FROM DATA TO DECISIONS
LEVERAGING BUSINESS INTELLIGENCE TO THRIVE IN CHANGING TIMES
Despite significant investments in their information systems, most business users still go on “gut feel” rather than using the data from these systems to make effective business decisions. Yet in these difficult times, the ability to gain insight from information across the enterprise is more important than ever. Companies need to accurately analyze the effects of cost-saving measures and to respond swiftly to changing customer preferences. These are critical issues that impact your ability to survive and thrive.

So what are the obstacles to using business information to its full advantage? The needed information often resides in multiple data repositories, making it difficult to correlate. In other cases, business users simply don’t have the tools necessary to perform critical analyses on the fly.

This SAP Executive Insight examines how you can develop business insights and make decisions based on all the information available. You can get started on this journey to insight by asking the following questions:

- What are the first steps to leveraging available information?
- How can I proactively deliver the right information across all levels of my organization to improve everyday decision making?
- How can I enable real-time analysis to understand trends or uncover new insights?
Creating Value from Data

There is no doubt that companies today face an information explosion. But does this data profusion represent an invaluable resource to your business, or simply information overload?

Effective business insights can help you spot trends early and separate your company from the competition. But to realize the full value of information, companies must be able to:

- **Gain control over their data sources.** Creating a flexible data infrastructure that can assimilate all the relevant information available to your organization is a critical first step.
- **Deliver the right information to the right people.** Once a solid infrastructure is in place, companies can focus on providing actionable information to all business users in role-appropriate formats. Choosing an information framework to structure and prioritize your data is key.
- **Enable real-time analysis.** Providing immediate insight designed around your key business drivers and strategic objectives can be a cornerstone to a company’s long-term health and market strength. The right tools can enable analysis at the “speed of thought.”

The ability to analyze information holistically helps companies improve their business decisions and enable collaborative execution. And especially in this rapidly changing business environment, the critical decisions that drive your company should be the result of information-based insight, not “gut feel.”

Leadership Makes the Difference in Times of Crisis

One thing is for sure: with every economic crisis comes opportunity. Some companies will go from good to great, and others will just fade away, making room for more innovative competitors. To be among the winners, executives should strongly consider best practices that provide a balanced approach to moving forward by including both cost reductions and smart investments. SAP developed a series of Executive Insights that highlight strategies your business can use immediately to run more efficiently and improve customer experience, by helping you:

- Gain deeper insight from your business information (this paper)
- Manage cash more systematically
- Run leaner operations
- Drive compliance activities
- Get closer to your best customers
- Optimize your human capital
- Protect and nurture your brand
- Build a best-run IT organization

Such practices can deliver a true competitive advantage – even in today’s economy.

Benchmarking – The Facts of the Matter

The insights presented in this paper are based on decades of experience in helping our customers become best-run businesses. An important tool in these efforts is the understanding gained from measuring and comparing the actual performance of companies across a wide range of sizes and industries.

SAP conducts benchmarking and best practice studies in many business areas including finance, supply chain, manufacturing, human capital management, shared services, sales and marketing, compliance, and IT. Analyzing the performance of industry leaders offers executives the metrics needed to assess their own company’s past successes and guide today’s crucial decisions.

For more information about the SAP® benchmarking and best practices program, visit [www.sap.com/usa/solutions/benchmarking](http://www.sap.com/usa/solutions/benchmarking) or contact benchmarking@sap.com.
Recognizing the Barriers to Insight

With increasingly sophisticated information technology and the advent of the Internet, the information resources available to businesses have exploded. This creates a terrific opportunity to support business decision making with a very rich data set. But first, companies must be able to assimilate all relevant information – whether structured or unstructured data, from internal or external sources – and make it available for general use. Many companies, however, face challenges that make even this first step impossible to achieve. Common problems include:

- The inability to integrate internal information from multiple systems due to inconsistent data standards
- Lack of trust in data accuracy
- The inability to pull in data from external sources to complement internal data
- No company-wide agreement on common key performance indicators (KPIs)

All of these issues hinder a company’s ability to leverage its data assets to enhance decision making. How do you overcome these obstacles to make full use of available information and better manage your business?

Putting Your Data to Work

With growing volumes of data, a cohesive enterprise data management strategy is necessary for information-driven business performance management. The foundation for this strategy is an information infrastructure that breaks down the walls between all internal and external data sources. Further, it must ensure trust in the data used to make your most important business decisions. This confidence is critical for complete organizational acceptance of business intelligence (BI).

