



## INTERVIEW WITH IDC'S HENRY MORRIS

BY DAVID BAUM

*Henry Morris is vice president for Applications and Information Access Research at IDC ([www.idc.com](http://www.idc.com)), a worldwide market research company. With corporate headquarters in Framingham, Massachusetts, IDC provides technology intelligence, industry analysis, market data, and strategic guidance to providers and users of information technology.*

*Morris has been with IDC since 1995, following a 13-year career at Digital Equipment Corp. He holds a doctorate in philosophy and taught analytic philosophy at the college level in the 1970s. Information Builders recently spoke with Mr. Morris to gather his insights on the renewed importance of information access tools and business intelligence software.*

**IB MAGAZINE - Broadly speaking, what does business intelligence entail for most of today's corporations?**

**MORRIS** - Business intelligence is gaining a much broader audience. The older terms like decision support suggested a technical analyst who had little power to make decisions. In many cases, these people created reports for someone else to act upon. Business Intelligence software, on the other hand, allows broader use by non-technical personnel and enables them to view reports, do queries and conduct analytic exploration in real time. I think the Web has a lot to do with that.

**IB MAGAZINE - How are information access tools changing in response to the Internet and Web technology?**

**MORRIS** - The great distribution capabilities of the Web allow users to distribute reports instantly to large, dispersed workgroups, while mobile devices let people gain access to information in a much more timely fashion. This reduces the lag-time from when events happen to when they are acted upon. For example, the City of Richmond in British Columbia is on a low

island just above sea level. Using Information Builders' WebFOCUS, city officials can retrieve important reports regarding water level and drainage over mobile devices from the Internet. They definitely don't want to get notified too late or they'll be under water. This is a wonderful story because it demonstrates how instant access to analytical information can dramatically influence the welfare of a large group of people.

**IB MAGAZINE - How does business intelligence software help companies move more quickly, make better decisions or cut costs?**

**MORRIS** - I coined the term 'analytic application' because the issue isn't really how to turn raw data into information, but how to improve the quality of decision making. The question is not simply providing technology, but how to apply the technology to the business situations where it becomes actionable. That's really the only way you are going to be able to show any return from investments in business intelligence.

**IB MAGAZINE - Can you elaborate?**

**MORRIS** - There are two major reasons why people invest in business intelligence. Some companies don't have a specific business need. They just want to deploy the technology to build a general resource for whoever wants to use it. Others have a specific business problem in mind when they invest in business analysis tools. Not surprisingly, those who have a specific purpose in mind see a much faster return on investment than those who create a general resource.

The group that has a specific purpose can be divided by two major motivations. One is control. This is concerned with increasing efficiency, reducing cost, and becoming more profitable. The other major motivation is opportunity. This deals with driving the bottom line. The group that advocates efficiency or control sees a much more rapid return than the group that seeks to drive new opportunity and new sources of revenue. That's because control and efficiency are readily measurable.

**IB MAGAZINE - What are some of the key market drivers for information access tools going forward?**

**MORRIS** - The concern now is

more about profitability than about revenue growth, per se. You've read news items that say something like, "Amazon.com grew for the Nth straight quarter, yet continues to be unprofitable." Profitability is something different from general efficiency or cost reduction. It is easy to measure aggregate profit. But to be able to make the kinds of distinctions and discriminations that measure relative profitability trends and efficiency as it relates to actionable issues – this requires *applied* business intelligence. And that is more difficult to achieve.

**IB MAGAZINE - Let's shift gears to packaged software. Does business intelligence play an important role in today's enterprise software implementations?**

**MORRIS** - Some business intelligence software packages simply attempt to replace human intuition. They prove their importance if they can compare efficiency levels both before and after the applications are deployed. Key issues include pricing, understanding cost, and overall efficiency. This is easier to measure with applications that automate a known, repeatable function, like order entry or purchasing. It's more difficult to measure with customer relationship management (CRM) applications since you need very skilled sales people to exploit the capabilities.

**IB MAGAZINE - What types of new capabilities are we likely to see in business intelligence over the next few years?**

**MORRIS** - We are already seeing the need to decrease the lag-time from when information is collected to when it can be analyzed. One way to do this is to monitor the real-time environment for certain events as you collect the information. You are looking for occurrences that are early indicators of a problem, like the city of Richmond watching for water levels that might flood the city.

You will also begin to see more

analytics included with enterprise applications. If you buy a CRM or ERP package, you'll find that it comes with a data warehouse and analytic routines because these capabilities are in such great demand.

I think the next threshold is extending the software to provide support for what is usually a collaborative process – how people make decisions, and how those decisions are then carried forward as new rules or policies that govern future operations. Building that kind of link will become very important. This is where business intelligence meets Enterprise Application Integration (EAI), rules management, and business policy management. These are the next frontiers for business intelligence. We are moving out of the back room and linking up with the front-line operations of the company.

**IB MAGAZINE - At a time when some sectors of the IT industry are recoiling from cutbacks, is the overall business intelligence market showing signs of growth?**

**MORRIS** - Absolutely. According to our research, the market for business intelligence software tools will grow at a compound annual growth rate of 26.9 percent between 2000 and 2005. The business intelligence tools market is aided by the after-effects of enterprise software deployments such as CRM applications, as users seek to develop personalized interactions with customers. Meanwhile, intranet and extranet adoption is bringing reporting and analysis tools to broader classes of users, both inside and outside the enterprise. Business-to-business extranets are creating near-term demand for decision support software, while e-marketplaces and exchanges will become more significant over time.

**IB MAGAZINE - How about the market for end user query and reporting tools?**

**MORRIS** - IDC expects the end-

user query and reporting market to grow to \$6.2 billion by 2005, which represents a compound annual growth rate of 29.9 percent. Although the current economic slowdown in North America is expected to adversely affect the growth rate of this market in 2001, the market should pick up after that.

**IB MAGAZINE - Will we see an increase in wireless reporting and business intelligence over this period?**

**MORRIS** - Although the mobile market for query and reporting tools is still in its infancy, continued growth of this channel will further fuel growth in the end-user population for query and reporting tools. Advanced data visualization is expected to contribute to the growth in this market by enhancing the user experience.

**IB MAGAZINE - What do you see as Information Builders' strengths in the Business Intelligence and end-user reporting markets?**

**MORRIS** - One major part of business intelligence is the need to access information from multiple sources and multiple computer platforms. This is accomplished by Information Builders' rich EDA heritage, now embodied in the iWay technology. There are numerous types of legacy databases and applications that continue to be essential to business operations. Information Builders knows this field very well. The other important issue is the ability to deliver information in multiple formats – whether over the Web, over mobile devices, or what have you. The work that Information Builders has done delivering information over a broad range of devices is also significant. The combination of wide access and broad deployment is a compelling value proposition. 🌐

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