BI 2010 – the state of play

Balancing information management with delivery

Jon Collins, June 2010

Information continues to grow, and yet the challenges we face in managing information remain the same. With this in mind, we consider how organisations are moving forward with their strategies to get value from information based on the results of two IT Professional surveys conducted three years apart, in March 2007 and May 2010.

EXECUTIVE SUMMARY

Data challenges remain prevalent across organisations of all sizes
Information volumes continue to grow. Against this background, user complaints around information fragmentation, consistency and availability remain – if anything, users are becoming more vocal about these issues. While the majority of organisations agree with the benefits of delivering information broadly across the organisation, a decreasing number believe that they have this cracked.

The need for a BI strategy is still recognised, even if traditional tools are on the wane
Interestingly, increasing numbers of mid-sized and smaller organisations confirm the need for an overall business intelligence strategy. While the use of traditional BI tools has increased slightly, the growth rate itself has decreased – dropping from 45% to 31% in the case of data warehousing/analytics within mainstream DBMSs, for example.

Challenges around BI deployments go some way to explaining this shortfall
Experience of BI principles and practice has increased over the past three years (despite there being little credit given to vendors' ambiguous or confused marketing speak). So, we can have some confidence in the challenges prioritised by respondents, not least of which include difficulties in defining requirements, and the fact that existing systems are too piecemeal to form a solid enough foundation for good BI.

Information is still seen as a competitive enabler, but it needs to be delivered right
There is general agreement from respondents that information is a competitive enabler, even if this number has fallen slightly. However, the way in which BI needs to be delivered is different to how it is currently in place – the preference is for a properly designed and coordinated BI infrastructure blending appropriate capabilities from different vendors.

Increasing focus is on delivery mechanisms for BI, rather than back-end tools
While traditional BI has focused more on repositories and analytical systems, the main growth areas are more about delivery mechanisms such as portals and reporting tools, workflow and rules engines. The important take-away is that for BI to be done right, organisations need to focus definition efforts around both back-end systems and information delivery, to avoid delivering partial solutions which offer little incremental benefit.

This report is based on the findings of a research study completed in May 2010 in which feedback was gathered from 239 IT decision makers. The work was funded by Microsoft, though the study was designed, executed, analysed and interpreted on a completely independent basis by Freeform Dynamics.

Research sponsored by

Introduction and framing

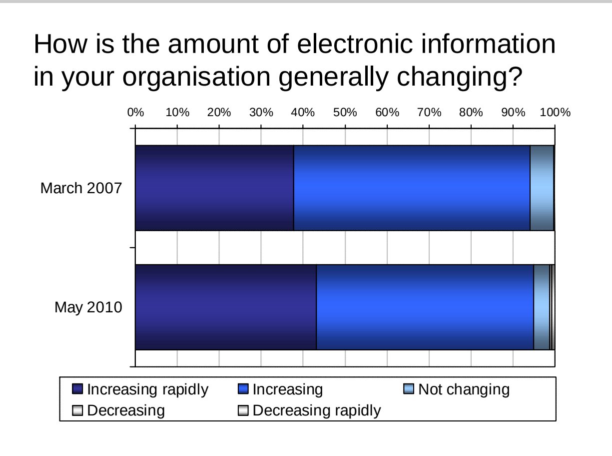
Despite the best efforts of IT, some conversations do seem to be a constant. One of these is around how information is delivered and served up. In a recent study, we looked at the state of play for business intelligence in a way that we could compare the findings with a similar study we performed back in March 2007 [1].

In the previous study, entitled "The BI Inflexion Point – Information is a right, not a privilege" we reached the following conclusion:

> *Business Intelligence (BI) has historically been associated with the delivery of business performance information to a privileged few senior managers and analysts residing in large organizations.*
>
> *The trend in business is towards user empowerment as a driver of competitive advantage. With this empowerment, however, comes the responsibility to deliver results effectively, which is in turn often dependent on having the necessary intelligence at hand to make informed decisions.*
>
> *It is therefore understandable and proper that business users increasingly regard access to relevant, timely and accurate information as a right, not a privilege, and it is in the interests of the organisation to think in this way too.*

The report recommended that we stopped considering BI as just an afterthought for the selected few. In this updated report we consider how well this objective has been achieved – and what, if anything, we can do about the challenges it raises.

