

A New Frontier In BUSINESS INTELLIGENCE

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Competitive advantage often turns on the ability to learn and rapidly translate learning into action. One of the most effective ways to achieve this goal is by harnessing the power of business intelligence (BI), which includes applications and technologies used for gathering, storing, analyzing, and reporting data. Consequently more organizations are adopting BI. According to industry analyst IDC, over half of large North American companies surveyed are using BI, with an additional 30 percent implementing or evaluating it.

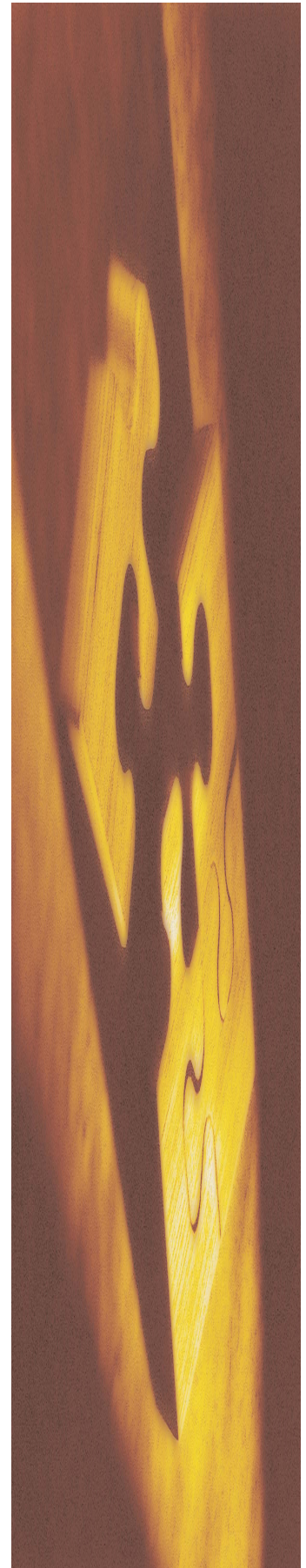
As fast as it is growing, BI also is evolving. While traditional BI tools have theoretically been available to all employees throughout the enterprise for several years, in practical application usage was confined to upper management and more technically-oriented "power users."

There are several key reasons for this, including the fact that some traditional BI solutions often were expensive and complex to implement, with ROI a long way off, and corporate management was understandably reluctant to approve budget. Additionally, many traditional BI analytical tools required users to learn complex interfaces, and most BI solutions were not truly designed for use at every level of the organization.

A CHANGING SCENARIO

All this is changing with the advent of pervasive business intelligence (PBI), a next logical step for business intelligence where BI's analytical tools, alerts and feedback mechanisms are made available to key decision makers at every level throughout the organization. There are two developments that make PBI different from traditional BI. One is based on a change in mindset, where many senior executives now realize the power and ROI potential of BI and are more inclined to make budgets available in order to put it in the hands of employees throughout the enterprise. The second trend is the availability of new, more flexible and affordable analytical tools that make providing BI to all employees more feasible.

The ability of PBI to provide customized analytical tools and data to all key decision-mak-



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ers throughout the enterprise is one of the most exciting and powerful benefits of PBI solutions. Employees see relevant data appropriate to their job position that they can use to evaluate their own performance and act on it, while managers can see customized views for any level of the business or drill down to detailed information on individual employees.

On the benefits side, PBI promises to:

More effectively leverage the strengths of the whole organization by giving every employee the power to contribute to and enhance key performance indicators (KPIs) that have been set by management.

Increase sustainable competitive advantage, improve operational efficiency and maximize shareholder value by helping to transform every employee into an "organization of one," able to make the right decisions at the right time in step with company and customer objectives.

Improve operational productivity and efficiency by uncovering new best practices and driving those practices from the bottom up as well as top-down.

PBI represents a powerful tool for measuring progress against strategic corporate goals and KPIs that have been set by management and communicated throughout the organization. Individual contributors can have a greater impact on organizational objectives because when they are armed with PBI, they are empowered to "do the obvious" -- on their own initiative. People have greater freedom to realize their entrepreneurial selves in support of the organization.

"RIGHT TIME" INFORMATION

One example of PBI's wide-ranging benefits - in the operations arena -- is its ability to measure how long a particular transaction or workflow is taking and alert the individual contributor, manager, or executive according to business rules and thresholds that they can customize for themselves. Colors might indicate transaction "work-in-progress" status -- e.g., 2 hours, 4 hours, 48 hours, etc. -- to provide "at a glance" prioritization of efforts. Employees don't have to wait to be told a red flag needs immediate attention.

To get to this point, however, a PBI system has to reflect what "right-time" means to a particular business in terms of getting the right information to the right people at the right time so they can make optimal decisions. A stock trader might define right-time in hundredths of a second, whereas a loan officer, say, would find updates every second meaningless and distracting. A daily update on loan status is probably more than sufficient.

This need to "right time" in PBI changes what information is being collected and how it is updated. In general, as PBI becomes more operational, it requires more timely information updates based on business requirements, because it is usually not practical to update everything at the same rate. Clearly, all data is not equal. If data from two or three sources is appropriate to be updated every hour, and a PBI solution is created to update that data every minute or every 24 hours instead, the solution is

not well designed and could cause undue overhead or data latency. Users will view the data as not credible for good decision-making. In framing a PBI solution, therefore, it's critical to properly define "right timing" to make sure that key performance indicators for specific business activities are updated appropriately.

PBI IN ACTION

Let's look an example of how PBI looks in action at a major international financial services organization, where a PBI repository was created to help monitor trade processing operations worldwide. Through dashboard interfaces with specific color-coded dials, employees can access key metrics for their particular tasks. For example, each person in the trade processing operations group can see how many letters of credit they are handling, the average processing time, and which letters of credit fall outside the average service level agreements or need special attention. Individuals can also see how their colleagues in the same department are doing, and how their department stacks up against counterparts.

At the next level, department managers can track the relative performance of individuals on a daily basis and react quickly to any changes, positive or negative, with appropriate management action. The PBI solution also gives them the opportunity to track trends in banking centers worldwide, understand different situations, and explore how more successful workflow processes might be leveraged in their own departments.

At the executive level, company leaders can see individual and departmental performance all summed up to corporate performance goals, and have the ability to drill down as necessary on the contributing elements. Because the data is gathered and analyzed in near real time to the lowest level of the organization, executives have gained an unprecedented ability to more quickly effect change on an enterprise-wide basis. Instead of implementing a policy and waiting for communications and feedback to be coordinated throughout the organization, they can track the immediate effects of a decision and make changes proactively.

To bring all this full circle -- which is what PBI does - individual contributors at this financial institution now have many of the same capabilities as managers and senior executives, except that these capabilities are bounded by their job responsibilities. Like executives, they can track the immediate effects of their decisions and make changes proactively. And like mid-level managers, they can see changes in their performance and make self-management decisions on how to improve. They can manage themselves, instead of waiting to be managed from above.

A NEW FRONTIER

PBI represents a new frontier in giving business intelligence a true company-wide strategic focus. Rather than the pockets of business intelligence confined to senior management typically offered by traditional BI systems, a growing number of organizations have been asking for pervasive business intelligence that can provide people at all levels with the information they need to make better decisions faster. PBI promises to provide an innovative, cost-effective, and efficient way to meet that need.