Overcome the four IT inhibitors to BI success in midsize companies

INTRODUCTION

Limited management and bureaucratic processes give midsize companies one critical advantage over larger competitors. They are more agile. This agility helps them respond quickly to changing business conditions to weather economic storms or capitalize on emerging trends.

This agility can come at a cost. In its paper, *How Midmarket CIOs Overcome Information Management Constraints*, Gartner states, among other points, that: "The rapid pace of change in the MSE [midsize enterprise] environment may curtail efforts to standardize measures on business performance, metrics definitions (consistent meaning for information terms such as sales volumes), and the way information is produced and used." [1]

Midsize companies may move so fast that they jeopardize the creation of consistent and reliable business performance metrics. Without one trusted set of business information and sound analytic processes, it is impossible for a midsize company to make informed business decisions and take the necessary actions required for successful business outcomes.

FOUR INHIBITORS TO RELIABLE BUSINESS INTELLIGENCE

Gartner suggests that midsize companies look at four critical areas that can act as inhibitors to creating and maintaining meaningful and consistent business information. These inhibitors are:

- People

- Politics

- Processes

- Priorities

At most midsize companies, the IT staff is overwhelmed with work. If business analytics solutions are implemented, the focus is often on software deployment with little or no attention paid to the data definitions and standardized processes that are critical to success. Worse yet, if business analytics solutions are not deployed, different departments are left to fend for themselves to create and maintain their own business intelligence. This often results in a proliferation of spreadsheets that house disconnected and unreliable business information.
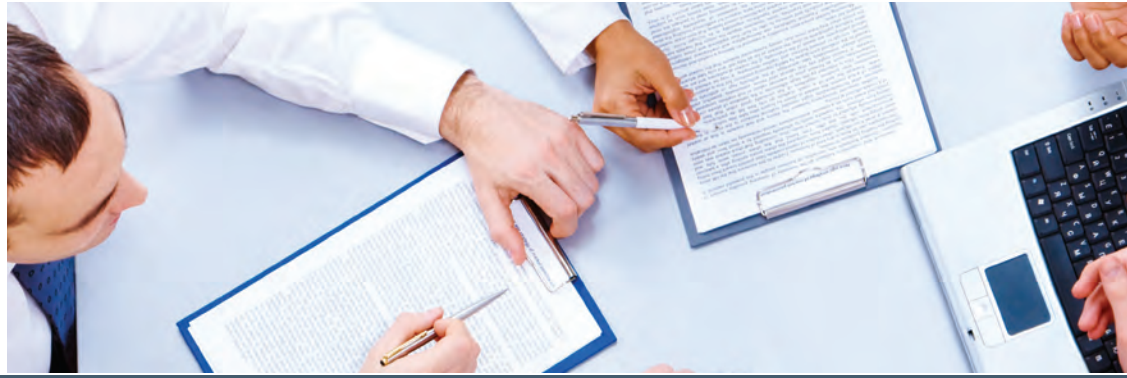
As for politics, the informal management culture of midsize companies can lead to turf wars. Various functional areas frequently achieve their goals independently by maintaining their own information in data silos. Rudimentary business metrics may consist of doing data dumps at different intervals. This is a precarious foundation for effective, corporate-wide decision-making.

Contributing to the problem at midsize companies are information management processes that are outdated and immature. An IT staff may spend nearly all of its time keeping pace with individual application demands with little time available to create and maintain company-wide business performance metrics. This can lead to more inefficiencies over time.

Because the pressing priorities of various business units are focused on the acquisition of new service-based applications that can achieve specific business goals, there is sometimes little regard for overall corporate information needs. An integrated, top-down approach to making processes more efficient and reliable and centered on consistent, corporate data standards is often lacking.

IBM COGNOS EXPRESS: ONE INTEGRATED, RELIABLE BUSINESS ANALYTICS SOLUTION FOR BETTER BUSINESS OUTCOMES

Midsize companies need an approach to business analytics that allows them to "think big and start small" to create and maintain their business metrics and processes. Companies can begin by focusing on one key area, for example, reporting, as a launching point. While focusing on this initiative, they can build the standardized business metrics to support this area. As the business grows and changes, a company can expand its business analytics capabilities and efforts to other areas, such as analysis and planning, building on a solid foundation of reliable, corporate-wide business information.