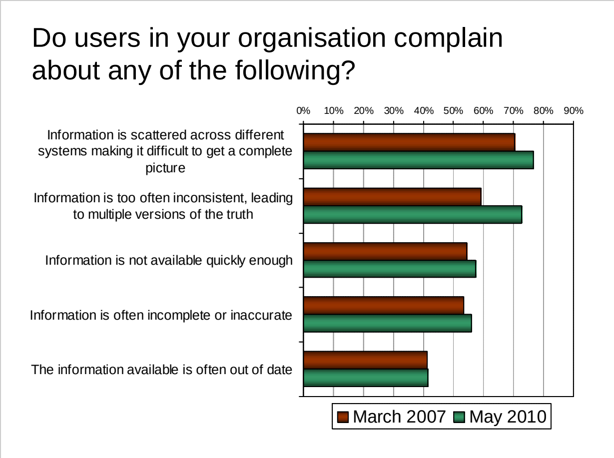
To start, then, let's first consider the background for business intelligence. Data growth remains a significant challenge for organisations of all sizes: if anything, it has become more of a challenge over the past three years (Figure1).



A rising number of organisations are seeing data volumes increasing rapidly.

Figure 1

Perhaps the best foundation for a score card of whether IT is doing its job well in general, not to mention business intelligence in particular, is to take the user perspective on information. Again the suggestion is that things are getting worse, particularly in the two main areas of complaint – namely, information fragmentation and the consistency of information across systems (Figure 2).

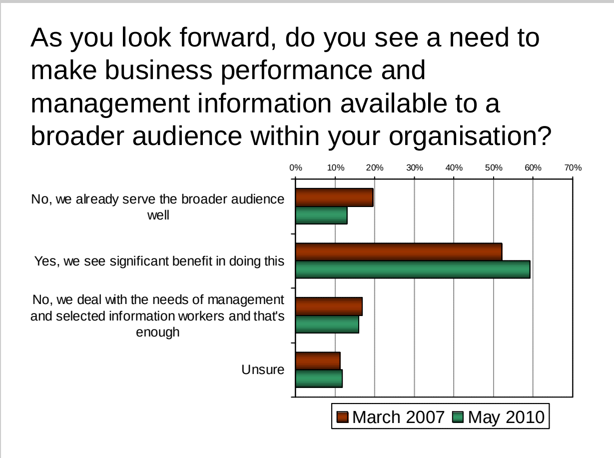


User complaints about information delivery are on the increase.

Figure 2

This is, to be blunt, an indictment of the efforts put into new IT systems delivery – though it equally suggests that the sheer volumes of information to be dealt with are so great, perhaps it is all IT can do to keep up.

A final background question is around business need, particularly with regard to the conclusion reached by the original report mentioned above that effective information access must be facilitated more broadly. While the majority still acknowledge this imperative, it is telling that the percentage of respondents who feel the need has been met has actually fallen (Figure 3).



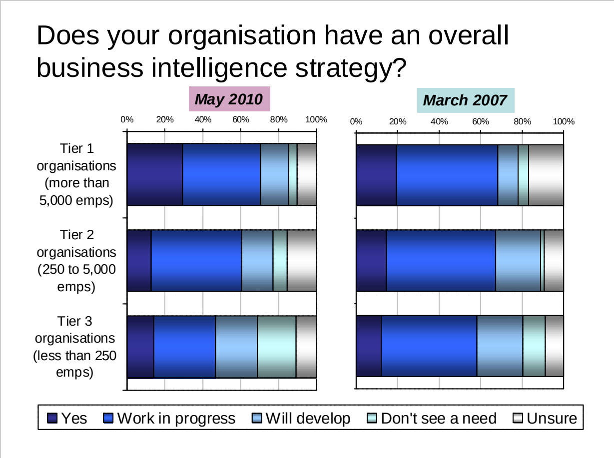
The majority of organisations researched see the benefit of broad access to information and intelligence.

Figure 3

Given that the fall is roughly the same as the rise in those who see a benefit, could it be that some organisations have faltered, and now need to revisit their BI strategies? In the remainder of this report we drill into the data to see what's behind this position and see what conclusions we can reach.

