



Intellor Research Summary

Adding An “e” To Business Intelligence

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Situation Analysis

This Intellor Research Summary reviews the responses of 137 executive and IT professionals from an Intellor Group survey they completed about their Business Intelligence (BI) initiatives in support of their traditional and e-business environments. The respondents provided insight into their level of acceptance, understanding, implementation, priority, and staffing as it relates to BI and Electronic Business Intelligence (e-BI). (See Background section below.)

This Intellor Research Summary is not going to teach you what BI or e-BI is, or what they can do for you. The goal of this research was to analyze any differences or gaps in how organizations are approaching their business-intelligence-centric initiatives as they relate to a company's traditional business versus its e-business environment. For the purposes of this Intellor Research Summary, we provide the following definition/positioning:

BI: Business intelligence is a term that became commonly recognized after Howard Dresner, of Gartner, Inc., used it to define a set of concepts and methodologies to improve decision-making in business through the use of facts and fact-based systems. These fact-based systems include executive information systems, decision support systems, enterprise information systems, management support systems, OLAP (On-Line Analytical Processing) in addition to newer technologies, including data mining and data visualization.

e-BI: e-Business Intelligence is a term used to define business intelligence as it relates to a company's e-business functions. To better understand the role and complexity of e-business intelligence, we look to Chapter One of Bernard Liataud's book titled “e-Business Intelligence”. Liataud is the chief executive officer of Business Objects. He writes:

“The new imperative for e-business intelligence is not confined to any particular industry, any particular geographic region, or any particular business operation. It applies equally to companies doing business only on the Internet—so called pure-play dot coms—as well as to traditional companies bringing their business online—the click and mortars. Similarly, the imperative is not confined to any particular business operation—it applies to customer relationships, financial analysis, human resources, supply chains, marketing campaigns, manufacturing controls, and clickstream data that records the activity of shoppers and surfers on Web sites. For instance:

- *A dot com uses e-business intelligence to assess the strengths and weaknesses of its Internet sales and marketing.*
- *A financial institution uses e-business intelligence to track and reduce customer churn*
- *A manufacturer uses e-business intelligence to assist in quality control of its product.*

Situation Analysis (Continued)

- *A supplies distributor uses e-business intelligence to give its customers a means of analyzing purchasing and delivery patterns.*

Regardless of which industry or which business operation e-business intelligence tools and techniques are applied, the key enabler is the Web.”

High Interest

Clearly BI and e-BI were on the minds and in the plans of many of the companies in this survey. Ninety-two (92) percent of the respondents have deployed, accepted or minimally considered BI, while only eight (8) percent have not considered BI. Similarly, 83 percent of the respondents have deployed, accepted or minimally considered e-BI, while only 17 percent have not considered e-BI. In his book, Bernard Liautaud writes:

“The relative immaturity of e-business intelligence presents tremendous opportunities for companies to pioneer the intelligent use of data, to seize the coveted First Mover Advantage. It also creates immediate threats to those companies that will move too slowly. If you have the foresight and will to apply the tools and techniques of e-business intelligence to your company’s data, you have a once-in-a-lifetime opportunity to be among the First Movers.”

Background

This summary of the acceptance, understanding, implementation, priority, and staffing trends as they relate to BI and e-BI will not give you all of the answers to your own initiative, but it will give some insight into how your peers are addressing the issue.

Intellor Group conducted an e-Business Agility Survey at the recent joint SAP – Microsoft Congress 2001 e-business conference at Microsoft’s Conference Center in Redmond, Washington. The survey was conducted to determine the acceptance, adoption, and maturity level of Business Intelligence (BI), Customer Relationship Management, mobile computing, and B2B marketplaces as they relate to both an organization’s current business and e-business initiatives. More specifically, the survey addressed the acceptance, implementation, priorities, staff availability, understanding of e-business technologies, understanding of and interest in SAP e-business solutions, and understanding of and interest in Microsoft’s e-business solutions of attendees at the conference. This Intellor Research Summary is focused only on the conference attendees’ responses to questions about the respondents’ acceptance, understanding, implementation, priority and staff availability for their BI and e-BI initiatives. Attendees were asked to indicate their responses in the following areas:

Acceptance

1. Accepted and deployed
2. Acceptance and activities started
3. General acceptance reached
4. Considered, but no general acceptance

Background

(Continued)

5. Has not been considered

Understanding

1. Completely understand, and have made decisions
2. Clear understanding; could make key decisions
3. Good understanding, but could not make key decisions
4. Basic understanding; more knowledge required
5. No real understanding

