

Public
LECTURE



Aligning Business Intelligence Initiatives with Strategic Business Objectives

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COO
July 2008



Public LECTURE



- | | |
|---------------|---|
| 12:00 – 12:30 | Reception |
| 12:30 – 13:45 | Aligning Business Intelligence Initiatives with Strategic Business Objectives |
| 13:45 – 14:00 | Questions and Close |
| 14:00 | Tea/coffee |

Sponsored by  **PBT** *group*
Knowledge to achieve
Foresight to lead

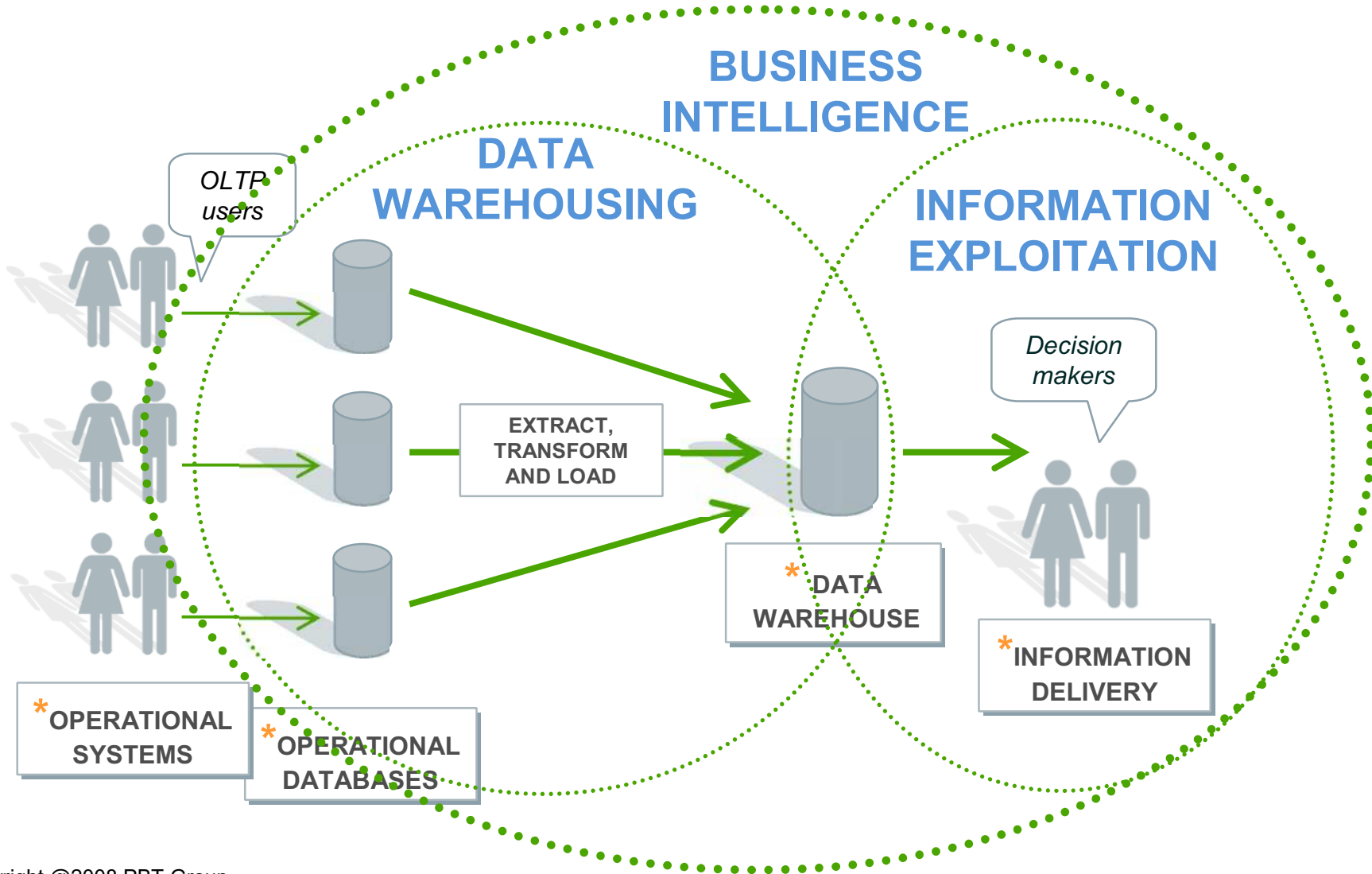


Agenda

- Background: Terminology, ROI, BI program
- Business involvement, Cultural aspects
- 3 steps to align BI with the business
- Summary

