



## *A Whitepaper for Business Decision- Makers*

# How To Leverage Today's On-Demand Business Intelligence Solutions to Achieve Your Corporate Objectives

An Independent analysis published on behalf of Business Objects.



## Executive Summary

A set of 'mega-trends' is reshaping the way businesses of all sizes must operate in order to succeed in a rapidly changing marketplace.

These trends include globalization, commodization, worker dispersion, consumerism and the advent of Web 2.0. These trends are changing customer expectations and buying behaviors. They are changing sourcing and channel strategies. They are also changing the pace at which companies must make decisions and even shift directions.

In order to keep pace with these trends and capitalize on the new opportunities they are creating, winning companies must adopt new methods to harness raw data and convert it into actionable information.

Unfortunately, most companies do not have an effective mechanism to support their decision-making processes. In fact, a recent BusinessWeek study found that 60% of the respondents to the publication's survey regarding business intelligence rely on their "gut feel" when making a decision 50% of the time.<sup>1</sup>

A new generation of 'on-demand' business intelligence solutions is making it easier for companies of all sizes to compile and utilize data from multiple sources inside and outside the organization to achieve their corporate objectives.

These new on-demand solutions go beyond existing online tools that simply compile and generate reports on standard data sets. Instead, today's new on-demand business intelligence solutions allow users to collect data from more sources, analyze the data in more ways, and share the data and analysis more securely with more people inside an organization and with authorized third-parties.

Today's on-demand business intelligence solutions include a broader range of ad-hoc query capabilities, more powerful dashboards, and greater collaboration and communications functionality.

For many large-scale companies which have already invested in sophisticated business intelligence systems, today's on-demand solutions represent an opportunity to extend the power of the established platform into new parts of the organizations or even beyond the boundaries of the corporate firewall, to permit remote workers and strategic partners to better leverage this critical resource.

For small- and mid-size businesses (SMBs) that have not been able to afford the luxury of a business intelligence system in the past, today's on-demand solutions give them a cost-effective alternative, which can quickly permit them to capture and analyze valuable information to make better business decisions.

This whitepaper will examine the trends which are making it imperative that companies of all sizes adopt business intelligence solutions and how they can capitalize on the new generation of on-demand business intelligence solutions to attain their corporate goals.

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<sup>1</sup> BusinessWeek, "Seizing the BI Opportunity". May, 2006.

## Introduction: Mega-Trends Reshaping Business

Companies of all sizes are facing a confluence of market forces which are driving them to fundamentally restructure the way they do business. These forces include lowering trade barriers, accelerating technological innovations, changing work habits and shifting buyer preferences which are intensifying competition and undercutting differentiation.

Globalization and the advancement of eCommerce via the Internet have opened the door to new markets for goods and services of all types. Cheaper offshore resources have significantly reduced the cost of producing these goods and services. eCommerce has also reduced the cost of selling goods and services worldwide.

However, these same trends have enabled new players to emerge who are increasingly competing on price rather than product features or quality. In his book, The World is Flat, Thomas Friedman states:

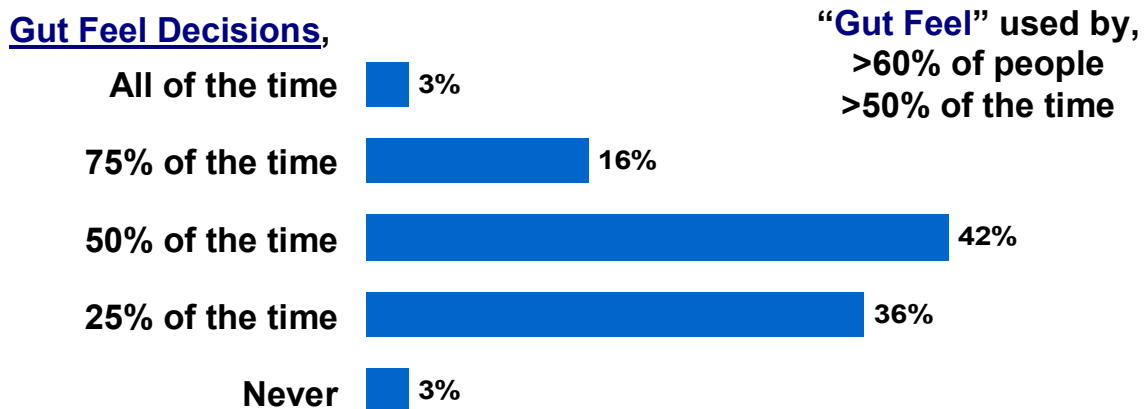
*“One of the unintended consequences of the flat world is...individuals from every corner of the flat world are being empowered. Globalization 3.0 makes it possible for so many more people to plug and play.”*