Implementation

1. Have successfully implemented in the last 24 months
2. Implementation started during the last 12 months
3. Plan to implement in the next 12 months
4. No plans to implement
5. Have attempted to implement without success

Priority

1. Number-one priority
2. Top-three priority
3. Top-ten priority
4. Low priority
5. Is not a priority

Staffing

1. Do not know, or no need for this skill
2. Lack appropriate skill; primary response is to hire skill
3. Lack appropriate skill; will train existing employees
4. Have trained employees
5. Will use consulting to meet skill requirement
6. Will use ASP to avoid the skill requirement

Respondent Demographics

The respondents represented over twenty (20) industries ranging from Aerospace to Wholesale Trade and were split 50-50 between companies with revenue above or below \$1 billion. Titles ranged from CEO to IT Architect, and 45 percent of the respondents have a title of director or higher.

Background (Continued)

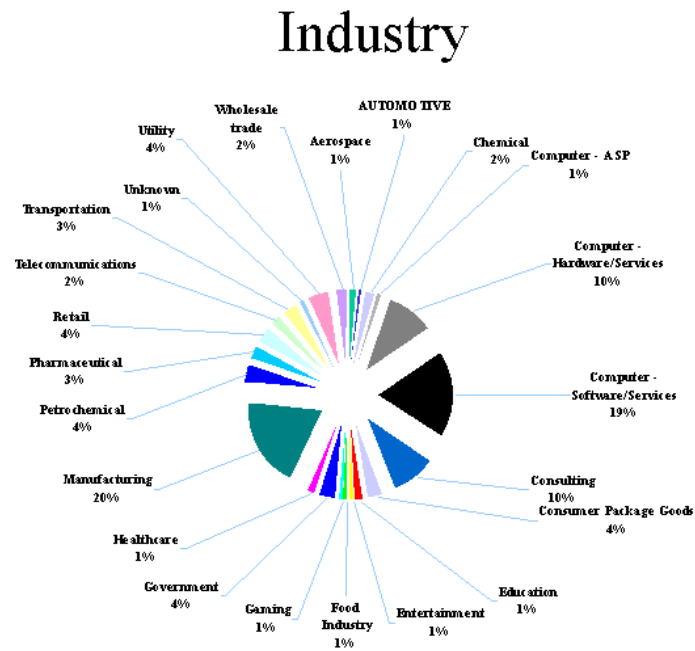


Figure 1 -
Respondents by Industry

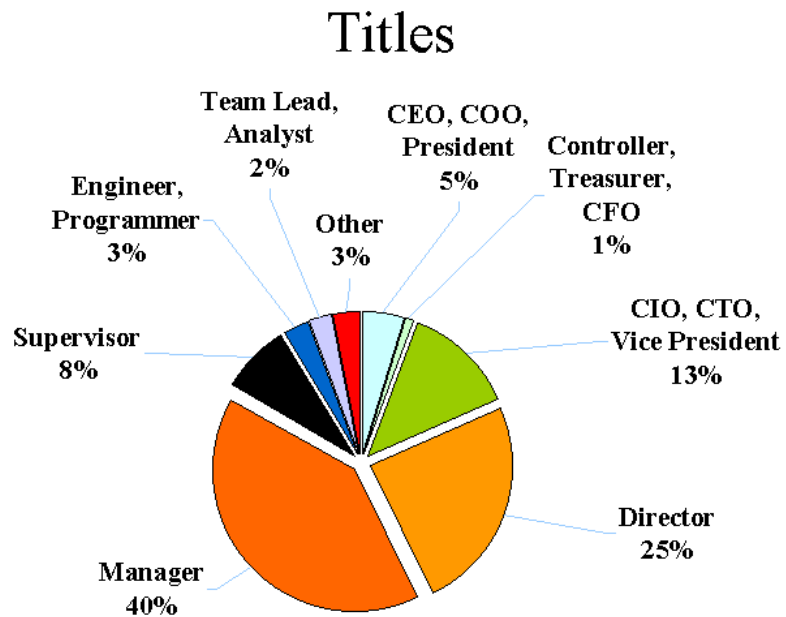


Figure 2 -
Respondents by Title

Background (Continued)