IBM Cognos Express is a single, integrated solution that encompasses reporting, analysis and planning capabilities in one unified environment. It supports the easy implementation of standardized business metrics and processes. With IBM Cognos Express, the same trusted information is shared throughout an organization, using common metadata models with no room for discrepancies.

IBM Cognos Express also offers companies the flexibility to start anywhere – with reporting, analysis or planning processes – and add other capabilities over time. This approach helps companies deliver project rollouts that match their resource and budget constraints, realize business benefits quickly and justify further investment.

Midsize companies can overcome the four inhibitors to standardized business metrics and processes using the IBM Cognos Express solution.

People: IBM Cognos Express offers self-service reporting, analysis and planning tools to meet the needs of all business users from novice to expert. This easy-to-use solution lets users work independently to access information quickly and create and modify their own reports and analysis without relying on overstretched IT resources.

It provides easy-to-use tools, including Web-based interfaces, Microsoft® Excel® front-ends and dashboards, so users can generate their own reports and analysis while leveraging existing skills and familiar interfaces. IT is no longer burdened with added requests for reports and analysis or additional support requirements.

Politics: IBM Cognos Express provides one shared repository of trusted information to help eliminate the problem of siloed data in separate functional areas. It also provides the flexibility to present information in a business context that business users understand while ensuring data accuracy and consistency throughout the organization. Its Web portal enables users to share dashboards, plans and reports to foster collaborative decision-making and action based on insight.

With IBM Cognos Express, executives, managers and contributors in different departments can spend more time analyzing data and formulating business strategy from their unique point of view. They can use these insights to adjust plans, budgets and forecasts to respond quickly and effectively to changing business conditions within the context of a company's overarching business goals.

Processes: IBM Cognos Express provides a common set of dimensions, hierarchies and business rules that are essential for developing sound business analytics processes. With its integrated reporting, analysis and planning capabilities, it enforces data standardization and consistency, creating the necessary baseline for reliable and effective business practices across departments. There is no need to spend extra time or effort enforcing best practices for data standardization. IBM Cognos Express automatically maintains one reliable set of business information for company-wide use.

This integrated solution also provides a process-centric workflow for streamlined planning, budgeting and forecasting. With an in-memory analytics server that natively supports write-back capabilities, IBM Cognos Express provides a complete system that bridges the gap between strategy and execution.

Priorities: IBM Cognos Express provides companies with the flexibility to start small with one key application area – reporting, analysis or planning – and add more capabilities as the company grows. Using a practical, incremental process, midsize companies can build the integrated BI and planning solution they need over time to match their business priorities to their budget and resources.

As a midsize company's needs expand in the future, IBM Cognos Express also provides a path to add reporting, analysis or planning capabilities using the same familiar software application. There is no need to spend time researching and deploying additional software that adds complexity and cost. There is no extra training required nor added demands on constrained technical resources.

CONCLUSION

Gartner's *How Midmarket CIOs Overcome Information Management Constraints* describes the pitfalls that midsize companies may face when acting too swiftly without consistent, reliable business metrics. Once aware of these obstacles, a midsize company can take steps to avoid inconsistent and conflicting sets of business data and processes.

"The need for MSE CIOs to become more proactive in aligning and positioning information management initiatives is driven by the desire to rationalize investments and an effective direction, to obtain more value from information assets and to contribute to business growth." [2]

IBM Cognos Express enables midsize companies to meet these challenges head on. Its single, integrated solution provides a consistent, reliable platform that acts as the underpinning for all reporting, analysis and planning functions. This solution provides an easy-to-use process for all business users to set and share clear business goals. With unobstructed views into a reliable set of data, politics are mitigated and priorities are easier to understand. And there is no added burden on IT staff. This approach leaves midsize companies more time to focus on what they do best – act quickly to cut costs, seize market opportunities to grow revenue and beat even their largest competitors.