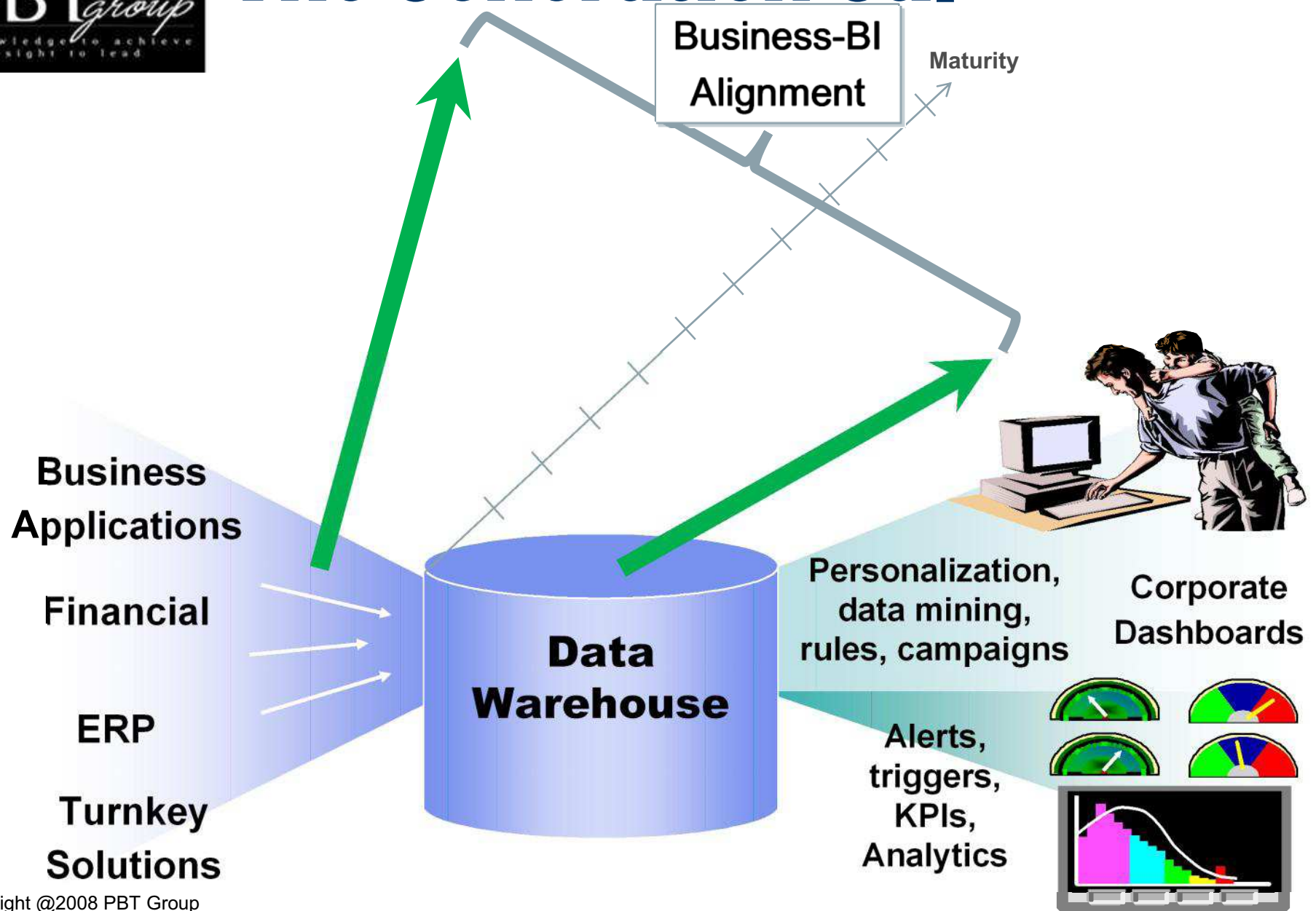


Terminology



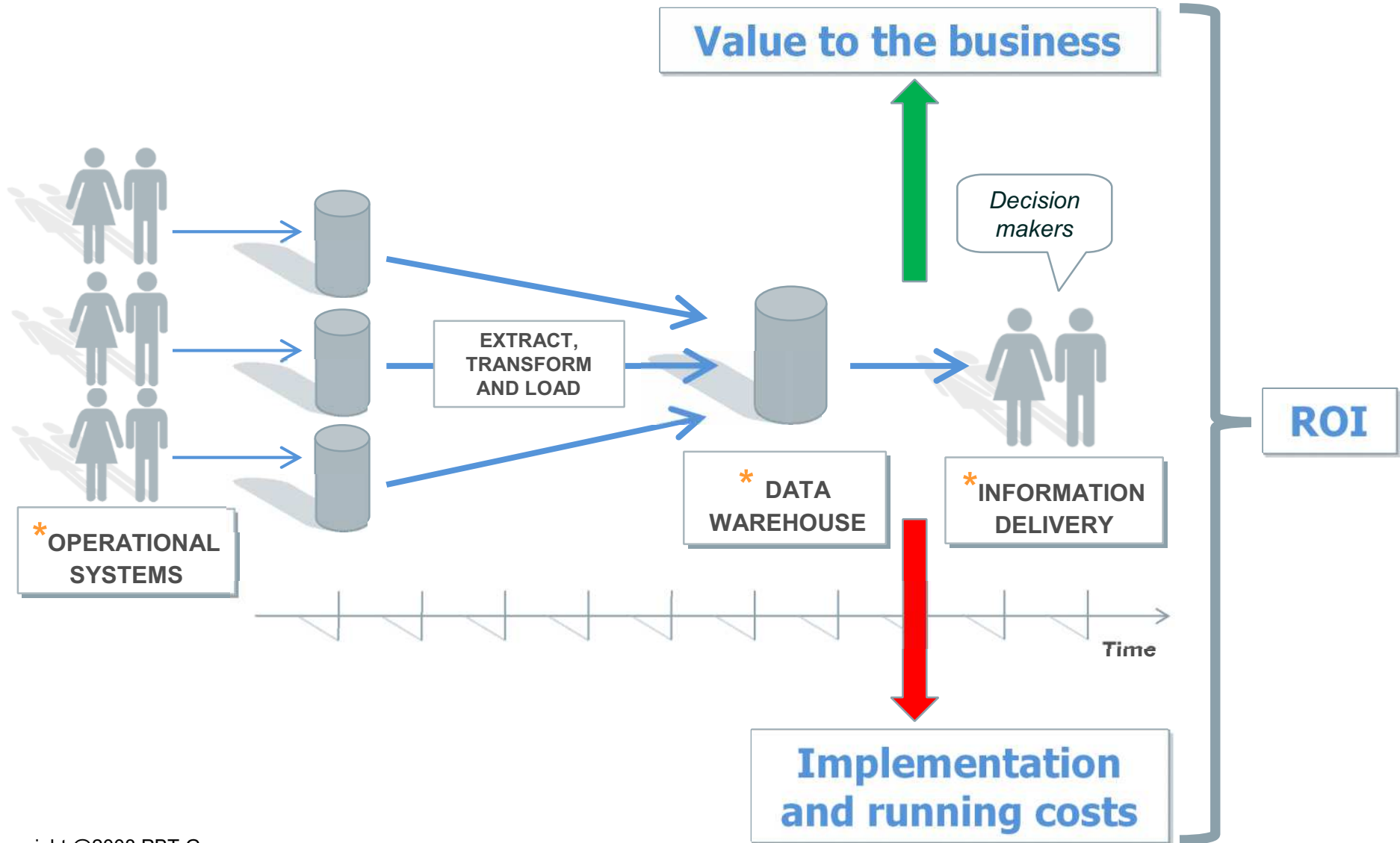


The Generation Gap





Justification for BI



The Goals of Business Intelligence

Enhance revenue

- Obtain new business
- Enlarge "share of wallet"

Reduce costs

- Manage overheads
- Streamline operations
- Increase efficiency
- Reduce waste

Increase enterprise value

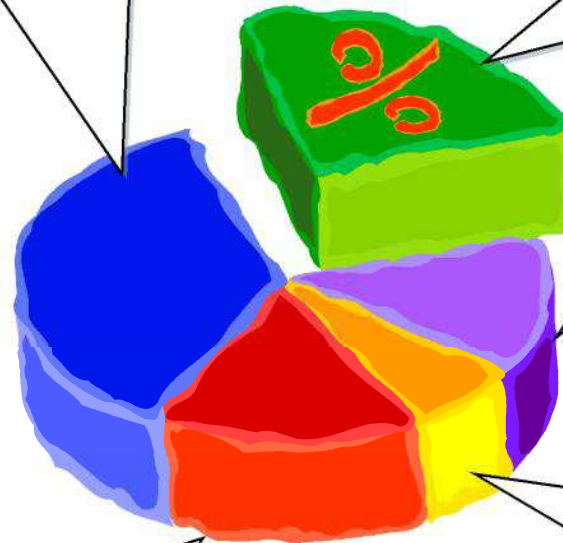
- Improve staff satisfaction
- Improve shareholder satisfaction