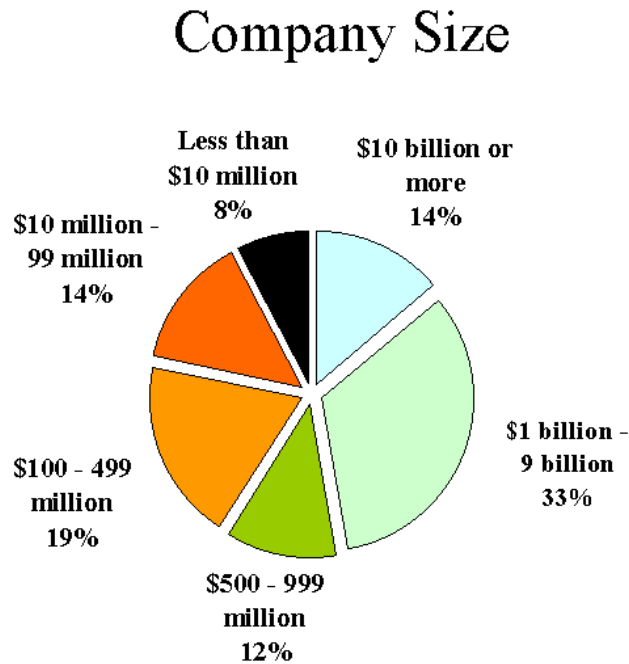


Figure 3 -
Respondents by Company Size

Intellor Group has published additional research summaries on the impact, acceptance, understanding, implementation, and priority of BI, CRM, mobile computing, and B2B marketplaces as they relate to the respondents' traditional and e-business initiatives. These research summaries and other Intellor research is made available at no cost to members of Intellor.com at http://www.intellor.com/cgi-bin/download_center.pl.

Acceptance

e-BI Moving Forward With Caution!

BI in support of traditional business wins the honor of being accepted and deployed more than its "e" counterpart by seven (7) percentage points. This should not be all that surprising, as BI has had a lot of practice to gain its acceptance. The surprise is that 17 percent of the respondents have not considered e-BI. This is more than double the number of respondents who have not considered BI. Why? Is it because e-BI is a significantly different concept to accept than BI? Is it because organizations have just come to accept BI in support of traditional business, and e-business strategies present too many challenges? It is likely that many organizations are struggling to define and implement e-business strategies? If an organization struggles to define an e-business strategy, then it would be very difficult to define an "intelligence" strategy to support it. Additionally, intelligence in the new economy has many

different variables that are not part of the traditional business environment, making it impossible to just replicate the existing BI strategies that an organization has implemented.

Acceptance (Continued)

Acceptance of BI vs. e-BI

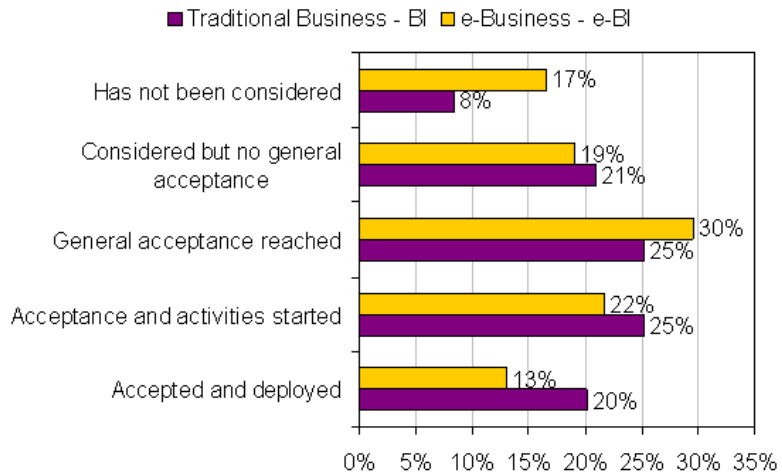


Figure 4
Respondents' Acceptance of BI and e-BI Initiatives

Is BI The Yellow Brick Road To e-BI?

Respondents indicate a very strong correlation between the acceptance and deployment of BI and the acceptance and deployment of e-BI. Of the respondents who have accepted and deployed BI, 58 percent have accepted and deployed e-BI, 25 percent have accepted and plan to deploy e-BI, and 16 percent have accepted e-BI, but have not established deployment plans. Similarly, 93 percent of the respondents who have accepted and deployed e-BI have already accepted and deployed BI.

Understanding

Could You Make A Decision?

