management (BPM) to serve the higher tiers of decision-makers. BPM, corporate performance management (CPM) and balanced scorecarding have come to mean many things. Foremost, they are management philosophies - not technologies. The technologies are the visualization and delivery mechanism of the management philosophy. A successful deployment usually requires an investment in pure business management consulting to define objectives, goals and strategies. Current marketing literature tends to blur the line between business and technology, giving the impression that implementing the tech-

nology will generate the business philosophy. Although the principles of CPM philosophies are important to any size company, their relative priority and importance to midsized companies usually ranks lower than at their larger counterparts.

Midmarket organizations have more immediate operational needs. Their information needs are closer to the grain, and these companies have the most to gain from enterprise-wide operational analytics, driving high adoption and daily use by midlevel managers and front-line workers. The initial goal for midmarket companies is to identify actions that can be taken today and tomorrow to add value to the company and increase worker effectiveness.

Midmarket companies get the greatest payoff from BI when they focus on the timely delivery of actionable knowledge that can be immediately leveraged by individuals within their specific organizational role. These workers need consolidated, value-added information around specific business entities, such as a customer, product or project. The value-add is in identifying and highlighting anomalies, trends, predictions and milestone events at this level. Ideally, they need information that is not just a reformatted and easier-to-access version of data that exists in the source system. The value-add or optimization comes from taking that source data and pushing it to the individual that should take action on it.

Operational analytics are used on a daily basis by both midlevel and front-line workers, frequently driving those workers' daily task lists. Users gain the ability to act on such information as:

- The customer whose next order is late based on their average days between orders or order size;
- The salesperson whose margins relative to his or her baseline or company baseline is changing;
- An understanding of customer patterns as a function of longevity or weeks out from some event, such as a training session or conference;
- Rising and falling stars, whether customers, projects or employees;
- Product mix changes at the customer, product or company level;
- Milestone events, such as a customer's millionth-dollar sales order; and
- Individual project profitability and related metrics, such as unbilled, backlog, etc.

## Working Smarter

Working smarter as an organization is accomplished by the summation of small increments in effectiveness by individuals across an organization's functional departments and up and down management and employee ranks. Think of a 200-person firm in which 50 percent of the staff are information workers - people hired for their experience, education and problem-solving skills. If companies provide them with a platform that not only optimizes information specific to their individual roles but also encourages self-service interaction with their information, how much will this improve their effectiveness - by 1 percent, 5 percent? Whatever the number, when it is multiplied by the overall number of workers affected, the value is significant. For some companies, this measurement can be as basic as the lifetime value of a "saved" customer.

Whether it is called "beyond reporting" or a "middle-up" approach, implementing role-based operational analytics provides midmarket organizations with almost immediate benefits, including lower risk, lower cost and faster implementation with small, quick successes. These successes pave the way for evolutionary adoption across functional departments and up the management chain.

## The SMB Advantage

Midmarket companies actually have the advantage over larger organizations when it comes to implementing operational analytics. Most have only one ERP solution, and less than half have a single significant non-ERP transactional system. Generally, one of these platforms holds 80 percent of the corporate data, such as a subscription-based business that has a front-end billing system that updates a general ledger, receivables and payables back end or a manufacturing business that has off-the-shelf order fulfillment with back-office financials and uses a homegrown manufacturing system. In either case, any specific activity is pulled from one source only. Compare that to larger organizations with multiple disparate systems performing similar activities at multiple locations. It is one thing to do this at the lowest common denominator, which for many companies is the corporate chart of accounts; it is quite another to do it at an operational level.

Take, for example, an East Coast-based, 400-person public affairs firm that sought to empower its project managers with information more relevant to their specific projects. First, it was necessary to stabilize the in-house, transaction-based project accounting system. But the value-add was in providing project report cards to midlevel project managers to facilitate the daily management of individual projects, employees and clients. This BI initiative was important enough to be named "SI" for "success index." Subsequent phases of the BI initiative involve rolling out the tool to other functional departments as well as a global operational consolidation.

Midmarket deployments also have the advantage of lower transaction volumes. Many of these organizations generate less than 10 million new transactions a year. Compare this with their larger counterparts who can transact this amount in just days. Significantly lower transaction volume enables different and innovative ways of architecting the system to reduce cost and complexity. These innovations also enable greater adaptability and true rapid prototyping in an "almost" live environment.

## Business-Ready BI - Harvest, Optimize, Present, Deliver

To be successful in the midmarket, BI solutions need to be business-ready. For any type of large-scale, "BI for the masses" deployment, solutions must be reliable, reasonably priced and utilize a repeatable process. BI development tools and vision documents with their great visualizations through scorecards and dashboards attract a lot of attention, but there is a big gap between those tools and visualizations and a solution that provides real and sustainable value to a given company. This has been one of the biggest roadblocks for BI adoption in the midmarket.

It can't always be ground-up development. Wizards are a starting point, but for the most part, they mask complex features, and they don't negate the need for complex, multidisciplinary knowledge to deploy a BI platform. Business-ready BI needs to cover the core functions of data harvesting, optimization, delivery and visualization. It can start with a generic connector into a commercially available ERP system (harvesting) and end with role-based, preconfigured views (visualization). The connectors


and views add value throughout the process (optimization). The objective is to take that information and use it to create new insights, rather than just representing the same information with different visualizations.

Visualization of operational analytics also requires a different perspective. Without question, the visually appealing dashboard/scorecard used for BPM serves its purpose for strategic analytics. But, when computer-screen real estate is as scarce as beachfront property in Malibu, two-dimensional, space-consuming thermometers, speedometers and popular scorecards may not be the best visualization tools for operational analytics.

The concepts of BI and multidimensional analysis are new to this market. Providing SMBs with innovative insights is the starting fluid for their own creativity. In any case, business-ready BI needs to reduce the time, cost and risk of implementation as well as lower the level of technical knowledge needed to deploy and maintain it.

## Looking Ahead

We are truly at the front door of business information optimization for the midmarket. A high degree of market acceptance requires reasonably priced, reliable and repeatable solutions, not just tools and vision. Adoption in the midmarket will be driven by value-added operational data content more than the visualization methodologies used to present it. The level of technical skill required to deploy, maintain and adapt these systems must shift from developer/programmer to business systems consultant.

We can learn from larger BI deployment models, but we certainly must create different models that play to the strengths of midmarket technology platforms in both their singularity and size. Also, the core role of a BI platform must be redefined to match the primary needs of this market. The value proposition should start with individuals' operational roles and then strive for high adoption and daily usage to drive action. 

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