When putting your information infrastructure in place:

- Harmonize and centralize your master-data management. Create a “single version of the truth” for all business users, and eliminate the need to manually validate data. The extended timelines that come with manual validation are no longer acceptable.
- Combine structured and unstructured data from both internal and external sources. Ensure that your collected data is cleaned and integrated. This approach provides holistic information to the analysis tools you use to drive business performance.
- Understand the lineage of your data. Make sure it is easy to drill back to the origins of the data for more detailed information when needed.
- Make sure you build in the flexibility needed for the future in the form of a nimble, modular data architecture. Benchmark studies show that high-performing companies can integrate data from a new source approximately 90% faster than an average-performing company.

Creating a data infrastructure that is comprehensive and flexible enough to enable insight is critical for dynamic decision making across the enterprise. With the right infrastructure in place, you can turn your efforts to understanding how to best leverage this newly available asset.

Choosing an Information Framework

It is not enough to simply have consistent data; you also need to agree on how to use that data – preferably at a company-wide level. Without this agreement it is difficult to link strategic objectives with tactical actions such as divisional planning, budgeting, and reporting. To realize the benefit of your updated architecture, you must choose an information framework to structure and prioritize your data:

- Start by considering your company’s standard information needs on a daily, monthly, or quarterly basis.
- Select a framework that allows you to focus on the KPIs that matter most to your business. There are many standard, predefined frameworks based on industry, business role, or user. The key is to be consistent across the organization so that the business can more easily examine performance and make decisions in a unified way.
- Ensure that the design of your decision-making processes (including analytics content, navigation, alerts, and decision flows) align and drive to the outcomes that are important to the company. Consider leveraging “4-D” best practices that ensure alignment of discovery to diagnosis to decision to directive.
- Consider your framework both from a top-down and a bottom-up perspective. This can help ensure that you do not inundate decision makers with excessive or unnecessary metrics.

A consistent information framework is critical to providing transparency across organizational silos and hierarchies.

Accessing Actionable Information

Everyone in your organization should have timely information to create actionable insights, not just a few select individuals or a particular department. In fact, benchmarking reveals that in high-performing organizations fully 50% of employees are actively analyzing information. In average-performing companies, this number is only 20%. The more accessible you can make your information at every level, the better.

Executives and managers require a 360-degree view of the enterprise to track organizational performance, strategic initiatives, trends, and metrics. Business users need easy-to-use operational information to manage their day-to-day responsibilities.

The following principles can help you deliver the necessary information in the most appropriate format:

- Provide role-appropriate access to your information. The information available at each level should be actionable at that level and connected to overall company goals in a transparent way. Ensure that your standard metrics for performance management are readily accessible. This type of relevancy and easy access promotes user interest and engagement with the data you present.
- Make information available in a visually appealing format. Dashboards are a highly effective way to present user-relevant and actionable insights. The visual layout and navigation can be customized to reflect priority metrics and decision flows specific for the user, business, or industry.
- Use real-time delivery of information to enable rapid response to issues and to optimize business performance. Alerts can inform users of anomalies that require immediate action. Trend analysis identifies opportunities for innovation, resource reallocation, or strategic redirection.

Providing information that supports the strategic goals of the company – and in a format that allows business users to easily analyze this information – can have a critical impact on organizational performance.

“In an industry that is becoming increasingly more competitive, the ability to fully extract all data-driven insights and react faster than competitors is extremely critical. To achieve a competitive advantage, we look to our SAP BusinessObjects BI solutions to address our critical analytical and reporting needs.”

George Coutrous, CIO, CompuCredit Corporation

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Staying Ahead of the Pack

Business issues are ongoing. Companies must continuously monitor business performance against established targets to identify areas for appropriate action and further analysis. In addition, business users are bombarded on a daily basis with questions that require quick investigation. And many of these questions require in-depth, ad hoc analysis that goes beyond the scope of a standard report or dashboard.

While the need for dynamic analysis might be obvious, many companies still have trouble enabling this strategic capability – even some organizations that have already instituted a baseline architecture and a consistent framework of accessible metrics. Sometimes the necessary data is difficult to access quickly, and therefore the process falls short due to time constraints. In other cases, business users are quickly overwhelmed when standard reporting is not adequate to handle all the available data. Moreover, some companies still rely on IT to resolve many ad hoc reporting requests, where limited bandwidth can result in a slow and constraining process.

Business users across the organization need the flexibility to analyze information at the “speed of thought” (see Figure 1).