Responding to the need

We can corroborate the introductory findings when we look at business intelligence itself and compare the difference in the picture between 2010 and 2007, in terms of whether organisations have a BI strategy (Figure 4).



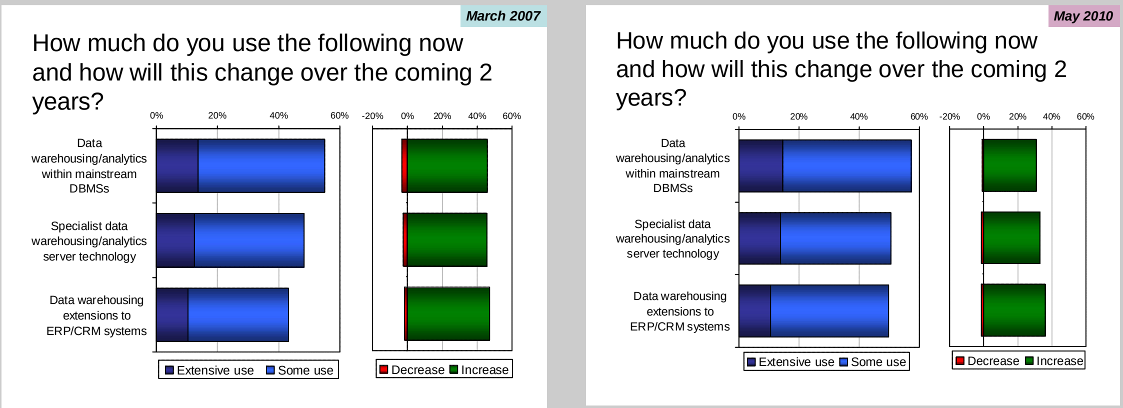
Organisations of all sizes appreciate the importance of having a BI strategy.

Figure 4

Looking at Tier 2 (mid-sized) organisations first, we can see that an increasing number see BI as a work in progress, even if the number of organisations feeling they have a strategy in place has remained constant. We see a similar rise in the smallest organisations, implying that this is of increasing importance across the board.

Turning to Tier 1 (large size) organisations, the figure also shows us that fewer have a completed BI strategy, which reflects what we saw previously in Figure 3. Once again, the overall proportion keen to have a strategy (incorporating both “Yes” and “Work in progress” responses) remains the same – this implies that organisations are revisiting existing strategies.

How does this map onto the use of BI solutions specifically? We shall drill into all the options shortly, but right now we want to make a specific point with regard to what might be considered “traditional” BI – that is, data warehousing and analytics technologies. The research tells is that the use of such capability has not increased greatly. More importantly however, growth is slowing – e.g. whereas in 2007, 45% of respondents expected their use of data warehousing/analytics within mainstream DBMSs to increase, by 2010 this number has decreased to 31% (Figure 5).



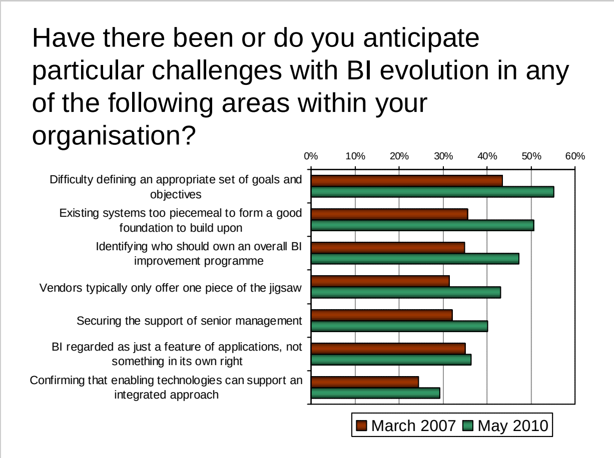
Growth in traditional BI technologies is slowing.

Figure 5

To see why this might be, we can take a look at some of the challenges faced.

Awareness of the challenges

When looking at the challenges the first thing we notice is to do with the level of response (Figure 6). Back in 2007, most challenges were identified by between 30-40% of respondents, with little between them. In 2010 however, as well as some challenges being flagged by a greater number of respondents, there is also a broader range of responses.