Provide better information

- Reduce information gathering time
- Improve quality of decisions

Gain competitive advantage

- Increase market share
- Increase penetration
- Improve customer service

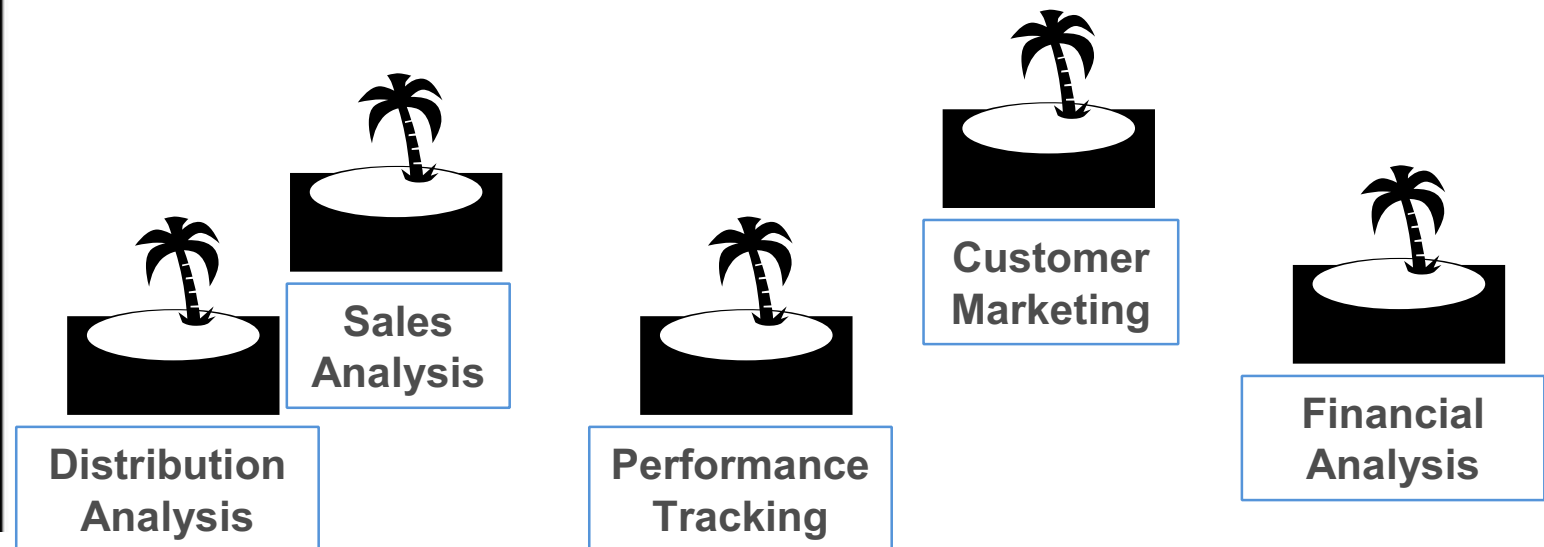




IT-Driven BI often fails

- Lack of business buy-in
- Lack of business involvement
- Lack of business drive

- Result is short-sighted un-integrated data silos aimed at streamlining IT operations
- Not necessarily delivering full potential value to the business





BI Program

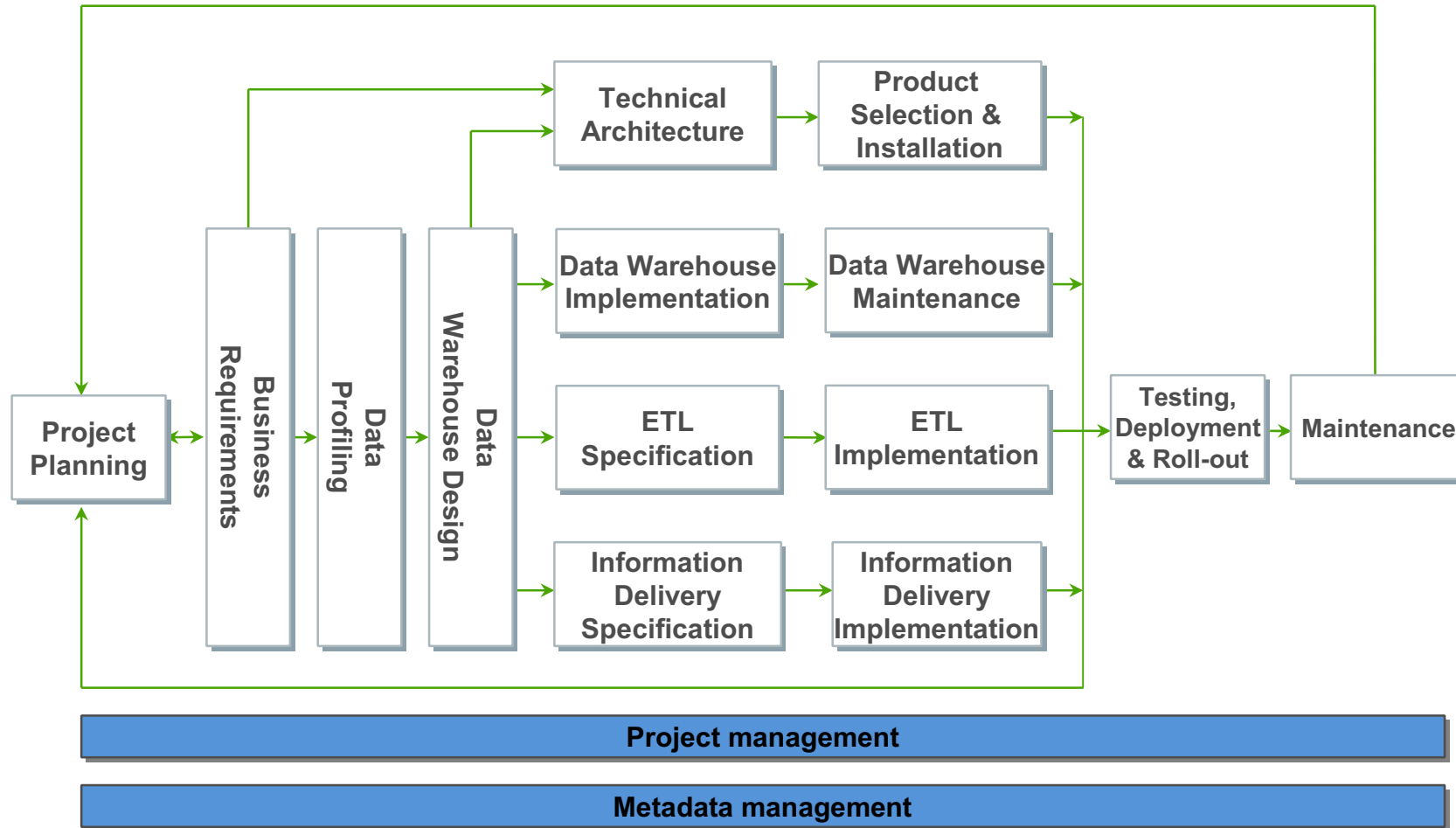
- BI is not just another IT development activity
- Process of building a portfolio of capabilities through short iterative cycles