Commodization is making it more difficult for companies to differentiate their goods and services. It is also making it easier for customers to switch suppliers. Therefore, companies must become more knowledgeable about their customers' preferences so they can encourage greater customer loyalty.

These rapidly changing market dynamics are forcing business leaders to make more and more important decisions 'on the fly'. Under these circumstances, it isn't surprising that business executives surveyed by BusinessWeek admitted they make many of their decisions on "gut feel".

Figure 1

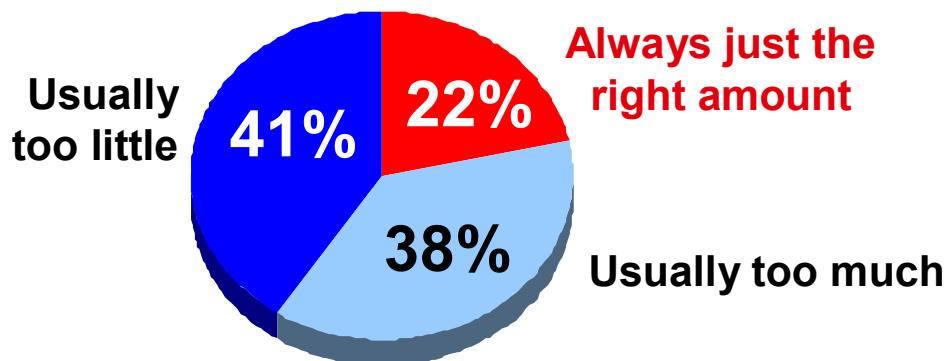
### BusinessWeek Survey Finds "Gut Feel" Drives Many Business Decisions



As a consequence, less than a quarter (22%) of the business executives surveyed by BusinessWeek believe they have the right amount of information at their disposal to make important business decisions.

Figure 2

**BusinessWeek Survey Finds Few Executives Have the Right Amount of Information to Make Important Business Decisions**



Unfortunately, not being able to obtain and interpret important corporate data can often result in bad business decisions. *Over three-quarters (77%) of the BusinessWeek survey respondents reported they are aware of bad decisions managers in their companies have made due to insufficient information.*

These mega-trends are raising the stakes for large-scale enterprises, as well as rapidly growing SMBs. These trends are also intensifying the need to capture and disseminate valuable corporate data from geographically dispersed operations to workers who may also be working remotely or on the road, and among business partners who can benefit from the same information but sit outside the corporate firewall.

In order to successfully compete, large enterprises must be able to access, analyze, and act on data more quickly. Corporate executives and end-users must be able to easily manipulate the data so they can interpret how it impacts customer demand and production costs. They must also give their remote workers, as well as business partners, fast and secure access to centralized data and business intelligence tools to properly interpret the data and make decisions to drive the business.

In the past, SMBs have been unable to afford the luxury of sophisticated business intelligence systems like those used by large-scale enterprises. These systems were either too costly or demanded too much internal support to fit within the SMBs' operating budgets. However, in a world in which many SMBs must compete on a global scale and contend with greater international competition, being able to leverage critical data is no longer a 'nice to have' capability, but an increasingly important business requirement.

These trends are fueling growing interest in new methods to fully leverage the promise of business intelligence.

## On-Demand Services Spread to Corporate Environments

The growing popularity of on-demand services aimed at making the personal lives of consumers easier, such as online banking and web-based storage services, are also making people more comfortable with the idea of employing similar on-demand services in their business environments to satisfy their professional needs.

