

Business Intelligence Maturity In Australia



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"The secret of business is to know something that nobody else knows"
Aristotle Onassis

Aristotle makes it sound so simple. Starting with \$63 after the Second World War he became one of the world's richest shipping magnates with a vast fleet of ships. He established Olympic Airways, for his own use, and later gave the airline to the government of Greece as a gift.

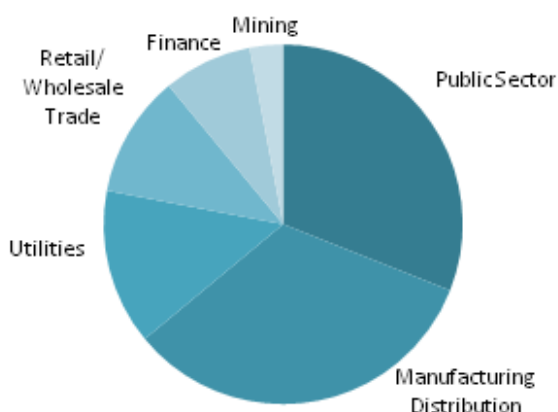
Business Intelligence (BI) is a method to better understand one's business and identify new opportunities. Companies have made BI a priority as they realise the potential impact it can have on their overall performance. But not all companies realise the same level of benefits. The paths that companies take as part of their BI journey vary from company to company with some encountering a number of detours along the way. What is needed is a better BI roadmap. This research provides a snapshot of BI practices of Australian companies and where they maybe heading.

ABOUT THE RESEARCH

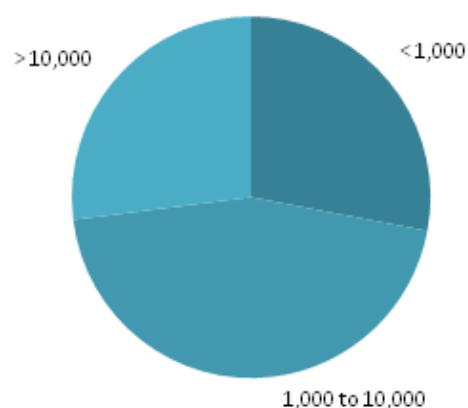
Companies attend BI industry conferences to get a better understanding of how to improve their own BI practices. Unfortunately much of the information to date has been in relation to different tools and technologies. This research was designed to provide a snapshot of the different BI related practices of Australian companies in an attempt to determine their BI maturity. The information was sourced from companies that are members of the SAP Australian User group (SAUG). The findings will assist companies in gaining a greater understanding of their current practices and provide a roadmap for moving forward. The researchers would like to thank the SAUG for their support in this research.

In June 2010 a survey was distributed to SAUG members who had indicated that one of their interest areas was BI. In total 64 responded representing an 18% response rate. Respondents were asked to identify their role in the organisation and the years of experience that they had with BI. The majority of respondents (66%) indicated that they held a senior or managerial role within their company while 20% indicated that they were analysts. Many of the respondents listed different aspects of BI as part of their job role, including BI analyst or senior BW developer. In relation to experience, 38% of the sample had less than 5 years BI experience (ranged between .5 to 24 years).

Responses by Industry



Responses by Employees (FTE)



Researchers and analysts have attempted to categorise different aspects of BI practices as being reflective of differing levels of BI maturity. It is assumed that companies learn from their previous BI experiences to improve the impact that BI has on their company while at the same time limiting the associated pitfalls. BI Maturity Models are based on snapshots of companies' BI practices. The BI practices are categorised with respect to different aspects of BI usage and then different stages of maturity. It is implied in the models that the more mature stages facilitate greater business benefits but at the same time require increased levels of organisational change to achieve these benefits.

The American SAP User Group (ASUG) as part of their BI Benchmarking¹ service developed a BI Maturity Model. The model below is made of 4 maturity stages involving 4 categories of BI practices.

Stage	1 Information Dictatorship	2 Information Anarchy	3 Information Dictatorship	4 Information Collaboration
Information and Analytics	Requirements are driven from a limited executive group	KPI's and analytics are identified, but not well used	KPI's and analytics are identified and effectively used	KPI's and analytics are used to manage the full value chain
Governance	IT driven BI	Business driven BI evolving	BI Competency Centre developing	Enterprise wide BI governance with business leadership
Standards and processes	Do not exist or are not uniform	Evolving effort to formalise	Exist and are not uniform	Uniform, followed and audited
Application Architecture	BI "silos" for each business unit	Some shared BI applications	Consolidating and upgrading	Robust & flexible BI architecture

Study respondents were asked to identify which BI practices best described the situation in their company. Comparing the responses to the ASUG BI Maturity Model found that only 56% of the

¹ ASUG have developed a number of online benchmarking programs which are available to members.
www.asug.com

companies could be mapped entirely to a single maturity stage. The following table shows the maturity of companies that could be mapped to one maturity stage. It is evident that the majority of companies (55%) were in the Information Anarchy stage of BI maturity. However, 77% of companies were in the early stages of BI maturity indicating that there significant opportunities for companies to leverage BI initiatives.

