

Monday Morning

August 4, 2008

ONE EIGHTY

Business Intelligence

Upcoming 2008 Events

- CAM-I Third Quarter Meeting
Portland OR
September 7-10
- Third Annual CMA/CAM-I Summit
Process, Performance, and Cost Management
October 22-23
Toronto Canada

People in the News

- CAM-I Business Intelligence Interest Group members
Shobhik Chaudhuri (chair), Brian Velaski, Joseph Staier, Kevin McKenzie, Tony Adkins, Xenia Lana, Ron Berry, John Charters, Emma Eaton, Michael Jewett, Terry Kades, Jeff Kallmeyer, Neil O'Connell, and Ryan Pike

In 1957 IBM shipped the world's first hard drive, leased at \$35,000 a year and delivering a whopping 4.4MB of storage. In Sunday's paper, Best Buy was advertising Terabyte external hard drives for less than \$250.

More than anything else, the availability of data and inexpensive storage has driven the growth for Business Intelligence (BI) systems and applications.

Wiktionary defines Business Intelligence as *any information that pertains to the history, current status, or future projections of a business organization.*

Wow! That's a lot of information. Financial results and projections, product and service cost and sales, purchasing history of customer and customer segments, and vendor pricing are just a few examples of information that pertain to a business organization.

It's hard to think about BI without thinking about the BI system and its set of tools, platforms, and applications.

BI systems start with source data (ERP, legacy systems, spreadsheets, and external data for example) then Extract, Transform, and Load (ETL) to build structured or unstructured Data Marts or databases (with the appropriate levels of security and credibility).

Reports and query tools, portals, and user interfaces make the data and information available for analysis and decision making.

Insurance companies are interested in marketing intelligence (response models, conversion rates), pricing intelligence (improved underwriting, exposure margins), and claims intelligence (predict subrogation and claims fraud).

Wal-Mart uses its BI capability for near real time projections of sales by specific store, specific shelves, and specific product down to the SKU level.

For many organizations, the BI system of default is Excel. Budgets, forecasts, customer lists,

customer segments, sales history, and even financial reports and analysis are resident in spreadsheets available to a few instead of databases available to everyone.

Unlike BI systems that utilize data from reliable, trustworthy sources (single version of the truth), Excel as a BI tool wreaks havoc on the quality and consistency of information.

In moving away from Excel by default to BI by choice points to keep in mind:

1. Without a specific purpose, BI rarely has impact on business. General purpose BI systems have the smallest Return on Investment.

2. Only 10% of users are advanced enough to use a BI tool effectively. The other 90% are non-technical business users, which include most executives and managers.

***Remember to back up
your hard drive...***

John A. Miller

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