Dimensional Insight Customers Experience Best-in-Class Management of TCO for Business Intelligence Applications

As companies continue to prioritize Business Intelligence (BI) initiatives, they are also becoming more concerned about managing the Total Cost of Ownership (TCO), and the impact that cost control can have on the ultimate success or failure of BI projects. Many executives have become wary of hidden costs based on prior experiences with data warehousing and other enterprise application initiatives, and are putting BI vendors to the test to provide a means for managing cost.

In January and February 2008, Aberdeen Group conducted research among 573 companies to determine the current state of an organization's ability to manage the total cost of ownership of their BI deployments. The full benchmark study, *Managing the TCO of Business Intelligence* published on February 29, 2008. Sixty-one respondents (10.64% of the total response) indicated they were customers of Dimensional Insight, a business intelligence software company, founded in 1989, that provides a range of BI products as well as consulting and training services. A comparison of Dimensional Insight customers' performance to Best-in-Class survey respondents (see definition at right) reveals an advanced ability among Dimensional Insight customers to manage the TCO of their BI deployments.

Developing Capabilities that Alleviate Top Business Pressures and Inhibitors

Data integration challenges, the desire to deliver BI capabilities to more end users, and the need to improve ease-of-use of BI applications are the top three business pressures driving organizations to become more aware of the TCO of BI (Figure 1). Interviews conducted with several survey respondents revealed that data integration alone can dictate the success or failure of a BI initiative, and can jeopardize the entire investment if the intricacies of data extraction from data sources, complex data manipulations, calculations, and meta-data definitions cannot be resolved.

Delivering BI to more end-users and improving ease-of-use for end-users are the second and third most important pressures overall. These pressures are related to both the costs of supporting additional end users, as well as user adoption of BI technologies.

Research Methodology - Defining the "Best-in-Class"

Aberdeen Group used three key performance criteria to distinguish Best-in-Class companies from Industry Average and Laggards. Best-in-Class companies showed the following performance:

√ **On-budget completion of BI projects**. 64% of Best-in-Class companies achieved year-over-year improvement, versus 14% of Industry Average companies and 3% of Laggards.

√ **Cost-per-user of BI applications**. 91% of Best-in-Class companies experienced a year-over-year decrease, versus 20% of Industry Average companies and 1% of Laggards.

√ **Time-to-completion of BI projects**. 37% of Best-in-Class companies achieved average BI project time-to-completion of seven days or less during the past 12 months, versus 20% of Industry Average companies and 17% of Laggards.

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Figure 1: Top Three Business Pressures Driving Management of TCO for Business Intelligence Applications
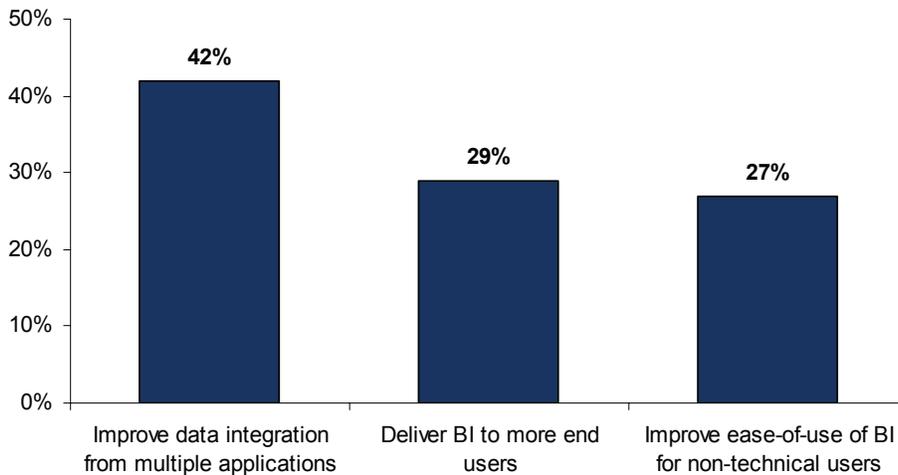
Source: Aberdeen Group, March 2008

A lack of adoption leads to a difficult situation where determining TCO becomes a cloudy exercise. Delivering BI capabilities to a broader audience of non-technical users implies cost factors such as:

- License costs (if applicable - per user, per CPU utilization, per data volume metric, etc.)

