

INTERVIEW WITH META GROUP'S

# KURT SCHLEGEL

BY DAVID BAUM



*Kurt Schlegel is an analyst in the Enterprise Analytics Strategies practice at META Group, which focuses on Analytic Applications, Data Warehouse Technologies and Architecture, and Business Intelligence Architecture and Tools. Information Builders Magazine interviewed Mr. Schlegel to discuss corporate standards for enterprise business intelligence.*

**IB MAGAZINE** - Tell us about META Group and your role within the organization.

**SCHLEGEL** - As an IT advisory firm, our customers are primarily large IT organizations. Most of our research comes directly from IT buyers—where they're spending their budgets, what their concerns are, and what their future directions consist of. I head up the business intelligence (BI) practice, which encompasses enterprise reporting, ad hoc query capabilities, drilldown analysis, and online analytical processing (OLAP).

**IB MAGAZINE** - Large enterprises that formerly purchased various point products for reporting and analysis are beginning to adopt enterprise BI standards. What are the primary business drivers behind this trend?

**SCHLEGEL** - In the past, most organizations purchased BI tools in a very decentralized manner. There was little or no coordination, and thus no cohesive BI architecture across the company. Today, IT organizations are looking at their portfolios and trying to reduce the number of vendors they buy from. They are adopting an organization-wide perspective, then trying to build their systems around architectural standards. That mentality is permeating not just BI, but IT architectures overall.

**IB MAGAZINE** - What's the logical progression?

**SCHLEGEL** - Most companies begin by creating a center of gravity for BI projects along a particular vendor path, or perhaps two or three BI vendors. For new projects, they encourage standards rather than giving departments autonomy in the tools they wish to use. IT plays an important role in this process by setting the standards and defining best practices. There will still be shared workloads between the business units and IT. But we're starting to see IT set the strategic direction. It's not an easy thing to do, and I think we are very much at the beginning stages of this trend.

**IB MAGAZINE** - What are the benefits of standardization?

**SCHLEGEL** - The first motivation is to simplify the infrastructure. IT managers face chronic headaches with system administration and management. They need to constantly change security rules, administer passwords, and formulate metadata in several different places. There's a lot of redundant work to be done. It would be a lot simpler if there was one common or cohesive BI infrastructure. The second motivator involves trust in the information itself. It is difficult to arrive at a single version of the truth when you have multiple BI packages on the

front-end doing the calculations. The goal is to centralize back-end data, create a cohesive data model across business units, and use common tools for query and reporting.

**IB MAGAZINE** - Is the drive toward corporate BI standards causing vendors to make pricing and licensing concessions?

**SCHLEGEL** - Not yet, but it will. Vendors need to change the pricing models to make them more applicable to mass-scale deployment. Vendors that relied on user-based pricing or device-based pricing or instance-based pricing are going to have to change their pricing models to make them more affordable for external or "self service" users. Other vendors who have relied on a la carte pricing of BI products are beginning to offer suites.

**IB MAGAZINE** - If you're going to standardize on just a couple of software products for analysis and reporting, what are the essential components you should look for?

**SCHLEGEL** - There are several considerations. The first is broad product capabilities—things like OLAP, ad hoc query, enterprise reporting, dashboard capabilities, portal integration, and the accessibility of Business Performance Management technologies. That's one axis. The second axis involves

manageability, scalability, and security. And the third axis concerns data integration at all levels – ETL, EAI, EAA and metadata integration. That’s the big area that’s lacking, and it’s been an inhibitor to great BI. For example, you want common metadata between the SAP and PeopleSoft worlds. Finally, there is the issue of deployment. The BI world is moving towards a web-based, zero-footprint client. This provides a lot of attrac-

statements to low-level data points to figure out where information came from. That requires a much more rigorous BI deployment than most companies have today. Today’s companies also want unstructured reports that fit within the hypertext model, so users can look at different links and drill down in certain areas. Enterprise reporting is still a formal process, but it is becoming a much more interactive medium.


**IB MAGAZINE - Above and beyond product capabilities, what should**

being equal, they will stick with an established product rather than adding something new.

**IB MAGAZINE - What tactics can customers use to ensure that their BI initiatives pay off?**

**SCHLEGEL -** The best way to demonstrate value is to shift the guiding principle of BI deployment away from satisfying an individual user’s curiosity and towards improving a business process. There’s no shortage of quantitative measures that you can find where BI can make a tangible difference, whether it’s predicting revenue or measuring supply chain efficiency. Try to derive new insight through the BI infrastructure, and pick a project with a very visible and tangible return that can be demonstrated. These are the types of projects that will prove the validity of the tools.

**IB MAGAZINE - What hurdles remain before today’s product suites can be considered fully enterprise capable?**

**SCHLEGEL -** The BI industry has made great strides in the areas of security, manageability and scalability. The products have become easier to use and more robust. But a lot of integration work still needs to be done on the back end before we can arrive at a true enterprise-class BI standard. Being able to understand the metadata and the context of where the information is coming from is the major hurdle that BI vendors face. But, overall, I’m very optimistic about the BI space. The last three years have been characterized by cost cutting and consolidation. Today, many of our clients are starting to talk about new deployments and innovation. There is a lot of optimism on the horizon. 

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-Kurt Schlegel,  
META Group Analyst

tive benefits, both from an IT administration standpoint and an end-user standpoint.

**IB MAGAZINE - What kind of enterprise reporting capabilities do you need to satisfy today’s requirements?**

**SCHLEGEL -** In the past, enterprise reporting has been able to remain autonomous from the other aspects of BI. Regulations such as Sarbanes-Oxley and Basel II have made it much more important to integrate Enterprise Reporting with the full BI suite. Analysts need to be able to drill down from high-level financial

**companies look for in a BI vendor?**

**SCHLEGEL -** You want a vendor with a vision for BI and the architecture to back up that vision. Customer service is also very important. Enterprise customers expect prompt, knowledgeable support personnel backed up by a full range of consulting services for designing, deploying, maintaining and expanding their BI implementations. Of course, incumbency matters a lot. People favor vendors that are entrenched, that have built their reports and written their queries. They don’t want to turn their back on all that work. So all other things