Source: IBM

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[2]Gartner RAS Core Research Note G00169688 How Midmarket CIOs Overcome Information Management Constraints, Eric Thoo, 16 July 2009

HOW MIDMARKET CIOS OVERCOME INFORMATION MANAGEMENT CONSTRAINTS

CIOs of midsize enterprises (MSEs) wishing to overcome information management challenges and turn information into an asset for the business must address organizational obstacles affecting people, politics, processes and priorities. The flexibility MSEs have as smaller-size firms allows them to adapt to business changes quicker. But as MSEs deal with the pace of implementing change, they may lack standardization on how information is produced and used, limiting the ability of information to be leveraged in a synergistic fashion.

KEY FINDINGS

- Certain decision-making roles in MSEs are often undertaken by small groups, or by one person instead of many. Shorter decision cycles accelerate the pace of change in business strategy and IT approaches.

- The rapid pace of change in the MSE environment may curtail efforts to standardize measures on defining business performance and metrics, and inconsistent measurements, as well as how information is produced and used.

- The need for MSE CIOs to be proactive in aligning and positioning information management initiatives is driven by the wish to rationalize investments and an effective direction, get more value from information assets and contribute to business growth.

RECOMMENDATIONS

- Forward-looking MSE CIOs must take proactive, mitigative strategies to address obstacles and constraints affecting information management initiatives relating to people, politics, process and priorities.

- Prepare to review and innovate information management projects and delivery processes in response to an MSE's rapid pace of business change. Communicate proactively with the business units and departments to set expectation of changes.

- MSE CIOs must consistently and continuously communicate (formally or informally) a road map to engage business leaders and other key stakeholders in order to justify an information management strategy. The strategy must be adaptable to change and engaging to executives who may have multiple departmental roles and functions with varying priorities.

ANALYSIS

CIOs in MSEs operate under a variety of conditions and constraints that differ from those experienced by CIOs in large and multinational enterprises. In smaller-sized organizations, planning processes may involve relatively fewer people when compared to larger enterprises. Certain decision-making roles may be undertaken by a small group, or by one person instead
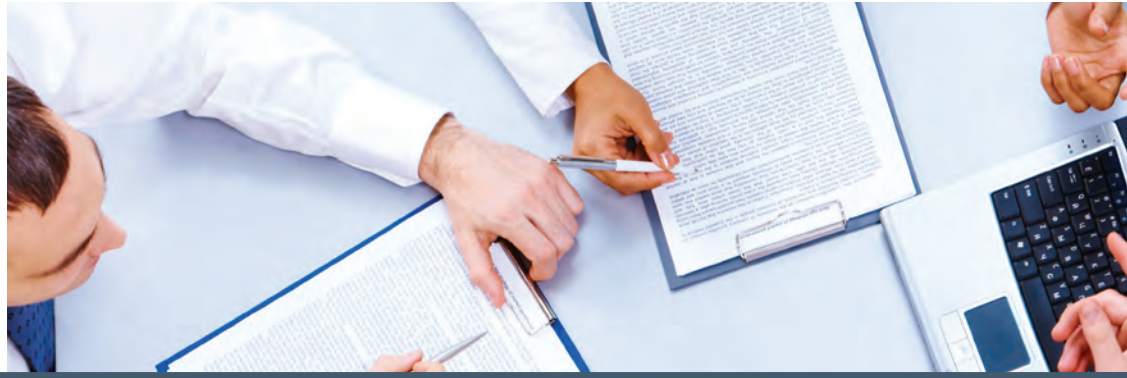
of many. Shorter decision cycles accelerate the rate of change in business strategies and IT approaches, such as rapid implementation of new systems and technologies. Efforts that keep pace with business changes often have no plan to coordinate these systems in terms of data standards, data models and master data definitions that will quickly limit the ability of technology initiatives to be leveraged in a synergistic fashion. This research highlights inhibitors to information management that MSE CIOs experience and offers mitigative actions based on Gartner's understanding of client engagements and inquiries. Our answers to the questions below highlight the challenges and suggest an approach to overcoming common MSE CIO constraints relating to information management concerns and opportunities.