You have just been promoted to lead your BI and e-BI initiatives. Your first task is to build a BI strategy, select the appropriate technologies, and deploy a solution! Could you make a decision based on your current understanding of BI, e-BI and the methodologies and technologies available? If your answer is “no”, you are in the majority. Only twenty-seven (27) percent of the respondents indicated that they have or could make a key decision in support of their e-BI initiative. And, only thirty-four

(34) percent indicated that they have or could make a key decision in support of their BI initiatives.

Understanding (Continued)

Understanding of BI vs. e-BI

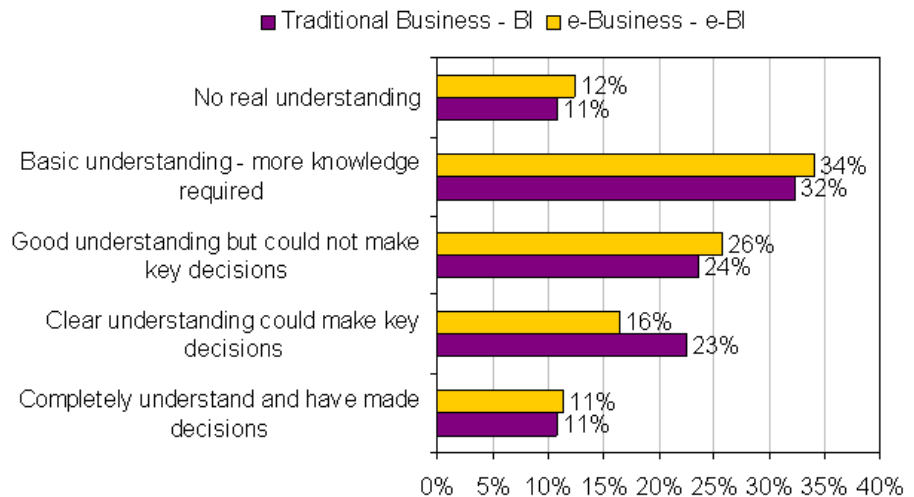


Figure 5 -
Respondents' Understanding of BI and e-BI Initiatives

Implementation

e-BI Success And Failure Fight For Leadership Position

Accepting and understanding BI is great, but when was the last time you listed “understands BI” as a major accomplishment on your resume? Reality starts with implementation. Unfortunately, reality is also a very close relative to “success” and its unpopular cousin “failure”. Successful BI implementations enjoy a margin of two and half times the number of BI failures. e-BI is not enjoying a similar margin, however, in its early lifecycle of implementations. e-BI successes are only two (2) percentage points higher than e-BI failures. This indicates that early implementations of e-BI had just over a 50 percent chance of being successful. As with any new IT initiative, we will learn from the early failures, and over time, increase our successes. Organizations will need to share their knowledge to support others and increase their chances of success.

Implementation (Continued)

Implementation of BI vs. e-BI

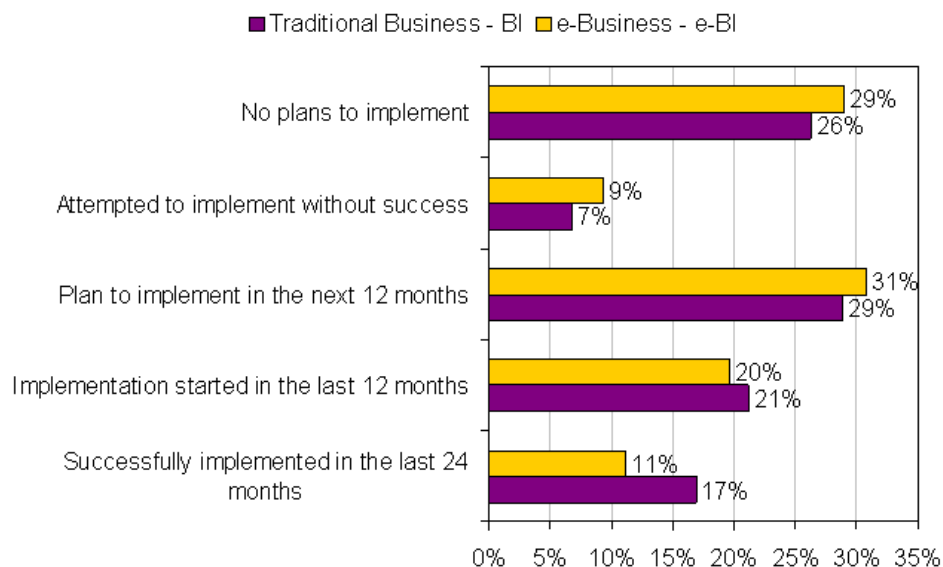


Figure 6 -
Respondents' Implementation of BI and e-BI Solutions

Priority

Four Out Of Ten Say BI And e-BI Are A Low Priority?