Independent projects from a business perspective –

IT has to manage the integration, dependencies and interrelationships



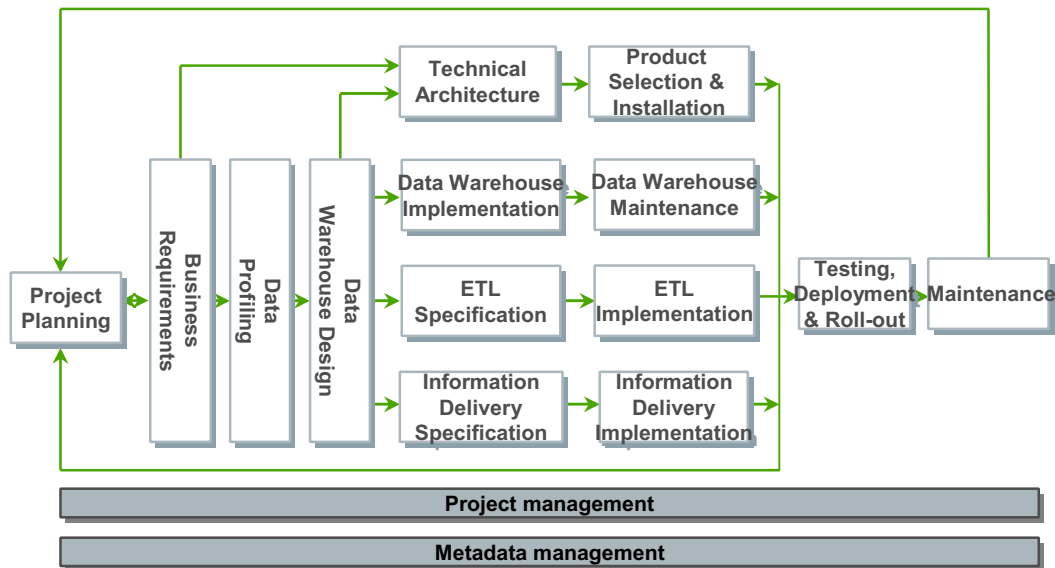
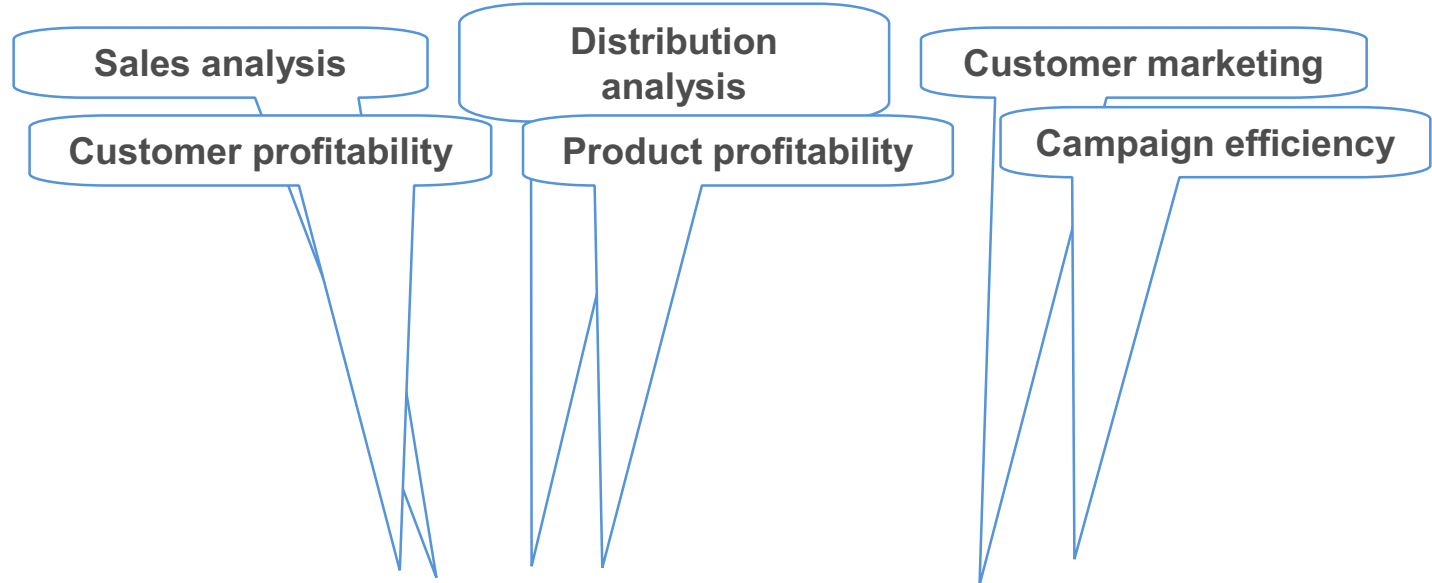
Program Methodology



