

HOW BUSINESS INTELLIGENCE MAKES A DIFFERENCE

A MANAGING DIRECTOR'S PERSPECTIVE



Learn how business intelligence solutions from SAP can transform the way you work in a growing company.

In this snapshot, a hypothetical managing director comments on issues that will be familiar to many who are similarly situated in small but growing businesses. You'll see the challenges of the position emerge clearly – as well as the potential for business intelligence (BI) solutions from SAP to help.

Focus on Business Issues Rather Than Underlying Software or Databases

Like many engineering firms, ours was built on the back of a great idea. Its founders were techies rather than businessmen, so while we've been successful in developing innovative products, the company has struggled in recent years to overcome some of the generic challenges of commerce in harsh trading conditions, as well as fight off increased competition from overseas.

Today, our strategic plan has four areas of distinct focus: streamlining our operations, acquiring customers, increasing profitability, and repositioning ourselves competitively. A lot of our operational efficiencies have been hard won by having to learn from past mistakes. I feel we've reached the point where we need to spend more time analyzing what's going on, and predicting and planning for the future, rather than looking in our rearview mirror or being constantly engaged in firefighting.

The trouble is determining where to concentrate our efforts. We don't have the resources of a FORTUNE 500 company, but I firmly believe that person for person, my company's employees are as passionate about their jobs and as committed to our customers as you'll find in any much larger organization. After all, we may be relatively small now, but we're on a planned path to growth.

We know that bigger companies – and maybe even our direct competitors – are using business intelligence to gain advantage while our company's primary (well, only) analytical tool is the good old spreadsheet. I was around when our company's first location was its founder's garage, and since we've migrated to real offices, it's time our analysis capabilities graduated from spreadsheets to fit-for-purpose tools.

It concerns me that since our inception, some poor processes and practices have become ingrained habits. We brought in a consultant at the back end of last year to identify areas that were preventing us from reaching our potential, and some of his findings were eye-popping. Interdepartmental meetings tend to descend into chaos as various parties argue about whose spreadsheet has the correct figures. We can't always locate the information we need, and we don't have the ability to perform in-depth analysis when we do lay our hands on it. We haven't had a retention policy for historical data, which makes understanding our performance something of a challenge, because it turned out sales figures from more than three years ago were held in spreadsheets created by someone who's since left the company, and some years appear to be missing. We admittedly struggle to differentiate and prioritize problems, so while all our issues need to be addressed at some point, we often can't work out which ones need immediate attention until jobs go over budget or off the rails.

While the company may still be relatively young, we hope one day to go public, and that could bring a whole range of challenges in the form of audit trails and compliance reporting that we haven't had to worry about so far. And going back to our strategy, while we know where we want to be, we're not sure if our goals are in tune with our daily operations. Some of my department heads have told me that while they know how to optimize their own units, they don't fully understand how their individual efforts mesh to support the company's overall aims. I'm realistic enough to know that we can only move forward unfettered if we stop proliferating spreadsheets and create a single, accurate view of our business that puts everybody in the picture.

We're at that tipping point in terms of critical mass where we've started having to expand our IT department to cope and are looking to invest in technologies that will smooth our path to growth. That's where our size gives us an advantage – we're still agile enough to implement change relatively quickly. We've been lucky enough to hire a woman who deployed business intelligence in her last organization, and she is eager to do the same in a smaller environment where she can make a bigger splash. As someone who's been there and bought the T-shirt already, she knows the potential pitfalls to avoid in rolling out a new BI installation, and she's picked up some best practices that I think we can replicate successfully here.



I'm confident that the business intelligence delivered by SAP BusinessObjects solutions will enable us to refine our nuggets of raw data into high-grade insight that will help us make more precise and objective decisions.

We've been looking at SAP® BusinessObjects™ Edge BI software, which stands out for us because it's been packaged for growing businesses like ours that may be classified as small but have plenty of big ideas. I'd previously thought SAP was just about huge transactional systems for manufacturing giants, so I was surprised to learn that it has a business intelligence offering that so faithfully reflects our business dynamics.

SAP BusinessObjects Edge BI allows us to start by addressing our initially modest BI needs and then steadily expand our usage to additional applications as required. I'm confident that we can make everyone self-sufficient in terms of access to information. And as we don't have the luxury of a big training budget, I was particularly impressed by how user-friendly it appears to be. As it integrates with the Microsoft Office suite we use already, it means

we can still use familiar desktop tools but in new and more effective ways. While we won't be abandoning spreadsheets altogether, it makes sense to put some procedures in place to properly distribute and control their use, so we don't backslide into our old habits.

What really appeals to me about SAP BusinessObjects Edge BI – because let's face it, IT isn't my core competence – is that it's so visual and instantaneous, and it allows us to use business terms to refer to our data, not "geek speak." That means we can focus on business issues rather than the underlying software or databases.

There's some up-front work to do first, but we think we can have SAP BusinessObjects Edge BI up and running by the end of next quarter. We'll be putting some measurements in place to gauge what kind of efficiency and productivity gains we achieve along the way. But for me, the barometer of its success will be what it tells us about good old-fashioned SWOT – strengths, weaknesses, opportunities, and threats. Business intelligence should give us the ability to know when things are working well and to identify potential problems in time for corrective actions to be taken. We should be able to spot emerging opportunities before they're readily apparent to our competitors, instead of potentially missing the

boat while we try and coordinate ourselves. And we should have the understanding to take considered action in the face of risks rather than hoping they'll go away or making finger-in-the-wind judgments.

Every day, all our staff members (myself included) are tasked with making the best decisions possible based on the information we have at our disposal, and there have been occasions when I think we've questioned the quality, integrity, or timing of some of the choices we've had to make. From what I've seen so far, I'm confident that the business intelligence delivered by SAP BusinessObjects solutions will enable us to refine our nuggets of raw data into high-grade insight that will help us make more precise and objective decisions.

With banks doing less instead of more for smaller businesses, and in this so-called age of austerity with increased reliance on private enterprise, companies like ours have to play a key role in reviving the economy. Business intelligence will support us not only in doing things right but in doing the right things. If we're able to sustain profitable growth as a result, that will hopefully translate into increased stability and optimism – which is in everyone's best interest.

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