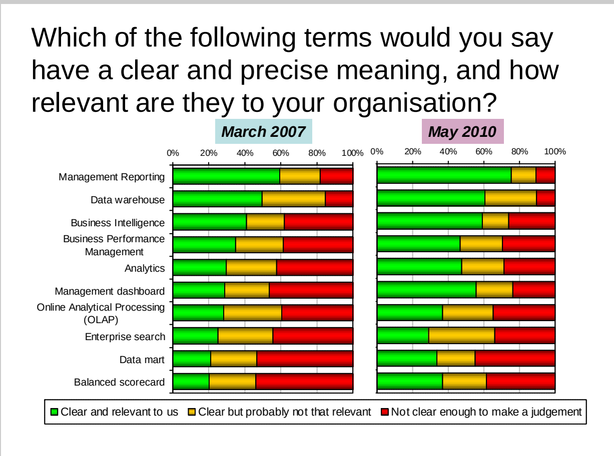
The perceived challenges are greater, and more broad-ranging, than they were in the past.

Figure 6

A contributing factor could be that respondents in 2010 are more savvy about the challenges than they were in the past – knowledge learned perhaps through hard experience of dealing with the growing pools of data over the past three years. The fact that over 50% of the 2010 sample highlighted the challenge of defining appropriate goals and objectives should be taken as a clear message of just how hard this can be, as well as suggesting that if anything, things are getting harder.

The number two challenge is also telling: that existing systems are just too piecemeal to form a good foundation. This offers the other side of the coin from the first challenge, and offers a stark conclusion. If difficulties in defining objectives have led to limited-scope deployments in the past, these are now exacerbating the problem. There is no end in sight as long as the definition challenge is not addressed.

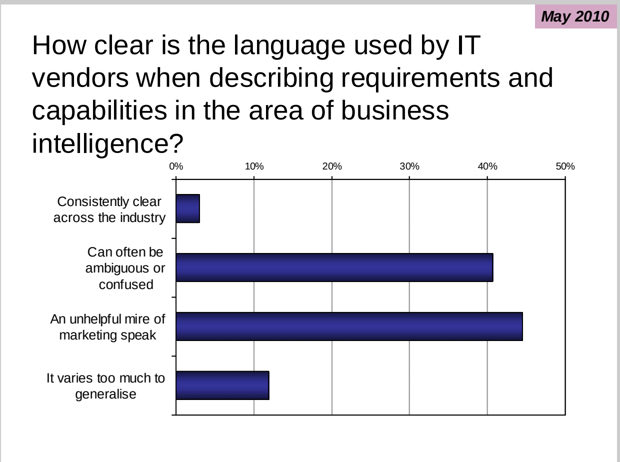
Perhaps the difficulty could come from a general inability to understand the wealth of available technologies? Here we can offer a note of good news, in that respondents certainly feel better educated about what is on offer, and its relevance to their organisations (Figure 7).



There is a clearer understanding in 2010 of available technologies and their relevance.

Figure 7

Interestingly, the general proportion that feel the terms involved are “clear but not that relevant” (the yellow bar) has stayed much the same, suggesting that IT vendors have a relatively straightforward task of growing their businesses by explaining their offerings better. Oh, were it so – but the view from the field is that suppliers are as poor as ever at describing their capabilities (Figure 8).



Vendors do not come off very well when it comes to messaging and education around BI.

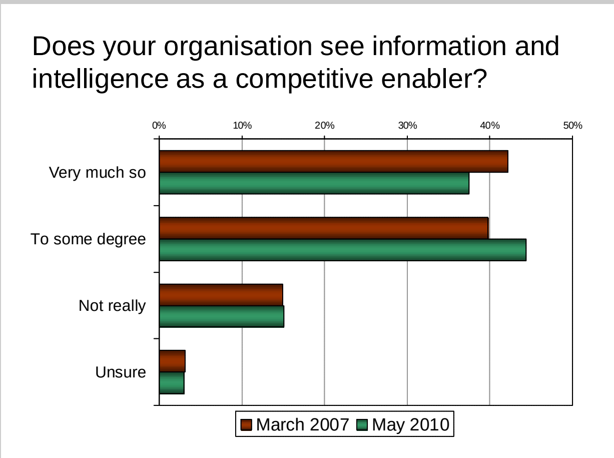
Figure 8

We could debate why this is, but fundamentally it suggests that inertia remains towards unhelpful language which serves the needs of the few, not the many. Everybody loses, from end-user organisations wanting to make better use of information, to vendors wanting to make money from helping them get there.