Driving Business Impact

You can overcome the challenges by applying flexible business intelligence tools to all data sources in your information architecture to enable easy access to data in a way that is manageable for the end user. Some considerations when choosing your tools are:

- Ensure that the analytic tools you select can leverage all available information, both internal and external, structured and unstructured.
- To broaden user access to information in near real-time, introduce tools such as enterprise information search that have been created for the casual user.
- Provide tools appropriate for business roles, and leverage hardware advancements such as mobile devices to improve effectiveness.

Such an approach can empower your employees. Business users need the ability to explore and discover new areas of opportunity on their own, without having to create custom reports or leverage valuable IT resources. Studies indicate that in leading companies, as much as 97% of active reports are created by the business users – far greater than the 52% average.3

Figure 1: Recognizing Information Needs Across the Enterprise

Many times, the immediate need for business insight is scattered around the organization, and the response is addressed in isolation rather than as a company-wide imperative. Employees often perform their analysis in spreadsheets and resort to manual workarounds when existing tools and processes are inadequate.

Today, however, the requirement for financial and operational insight is growing as the business environment has become harder to predict. At the same time, workforces are shrinking, and there are fewer people available to do manual, time-consuming analysis. These pressures are at once acute and ongoing. For a holistic solution, you need to change both your enterprise information architecture and information access tools.

Some companies are just starting this journey, while others are already further along in the process. If your company is at the beginning of the journey, the following suggestions can help make the transformation quicker and more effective:

- Identify a specific business issue or issues that can drive particular financial value in your organization – such as customer segmentation, supply chain optimization, or days-sales-outstanding reduction.
- Analyze and fully understand the business processes that impact this issue.
- Integrate all of the data necessary to drive insight throughout those processes.
- Provide integrated information in an easy-to-use and flexible format to key stakeholders in the business process ecosystem.

Starting small and focusing on a particular problem can drive confidence in the relevancy of these initiatives. If you have done this already in one or more specific areas, you probably are ready to take action at the enterprise level:

- Establish a best practices center to create a standardized business intelligence environment.
- Develop an enterprise data management strategy that ensures business users can access all relevant information.
- Identify existing business intelligence tools that can be rationalized to create cost-savings opportunities.
- Provide integrated information in an easy-to-use and flexible format to those users that can impact key strategic goals.

Executives in all companies are discovering that the decisions that impact their financial and operational performance the most are made by business contributors who combine good judgment with actionable insight.

About the Authors

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SUPPORT FROM SAP
ASSOCIATED PROCESSES AND SOLUTIONS

SAP provides a full range of solutions designed to help companies take widespread data and create relevant information that enables better-informed decision making. These solutions include the following:

- **Xcelsius®** software helps you transform how you view your business by interacting with sophisticated visual representations of processes and performance. Perform what-if analysis with dashboards to gain new insights and make better-informed decisions.

- **SAP BusinessObjects™ Web Intelligence®** software lets end users interact with business information and answer ad hoc questions themselves – without having to understand complex database languages and underlying structures.

- **Crystal Reports®** software enables reporting capabilities that serve as a foundation for a broader BI strategy. You can provide your business users the most requested information – reliably, securely, and in the required format.

- **SAP BusinessObjects Explorer** software helps companies locate information hidden in hundreds of internal and external resources, such as structured databases, business intelligence systems, unstructured company and text content, search engines, and the Web.

- **SAP BusinessObjects Data Integrator** software enables you to access all types of structured and unstructured data from virtually any source, from databases to Web forums.

- **SAP BusinessObjects Data Quality Management** software helps you verify that your company’s data is correct, consistent, and complete by monitoring, analyzing, and reporting on information across your organization.

- The **SAP NetWeaver® Master Data Management** component helps you lay the foundation for enterprise services and business process management – providing a single version of the truth for customer, product, employee, supplier, or user-defined data objects.

- **SAP BusinessObjects Metadata Management** software consolidates and integrates metadata into an open, relational repository.

SAP solutions help companies build an intelligence platform that breaks the barriers of traditional business intelligence to ensure that all business users – enterprise-wide – have immediate access to reliable business information.

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Executive Insights from the Chief Value Office

SAP is committed to delivering value to our customers. With decades of experience working with thousands of CXOs worldwide, across all industries and lines of business, we have captured insights based on the best practices of top performers and the latest market trends. We have developed actionable, value-based recommendations to help companies chart their journey into the future. We are pleased to share our point of view in the SAP Executive Insights series.

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