

BY MICHAEL CORCORAN

# The Drive Toward Value

## SHIFTING INTO HIGH GEAR WITH BUSINESS INTELLIGENCE TECHNOLOGY

**C**ompanies today are striving to do more with less and to reduce the complexity of their operations. Executives are no longer asking about technology that will help them launch new businesses, but about information systems that can help their organizations cut costs and increase efficiency. According to *BusinessWeek* Magazine, most companies still view information technology (IT) as key to achieving a competitive edge. But the days of free spending on technology and wide-eyed optimism about the Internet have given way to a more pragmatic approach to IT purchases (*BusinessWeek*, "The Era of Efficiency," June 18, Page 92).

Topping the list of IT investments are technologies that help companies move ahead quickly, make better decisions and cut costs. This drive toward efficiency is partially motivated by experience with costly enterprise software projects that have yet to pay off. Many companies have invested an immense amount of time and effort into software applications that were intended to reengineer the business. Internet procurement, supply chain management, enterprise resource planning, customer relationship



management, e-commerce systems – these are the types of projects that have dominated IT resources for the last decade, many of them in response to Y2K concerns.

Before these companies move on to the Next Big Thing, they want to make sure they are getting the most value out of the systems that they already have in place.

### Getting Smarter

Business Intelligence technology is where many IT decision-makers are looking for high value, high return applications. How much more intelligent can you make your business processes? How much more insight can you gain into your core operations? How much more interactive can you become with customers, partners, employees, and managers?

These are the questions that Perry Lipe sought to answer as part of ArvinMeritor's wholesale adoption of e-business technology. As CIO of the \$7 billion manufacturing firm, Lipe believes business intelligence software holds the key to making the company more profitable. Central to its e-business strategy is data access and reporting technology from Information Builders (see related story elsewhere in this issue).

It all comes back to business intelligence. For example, a supply chain management system might put manufacturers closer to the point of sale, but does it enable suppliers to add value or intelligence to the retail process? What if a clothing manufacturer could view historical sales averages, predict shortfalls, and stock its retailers accordingly? If you don't give suppliers these kinds of analysis capabilities, are you enabling them to make a qualitative contribution?

Astute business leaders understand the critical difference between automating business processes and truly improving

them. For example, Ford Motor Company used Information Builders' WebFOCUS business intelligence software to bolster its warranty repair service, replacing a cumbersome printed report with a dynamic Web-based reporting utility. The new business intelligence system made it easy for thousands of auto dealers, warranty specialists and warranty consultants to identify and resolve problems with warranty repair or claim trends (Information Builders *Magazine*, "WebFOCUS Draws the Picture for Ford's Warranty Business," Vol. 10 No. 2, Page 22).

According to Michael Jansen, North American Warranty Systems design manager at Ford, the former report – a neat, tabular summary of each dealership's warranty record – had all the information, but it was too generic to be very useful. Jansen's team used WebFOCUS to boost dealer analysis to the next level. The new report is no longer on a sheet of paper. It's on the Web. It isn't rows and rows of plain text. It's graphs and charts – big, colorful and easy to use. Click on a graph and you can drill down into the data, moving from the average cost of repairs or the number of repairs per thousand vehicles, to charts and data showing repairs by components, such as engines, transmissions, suspensions and electronic systems.

What's the payoff? Ford's warranty department is using WebFOCUS to help dealers understand what's happening in their businesses, which means lower warranty expenses and happier customers. If a dealership's warranty record is out of line, or even starting to creep out of line, one or more elements of the graph will show up as yellow or red, indicating that the dealer's warranty record has exceeded acceptable variances. WebFOCUS dips into the huge database to pull out the records, perform the complex statisti-



cal calculations and draw the graphs with drill-down links – all within 60 to 90 seconds.

#### Size Doesn't Matter

Intel Chairman Andy Grove's famous statement, "He who has the most data will win," doesn't really tell the whole story. It's not how much data you have, but how well you use it that matters. Building effective information systems doesn't just involve gathering information, but being able to quickly analyze business data to spot important trends.

This type of reasoning motivated Deloro Stellite to adopt business intelligence tools from Host Analytics, an Information Builders InfoElite partner. Formerly, managers at this St. Louis-based manufacturing firm spent a week of each month gathering and concatenating financial information. Now, using software from Host Analytics, they can quickly obtain consolidated information via a Web-based data warehouse.

"The software saves three days each month in the financial closing process and is more accurate than using spreadsheets," exudes Steve Poss, Deloro Stellite's controller. "Complex reconciliation procedures that used to take two days to complete are now performed within minutes of closing." (See related story elsewhere in this issue).

#### Online Insight

E-commerce systems are another area in which companies have made massive investments in recent years. Some companies put up Web sites to take orders, then wonder why people don't rush in to make purchases.

Business intelligence software may hold the answers. How do online buying patterns reflect in-store patterns? Which promotions tend to work best? Does one channel feed the other? Most e-commerce packages don't provide this type of information. By adding a business intelligence solution that can integrate diverse information sources, companies can develop a better view of what makes e-commerce systems profitable, and how online sales channels relate to the overall business. Click-stream data, for example, is valuable in and of itself, but more valuable when combined with feedback from other sales and marketing systems.

#### Power to the People

People improve processes, and you have to equip those people with effective tools to analyze information. A good business intelligence system puts usable information into the hands of people on the front lines. Unfortunately, that's not always the emphasis with enterprise software.

Customer relationship management is a good example. CRM systems generally force the people who interact with customers to enter data into the system. But who benefits from all that data entry? In many cases, the benefits go to senior managers, not to the people who are collecting and entering the data.

Business intelligence software improves this situation by providing information to the sales and marketing personnel on the front lines. Which types of customers in which industries and territories are buying which types of products? These are the types of questions that business intelligence systems can answer.

Additionally, with automatic alerts, push technology and wireless reporting, business intelligence systems can link workers in the field with the critical information they need to make decisions – when and where those decisions need to be made.

#### Back to Basics


Today's efficiency-conscious managers are hearkening back to fundamental business drivers: obtaining customers, building revenue, increasing profits and achieving operational efficiency. Business intelligence software helps them

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In the wake of massive investments in new information systems, many companies are now focused on how to use existing technology investments to optimum advantage – whether it's e-business, e-commerce, ERP, CRM, supply chain management or some other type of enterprise software.

It's no wonder that *BusinessWeek* Magazine's listing of the world's 100 best-performing technology companies is dominated by companies that sell products and services that help others improve their bottom line (June 18, page 92). IT executives are looking for projects with a definite return on investment, projects that bring real value to the organization.

As Information Builders' customers have proven, achieving value and leveraging IT investments often begins with business intelligence technology. 

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