All is not lost: we can refer back to Figure 7 to see that the principles of BI are seen as increasingly clear and relevant, even if vendors are doing their level best to obscure them. The question, then, becomes how to take things forward?

Moving forward with information

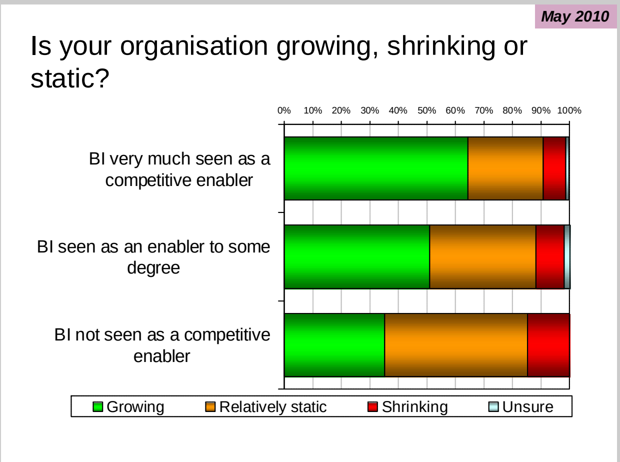
If organisations are to get to a place where information is used as a competitive enabler, two elements are necessary. First, they've got to want to do it – and second, they have to put their money where the mouth is. From Figure 9 we can see that plenty of businesses do see the benefit, even though the overall figure has slipped since 2007.



The proportion of organisations seeing information as a competitive enabler has fallen by about 5% since 2007.

Figure 9

What about investment? While we didn't ask for hard figures in the research, we were able to drill down into the above figures – first in terms of the kinds of organisations that really perceived the benefits of having good information (Figure 10).

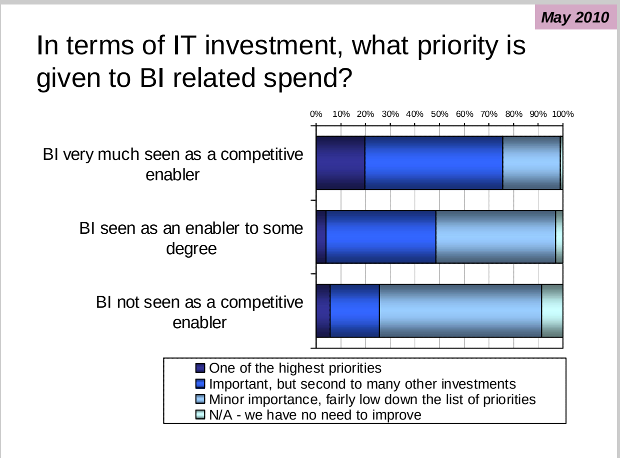


Growing organisations appreciate BI more than relatively static or shrinking organisations.

Figure 10

As the figure shows, organisations 'on the up' see the competitive value of information far more greatly than those who are static or shrinking. This is a two-edged sword – more backward businesses may not appreciate the value of information, which is one of the potential reasons why they are not doing so well. Equally however, struggling organisations may see BI as a nice-to-have, something they could get round to once they were back on track.

It also stands to reason that those organisations that see BI as a competitive enabler are also more likely to invest in this area (Figure 11).