Business Projects vs BI Program



↑ Business projects
↔ BI Program
↓



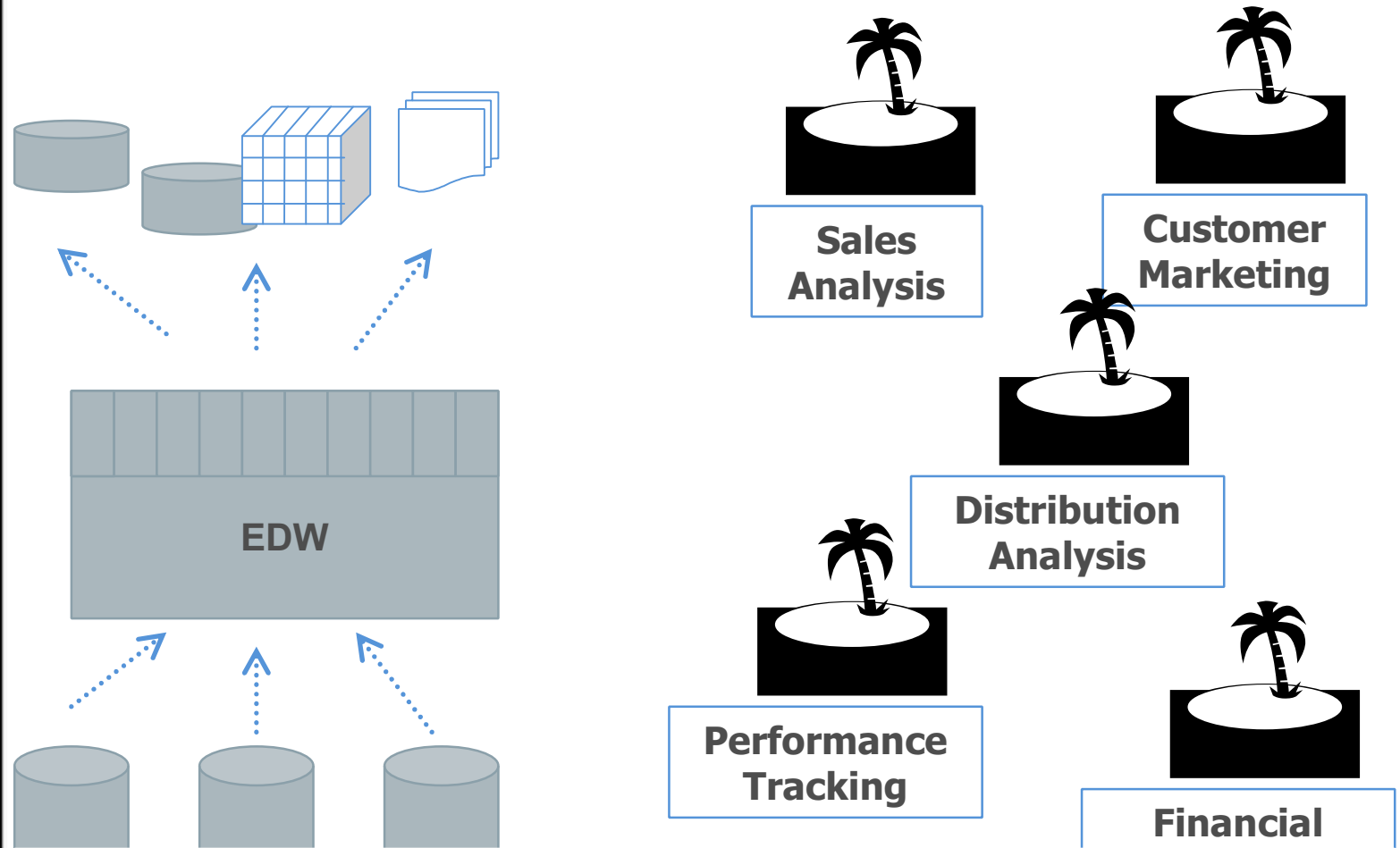


Cultural Issues

- Ownership / funding
 - ❖ DO NOT run BI-CC as a profit centre
 - ❖ It causes IT to focus on charging models and profit, not on the quality of service
 - ❖ Business units go “outside” for price and service ... which is disastrously counter-productive
 - ❖ BI is an enterprise-wide support function

- Business-IT partnership model
 - ❖ Create an active business-IT partnership model
 - ❖ Match IT to strategic business direction
 - ❖ Market information strategy to the business

What is the Organisation's Information Vision?



**Does your executive management share this vision?
How can you educate them to share the vision?**



Agenda

- ✓ Background: Terminology, ROI, BI program
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Align BI with Business

Approach:

1. Align every BI initiative with company's strategic goals and objectives
2. Understand the current and potential deployment of BI
3. Examine BI usage in the critical business processes



Strategic Goals and Objectives - Coverage

BI Initiatives Objectives	Sales analysis	Customer lifetime value	Campaign success	Product analysis	Distribution analysis	Vendor analysis
Targeted marketing to high value customers (1)	10	70	20			
Campaigns to emerging market (2)	10		40	20		
Aggressive product pricing (3)	20			25		25
Reduce product shelf live (4)	30			40	30	
Optimise buying and distribution (5)				30	30	20

Analyze expected business value of each Business initiative vs. relative cost and cost contribution of each BI initiative



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High profile business objective with only 70% BI information provision

High profile business objective with 100% BI information provision



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Reduce product shelf live (4)	30			40	30	
Optimise buying and distribution (5)				30	30	20

Potential silo BI initiative (with high business value)

Costly BI initiative with seeming low business usage



Strategic Goals and Objectives - Usage

BI Initiatives Usage	Sales analysis	Customer lifetime value	Campaign success	Product analysis	Distribution analysis	Vendor analysis
Executives	1 user 1 report Weekly	1 user 1 report Weekly	2 users 2 reports Weekly	3 users 3 reports Weekly	1 user 1 report Monthly	2 users 2 reports Weekly
Middle management	2 users 2 reports Weekly	1 user 1 report Weekly	3 users 3 reports Weekly	6 users 6 reports Weekly	1 user 1 report Monthly	4 users 2 reports Weekly
Operational	4 users 3 reports Weekly	2 users 1 report Weekly	5 users 5 reports Weekly	20 users 9 reports Daily	35 users 9 reports Daily	8 users 6 reports Daily

BI initiative with high coverage has very low actual usage... problems?