When it comes to priority, respondents indicated that BI and e-BI regularly make the top-ten list. However, thirty-eight (38) percent of the respondents indicated e-BI is low priority or not a priority. Similarly, thirty-nine (39) percent of the respondents indicated BI is low priority or is not a priority. That translates to four out of ten indicating that BI and e-BI are a low priority.

BI was identified as the number-one priority by eight (8) percent of the respondents, while ten (10) percent of the respondents identified e-BI as a number-one priority. In the case of BI, this could be an indication that organizations have already successfully implemented. In the case of e-BI, this is probably an indication that organizations are not ready to make e-BI a priority. We need to remember that in order for e-BI to be a priority, an organization must have successfully defined and implemented an e-business strategy.

Priority (Continued)

Priority of BI vs. e-BI

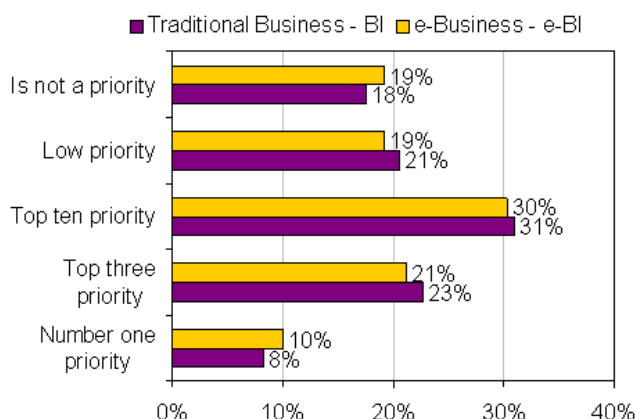


Figure 7 -
Respondents' Priority of BI and e-BI Solutions

Staffing

Knowledge Transfer + Skilled Consultants = Skilled Employees!

As we reported in our Intellor Research Summary titled ***The e-Gap Exposed - A Study Of IT Staffing Trends***, the number of trained staff drops by 8.5 percentage points when comparing staffing for traditional business initiatives with e-business initiatives. We see an even more dramatic shift in the use of consultants in support of traditional business initiatives versus e-business initiatives. The respondents indicated that they are two times more likely to use a consultant to support an e-business initiative than they are to support a traditional business initiative with respect to BI. Similarly, respondents are three times more likely to train an existing employee than use a consultant to attain BI skills in support of traditional business/BI initiatives.

It is clear that companies are looking to obtain experienced skills when it comes to supporting an e-business initiative, and in many cases, this may require hiring consultants. This is a typical trend in new technology initiatives. The use of consultants can be a solid strategy to train existing employees if a company makes the effort to closely team employees with the consultant. It is also very helpful if you make knowledge transfer a key component of your consulting selection and contract.

Staffing (Continued)

Staffing of BI vs. e-BI

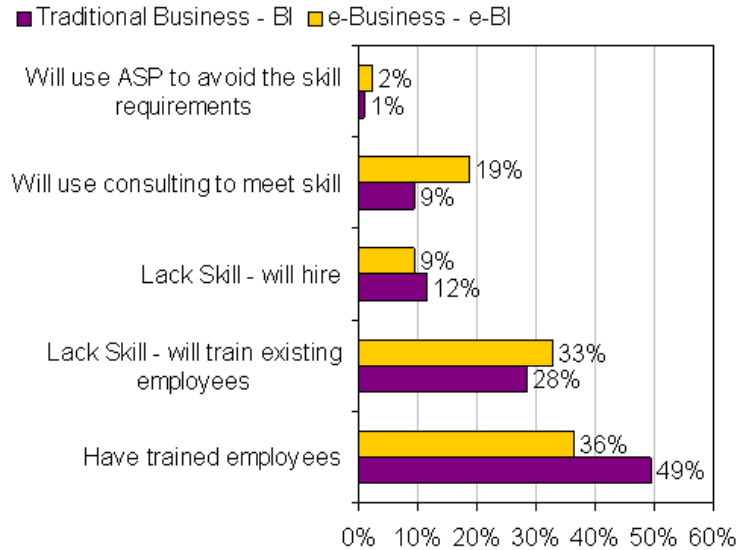


Figure 8 -
Respondents' BI and e-BI Staffing Readiness

Give Me An “e” -- Call Me A Consultant!