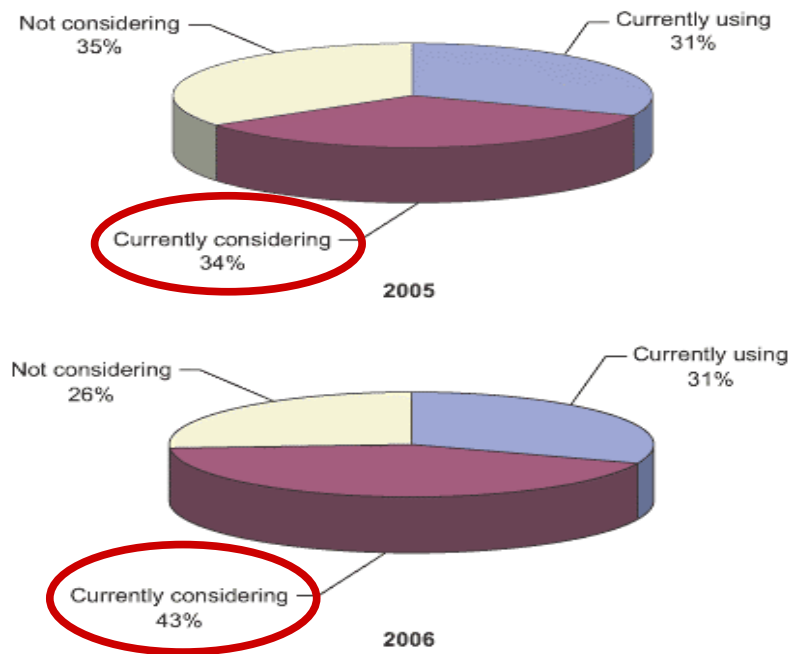
On-demand, Software-as-a-Service (SaaS) solutions enable companies to quickly deploy new business applications without making additional investments in hardware or dedicated support staff. The subscription pricing model also enables companies to acquire software functionality on a 'pay-as-you-go' basis to meet their business requirements. Not only do SaaS solutions reduce the upfront costs of traditional on-premise applications, they also permit users to access the applications anytime from anywhere via the Web.

Corporate adoption and satisfaction with popular on-demand business applications, such as *Salesforce.com*'s customer relationship management (CRM) solutions, is encouraging companies of all sizes to explore additional web-based applications to address other business requirements.

The growing interest in on-demand applications has been clearly shown in THINKstrategies' second annual SaaS survey, in conjunction with Cutter Consortium. Our survey found that the proportion of respondents considering SaaS solutions jumped from 34% in 2005 to 43% in 2006.

**Figure 1**

### Interest in SaaS Solutions Rising



Our survey also found that over 80% of the respondents who are currently using a SaaS solution are satisfied enough that they planned to expand their use of SaaS and would recommend SaaS to others.

The high level of satisfaction is fueling interest in other business application areas. As an indication, THINKstrategies' Software-as-a-Service Showplace ([www.saas-showplace.com](http://www.saas-showplace.com)) lists over 1300 SaaS solutions in 80 application and industry categories.

One of the fastest growing segments of the SaaS market is on-demand business intelligence solutions.

## The Benefits of On-Demand Business Intelligence

Effective business intelligence should collect information from a variety of disparate data sources, compile the information into a logical framework which can generate structured reports or ad hoc responses to individual queries.

Instead of examining a single set of data regarding a specific aspect of the business operation—such as sales, marketing, manufacturing or human resources—a business intelligence system will draw information from multiple applications across many functions.

A business intelligence system should also include performance management dashboards which enable executives and key end-users to quickly scan and analyze historical data, evaluate how specific business operations are matching established goals, and predict future results based on 'what if' scenarios.

The system should also permit users to track key performance indicators (KPIs) and monitor important business processes on a continuous basis. This enables

executives and end-users to better understand how various activities are interrelated and make better business decisions.

Traditional, on-premise business intelligence solutions were designed to allow companies to create highly customized data collection and analysis systems that integrated with their existing database architectures and met their specific business needs. While this benefited many large-scale enterprises, the cost and complexity of traditional, on-premise business intelligence solutions also prevented many SMBs with limited budgets and internal staff from taking advantage of these applications.