1.0 WHAT ARE THE PRIMARY INHIBITORS THAT KEEP MSES FROM FOCUSING ON MANAGING INFORMATION THAT MATTERS?

Our interactions with midsize businesses often find that the flexibility they have as relatively smaller organizations allows them to adapt quicker to business changes. However, the rapid pace of change in the MSE environment may curtail efforts to standardize measures on business performance, metrics definitions (consistent meaning for information terms such as sales volumes), and the way information is produced and used. Consequently, any structured or formalized business intelligence (BI) and information management efforts risk becoming crippled, because what isn't measured can't be improved. Some of the most common and persistent categories of organizational obstacles affecting information management efforts involve issues about how MSEs face challenges in terms of people, politics, processes and priorities.

- **People:** Internal stakeholders — MSE CIOs are often short-staffed when handling complex information needs across multiple business functions, and the day-to-day IT operations they are required to provide. For example, data-quality competencies are often non-established and scarce in most midsize organizations and, when organizations do develop strong stewardship skills, it is a struggle to retain skills in-house as these specialized resources are sought by commercial enterprises as well as vendors. The demand for information management skills is amplified with initiatives such as BI and corporate performance management projects that require high-quality data for guiding decisions and business strategy. While many system integrators provide skills, often the knowledge and experience they offer is limited, especially when addressing issues in specific business contexts such as poor quality of information that is available from various transaction systems.

- **Politics:** Political stakeholders — Business leaders, the senior executive team and business peers seeking to support initiatives that advance their goals and agendas, may ignore or obstruct those that do not share the same goals, including any information management initiatives that have yet to be positioned as priorities related to their agenda. MSE CIOs aiming to work with the business to advance the strategic role of information can often be frustrated by organizational politics that are prone to occur in a highly informal culture. However, out of the need to respond quickly to business circumstances, leaders and stakeholders risk making

resolutions such as deploying "siloed" or overlapping BI efforts. Tactical use of data and uncoordinated information management initiatives will produce fragmented information that fails to deliver a consistent and cohesive set of results vital to business performance. Political agendas can be a motivation for these behaviors, such as when stakeholders are opposed to integrated metrics that expose performance weaknesses. MSE CIOs will need to invest time in understanding the key decision makers in the enterprise (both formally and informally) and work to align information management efforts with their agendas. For example, in order to reach an agreeable approach or even an obvious conclusion with decision makers, CIOs may need to leverage formal processes to establish best practices and broadly accepted standards, but they should simultaneously use informal channels to discuss and validate ideas to understand various stakeholders' perspectives.

- **Processes:** Well-established but outdated or sub-optimized organizational processes (in areas of finance function, personnel and departmental-centric approaches to operations planning) can obstruct data management and integration initiatives that demand a cohesive approach. MSE CIOs often struggle with process immaturity and a lack of process documentation in their enterprises that inhibit understanding of how to exploit information — such as defining measures to connect strategy to process and performance — and to increase the impact and value of information. When IT departments attempt to formalize the way leaders and workers use information in their processes, information management initiatives that impact familiar work patterns may be viewed as out of sync with the enterprise culture (especially where process measures did not exist) and are thus resisted by affected business units. In addition, demands from business units for IT's help to improve a business process are often unaware of associated challenges in information management. Therefore business sponsors become unwilling to fund the information management efforts necessary to address comprehensive issues in their projects, such as improving data quality.

- **Priorities:** The need for the business to acquire new application functions and capabilities may over-shadow IT's aspiration to improve information management. For example, where business units favor the use of software as a service applications to gain new capabilities, the IT department could be less involved in making application-related decisions. New applications are then adopted to fulfill immediate priorities, but no adequate budget is provided to deal with information needs and integration concerns within the broader IT environment. MSE CIOs that set out to improve and modernize information management infrastructure must compete for attention, budget and priority, as well as engaging executives who may have multiple departmental roles and functions with varying priorities. Often, MSE priorities tend to favor short-term initiatives over long-term structural planning, despite the critical need for broader impact and agility with information management programs and projects.