Stage	1	2	3	4
	Information Dictatorship	Information Anarchy	Information Dictatorship	Information Collaboration
	(22%)	(55%)	(11%)	(11%)

As many companies’ BI practices could not be mapped entirely to one maturity stage the frequency of each BI practice was calculated and are now described.

INFORMATION AND ANALYTICS

Stage	1	2	3	4
	Information Dictatorship	Information Anarchy	Information Dictatorship	Information Collaboration
Information and Analytics	Requirements are driven in a limited executive group (30%)	KPI’s and analytics are identified, but not well used (44%)	KPI’s and analytics are identified and effectively used (20%)	KPI’s and analytics are used to manage the full value chain (6%)

The majority of respondents indicated the important role that Key Performance Indicators (KPI’s) have in BI. The KPI’s are usually derived from the core business processes contributing to the overall corporate performance. Many companies find that after a period of time a large number of reports which have been created are seldom accessed, let alone used. This tends to reflect a lack of alignment between the KPI’s required and the reports produced by the company. It is important to note that many companies do not have formal, common KPI’s even though they might drive a standardised view of business performance.

Provide relevant, actionable, accurate, and timely information to enable decision-making while improving business performance.

Warner Bros BI Vision²

GOVERNANCE

² Reporting and Information Delivery Strategy For Global SAP Implementation, 2008 ASUG Annual Conference

Stage	1 Information Dictatorship	2 Information Anarchy	3 Information Dictatorship	4 Information Collaboration
Governance	IT driven BI (25%)	Business driven BI evolving (56%)	BI Competency Centre developing (9%)	Enterprise wide BI governance with business leadership (9%)

The study indicated that BI governance was driven by the business environment and those responsible for the business processes (56% of companies). As companies increase their focus on BI, their efforts and resources will be increasingly consumed on resolving people, process and governance issues. The more mature companies have moved towards developing a Business Intelligence Competency Centre (BICC). A BICC enables companies to adopt an enterprise wide approach standardise and co-ordinate their BI efforts. This enables companies to leverage their experiences and best practices while at the same time limiting the reoccurrence of mistakes. BI at this category evolves towards performance management.

No more IT projects!
Only business projects with an IT component.

Tetra Pak
2009 Gartner BI Award Of Excellence³

STANDARDS AND PROCESSES

Stage	1 Information Dictatorship	2 Information Anarchy	3 Information Dictatorship	4 Information Collaboration
Standards and processes	Do not exist or are not uniform (14%)	Evolving effort to formalise (39%)	Exist and are not uniform (36%)	Uniform, followed and audited (11%)

To optimise the impact of BI on the company it is important to develop standards and formal processes. This reduces costs and duplication while at the same time ensuring that *best practice* is embedded throughout the company. It also can facilitate business ownership of BI initiatives, drive data quality and improve the acceptance of reporting solutions. The majority of respondents (75%) indicated that efforts are being made to develop these standards and processes.

³ How Tetra Pak Aligned Business With IT And Achieved BI Excellence, SAUG Summit 2009

APPLICATION ARCHITECTURE

Stage	1	2	3	4
	Information Dictatorship	Information Anarchy	Information Dictatorship	Information Collaboration
Application Architecture	BI “silos” for each business unit (17%)	Some shared BI applications (34%)	Consolidating and upgrading (31%)	Robust & flexible BI architecture (17%)

The majority of respondents indicated that they were sharing or consolidating their BI architecture. This is not an unexpected finding given that companies had already consolidated many of their legacy systems through the implementation of a SAP ERP system and they would strive for the same goal in respect to BI. Furthermore, the reduction of BI vendors due to acquisitions would facilitate the consolidation of available BI tools. The ASUG Maturity Model does not specifically mention BI tools as it is more about approaches to BI rather than the tools used. However, while companies might focus of the *right* tool or *silver bullet* rather than identifying the relevant KPI’s, the maturity of their BI operations will be relatively stifled resulting in confusion about the path forward. SAP Business Warehouse (BW) is designed to be an enterprise wide BI solution however until enterprise wide governance with standardised processes is established an ad hoc approach to BI initiatives will continue

CLOSING THOUGHTS

The roadmap for the successful implementation of Business Intelligence is still unclear for many companies. To date it appears that company outcomes have been more based on trail and error rather than good design. Companies are learning from their experiences and looking beyond business unit reporting and more towards enterprise wide BI. Business performance is a product of effective business processes involving people with the right skills supported by good tools. BI is one of those tools that allows companies to monitor and better understand their business processes. But BI is more than a tool, it is an iterative process of gathering requirements, analysing information and actioning the outcomes. Effective BI is dependent on business processes having clear and documented performance indicators and unless these exist then BI initiatives will struggle and be based on ad hoc design. This study provides a snapshot of BI practices in Australia and a potential roadmap for future BI opportunities.

VICTORIA UNIVERSITY ERP RESEARCH GROUP

Victoria University ERP Research Group conducts research and surveys on a project basis. Projects are funded and carried out under the auspices of the School of Management and Information Systems, Victoria University. Previously conducted research in the areas of Business Intelligence and ERP systems can be found at www.business.vu.edu.au/sap/research.asp

You can contact the ERP Research at erpresearch@vu.edu.au