- Ongoing user support to a geographically dispersed user base

- Ongoing software maintenance and technical support (provided by the software vendor, third-party, or internal resources)

- User training requirements

- Computing and networking infrastructure to handle the reporting and data query load associated with an increasing number of users

Survey respondents unanimously indicated that the time, effort, and IT resources required to generate reports and deliver them to the right end users at the right time is a major cost factor. As revealed through one-on-one conversations, this can come as an unwelcome surprise as BI implementations begin to grow in scope from pilot projects to full-production applications encompassing large data sets, complex calculations and algorithms, and a diverse set of non-technical business users. The level of technical ability among users typically pushes the job of report generation to the IT department. This not only causes additional costs in terms of IT resource utilization, but also drives the need for additional headcount to be hired to meet the demand for increasing report and analytical view requests. Respondents have indicated that automation of report generation is a top capability for alleviating the strain on IT, and empowering users with information faster.

Vendor Checklist

The top three items to consider when evaluating vendors:

√ **Ease of use for end users**. 67% of Dimensional Insight customers rated this as the top consideration, versus 57% of Best-in-Class companies and 53% of all others

√ **Ease of building BI applications**. 48% of Dimensional Insight customers rated this as the second most important criteria, versus 36% of Best-in-Class companies (who rated this the fourth most important vendor selection criteria) and 29% of all others (who had this rated as the fifth most important criteria)

√ **Compatibility with existing IT infrastructure**. 46% of Dimensional Insight customers rated this as the third most important vendor selection criteria, versus 39% of Best-in-Class companies and 42% of all others (who rated this as the second most important vendor selection criteria)

√ Other top-five criteria included **scalability** and **ongoing support costs**

Dimensional Insight customers are outperforming Best-in-Class and all other
organizations when it comes to the automation of report generation
activities (Figure 2).

**Figure 2: Percent of Respondents Currently Capable of
Automating Report Creation**
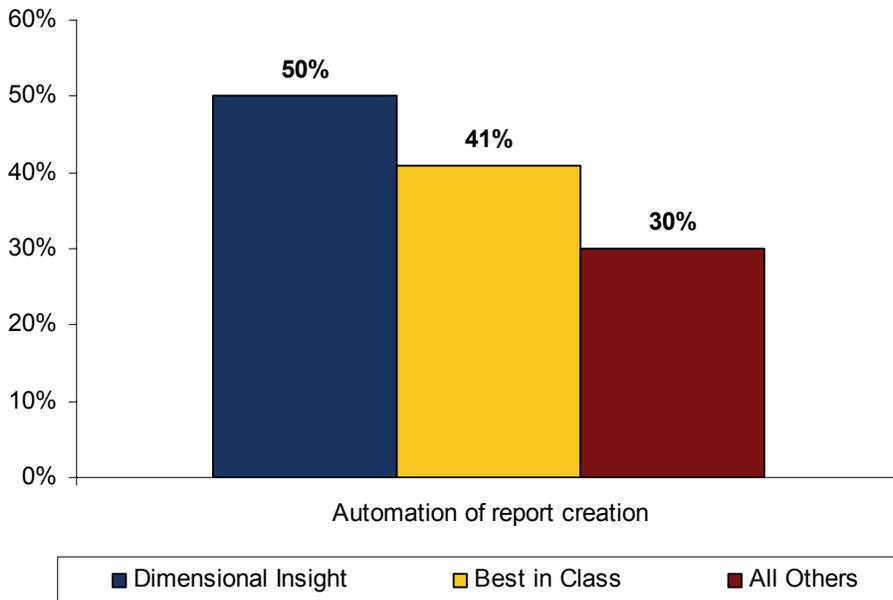
Source: Aberdeen Group, March 2008

Time-to-Completion of BI Projects - A Best-in-Class Performance Indicator

Time is a critical metric for measuring the total cost of ownership of a BI
application. Respondents reported that one of the most common root
causes for project failures and cost overruns involves missed expectations
for BI project delivery timelines.

Companies that can complete BI projects within compressed timelines will
be able to meet business requirements for information faster, thereby
improving an organization's ability to respond to changing business
dynamics. Aberdeen Group defined "completion of BI projects" as the
creation of a set of reporting or analysis views to support a specific
information requirement. The "time-to-completion" of BI projects,
therefore, is the actual elapsed time between recognition of an information
need, and the delivery of information to decision makers. Dimensional
Insight customers, again, have displayed superior ability to rapidly respond
to changing business dynamics and delivery of new information views,
reports and data to decision-makers rapidly (Figure 3).

