



Bigger picture, smarter decisions: Today's BI tools

"How are we doing?" is a question every business should be able to answer. But if you have to think a moment to answer this question with certainty, then it may be time to investigate today's business intelligence (BI) tools. In this economy, BI tools can help increase competitiveness by offering insight across the business. Visibility into customers and performance trends helps drive smarter, more informed decisions.

And this kind of insight is fast becoming an imperative for mid-sized businesses, as people and systems become increasingly interconnected and more computing devices come online each day. With near-ubiquitous Internet access, there are so many interactions between customers and companies that sales teams and business departments find it hard to keep with up with the resulting explosion of data. And when critical information is hidden in siloed locations, getting the right insights requires the ability to mine data from multiple sources.

BI software collects and aggregates diverse information—from internal productivity metrics and market trends to the profitability of particular goods and services. BI tools help mid-sized companies tap this wealth of information in real time, and subsequently make smarter decisions. BI software is now more easily deployed and managed than ever, too.

Bringing the bigger picture into view

Without BI tools, most companies struggle with viewing data from multiple sources. Whether it's information about customers, pricing, products, vendors or productivity, business-critical information usually resides in disparate systems, making it hard for businesses to make truly intelligent and effective decisions. "A spreadsheet full of numbers doesn't really mean anything unless you can look at it from different angles," notes Felipe Herrera, senior financial analyst at U.S. Lumber Group in Atlanta, Georgia. "Not being able to do that hinders your ability to make a decision on the data."

Spreadsheets cannot provide company-wide, comprehensive information—as Herrera and his colleagues at U.S. Lumber learned. Management at the building materials distributor wanted a view of the activities across eight distribution centers—as well as line of sight into the profitability of each product. "We had a lot of data that



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we did not have a lot of analysis access to," says Herrera. "We had daily sales numbers, inventory data, AR data...but it was impossible to analyze the data because you couldn't export it into a useable format. You almost can't make a decision because you don't understand what's happening without being able to slice and dice it."

Today's BI offerings make it easy and affordable for mid-sized businesses to move beyond spreadsheets. BI software often comes with nearly all of the reporting capabilities most mid-sized companies need. At U.S. Lumber, Herrera and his colleagues chose a package that came with 95 percent of the company's functionality preconfigured. "There's very little that we've added. Most reports are just straight out of the box," he says, and notes that over 130 employees now use the new BI solution to run 500 reports with thousands of relational views into various company data.



In addition to getting users going with little training, Web-based BI tools are usually installed rapidly and without disruption. According to Herrera, deploying the IBM Cognos 8 BI solution took just over a week—and U.S. Lumber quickly found and leveraged previously hidden information about products, customers, vendors, pricing and internal productivity.

More insight, smarter decisions

With the new BI solution, U.S. Lumber can now review all types of data essential for making accurate daily management decisions. And because U.S. Lumber can view its key pricing performance indicators every hour, the company's management team can better understand how multiple factors can affect the direction of the business.

BI tools are designed for tremendous flexibility, so users can create reports with data from multiple sources. Consequently, information can be aggregated to provide accurate forecasting of nearly any activity. Branch managers, for example, can create reports that measure planning and reporting at a granular level—by individual account or specific line-item expense. Daily metrics allow individual contributors and management teams to compare their organizations with the rest of the company—or competitors.

These capabilities can increase service while bolstering bargaining power. As Herrera explains, wholesalers like U.S. Lumber can quickly find the right information to get products to customers, and also understand when to apply rebates and volume discounts. "We've been much more adept at structuring deals with customers and vendors because we have the data," he says of the information the BI solution has collected. "That gives you some leverage as far as being able to strike some deals."

BI tools can also help midsized businesses better understand margins on product lines—and then decide which offerings to continue or discontinue. For example, Herrera says his company had been selling a set of products that were barely profitable, but could not get information about low performance until deploying the BI solution.

The intelligence investment pays for itself

While preconfigured functionality is a big draw for many organizations, the flexibility of current BI solutions can increase competitiveness. Additional data-specific applications can be easy to create. Today's BI tools can provide data mining capabilities usually associated with expensive and complex data warehouse systems. Newfound capabilities often lead companies to question performance they might not have previously asked with spreadsheets. With BI tools, a midsized company might start looking at how to best segment customers, and then quickly discern how to

categorize markets and products by factors such as geography or seasonality.

As Herrera notes, "In many companies of our size, the data is there—but it's hard to get to it." But with BI software, he says, his company now has the "clarity to be able to make some decisions that we would have not done otherwise." More important, Herrera says the IBM Cognos investment has paid for itself "many times over with the decisions that we've been able to make. Whether it's a credit risk in our AR or whether it's just extending deals with vendors or with customers, it's paid for itself."

So, how are *you* doing? As Herrera notes, decision making in this volatile economy is fraught with consequences—and depends on an ever-growing stream of data as we become more interconnected. Considering that eight times more data than all the information held in U.S. libraries is created every day, it makes sense to get smart about the way you collect, analyze and use information. A smarter planet requires better insights for integrating disparate data and systems to reduce the costs of data management, finding value and new insights from information, and driving smarter business results and actions.

Business intelligence tools give you more than a window into your current operations; these solutions can shed light on what is likely to happen just around the corner, as well as further down the road. As Herrera explains about his BI experience, "What we've gained as competitive advantage is being able to really understand our business," he says. "I believe from the moment when we got access to the data to now, we've been much more adept at structuring deals with customers and vendors—because we have the data." ●

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