2.0 HOW CAN MSE CIOS START TO ESTABLISH PROACTIVE INFORMATION MANAGEMENT APPROACHES?

The need for MSE CIOs to become more proactive in aligning and positioning information management initiatives is driven by the desire to rationalize investments and an effective direction, to obtain more value from information assets and to contribute to business growth. On the other hand, reactive information management is driven by urgency and tactical necessity, which, for many MSEs where informal culture prevails, is often the current state. Forward-looking MSE CIOs must take proactive, mitigative strategies — to address obstacles and constraints affecting information management initiatives — in the areas relating to people, politics, process and priorities, as mentioned in the previous section. In this section, we explain how MSE CIOs can overcome these inhibitors.

2.1 PEOPLE

In MSEs, a limited set of IT resources must still be able to mitigate resource constraints and structure teams for optimal deployment in the ongoing delivery of information management initiatives. In ensuring enough resources are identified and established to handle escalating information demands, and as scope grows, a consolidation effort is required to streamline resources. Initiatives to promote cost-saving measures — such as re-examining the organization's approach to shared services — are pertinent to MSEs.

Actions: Restructure multiple and sub-optimized (departmental, for example) capabilities into an information management function comprising business and IT resources. Consolidate information-related resources from projects into a competency pool. Allocate staff dynamically — some information management resources (such as in BI and data warehouse projects) are added or released from the team according to project delivery needs. Examples of information management roles within a competency team include: business analysts, information architects, data modelers, data integration leads, data integration developers, BI platform leads, and database and/or content administrators. Retraining will be necessary for some resources to acquire specializations and skills in areas like data modeling, and in integrating and implementing BI platforms. Technically specialized skills are often obtained from external resources, but expertise in analysis and internal architecture would ideally come from the enterprise's internal resources. Moving to a shared resource pool enables competency distribution and reuse, away from departmental or project-based permanent resources — as often seen in MSEs where resource recruitment efforts are highly autonomous within individual departments. For example, when devising their strategies for IT cost cutting and optimization, CIOs should bear in mind that the IT investment trends we have observed among MSEs are centralized functions and shared services that allow for more control overall in IT purchasing decisions, architecture and standards.

> **Note 1**
>
> Definition of Midmarket
>
> Gartner's current definition of midmarket companies is included in "Key Issues for IT Providers Targeting Midsize Businesses, 2009."
>
> This research is part of a set of related research pieces. See "Roundup of Business Intelligence and Information Management Research, 3Q09" for an overview.

2.2 POLITICS

The governance of business information involves defining and implementing oversight processes around related sets of information, and consists of accountability and ownership (who will manage), and standards and policies (how we will manage). Governance comprises elements of decision rights and accountability.

Actions: Decide how a particular set of information is used and how long it is kept. If a decision has been made by individuals or groups, establish who is accountable for enforcing that decision — governance must reflect the essence of accountability and ownership. Identify domains of information within reports to ascertain the scope of governance. Where overlapping data standards exist, understand how information could be managed better, such as having consistent definitions in data domains and mechanisms for decision making. Policies are specific rules for managing information in your business to encourage the right behavior. Establish policies relating to system use, security, retention periods and related activities in the life cycle of the information. On a broader level, information governance is an integral part of corporate and IT governance processes. It is not an isolated discipline or activity and will significantly benefit MSE executives with multiple departmental roles by giving them a concerted view of cross-functional information. The scope spans the life cycle of information from capture, creation and archiving — as well as deletion — supported by policies such as security, accessibility and disclosure. Align the business sponsor's understanding of BI initiatives with end-user needs and funding for effective infrastructure delivery. Plan justification for building analytics and information management infrastructure such as a data warehouse. Find a sponsor willing to pursue and jointly establish project measures on benefits and expected returns. Secure budget and resources based on an aligned common agenda and goals, such as the need to reduce costs in the short term to reprioritize executives' time, resources and initiatives.