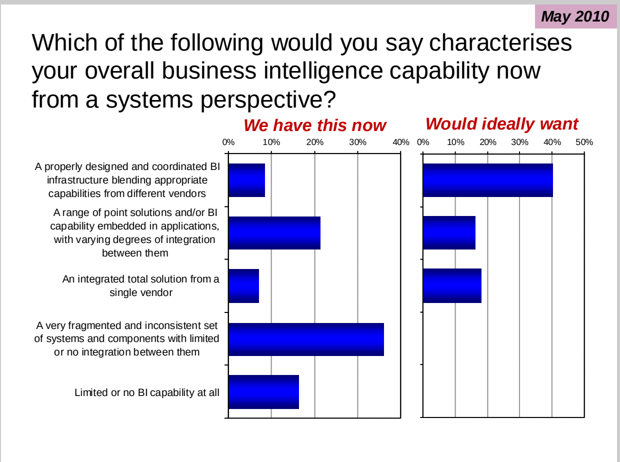


Where BI is appreciated, it is prioritised – but it is not necessarily top of the list.

Figure 11

However, it's worth noting that even in these organisations, only a small proportion see it as priority number one. This is itself an important finding, as it suggests that for the majority, BI activity will be something that runs in parallel with other projects: "big-bang BI" is a minority sport.

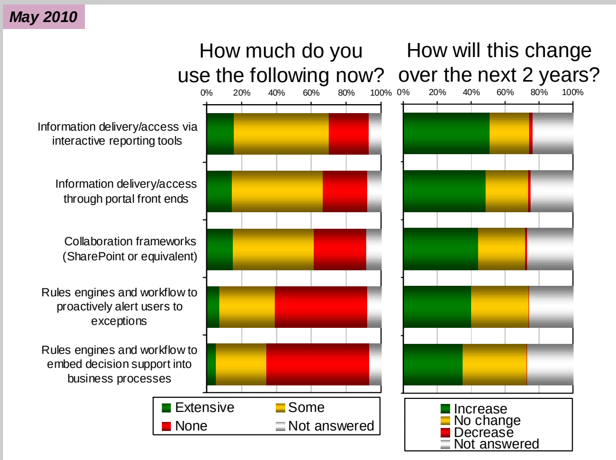
This helps us understand why the greatest group of respondents would prefer a blended capability (Figure 12). The idea of BI being one big bucket – an integrated total solution – is outside the reach of many, even if it were appropriate – and given what we have seen around the challenges of defining such a thing, it sounds like it wouldn't be. The preferred alternative is that BI sits like an umbrella across other infrastructure elements, enabling information to be parcelled and delivered in the most appropriate way.



Organisations would ideally want properly designed infrastructure that blends capabilities from different vendors.

Figure 12

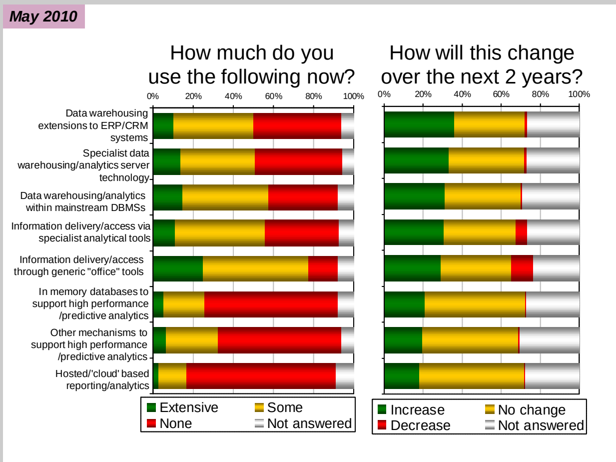
This is quite profound, and for it to be true it would also suggest that the tools should be more about organising and delivering information, than collating and storing it (as was the traditional model). We can see this directly when we look at where organisations look likely to invest. As shown in Figure 13, the top 5 areas of investment growth are to do with information delivery and access, either in terms of front-end tools, or rules engines and workflow tools. Both cases are about information being a direct enabler of day-to-day business activities.



More delivery-oriented BI mechanisms are seen as growing faster.

Figure 13

For the record we can also show how other capabilities rank (Figure 14). As discussed there is still a place for traditional BI, but as one element that sits under the umbrella of information delivery.



Growth is seen to a lesser extent across the range of BI-related technologies.

Figure 14

Conclusion: information delivery holds the key

From the perspective of those responding to this research survey, things haven't improved a great deal over the past three years. Rather than declaring this as an abject failure, we can put a positive spin on the state of affairs, by saying that at least BI appears to have mostly kept up with the continuing challenge of data growth. However, investors in information-related technologies would be justified in feeling that such tools hadn't lived up to their promise.