On-demand business intelligence solutions provide companies of all sizes a new 'turn-key' approach to meet their data integration and analysis needs. These applications include a set of common templates with meta-configuration capabilities to respond to their individual requirements. The on-demand solutions also include a set of application program interfaces (APIs) which enable them to interoperate with third-party applications and various databases.

On-demand business intelligence solutions also offer additional features and benefits that can complement traditional, on-premise software, including existing BI implementations by allowing the power of business intelligence to extend beyond the firewall.

First, on-demand solutions leverage the ubiquity of the Internet to permit users, both remote employees and strategic partners, to access and share important data from anywhere at anytime. In order to alleviate any concerns regarding security threats, today's on-demand solutions also enable companies to establish strict access control rules that permit authorized internal users and strategic partners to submit and obtain important information without compromising the corporate firewall. This can permit more effective decision-making, as well as tighter collaboration and coordination internally and with partners. Given the recent rash of security violations within well-known companies, many large enterprises and SMBs are recognizing that Statement on Auditing Standards (SAS) No. 70 certified SaaS providers may be better equipped to safeguard their valuable data.

The second important feature of today's on-demand business intelligence solutions is the ability to access and integrate with a wide array of data sources. These sources may range from elaborate, enterprise-scale databases within multinational corporations, or critical business information collected on Microsoft Excel spreadsheets within SMBs. Today's on-demand business intelligence solutions can quickly link to established databases or simple documents, regardless of their architecture or format. They include ad hoc query engines and intuitive, web-based interfaces that permit personalized analysis and reporting.

The third key feature of on-demand business intelligence solutions is their scalability and interoperability with a rapidly expanding community of third-party applications. The 'multi-tenant' architecture of on-demand solutions permits SaaS vendors to distribute their web-based applications to additional users easily and quickly. New partner networks, or 'ecosystems', that adhere to a common set of web service and software development standards, also allow broader interoperability. These features make SaaS more scalable and extensible.

The fourth feature of on-demand business intelligence solutions is the off-site back-up and disaster recovery capabilities of these web-based applications. Rather than worry about whether the business intelligence application and related corporate data will be vulnerable to system failures, natural disasters or security encroachments, an increasing number of companies are looking at web-based solutions as a mechanism for protecting valuable business information. The SaS 70 certification process which today's on-demand business intelligence solution leaders have undergone has produced an added level of protection.

These built-in features, plus the 'hosted' service approach which places the deployment and ongoing administration burden on the SaaS provider, are what is making on-demand business intelligence solutions increasingly attractive to large enterprises and SMBs alike.

For the large enterprises, they can extend the value of their existing business intelligence solutions to additional users, both internally and among external suppliers or other partners, beyond the firewall.

For SMBs, today's on-demand business solutions gives them access to the functional benefits of business intelligence at a price which can fit within their more limited budgetary.

## Selecting the Right On-Demand Solution

The growing popularity of on-demand solutions is attracting additional SaaS providers seeking to capitalize on the new market opportunities. Given the pivotal importance of business intelligence, it is imperative to select the right vendor by carefully evaluating their on-demand solutions.

Since many of the functional capabilities and features of today's SaaS vendors may seem comparable, the following criteria for selection are important:

- *Reliability* – Because companies continuously rely on their business intelligence solutions to make both strategic and tactical decisions, the application must be available 24x7. Therefore, companies should carefully review the SaaS vendors' uptime performance records, service delivery infrastructure capabilities, hosting company relationships and service level agreements (SLAs).
- *Scalability* – One of the advantages of on-demand solutions is that they can be adopted in an incremental fashion. This permits companies to test SaaS solutions in pilot situations, or add new users or application modules on an 'as needed' basis. At the same time, the on-demand application should be able to accommodate an increasing number of users to grow with a company's needs.
- *Integration/Migration* – Being able to easily integrate and migrate data to and from a business intelligence platform is a critical consideration. Companies that have already deployed on-premise business intelligence applications should evaluate how well on-demand solutions can integrate into their existing platforms. Companies that are adopting an on-demand business intelligence solution to take advantage of this type of functionality for the first time should consider whether they may want to migrate to an on-premise solution in the future as their needs change. Selecting an on-demand solution which can easily integrate with an on-premise platform will ensure the greatest ROI.
- *Security* – Given the sensitive nature of the data and analysis captured by a business intelligence application, it is critical that companies carefully examine the security measures which the on-demand solution vendors have adopted to protect their proprietary information. Encryption and other technical safeguards should be in place, as well as SaaS 70 certification to assure that the vendor has the proper policies and procedures to protect its customers' valuable data.
- *Viability* – Because many of the barriers to entry of the traditional software industry have disappeared in the on-demand software market, a proliferation of new players has emerged. As in any hyper-growth marketplace, there will be a shakeout of many of today's on-demand vendors. Some will be acquired or merge with one another, others will fail. The fate of a company's business intelligence data and analysis will depend on the future of its on-demand solution vendor. Therefore, it is important to select a vendor who is most likely to survive in an increasingly competitive market.