2.3 PROCESSES

The challenges in managing business expectations in information management programs and/or projects require consistent delivery processes that meet acceptable time frames. Managing scope is key in focusing the organization's energies and resources to deliver on business needs, and achieve repeated success in the delivery of information management projects.

Actions: Frame the scope toward a business objective that includes: a) the perspective of the business (project scope relates to information that delivers on expectations); b) the resources involved (effort needed for data preparation); and c) the specific activities under analysis (clear articulation of how information will be consumed). Determine how processes related to the information will interact. It is possible to include or exclude processes, based on the current project scope. Estimate the effort required to integrate data, to ensure data quality, and to plan how data needs to be structured in the information repositories (data and content) to meet information delivery and consumption requirements. Communicate time frames and adjust expectations with stakeholders before executing delivery. Be prepared to review and innovate information management projects and processes in response to the MSE's rapid pace of business change. Proactively communicate with the business units and departments to set expectation of change. Organizational models that align IT capabilities with key lines of business or business processes enable MSE CIOs to accomplish goals by balancing what customers say they need with what will really provide value to the business. A focus on aligning more closely the goals and expectations of the IT department and the business is essential for the development of versatile information management program and/or project capabilities.

2.4 PRIORITIES

Information plays a strategic role in enabling an enterprise to respond efficiently and effectively to changes in its business. The more critical the business function, the more imperative it becomes for data to be resilient and available for those functions.

Actions: Establish a clear understanding of the information delivery expectations across various corporate roles and establish data priority levels. For instance, information about occupancy analysis and trends related to seasonal pricing in the hotel industry will critically affect pricing decisions and an accurate understanding of customer demand. Determine the expectations about information delivery using these key questions:

- How important is the information for this function and what is its significance on the organization overall? (Strategic criticality.)

- How much corporate priority is given to safeguard this specific information? (Corporate urgency.)

- What abilities and priorities for safeguarding data has IT provided? (Executing capability.)

Having the ability to view a single, trusted, shareable set of customer data involves the discipline of master data management (MDM), and a comprehensive approach to managing such master data. However, customer data integration as part of a wider MDM strategy is not just about technology and, to be successful, needs to involve comprehensive information management discipline and practices. Before an MSE CIO can create the right data governance and stewardship environment, and make the right decisions about technologies and architectures, the expectations about information delivery must be established upfront. Scope information to resonate with business imperatives and gain acceptance as a critical business agenda, above an IT agenda — where there is cohesion between technical strategies and stakeholders. Define priorities according to the information's impact on corporate goals, such as cost-saving measures that are particularly pertinent to the MSE while improving enterprise performance. Aim to solve critical business issues and articulate clearly the role of data and content subjects, as their effective use will drive business performance success.

3.0 MSES REQUIRE FLEXIBILITY ON HOW INFORMATION MANAGEMENT INITIATIVES ARE DEPLOYED

Persistent commitment to managing information as a corporate asset and learning from past mistakes are vital for information management efforts in MSEs to contribute toward business performance. The journey is not a sprint but a marathon, as results from initial attempts due to lack of experience and resources may be less than desirable. Despite efforts to embark on ways to best manage and integrate information, stiff resistance could arise from budget holders. So, in anticipation, MSE CIOs must consistently and continuously communicate (formally and informally) a proactive road map — and engage business leaders and other key stakeholders — to justify an information management strategy. The strategy needs to be adaptable to change and shifting business priorities. The need to marshal data and exploit it to achieve key business imperatives requires IT leaders to build an information management infrastructure and road map in order to deliver agility and help business transform. To secure the confidence and ongoing commitment of business sponsors and leaders, every information management project or initiative needs to produce a lasting and positive impact. Transforming the enterprise's culture and work style to elevate the strategic importance of information will require a long-drawn journey. MSE CIOs must be flexible in adapting to demands of quick fixes and future agility. Rather than generate hype or produce a temporary spike in productivity or similar measures, project activity should create business value by providing trusted, high-quality information. The information infrastructure must be kept relevant because, as the value of initiatives becomes clear, incremental investments are expected over time.

Gartner RAS Core Research Note G00169688, Eric Thoo, 16 July 2009.

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