Back in 2007, we said that information access should be a right, not a privilege. For a number of reasons, and despite the best efforts of those involved, it remains the latter, with too much emphasis placed on building and integrating the correct repositories, placing the emphasis on the hub rather than the spokes. As a result, BI has served the few rather than the many, assuming by default that the important decisions are the strategic ones, whilst ignoring the day to day decision making taking place at the front line of IT.

The evidence suggests that this model is unworkable. There are positive signs that this is changing however, recognising that the primary goal is getting information to those who need it, wherever they sit in the organisation. This should be applauded as a positive step, to be accelerated if possible.

Information delivery mechanisms, from portals and office tools, to workflow and rules engines, can be seen as a framework to bridge the gap between central BI systems and the end-users they serve. Indeed, this is exactly the way they need to be seen. While definition of appropriate solutions will always be difficult, to make it worth the effort it becomes even more important to ensure that it covers how to facilitate information delivery, as well as what happens in the centre. Both are important, so neither should be treated in isolation.

Data will continue to grow, not just in volumes but also in scope and complexity. The signs are already that existing models are starting to show cracks. As organisations start to revisit their BI strategies, now is the moment to address exactly what the information is to achieve for all levels of the business. Some short term pain today could be the difference between success or failure in the future.

References

[1] The BI Inflexion Point – Martin Atherton and Dale Vile, Freeform Dynamics Ltd, June 2007

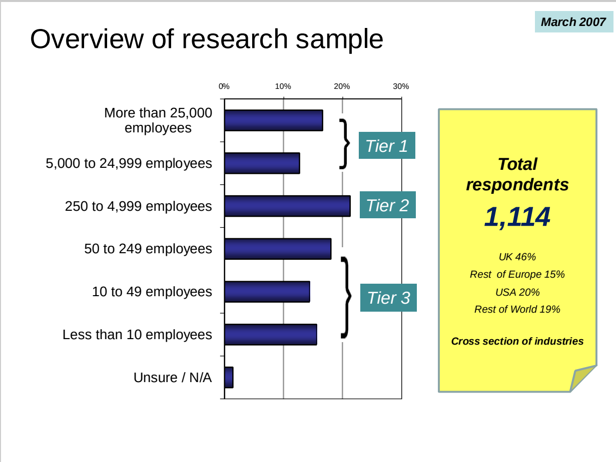
The research samples for the 2007 and 2010 studies are provided in Appendix A.

Appendix A

RESEARCH SAMPLE

The research sample was split across a variety of industry sectors.

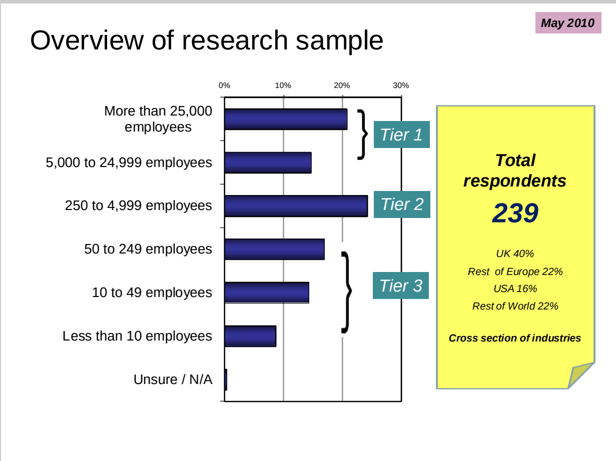
Organisation size was as follows:



Organisation size favoured larger organisations, with almost a quarter being from 250-5000-employee firms.

Figure 15

In addition, we focused on the following respondent profiles.



The majority of respondents were 'IT decision makers', some operating at a strategic level. The sample did include a small proportion of business stakeholders.

Figure 16

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Freeform Dynamics is a research and analysis firm. We track and report on the business impact of developments in the IT and communications sectors.

As part of this, we use an innovative research methodology to gather feedback directly from those involved in ITC strategy, planning, procurement and implementation. Our output is therefore grounded in real-world practicality for use by mainstream IT and business professionals.

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