## Summary and Conclusions

Globalization and eCommerce are fundamentally changing the market opportunities and competitive landscape for companies of all sizes. At the same time, technology is permitting workers to be more mobile and dispersed, and suppliers to be spread across vast geographies.

These same forces are permitting more competitors to emerge and customer loyalty to fade. These trends are forcing companies of all sizes to better utilize and disseminate their corporate data to make better business decisions so they can gain a greater competitive advantage and build stronger bonds with their customers and partners.

While the potential value of business intelligence applications has always been recognized, many large enterprises and SMBs have been unable to fully realize this value from traditional, on-premise solutions because of their cost or complexity.

Today's new generation of on-demand, SaaS solutions enables companies that already have business intelligence applications in place to extend the functionality, and companies which couldn't afford traditional, on-premise applications in the past to finally be able to leverage this powerful resource, at a reasonable price with limited resources.

In order to assure that a company selects the right on-demand business intelligence solution to meet its corporate objectives, it should carefully evaluate its reliability, scalability, integration, migration and security capabilities.

In addition, companies should carefully assess the long-term viability of the on-demand vendor to ensure that they will be able to stand by their solutions and be a trusted supplier as the company's business intelligence requirements evolve in the future.

Long-term, it is likely that most companies will want to leverage their business intelligence application whenever necessary, whether they are able to access the Internet or not. Being able to deploy a business intelligence solution which provides real-time access via the Web, but permits the user to analyze the data off-line will be preferable. Therefore, selecting a business intelligence solution provider which can provide this type of flexibility will be ideal.

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***This independent analysis was sponsored by Business Objects.***

### **About Business Objects**

Business Objects is the world's leading business intelligence (BI) software company, with more than 42,000 customers worldwide, including over 80 percent of the Fortune 500. Business Objects helps organizations of all sizes create a trusted foundation for decision making, gain better insight into their business, and optimize performance. The company's innovative business intelligence suite, BusinessObjects™ XI, offers the BI industry's most advanced and complete solution for performance management, planning, reporting, query and analysis, and enterprise information management. BusinessObjects XI includes the award-winning Crystal line of reporting and data visualization software. Business Objects has also built the industry's strongest and most diverse partner community, and offers consulting and education services to help customers effectively deploy their business intelligence projects.

Business Objects has dual headquarters in San Jose, Calif., and Paris, France. The company's stock is traded on both the Nasdaq (BOBJ) and Euronext Paris (ISIN: FR0004026250 - BOB) stock exchanges. More information about Business Objects can be found at [www.businessobjects.com](http://www.businessobjects.com).

### **About THINKstrategies, Inc.**

*THINKstrategies is a strategic consulting services company formed specifically to address the unprecedented business challenges facing IT managers, solutions providers and investors today as the technology industry shifts toward a services orientation. The company's mission is to help our clients re-THINK their corporate strategies, and refocus their limited resources to achieve their business objectives. We help enterprise decision-makers with their sourcing strategies, IT solutions providers with their marketing strategies, and venture firms with their investment strategies. THINKstrategies is also the founder of the Software-as-a-Service Showplace ([www.saas-showplace.com](http://www.saas-showplace.com)), a vendor-independent, online directory and information resource center of over 1200 SaaS solutions in 80 application and industry categories. For more information regarding our unique services, visit [www.thinkstrategies.com](http://www.thinkstrategies.com), or contact us at [info@thinkstrategies.com](mailto:info@thinkstrategies.com).*