Figure 3: Percent of Respondents by Time to Completion of BI Projects (creation of a set of reporting or analysis views to support a specific information requirement)
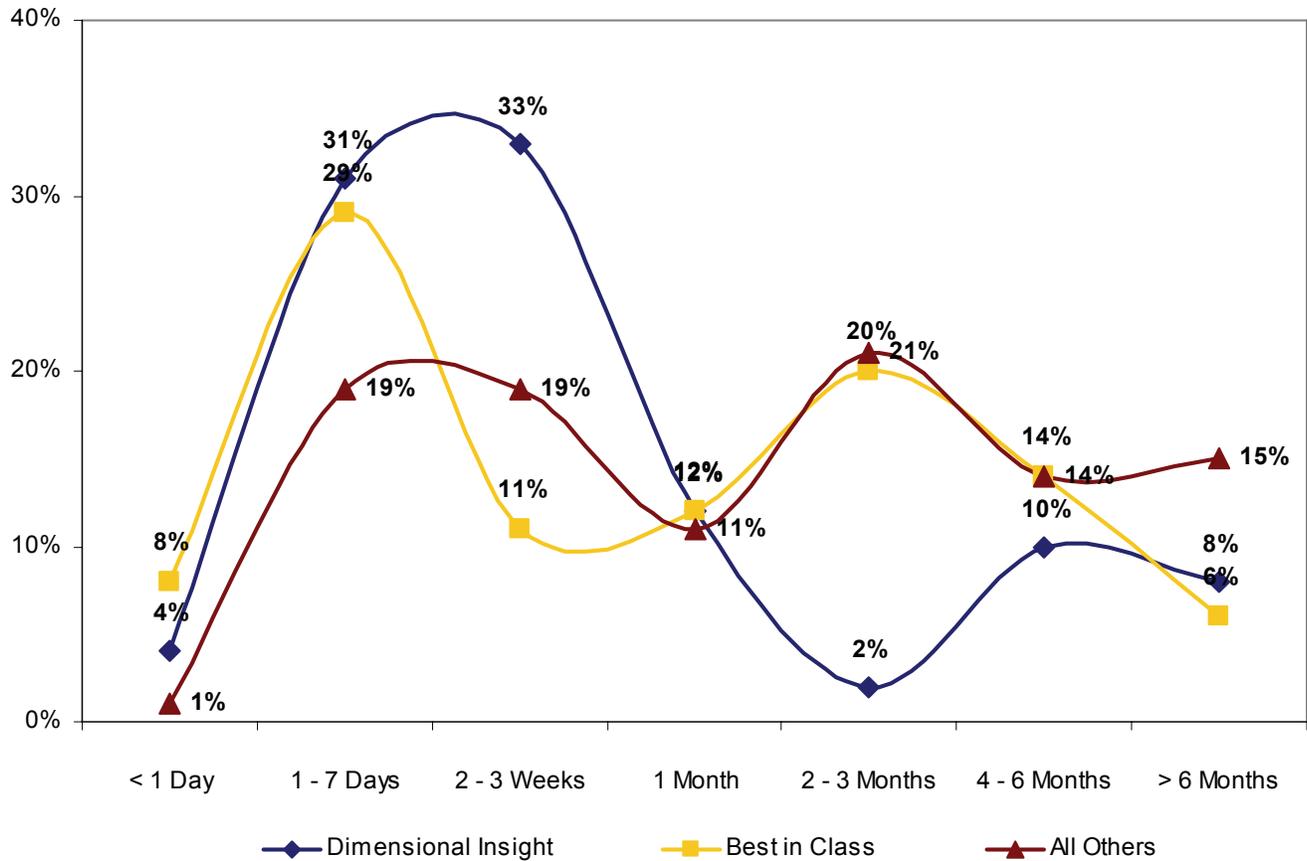
Source: Aberdeen Group, March 2008

Case in Point - Southern Wine and Spirits Emphasizes Vendor Selection Criteria for Managing TCO

As a decentralized operation with over 28 distinct selling operations, Southern Wine and Spirits (SWS), the largest US beverage alcohol distributor, was challenged with pulling together timely information for analysis at corporate offices. This executive information needed to be summarized at a high level with drill down (slice and dice) granular functionality.

"We were given the task of finding a product that could not only deliver timely information to our executive offices, but could also be used by sales management in each selling division to monitor their business. In addition, we were tasked with developing a portal-based supplier reporting platform capable of delivering information to thousands of external users. In a company this geographically dispersed, it took a lot of time and effort to pull information together, consolidate it, and make it available on a common reporting platform," said Mike Brockway, Director of Enterprise Services

"Our decision ultimately was made based on the vendor that handled our volume of data faster than any other product we looked at. Ease of use was also important. As long as the users have some PC knowledge, and they know how to click or double-click a mouse, they can easily use the tools."