Seems low usage, but business value of initiative covered justifies the initiative



Strategic Goals and Objectives - Usage

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**Medium-low coverage BI initiative has very high operational usage...
Optimise? Investigate management penetration?**

**Seemingly high cost, low coverage BI initiative has high usage...
Optimise??**



Strategic Goals and Objectives - Combined

1. High priority initiatives with high usage indicate good value to the business
=> investigate coverage and penetration
2. Low priority initiatives with low usage may indicate waste of operational resources
=> investigate running costs and business value





Current and Potential BI Deployment

BI Initiatives Objectives	From BI-CC	Satisfaction	Manual processing	Other sources
Targeted marketing to high value customers (1)	100	55		
Campaigns to emerging market (2)	70	65	Customer segmentation	
Aggressive product pricing (3)	70	80	Market penetration	Competitor's price schedules
Reduce product shelf life (4)	1	95		DC's packaging slips
Optimise buying and distribution (5)		100		Vendor shipping lists

Seemingly "good" BI initiative has very low satisfaction index – all the data may be provided, but it does not seem very useful

Low combined satisfaction indicates that campaign data quality is lacking



Current and Potential BI Deployment

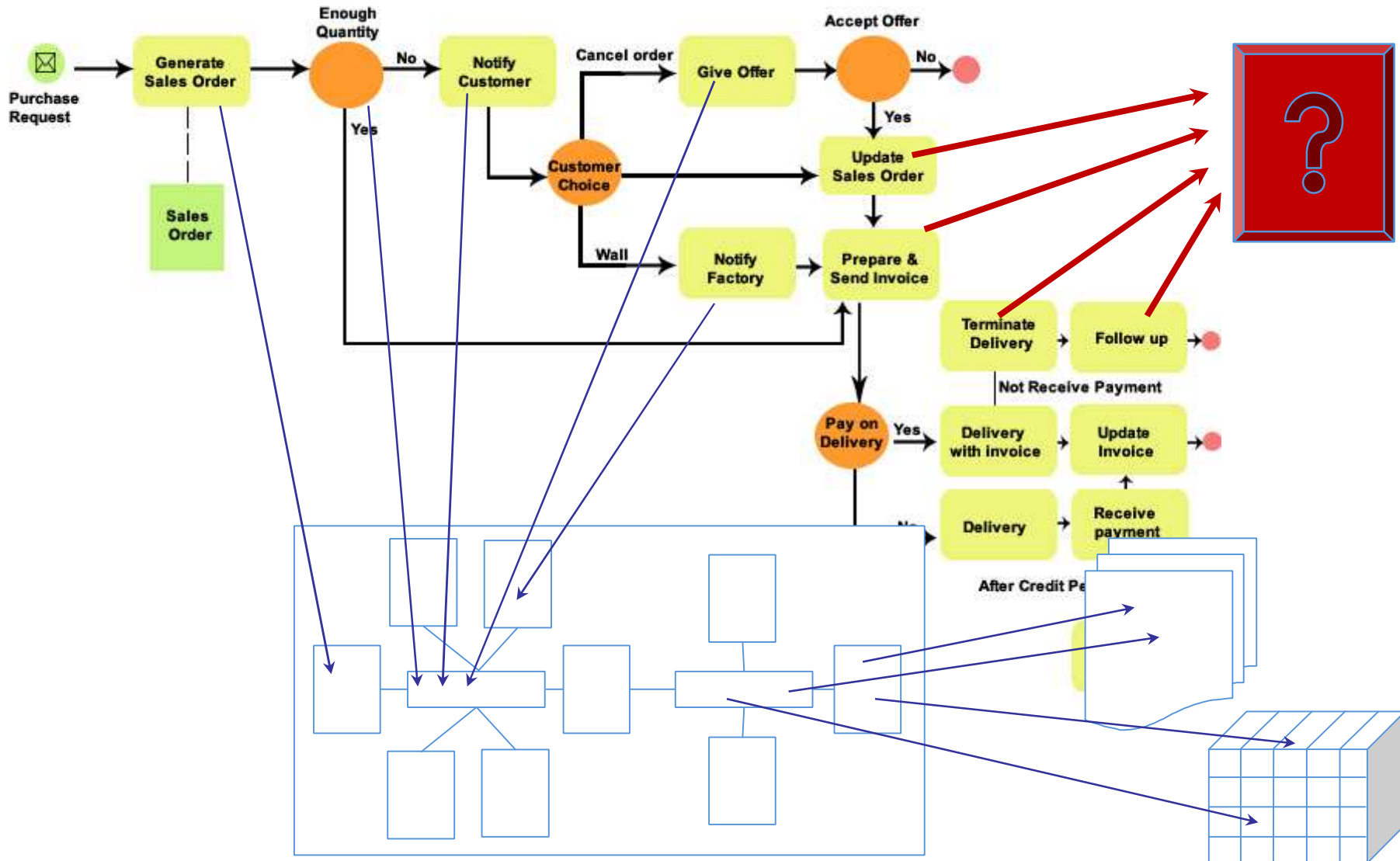
Current & potential Objectives	From BI-CC	Satisfaction	Manual processing	Other sources
Targeted marketing to high value customers (1)	100	55		
Campaigns to emerging market (2)	70	65	Customer segmentation	
Aggressive product pricing (3)	70	80	Market penetration	Competitor's price schedules
Reduce product shelf life (4)	100	95		DC's packaging slips
Optimise buying and distribution (5)	80	100		Vendor churning lists