As reported in the Intellor Research Summary titled ***The e-Gap Exposed - A Study Of IT Staffing Trends***, there is a strong indication that companies are turning to consulting resources to obtain the skill necessary to deploy e-BI. BI initiatives ranked the highest in having trained employees with forty-nine (49) percent of the respondents indicating they have trained staff. If you are a BI consultant looking for work, we strongly suggest that you increase your knowledge of e-business initiatives and add e-BI to your resume. Only nine (9) percent of the respondents indicated they would turn to consulting resources to meet their BI skill needs. Add an “e” to BI and nineteen (19) percent of the respondents indicated they will use consulting resources to meet their skill needs.

Conclusion

Is e-BI Required For e-Business?

At first glance, one might draw the conclusion that e-BI is not a priority and is a risky endeavor based on the responses to our survey. We believe that there are two forces that may be at odds in this data.

First, business intelligence in support of a traditional business has gained wide spread acceptance. With this acceptance, BI for traditional business may start to drop in priority as companies deploy their BI initiatives.

Second, we believe that business intelligence in support of e-business is suffering from the confusion of e-business in general. If organization are confused or challenged by the complexity of e-business, in general, it will be difficult for these organizations to be successful with intelligence systems in support of e-business. We believe that e-BI is not only important; it is critical to any company that wants to be successful with an e-business initiative.

As covered in Geoffrey Moore's latest book titled *Living on the Fault Line* and referenced again in Bernard Liautaud's book titled *e-Business Intelligence*, businesses thrive on information. Information about an asset is becoming more valuable than the asset itself. This notion that information is going to be more valuable than the asset itself is going to be proven over and over again as companies implement e-business solutions. The nature of running a business on the Web is going to make collecting and analyzing information about the process critical for businesses to understand and determine how to become profitable. The recent crash of the dot-com's will prove to be a windfall for business intelligence. What is it that companies are doing to become profitable? They are analyzing their business from the inside-out and the outside-in. If a company is not able to analyze their operations, they will not be able to make the key decisions and changes necessary to become successful.

Bernard Liautaud's book, titled *e-Business Intelligence*, is a good place to start if you are trying to understand e-business intelligence. The book contains case studies on Penske Logistics, a provider of transportation services; Owens & Minor, a \$3.2 billion distributor of medical supplies; and Zurich U.S., a \$6.2 billion property and casualty insurer. The book covers a lot of information on intelligence in support of customer, e-commerce, extranets, customer care and issues that you will face in implementing an e-business intelligence strategy.

Business intelligence and e-business intelligence are not optional IT initiatives. The competitive pressures of today's markets that require companies to understand their business, whether built on bricks, clicks or both, make business intelligence a core requirement.

Visit Intellor.com to download a chapter of Bernard Liautaud's book *e-Business Intelligence*.

About Intellor Group, Inc.

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Intellor Group, Inc., located in Gaithersburg, Maryland, is an independent knowledge exchange company focused on promoting the success of organizations' e-business initiatives in the e-Business Intelligence and Integration (eBII) marketplace through the rapid and comprehensive exchange of knowledge.

Intellor Group's unique business model connects companies seeking knowledge with vendors, experts and peers who can provide that knowledge. Intellor Group provides a next-generation learning environment for Information Technology (IT) users and solution providers that surpasses the capabilities of traditional learning methods by combining the input and dissemination power of the Internet via an Internet community-based knowledge exchange – www.intellor.com - with real-world educational courses and conferences; and in-depth community-based research and analysis.

For more information about Intellor Group's knowledge exchange offerings, visit Intellor Group at www.intellor.com, or call 301-208-6766, x116. **To register to become a member of the Intellor.com eBII Web community, visit <http://www.intellor.com/links/?pg=RF>. Membership is FREE to IT professionals.**

Why Should You Join The Intellor Group's eBII Web Community? Ten Great Reasons To Join Intellor.com:

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- Get the no-marketing-hype scoop on products, services and solutions.
- Eliminate time-consuming Internet surfing to research technologies and solutions.
- Access to real critiques of products and services from people like you.
- Aid your decision-making process, and reduce your technology investment risk.
- Expedite approvals and funding for projects through access to the information necessary to make your business case.
- Get opinions from industry experts.
- Influence product development with your critiques and feedback to industry vendors.
- Showcase your success, and gain industry recognition.
- It's **FREE** to IT professionals!