~ Sr. Project Manager, Data Warehouse and EIS, Large Beverage Distributor

for SWS' Business Solutions Group, the division in charge of supporting the
back office activities of more than 10,000 SWS employees.

"Before we started looking for a solution to meet our needs, we developed
a list of requirements:

- The entire solution had to be simple from an information systems
  perspective to let our selling divisions take ownership of local
  support issues. It had to be easy to drill down and drill across data
  so that one could easily navigate down into the detailed information,
  without requiring IT support.

- The product had to be able to handle large data volumes and would
  have to "crunch" it in a relatively short period of time.

- It had to be supported on our current information management
  platform.

- It had to be portable allowing executives to use the system via
  laptops or an internet browser when they travel.

- It had to have advanced graphing and reporting capabilities built-in.
  It was our intention to eventually replace legacy systems with
  reports generated by this tool.

- It had to be generic to our business processes so that we could take
  this product and use it across many areas of our business areas. We
  wanted a product that was flexible and scalable so that it could be
  used in finance, shipping, personnel, and warehouse management.

- It had to be web-enabled. We wanted to be able to serve it to
  remote locations, suppliers, outside vendors, as well as to people on
  the road.

- It had to be installed and deployed rapidly. We also needed proof
  that the solution would allow our own staff to build basic BI
  applications without requiring outside consulting services."

Integration with an Information Management Platform

The organization realized early on that the basic design structure selected
would be critical to the product's overall success. The BI tool was only one
part of an overall solution that included the design and implementation of a
data warehouse that would contain all of the company's critical data.

"We worked as a joint venture with our platform vendor to design a data
warehouse. The data warehouse in production today pulls data from all of
our sales divisions every day. This involves just under a hundred million
records, and it's growing every day. The main benefit we have derived, in
terms of managing cost of ownership, is that we no longer have to call our
sales divisions for special reporting requests," said Brockway.

As the company started looking at the expansion of the BI deployment, they
realized they had to prioritize which business areas to focus on first. The
management of total cost over time necessitates a step-by-step approach to

adding new BI application areas, and not falling to the temptation to address every need at once.

"Based on our project management requirements, the BI vendor we ultimately selected – Dimensional Insight – allowed us to implement a true enterprise-wide platform – serving external and internal users of all levels with varied technical skill sets. As part of our selection process, we looked at six different vendor offerings. Our decision ultimately was made based on the vendor that handled our volume of data faster than any other product we looked at and could scale as our needs evolved," explains Brockway.

Once the immediate priority of internal sales reporting was satisfied, SWS began moving the tool into other departments within the organization to help streamline external reporting needs using a phased approach. Southern Wine & Spirits began placing more emphasis on servicing the information needs of their 1,500 suppliers. In order to preserve data integrity, maintain a consistent enterprise BI platform, and manage total cost of ownership, the decision was made to deliver information services to suppliers and other external users using the Dimensional Insight platform.

"Ease of use was so important. As long as the users have some PC knowledge, and they know how to click or double-click a mouse, they can easily use the tools," states Brockway.

Required Actions

In order for companies to improve management of the total cost of ownership for BI projects, the following recommended actions should be considered:

- **Challenge software vendors to properly set expectations regarding project timelines**. Many vendors make the claim that their solutions will provide faster timelines for completion of BI projects. This often assumes simplistic environments, however, and does not take into account complexities such as the number and disparity of target data sources, the technical skill sets of both IT and non-technical end-users, or the complexity of the business analysis required.

- **Establish a holistic view, but stick with a phased BI project plan**. Too often, BI initiatives start as small, focused projects designed to solve one specific need. As the organization becomes more aware of the technology's capabilities, more requirements are identified, and the initiative can balloon into a very large project with little or no chance of meeting original budget and timeline projections. This can cause management commitment to decrease.

- **Define a comprehensive list of vendor criteria that addresses functionality and both immediate and long-term budgetary requirements**. Some vendors offer proof-of-concept or pilot projects to help prospective customers determine whether or not their products will meet business needs. Insist that these

projects include a full set of data (i.e. six months of detail data) and the production of complex reports and analytic views. Be wary of pilot projects that use only a small set of data and include only basic deliverables.

The TCO of BI has more to do with on-going costs than with up-front expenses associated with software purchase and initial installation. Respondents have reported a significant challenge with managing costs associated with project timelines. This has strained available IT resources and caused a level of cynicism on the part of management. A focus on the recommendations in this report will provide measurable TCO management improvement for companies considering new BI implementations or expansion of existing BI deployments.

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