Indicates other worthwhile data sources to bring into the data warehouse cost-effectively

Indicates areas where investment in advanced analytics initiatives are easily cost-justified



BI from Critical Business Processes



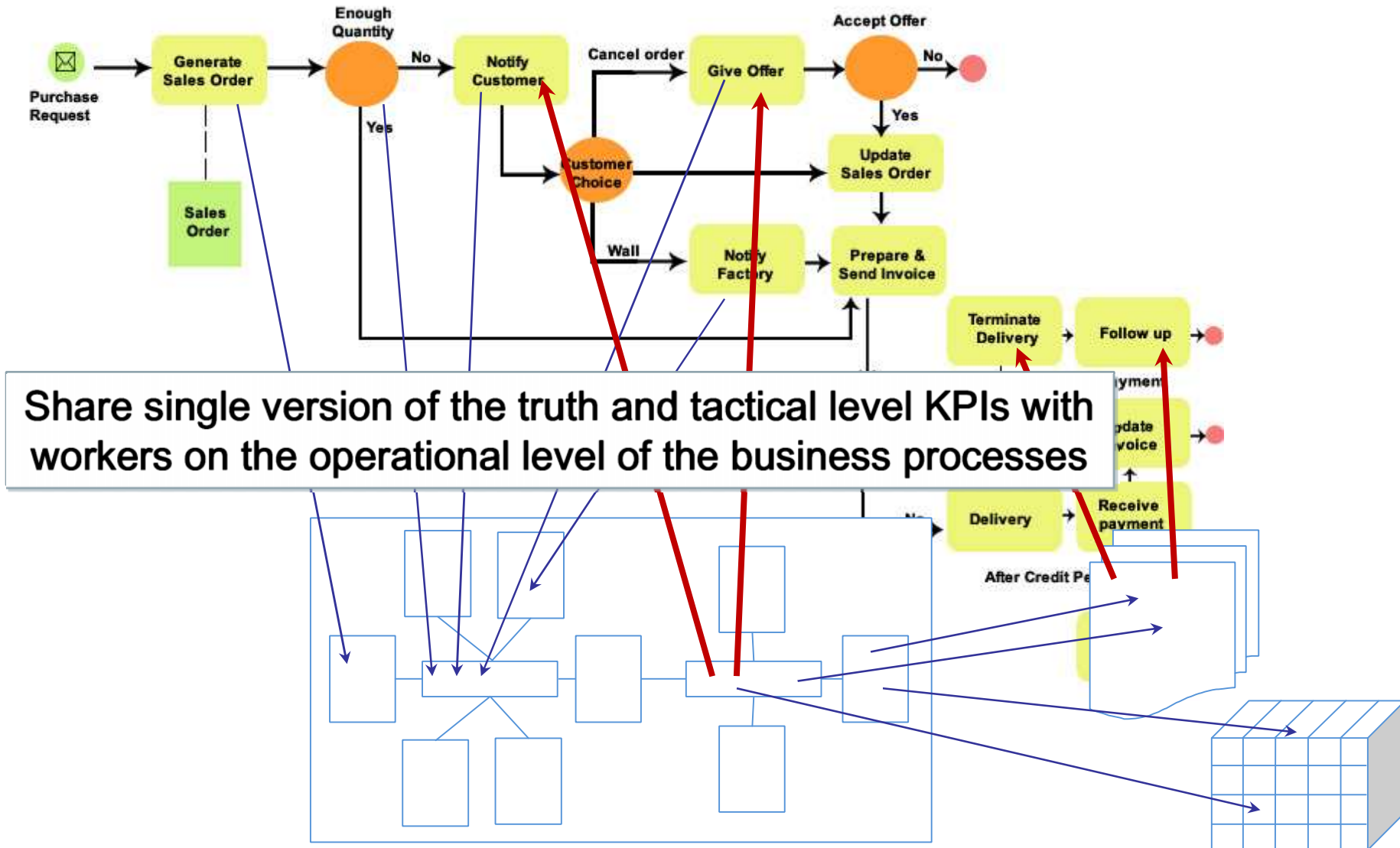


BI in Critical Business Processes

1. Analyse and document completeness per key strategic business process
=> Indicates shortcomings in BI implementation
2. Identify sources for additional information
=> Indicates how shortcomings can be addressed



BI to Critical Business Processes





*Summary

- Align BI-CC with business strategy
 1. Align every BI initiative with company's strategic goals and objectives.
 2. Understand the current and potential deployment of BI
 3. Examine BI usage in the critical business processes
- Measure effectiveness of BI by measuring the BI process
- Create a Business-BI CC partnership by running a successful BI program


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Questions?

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